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**Report to the Shareholders of
First Security Islami Bank Limited
On compliance on the Corporate Governance Code**

We have examined the compliance status to the Corporate Governance Code by First Security Islami Bank Limited for the year ended on 31st December 2022. This Code relates to the Notification No. SEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Bank. Our Examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards(BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The bank has complied with the conditions of the Corporate Governance Code as stipulated in the above-mentioned Corporate Governance Code issued by the Commission (except for Nomination & Remuneration Committee for which the Bank received directive from Bangladesh Bank on June 16, 2021, Ref: BRPD (R-1) 717/2021-5064, to follow The Bank Companies Act 1991 & other directives from Bangladesh Bank in this regard);
- (b) The bank has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this code;
- (c) Proper books and records have been kept by the bank as required under the Companies Act, 1994, the securities laws and other relevant laws;and
- (d) The governance of the Company is satisfactory.

Place: Dhaka
Dated: 11 May, 2023

For Ahmed Zaker & Co.
Chartered Accountants



ZA Mridha FCA
Senior Partner



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Status of Compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 9)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1.0	Board of Directors			
1(1)	Board's Size (Shall not be less than 5 and more than 20)	✓	-	-
1(2)	Independent Director			
1(2)(a)	At least 1/5 th Independent Directors of the total directors	✓	-	-
1.2(b)	Independent Directors means for this clause			
1.2 (b)(i)	Holding no share or less than 1% of paid up shares	✓	-	-
1.2 (b)(ii)	Not a sponsor of the Company	✓	-	-
1.2 (b)(iii)	Not an executive of the company preceding 02 (two) FY	✓	-	-
1.2 (b)(iv)	Not have any relationship with the Company	✓	-	-
1.2 (b)(v)	Not a member or TREC holder, director or officer of any stock exchange	✓	-	-
1.2 (b)(vi)	Not a shareholder, director of Member of Stock exchange	✓	-	-
1.2 (b)(vii)	Not a partner or executive of statutory audit firm preceding three years	✓	-	-
1.2 (b)(viii)	Not independent director more than 5 listed companies	✓	-	-
1.2 (b)(ix)	Not convicted by a court	✓	-	-
1.2 (b)(x)	Not convicted for a criminal offence	✓	-	-
1(2)(c)	Appointed by the Board of Directors & approved in AGM	✓	-	-
1(2)(d)	Post cannot remain vacant for more than 90 days	✓	-	-
1(2) (e)	Tenure of the office of an Independent director shall be 3 years	✓	-	-
1(3)	Qualification of Independent Director (ID)			
1(3) (a)	Independent director shall be knowledgeable individual	✓	-	-
1(3)(b)(i)	Business leader who is or was a promoter or director of an unlisted company	-	-	N/A
1(3)(b)(ii)	Corporate leader who is or was a top level executive not lower than CEO or DMD or CFO or HIAC or CS	-	-	N/A
1(3)(b)(iii)	Former official of government or statutory body not below 5 th Grade of national pay scale	✓	-	-
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law	✓	-	-
1(3)(b)(v)	Professionals of advocate practicing in high court, CA, CMA and CS who were in practice	-	-	N/A
1(3)(c)	Experience of an Independent Director is at least 10 years	✓	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1(3)(d)	Qualification of the Independent director may be relaxed	-	-	N/A
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			
1(4)(a)	The position of the Chairman of the Board and Chief Executive Officer shall be filled by different individuals	✓	-	-
1(4)(b)	The Managing Director and/or Chief Executive Officer of a listed company shall not hold the same position in another listed company.	✓	-	-
1(4)(c)	The Chairman of the board shall be elected from among the non-executive directors of the company	✓	-	-
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer	✓	-	-
1(4)(e)	In the absence of the chairperson of the Board remain members elect chairman among them	✓	-	-
1(5)	The Directors' Report to the Shareholders			
1(5)(i)	An Industry outlook and possible future development	✓	-	-
1(5)(ii)	Segment or product-wise performance	✓	-	-
1(5)(iii)	Risks and concerns including internal and external factors	✓	-	-
1(5)(iv)	A discussion on Cost of Goods sold, Gross & Net Profit margin	✓	-	-
1(5)(v)	A discussion on continuity of any Extra-Ordinary gain or loss	-	-	N/A
1(5)(vi)	A detailed discussion on related party transaction should be disclosed	✓	-	-
1(5)(vii)	A statement of utilization of proceeds from public issues, rights issue and/or through others instruments	-	-	N/A
1(5)(viii)	Explanation of deteriorated financial result after IPO, RPO and Rights share offer	-	-	N/A
1(5)(ix)	Explanation of Significant variations between financial statements	-	-	N/A
1(5)(x)	A statement of remuneration paid to directors including Independent Director	✓	-	-
1(5)(xi)	A statement that financial statements are prepared by management of issuer company	✓	-	-
1(5)(xii)	Maintaining of proper books of accounts	✓	-	-
1(5)(xiii)	A statement that appropriate accounting policies have been applied	✓	-	-
1(5)(xiv)	Applicable IAS / BAS / IFRS / BFRS have been followed	✓	-	-
1(5)(xv)	System of internal control is sound in design	✓	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions	✓	-	-
1(5)(xvii)	There is no significant doubt to continue as a going concern	✓	-	-
1(5)(xviii)	Significant deviation shall be highlighted	✓	-	-
1(5)(xix)	Key operating and financial data shall be summarized	✓	-	-
1(5)(xx)	In case of no declaration of dividend	-	-	N/A
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend	-	-	N/A
1(5)(xxii)	Number of Board meetings & attendance by each director	✓	-	-
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares held by:			
1(5)(xxiii)(a)	Share held by Parent/Subsidiary/Associate Companies	✓	-	-
1(5)(xxiii)(b)	Share held by Directors, CEO, CS, CFO, Head of Internal Audit and their spouse	✓	-	-
1(5)(xxiii)(c)	Share held by Executives	✓	-	-
1(5)(xxiii)(d)	Shareholders holding 10% or more voting interest	✓	-	-
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:			
1(5)(xxiv)(a)	A brief resume of the director	✓	-	-
1(5)(xxiv)(b)	Nature of his/her expertise	✓	-	-
1(5)(xxiv)(c)	Other companies in which the person is associated	✓	-	-
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements	✓	-	-
1(5)(xxv)(b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes	✓	-	-
1(5)(xxv)(c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof	✓	-	-
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario	✓	-	-
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe	✓	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements	✓	-	-
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position	✓	-	-
1(5)(xxvi)	Declaration or certification by the CEO and CFO	✓	-	-
1(5)(xxvii)	The report as well as certificate regarding compliance of condition 9 of CGC	✓	-	-
1(6)	The company shall conduct its Board meetings and record the minutes of the meetings	✓	-	-
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the NRC at condition No. 6	-	-	Formation of NRC is under correspondence of BB with BSEC
1(7)(b)	The code of conduct as determined by the NRC	-	-	Do
2	Governance of Board of Directors of Subsidiary Company			
2(a)	Provision relating to the composition of the Board of Directors of holding company shall be made applicable for subsidiary company	✓	-	-
2(b)	Inclusion of at least 1 Independent director of holding company in the Board of Directors the subsidiary company	✓	-	-
2(c)	Minutes of the Board meeting of the subsidiary company shall be placed at the board meeting of the holding company	✓	-	-
2(d)	Minutes of the holding company shall state that the affairs of the subsidiary company have reviewed	✓	-	-
2(e)	Audit Committee of the holding company shall review the financial statements of the subsidiary company	✓	-	-
3	Managing Director, Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS)			
3(1)	Appointment			
3(1)(a)	Appointment of Managing Director, Company Secretary, CFO and Head of Internal Audit are approved by the Board	✓	-	-
3(1)(b)	The position of Managing Director, Company Secretary, CFO and Head of Internal Audit are filled by different individuals	✓	-	-
3(1)(c)	The MD, CS, CFO and HIAC of listed company shall not hold any executive position in other company	✓	-	-
3(1)(d)	Respective roles, responsibilities and duties of CFO and CS are clearly defined by the board	✓	-	-
3(1)(e)	The MD, CS, CFO and HIAC are not remove from their position without approval of Board	✓	-	No such event occurred
3(2)	Requirement to attend the Board Meetings of MD, CFO, CS and HIAC	✓	-	-
3(3)	Duties of Managing Director, Chief Financial Officer			
3(3)(a)(i)	The MD, CS, CFO shall certify that they have reviewed financial statements and these financial statements do not contain any materially untrue	✓	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
3(3)(a)(ii)	These financial statements together present a true and fair view of the company's affairs	✓	-	-
3(3)(b)	The MD, CS, CFO shall certify that there are no fraudulent, illegal transactions entered into company	✓	-	-
3(3)(c)	The certificate of MD and CFO shall be disclosed in the Annual Report	✓	-	-
4.	Board of Directors' Committee			
4(i)	Audit Committee	✓	-	-
4(ii)	Nomination and Remuneration Committee	-	-	N/A
5.	Audit Committee			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The company shall have an Audit Committee	✓	-	-
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair of the state of affairs	✓	-	-
5(1)(c)	The Audit Committee shall be responsible to the Board and its duties shall be clearly set forth in writing	✓	-	-
5(2)	Constitution of Audit Committee			
5(2)(a)	Composition of the Audit Committee with at least 03 (three) members	✓	-	-
5(2)(b)	The Board shall appoint members of the Audit Committee	✓	-	-
5(2)(c)	All members of the audit committee are financially literate	✓	-	-
5(2)(d)	Filling of casual vacancy of the Committee members	-	-	N/A
5(2)(e)	The Company Secretary shall act as Secretary	✓	-	-
5(2)(f)	The quorum of the Audit Committee shall not constitute without at least 01 (one) Independent Director	✓	-	-
5(3)	Chairman of the Audit Committee			
5(3)(a)	Selection of Chairman of the Audit Committee	✓	-	-
5(3)(b)	In the absence of Chairman of the Audit Committee remaining members elect the Chairman among them	✓	-	-
5(3)(c)	Presence of Chairman of the Audit Committee at AGM	✓	-	-
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least 04 (four) meetings	✓	-	-
5(4)(b)	The Quorum of the meeting of the Audit Committee in presence of either two members or two third members	✓	-	-
5(5)	Role of the Audit Committee			
5(5)(a)	Oversee of financial reporting process	✓	-	-
5(5)(b)	Monitor of accounting policies and principles	✓	-	-
5(5)(c)	Monitor of internal control risk management process	✓	-	-
5(5)(d)	Oversee hiring and performance of external auditors	✓	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
5(5)(e)	Hold meeting with external auditor for review annual financial statements	✓	-	-
5(5)(f)	Review of financial statement along with Management	✓	-	-
5(5)(g)	Review of half yearly & quarterly financial statements along with the Management	✓	-	-
5(5)(h)	Review of the adequacy of internal audit function	✓	-	-
5(5)(i)	Review the Management's Discussion and analysis before disclosing Annual Report	✓	-	-
5(5)(j)	Review all statements of related party transaction	✓	-	-
5(5)(k)	Review of Mgt. Letter / Internal control weakness	✓	-	-
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit	✓	-	-
5(5)(m)	Oversee whether the proceeds raised through IPO / RIPO / Right Issue fund utilization	-	-	N/A
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	Audit committee shall report its activities to the Board	✓	-	-
5(6)(a)(ii)	Audit committee shall immediately report to the Board			
5(6)(a)(ii)(a)	Report on Conflicts of interest	-	-	N/A
5(6)(a)(ii)(b)	Suspected fraud/Irregularities/material defect in internal control	-	-	N/A
5(6)(a)(ii)(c)	Suspected infringement of law, rules and regulations	-	-	N/A
5(6)(a)(ii)(d)	Any other matter which shall be disclosed to the Board	-	-	N/A
5(6)(b)	Reporting to the Authorities	-	-	N/A
5(7)	Reporting to the Shareholders and General Investors	✓	-	-
6.	Nomination and Remuneration Committee (NRC)			
6(1)	Responsibility to the Boards of Directors			
6(1)(a)	The Company shall have NRC	-	-	Formation of NRC is under correspondence of BB with BSEC
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications	-	-	Do
6(1)(c)	The terms of reference of the NRC shall be clearly set forth in writing covering the areas	-	-	Do
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members	-	-	Do

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
6(2)(b)	All members of the committee shall be non-executive directors	-	-	Do
6(2)(c)	Members of the committee shall be nominated and appointed by the Board	-	-	Do
6(2)(d)	The Board shall have authority to remove and appoint any member of the committee	-	-	Do
6(2)(e)	In case of death, resignation, disqualification or removal of any member of the committee or in any other case of vacancies, the board shall fill the vacancy within 180 days	-	-	Do
6(2)(f)	The chairperson of the committee may appoint or co-opt any external expert and/or member(s) of staff	-	-	Do
6(2)(g)	The company secretary shall act as the secretary of the committee	-	-	Do
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent Director	-	-	Do
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role	-	-	Do
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select one member of the NRC who shall be an independent director	-	-	Do
6(3)(b)	In the absence of the chairperson of the NRC, the remaining members may elect one of themselves	-	-	Do
6(3)(c)	The chairperson of the NRC shall attend the annual general meeting to answer the queries of the shareholders.	-	-	Do
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a FY			Do
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting	-	-	Do
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the committee	-	-	Do
6(4)(d)	The proceeding of each meeting of the NRC shall duly be recorded in the minutes	-	-	Do
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders	-	-	Do
6(5)(b)(i)	NRC shall oversee, among others formulating the criteria for determining qualifications, positive attributes and independence of a director and recommended a policy	-	-	Do

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully	-	-	Do
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks	-	-	Do
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long term performance objectives	-	-	Do
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity	-	-	N/A
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria	-	-	N/A
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board	-	-	N/A
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria	-	-	N/A
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies	-	-	N/A
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report	-	-	N/A
7.	External or Statutory Auditors			
7(1)(i)	Appraisal or valuation services or fairness opinions	✓	-	-
7(1)(ii)	Financial information systems	✓	-	-
7(1)(iii)	Book-keeping to the accounting records	✓	-	-
7(1)(iv)	Broker-dealer services	✓	-	-
7(1)(v)	Actuarial services	-	-	N/A
7(1)(vi)	Internal audit services	✓	-	-
7(1)(vii)	Any other service that the Audit Committee determines	✓	-	-
7(1)(viii)	Audit or certification services on compliance of corporate governance as required condition No.9(1)	✓	-	-
7(1)(ix)	Any other service that creates conflict of interest.	✓	-	-
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure	✓	-	-
7(3)	Representative of external or statutory auditors shall remain present in the shareholders' meeting	✓	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
8.	Maintaining a website by the company			
8(1)	The company shall have an official website linked with the website of the stock exchange	✓	-	-
8(2)	The company shall keep the website functional from the date of listing	✓	-	-
8(3)	The company shall make available the detailed disclosures on its website as required under listing regulations	✓	-	-
9.	Reporting and Compliance of Corporate Governance			
9 (1)	The company shall obtain certificate from practicing professional Accountant / Secretary	✓	-	-
9 (2)	The professional for providing certificate on CGC shall be appointed by shareholders in the AGM	✓	-	-
9(3)	The directors of the company shall state that the company has complied with these conditions or not	✓	-	-