



ফার্স্ট সিকিউরিটি ইসলামী ব্যাংক লিঃ
FIRST SECURITY ISLAMI BANK LTD.
فارسٲٲ سٲكٲورٲٲٲ اسلٲمٲ بنك لٲمٲٲٲد



Financial Report -2015

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

FOR THE YEAR ENDED 31
DECEMBER 2015

**Auditors' Report
To the Shareholders of
First Security Islami Bank Limited**

We have audited the accompanying consolidated financial statements of First Security Islami Bank Limited (FSIBL) and its subsidiary (together referred to as the "Group") as well as the separate financial statements of First Security Islami Bank Limited (the "Bank") which comprise the consolidated and separate Balance Sheets as at 31 December 2015, consolidated and separate profit and loss accounts, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in Note 2 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Bank Companies Act, 1991(as amended in the year 2013) and the local central bank (Bangladesh Bank) Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank prepared and maintained according to the Bangladesh Accounting Standard (BAS) and reported in accordance with the Bangladesh Financial Reporting Standard (BFRS) as explained in note-2 give a true and fair view of the consolidated financial position of the Group and the separate financial

position of the Bank as at 31 December 2015, and of its consolidated and separate financial performance and cash flows for the year then ended and comply with the Companies Act 1994 and Banking Companies Act 1991 (as amended in the year 2013).

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, Securities and Exchange Rules 1987, the Bank Companies Act 1991 (as amended in the year 2013) and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditors' Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:
 - (a) internal audit, internal control and risk management procedure practicable for the respective job of the Group and the Bank as disclosed in Note 2 to the financial statements appeared to be materially adequate;
 - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;
- (iii) financial statements of subsidiary company of the Bank namely First Security Islami Capital & Investment Limited have been audited by Hoda Vasi Chowdhury & Co., Chartered Accountants and have been properly reflected in the consolidated financial statements;
- (iv) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- (v) the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vi) the expenditures incurred were for the purpose of the Bank's business;
- (vii) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank and decision taken in tripartite meeting amongst Inspection Team of Bangladesh Bank, External Auditors and the Management of First Security Islami Bank Limited held on 25th February 2016;
- (viii) adequate provisions have been made for investment and other assets which are in our opinion, doubtful of recovery;
- (ix) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 7,168 person hours during the audit; and
- (xii) Capital to Risk Weighted Assets Ratio (CRAR) as required by the Bangladesh Bank has been maintained adequately during the year.

Dhaka, 14 March 2016

SHAFIQ BASAK & CO.
Chartered Accountants

FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015

| | Notes | 31.12.2015 BDT | 31.12.2014 BDT |
|--|---------|------------------------|------------------------|
| <u>PROPERTY AND ASSETS</u> | | | |
| Cash | 3 (a) | 27,230,981,774 | 16,290,256,291 |
| In hand (Including Foreign Currencies) | | 1,304,096,013 | 1,269,388,801 |
| Balance with Bangladesh Bank and its Agent Bank(s) (Including foreign currencies) | | 25,926,885,761 | 15,020,867,490 |
| Balance with other Banks and Financial Institutions | 4.1(a) | 346,454,159 | 597,224,010 |
| In Bangladesh | | 85,340,676 | 124,300,885 |
| Outside Bangladesh | | 261,113,483 | 472,923,125 |
| Placement with Banks & Other Financial Institutions | 4.2 | 14,895,000,000 | 14,094,000,000 |
| Investments in Shares & Securities | 5(a) | 13,340,858,897 | 10,583,235,873 |
| Government | | 12,200,005,000 | 9,830,006,400 |
| Others | | 1,140,853,897 | 753,229,473 |
| Investments | | 187,239,077,399 | 152,370,707,597 |
| General Investment etc. | 6.A(a) | 186,884,413,142 | 152,069,308,714 |
| Bills Purchased and Negotiated | 6.B | 354,664,257 | 301,398,883 |
| Fixed Assets Including Premises, Furniture & Intangible Assets | 7(a) | 3,261,041,676 | 3,132,826,430 |
| Other Assets | 8(a) | 10,266,381,443 | 7,808,204,866 |
| Non Banking Assets | 9 | 25,145,280 | - |
| Total Assets | | 256,604,940,627 | 204,876,455,067 |
| <u>LIABILITIES AND CAPITAL</u> | | | |
| Liabilities | | | |
| Placement from Banks & Other Financial Institutions | 10(a) | 1,182,198,146 | 417,565,547 |
| Deposits and Other Accounts | | 231,259,393,256 | 182,503,183,390 |
| Al-Wadia Current Deposits and Other Deposit Accounts | 11.1(a) | 11,154,100,706 | 9,589,544,900 |
| Bills Payable | 11.2 | 881,045,753 | 954,717,747 |
| Mudaraba Savings Deposits | 11.3 | 13,596,802,883 | 9,525,501,444 |
| Mudaraba Term Deposits | 11.4 | 159,937,995,888 | 122,347,027,420 |
| Other Mudaraba Deposits | 11.5 | 45,689,448,026 | 40,086,391,879 |
| Mudaraba Subordinated Bond | 12 | 1,882,000,000 | 2,382,000,000 |
| Other Liabilities | 13(a) | 12,288,833,838 | 10,926,961,738 |
| Total Liabilities | | 246,612,425,240 | 196,229,710,675 |
| Capital/Shareholders' equity | | | |
| Paid-up Capital | 14.1 | 6,788,738,880 | 4,114,387,200 |
| Right Share Money Deposit | 14(a) | - | 1,564,966,255 |
| Statutory Reserve | 15 | 1,902,246,794 | 1,609,267,996 |
| Other Reserve | 16 | 75,556,891 | 35,495,817 |
| Asset Revaluation Reserve | 17 | 372,259,728 | 382,320,802 |
| Retained Earnings | 18(a) | 555,733,247 | 669,349,319 |
| Total Shareholders' Equity | | 9,694,535,540 | 8,375,787,389 |
| Non-controlling Interest | 18(b) | 297,979,846 | 270,957,003 |
| Total Liabilities and Shareholders' Equity | | 256,604,940,627 | 204,876,455,067 |

FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015

| | <u>Notes</u> | <u>31.12.2015</u> <u>BDT</u> | <u>31.12.2014</u> <u>BDT</u> |
|--|--------------|---------------------------------|---------------------------------|
| OFF- BALANCE SHEET ITEMS | | | |
| Contingent Liabilities | | | |
| Acceptances and Endorsements | | 16,515,014,236 | 11,433,615,498 |
| Letters of Guarantee | 19 | 6,097,088,677 | 6,381,276,624 |
| Irrevocable Letters of Credit | 20 | 2,219,227,721 | 4,910,289,756 |
| Bills for Collection | 21 | 1,015,969,601 | 939,777,561 |
| Other Contingent Liabilities | | - | - |
| Total | | 25,847,300,235 | 23,664,959,439 |
| Other Commitments | | | |
| Documentary Credits And Short Term Trade Related Transactions | | - | - |
| Forward Assets Purchased And Forward Deposits Placed | | - | - |
| Undrawn Note Issuance And Revolving Underwriting Facilities | | - | - |
| Undrawn Formal Standby Facilities, Credit Lines And Other Commitments | | - | - |
| Total | | - | - |
| Total Off -Balance Sheet Items Including Contingent Liabilities | | 25,847,300,235 | 23,664,959,439 |

The annexed notes (1 to 48) form an integral part of these financial statements

Managing Director

Director

Director

Chairman

Signed as per annexed report on even date

Dhaka, 14 March 2016

SHAFIQ BASAK & CO.
Chartered Accountants

FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2015

| | Notes | 31.12.2015 BDT | 31.12.2014 BDT |
|--|---------|----------------------|----------------------|
| Investments Income | 22(a) | 23,894,528,740 | 21,597,736,505 |
| Profit Paid on Deposits | 23 | (18,472,881,092) | (17,271,850,762) |
| Net Investment Income | | 5,421,647,648 | 4,325,885,743 |
| Income from Investment in shares and securities | 24(a) | 122,043,442 | 324,747,170 |
| Commission, Exchange and Brokerage | 25(a) | 577,760,662 | 413,347,719 |
| Other Operating Income | 26(a) | 281,214,050 | 198,617,478 |
| | | 981,018,154 | 936,712,367 |
| Total Operating Income | | 6,402,665,802 | 5,262,598,110 |
| Less: Operating Expenses | | | |
| Salary and Allowances | 27(a) | 1,784,800,332 | 1,380,778,503 |
| Rent, Taxes, Insurances, Electricity etc. | 28(a) | 467,213,269 | 370,621,826 |
| Legal Expenses | 29 | 2,686,617 | 3,316,622 |
| Postage, Stamps, Telecommunication etc. | 30(a) | 82,553,727 | 66,566,448 |
| Stationery, Printings, Advertisements etc. | 31 | 215,681,711 | 155,443,194 |
| Managing Director's Salary and Fees | 32 | 8,983,675 | 15,458,207 |
| Directors' Fees & Expenses | 33(a) | 2,806,600 | 2,918,450 |
| Shariah Supervisory Committee's Fees & Expenses | 34 | 109,750 | 66,250 |
| Auditor's Fees | 35 | 936,500 | 998,500 |
| Depreciation & Repair of Bank's Assets | 36(a) | 380,192,683 | 325,726,836 |
| Zakat Expenses | | 42,175,331 | 36,491,491 |
| Other Expenses | 37(a) | 863,251,647 | 631,312,065 |
| Total Operating Expenses | | 3,851,391,842 | 2,989,698,392 |
| Profit before Provision and Tax | | 2,551,273,960 | 2,272,899,718 |
| Provisions for Investments including off-B/S items | 13.2(a) | 838,333,664 | 646,800,000 |
| Provisions for Diminution in Value of Investment in Shares | | 170,636,520 | 72,455,686 |
| Provision for Other Assets | | 356,000 | - |
| Total Provisions | | 1,009,326,184 | 719,255,686 |
| Total Profit before Taxes | | 1,541,947,776 | 1,553,644,032 |
| Provision for Taxation | | (805,637,127) | (859,361,024) |
| Deferred Tax Income | 38 | 117,233,000 | - |
| | | (688,404,127) | (859,361,024) |
| Net Profit after tax for the period | | 853,543,649 | 694,283,008 |
| Retained Earnings Brought Forward from Previous Year | | 669,349,319 | 506,439,968 |
| | | 1,522,892,968 | 1,200,722,976 |
| Appropriations: | | | |
| Statutory Reserve | | 292,978,798 | 298,869,126 |
| Other Reserve | | 30,000,000 | 10,000,000 |
| Bonus Share Issued | | 617,158,080 | - |
| Cash Dividend Paid | | - | 200,464,200 |
| Non-controlling Interest | | 27,022,843 | 22,047,164 |
| | | 967,159,721 | 531,380,490 |
| Retained Earnings Carried Forward | | 555,733,247 | 669,349,319 |
| Earnings Per Share (EPS) | 39(a) | 1.26 | 1.02 |

The annexed notes (1 to 48) form an integral part of these financial statements

Managing Director

Director

Director

Chairman

Signed as per annexed report on even date

Dhaka, 14 March 2016

SHAFIQ BASAK & CO.
Chartered Accountants

FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

| | Notes | 31.12.2015 BDT | 31.12.2014 BDT |
|--|--------|------------------------|------------------------|
| A. Cash Flow from Operating Activities | | | |
| Investment Income receipt | | 23,767,167,001 | 21,827,051,626 |
| Profit paid on Deposits | | (18,108,072,225) | (16,826,623,374) |
| Dividend Receipts | | 4,799,230 | 4,839,474 |
| Fees & Commission receipt | | 577,760,662 | 413,347,719 |
| Payment to Employees | | (1,793,784,007) | (1,396,236,710) |
| Payment to Suppliers | | (261,363,590) | (193,421,122) |
| Income Tax Paid | | (799,698,787) | (720,265,380) |
| Receipts from Other Operating Activities | 40 (a) | 278,382,495 | 189,188,176 |
| Payment for Other Operating Activities | 41 (a) | (1,421,605,511) | (1,075,800,161) |
| Operating Profit before Changes in Operating Assets & Liabilities | | 2,243,585,268 | 2,222,080,248 |
| Increase / Decrease in Operating Assets & Liabilities | | | |
| Investments to Customers | | (32,291,689,695) | (29,446,428,948) |
| Other Assets | 42 (a) | (1,588,608,866) | (605,184,083) |
| Deposits Received from Customers | | 46,512,389,269 | 39,226,386,748 |
| Other Liabilities | 43 (a) | (432,094,311) | 344,912,581 |
| | | 12,199,996,397 | 9,519,686,299 |
| Net Cash Inflow from Operating Activities | | 14,443,581,666 | 11,741,766,547 |
| B. Cash Flow from Investing Activities | | | |
| Investment in Shares and Securities | | (2,757,623,024) | (3,314,966,496) |
| Purchase of Property, Plant and Equipment | | (462,468,564) | (917,856,274) |
| Sale of Property, Plant and Equipment | | 2,831,555 | 9,429,302 |
| Net Cash Inflow from Investing Activities | | (3,217,260,033) | (4,223,393,468) |
| C. Cash Flow from Financing Activities | | | |
| Receipts from Issue of Right Shares | | - | 1,564,966,255 |
| Receipt/(Payment) of Mudaraba Subordinated Bond | | (500,000,000) | (118,000,000) |
| Increase/(Decrease) in Placement from Banks & FI | | 764,632,599 | (3,712,223,295) |
| Dividend Paid in Cash | | - | (200,464,200) |
| Net Cash Inflow/(Outflow) from Financing Activities | | 264,632,599 | (2,465,721,240) |
| D. Net Increase/Decrease of Cash & Cash Equivalent (A+B+C) | | 11,490,954,231 | 5,052,651,839 |
| Effect of Exchange Rate on Cash & Cash Equivalent | | - | - |
| E. Opening Cash & Cash Equivalent | | 30,981,486,701 | 25,928,834,862 |
| F. Closing Cash & Cash Equivalent (D+E) | | 42,472,440,933 | 30,981,486,701 |
| The above closing Cash and Cash Equivalents include: | | | |
| Cash in Hand (Including Foreign Currencies) | | 1,304,096,013 | 1,269,388,801 |
| Balance with Bangladesh Bank, Other Banks, FIS & Placement | | 41,168,339,920 | 29,712,091,500 |
| Prize Bond | | 5,000 | 6,400 |
| | | 42,472,440,933 | 30,981,486,701 |

The annexed notes (1 to 48) form an integral part of these financial statements

Managing Director
Dhaka, 14 March 2016

Director

Director

Chairman

FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

| Particulars | Paid-up Capital BDT | Right Share Deposit BDT | Statutory Reserve BDT | Other Reserve BDT | Assets Reval. Reserve BDT | Retained Earnings BDT | Non-controlling Interest BDT | Total BDT |
|--|---------------------------|-------------------------------|-----------------------------|-------------------------|---------------------------------|-----------------------------|------------------------------------|-----------------------|
| Balance as on 01 January 2015 | 4,114,387,200 | 1,564,966,255 | 1,609,267,996 | 35,495,817 | 382,320,802 | 669,349,319 | 270,957,003 | 8,646,744,392 |
| Changes in Accounting Policy | - | - | - | - | - | - | - | - |
| Restated Balance | 4,114,387,200 | 1,564,966,255 | 1,609,267,996 | 35,495,817 | 382,320,802 | 669,349,319 | 270,957,003 | 8,646,744,392 |
| Surplus/Deficit on Account of Revaluation of Properties | - | - | - | - | - | - | - | - |
| Surplus/Deficit on Account of Revaluation of Investments | - | - | - | - | - | - | - | - |
| Net Gains and Losses not Recognized in the Income Statement | - | - | - | - | - | - | - | - |
| Net Profit for the period | - | - | - | - | - | 853,543,649 | - | 853,543,649 |
| Cash Dividends | - | - | - | - | - | - | - | - |
| Transfer to Statutory Reserve | - | - | 292,978,798 | - | - | (292,978,798) | - | - |
| Transfer to Other Reserve | - | - | - | 30,000,000 | - | (30,000,000) | - | - |
| Revaluation Reserve to Other Reserve | - | - | - | 10,061,074 | (10,061,074) | - | - | - |
| Issue of Bonus Share During the Year | 617,158,080 | - | - | - | - | (617,158,080) | - | - |
| Receive Money for Right Share | - | 492,227,345 | - | - | - | - | - | 492,227,345 |
| Issue of Right Shares During the Year | 2,057,193,600 | (2,057,193,600) | - | - | - | - | - | - |
| Capital Increase in Subsidiary | - | - | - | - | - | - | - | - |
| Non-controlling Interest | - | - | - | - | - | (27,022,843) | 27,022,843 | - |
| Adjustment of Other Reserve | - | - | - | - | - | - | - | - |
| Total Group Shareholders' Equity as on 31 December 2015 | 6,788,738,880 | - | 1,902,246,794 | 75,556,891 | 372,259,728 | 555,733,247 | 297,979,846 | 9,992,515,386 |
| Add: General Provision for Unclassified Investments | - | - | - | - | - | - | - | 1,437,320,027 |
| Less: 50% of Assets Revaluation reserves | - | - | - | - | - | - | - | (186,129,864) |
| Add: Mudaraba Subordinated Bond | - | - | - | - | - | - | - | 1,882,000,000 |
| Less: Adjustments | - | - | - | - | - | - | - | (224,597,323) |
| Total Regulatory Eligible Capital as on 31 Dec. 2015 | - | - | - | - | - | - | - | 12,901,108,226 |

The annexed notes (1 to 48) form an integral part of these financial statements

Managing Director

Dhaka, 14 March 2016

Director

Director

Chairman

FIRST SECURITY ISLAMI BANK LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2015

| | Notes | 31.12.2015 BDT | 31.12.2014 BDT |
|--|-------|------------------------|------------------------|
| <u>PROPERTY AND ASSETS</u> | | | |
| Cash | 3 | 27,230,976,084 | 16,290,251,915 |
| In hand (Including Foreign Currencies) | | 1,304,090,323 | 1,269,384,425 |
| Balance with Bangladesh Bank and its Agent Bank(s) (Including Foreign Currencies) | | 25,926,885,761 | 15,020,867,490 |
| Balance with other Banks and Financial Institutions | 4.1 | 344,460,964 | 597,163,123 |
| In Bangladesh | | 83,347,481 | 124,239,998 |
| Outside Bangladesh | | 261,113,483 | 472,923,125 |
| Placement with Banks & Other Financial Institutions | 4.2 | 14,895,000,000 | 14,094,000,000 |
| Investments in Shares & Securities | 5 | 13,064,062,181 | 10,327,474,814 |
| Government | | 12,200,005,000 | 9,830,006,400 |
| Others | | 864,057,181 | 497,468,414 |
| Investments | 6 | 187,680,007,932 | 152,792,319,038 |
| General Investment etc. | 6.A | 187,325,343,675 | 152,490,920,155 |
| Bills Purchased and Negotiated | 6.B | 354,664,257 | 301,398,883 |
| Fixed Assets Including Premises, Furniture & Intangible Assets | 7 | 3,239,963,395 | 3,102,485,519 |
| Other Assets | 8 | 9,000,725,382 | 7,308,958,621 |
| Non Banking Assets | 9 | 25,145,280 | - |
| Total Assets | | 255,480,341,218 | 204,512,653,030 |
| <u>LIABILITIES AND CAPITAL</u> | | | |
| Liabilities | | | |
| Placement from Banks & Other Financial Institutions | 10 | 563,260,324 | 397,378,570 |
| Deposits and Other Accounts | 11 | 231,274,244,689 | 182,511,812,854 |
| Al-Wadia Current Deposits and Other Deposit Accounts | 11.1 | 11,168,952,139 | 9,598,174,364 |
| Bills Payable | 11.2 | 881,045,753 | 954,717,747 |
| Mudaraba Savings Deposits | 11.3 | 13,596,802,883 | 9,525,501,444 |
| Mudaraba Term Deposits | 11.4 | 159,937,995,888 | 122,347,027,420 |
| Other Mudaraba Deposits | 11.5 | 45,689,448,026 | 40,086,391,879 |
| Mudaraba Subordinated Bond | 12 | 1,882,000,000 | 2,382,000,000 |
| Other Liabilities | 13 | 12,121,442,955 | 10,872,690,690 |
| Total Liabilities | | 245,840,947,968 | 196,163,882,114 |
| Capital/Shareholders' equity | | | |
| Paid-up Capital | 14.1 | 6,788,738,880 | 4,114,387,200 |
| Right Share Money Deposit | 14(a) | - | 1,564,966,255 |
| Statutory Reserve | 15 | 1,902,246,794 | 1,609,267,996 |
| Other Reserve | 16 | 75,556,891 | 35,495,817 |
| Assets Revaluation Reserve | 17 | 372,259,728 | 382,320,802 |
| Retained Earnings | 18 | 500,590,957 | 642,332,846 |
| Total Shareholders' Equity | | 9,639,393,250 | 8,348,770,916 |
| Total Liabilities and Shareholders' Equity | | 255,480,341,218 | 204,512,653,030 |

FIRST SECURITY ISLAMI BANK LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2015

| | <u>Notes</u> | <u>31.12.2015</u> BDT | <u>31.12.2014</u> BDT |
|---|--------------|---------------------------------|---------------------------------|
| OFF- BALANCE SHEET ITEMS | | | |
| Contingent Liabilities | | | |
| Acceptances and Endorsements | | 16,515,014,236 | 11,433,615,498 |
| Letters of Guarantee | 19 | 6,097,088,677 | 6,381,276,624 |
| Irrevocable Letters of Credit | 20 | 2,219,227,721 | 4,910,289,756 |
| Bills for Collection | 21 | 1,015,969,601 | 939,777,561 |
| Other Contingent Liabilities | | - | - |
| Total | | <u>25,847,300,235</u> | <u>23,664,959,439</u> |
| Other Commitments | | | |
| Documentary Credits And Short Term Trade Related Transactions | | - | - |
| Forward Assets Purchased And Forward Deposits Placed | | - | - |
| Undrawn Note Issuance And Revolving Underwriting Facilities | | - | - |
| Undrawn Formal Standby Facilities, Credit Lines And Other Commitments | | - | - |
| Total | | <u>-</u> | <u>-</u> |
| Total Off -Balance Sheet Items Including Contingent | | <u>25,847,300,235</u> | <u>23,664,959,439</u> |

The annexed notes (1 to 48) form an integral part of these financial statements

Managing Director

Director

Director

Chairman

Signed as per annexed report on even date

Dhaka, 14 March 2016

SHAFIQ BASAK & CO.
Chartered Accountants

FIRST SECURITY ISLAMI BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2015

| | Notes | 31.12.2015 BDT | 31.12.2014 BDT |
|--|-------|----------------------|----------------------|
| Investments Income | 22 | 23,730,665,441 | 21,515,247,422 |
| Profit Paid on Deposits | 23 | (18,472,881,092) | (17,271,850,762) |
| Net Investment Income | | 5,257,784,349 | 4,243,396,660 |
| Income from Investment in Shares and Securities | 24 | 93,221,217 | 291,550,797 |
| Commission, Exchange and Brokerage | 25 | 532,584,581 | 388,311,360 |
| Other Operating Income | 26 | 278,678,550 | 195,684,111 |
| | | 904,484,348 | 875,546,268 |
| Total Operating Income | | 6,162,268,697 | 5,118,942,928 |
| Less: Operating Expenses | | | |
| Salary and Allowances | 27 | 1,772,250,637 | 1,370,037,315 |
| Rent, Taxes, Insurances, Electricity etc. | 28 | 462,812,269 | 366,220,826 |
| Legal Expenses | 29 | 2,686,617 | 3,316,622 |
| Postage, Stamps, Telecommunication etc. | 30 | 82,394,123 | 66,397,233 |
| Stationery, Printings, Advertisements etc. | 31 | 215,681,711 | 155,443,194 |
| Managing Director's Salary and Fees | 32 | 8,983,675 | 15,458,207 |
| Directors' Fees & Expenses | 33 | 2,254,100 | 2,625,200 |
| Shariah Supervisory Committee's Fees & Expenses | 34 | 109,750 | 66,250 |
| Auditor's Fees | | 730,250 | 730,250 |
| Depreciation & Repair of Bank's Assets | 36 | 368,405,532 | 314,499,058 |
| Zakat Expenses | | 42,175,331 | 36,491,491 |
| Other Expenses | 37 | 737,884,105 | 574,835,224 |
| Total Operating Expenses | | 3,696,368,100 | 2,906,120,870 |
| Profit before Provision and Tax | | 2,465,900,597 | 2,212,822,058 |
| Provisions for Investments including off-B/S items | 13.2 | 837,134,700 | 646,800,000 |
| Provisions for Diminution in Value of Investment in Shares | | 163,515,908 | 71,676,430 |
| Provision for Other Assets | | 356,000 | - |
| Total Provisions | | 1,001,006,608 | 718,476,430 |
| Total Profit before Taxes | | 1,464,893,989 | 1,494,345,628 |
| Provision for Taxation | | (783,732,000) | (845,050,000) |
| Deferred Tax Income | 38 | 117,233,000 | - |
| | | (666,499,000) | (845,050,000) |
| Net Profit after tax for the period | | 798,394,989 | 649,295,628 |
| Retained Earnings Brought Forward from Previous Year | | 642,332,846 | 502,370,544 |
| | | 1,440,727,835 | 1,151,666,172 |
| Appropriations: | | | |
| Statutory Reserve | | 292,978,798 | 298,869,126 |
| Other Reserve | | 30,000,000 | 10,000,000 |
| Bonus Share Issued | | 617,158,080 | - |
| Cash Dividend | | - | 200,464,200 |
| | | 940,136,878 | 509,333,326 |
| Retained Earnings Carried Forward | | 500,590,957 | 642,332,846 |
| Earnings Per Share (EPS) | 39 | 1.18 | 0.96 |

The annexed notes (1 to 48) form an integral part of these financial statements

Managing Director

Director

Director

Chairman

Signed as per annexed report on even date

Dhaka, 14 March 2016

FIRST SECURITY ISLAMI BANK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

| | Notes | 31.12.2015 BDT | 31.12.2014 BDT |
|--|-------|------------------------|------------------------|
| A. Cash Flow from Operating Activities | | | |
| Investment Income Receipt | | 23,603,303,702 | 21,744,562,543 |
| Profit paid on Deposits | | (18,108,072,225) | (16,826,623,374) |
| Dividend Receipts | | 4,799,230 | 4,839,474 |
| Fees & Commission receipt | | 532,584,581 | 388,311,360 |
| Payment to Employees | | (1,781,234,312) | (1,385,495,522) |
| Payment to Suppliers | | (261,363,590) | (193,421,122) |
| Income Tax Paid | | (799,698,787) | (720,265,380) |
| Receipts from Other Operating Activities | 40 | 275,846,995 | 186,254,809 |
| Payment for other Operating Activities | 41 | (1,288,871,213) | (1,014,191,605) |
| Operating Profit before changes in Operating Assets & Liabilities | | 2,177,294,381 | 2,183,971,183 |
| Increase / Decrease in Operating Assets & Liabilities | | | |
| Investments to Customers | | (32,336,253,486) | (29,594,995,247) |
| Other Assets | 42 | (822,199,050) | (383,064,894) |
| Deposits Received from Customers | | 46,527,240,702 | 39,209,598,821 |
| Other Liabilities | 43 | (528,984,950) | 348,756,201 |
| | | 12,839,803,216 | 9,580,294,882 |
| Net Cash Inflow from Operating Activities | | 15,017,097,598 | 11,764,266,065 |
| B. Cash Flow from Investing Activities | | | |
| Investment in Shares and Securities | | (2,736,588,767) | (3,332,624,778) |
| Purchase of Property, Plant and Equipment | | (460,201,529) | (902,574,587) |
| Sale of Property, Plant and Equipment | | 2,831,555 | 9,429,302 |
| Net Cash Inflow from Investing Activities | | (3,193,958,741) | (4,225,770,063) |
| C. Cash Flow from Financing Activities | | | |
| Receipts from Issue of Right Shares | | - | 1,564,966,255 |
| Receipt/(Payment) of Mudaraba Subordinated Bond | | (500,000,000) | (118,000,000) |
| Increase/(Decrease) in Placement from Banks & FI | | 165,881,754 | (3,732,410,272) |
| Dividend Paid in Cash | | - | (200,464,200) |
| Net Cash Inflow/(Outflow) from Financing Activities | | (334,118,246) | (2,485,908,217) |
| D. Net Increase/Decrease of Cash & Cash Equivalent (A+B+C) | | 11,489,020,610 | 5,052,587,785 |
| Effect of Exchange Rate on Cash & Cash Equivalent | | - | - |
| E. Opening Cash & Cash Equivalent | | 30,981,421,438 | 25,928,833,653 |
| F. Closing Cash & Cash Equivalent (D+E) | | 42,470,442,048 | 30,981,421,438 |
| The above closing Cash and Cash Equivalents include: | | | |
| Cash in Hand (Including Foreign Currencies) | | 1,304,090,323 | 1,269,384,425 |
| Balance with Bangladesh Bank, other banks, FIS & Placement | | 41,166,346,725 | 29,712,030,613 |
| Prize Bond | | 5,000 | 6,400 |
| | | 42,470,442,048 | 30,981,421,438 |

The annexed notes (1 to 48) form an integral part of these financial statements

Managing Director
Dhaka, 14 March 2016

Director

Director

Chairman

FIRST SECURITY ISLAMI BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

| Particulars | Paid-up Capital | Right Share Deposit | Statutory Reserve | Other Reserve | Assets Reval. Reserve | Retained Earnings | Total |
|---|----------------------|----------------------|----------------------|-------------------|-----------------------|--------------------|-----------------------|
| | BDT | BDT | BDT | BDT | BDT | BDT | BDT |
| Balance as on 01 January 2015 | 4,114,387,200 | 1,564,966,255 | 1,609,267,996 | 35,495,817 | 382,320,802 | 642,332,846 | 8,348,770,916 |
| Changes in Accounting Policy | - | - | - | - | - | - | - |
| Restated Balance | 4,114,387,200 | 1,564,966,255 | 1,609,267,996 | 35,495,817 | 382,320,802 | 642,332,846 | 8,348,770,916 |
| Surplus/Deficit on Account of Revaluation of Properties | - | - | - | - | - | - | - |
| Surplus/Deficit on Account of Revaluation of Investments | - | - | - | - | - | - | - |
| Net Gains and Losses not Recognized in the Income Statement | - | - | - | - | - | - | - |
| Net Gains and Losses not Recognized in the Income Statement | - | - | - | - | - | - | - |
| Net Profit for the period | - | - | - | - | - | 798,394,989 | 798,394,989 |
| Cash Dividends | - | - | - | - | - | - | - |
| Transfer to Statutory Reserve | - | - | 292,978,798 | - | - | (292,978,798) | - |
| Transfer to Other Reserve | - | - | - | 30,000,000 | - | (30,000,000) | - |
| Revaluation reserve to Other Reserve | - | - | - | 10,061,074 | (10,061,074) | - | - |
| Issue of Bonus Share During the Year | 617,158,080 | - | - | - | - | (617,158,080) | - |
| Receive Money for Right Share | - | 492,227,345 | - | - | - | - | 492,227,345 |
| Issue of Right Share During the Year | 2,057,193,600 | (2,057,193,600) | - | - | - | - | - |
| Adjustment of Other Reserve | - | - | - | - | - | - | - |
| Total Shareholders' Equity as on 31 December 2015 | 6,788,738,880 | - | 1,902,246,793 | 75,556,891 | 372,259,728 | 500,590,957 | 9,639,393,249 |
| Add: General Provision for Unclassified Investments | - | - | - | - | - | - | 1,424,374,646 |
| Less: 50% of Assets Revaluation Reserves | - | - | - | - | - | - | (186,129,864) |
| Add: Mudaraba Subordinated Bond | - | - | - | - | - | - | 1,882,000,000 |
| Less: Adjustments | - | - | - | - | - | - | (224,597,323) |
| Total Regulatory Eligible Capital as on 31 Dec. 2015 | - | - | - | - | - | - | 12,535,040,708 |

The annexed notes (1 to 48) form an integral part of these financial statements

Managing Director
Dhaka, 14 March 2016

Director

Director

Chairman

FIRST SECURITY ISLAMI BANK LIMITED
LIQUIDITY STATEMENT
ASSETS AND LIABILITY ANALYSIS
AS AT 31 DECEMBER 2015

| Particulars | Up to 01 Month | 01-03 Months | 03-12 Months | 01-05 Years | More than 05 years | Total |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| | BDT | BDT | BDT | BDT | BDT | BDT |
| Assets | | | | | | |
| Cash in Hand | 12,793,390,323 | - | - | - | 14,437,585,761 | 27,230,976,084 |
| Balance with other Banks & FIS and Placement | 82,060,964 | 200,000,000 | 14,957,400,000 | - | - | 15,239,460,964 |
| Investments in Shares and Securities | 1,565,999,997 | 6,472,129,329 | 5,024,363,405 | - | 1,569,450 | 13,064,062,181 |
| Investments | 34,255,160,091 | 32,599,853,927 | 40,255,601,267 | 49,496,789,003 | 31,072,603,644 | 187,680,007,932 |
| Fixed Assets including Premises, Furniture and Fixtures | - | 81,935,325 | 245,805,975 | 1,310,965,200 | 1,601,256,895 | 3,239,963,395 |
| Other Assets | - | 2,509,365,732 | 1,106,094,025 | 5,385,265,625 | - | 9,000,725,382 |
| Non-banking Assets | - | - | - | - | 25,145,280 | 25,145,280 |
| Total Assets | 48,696,611,375 | 41,863,284,313 | 61,589,264,672 | 56,193,019,828 | 47,138,161,030 | 255,480,341,218 |
| Liabilities | | | | | | |
| Placement from Banks & Other Financial Institutions | - | - | - | 563,260,324 | - | 563,260,324 |
| Deposits and Other Accounts | 44,864,904,689 | 40,169,647,242 | 55,849,738,761 | 52,553,705,698 | 37,836,248,299 | 231,274,244,689 |
| Mudaraba Subordinated Bond | 382,000,000 | - | 118,000,000 | 1,382,000,000 | - | 1,882,000,000 |
| Other Liabilities | 147,700,000 | 125,000,000 | 4,346,600,000 | 721,214,000 | 6,780,928,955 | 12,121,442,955 |
| Total Liabilities | 45,394,604,689 | 40,294,647,242 | 60,314,338,761 | 55,220,180,022 | 44,617,177,254 | 245,840,947,968 |
| Net Liquidity Gap | 3,302,006,686 | 1,568,637,071 | 1,274,925,911 | 972,839,806 | 2,520,983,776 | 9,639,393,250 |

Managing Director

Director

Director

Chairman

Dhaka, 14 March 2016

Notes to the Financial Statements For the year ended 31 December 2015

1. The Bank and its activities:

1.1 Status of the Bank

The Bank was incorporated as a Public Limited Company in Bangladesh on 29 August 1999 under Companies Act 1994 to carry on banking business. 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. It obtained permission from Bangladesh Bank on 22 September 1999 to commence its business. The Bank is one of the interest-free Shari'ah based banks in the country and its modus-operandi are substantially different from other conventional banks. The Bank went for public issue on 20 July 2008 and its shares are listed with Dhaka Stock Exchange (DSE) Ltd. and Chittagong Stock Exchange (CSE) Ltd. Presently the Bank carries banking activities through its one hundred & forty eight (148) branches in the country. The Bank had no overseas branches as at December 31, 2015.

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

1.2 Principal Activities

1.2.1 Commercial banking services

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

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

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

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

1.3 Mobile financial services-“ First Pay Sure Cash”

FSIBL has launched mobile banking services from 2012 under the name of “First Pay Sure Cash”. First Security Islami Bank offers different services through the Mobile banking services that include free and quick opening of customer account, deposit and withdrawal of cash money, fund transfer from one account to another, receiving remittance from abroad, knowing account balance and mini-statement, giving and receiving salary, mobile recharge and payment of utility bill, merchant bill payment etc.

1.4 First Security Islami Capital & Investment Limited

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

1.5 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 an 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.

1.6 Compliance of Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting standards (BFRS):

| In compliance with | BAS No. | Status |
|--|---------|---|
| Presentation of Financial Statements | 1 | Applied |
| Inventories | 2 | N/A |
| Statement of Cash Flows | 7 | Applied |
| Accounting Policies, Changes in Accounting Estimates and Errors | 8 | Applied |
| Events After the Reporting Period | 10 | Applied |
| Construction Contracts | 11 | N/A |
| Income Taxes | 12 | Applied |
| Property, Plant and Equipment | 16 | Applied |
| Leases | 17 | N/A |
| Revenue | 18 | Applied |
| Employee Benefits | 19 | Applied |
| Accounting for Government Grants and Disclosure of Government Assistance | 20 | N/A |
| The Effects of Changes in Foreign Exchange Rates | 21 | Applied |
| Borrowing Costs | 23 | N/A |
| Related Party Disclosures | 24 | Applied |
| Accounting and Reporting by Retirement Benefit Plans | 26 | N/A |
| Consolidated and Separate Financial Statements | 27 | Applied |
| Investments in Associates | 28 | N/A |
| Interests In Joint Ventures | 31 | N/A |
| Financial Instruments: Presentation | 32 | Applied to the context of compliance with BRPD circular no. 15, Dated: 09.11.2009, DOS Circular No. 5, Dated: |

| | | |
|--|-----------------|---|
| | | 28.01.2009. |
| Earnings Per Share | 33 | Applied |
| Interim Financial Reporting | 34 | Applied |
| Impairment of Assets | 36 | Applied |
| Provisions, Contingent Liabilities and Contingent Assets | 37 | Applied to the context of compliance with BRPD Circular No.5, Dated: 05.06.2006 and BRPD circular no.14 Dated: 14.09.2012. |
| Intangible Assets | 38 | Applied |
| Financial Instruments: Recognition and Measurement | 39 | Applied to the context of compliance with BRPD Circular No.15, Dated: 09.11.2009, DOS circular no. 5, Dated: 26.05.2008 and DOS Circular No.5, Dated: 28.01.2009. |
| Investment Property | 40 | N/A |
| Agriculture | 41 | N/A |
| In compliance with | BFRS No. | Status |
| First-time Adoption of International Financial Reporting Standards | 1 | N/A |
| Share-based Payment | 2 | N/A |
| Business Combinations | 3 | N/A |
| Insurance Contracts | 4 | N/A |
| Non-current Assets Held for Sale and Discontinued Operations | 5 | N/A |
| Exploration for and Evaluation of Mineral Assets | 6 | N/A |
| Financial Instruments: Disclosures | 7 | Applied to the context of compliance with core risk management guideline of Bangladesh Bank. |
| Operating Segments | 8 | Applied |
| Consolidated Financial Statements | 10 | Applied |
| Joint Arrangements | 11 | N/A |
| Disclosure of Interests in other Entities | 12 | Applied |
| Fair Value Measurement | 13 | Applied |

2. Basis for Preparation of Financial Statements

2.1 Basis of Presentation of Financial Statements and Significant Accounting Policies

The Financial Statements, namely, Balance Sheet, Profit and Loss Account, Cash Flow Statements, Statements of changes in Equity, Statement of Liquidity Analysis and relevant notes to the financial statements and disclosures thereto, of the Bank are prepared under historical cost convention on a going concern basis.

2.2 Statements of Compliance

The financial statements of the Bank are made up to December 31, 2015 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 and Amendment 2013, BRPD Circular # 14 dated 25 June 2003, BRPD Circular # 15 dated 09 November 2009, Other Bangladesh bank Circulars, Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards, The Companies Act 1994, The Security and Exchange Rules 1987, Dhaka & Chittagong Stock Exchanges listing regulations, Income Tax Ordinance 1984 and other laws and rules applicable in Bangladesh.

2.3 Investments

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

b) Investments and Provisions

As per BAS-39 impairment assessment should be done by considering whether any objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

However, provision for classified and unclassified investment is made on the basis of year and review by the management and of instructions contained in Bangladesh Bank BCD Circular No.34 dated 16 November 1989, BCD Circular No.20 dated 27 December 1994, BCD Circular No. 12 dated 04 September 1995, BRPD Circular No. 16 dated 06 December 1998, BRPD Circular No.09 dated 14 May 2001, BRPD Circular Letter No.10 dated 18 September 2007, BRPD Circular No.05 dated 29 April 2008, BRPD Circular Letter No.32 dated 10 October 2010, BRPD Circular No.14 dated 23 September 2012, BRPD Circular No.19 dated 27 December 2012, BRPD Circular No.05 dated 29 May 2013, BRPD Circular No.16 dated 18 November 2014 and BRPD Circular No.08 dated 02 August 2015 at the following rates:

Particulars

| | Rate |
|---|--------------------|
| <i>General Provision on:</i> | |
| Contingent Liability/ Non Funded Business | 1% |
| Unclassified Investment (All others Investment) | 1% |
| Investment for small and medium Enterprise | 0.25% |
| Investment for Professionals | 2% |
| Investment for House Financing | 2% |
| Investment for Consumer Financing | 5% |
| Investment for Short term Agri/Micro Investment | 2.5% |
| Special Mention Account | (Same as standard) |
| <i>Specific Provision on:</i> | |
| Substandard Investment | 20% |
| Doubtful Investment | 50% |
| Bad/ Loss Investment | 100% |

As per BRPD Circular No: 14 dated 23 September 2012, BRPD Circular No: 19 dated 27 December 2012, and BRPD Circular No: 05 dated 29 May 2013 a general provision at 0.25% to 5% under different categories of unclassified investments (good/standard investments) has to be maintained regardless of objective evidence of impairment.

As per same circulars mentioned above we are to maintain provision @ 20%, 50% and 100% for investments classified as sub-standard, doubtful and bad & loss category respectively depending

on the duration of overdue.

As per BRPD Circular No. 10 dated 18 September 2007 and BRPD Circular No: 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet risk exposures.

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

d) Investment are normally written off, when there is no chance of recovery of these amounts in accordance with BRPD Circular no. 2 dated 13 January 2003, BRPD Circular no. 15 dated 23 September 2012 and BRPD circular no. 13 dated November 07, 2013. A separate Investment Monitoring and Recovery Division (IMRD) have been set up at the Head Office, which monitors investment recovery and legal action.

2.4 Investment in Shares and Securities

a) The bank investment in different securities has been valued on 31.12.2015 as under:

| | |
|-------------------------------|---------|
| Quoted Shares | At Cost |
| Un-Quoted Shares(CDBL Share) | At Cost |
| Bangladesh Govt. Islamic Bond | At cost |

All investments in securities are initially recognized at cost, including acquisition charges associated with the investment.

As per BRPD Circular No. 15 dated 09 November 2009, investment in quoted shares and un-quoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment. As such the company measures and recognizes investment in are higher than the cost. However as per requirements of Bangladesh Accounting Standard (BAS)-39, investment in shares falls either under “**at fair value through profit and loss account**” or under “available for sale” where any change in the fair value at the year-end is taken to profit and loss account or revaluation reserve respectively. FSIBL recognizes its investment in shares and securities as per BAS-39 and accounted for the required provision for diminution in value of shares and securities in the profit and loss account as per BRPD circular no. 04, November 24, 2011 issued by Bangladesh Bank.

b) Revaluation gains/losses on Government Securities

FSIBL is a Bank running on Islamic Shariah Principal. Hence, we do not participate in buying interest bearing Government securities.

2.5 Recognition of Profit Suspense

Profit/Rent/Compensation Suspense Account

Profit/rent/compensation accrued on classified investments are suspended and accounted for as per BRPD Circular no. 15, dated 09 November 2009 issued by the Bangladesh Bank. Moreover, income that are irregular (doubtful) as per Sharia’h are not included in the distributable income of the Bank.

Income on unclassified overdue investment of Bai-Murabaha and Bai-Muazzal is charged under compensation account instead of showing as income of the Bank.

Interest received from the balances held with foreign banks and foreign currency charging accounts with Bangladesh Bank are also not credited to income as per Islamic Sharia’h.

2.6 Other Comprehensive Income

As per BAS-1 ‘Presentation of Financial Statements’ other comprehensive income (OCI) or components of OCI, as a part of financial statements are to be included in a single Other

Comprehensive Income statement. However, as per BRPD Circular No. 15, dated 09 November 2009, there is no statement of OCI and we follow the template for reporting as per the circular. If there is any component of OCI, it is shown in statement of changes in equity.

2.7 Financial Instruments-Presentation and Disclosure

Financial instruments-presentation and disclosures are made in several cases as per guidelines and instructions of Bangladesh Bank in particular and respective cases.

2.8 Financial Guarantees and Commitments

Financial guarantees such as letter of credit, letter of guarantee etc. are treated as off-balance sheet items as per relevant Bangladesh Bank Circular, BRPD no.15, November 09 2009 whereas as per BAS 39, these should be treated as ‘Other Liability’. No liability is recognized for the guarantee except the cash margin. We account for the financial guarantees as per BRPD Circular no.15 dated 09 November 2009 and liability for financial guarantees are not recognized initially at their fair value and the fair value amortization of the same liability is not done either as per BAS 39. So that the financial guarantees are not also carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable.

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 2015 have been shown in the Balance Sheet under Off-Balance Sheet items.

Exchange rates with major foreign currencies as on 31 December 2015 were as:

| Currency Name | Exchange Rate (TK) |
|---------------|--------------------|
| US \$ | 78.5000 |
| EURO | 85.7927 |
| YEN | 0.6518 |
| ACU | 78.5000 |
| GBP | 116.3527 |
| CHF | 79.3571 |
| SGD | 55.5163 |
| AUD | 57.3129 |
| CAD | 56.5970 |

2.9 Cash and cash equivalent

As per BRPD circular no 15, dated 09 November 2009, cash and cash equivalents include notes and coins in hand, balances lying with ATM, unrestricted balances held with Bangladesh Bank and its agent Bank, balance with other Banks and Financial Institutions.

For the purpose of the cash flow statement of Banks and Similar Financial Institutions, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including: cash and balances with central banks 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. However, presentation and reconciliation is done in line with BRPD circular 15 and BAS 7.

2.10 Balance with Bangladesh Bank (Cash Reserve Requirement, CRR)

BAS 7 requires balance with Bangladesh Bank to be treated as other assets. However, as per BRPD circular no 15, FSIBL treats balance with Bangladesh Bank as cash and cash equivalent though the amount is restricted for CRR purpose and cannot be used in our day to day

operational requirement.

2.11 Presentation of Intangible Asset

As per BAS 38, intangible assets are accounted for and amortized. Related necessary disclosures for the intangible asset; i.e. computer software is given in note 7.

2.12 Off-balance sheet items

Contingent Liabilities

Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or any present obligation that arises from past events but is not recognized because:

* It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

* The amount of the obligation cannot be measured with sufficient reliability.

As per BAS-37, Contingent liabilities are not recognized but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated. Contingent assets are not recognized in the financial statements as this may result in the recognition of income which may never be realized. However, the amount of cash margin is recognized as liability. As per BRPD circular no. 15, contingent liabilities are disclosed as off balance sheet items.

2.13 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, 2015. The consolidated financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards 10-“Consolidated Financial Statements”. The Consolidated Financial Statements are prepared for the common financial year ended 31 December 2015.

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

2.14 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 ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.15 Accruals & Deferrals

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

2.16 Revenue Recognition

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

2.16.1 Income from Investments

Profit on investments and deposits are recognized against the investment of fund under Mudaraba, Musharaka, Murabaha, Bai-Muazzal and Hire Purchase etc. in line with related approved policy of the Bank. Profit on investment ceases to be taken into income when such investment accounts are classified. It is then kept in compensation/rent suspense account and the same is accounted for on cash basis as and when recovered or de-classified as per related BRPD circular. Fees and commission income are recognized when it is earned.

2.16.2 Income from Investments in Securities

- Dividend income on shares is accounted for on actual basis when it is received.
- Gain on sale of shares and securities are recognized as income on actual basis except Bangladesh Govt. Mudaraba Bond.
- Profit on investment of Bangladesh Govt. Mudaraba Bond is recognized on accrual basis.

2.16.3 Commission Income

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

2.16.4 Profit paid and other expenses

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

2.16.5 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 2015 has not been recognized as a liability in the balance sheet in accordance with the BAS-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.

2.17 Foreign Currency Transactions

2.17.1 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.

2.17.2 Foreign Currency Transaction

Foreign currency transactions are converted into equivalent Taka currency at the ruling exchange rates on the respective dates of such transactions as per BAS-21. Assets and liabilities in foreign currencies as at 31 December 2015 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.

2.17.3 Transaction gains and losses

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

2.18 Offsetting Financial Instruments

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

2.19 Property, Plant and Equipment

All property and equipment are classified and grouped on the basis of their nature as required in as per provision of BAS-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 BAS-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 BAS-16. Maintenance expenses that does not increase the value of assets is charged to profit & loss account.

2.19.1 Depreciation on Property, Plant and Equipment

As required in paragraph 43 of BAS 16 Property Plant and Equipment depreciation has been charged on property and office equipment at the following rates using reducing balance method, except on 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 |
| Vehicles | 20% | Straight Line Method |
| Books | 20% | Reducing Balance Method |

Depreciation on addition to fixed assets is charged when the asset is available for use and the charge of depreciation is ceased after the asset is sold out/disposed off/fully depreciated.

2.19.2 Revaluation

Land and building are revalued as per Bangladesh Accounting Standard (BAS)-16, 'Property, Plant and Equipment' as well as Bangladesh Bank BCD Circular Letter No. 12 & 18, dated 20 April 1993 & 15 June 1993, respectively and BRPD Circular No. 10 and 09, dated 25 November 2002 and 31 December 2008 respectively.

The Bank revalued its land & building in the year 2012. Reserve is created by the sum of

revaluation surplus and depreciation is charged on the revalued assets except land as per the respective rate of depreciation.

2.20 Capital/Shareholders' Equity

2.20.1 Authorized capital

Authorized capital is the maximum amount of share capital that the Bank is authorized by its Memorandum and Articles of Association.

2.20.2 Paid up Capital

Paid up capital represents total amount of shareholder capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding-up of the Bank, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation. Details are shown in Note-14.1.

2.20.3 Statutory Reserve

Statutory reserve has been maintained @ 20% of profit before tax in accordance with provisions of section 24 of the Bank Companies Act, 1991 (as amended up to 2013) until such reserve equal to its paid up capital together with the share premium.

2.21 Liabilities and Provision

2.21.1 Taxation

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

2.21.2 Current Tax

Provision for corporate current income tax has been made @ 40.00% for business income and other applicable rate for other operating income as prescribed in the Finance Act 2015 of the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per income tax laws in compliance with BAS-12: Income Taxes.

2.21.3 Deferred Tax

As per BAS-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 (40.00%) prevailing at the balance sheet date is used to determine deferred tax. Deferred tax asset is recognized to the extents which are expected to recover in future.

2.21.4 Retirement Benefits of Employees

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

2.21.5 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 both employees and the Bank at predetermined rate @ 10% of basic salary in equal portion. These contributions are invested separately from the assets of FSIBL and the profit on such contributions credited to the members' account. The Fund recognized by the National Board of Revenue.

2.21.6 Gratuity

The Company operates an unfunded gratuity scheme for its permanent employees, under which an employee is entitled to get the benefits if his length of service is six (06) years in accordance with prevailing service rule as on December 31, 2015.

2.21.7 Social Security Benevolent Fund

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

2.22 Deposits and Other Accounts

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

2.23 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.

2.24 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.

2.25 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 a adopted method of direct and indirect for the period, classified by operating, investing and financing activities in accordance with the BRPD Circular No. 15, dated 09 November 2009 issued by Bangladesh Bank as well as requirements of Bangladesh Accounting Standard (BAS)-7.

2.26 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 residual maturity term;
- Investments are on the basis of their respective residual maturity;

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

2.27 Statement of Changes in Equity

The statement of changes in equity reflects information about the increase or decrease in net assets or wealth.

2.28 Comparative Information

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

2.29 Earnings Per Share (EPS)

2.29.1 Basic Earnings per Share

Earnings per share have been calculated in accordance with BAS-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.

2.29.2 Diluted Earnings per Share

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

2.30 Functional and presentation currency

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

2.31 Risk Management

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

2.31.1 Investments Risk

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

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

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

2.31.2 Foreign Exchange Risk

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

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

2.31.3 Asset Liability Management

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

2.31.4 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, terrorist financing etc. through the financial system. Money Laundering and Terrorist Financing now a days are the two challenges that the Governments, Banks and Financial Institutions face in the globalized financial system. Both Money Laundering and Terrorist Financing have a worst impact on country's overall financial sector.

First Security Islami Bank Limited identified the “Money Laundering and Terrorist Financing” as

one of its core risk areas and has been making all out efforts to prevent money laundering and terrorist financing. For mitigating the risk, the bank has a designated Chief Anti-Money Laundering Compliance Officer (CAMLCO) at Central Compliance Unit (CCU) who supervises the Anti-Money Laundering Division (AML), Head Office and has sufficient authority to implement and enforce AML policy, procedures & measures as well as reports 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) who independently reviews the transaction of accounts by prudent banking experience with verification of Know Your Customer (KYC), Transaction Profile (TP) and evaluates reasons of Suspicious Transactions. They are also updating accounts and sending Cash Transaction Report (CTR) to the Anti Money Laundering Division, Head Office on monthly basis as per requirements of recently implemented goAML Software and traditional FIU Reporting System Software provided by Bangladesh Bank. AMLD finally submits the same through goAML and FIU to Bangladesh Financial Intelligence Unit (BFIU) of Bangladesh Bank after proper scrutiny, data modification and error correction. Bank's AMLD in co-operation with Training Institute also arranges Training/Workshop for developing awareness and skill regarding AML & CFT activities of Executives and Officers of the bank and conducts inspection regarding AML& CFT activities of all branches. Bank has its own Policy Manual for Prevention of Money Laundering and Combating Financing of Terrorism, Customer Acceptance Policy and AML Guide book as per requirement of Guidance Notes on Prevention of Money Laundering of Bangladesh Bank approved by Board of Directors of the bank. The bank through its AMLD issues circulars time to time giving specific guidelines in accordance with Bangladesh Bank guidelines, regulations, Anti-Money Laundering Act, 2012, Anti Terrorism Act, 2009 & Anti Terrorism(Amendment)Act,2013 etc. All the guidelines and circulars issued by Bangladesh Bank from time to time are being strictly complied by CCU as well as AMLD and branches of the Bank.

2.31.5 Internal Control and Compliance

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

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

2.31.6 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 Ultimuz) 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.

2.32 Risk Based Capital (Basel-III)

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-III reporting from 2015. 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-III. All scheduled banks are also required to disclose capital adequacy in both quantitative terms as per Bangladesh Bank BRPD Circular No. 18 Dated December 21, 2014.

2.33 Stress Testing

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

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

normal market conditions.

2.34 General

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

| | 31.12.2015 | 31.12.2014 |
|--|-----------------------|-----------------------|
| | BDT | BDT |
| 3 CASH | | |
| 3.1 Cash in Hand | | |
| In Local Currency | 1,172,728,898 | 1,159,022,772 |
| In Foreign Currencies | 5,087,625 | 12,550,953 |
| ATM Balance | 126,273,800 | 97,810,700 |
| | 1,304,090,323 | 1,269,384,425 |
| 3.2 Balance with Bangladesh Bank and its Agent Bank | | |
| Balance with Bangladesh Bank (Note-3.2.1) | 25,741,336,868 | 14,904,842,709 |
| Balance with Sonali Bank Ltd. (Note-3.2.2) | 185,548,893 | 116,024,781 |
| | 25,926,885,761 | 15,020,867,490 |
| | 27,230,976,084 | 16,290,251,915 |
| 3.2.1 Balance with Bangladesh Bank (Including Foreign Currencies) | | |
| In Local Currency | 25,585,653,336 | 14,727,870,221 |
| In Foreign Currencies | 155,683,532 | 176,972,488 |
| | 25,741,336,868 | 14,904,842,709 |
| 3.2.2 Balance with Sonali Bank Ltd. (as Agent of Bangladesh Bank) | | |
| In Local Currency | 185,548,893 | 116,024,781 |
| 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 , DOS Circular#1 dated 19/01/2014 and MPD Circular#1 dated 23/06/2014. | | |
| 3.4 Cash Reserve Ratio (CRR): 6.50% of Average Demand and Time Liabilities: | | |
| Required Reserve | 14,437,509,000 | 11,657,393,000 |
| Actual Reserve maintained | 25,579,475,000 | 14,704,295,000 |
| Surplus/(Short) | 11,141,966,000 | 3,046,902,000 |
| 3.5 Statutory Liquidity Ratio (SLR): 5.50% of Average Demand and Time Liabilities: | | |
| Required Reserve | 12,216,354,000 | 9,863,948,000 |
| Actual Reserve held | 24,831,610,000 | 14,259,346,000 |
| Surplus/(Short) | 12,615,256,000 | 4,395,398,000 |
| 3.6 Field for Statutory Liquidity Ratio | | |
| Cash in Hand | 1,304,090,000 | 1,266,413,000 |
| Balance with Bangladesh Bank and its agent Bank | 11,327,520,000 | 3,162,927,000 |
| Bangladesh Govt. Islamic Bond | 12,200,000,000 | 9,830,006,000 |
| | 24,831,610,000 | 14,259,346,000 |

| | 31.12.2015 | 31.12.2014 |
|--|-----------------------|-----------------------|
| | BDT | BDT |
| 3 (a) CASH | | |
| 3.1(a) Cash in Hand | | |
| First Security Islami Bank Limited (Note-3.1) | 1,304,090,323 | 1,269,384,425 |
| First Security Islami Capital & Investment Limited | 5,690 | 4,376 |
| | 1,304,096,013 | 1,269,388,801 |
| 3.2(b) Balance with Bangladesh Bank and its Agent Bank | | |
| First Security Islami Bank Limited (Note-3.2) | 25,926,885,761 | 15,020,867,490 |
| First Security Islami Capital & Investment Limited | - | - |
| | 25,926,885,761 | 15,020,867,490 |
| | 27,230,981,774 | 16,290,256,291 |
| 4 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS AND PLACEMENT | | |
| 4.1 Balance With Other Banks & Financial Institutions | | |
| A. Inside Bangladesh | | |
| Current Accounts | | |
| Agrani Bank Limited | 10,723,966 | 9,047,679 |
| Brac Bank Ltd. | 9,992,545 | 31,573,367 |
| Trust Bank Ltd. | 1,207,015 | 226,990 |
| | 21,923,526 | 40,848,036 |
| Mudaraba Short Notice Deposits | | |
| Southeast Bank Ltd. (Islamic Banking Branch) | 8,804,011 | 32,895,323 |
| Social Islami Bank Ltd. | 6,217,520 | 6,093,010 |
| Dhaka Bank Ltd. (Islamic Banking Branch) | 319,389 | 310,607 |
| AB Bank Ltd. (Islamic Banking Branch) | 586,821 | 577,566 |
| Islami Bank Bangladesh Ltd. | 45,228,307 | 39,464,939 |
| Pubali Bank Ltd. (Islamic Banking Branch) | 267,907 | 4,050,517 |
| | 61,423,955 | 83,391,962 |
| Total Inside Bangladesh | 83,347,481 | 124,239,998 |

| | | | | 31.12.2015 | 31.12.2014 |
|---|-----------------|---------------|-------------|--------------------|--------------------|
| | | | | BDT | BDT |
| B. Outside Bangladesh | | | | | |
| Current Account: | Currency | Amount | Rate | | |
| 1. Mashreq Bank, PSC, London | GBP | 5,522.59 | 116.353 | 642,568 | 1,145,846 |
| 2. Mashreq Bank, PSC, London. | EURO | 28,788.73 | 85.793 | 2,469,863 | 1,074,530 |
| 3. Mashreq Bank, PSC, Newyork | USD | 1,581,586.29 | 78.500 | 124,154,524 | 412,985,420 |
| 4. Mashreq Bank, PSC, London | USD | 23,974.44 | 78.500 | 1,881,994 | 3,391,244 |
| 5. National Australia Bank Ltd. | AUD | 20,151.71 | 57.313 | 1,154,953 | 2,469,717 |
| 6. NIB Bank Ltd. Karachi, Pakistan | ACU\$ | 7,690.91 | 78.500 | 603,736 | 3,700,392 |
| 7. Commerz Bank AG, Frankfurt, Germany | EURO | 113,235.51 | 85.793 | 9,714,780 | 11,601,588 |
| 8. Bank of Bhutan, Thimpo, Bhutan | ACU\$ | 13,018.10 | 78.500 | 1,021,921 | 184,582 |
| 9. Sonali Bank , Kolkata, India | ACU\$ | 31,144.50 | 78.500 | 2,444,843 | 2,427,558 |
| 10. Union De Banques Arabes Et Feancauses, Tokyo, Japan | J.YEN | 1,549,074.96 | 0.652 | 1,009,687 | 338,834 |
| 11. AB Bank Ltd, Mumbai, India | ACU\$ | 60,351.11 | 78.500 | 4,737,562 | 4,036,040 |
| 12. Standard Chartered Bank, Colombo | ACU\$ | | - | - | 2,674,293 |
| 13. ICICI bank Ltd, Hongkong | USD | 105,015.98 | 78.500 | 8,243,754 | 8,885,619 |
| 14. ICICI bank Ltd, Kolkata, India | ACU\$ | 35,638.98 | 78.500 | 2,797,660 | 5,478,295 |
| 15. Habib Bank, Zurich, Switzerland | CHF | 52,139.17 | 79.357 | 4,137,613 | 5,383,878 |
| 16. Habib Metropolitan Bank Limited, Karachi, Pakistan | ACU\$ | 95,924.36 | 78.500 | 7,530,062 | 3,135,080 |
| 17. Habib American Bank, N,Y | USD | 347,994.52 | 78.500 | 27,314,287 | 4,010,210 |
| 18. Banca UBAE SPA, Rome, Italy | USD | 29,872.85 | 78.500 | 2,345,019 | - |
| 19. Banca UBAE SPA, Rome, Italy | EURO | 686,639.50 | 85.793 | 58,908,657 | - |
| Total Outside Bangladesh | | | | 261,113,483 | 472,923,125 |
| Total (A+B) | | | | 344,460,964 | 597,163,123 |

| | 31.12.2015 | 31.12.2014 |
|---|-----------------------|-----------------------|
| | BDT | BDT |
| 4.1(a) BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS | | |
| In Bangladesh: | | |
| First Security Islami Bank Limited (Note-4.1 (A)) | 83,347,481 | 124,239,998 |
| First Security Islami Capital & Investment Limited | 16,844,628 | 8,690,351 |
| Inter-company Transaction | (14,851,433) | (8,629,464) |
| | 85,340,676 | 124,300,885 |
| Outside Bangladesh: | | |
| First Security Islami Bank Limited (Note-4.1 (B)) | 261,113,483 | 472,923,125 |
| First Security Islami Capital & | - | - |
| | 261,113,483 | 472,923,125 |
| | 346,454,159 | 597,224,010 |
| 4.2 Placement with Banks & other Financial Institutions | | |
| Premier Bank Ltd.(Islamic Branch) | - | 400,000,000 |
| Reliance Finance Limited | 14,895,000,000 | 13,694,000,000 |
| | 14,895,000,000 | 14,094,000,000 |
| Total Balance With Other Banks & Financial Institutions and Placement (Note 4.1+4.2) | 15,239,460,964 | 14,691,163,123 |
| 4.3 Maturity-wise Grouping (Inside & Outside Bangladesh and Placement with Banks) | | |
| Up to One Month | 6,161,851,997 | 5,940,144,374 |
| Up to Three Months | 4,595,281,384 | 4,429,954,374 |
| Three Months to One Year | 4,482,327,583 | 4,321,064,375 |
| One Year to Five Years | - | - |
| Above Five Years | - | - |
| | 15,239,460,964 | 14,691,163,123 |
| 5 INVESTMENTS IN SHARES AND SECURITIES | | |
| Government Securities | | |
| Bangladesh Govt. Islamic Bonds | 12,200,000,000 | 9,830,000,000 |
| Prize Bonds | 5,000 | 6,400 |
| | 12,200,005,000 | 9,830,006,400 |
| Quoted/Unquoted Shares (Note - 5.1) | 864,057,181 | 497,468,414 |
| | 13,064,062,181 | 10,327,474,814 |

| | | 31.12.2015 | 31.12.2014 |
|------------|---|------------------------------------|------------------------------------|
| | | BDT | BDT |
| 5.1 | Quoted/Unquoted Shares | | |
| | Name of Companies | Acquisition cost (Taka) | Acquisition cost (Taka) |
| | Quoted: | | |
| | Islami Bank Bangladesh Ltd. | - | 2,120 |
| | Social Islami Bank Ltd. | - | 5,469,712 |
| | Beximco Ltd. | - | 598 |
| | Power Grid Company of BD Ltd | 13,168,272 | 13,168,272 |
| | Al-Arafa Islami Bank Ltd. | - | 822 |
| | BSRM Steel Ltd. | - | 4,434 |
| | Shahjalal Islami Bank Ltd. | 3,144,216 | 3,144,216 |
| | National Tubes Ltd. | 27,582,087 | 28,073,680 |
| | Maxsons Spinning Mills Ltd. | 556,092 | 556,092 |
| | Beximco Pharmaceuticals Ltd. | 1,913,082 | - |
| | MJL Bangladesh Ltd. | - | 8,163,642 |
| | Lafarge Surma Cement Ltd. | 157,108,119 | 214,566,880 |
| | Confidence Cement Ltd. | 49,874,637 | 39,439,940 |
| | CVO Petrochemical Refinery Limited | 34,076,291 | 4,764,093 |
| | Delta Brac Housing Finance Corp. Ltd | - | 141,188 |
| | Grameenphone Ltd. | 12,423,414 | 3,589,283 |
| | Saiham Cotton Mills Ltd. | 621,853 | 621,853 |
| | Salvo Chemical Industry Ltd. | - | 6,681 |
| | Bangladesh Shipping Corporation | 29,964,578 | 32,910,569 |
| | Bangladesh Submarine Cables Co. Ltd | 16,194,322 | 13,210,066 |
| | JMI Syringes Medical Devices Ltd. | - | 3,124,547 |
| | Orion Pharma Ltd. | 61,445 | 61,445 |
| | Padma Oil Company Ltd. | 44,544,440 | 38,015,323 |
| | Usmania Glass Sheet Factory Ltd. | 4,790,275 | 4,790,275 |
| | Agricultural Marketing Company Ltd (PRAN) | - | 6,932,941 |
| | Rahima Food Corporation Ltd. | 2,610,852 | 4,205,806 |
| | Tallu Spinning Mills Ltd. | 5,964,433 | 6,203,455 |
| | Barkatullah Electro Dynamic Ltd. | - | 1,206,336 |
| | FAR Chemicals Ltd. | - | 28,514 |
| | Paramount Textile Ltd. | 6,536,568 | 6,536,568 |
| | Shahazibazar Power Company Ltd. | 90,208,724 | 54,717,871 |
| | Western Marine Ship Yard | - | 2,241,742 |
| | Emerald Oil Industries Ltd. | 621,932 | - |
| | Quasem Drycells Ltd. | 608,926 | - |
| | Al-Haj Textile Ltd. | 298,960 | - |
| | Heidelberg Cement Bd. Ltd. | 3,359,108 | - |
| | National Bank Ltd. | 356,255,105 | - |
| | Total | 862,487,731 | 495,898,964 |
| | Unquoted: | | |
| | Central Depository Bangladesh Ltd. | 1,569,450 | 1,569,450 |
| | | 864,057,181 | 497,468,414 |
| 5.2 | Market Value of Quoted Shares | 698,971,823 | 524,695,040 |

| | 31.12.2015 | 31.12.2014 |
|--|------------------------|------------------------|
| | BDT | BDT |
| 5.3 Maturity Grouping of Investments in Shares and Securities | | |
| On Demand | 669,712 | 529,425 |
| Within One Month | 1,565,330,285 | 616,966,278 |
| One Month to three Months | 6,472,129,329 | 849,994,704 |
| Three Months to One Year | 5,024,363,405 | 4,129,992,703 |
| One Year to Five Years | - | 4,728,422,254 |
| More than Five Years | 1,569,450 | 1,569,450 |
| | 13,064,062,181 | 10,327,474,814 |
| 5(a) INVESTMENTS IN SHARES AND SECURITIES | | |
| Government Securities | | |
| First Security Islami Bank Limited (Note-5) | 12,200,005,000 | 9,830,006,400 |
| First Security Islami Capital & Investment Limited | - | - |
| | 12,200,005,000 | 9,830,006,400 |
| Others | | |
| First Security Islami Bank Limited (Note-5) | 864,057,181 | 497,468,414 |
| First Security Islami Capital & Investment Limited | 276,796,716 | 255,761,059 |
| | 1,140,853,897 | 753,229,473 |
| | 13,340,858,897 | 10,583,235,873 |
| 6 INVESTMENTS | | |
| General Investment etc. (Note-6.A) | 187,325,343,675 | 152,490,920,155 |
| Bills Purchased and Negotiated (Note - 6.B) | 354,664,257 | 301,398,883 |
| | 187,680,007,932 | 152,792,319,038 |
| 6.A General Investment etc. | | |
| Inside Bangladesh (Mode wise) | | |
| Bai-Murabaha | 165,537,788,835 | 133,249,670,099 |
| Hire-Purchase Sirkatul Meelk | 21,183,831,227 | 18,323,801,496 |
| Bai-Muajjal | 5,057,598 | 10,083,577 |
| Bai-Salam | 217,243,884 | 259,929,268 |
| Wajira Bill Okalah | 21,884,933 | 14,737,108 |
| Quard | 359,537,198 | 632,698,607 |
| | 187,325,343,675 | 152,490,920,155 |
| Outside Bangladesh | - | - |
| | 187,325,343,675 | 152,490,920,155 |
| 6.B Bills Purchased and Negotiated | | |
| Payable in Bangladesh | 312,933,306 | 231,710,502 |
| Payable outside Bangladesh | 41,730,951 | 69,688,381 |
| | 354,664,257 | 301,398,883 |
| | 187,680,007,932 | 152,792,319,038 |
| 6.1 Maturity Grouping of Investments | | |
| Payable on Demand | 34,255,160,091 | 26,022,041,896 |
| Up to Three Months | 32,599,853,927 | 29,856,742,920 |
| Three Months to One Year | 40,255,601,267 | 34,294,743,595 |
| One Year to Five Years | 49,496,789,003 | 37,322,248,808 |
| Above Five Years | 31,072,603,644 | 25,296,541,819 |
| | 187,680,007,932 | 152,792,319,038 |

| | 31.12.2015 | 31.12.2014 |
|---|------------------------|------------------------|
| | BDT | BDT |
| 6.2 Investments on the basis of Significant Concentration | | |
| Investments to Directors of Other Banks | 22,375,776,000 | 20,127,267,444 |
| Investments to Chief Executive and Other high Officials | - | 47,264,000 |
| Investments to Customers Group | 151,305,775,726 | 119,927,954,981 |
| Investments to Industry | 13,385,000,000 | 12,348,700,000 |
| Investment to Staff | 613,456,206 | 341,132,613 |
| | 187,680,007,932 | 152,792,319,038 |
| 6.3 Investments to Customers for more than 10% of FSIBL's Total Eligible Capital | | |
| Number of Clients | 40 | 47 |
| Amount of Outstanding Investments | | |
| Funded | 58,435,300,000 | 63,473,700,000 |
| Non-funded | 10,252,900,000 | - |
| | 68,688,200,000 | 63,473,700,000 |
| 6.4 Economic Sector wise Investments | | |
| Agriculture: | | |
| Fishing | 427,100,000 | 269,400,000 |
| Others | 2,807,000,000 | 1,865,400,000 |
| Textile and Readymade Garments: | | |
| Garments | - | - |
| Readymade Garments - Export | 1,347,500,000 | 2,519,800,000 |
| Textile and Textile Products- Import | 5,773,600,000 | 5,771,800,000 |
| Others -Export | 1,420,700,000 | 2,318,300,000 |
| Others -Import | 26,873,500,000 | 18,461,700,000 |
| Contractor Finance | 4,359,900,000 | 4,573,300,000 |
| Transport | 1,269,600,000 | 834,600,000 |
| Steel and Engineering | - | - |
| Internal Trade Finance: | | |
| Whole Sale Trading | 50,918,100,000 | 43,772,700,000 |
| Retail Trading | 14,663,500,000 | 13,230,900,000 |
| Others | 27,644,200,000 | 27,301,800,000 |
| House Building: | | |
| Residential & Commercial | 15,332,800,000 | 14,251,400,000 |
| Staff | 613,500,000 | 311,100,000 |
| Special Program: | | |
| Consumer Finance and Hire Purchase Scheme | 226,900,000 | 133,500,000 |
| Others | 34,002,107,932 | 17,176,619,038 |
| | 187,680,007,932 | 152,792,319,038 |
| 6.5 Geographical Location-wise | | |
| Urban | | |
| Dhaka | 60,968,839,339 | 53,789,102,011 |
| Chittagong | 121,454,700,779 | 95,096,735,306 |
| Barisal | 132,495,092 | 103,982,896 |
| Rajshahi | 392,690,818 | 260,273,147 |
| Khulna | 772,915,125 | 566,699,044 |
| Rangpur | 158,643,485 | 105,336,115 |
| Sylhet | 815,179,234 | 898,857,418 |
| | 184,695,463,872 | 150,820,985,937 |

| | 31.12.2015 | 31.12.2014 |
|--|------------------------|----------------------------------|
| | BDT | BDT |
| <u>Rural</u> | | |
| Dhaka | 803,273,166 | 400,867,736 |
| Chittagong | 1,584,033,360 | 1,289,578,486 |
| Barisal | 64,783,866 | 24,809,801 |
| Rajshahi | 52,136,290 | 15,692,168 |
| Khulna | 422,440,973 | 182,105,640 |
| Sylhet | 57,876,405 | 58,279,270 |
| | 2,984,544,060 | 1,971,333,101 |
| | 187,680,007,932 | 152,792,319,038 |
| 6.6 Classification of Investments as per Bangladesh Bank Circular | | |
| <u>Unclassified</u> | | |
| Standard | 169,992,318,796 | 149,175,429,318 |
| Special Mention Account | 12,500,453,033 | 219,991,249 |
| | 182,492,771,829 | 149,395,420,567 |
| <u>Classified:</u> | | |
| Sub-standard | 1,668,450,287 | 52,432,752 |
| Doubtful | 525,819,512 | 432,033,728 |
| Bad & Loss | 2,992,966,304 | 2,912,431,991 |
| | 5,187,236,103 | 3,396,898,471 |
| | 187,680,007,932 | 152,792,319,038 |
| 6.7 Particulars of Required Provision for Investments | | |
| <u>Classification status</u> | | <u>Required provision</u> |
| <u>Unclassified</u> | | |
| Standard | 1,574,758,026 | 1,461,305,741 |
| Special Mention Account | 267,334,992 | 1,997,676 |
| Off -Balance Sheet Exposure | 258,473,002 | 236,649,594 |
| | 2,100,566,020 | 1,699,953,011 |
| <u>Classified:</u> | | |
| Sub - Standard | 251,333,505 | 2,138,144 |
| Doubtful | 98,348,001 | 76,474,997 |
| Bad and Loss | 1,358,253,494 | 1,176,354,211 |
| | 1,707,935,000 | 1,254,967,352 |
| | 3,808,501,020 | 2,954,920,363 |
| Total Required Provision against Investments | 3,808,501,020 | 2,954,920,363 |
| Total Provision Maintained | 3,812,429,803 | 2,975,295,103 |
| Provision Excess/ (Shortfall) | 3,928,783 | 20,374,740 |

| | <u>31.12.2015</u> | <u>31.12.2014</u> |
|---|-------------------------------|-------------------------------|
| | BDT | BDT |
| 6.8 Particulars of Investments | | |
| i) Investments considered good in respect of which the Bank Company is fully secured. | 101,151,300,000 | 82,919,624,281 |
| ii) Investments considered good for which the bank holds no Security other than the debtors personal security. | 66,528,700,000 | 54,446,728,288 |
| iii) Investment considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors. | 20,000,007,932 | 15,425,966,469 |
| iv) Investments adversely classified; provision not maintained there against. | - | - |
| | <u>187,680,007,932</u> | <u>152,792,319,038</u> |
| v) Investments due by directors or executives of the banking company or any of them taken either separately or jointly with any other person. | <u>22,377,556,000</u> | <u>20,127,267,444</u> |
| 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. | <u>-</u> | <u>-</u> |
| 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. | <u>-</u> | <u>-</u> |
| 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. | <u>-</u> | <u>-</u> |
| ix) Investment due from other banking companies | <u>-</u> | <u>-</u> |
| x) Total amount of classified Investments on which profit is not credited to income | <u>5,187,236,103</u> | <u>3,396,898,471</u> |
| a. Movement of classified Investments | | |
| Opening balance | 3,396,898,471 | 2,483,816,896 |
| Increase/ (Decrease) during the year | 1,790,337,631 | 913,081,575 |
| | <u>5,187,236,102</u> | <u>3,396,898,471</u> |
| b. Amount of provision kept against classified investment as on the reporting date of Balance Sheet | <u>1,707,935,000</u> | <u>1,254,967,352</u> |
| c. Profit credited to the profit/Rent/Compensation Suspense Account | <u>198,757,243</u> | <u>136,210,576</u> |

| | 31.12.2015 | 31.12.2014 |
|--|------------------------|------------------------|
| | 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. | | - |
| 6.9 Security against Investments including bills purchased & negotiated: | | |
| Collateral of movable/immovable assets | 116,581,476,060 | 55,022,930,663 |
| Local banks & financial institutions guarantee | 2,071,700,000 | 1,065,675,223 |
| Export documents | 1,420,667,000 | 4,436,696,760 |
| Own MTDR | 9,034,800,000 | 16,973,866,693 |
| MTDR of other Banks | - | 1,567,540,801 |
| Government Bonds | - | 750,825,596 |
| Personal guarantee | 45,746,362,582 | 30,417,708,843 |
| Other security | 12,672,845,392 | 42,103,343,806 |
| Unsecured | 152,156,898 | 453,730,653 |
| | 187,680,007,932 | 152,792,319,038 |
| 6.10 Maturity Grouping of Bills Purchased and Negotiated | | |
| Payable within one month | 2,877,737 | 2,445,543 |
| Over one month but less than three months | 7,682,855 | 6,529,003 |
| Over three months but less than six months | 123,628,150 | 105,061,014 |
| Six Months and Above | 220,475,515 | 187,363,323 |
| | 354,664,257 | 301,398,883 |
| 6A(a) GENERAL INVESTMENT ETC. (All Inside Bangladesh) | | |
| First Security Islami Bank Limited (Note-6.A) | 187,325,343,675 | 152,490,920,155 |
| First Security Islami Capital & Investment Limited | - | - |
| Less: Inter-company transaction (Investment in Subsidiary) | (440,930,533) | (421,611,441) |
| | 186,884,413,142 | 152,069,308,714 |
| 7 Fixed Assets including premises, Furniture & Intangible Assets at cost less accumulated depreciation (Annexure-A) | | |
| Land | 96,546,000 | 96,546,000 |
| Building | 1,242,651,774 | 1,242,651,774 |
| Furniture & Fixtures | 1,696,800,597 | 1,484,701,329 |
| Office Equipment | 1,098,962,167 | 917,725,072 |
| Vehicles | 199,713,909 | 156,447,157 |
| Books | 606,516 | 603,477 |
| | 4,335,280,963 | 3,898,674,809 |
| Less: Accumulated Depreciation | 1,177,958,421 | 878,482,521 |
| | 3,157,322,542 | 3,020,192,288 |
| Intangible Assets | | |
| Software -core banking | 129,178,081 | 111,672,703 |
| Less: Accumulated amortization | 46,537,228 | 29,379,472 |
| | 82,640,853 | 82,293,231 |
| | 3,239,963,395 | 3,102,485,519 |

| | 31.12.2015 | 31.12.2014 |
|---|----------------------|----------------------|
| | BDT | BDT |
| 7(a) Fixed Assets including premises, Furniture & Intangible Assets at cost less accumulated depreciation | | |
| First Security Islami Bank Limited (Note-7) | 3,239,963,395 | 3,102,485,519 |
| First Security Islami Capital & Investment Limited | 21,078,281 | 30,340,911 |
| | 3,261,041,676 | 3,132,826,430 |
| 8 OTHER ASSETS | | |
| Inter - branch Transaction Account (*) | 15,584,775 | 139,448,850 |
| Accrued Income (Note - 8.1) | 1,144,485,061 | 928,701,335 |
| Advances, Deposits and Prepayment (Note -8.2) | 2,841,905,632 | 2,281,694,653 |
| Advance Income Tax | 4,072,546,313 | 3,272,847,526 |
| Stock of Stationery | 31,892,340 | 22,236,927 |
| Suspense Account (Note- 8.3) | 107,590,028 | 163,282,700 |
| Advance Deposits | 269,768,090 | 177,924,118 |
| Stamps on Hand | 2,380,085 | 1,982,453 |
| Investment in FSI Capital & Investment Ltd.(Note-1.5) | 255,000,000 | 178,500,000 |
| Investment in FSIEL Italy S.R.L (Note-1.6) | 62,340,058 | 62,340,059 |
| Deferred Tax Assets (Note- 8.4) | 197,233,000 | 80,000,000 |
| | 9,000,725,382 | 7,308,958,621 |
| (*) Inter-branch transaction account represents net outstanding balance between 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 31.12.2015 have been reconciled on 29.02.2016. | | |
| 8.1 Accrued Income | | |
| Bangladesh Govt. Islamic Bond | 245,745,228 | 239,961,959 |
| Mudarabah Term Deposit | 519,402,847 | 541,652,556 |
| Inland Documentary Bills Purchased (Foreign currency bills) | 13,169,494 | 13,169,494 |
| HPSM House Building | 1,731,971 | - |
| Bai Murabaha General | 102,340,752 | - |
| Bai Murabaha (Hypo) | 210,655,715 | 128,714,281 |
| Bai Salam - Export | 5,120,072 | 5,120,072 |
| Quard against PF | 82,973 | 82,973 |
| HPSM (Scheme) | 478,172 | - |
| Bai-Muajjal (General) | 45,757,837 | - |
| | 1,144,485,061 | 928,701,335 |
| 8.2 Advance, Deposits and Prepayment | | |
| Advance against Rent - Office | 251,684,912 | 257,479,619 |
| Advance against Rent - Godown | 3,640,000 | 3,676,000 |
| Excise Duty on Term Deposits | 589,520 | 755,718 |
| Clearing Adjustment Account (under BACH) | 14,035,236 | 7,137,336 |
| Remittance Settlement Account | 124,458,251 | 97,244,983 |
| Demand draft paid without advice | - | 1,895,460 |
| Prepayment | 2,430,323,982 | 1,910,025,973 |
| Prepaid Insurance | 364,551 | 410,579 |
| Advance Against Security Deposit | 16,528,169 | 2,787,974 |
| Mobile Banking Receivable A/C | 281,011 | 281,011 |
| | 2,841,905,632 | 2,281,694,653 |

| | 31.12.2015 | 31.12.2014 |
|---------------------------------|--------------------|--------------------|
| | BDT | BDT |
| 8.3 Suspense Account | | |
| Sundry Debtors | 106,779,028 | 160,617,533 |
| Advance against TA/DA | 811,000 | 443,900 |
| Encashment of PSP/BSP | - | 46,000 |
| Advance against New Branch | - | 2,134,163 |
| Profit on PSP/BSP | - | 41,104 |
| | 107,590,028 | 163,282,700 |
| 8.4 Deferred Tax Assets | | |
| Opening Balance | 80,000,000 | 80,000,000 |
| Add: Addition During the period | 117,233,000 | - |
| Closing Balance | 197,233,000 | 80,000,000 |

As per Bangladesh Accounting Standard (BAS)- 12 deferred tax is recognized since December 2007. Deferred tax assets have been arrived at Tk. 197.23 million as on December 31, 2015. However during the year 2015 deferred tax assets has been increased by Tk. 117.23 million as a result of increasing deferred tax income by Tk. 117.23 million. According to BRPD Circular No. 11 Dated 12 December 2011, amount of the net income after tax increased due to the recognition of deferred tax on such provisions will not be distributed as dividend.

8(a) OTHER ASSETS

| | | |
|---|-----------------------|----------------------|
| First Security Islami Bank Limited (Note-8) | 9,000,725,382 | 7,308,958,621 |
| Less: Inter-company transaction(Investment in Subsidiary) | 255,000,000 | 255,000,000 |
| | 8,745,725,382 | 7,053,958,621 |
| First Security Islami Capital & Investment Limited | 1,520,656,061 | 754,246,245 |
| | 10,266,381,443 | 7,808,204,866 |

9 NON-BANKING ASSETS

The Bank has been awarded ownership of the mortgage properties of M/s. Ranuka Knit Fashion (Pvt.) Ltd. according to the verdict of the Honorable Court in accordance with section 33(7) of " Arharin Adalat -2003". An amount of Tk. 25,145,280/- is reported in the financial Statements as Non-Banking Assets through the adjustment of outstanding investment against the client. The value of Non-Banking Assets has been determined on the basis of valuation report of an Independent surveyor Company.

10 PLACEMENT FROM BANK & OTHER FINANCIAL INSTITUTION

| | | |
|--|--------------------|--------------------|
| Inside Bangladesh | | |
| Bangladesh Bank (IMM Wings & Refinance Scheme) | 14,198,886 | 65,250,348 |
| Bangladesh Bank (EDF) | 549,061,438 | 332,128,222 |
| | 563,260,324 | 397,378,570 |
| Outside Bangladesh | | |
| | 563,260,324 | 397,378,570 |
| A. Security- wise grouping | | |
| Secured Placement | - | - |
| Unsecured Placement | 563,260,324 | 397,378,570 |
| | 563,260,324 | 397,378,570 |
| B. Repayment Nature wise Grouping | | |
| Repayable on demand | - | - |
| Others | 563,260,324 | 397,378,570 |
| | 563,260,324 | 397,378,570 |

| | 31.12.2015 | 31.12.2014 |
|---|------------------------|------------------------|
| | BDT | BDT |
| C. Maturity Analysis | | |
| Repayable on Demand | - | - |
| Repayable within One Month | - | - |
| One Month to Six Months | - | - |
| Six Month to One Year | - | - |
| One Year to Five Years | 563,260,324 | 397,378,570 |
| Five Years to Ten Years | - | - |
| Unclaimed Deposits Ten Years and Over | - | - |
| | 563,260,324 | 397,378,570 |
| 10 (a) PLACEMENT FROM BANK & OTHER FINANCIAL INSTITUTION | | |
| First Security Islami Bank Limited | 563,260,324 | 397,378,570 |
| First Security Islami Capital & Investment Limited | 618,937,822 | 20,186,977 |
| | 1,182,198,146 | 417,565,547 |
| 11 DEPOSITS AND OTHER ACCOUNTS | | |
| A. Deposits Received from Banks (Note A-1) | 186,000,000 | 635,400,000 |
| B. Other than Bank | | |
| Payable on Demand (Note B-1) | 7,277,536,662 | 6,025,609,590 |
| Other Deposits (Note B-2) | 223,996,708,027 | 175,850,803,264 |
| | 231,274,244,690 | 181,876,412,854 |
| | 231,460,244,690 | 182,511,812,854 |
| C. Maturity wise Grouping of Deposits and Other Accounts | | |
| Repayable within One Month | 46,710,704,689 | 36,862,104,572 |
| One Month to Three Months | 46,210,547,242 | 36,467,401,554 |
| Three Months to One Year | 50,164,638,761 | 39,587,802,670 |
| One Year to Five Years | 48,515,905,698 | 38,286,692,550 |
| Repayable over Five Years | 39,672,448,299 | 31,307,811,508 |
| | 231,274,244,689 | 182,511,812,854 |
| A-1 Deposits Received from Banks | | |
| Islami Bank Bangladesh Ltd. | 10,500,000 | - |
| Premier Bank Ltd | - | 400,000,000 |
| Exim Bank Ltd. | 35,600,000 | 10,000,000 |
| Union Bank Ltd. | 130,800,000 | 206,100,000 |
| NRB Global Bank Ltd. | 9,100,000 | 19,300,000 |
| | 186,000,000 | 635,400,000 |
| Maturity wise Grouping of Deposits Received from Banks | | |
| Repayable on Demand | 186,000,000 | 235,400,000 |
| Repayable within One Month | - | - |
| Repayable over One Month but within Six Months | - | - |
| Repayable over Six Months but within one Year | - | 400,000,000 |
| Repayable over One Year but within Five Years | - | - |
| Repayable over Five Years but within Ten Years | - | - |
| Unclaimed Deposits for Ten Years and above | - | - |
| | 186,000,000 | 635,400,000 |

| | 31.12.2015 | 31.12.2014 |
|--|------------------------|------------------------|
| | BDT | BDT |
| B-1 Payable on Demand | | |
| Al-wadiah Current Deposits | 4,151,371,250 | 3,364,482,420 |
| Mudaraba Saving Deposits (9%) (Note-11.3) | 1,223,712,259 | 857,295,130 |
| Security Deposit Receipt | 22,818,861 | 12,323,867 |
| Sundry Deposits (Note-11.1.1) | 1,879,634,292 | 1,791,508,173 |
| | 7,277,536,662 | 6,025,609,590 |
| B- 2 Other Deposits | | |
| Mudaraba Saving Deposits (91%) (Note-11.3) | 12,373,090,624 | 8,668,206,314 |
| Mudaraba Term Deposits | 159,937,995,888 | 121,947,027,419 |
| Mudaraba Short Notice Deposits | 4,991,905,142 | 4,111,906,181 |
| Bills Payable (Note-11.2) | 881,045,753 | 954,717,747 |
| Bearer Certificates of Deposits | - | - |
| Mudaraba Deposit under Schemes (Note-11.5) | 45,689,448,026 | 40,086,391,879 |
| Foreign Currency Deposits | 123,222,594 | 82,553,724 |
| | 223,996,708,027 | 175,850,803,264 |
| 11.1 Al-Wadiah Current Accounts & Other Deposit Accounts | | |
| Al-wadiah Current Deposits | 4,151,371,250 | 3,364,482,420 |
| Mudaraba Short Notice Deposits | 4,991,905,142 | 4,347,306,180 |
| Sundry Deposits (Note-11.1.1) | 1,879,634,292 | 1,791,508,173 |
| Security Deposit Receipt | 22,818,861 | 12,323,867 |
| Foreign Currency Deposits | 123,222,594 | 82,553,724 |
| | 11,168,952,139 | 9,598,174,364 |
| 11.1(a) Al-Wadiah Current Accounts & Other Deposit Accounts | | |
| First Security Islami Bank Limited (Note-11.1) | 11,168,952,139 | 9,598,174,364 |
| First Security Islami Capital & Investment Limited | - | - |
| Less: Inter-company transaction | (14,851,433) | (8,629,464) |
| | 11,154,100,706 | 9,589,544,900 |
| 11.1.1 Sundry Deposits | | |
| Margin on Letters of Credit | 356,892,836 | 384,721,413 |
| Foreign Bills Awaiting Remittance | 101,490,332 | 126,467,234 |
| Margin on Letter of Guarantee | 329,833,417 | 332,097,219 |
| Ready cash card (Reload) | 43,200 | 1,200 |
| Sundry Creditors | 97,324,064 | 172,741,455 |
| Outward Clearing Charge | 164,157 | 752,091 |
| ATM Charge collection Account (ITCL) | 169,279 | 177,007 |
| Unreconciled ATM Cash Balance | 79,175 | 673,582 |
| Export Bills | 554,329 | 543,409 |
| Fixed Deposits - Export Bills | 5,806,840 | 5,658,171 |
| Risk Fund on Hire Purchase Scheme | 2,777,405 | 2,622,239 |
| Courier Charges | 1,146,329 | 406,595 |
| Margin account-Export | 5,952,000 | 6,012,000 |
| Exporters Commission (Letter Acceptance) | 1,372,755 | 1,374,478 |
| Margin on Consumer Finance Scheme | 88,297 | 64,447 |
| Margin on Payment Orders Demand, Draft | 1,323,120 | 1,323,120 |

| | 31.12.2015 | 31.12.2014 |
|---|----------------------|----------------------|
| | BDT | BDT |
| Excise Duty on Deposit | 229,033,661 | 99,929,778 |
| Excise Duty on Investments A/C | 7,486,804 | 497,384 |
| VAT Deduction on Letter of Credit - Commission | 22,962,688 | 12,653,315 |
| VAT on Investment Processing fee | 561,609 | 502,536 |
| VAT on Online Charge | 214,843 | 175,710 |
| VAT on Commission TT/DD/PO/LG | 1,712,155 | 849,185 |
| VAT Deduction - Indenting Commission | 116,592 | 98,460 |
| VAT on ATM | 179,501 | 524,385 |
| VAT on Service Charge and Others | 7,138,535 | 6,284,092 |
| VAT Deduction Bills Paid | 12,817,482 | 7,836,375 |
| VAT on Rent and Others | 2,152,500 | 1,433,896 |
| VAT on Local Export Bill | 31,087 | 957,243 |
| VAT on Payable on E-Cash Service Charge | 14,523 | 6,493 |
| Income Tax Deduction at Source - Letter of Credit | 7,109,676 | 4,139,355 |
| Income Tax Deduction at Source - Office rent | 769,316 | 578,877 |
| Income Tax Deduction at Source - Indenting Commission | 47,809 | 64,188 |
| Income Tax Deduction at Source - Bills | 5,970,043 | 3,428,859 |
| Income Tax Deduction at Source - Agent of Foreign Buyer | 2,607,306 | 3,108,757 |
| Income Tax Deduction at Source - Prof. & Tech. Service | 346,686 | 776,595 |
| Income Tax Deduction at Source - Private Security Service | 150,801 | 118,652 |
| Income Tax Deduction at Source - Cash Incentives | 39,060 | 805,240 |
| Income Tax Deduction at Source - Advertising Bill | 469,011 | 502,035 |
| Income Tax Deduction at Source -Profit on Deposit | 657,104,720 | 604,764,428 |
| Income Tax Deduction at Source (Export Bills) | 2,567,551 | 1,650,888 |
| Income Tax Deduction at Source - Import Bill | - | 672,169 |
| Income Tax Deduction at Source-Salaries | 3,494,367 | 2,120,690 |
| Income Tax Payable on MSB | 886,127 | 1,260,991 |
| Income Tax International Phone Call | 158,052 | - |
| Income Tax Rent ATM Booth | 36,830 | 32,725 |
| Tax on Local Agent Commission | 133,304 | 94,762 |
| Impress Fund-Cash Incentive | 4,450 | 4,450 |
| Income Tax Deduction from the Payment of Certain services | 105,406 | - |
| Income Tax on Directors Meeting Fees | 20,800 | - |
| Income Tax on Non-Residents Income | 249,217 | - |
| VAT on Income from SMS Banking Services | 7,878,105 | - |
| VAT on Income from Internet Banking Services | 46,140 | - |
| | 1,879,634,292 | 1,791,508,173 |

11.2 Bills Payable

| | | |
|----------------------|--------------------|--------------------|
| Pay Order Issued | 857,143,587 | 908,324,121 |
| Demand Draft Payable | 23,603,163 | 44,379,585 |
| Pay Slips Issued | 299,003 | 2,014,041 |
| | 881,045,753 | 954,717,747 |

11.3 Mudaraba Savings Deposits

As per BRPD Circular No. 06, dated 24 June 07, total saving deposits amount is bifurcated into:

| | | |
|--|-----------------------|----------------------|
| 9 % of total Mudaraba Savings Deposits | 1,223,712,259 | 857,295,130 |
| 91% of total Mudaraba Savings Deposits | 12,373,090,624 | 8,668,206,314 |
| | 13,596,802,883 | 9,525,501,444 |

| | 31.12.2015 | 31.12.2014 |
|---|------------------------|------------------------|
| | BDT | BDT |
| 11.4 Mudaraba Term Deposits including other Banks - Maturity wise Grouping | | |
| Payable on Demand | 1,890,542,489 | 1,243,304,404 |
| Up to Three Months | 72,372,226,337 | 52,507,719,919 |
| From Three Months to Six Months | 25,041,411,083 | 17,308,896,409 |
| Above Six Months to One Year | 60,504,149,337 | 51,180,045,517 |
| Above One Year to Two Years | 58,290,925 | 40,585,727 |
| Above Two Years | 71,375,717 | 66,475,444 |
| | 159,937,995,888 | 122,347,027,420 |
| 11.5 Other Mudaraba Deposits | | |
| Mudaraba Deposit under Schemes: | | |
| Mudaraba Monthly Savings Scheme | 8,541,691,257 | 7,600,166,165 |
| Mudaraba Double Benefit Deposits Scheme | 18,231,918,605 | 17,736,445,016 |
| Mudaraba Monthly Benefit Scheme | 10,994,576,443 | 10,216,332,351 |
| Mudaraba Hajj Scheme | 62,792,209 | 32,969,361 |
| Mudaraba Marriage Scheme | 562,959,723 | 237,351,018 |
| Mudaraba Health Care Scheme | 2,880,742,752 | 1,477,550,180 |
| Mudaraba Education Deposit Scheme | 574,683,971 | 274,170,469 |
| Mudaraba Pension Deposit Scheme | 501,928,078 | 259,375,218 |
| Mudaraba Millionaire Deposit Scheme | 641,926,820 | 322,615,223 |
| Mudaraba Kreropoti Deposit Scheme | 418,027,669 | 227,489,684 |
| Mudaraba Triple Times Deposit Scheme | 527,668,950 | 438,740,515 |
| Mudaraba Four Times Deposit Scheme | 1,480,944,918 | 1,116,093,376 |
| Mudaraba Probashi Deposit Scheme | 138,171,900 | 73,309,130 |
| Mudaraba Money Plant Deposit Scheme | 2,124,299 | 1,176,624 |
| Mudaraba Gift Cheque | 6,857,958 | 6,149,692 |
| Mudaraba Griheni Deposit Scheme | 91,660,591 | 52,710,946 |
| Mudaraba New Generation Deposit Scheme | 1,708,127 | 13,145,484 |
| Mudaraba Cash Waqf. Deposit Scheme | 29,063,757 | 601,427 |
| | 45,689,448,026 | 40,086,391,879 |
| 12 MUDARABA SUBORDINATED BOND | 1,882,000,000 | 2,382,000,000 |

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 Tk. 2,500,000,000.00 as on 02.01.2013. The amount of Tk. 118,000,000.00 paid in 2014 and amount of Tk. 500,000,000.00 has been paid during the year 2015, as principal redemption.

| | 31.12.2015 | 31.12.2014 |
|--|-----------------------|-----------------------|
| | BDT | BDT |
| 13 OTHER LIABILITIES | | |
| Provision for Taxation (Note-13.1) | 4,567,675,852 | 3,783,943,852 |
| Accumulated Provision against Investments(Note-13.3) | 3,812,429,803 | 2,975,295,103 |
| Profit/Rent/Compensation Suspense Account (Note -13.4) | 198,757,243 | 136,210,576 |
| Accrued Profit and Expenses Payable (Note-13.5) | 3,294,356,731 | 3,898,043,103 |
| Provisions for diminution in value of Investments(Note-13.6) | 163,515,908 | - |
| Provisions for Other Assets | 356,000 | - |
| Provision for Zakat | 41,475,331 | 48,476,724 |
| Provident Fund | 12,662 | 3,972 |
| Benevolent Fund | 1,000 | 58,850 |
| Non-Resident Accounts | 10,616,259 | 7,766,577 |
| Compensation Realised | 21,228,921 | 15,193,867 |
| Others | 11,017,245 | 7,698,066 |
| Total | 12,121,442,955 | 10,872,690,690 |
| 13.1 Provision for Taxation during the year | | |
| Opening Balance | 3,783,943,852 | 2,938,893,852 |
| Add : Provision Made during the year | 783,732,000 | 845,050,000 |
| Closing Balance | 4,567,675,852 | 3,783,943,852 |
| Assessment for the year 1999, 2002, 2005, 2006 and 2009 have been settled. Assessment order of 2000, 2001, 2003 and 2004 are pending with High Court and 2007,2008, 2010 & 2011 are pending with Appellate Tribunal, 2012, 2013 & 2014 assessment is not yet completed by DCT level and 2015 is not yet due. | | |
| 13.2 Provision for Investments during the year | | |
| Specific Provision for Classified Investments | 452,935,000 | 249,900,000 |
| General Provision | 362,349,294 | 278,905,959 |
| Off -Balance Sheet exposure | 21,850,406 | 117,994,041 |
| | 837,134,700 | 646,800,000 |
| 13.2 (a) Provision for Investments during the year | | |
| First Security Islami Bank Limited | 837,134,700 | 646,800,000 |
| First Security Islami Capital & Investment Limited | 1,198,964 | - |
| | 838,333,664 | 646,800,000 |
| 13.3 Accumulated Provision for Investments | | |
| Specific Provision for Classified Investments (Note -13.3.1) | 1,707,935,000 | 1,255,000,000 |
| General Provision (Note -13.3.2) | 1,845,994,803 | 1,483,645,509 |
| Off -Balance Sheet exposure (Note -13.3.3) | 258,500,000 | 236,649,594 |
| | 3,812,429,803 | 2,975,295,103 |
| 13.3.1 Movement in Specific Provision for Classified Investments | | |
| Provision held at the beginning of the year | 1,255,000,000 | 1,005,100,000 |
| Fully Provided Debts written off | - | - |
| Recoveries of amounts previously written off | - | - |
| Specific Provision for the year | 452,935,000 | 249,900,000 |
| Recoveries and Provisions no longer required | - | - |
| Net Charge to Profit and Loss Account | - | - |
| Provision held at the end of the year | 1,707,935,000 | 1,255,000,000 |

| | 31.12.2015 | 31.12.2014 |
|---|----------------------|----------------------|
| | BDT | BDT |
| 13.3.2 General Provision | | |
| Provision held at the beginning of the year | 1,483,645,509 | 1,204,739,550 |
| Addition/(transfer) during the year | 362,349,294 | 278,905,959 |
| | 1,845,994,803 | 1,483,645,509 |
| 13.3.3 Off-balance sheet exposure | | |
| Provision held at the beginning of the year | 236,649,594 | 118,655,553 |
| Addition/(transfer) during the year | 21,850,406 | 117,994,041 |
| | 258,500,000 | 236,649,594 |
| 13.4 Profit/Rent/Compensation Suspense Account | | |
| A) Profit Suspense (Old) | | |
| Opening Balance | 34,996,451 | 42,521,009 |
| Add: Transferred during the year | - | - |
| | 34,996,451 | 42,521,009 |
| Less: Recovered during the year | (1,227,933) | (7,524,558) |
| Less: Amount Written off/waived during the year | - | - |
| Balance at the end of the year | 33,768,518 | 34,996,451 |
| B) Compensation Suspense Account | | |
| Opening Balance | 101,214,125 | 52,532,639 |
| Add: Addition during the year | 69,809,654 | 48,681,486 |
| | 171,023,779 | 101,214,125 |
| Less: Adjustment during the year | (6,035,054) | - |
| Less: Amount Written off/waived during the year | - | - |
| Balance at the end of the year | 164,988,725 | 101,214,125 |
| Total (A+B) | 198,757,243 | 136,210,576 |
| 13.5 Accrued Profit and Expenses Payable | | |
| Profit Payable on MTDR | 3,070,932,513 | 3,599,986,728 |
| Profit Payable on Monthly Benefit Savings Scheme | 877,904 | 327,556 |
| Profit Payable on Cash Waqf Deposit Scheme | 112,033 | 4,075 |
| Profit Payable on Money Plant Deposit | 12,786 | 11,642 |
| Power and Electricity | 1,722,774 | 1,720,838 |
| Telephone | 261,345 | 226,778 |
| Office Rent | 1,965,509 | 1,652,839 |
| Wages | 135,804 | 43,000 |
| Insurance | 2,834,059 | 2,203,180 |
| Audit Fees | 730,250 | 805,250 |
| Telex, Fax and E-mail | 920 | 3,110 |
| Printing and Stationery | 269,008 | 30,116 |
| Rates & Taxes | 11,450 | 18,800 |
| Clearing Adjustment | 959 | 10,985,975 |
| Online Clearing Parking Charges | 1,011,350 | 476,756 |
| Profit Payable on Mudaraba Subordinated Bond | 88,467,985 | 124,882,087 |
| Others | 125,010,082 | 154,664,373 |
| | 3,294,356,731 | 3,898,043,103 |
| 13.6 Provisions for diminution in value of Investments | | |
| Opening Balance | - | 221,500,000 |
| Add: Addition during the year | 163,515,908 | 71,676,430 |
| Less: Adjustment for realized Loss during the year | - | (293,176,430) |
| | 163,515,908 | - |

| | 31.12.2015 | 31.12.2014 |
|--|-----------------------|-----------------------|
| | BDT | BDT |
| 13(a) OTHER LIABILITIES | | |
| First Security Islami Bank Limited (Note-13) | 12,121,442,955 | 10,872,690,690 |
| First Security Islami Capital & Investment Limited | 167,390,883 | 54,271,048 |
| | 12,288,833,838 | 10,926,961,738 |
| 14 CAPITAL | | |
| AUTHORISED CAPITAL | | |
| 1,000,000,000 Ordinary shares of Taka 10 each. | 10,000,000,000 | 10,000,000,000 |
| 14.1 Issued, Subscribed and Paid-Up Capital | | |
| 678,873,888 Ordinary Shares of Taka 10 each issued | 6,788,738,880 | 4,114,387,200 |
| | 6,788,738,880 | 4,114,387,200 |
| 14 (a) Right Share Deposit Money | - | 1,564,966,255 |

The amount representing Right share Deposit Money has been received up to 31.12.2014 against the Right Issue offer (1R:2 Share) by the Bank which has been approved duly by Bangladesh Securities and Exchange Commission (BSEC) vide letter No. BSEC/CI/ RI-96/2014/731 dated October 29, 2014. subsequently it has been transferred to ordinary shares as per approval of Bangladesh Security Exchange Commission Letter no. BSEC/CI/RI-96/2014/195 dated March 25, 2015.

14.2 Category of shareholding as at 31 December 2015

| <u>Name of Category</u> | <u>Percentage(%)</u> | <u>Percentage(%)</u> |
|--------------------------|----------------------|----------------------|
| Sponsors/Directors | 49.56 | 49.28 |
| Financial Institute | 19.69 | 14.07 |
| Non-Resident Bangladeshi | 0.23 | 0.32 |
| General Public | 29.35 | 35.11 |
| Foreign Investor | 1.17 | 1.22 |
| | 100.00 | 100.00 |

14.3 Classification of Shareholders by holding position as at 31 December 2015

| <u>Shareholding Range</u> | <u>No. of Shares</u> | <u>No. of Shares</u> |
|-----------------------------|----------------------|----------------------|
| Up to 500 Shares | 4,746,797 | 268,002,811 |
| 501 to 5000 Shares | 49,377,450 | 39,800,460 |
| 5001 to 10,000 Shares | 16,795,424 | 9,656,971 |
| 10,001 to 20,000 Shares | 18,451,915 | 3,663,386 |
| 20,001 to 30,000 Shares | 10,848,886 | 3,146,422 |
| 30,001 to 40,000 Shares | 5,592,101 | 6,047,977 |
| 40,001 to 50,000 Shares | 5,359,169 | 13,329,939 |
| 50,001 to 100,000 Shares | 16,077,876 | 13,926,606 |
| 100,001 to 1,000,000 Shares | 62,272,813 | 48,333,776 |
| Over 1,000,000 Shares | 489,351,457 | 5,530,372 |
| | 678,873,888 | 411,438,720 |

| | 31.12.2015 | 31.12.2014 |
|---|------------------------|------------------------|
| | BDT | BDT |
| 14.4 Capital to Risk Weighted Assets Ratio (CRAR) Under Basel-III (Solo Basis) | | |
| <u>Tier-1 Capital:</u> | | |
| Common Equity Tire-1 Capital (CET-1): | | |
| Paid up Capital | 6,788,738,880 | 4,114,387,200 |
| Statutory Reserve | 1,902,246,794 | 1,609,267,996 |
| Other Reserve | 75,556,891 | 35,495,817 |
| Retained Earnings | 500,590,957 | 642,332,846 |
| Adjustment for Deferred Tax Assets | (197,233,000) | - |
| Right Share Deposit Money | - | 1,564,966,255 |
| Others (5% of Deferred Tax Assets) | 9,861,650 | - |
| | 9,079,762,171 | 7,966,450,114 |
| Additional Tire-1 Capital (AT-1) | - | - |
| | 9,079,762,171 | 7,966,450,114 |
| <u>Tier –2 Capital:</u> | | |
| General Provision | 1,424,374,646 | 1,720,295,103 |
| Assets Revaluation Reserves | 186,129,864 | 191,160,401 |
| Subordinated Debt | 1,882,000,000 | 2,382,000,000 |
| Adjustment (Assets Revaluation Reserves @ 20%) | (37,225,973) | - |
| | 3,455,278,537 | 4,293,455,504 |
| A. Total Regulatory Capital | 12,535,040,708 | 12,259,905,618 |
| B. Total Risk Weighted Assets | 122,051,062,260 | 104,502,691,033 |
| C. Capital to Risk Weighted Assets Ratio (CRAR) (A/B)*100 | 10.27 | 11.73 |
| D. Common Equity Tire-1 To RWA (A -CET/B)*100 | 7.44% | 7.62% |
| Requirement (Minimum) | 4.50% | - |
| E. Tier-1 Capital to RWA (A -CET/B)*100 | 7.44% | 7.62% |
| Requirement (Minimum) | 4.50% | - |
| F. Tier-1 Capital to RWA (A- AT/B)*100 | 2.83% | 4.11% |
| G. Minimum Capital Requirement (MCR) | 12,205,106,226 | 10,450,269,103 |
| Capital Surplus /(Deficiency) (A-G) | 329,934,482 | 1,809,636,515 |

14.4(a) Capital to Risk Weighted Assets Ratio (CRAR) Under Basel-III (Consolidated Basis)

Tier-1 Capital:

Common Equity Tire-1 Capital (CET-1):

| | | |
|---|----------------------|----------------------|
| Paid up Capital | 6,788,738,880 | 4,114,387,200 |
| Statutory Reserve | 1,902,246,794 | 1,609,267,996 |
| Other Reserve | 75,556,891 | 35,495,817 |
| Retained Earnings | 555,733,247 | 669,349,319 |
| Non-controlling Interest | 297,979,846 | 270,957,003 |
| Adjustment for Deferred Tax Assets | (197,233,000) | - |
| Right Share Deposit Money | - | 1,564,966,255 |
| Others (5% of Deferred Tax Assets) | 9,861,650 | - |
| | 9,432,884,308 | 8,264,423,590 |
| Additional Tire-1 Capital (AT-1) | - | - |
| | 9,432,884,308 | 8,264,423,590 |

| | 31.12.2015 | 31.12.2014 |
|---|------------------------|------------------------|
| | BDT | BDT |
| <u>Tier –2 Capital:</u> | | |
| General Provision | 1,437,320,027 | 1,720,295,103 |
| Assets Revaluation Reserves | 186,129,864 | 191,160,401 |
| Subordinated Debt | 1,882,000,000 | 2,382,000,000 |
| Adjustment (Assets Revaluation Reserves @ 20%) | (37,225,973) | - |
| | 3,468,223,918 | 4,293,455,504 |
| A. Total Regulatory Capital | 12,901,108,226 | 12,557,879,094 |
| B. Total Risk Weighted Assets | 123,756,629,283 | 105,330,296,101 |
| C. Capital to Risk Weighted Assets Ratio (CRAR) (A/B)*100 | 10.42% | 11.92% |
| D. Common Equity Tire-1 To RWA (A -CET/B)*100 | 7.62% | 7.85% |
| Requirement (Minimum) | 4.50% | - |
| E. Tier-1 Capital to RWA (A -CET/B)*100 | 7.62% | 7.85% |
| Requirement (Minimum) | 4.50% | - |
| F. Tier-1 Capital to RWA (A- AT/B)*100 | 2.80% | 4.08% |
| G. Minimum Capital Requirement (MCR) | 12,375,662,928 | 10,533,029,610 |
| Capital Surplus /(Deficiency) (A-G) | 525,445,298 | 2,024,849,484 |
| 15 STATUTORY RESERVE | | |
| Opening Balance | 1,609,267,996 | 1,310,398,870 |
| Add: Addition during the year | 292,978,798 | 298,869,126 |
| Closing Balance | 1,902,246,794 | 1,609,267,996 |
| This has been done at least @ 20% or more of the net profit before tax according to Sec. 24 of Bank Companies Act, 1991 Amendment 2013 and shall be maintained until & unless it equals to Paid-up Capital. | | |
| 16 OTHER RESERVE | | |
| Opening Balance | 35,495,817 | 114,061,074 |
| Add: Addition during the year | 30,000,000 | 10,000,000 |
| Add: Transferred from Asset Revaluation Reserve | 10,061,074 | 10,061,074 |
| Less: Adjustment of Loss of FSIEL | - | (98,626,331) |
| Closing Balance | 75,556,891 | 35,495,817 |
| 17 ASSETS REVALUATION RESERVE | | |
| Opening Balance | 382,320,802 | 392,381,876 |
| Less: Transfer to Other Reserve | (10,061,074) | (10,061,074) |
| Closing Balance | 372,259,728 | 382,320,802 |

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

| | 31.12.2015 | 31.12.2014 |
|--|----------------------|----------------------|
| | BDT | BDT |
| 18 RETAINED EARNINGS | | |
| Opening Balance | 642,332,846 | 502,370,544 |
| Add: Post tax profit for the period | 798,394,989 | 649,295,628 |
| Less: Transfer to Statutory Reserve | (292,978,798) | (298,869,126) |
| Less: Transfer to Other Reserve | (30,000,000) | (10,000,000) |
| Less: Capitalized during the period | (617,158,080) | - |
| Less: Cash Dividend paid during the period | - | (200,464,200) |
| Closing Balance | 500,590,957 | 642,332,846 |
| 18(a) RETAINED EARNINGS | | |
| First Security Islami Bank Limited (Note-18) | 500,590,957 | 642,332,846 |
| First Security Islami Capital & Investment Limited | 55,142,289 | 27,016,473 |
| | 555,733,247 | 669,349,319 |
| 18(b) NON-CONTROLLING INTEREST | | |
| Opening Balance | 270,957,003 | 175,409,839 |
| Add: Capital Increase in Subsidiary | - | 73,500,000 |
| Add: Transfer during the period | 27,022,843 | 22,047,164 |
| Closing Balance | 297,979,846 | 270,957,003 |
| 19 LETTER OF GUARANTEES | | |
| Money for which the Bank is contingently liable in respect of guarantees are given favoring: | | |
| Letters of Guarantee - Local | 6,092,697,670 | 6,381,276,624 |
| Letter of Guarantee - Foreign | 4,391,007 | - |
| | 6,097,088,677 | 6,381,276,624 |
| 19.1 Money for Which the Bank is Contingently Liable in respect of Guarantees: | | |
| Directors | - | - |
| Government | - | - |
| Banks and Other Financial Institutions | - | - |
| Others | 6,097,088,677 | 6,381,276,624 |
| | 6,097,088,677 | 6,381,276,624 |
| 20 IRREVOCABLE LETTERS OF CREDIT | | |
| Letters of Credit - Cash | 1,395,861,683 | 4,232,270,161 |
| Letter of Credit - Cash Inland | - | - |
| Back to Back letters of Credit - Local | 710,763,684 | 521,421,232 |
| Back to Back letters of Credit - Foreign | 112,602,354 | 156,598,363 |
| | 2,219,227,721 | 4,910,289,756 |
| 21 BILLS FOR COLLECTION ISSUED BY THE BANK | | |
| Foreign Documentary Bills | 476,661,752 | 362,387,436 |
| Outward Bills | 247,760 | 732,988 |
| Inland Documentary Bills | 539,060,089 | 576,657,137 |
| | 1,015,969,601 | 939,777,561 |

| | <u>31.12.2015</u> | <u>31.12.2014</u> |
|---|------------------------------|------------------------------|
| | <u>BDT</u> | <u>BDT</u> |
| 22 INVESTMENT INCOME | | |
| Profit Received from: | | |
| Deposit with Other Banks | 1,985,025,505 | 1,968,492,431 |
| Bai Murabaha - General | 1,663,119,329 | 2,597,191,367 |
| Bai Murabaha Hypothecation | 12,383,631,274 | 10,266,977,959 |
| Bai Murabaha against MTD | 1,382,098,608 | 570,292,712 |
| Bai Murabaha Post Import (LTR) | 909,500,129 | 1,919,925,285 |
| Bai Murabaha Post Import (Pledge) | 30,616 | 1,342,205 |
| Bai Murabaha Real Estate | 4,336,111 | 4,072,091 |
| Bai Murabaha Import Bill | 552,449,834 | 466,179,348 |
| Bai Murabaha Import | 67,235,238 | 123,360,355 |
| Bai Murabaha Export | 32,012,634 | 31,119,984 |
| Bai Murabaha SME Investment | 522,527,273 | 228,535,493 |
| Bai-Murabaha (EMI) Investment | 511,432,321 | 56,078,596 |
| Bai-Murabaha(General) Under SME Invest | 41,932,610 | 14,762,035 |
| Bai-Murabaha Post Import(TR)-Under SME | 15,787,633 | 2,033,775 |
| Bai-Murabaha (EQI) Investment | 847,035,222 | 19,611,041 |
| Mudaraba Foreign Currency Investment (EDF) | 1,784,265 | - |
| Inland Documentary Bills Purchased (Foreign Currency Bills) | 46,964,627 | 86,587,154 |
| Bai Muajjal General | 1,498,112 | 365,872,486 |
| Pre-shipment Investment | 27,340,235 | 22,652,222 |
| HPSM Transport | 147,660,830 | 148,547,472 |
| HPSM Real Estate | 528,174,453 | 474,017,104 |
| HPSM Consumer | 51,294,771 | 40,887,766 |
| HPSM Agriculture | 3,888,559 | 6,800,534 |
| HPSM SME | 23,492,387 | 35,412,043 |
| HPSM HBL Commercial | 1,131,667,786 | 1,076,584,025 |
| HPSM Industrial | 256,361,467 | 260,458,296 |
| Rent on HPSM Scheme | 349,192,886 | 492,519,272 |
| HPSM House Building - Staff | 18,605,328 | 12,275,320 |
| Bai Muajjal | 478,037 | 569,044 |
| Agriculture Investment | 218,149,884 | 214,769,645 |
| Investment against Provident Fund (Staff) | 1,519,465 | 1,220,057 |
| Investment against Car Lease Scheme | 1,843,821 | 2,510,687 |
| Quard against MTDR | 1,094,415 | 863,149 |
| Wajira Bill Okalah | 1,499,775 | 2,726,469 |
| | <u>23,730,665,441</u> | <u>21,515,247,422</u> |
| 22(a) INVESTMENT INCOME | | |
| First Security Islami Bank Limited (Note-22) | 23,730,665,441 | 21,515,247,422 |
| First Security Islami Capital & Investment Limited | 163,863,299 | 82,489,083 |
| | <u>23,894,528,740</u> | <u>21,597,736,505</u> |

| | <u>31.12.2015</u> | <u>31.12.2014</u> |
|--|------------------------------|------------------------------|
| | BDT | BDT |
| 23 PROFIT PAID ON DEPOSITS | | |
| Profit Paid on: | | |
| Mudaraba Term Deposit | 12,679,172,180 | 12,544,942,391 |
| Mudaraba Double Benefit Deposits Scheme | 2,087,687,758 | 1,725,709,153 |
| Mudaraba Monthly Savings Scheme | 825,631,909 | 729,776,487 |
| Mudaraba Monthly Benefit Savings Scheme | 1,386,323,106 | 1,057,681,672 |
| Mudaraba Savings Deposits | 388,475,479 | 267,739,154 |
| Mudaraba Short Notice Deposits | 190,451,316 | 171,674,004 |
| MSB & Placement from Other Banks | 222,176,223 | 409,254,305 |
| Mudaraba Hajj Deposit Scheme | 5,276,378 | 2,779,278 |
| Mudaraba Student SB AC | 5,559,400 | 3,395,092 |
| Mudaraba Salary A/C | 3,033,224 | 1,325,469 |
| Mudaraba Senior Citizen AC | 3,631,987 | 1,647,051 |
| Mudaraba Marriage Scheme | 41,865,542 | 17,115,612 |
| Mudaraba Health Care Scheme | 229,164,118 | 108,149,946 |
| Mudaraba Education Deposit Scheme | 44,009,426 | 20,498,575 |
| Mudaraba Pension Deposit Scheme | 39,486,955 | 19,373,215 |
| Mudaraba Millionaire Deposit Scheme | 52,473,264 | 23,444,204 |
| Mudaraba Kroropoti Deposit Scheme | 33,240,912 | 17,359,945 |
| Mudaraba Triple Times Deposit Scheme | 60,822,135 | 42,006,195 |
| Mudaraba Four Times Deposit Scheme | 145,229,615 | 95,096,393 |
| Mudaraba Probashi Deposit Scheme | 11,305,156 | 5,576,377 |
| Mudaraba Money Plant Deposit Scheme | 157,400 | 94,500 |
| Mudaraba Griheni Deposit Scheme | 7,494,470 | 3,973,697 |
| Mudaraba Gift Cheque | 155,430 | 109,858 |
| Agent Savings A/C-Mobile Bank | 431,393 | 154,390 |
| Mudaraba New Generation Savings Scheme | 4,328,747 | 1,976,029 |
| Mudaraba New Generation Deposit Scheme | 2,234,862 | 840,691 |
| Mudaraba Shramajibi Savings | 2,954,750 | 147,795 |
| Mudaraba Cash Waqf. Deposit Scheme | 107,957 | 9,284 |
| | <u>18,472,881,092</u> | <u>17,271,850,762</u> |
| 24 INCOME FROM INVESTMENT IN SHARES & SECURITIES | | |
| Bangladesh Govt. Islamic Investment Bond | 78,532,917 | 281,711,323 |
| Dividend on Shares | 4,799,230 | 4,839,474 |
| Profit on Sale of Shares | 9,889,070 | 5,000,000 |
| | <u>93,221,217</u> | <u>291,550,797</u> |
| 24(a) INCOME FROM INVESTMENT IN SHARES & SECURITIES | | |
| First Security Islami Bank Limited (Note-24) | 93,221,217 | 291,550,797 |
| First Security Islami Capital & Investment Limited | 28,822,225 | 33,196,373 |
| | <u>122,043,442</u> | <u>324,747,170</u> |
| 25 COMMISSION, EXCHANGE AND BROKERAGE | | |
| Commission | 430,745,984 | 298,048,020 |
| Exchange Gain | 101,838,597 | 90,263,340 |
| Exchange Earning | 129,941,372 | 109,512,987 |
| Less: Exchange Loss | 28,102,775 | 19,249,647 |
| | <u>532,584,581</u> | <u>388,311,360</u> |

| | <u>31.12.2015</u> | <u>31.12.2014</u> |
|--|----------------------|----------------------|
| | BDT | BDT |
| 25(a) COMMISSION, EXCHANGE AND BROKERAGE | | |
| First Security Islami Bank Limited (Note-25) | 532,584,581 | 388,311,360 |
| First Security Islami Capital & Investment Limited | 45,176,081 | 25,036,359 |
| | 577,760,662 | 413,347,719 |
| 26 OTHER OPERATING INCOME | | |
| Charges on Account Closing | 5,791,899 | 4,967,156 |
| Standing Instruction Charges | 179,309 | 8,800 |
| Gain on sale of fixed assets | 2,831,555 | 9,429,302 |
| Service Charge on HP | 406,464 | 1,199,715 |
| Service charge on Quard | 7,611,513 | 7,794,500 |
| Other Income (Note-26.1) | 261,857,811 | 172,284,638 |
| | 278,678,550 | 195,684,111 |
| 26.1 Other Income | | |
| Postage Recoveries - Local | 120,142 | 221,611 |
| Tel/Fax/E-mail Chg. Recoveries | 12,950,333 | 11,939,258 |
| Incidental Charge on Al-Wadiah CD A/C | 27,104,817 | 23,063,081 |
| Incidental Charge on Mudaraba SB A/C | 47,811,655 | 36,416,749 |
| Incidental Charge on Mudaraba SND A/C | 6,472,423 | 5,838,000 |
| Income from online | 13,528,404 | 9,824,186 |
| Investment processing fee | 22,424,912 | 25,425,774 |
| Income from ATM | 21,078,619 | 12,804,443 |
| Income from SMS Banking Services | 52,185,540 | - |
| Miscellaneous Earnings | 58,180,965 | 46,751,536 |
| | 261,857,811 | 172,284,638 |
| 26(a) OTHER OPERATING INCOME | | |
| First Security Islami Bank Limited (Note-26) | 278,678,550 | 195,684,111 |
| First Security Islami Capital & Investment Limited | 2,535,500 | 2,933,367 |
| | 281,214,050 | 198,617,478 |
| 27 SALARY & ALLOWANCES | | |
| Basic Salary | 587,524,029 | 463,895,650 |
| Bonus | 245,898,555 | 199,007,258 |
| Allowances | 830,490,590 | 640,483,335 |
| Bank's Contribution to Staff Provident Fund | 48,313,805 | 37,854,993 |
| Gratuity | 60,023,658 | 28,796,079 |
| | 1,772,250,637 | 1,370,037,315 |
| 27(a) SALARY & ALLOWANCES | | |
| First Security Islami Bank Limited (Note-27) | 1,772,250,637 | 1,370,037,315 |
| First Security Islami Capital & Investment Limited | 12,549,695 | 10,741,188 |
| | 1,784,800,332 | 1,380,778,503 |

| | <u>31.12.2015</u> | <u>31.12.2014</u> |
|---|---------------------------|---------------------------|
| | <u>BDT</u> | <u>BDT</u> |
| 28 RENT, TAXES, INSURANCE, ELECTRICITY ETC. | | |
| Rent | 251,633,916 | 218,539,110 |
| Insurance | 118,242,175 | 84,030,752 |
| Rates and Taxes | 27,085,797 | 4,580,718 |
| Water Charges | 2,609,128 | 2,232,502 |
| Gas Charges | 1,315,265 | 1,265,600 |
| Electric Bills | 61,925,988 | 55,572,144 |
| | <u>462,812,269</u> | <u>366,220,826</u> |
| 28(a) RENT, TAXES, INSURANCE,ELECTRICITY ETC. | | |
| First Security Islami Bank Limited (Note-28) | 462,812,269 | 366,220,826 |
| First Security Islami Capital & Investment Limited | 4,401,000 | 4,401,000 |
| | <u>467,213,269</u> | <u>370,621,826</u> |
| 29 LEGAL EXPENSES | | |
| Legal fee & charges | 445,367 | 282,724 |
| Other legal expenses | 2,241,250 | 3,033,898 |
| | <u>2,686,617</u> | <u>3,316,622</u> |
| 30 POSTAGE, STAMP AND TELECOMMUNICATION ETC. | | |
| Postage | 7,959,895 | 6,626,481 |
| Stamp | 167,423 | 106,748 |
| Telephone - Office | 10,353,586 | 9,710,820 |
| Telex, Fax and Email | 2,769,766 | 2,090,364 |
| Telephone - Residence | 85,098 | 64,557 |
| Data Communication | 61,058,355 | 47,798,263 |
| | <u>82,394,123</u> | <u>66,397,233</u> |
| 30 (a) POSTAGE, STAMP AND TELECOMMUNICATION ETC. | | |
| First Security Islami Bank Limited (Note-30) | 82,394,123 | 66,397,233 |
| First Security Islami Capital & Investment Limited | 159,604 | 169,215 |
| | <u>82,553,727</u> | <u>66,566,448</u> |
| 31 STATIONERY, PRINTING AND ADVERTISEMENT ETC. | | |
| Publicity and Advertisement | 133,198,107 | 89,068,528 |
| Printing and Stationery | 75,037,456 | 59,281,993 |
| Computer Stationery | 7,446,148 | 7,092,673 |
| | <u>215,681,711</u> | <u>155,443,194</u> |
| 32 MANAGING DIRECTOR'S SALARY AND FEES | | |
| Basic Pay | 2,755,405 | 7,567,032 |
| House Rent Allowances | 1,300,283 | 1,139,766 |
| Leave Fare Allowance. | 1,092,221 | 2,180,393 |
| Bonus | 1,500,000 | 2,400,000 |
| House Maintenance Allowance | 1,319,637 | 1,121,016 |
| Other Allowance | 1,016,129 | 1,050,000 |
| | <u>8,983,675</u> | <u>15,458,207</u> |

| | 31.12.2015 | 31.12.2014 |
|---|--------------------|--------------------|
| | BDT | BDT |
| 33 DIRECTORS' FEES & EXPENSES | | |
| Directors Fees | 1,231,650 | 1,000,500 |
| Meeting Expenses | 1,022,450 | 1,624,700 |
| | 2,254,100 | 2,625,200 |
| 33 (a) DIRECTORS' FEES & EXPENSES | | |
| First Security Islami Bank Limited (Note-33) | 2,254,100 | 2,625,200 |
| First Security Islami Capital & Investment Limited | 552,500 | 293,250 |
| | 2,806,600 | 2,918,450 |
| 34 SHARIAH SUPERVISORY COMMITTEE'S FEES & EXPENSES | | |
| Shariah Council Meeting Expenses | 109,750 | 66,250 |
| | 109,750 | 66,250 |
| 35 AUDITORS' FEES | | |
| First Security Islami Bank Limited | 730,250 | 730,250 |
| First Security Islami Capital & Investment Limited | 206,250 | 268,250 |
| | 936,500 | 998,500 |
| 36 DEPRECIATION AND REPAIRS OF BANK'S ASSETS | | |
| Depreciation on Fixed Assets (Annexure - A) | 322,723,653 | 276,521,130 |
| Repairs: | 45,681,879 | 37,977,928 |
| Office equipment | 10,851,623 | 10,628,500 |
| Renovation and Repair of Office Premises | 10,625,738 | 9,494,861 |
| Furniture and Fixtures | 919,617 | 802,746 |
| Maintenance and Services of SWIFT | 303,820 | 110,928 |
| Maintenance of Routers | 1,771,448 | 1,726,826 |
| Elect. Fitt. Rep. & Replacement | 4,972,885 | 4,330,370 |
| Office Maintenance Expenses | 12,611,022 | 7,754,633 |
| Maintenance of Software | 3,400,727 | 3,129,064 |
| Maintenance Expenses of ATM Machine | 225,000 | - |
| | 368,405,532 | 314,499,058 |
| 36 (a) DEPRECIATION AND REPAIRS OF FIXED ASSETS | | |
| First Security Islami Bank Limited (Note-36) | 368,405,532 | 314,499,058 |
| First Security Islami Capital & Investment Limited | 11,787,151 | 11,227,778 |
| | 380,192,683 | 325,726,836 |

| | 31.12.2015 | 31.12.2014 |
|--|--------------------|--------------------|
| | BDT | BDT |
| 37 OTHER EXPENSES | | |
| Training, Seminar and Workshop | 8,175,604 | 8,724,204 |
| Entertainment | 35,643,612 | 31,254,144 |
| Traveling | 28,732,667 | 16,790,606 |
| Donation | 200,280,102 | 154,064,224 |
| Subscription | 23,803,331 | 11,700,163 |
| Newspaper and Periodicals | 609,255 | 577,784 |
| Wages | 212,398,478 | 177,884,429 |
| Conveyance | 10,532,013 | 10,952,626 |
| Business Development | 45,686,932 | 28,235,533 |
| Plantation | 1,664,090 | 1,600,955 |
| Liveries and Uniform | 2,167,132 | 1,704,986 |
| Photocopying | 5,312,727 | 5,130,651 |
| Generator Fuel | 10,521,300 | 11,702,274 |
| Car Expense | 98,068,047 | 71,024,446 |
| Cash Carrying | 11,238,822 | 10,209,309 |
| Washing and Cleaning | 4,725,768 | 3,913,049 |
| Cartage and Freight | 81,725 | 33,680 |
| Staff Welfare | 283,418 | 153,851 |
| Office Maintenance | 930,518 | 294,920 |
| ATM Expenses | 12,183,697 | 11,508,114 |
| Meeting Expenses | 7,018,233 | 4,718,077 |
| Right Issue Expense | 6,112,224 | 3,095,791 |
| Recruitment Expenses | - | 2,075,424 |
| Mobile Financial Service Expense | 3,119,697 | 297,981 |
| Bank Charges | 20,000 | 1,412,322 |
| Sundry Expenses | 8,574,713 | 5,775,681 |
| | 737,884,105 | 574,835,224 |
| 37 (a) OTHER EXPENSES | | |
| First Security Islami Bank Limited (Note-37) | 737,884,105 | 574,835,224 |
| First Security Islami Capital & Investment Limited | 125,367,542 | 56,476,841 |
| | 863,251,647 | 631,312,065 |
| 38 DEFERRED TAX INCOME/(EXPENSE) | | |
| Closing balance of Deferred Tax Assets | 197,233,000 | 80,000,000 |
| Less: Opening balance of Deferred Tax Assets | (80,000,000) | (80,000,000) |
| Deferred Tax Income | 117,233,000 | - |
| 39 EARNINGS PER SHARE | | |
| Net Profit after Tax | 798,394,989 | 649,295,628 |
| Number of Ordinary Shares | 678,873,888 | 678,873,888 |
| Earnings Per Share (EPS) | 1.18 | 0.96 |

Earnings per share has been calculated as per BAS-33: "Earnings Per Share".

| | <u>31.12.2015</u> | <u>31.12.2014</u> |
|--|-----------------------------|-----------------------------|
| | BDT | BDT |
| 39(a) EARNINGS PER SHARE | | |
| Net Profit after Tax | 853,543,649 | 694,283,008 |
| Number of Ordinary Shares | 678,873,888 | 678,873,888 |
| Earnings Per Share (EPS) | <u>1.26</u> | <u>1.02</u> |
| 40 RECEIPTS FROM OTHER OPERATING ACTIVITIES | | |
| Charges on Account Closing | 5,791,899 | 4,967,156 |
| Standing Instruction Charges | 179,309 | 8,800 |
| Service Charge on HP | 406,464 | 1,199,715 |
| Service Charge on Quard | 7,611,513 | 7,794,500 |
| Other Income(26.1) | 261,857,811 | 172,284,638 |
| | <u>275,846,995</u> | <u>186,254,809</u> |
| 40 (a) RECEIPTS FROM OTHER OPERATING ACTIVITIES | | |
| First Security Islami Bank Limited (Note-40) | 275,846,995 | 186,254,809 |
| First Security Islami Capital & Investment Limited | 2,535,500 | 2,933,367 |
| | <u>278,382,495</u> | <u>189,188,176</u> |
| 41 PAYMENT FOR OTHER OPERATING ACTIVITIES | | |
| Rent, Taxes, Insurances, Electricity etc. | 462,812,269 | 366,220,826 |
| Legal Expenses | 2,686,617 | 3,316,622 |
| Postage, Stamps, Telecommunications etc. | 82,394,123 | 66,397,233 |
| Auditors' Fees & Expenses | 730,250 | 730,250 |
| Directors' fees | 2,254,100 | 2,625,200 |
| Shariah Supervisory Committee's Fees & Expenses | 109,750 | 66,250 |
| Other Expenses | 737,884,104 | 574,835,224 |
| | <u>1,288,871,213</u> | <u>1,014,191,605</u> |
| 41 (a) PAYMENT FOR OTHER OPERATING ACTIVITIES | | |
| First Security Islami Bank Limited (Note-41) | 1,288,871,213 | 1,014,191,605 |
| First Security Islami Capital & Investment Limited | 132,734,298 | 61,608,556 |
| | <u>1,421,605,511</u> | <u>1,075,800,161</u> |
| 42 INCREASE /DECREASE OF OTHER ASSETS | | |
| Accrued Income | 1,144,485,061 | 928,701,335 |
| Advances, Deposits and Prepayment | 2,841,905,632 | 2,281,694,653 |
| Stock of Stationery | 31,892,340 | 22,236,927 |
| Suspense Account | 107,590,028 | 163,282,700 |
| Advance Deposits | 269,768,090 | 177,924,118 |
| Stamps on Hand | 2,380,085 | 1,982,453 |
| | <u>4,398,021,236</u> | <u>3,575,822,186</u> |
| (Increase)/Decrease during the period | <u>(822,199,050)</u> | <u>(383,064,894)</u> |

| | <u>31.12.2015</u> | <u>31.12.2014</u> |
|---|-------------------------------|-----------------------------|
| | BDT | BDT |
| 42 (a) INCREASE /DECREASE OF OTHER ASSETS | | |
| First Security Islami Bank Limited (Note-42) | (822,199,050) | (383,064,894) |
| First Security Islami Capital & Investment Limited | (766,409,816) | (222,119,189) |
| | <u>(1,588,608,866)</u> | <u>(605,184,083)</u> |
| 43 INCREASE /DECREASE OF OTHER LIABILITIES | | |
| Profit/Rent/Compensation Suspense Account | 198,757,243 | 136,210,576 |
| Accrued profit and Expenses Payable | 3,294,356,731 | 3,898,043,103 |
| Provident Fund | 12,662 | 3,972 |
| Benevolent Fund | 1,000 | 58,850 |
| Non-Resident Accounts | 10,616,259 | 7,766,577 |
| Compensation Realized | 21,228,921 | 15,193,867 |
| Others | 11,017,244 | 7,698,065 |
| | <u>3,535,990,060</u> | <u>4,064,975,010</u> |
| Increase /(Decrease) during the period | <u>(528,984,950)</u> | <u>348,756,201</u> |
| 43 (a) INCREASE /DECREASE OF OTHER LIABILITIES | | |
| First Security Islami Bank Limited (Note-43) | (528,984,950) | 348,756,201 |
| First Security Islami Capital & Investment Limited | 96,890,639 | (3,843,620) |
| | <u>(432,094,311)</u> | <u>344,912,581</u> |
| 44 NUMBER OF EMPLOYEES | | |
| Executives and Officers | 2,279 | 2,169 |
| Members of Staff (Contractual) | 541 | 504 |
| | <u>2,820</u> | <u>2,673</u> |

45 RELATED PARTY TRANSACTIONS

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

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

| <u>Name of the Party</u> | <u>Nature of Transaction</u> | <u>Nature of Relationship</u> | <u>Total Value (in Tk.)</u> |
|--|------------------------------|-------------------------------|-----------------------------|
| Northern General Insurance Company Ltd. | Insurance Premium | Common Director | 9,411,835 |
| Northern General Insurance Company Ltd. | Deposit | Common Director | 57,068,230 |
| Reliance Finance Ltd. | Deposit | Common Director | 3,642,760 |
| Reliance Finance Ltd. | Balance with NBF(MTDR) | Common Director | 14,895,000,000 |
| ii) Related Party Transactions | | | Nil |
| iii) Shares issued to Directors and Executives without consideration or exercisable at discount | | | Nil |
| iv) Lending to Related Parties is effected as per requirements of Section 27 (1) of the Bank Companies Act, 1991. | | | Nil |
| v) Business other than banking business with any related concern of the Directors as per Section 18(2) of the Bank Companies Act, 1991 (as amended 2013) | | | Nil |
| vi) Investment in the Securities of Directors and their related concern. | | | Nil |

46 **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. 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>Director</u> Northern General Insurance Co. Ltd.</p> <p><u>Sponsor Shareholder</u> Al-Arafah Islami Bank Ltd. S. Alam Super Edible Oil Ltd. S. Alam Vegetable Oil Ltd. Shah Amanat Prakritik Gas Company Ltd.</p> <p><u>Proprietor</u> S. Alam & Co.</p> |

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

| Sl. No | Name of the Directors | Status with the Bank | Names of firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee, etc. |
|--------|--------------------------|----------------------|--|
| 6 | Md. Wahidul Alam Seth | Director | <u>Director:</u> Reliance Brokerage Services Limited <u>Proprietor:</u> INTRA Digi Print |
| 7 | Shahidul Islam | Director | <u>Managing Director :</u> Platinum Shrimp Hatchery Ltd. <u>Director</u> Treatment Hospital Limited. <u>Proprietor:</u> S.S. Corporation |
| 8 | Mohammed Oheidul Alam | Director | <u>Vice-Chairman :</u> C & A Real Estate <u>Proprietor:</u> M/S. Land Mark Hotel & Restaurant Car Shop The Travel World Taysar Trade <u>Managing Partner:</u> Orchid Business Hotel |
| 9 | Mohammed Kutub Uddowllah | Independent Director | <u>Director:</u> Reliance Finance Ltd. First Security Islami Capital & Investment Ltd. <u>Director & CEO:</u> D.S. Line Limited |
| 10 | Mohammad Ishaque | Independent Director | A retired Bureaucrat. <u>Independent Director</u> S. Alam Cold Rolled Steels Ltd. |
| 11 | Ms. Khurshid Jahan | Depositor Director | <u>Director</u> MD. Brothers (Pvt.) Ltd. |
| 12 | Ahmed Muktadir Arif | Independent Director | Brigadier General (Retired) □ Bangladesh Army. |
| 13 | Khandkar Iftekhar Ahmad | Nominated Director | Air Commodore (Retired) Bangladesh Air Force. |

47 POST BALANCE SHEET EVENTS

No material events occurring after balance sheet date came to our notice, which could affect the values reported in the financial statements significantly.

The Board of Directors in its 170th meeting held on 14 March 2016 recommended @ 10% cash dividend only for shareholders excluding Sponsors/Directors for the year 2015 to be approved in the Annual General Meeting.

48 AUDIT COMMITTEE

a) Constitution

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

| Name | Status with the Bank | Status with the Committee |
|--------------------------|----------------------|---------------------------|
| Mohammed Kutub Uddowllah | Independent Director | Chairman |
| Shahidul Islam | Director | Member |
| Mohammad Ishaque | Independent Director | Member |

b) During the period under review, the Audit Committee of the Board conducted 04 (four) meetings.

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

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

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

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

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

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

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

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

Managing Director

Director

Director

Chairman

Dhaka, 14 March 2016

FIRST SECURITY ISLAMI BANK LIMITED
STATEMENT OF FIXED ASSETS
AS AT 31 DECEMBER 2015

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 2015 | |
|----------------------|------------------------------|--------------------------|--------------------------------|--------------------------|------------------------------|------------------------|---|-----------------------------------|--------------------------|
| | Balance as on 01 January '15 | Addition during the year | Sales/Transfer during the year | Balance as on 31 Dec '15 | Balance as on 01 January '15 | Charge during the year | Adjustment on sale/transfer during the year | | Balance as on 31 Dec '15 |
| Land | 96,546,000 | - | - | 96,546,000 | - | - | - | - | 96,546,000 |
| Building | 1,242,651,774 | - | - | 1,242,651,774 | 64,929,032 | 31,066,294 | - | 95,995,326 | 1,146,656,448 |
| Furniture & Fixtures | 1,484,701,329 | 212,099,268 | - | 1,696,800,597 | 384,183,721 | 115,297,708 | - | 499,481,429 | 1,197,319,168 |
| Office Equipment | 917,725,072 | 181,237,095 | - | 1,098,962,167 | 378,385,798 | 126,441,054 | - | 504,826,852 | 594,135,315 |
| Vehicles | 156,447,157 | 49,356,752 | 6,090,000 | 199,713,909 | 50,682,183 | 32,700,993 | 6,089,997 | 77,293,179 | 122,420,730 |
| Books | 603,477 | 3,039 | - | 606,516 | 301,787 | 59,848 | - | 361,635 | 244,881 |
| Total | 3,898,674,809 | 442,696,154 | 6,090,000 | 4,335,280,963 | 878,482,521 | 305,565,897 | 6,089,997 | 1,177,958,421 | 3,157,322,542 |

Software-Amortization

| | | | | | | | | | |
|------------------------|----------------------|--------------------|-------------------|----------------------|--------------------|--------------------|-------------------|----------------------|----------------------|
| Software -Core Banking | 111,672,703 | 17,505,378 | - | 129,178,081 | 29,379,472 | 17,157,756 | - | 46,537,228 | 82,640,853 |
| Total Dec' 2015 | 4,010,347,512 | 460,201,532 | 6,090,000 | 4,464,459,044 | 907,861,993 | 322,723,653 | 6,089,997 | 1,224,495,649 | 3,239,963,395 |
| Total Dec' 2014 | 3,121,876,813 | 902,574,587 | 14,103,888 | 4,010,347,512 | 645,444,751 | 276,521,130 | 14,103,888 | 907,861,993 | 3,102,485,519 |

Annexure - B

First Security Islami Bank Limited
Financial Highlights
For the year ended 31 December 2015

| SL # | Particulars | 31.12.2015 | 31.12.2014 |
|------|--|-----------------|-----------------|
| 1 | Paid-up Capital | 6,788,738,880 | 4,114,387,200 |
| 2 | Total Capital Fund | 12,535,040,708 | 12,259,905,618 |
| 3 | Capital Surplus/(deficit) | 329,934,482 | 1,809,636,515 |
| 4 | Total Assets | 255,480,341,218 | 204,512,653,030 |
| 5 | Total Deposits | 231,274,244,689 | 182,511,812,854 |
| 6 | Total Investments | 187,680,007,932 | 152,792,319,038 |
| 7 | Total Contingent Liabilities and Commitments | 25,847,300,235 | 23,664,959,439 |
| 8 | Investment Deposit Ratio (in %) | 81.15% | 83.72% |
| 9 | Percentage of Classified Investments against total Investments(in %) | 2.76% | 2.22% |
| 10 | Profit after tax & provision | 798,394,989 | 649,295,628 |
| 11 | Amount of Classified Investments during the year | 5,187,236,103 | 3,396,898,471 |
| 12 | Provision kept against Classified Investments | 1,707,935,000 | 1,255,000,000 |
| 13 | Provision Surplus/(deficit) | 3,928,783 | 20,374,740 |
| 14 | Cost of Fund | 10.81% | 11.76% |
| 15 | Profit Earning Assets | 215,983,531,077 | 177,810,956,975 |
| 16 | Non-profit Earning Assets | 39,496,810,141 | 26,701,696,055 |
| 17 | Return on Investment in Shares & securities(ROI)(in %) | 0.80% | 3.36% |
| 18 | Return on Assets (ROA)(in %) | 0.35% | 0.35% |
| 19 | Income from Investment in Shares and Securities | 93,221,217 | 291,550,797 |
| 20 | Earnings Per Share (Tk.) | 1.18 | 0.96 |
| 21 | Net Income Per Share (Tk.) | 1.18 | 0.96 |
| 22 | Price Earnings Ratio (Times) | 7.40 | 6.91 |