



# Directors' Report

## **Bismillahir Rahmanir Rahim**

Honorable Shareholders,  
Assalamu Alaikum Wa-Rahmatullah

On behalf of the Board of Directors of First Security Islami Bank Limited, I have the pleasure to welcome you all to the 23<sup>rd</sup> Annual General Meeting of the Shareholders and to present before you the Directors' Report and Audited Financial Statements together with Auditors' Report for the year ended December 31, 2021 wherein the brief description of the Bank's performance, future prospects and various aspects of world market trend with highlights of the performance of Bangladesh economy have also been incorporated.

### **The world economy in 2021**

Corona has moved the list of the world's largest economies. On this time of Corona major economies are currently experiencing the worst recession in history. While the United States, China, Japan and Germany have managed to retain their place as the four largest economies on the list, Corona has given a big shock to other countries. Unequal distribution of vaccines from unequal economic recovery; from increasing income loss to diversifying education, Covid-19 has had a disproportionate impact on the poor and vulnerable in 2021. It is undermining development and hampering efforts to end extreme poverty and reduce inequality.

### Unequal vaccine distribution

The fastest way to end the pandemic is to vaccinate the people of the world. Only 7 percent of people in low-income countries receive a single dose of the vaccine, compared to 75 percent in high-income countries. A balanced distribution of vaccines is vital to save lives and revive the global economy.

### Inequality in world recovery

The unequal distribution of vaccines has led to a significant gap in economic recovery between high-income and low and middle-income economies. The June edition of the Global Economic Prospects notes that while the world economy is set to expand by 5.6 percent in 2021 - the strongest pace since the recession in 80 years. The low-income economy is projected to expand by only 2.9 percent in 2021, with the slowest growth in the last 20 years except 2020, partly due to slow recovery in vaccinations.

### Decreased income

Although people of all incomes suffered losses during the pandemic, the income of the poorest 20 percent fell the most. In 2021, their incomes fell further while the richest became richer. This is because the poorest 40 percent could not recover the loss of their income. The decline in income has plunged nearly 100 million people into extreme poverty.

### Trade - a powerful tool for global recovery

It is not a coincidence that extreme poverty has increased while pandemic-affected trade has been disrupted. Historically, there has been a close link between trade and poverty reduction, with exports of low- and middle-income countries nearly doubling between 1990 and 2017. Trade also plays an important role in economic recovery, as evidenced by a recent World Bank report. After the pandemic severely disrupted global trade, we are witnessing a strong comeback, which is helping to recover. Trade contributes to accelerate economic recovery from the pandemic by ensuring sustainable foreign demand for exports and ensuring the availability of intermediate goods and services. Least Developed Countries, which have limited capacity to recover through a stimulus package, are particularly dependent on trade recovery as a source of economic growth. While the pandemic highlights the need to keep important commodities flowing across borders, the Bank Group is advocating for country-led reforms to limit the effects of the pandemic and restore economic recovery.

### Rising debt levels

Debt burdens have risen in emerging markets and developing economies during the pandemic. The challenge is acute in low-income countries, half of which were at high risk of debt distress before the advent of Covid-19.

### Uncontrolled fuel oil prices

Since fuel oil is an important component of food production and migration, the impact of its upward price is noticeable everywhere. High electricity prices have already affected fertilizer prices, resulting in rising food production costs. In the last half of 2021, food prices have begun to stabilize in response to favorable global supply, but are still above pre-pandemic levels. Moreover, in most countries domestic food inflation is rising, reducing the ability of poor people to eat healthy food. As a result, food insecurity is on the rise in developing countries.

### Prediction of World Economy in 2022

In 2022, the world economy will surpass 100 trillion for the first time. It's been two years since the Covid pandemic, but there's no sign of a definitive recovery from the pandemic. In the meantime, a new type of virus called Omicron has started to appear again. The world economy is currently revolving around the question of how the recovery of the world's major economies, including China, will unfold, and whether global currency purchasing power will continue to decline, and whether inflation will skyrocket. According to the World Bank's latest 'Global Economic Prospects' report, the global economic growth that was 5.5 percent in 2021 may come down to 4.1 percent in 2022 and 3.2 percent in 2023.

According to the report, the growth of emerging and developing economies could drop from 6.3 percent in 2021 to 4.6 percent in 2022 and 4.4 percent in 2023. Developed economies will be able to return to full production by 2023. However, emerging and developing countries will be 4 percent behind in production compared to the pre-pandemic period. Countries with weak economies will lag further behind. The production of countries with fragile and conflict-ridden economies will be 7.5 percent behind the pandemic and the small islands will be 8.5 percent behind.

Economists say the pros and cons of the future depend on a number of important factors.

### Omicron

The reason why there is still great uncertainty about the world economy because of the new type of Covid from South Africa, Omicron. Much depends on how deadly it is.

### Inflation

The rise in inflation is due to the two-year downturn in the world economy due to Covid and various other reasons. Analysts say it is supply-side inflation. Once the supply crisis is over, the situation will improve. But many say the world is entering an era of prolonged high inflation due to rising raw material and fuel prices. Significantly, the economic forecast indicated that by the end of the year, the US inflation rate would be 2 percent. But in reality that rate has come down to 7 percent. Economists are now wondering what is waiting for something like this in 2022.

### Interest rate

If interest rates rise to control inflation, investment will suffer, and the price of dollar will rise. No less worrying about this. In general, the FED [Federal Reserve (US central bank)] formulates monetary policy with emphasis on inflation control and employment. The weapon in this case is structural interest rate control. That is, if inflation continues to rise, it usually lowers interest rates. But in the New Year, the country's central bank may go the other way. Concerns have been raised about how the world economy will coordinate with this.

### Rising fuel prices

Meanwhile, another big event is the rise in fuel prices. Analysts believe that this is hurting the economic recovery. Because, if the price of fuel goes up, it will have a direct effect on people's pockets. Also worth noting is the Russia-Ukraine crisis. If the political crisis intensifies gas prices are likely to rise.

### China

China could not avoid the impact of the Corona pandemic. The stagnation has come down to the fast-moving Chinese economy. Economists say the slowdown in the construction industry; successive Corona restrictions and a shortage of liquids were the three main reasons behind the stagnation, which pushed China's growth rate from 6 percent to 0.8 percent.

### Geopolitical instability

Relations between the United States and Europe are deteriorating with Russia on various issues, including Ukraine. Many even see the threat of NATO blockade and war against Russia. Under such circumstances, shutting down the Europe Nord Stream to gas pipeline would create an energy crisis around the world. Oil prices could exceed 100 per barrel. The future of world trade also depends on US-China relations.

## Bangladesh Economy in 2021

The recent economic development and social progress of Bangladesh has attracted the attention of the world today. With over 6% economic growth in the last decade, Bangladesh has become a role model of development in the social development index. Bangladesh is currently the 40<sup>th</sup> largest economy in the world.

Despite the global economic downturn, the collapse of the currency and money markets, the intrigues of internal forces, the frequent natural disasters, and the large populations, the steady growth and continued social development are truly astonishing. Many economists have also described it as a 'Development Puzzle'. According to the World Bank, Bangladesh has become a low middle income country in 2015. On the other hand, according to the UN index, Bangladesh will cross from the least developed countries in 2026. However, this passage would have taken place in 2024 without the negative impact of the global Covid-19. Although our economic growth has slowed down due to Covid-19, Bangladesh is still one of the four fastest growing countries. The development of the country has continued by tackling Covid-19 with great success, which has not yet been possible for many developed countries. The Toronto-based international think tank The International Forum for Rights and Security (IFRSS) has published an article on Bangladesh. It says Bangladesh is the only country whose economy has done better than any other country in the world in this

pandemic. It also said that the economy of Bangladesh has grown 271 times in the last 50 years.

According to Boomberg's Covid Resilience Rankings, Bangladesh ranks 20<sup>th</sup> out of 53 countries with a GDP of over 200 billion.

Considering the current value, the value of the economy of Bangladesh in the fiscal year 2021 is 34 thousand 640 billion taka. This is 15.6 percent more than the 30,111 billion received in the previous base year.

### Transit from LDC

In the last 50 years, the country's economic and social prosperity has been recognized. In February 2021, the United Nations CDP made a final recommendation to Bangladesh to move out of the list of Least Developed Countries (LDCs). If all goes well, Bangladesh will be out of LDC in 2026.

### The wheel of dynamic growth

Growth in the country has slowed down due to corona. In some countries, GDP has shrunk. But Bangladesh has done better than that. In the fiscal year 2019-20, the final GDP growth has been 3.45 percent. In the last 2020-21 financial year, the temporary growth is 5.43 percent.

### Foreign exchange reserves

Foreign exchange reserves also set new records as expatriate income increased. In August, it surpassed 46 billion. Reducing expatriate income and increasing imports, the reserves stood at 46 billion at the end of the year.

### Relief in export income

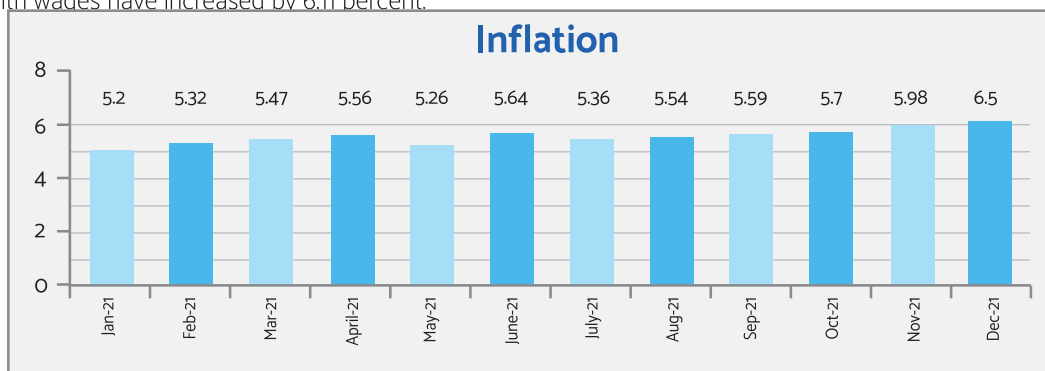
Even in the midst of the pandemic, the export of goods has turned around. In the fiscal year ended June, exports were 3.85 billion USDs, up 15 percent from the previous fiscal year. Again, the export has been good in the current financial year.

### Strong bond market

The 22 companies listed on the stock exchange have risen more than Tk 12,000 crore by issuing bonds. The government has also collected Tk 15,000 crore by releasing bonds.

### Upward inflation

Excess wages are being lost due to inflation. At the end of last December, the overall inflation was 6.5 percent. And in that month wages have increased by 6.11 percent.



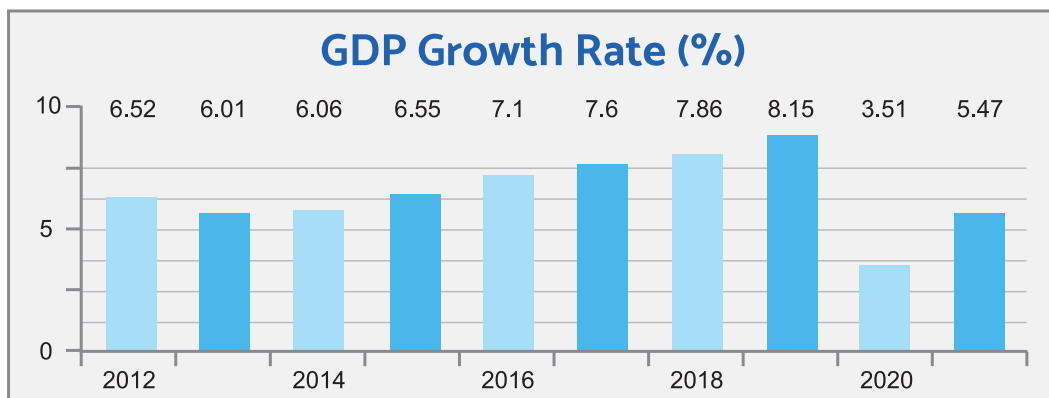
### Per capita income

The per capita income of the people of Bangladesh has increased from 2,335 USDs to 2,554 USDs in the fiscal year 2020-21, even at the juncture of the world economy.

### GDP growth

Despite the Corona virus pandemic, gross domestic product (GDP) of Bangladesh was 5.47 percent in the last fiscal year (2020-21). At fixed prices, the size of this GDP stands at Tk 30 lakh 11 thousand 64 crore.





## Remittance

Before Corona, expatriates used to send 1.4 billion to 1.5 billion USDs per month from abroad in normal times. But after the commencement of Corona, the amount of remittance i.e. expatriate income increased considerably. In one month, the expatriate income increased to about 2.6 billion dollars. Expatriates sent a record amount of remittances in the outgoing year, despite the global pandemic of corona virus infection. In 2021, the total remittances came to 2,207 crore USDs. As per the calendar year, the highest remittances so far came in 2021. As a result, in the semi-annual briefing of the Global Knowledge Partnership on Migration and Development (KNOMAD), it has been reported that Bangladesh ranks seventh among low-middle income countries in terms of expatriate income. In 2020, the expatriates sent remittances of 2174 crore 18 lakh USDs. Earlier, remittances of USD 1,833 crore in 2019, US 1,553.78 crore in 2018, USD 1,353 crore in 2017, USD 1,361 crore in 2016 and USD 1,531 crore in 2015 came to the country.

## Incentive package

The first incentive package of Tk 72,750 crore was announced in April 2020 to counter the loss of Covid-19 and the incentive of Tk 1,21,353 crore was announced in November 2020. This is 4.3 percent of our GDP and 70 percent of it has been distributed by April 2021. The last incentive of Tk 3,200 crore was announced in July 2021. In all, the total number of packages is 28 and the amount allocated is Tk 1 lakh 31 thousand 641 crore.

The aim was to provide employment to the people through government expenditure, increase agricultural production, and provide low-interest loans to sustain the industry. As well as increasing the coverage of social security programs through food aid, cash and housing to bring the poor working in isolated sectors into the social safety net.

## Export income

Corona had a claw, there was a lockdown-travel ban. Despite all these, Bangladesh has recorded a maximum export income of 4.72 billion USDs in one month in 2021. In the first five months of the year, the export revenue target was 1.747 billion USDs. However, in the end, the export has exceeded the target by 13.27 percent. Such a record of exports has created new hope.

## Import

Bangladesh Bank's statistics show that in the 10 months till October 2021, goods worth 4.215 billion USDs were imported. Whereas in the first 10 months of the previous year, the expenditure on imports was 3299 crore 80 lakh USDs, in the year 2020 which was 4178 crore 60 lakh USDs.

## The new poor

According to the Bangladesh Institute of Development Studies (BIDS), out of the current total population of the country, 7 million people are extremely poor. In the aftermath of the Coronavirus economic recovery, the poverty rate in the country stood at 25% in 2021.

## Revenue collection

In the outgoing fiscal year (2020-21), the National Board of Revenue (NBR) has incurred a deficit of about Tk 41,000 crore in tax collection. Duties, Value Added Tax or VAT and income tax – a total of about TK 2 lakh 59 thousand 900 crore has been collected in this department. In the outgoing year, the revised target of NBR was TK 3 lakh 1 thousand crore. And the main target was TK 3 lakh 30 thousand crore. In the outgoing financial year, the revenue collection has increased by about 19 percent. The highest revenue has been collected from the VAT sector in the outgoing year. 97,509 crore has been recovered from this sector. The largest taxpayer unit (LTU) has collected the highest VAT of Tk 49,251 crore. About TK 85,391 crore has been collected from income tax after VAT. The LTU of income tax has collected a maximum of more than Tk 24,000 crore. The remaining Tk 77,000 crore of the revenue has been collected came from the customs sector.

### Investment in the private sector

Private sector debt, one of the main drivers of investment growth in the country, has recovered at a good pace since the sinking; In November 2021, after two years of continuous growth for six consecutive months, this important indicator of the economy reached double digits (double digits, above 10 percent) and returned to the pre-pandemic state. The data released by Bangladesh Bank on internal credit flows in the country shows that, in November 2021, the growth of private sector credit flow increased by 0.67 percentage points from October to 10.11 percent. This means that private sector entrepreneurs received 10.11 percent more loans from banks and financial institutions this November than in November last year. However, the index is still far below the target set by the central bank.

The monetary policy announced by Bangladesh Bank for FY 2021-22 aims to increase the credit flow to the private sector by 14.8 percent. As of the end of November, entrepreneurs still borrowed 4.69 percentage points less than the central bank's target.

Investment in the country has been in recession for a long time. The picture of private sector credit flow, one of its main regulators, was also disappointing. Since the outbreak of corona in the country in March 2020, it has been declining further. At least every month, in May 2021, it dropped to 7.55 percent, which was the lowest in the history of Bangladesh.

### Government bank investment

The government's debt position in the banking sector stands at Tk 2 lakh 20 thousand 896 crore. The target for the current financial year is to borrow Tk 32,000 crore from the sale of savings certificates. In the main budget of the last financial year, the target of Tk 20,000 crore loans was right. But in the end the government took Tk 41 thousand 960. The government's interest expenditure has risen in recent years as savings certificates have sold far more than the target. The target for the current financial year is a net loan of Tk 76,452 crore from the banking system. In the main budget of the last financial year, against the target of Tk 84,980 crore, it took a loan of Tk 26,078 crore.

Increasing government debt from Bangladesh Bank generally puts pressure on inflation. That is why the central bank is providing loans from commercial banks without giving loans from their own bucket. In the first six months, commercial banks paid a net amount of Tk 33,380 crore to the government. However, at the same time, the government has repaid a loan of Tk 14,599 crore taken earlier from the central bank. In all, net debt has increased by Tk 18,781 crore in six months. Out of the total debt of the government, the commercial bank has Tk 2 lakh 10 thousand 953 crore. Bangladesh Bank has provided the remaining Tk 9 thousand 943 crore.

### The startup sector is moving forward

Despite the obstacles, the country's startups are moving forward on foot. The journey of this sector in Bangladesh started mainly with the help of young entrepreneurs. At present, there are 1,200 active startups in the country. A total of more than 1.5 million jobs have been created in this sector. Every year more than two hundred startups in the country are starting to make their way. However, most of these startups are based in Dhaka and Chittagong. Startups that have started in Bangladesh over the past decade have so far been able to attract a total investment of 46 crore USD or Tk 4,000 crore. Of this, foreign investment is 435 million dollars. The remaining USD 2.5 million came from local sources. All in all, despite the progress made in startups over the last decade, Bangladesh is still lagging behind in various indices. For example, Bangladesh ranks 93<sup>rd</sup> out of 100 countries in the global startup rankings. However, compared to 2020, Bangladesh is five steps ahead. Besides, Bangladesh ranks 117<sup>th</sup> out of 132 countries in the Global Innovation Index.

### Foreign investment assistance

As a result of various timely programs and initiatives to attract investment in line with the rapidly changing world, the net

foreign direct investment inflow to the country in FY 2020-21 was USD 2,507.31 million.

### Transit from LDC

A significant achievement of Bangladesh in the celebration of the golden jubilee of independence in 2021 is the approval of the United Nations to move from the list of Least Developed Countries (LDCs). Even in the midst of the coronavirus pandemic, this achievement has brought a new dimension to the implementation of 'Vision 2021'. After the transition from LDC, the image of Bangladesh will undoubtedly improve in the international arena. Acceptance will increase in various discussions and negotiations. However, with this comes some challenges. The most important thing now is to be able to deal with them and maintain the country's economic balance.

Bangladesh will come out of the list of LDC countries in 2026; and will be fully included in the list of developing countries. After the transition from LDC, the image of Bangladesh will undoubtedly improve in the international arena. Acceptance will increase in various discussions and negotiations. However, with this will come some challenges. The most important thing now is to be able to deal with them and maintain the country's economic balance. After exiting LDC, Bangladesh will be able to take large foreign loans at high interest rates. With that money it is possible to bring about major infrastructural development of the country. If this happens, foreign investment in the country will increase. So far, all the countries in the world that have opted out of LDCs have seen an increase in foreign direct investment. Infrastructural development and foreign investment will create huge employment opportunities in the country. New doors of trade and commerce will be opened, and millions of people will be employed. In addition, the inflow of foreign exchange into the country will increase; at the same time, the central bank's reserves will increase.

All these are matter of hope. This time let us know what are the challenges to be faced to get these benefits. The biggest challenge that will be faced with the transition from LDC is that the duty free export facility will be closed. As a least developed country, Bangladesh enjoys duty-free access to exports. However, after the transition from LDC, that is, in 2026 (although the European Union will have this facility under GSP until 2027) this facility will be closed for Bangladesh. In this case, besides increasing the export cost, competition will also increase.

According to experts, the country's export earnings could decline if the balance between export earnings and expenditure is not maintained. According to a report by the World Trade Organization, Bangladesh could lose 5.37 billion USD or Tk 45,000 crore.

Besides, as a least developed country, Bangladesh will get all the benefits of foreign loans that will be closed. We have to take a loan at a hefty interest. As a result, the cost of export will increase and so will the cost of credit. At the same time, the amount of UN donations will also increase. On the other hand, foreign grants and aid will decrease.

However, in the face of all these challenges, it is a matter of relief that as a result of the transition from LDCs to the reduction or closure of these facilities, Bangladesh is moving towards full self-reliance. This is undoubtedly a source of pride for every citizen of the country.

### ADP implementation

The implementation of the Annual Development Program (ADP) as the lifeline of gross domestic product (GDP) is important for any country. Bangladesh is no exception. According to IMED data, the ADP implementation rate in the fiscal year 2019-20 was 26.59 percent, which is Tk 57,196 crore. In the 2018-19 financial year, the ADP implementation rate was 27.45 percent, which is Tk 49,644 crore.

### The capital market

The year 2021 has come to an end with the qualitative change in the capital market. After a long decade, the country's capital market was dynamic throughout 2021. The country's stock market has reached new heights in market capitalization and transactions. Major stock market transactions have peaked in the last 10 years, increasing the participation of all types of investors, both institutional and individual. Similarly, the overall index has increased in line with the transactions. Rising share prices, price indices, market capitalization and transactions. In the outgoing year, 13 companies and three bonds listed on the Dhaka Stock Exchange (DSE) have increased their market capitalization by Tk 8,352 crore. With this additional capital, the market capitalization of DSE has increased from Tk 93,966 crore to over Tk 5,42,196 crore. The price-to-earnings ratio (PE ratio) of the DSE has risen to 17.58. At the end of 2020, the PE ratio was

16.51. Compared to GDP, the market capitalization has increased to 18.01 percent. A total of 14 companies have raised a total capital of Tk 1,233 crore with a premium of Tk 298 crore in the IPO process. At that time the big initiative in the capital market was to launch a separate SME platform or SME board for small capital companies.

## Banking sector of 2021

### Deposit and liquidity

According to the central bank, the amount of term and call deposits in the country's banking sector at the end of November 2021 was 13 lakh 93 thousand 686 crore. Of this, 12 lakh 33 thousand 582 crore was term deposit. The summons was 1 lakh 60 thousand 104 crore. In the July-November period of 2020, the growth of term deposits of banks was more than 39 percent. In the same period of 2021, the growth of term deposits has decreased by 41.13 percent. Till last November, the country's banks had an excess liquidity of Tk 2 lakh 18 thousand 118 crore.

### Loan disbursement

According to the data of Bangladesh Bank, at the end of December 2020, the debt in the banking sector was Tk 11 lakh 58 thousand 775 crore. And in December 2021, the debt has increased to 13 lakh 1 thousand 797 crore. In December 2020, the default rate was 7.66, which increased to 7.93 last December.

Private Banks have disbursed loans of Tk 9 lakh 28 thousand 4 hundred 95 crore. Of this, Tk 50 thousand 7 hundred 43 crore has become defaulted, which is 5.47 percent of the total debt. Foreign banks have defaulted to Tk 2 thousand 6 hundred 92 crore, which is 4.12 percent of the total loans disbursed. The defaulted loans of the three specialized banks are Tk 3 thousand 6 hundred 99 crore, which is 11.44 percent of the disbursed loans.

However, in December 2020, the year of the onset of the Corona, the defaulted debt was Tk 88 thousand 7 hundred 34 crore, which is 7.66 percent of the total debt. According to estimates, defaulted loans have increased by Tk 12 thousand 4 thousand 16 crore in the first three quarter of this year (first 9 months).

### Loan collection

Some individuals and organizations use various tricks not to pay the bank. Of these, after the onset of corona virus, the borrowers are given a mass discount. On that occasion a new party was formed for the traders not to repay the loan. Even if they can afford it, the bank is reluctant to return the money. Many of them are bringing the money of the export bill to the country but they are taking the opportunity of discount without paying the full dues. However, they are not going to be defaulted due to the instructions of the central bank. Banking facilities have to be given along with new loans. This is disrupting the bank's income and cash flow. In the first three quarter of this year (January-September), banks have recovered only Tk 4 thousand 1 hundred 95 crore from non-performing loans (NPLs) in nine months, which is less than the year 2020, when Corona started. In 2020, the loan collection was Tk 5 thousand 6 hundred and 2 crore. In 2019, Tk 15 thousand 4 hundred 8 crore was recovered from the defaulters.

### Incentive loans

The banking sector is worried about the recovery of loans disbursed under the incentive package. Banks are hesitant to give new loans. Many customers are unable to repay due to bad business. As a result, the overall recovery of the bank has been negatively affected. So many banks are not getting the courage to give new loans. The central bank has decided to disburse incentive loans in the second phase to deal with the disaster caused by Covid-19. Although the distribution of second term loans has started from July 1 this year, no progress has been seen. However, in the first term, the banking sector was able to implement about 80 percent of the incentive package announced by the government. The central bank plays the most important role here. According to the data, even after three months, the implementation rate of the incentive package announced in the second term is between 1 to 7 percent.

### Expatriate income

In all, in the recently concluded 2021, remittances of Tk 2 thousand 207 crore have come to the banking channels through legal channels. In domestic currency, the amount is more than 1 lakh 89 thousand 367 crore taka (85 taka 80 paisa per dollar). Never before in the history of the country has there been so much remittance. Earlier, in 2020, the highest remittance was 2 thousand 174 crore USDs.



## Private debt growth

Imports and exports are increasing in parallel with overcoming the push of Corona. As everything returns to normal, the growth of private sector credit flows, like other indicators of the economy, is on the rise. Despite a slowdown in the last few months, private debt growth in October stood at 9.44 percent, up about 1 percentage point from September.

In September, credit flows grew by 8.77 percent. The monetary policy announced by the central bank for the fiscal year 2021-22 set a growth target of 14.8 percent for the private sector. At the end of October, entrepreneurs still borrowed 5.36 percentage points less than the central bank's target. In May, it dropped to 7.55 percent, the lowest in the history of Bangladesh.

## One hundred percent online branch

At present, 10,805 branches of banks in the country are covered online. The remaining seven branches are also partially covered by the online service. As a result, no branch of the banks is completely offline. From January to September this year, 308 branches went out of partial online and came to full online service.

## Economic Scenario of Islami Banks in 2021

Islamic Banking is a modern and up-to-date new type of bank run following the rules of the Qur'an, the Prophet's (pbuh) work and the rules of Islamic scholars throughout the ages. Islamic Banking is a growing and popular banking system all over the world including Bangladesh. In the meantime, a number of banks have abandoned the calculation of interest and introduced a complete Islamic banking system. Economists think that the Islamic economy is getting stronger in the country as a whole.

According to the central bank, the contribution of Islamic banking to the economy is increasing. The government is also endorsing this economy. Meanwhile, for the first time in the country, the government has introduced Shariah-based Sukuk bonds. Islamic banks as well as conventional banks are keen to invest in these bonds. In the meantime, the government has raised Tk 4 thousand crore by releasing this bond.

According to the latest data from the central bank, there are currently 61 commercial banks in the country. Of these, 10 banks conduct full Islamic banking activities. In addition, 9 conventional banks have 41 branches and 13 conventional banks have 368 Islamic banking windows. Apart from this, all the banks and branches of the country are conventional. At the end of December, 2021 the amount of deposits in Sharia based banking stood Tk 3931.11 billion which is 27.89 percent of the total deposits in the banking sector.

Similarly, the amount of investment in Islamic banking has also increased. In 2021, the investment stability of Shariah-compliant banking is Tk 3534.48 billion which is 27.88 percent of the total investment in the banking sector.

Shariah-compliant banks are also playing a major role in attracting remittances. In October-December 2021, 49.18 percent of remittances came through these banks. Banks in this sector are also playing a good role in agricultural investment.

## Alternative Delivery Channel Division

Alternative delivery channels (ADC), defined as those channels that expand the reach of services beyond the traditional bank branch channel, have emerged as a result of innovations in information and communication technology and a shift in consumer expectations. Alternative Delivery Channel Division of FSIBL involves with the following Product and Services.

- A. Agent Banking
- B. Mobile Banking / Mobile Financial Service (FirstPay SureCash)
- C. Dispute & Settlement Management of IBFT NPSB,
- D. FSIBL Internet Banking
- E. Mobile Apps (FSIBL CLOUD).
- F. BRTA Fees Collection

### A. AGENT Banking

Financial inclusion or inclusive financing is the delivery of financial services at affordable costs to sections of disadvantaged and low-income segments of society. A vast majority of Bangladeshi lives outside the full formal banking network (about half of the adult people) and therefore deprived from essential financial services and subjected to unfair money lending practices. Bangladesh Bank has taken initiative to promote another banking model called "Agent Banking", which is to provide formal full-fledged banking services at the door step of the common people.

On the 29<sup>th</sup> of May 2016, First Security Islami Bank Limited began its agent banking activities with the approval of Bangladesh Bank. This allows for the completion of online transactions. Transaction security is provided via the two-tier security (TFA) scheme. To validate the transaction or transaction request, this system requires fingerprints of the customer on a biometric device. The customer is notified when the transaction is complete by receiving a paper receipt and a text message to their mobile phone. It is extremely difficult to provide banking services in rural places using the typical branch banking system. The agent banking system, on the other hand, can give services to the banking unbanked who live in these locations. As a result, First Security Islami Bank Limited is growing its agent banking network to ensure that the less educated have access to banking services.

The key Services and features of FSIBL Agent Banking has been shared.

- a) Account opening Under Mudaraba and Al-Wadiah Shari'ah principal. i.e.
  - i) Mudarabah Agent Banking Savings Account,
  - ii) Al-Wadiah Agent Banking Current Account,
  - iii) Mudarabah Monthly Deposit Scheme and
  - iv) Mudarabah Term Deposit Account etc.
- b) Utility bill Payment. (i.e.: BREB)
- c) Deposit and withdraw cash with Fund transfer facility through BEFTN & RTGS.
- d) Payment of inward foreign remittances. (i.e.: Western Union, Moneygram, Express Money, RIA, Transfast etc.)
- e) Receive banking services from home through FSIBL Cloud App.
- f) Provide agricultural, small and medium and consumer investment.
- g) Deploying an Officer from concerned branch to conjoin and observe operational activities.

## Agent Banking Outlet

So far, as of 31.12.2021, FSIBL Agent Banking & Mobile Banking has opened 71 Agent Banking Outlets with the total accumulated accounts 64,001, total deposit of Tk- 237.41 Cr. and total turnover of Tk. 782.02 Cr. Where number of transaction were 1,35,794.

Table 1: Zone wise Agent Banking Outlet

SL no	Zone Name	2016	2017	2018	2019	2020	2021	Total Count
1	Dhaka South	0	1	1	0	1	5	8
2	Dhaka North	0	0	0	1	0	4	5
3	CTG South	1	0	0	2	1	7	11
4	CTG North	0	0	1	1	0	0	2
5	Cumilla	2	2	0	1	2	8	15
6	Khulna	1	4	3	7	1	2	18
7	Rajshahi	2	1	0	0	0	0	3
8	Barishal	0	0	0	2	0	3	5
9	Sylhet	0	0	0	2	0	2	4
	<b>Total</b>	<b>6</b>	<b>8</b>	<b>5</b>	<b>16</b>	<b>5</b>	<b>31</b>	<b>71</b>



The growth of Agent banking Outlet increasing tremendously after 2020. It proves that, financial inclusion expands after 2020 due to pandemic.

TABLE 2: ACCOUNT STATUS OF AGENT BANKING

	2016	2017	2018	2019	2020	2021	Number
<b>DEMAND</b>	4,534	5,350	12,940	22,987	33,130	46,291	1,25,232
<b>SCHEME</b>	668	878	2,345	5,524	8,501	13,358	31,274
<b>MTDR</b>	16	133	680	1,571	2,558	4,352	9,310
<b>TOTAL</b>	<b>5,218</b>	<b>6,361</b>	<b>15,965</b>	<b>30,082</b>	<b>44,189</b>	<b>64,001</b>	<b>1,65,816</b>



Customer trends to open account is increasing rapidly. In 2021, there are 19,812 accounts were opened in agent banking outlet, which is 44.83% higher than previous year.

TABLE 3: Total Deposit Status in Yearly

Year	Deposit (TK in Core)
2016	5.31
2017	12.39
2018	31.45
2019	84.58
2020	137.20
2021	237.41



The business (ie: Deposit) coming from agent banking outlets contributes in the increment of liquidity. Total amount of deposits stands 237.41 Crore Taka as on 31<sup>st</sup> December, 2021, which is surprisingly increased from the year 2019.

TABLE 4: Amount of BREB Bill Collection

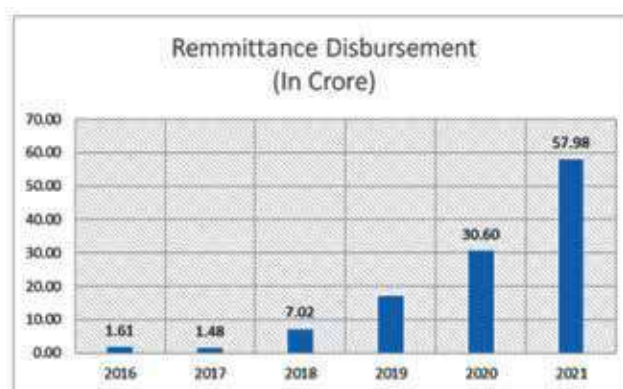
Year	BREB bill Collection (in Crore)
2018	3.31
2019	9.42
2020	15.95
2021	29.32



First Security Islami Bank Limited (FSIBL) and Bangladesh Rural Electrification Board (BREB) struck an agreement for the collection of electricity bills through FSIBL Agent Banking. The amount of money collected by BREB is steadily increasing. It benefits FSIBL in a variety of ways. In comparison to the previous year, the percentage of bills collected has grown by 81.81 percent.

TABLE 5: Amount of Remittance Disbursement

Year	Remittance (in Crore)
2016	1.61
2017	1.48
2018	7.03
2019	16.91
2020	30.60
2021	57.98

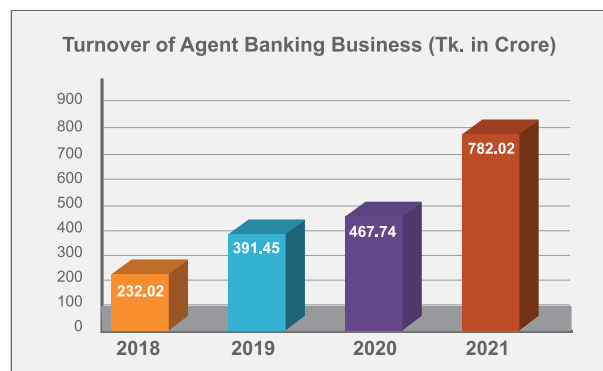


Account holders and walk-in customers can now use our overseas remittance payment services from a location close to their home without having to travel far and face the discomfort. FSIBL Agent Banking currently accepts foreign remittances from the following exchange houses: Western Union, Moneygram Express Money, RIA, Transfast, Placid Express Italy Exchange House, Aftab Currency Exchange, Brac Saajan Exchange etc.

As on 31.12.2021, FSIBL Agent Banking has disbursed the 7539 number of Foreign Remittance which amount stands to 57.98 Crore.

Table 6: Turnover of Agent Banking Business

Year	Turnover of Agent Banking Business (TK In Crore)
2018	237.02
2019	391.45
2020	467.74
2021	782.02



A good turnover indicates financial wellness of a company. A 67%++ Increment shows that, FSIBL Agent Banking delivering a good contribution in growth of FSIBL.

### UP-COMING SERVICES ON AGENT BANKING

FSIBL Alternative Delivery Channel Division is working on changing software module with help of ICT Division. Upcoming services like E-KYC Solution, BEFTN & RTGS solution for providing direct service from Agent Outlet are on the pipeline.

FSIBL management is encouraging Alternative Delivery Channel Division for expanding the business throughout the country.

### B. Mobile Banking / Mobile Financial Service (FirstPay)

First Security Islami Bank Ltd. got permission from Bangladesh Bank for Mobile Financial Services on November 22, 2011. Later on March 27, 2012, First Security Islami Bank Ltd. commenced Mobile Financial Services under the brand name **“FSIBL FirstPay”**. FSIBL Mobile Banking is rendering Mobile Financial Services with having strong network coverage consisting of 88 distributors, 45,234 MFS (Mobile Financial Services) agents and 8,97,324 customers all over the country.

FSIBL is expanding its network focusing on organizations like Educational institutions, Financial Institutions, Merchant and Utility Bill collections. So far, we have booked total 403 institutions, out of which total Educational Institutes 254 (**Dhaka College, Govt. Titumir College & Bogra Zilla School etc.**), total merchant 129, total utility 06 (**Dhaka WASA, DESCO, Khulna WASA & Westzone Power Distribution Co. etc.**) and total municipality 14 are brought under FSIBL Mobile Banking.

TABLE 6: TURN OVER OF MFS		
SL. No.	Year	Total Turnover (in Crore)
01.	2016	269.97
02.	2017	641.53
03.	2018	913.87
04.	2019	1043.44
05.	2020	680.51
06.	2021	136.01

TABLE 7: TOTAL COLLECTION OF FSIBL MFS		
SL. No.	Year	Total Collection (in Crore)
01.	2016	62.10
02.	2017	64.36
03.	2018	130.28
04.	2019	143.64
05.	2020	63.45
06.	2021	39.63
Total		503.46

FSIBL is rendering the below Mobile Financial Services:

1. Cash Deposit
2. Cash Withdrawal
3. Money Transfer
4. Mobile Recharge
5. Payment
6. Balance Check
7. Pin Change



## C. Dispute & Settlement Management of IBFT NPSB

**National Payment Switch Bangladesh (NPSB)** is an electronic platform, started its operation on 27 December 2012 with a view to attain interoperability among schedule banks for card based/online retail transactions. At present, NPSB is processing interbank Automated Teller Machines (ATM), Point of Sales (POS), Internet Banking Fund Transfer (IBFT) transactions. NPSB is also processing Internet Banking Fund Transfer (IBFT) transactions from 2020. The Central Bank is ensuring continuous effort to tighten the security of NPSB adapting International Standards. Currently there are 24 Banks NPSB certified for IBFT transaction.

Internet Banking is currently one of the popular products of FSIBL. It has below peripherals of operation:

- FSIBL Account to FSIBL account
- FSIBL Account to Q-Cash Account or Card
- FSIBL Account to NPSB Account or Card
- Q-Cash Account/Card to FSIBL Account or Card
- NPSB Account/Card to FSIBL Account or Card

ADCD initiate mail communication regarding dispute with other banks and based on the communication with Card Division complete transaction along with Bangladesh Bank Dispute Management System (DMS).

Year	2020	2021	Total
INCOMING	10.21	199.05	209.26
OUTGOING	0.25	11.24	11.49



## D. FSIBL Internet Banking

FSIBL launched Internet Banking Service on the year 2014. Currently there are 11,523 Customer on this service as on 31st December 2021. The key Services and features of FSIBL Internet Banking are:

- Transactional service :
  - Own bank (Own Account –Other Account)
  - Other Bank (IBFT NPSB/ Qcash, BEFTN)
- Informative Service:
  - Statement View
  - Balance Inquiry
  - Profit Details
  - Cheque Book Details
  - Transaction Details

## E. Mobile Apps (FSIBL CLOUD)

FSIBL CLOUD is an Official Mobile Application of First Security Islami Bank Limited. User can transfer money, pay Bill, send requests, and browse information with it. There are 69,862 Users on this service as on 31st Dec 2021.

Feature & Services of FSIBL CLOUD:

### 1. Transactional Feature:

- Fund Transfer within FSIBL
- BEFTN
- RTGS
- bKash Fund Transfer
- QR Payment to Merchant
- Utility Bill Payment (DESCO, NESC, DPDC, Dhaka WASA, Credit Card Bill,)
- Mobile Airtime Recharge
- My QR for instant transaction

**2. Requests:**

- Stop Cheque
- Order Cheque
- Statements
- Change Address
- Complain
- Product Requests

**3. Informational Feature:**

- Profile Information
- Account Information, Mini Statement, Find Transaction, Cheque Book
- Exchange Rate
- Contacts info & Locations (Head Office and Branches).
- Product Details
- Activity Log for Security

**4. Others:**

- Calculator
- News & events
- Favorite Menu

TABLE 9: User Base of FSIBL CLOUD

Year	FSIBL Cloud User
2019	19643
2020	43051
2021	69700

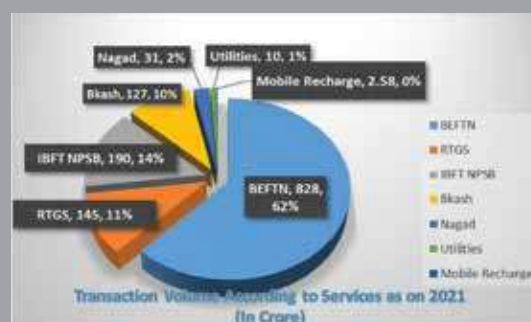


User Base and growth Chart of FSIBL CLOUD

The user base of FSIBL CLOUD is increasing day by day. In 2021, users have been increased up to 69,700, which is 62% percent higher than previous year.

**Transaction Volume according to Services as on 2021 from starting.**

Sl.	Service Name	Total in Crore
1.	BEFTN	828
2.	RTGS	145
3.	IBFT NPSB	190
4.	Bkash	127
5.	Nagad	31
6.	Utilities	10
7.	Mobile Recharge	2.58
	Total Txn.-	1,333.58



## Revenue from included services in FSIBL CLOUD & iBanking in 2021

SL.	Service Name	Revenue (Tk in Lac)
01.	Annual Service Charge from iBanking	11.00
02.	Revenue from bKash	11.31
03.	Revenue from Mobile Recharge	3.38
	<b>Total Revenue</b>	<b>25.69</b>

## Upcoming Services:

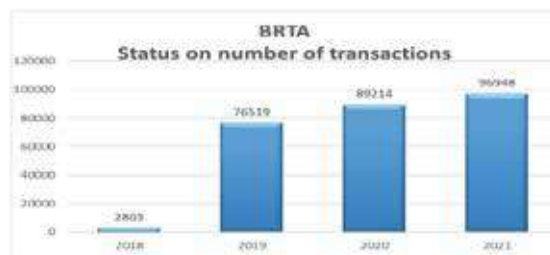
**Bangla QR:** To ensure the uniformity of National QR Code Standard, Bangladesh Bank has developed a logo termed as 'Bangla QR'. This logo represents the interoperable QR Code based retail payments and should be displayed in each merchant point to facilitate 'Bangla QR' payments. QR code based payments opened the opportunity for the Bank as well as for the merchants by enabling them to accept digital payments reasonably and easily. Bangla QR code will increase customers' financial service accessibility and interoperability in payment ecosystem. SSL Wireless will acquire merchants from different business segments, which will allow customers of the bank to enjoy seamless payment experience at different shopping and business outlets across the country. The highlighted value propositions of this collaboration are as follows:

**SSL Commerz:** SSLCOMMERZ is a secure and authorized online Payment Gateway platform, developed by SSL Wireless, which has enabled the end-customers of online businesses & E-Commerce merchants to perform secured transactions from the customer's card, mobile wallet or bank account. There are 5000+ businesses that trust SSLCOMMERZ currently. SSLCOMMERZ has PCI-DSS certificates, 3D security systems ISO 27001 compliance and anti-fraud systems. They use industry-standard EV SSL protocol.

## F. BRTA Fees Collection

BRTA Service Portal (BSP) Bangladesh Road Transport Authority (BRTA) allows citizen to register as a service recipient as driver, owner, vehicle dealer to register learner driving license, smart card driving license, driving license renewal, duplicate driving license and all relevant services. In 2016 First Security Islami Bank Limited obtained the permission to collect the fees of BRTA through all of branches along with the mobile banking network. Currently 109 Branches of FSIBL collecting BRTA fees across the country.

Year	Total Number of Transactions	Total Amount of Transactions (in Crore)	Total Amount of Revenue (in Lac)
2018	2803	2.6	0.14
2019	76519	52.68	3.82
2020	89214	117.44	4.46
2021	96948	168.84	6.45



## Anti Money Laundering & Combating Financing of Terrorism Activities

Money laundering and financing of terrorism are getting new dimensions day by day with the rapid advancement of digital financial service activities. Financial institutions across the world are being used as major conduits for channeling these criminal activities and therefore, governments, regulators and law enforcement agencies depend on financial

institutions like ours to identify and prevent these from occurring. As a responsible commercial bank, First Security Islamic Bank Ltd. (FSIBL) is always agile and vigilant against all kinds of money laundering and financing of terrorism activities. Managing Director of the bank every year declares written clear commitment regarding Anti Money Laundering & Combating Financing of Terrorism for all the employees and ensures implementation of these activities. An Additional Managing Director (AMD) as Chief Anti Money Laundering Compliance Officer (CAMLCO), a Senior Vice President as Deputy Chief Anti Money Laundering Compliance Officer (D-CAMLCO) of the bank has been duly assigned for the effective prevention of money laundering and terrorist financing activities in the bank and Zonal Anti-Money Laundering Compliance Officer (ZAMLCO) of the bank has been duly assigned for the effective prevention of money laundering and terrorist financing activities in the bank. A powerful “Central Compliance Committee (CCC)” chaired by the aforesaid AMD consisting of senior executives and divisional heads has been continuously supervising overall anti money laundering & combating financing of terrorism activities of the bank.

As per Bangladesh Financial Intelligence Unit (BFIU) guidelines, a full-fledged division named “Anti Money Laundering (AML) & Combating Financing of Terrorism (CFT) Division” is headed by the D-CAMLCO has been working in the head office of the bank under the close supervision of CAMLCO. The bank is committed to complying with all the instructions mentioned in the Money Laundering Prevention Act, 2012 (Amendment in 2015) and Anti Terrorism Act, 2009 (Amendment in 2012 & 2013) throughout the bank. Circulars issued by BFIU, Bangladesh Bank regarding AML& CFT compliance are instantly circulated to all the branches, divisions, zonal offices, and training institutes of the bank. At the same time, the bank issues necessary AML & CFT related circulars in line with the applicable laws, circulars, guidelines, etc. of regulatory authorities.

The bank has its own “Anti Money Laundering & Combating Financing of Terrorism Policy”, “Customer Acceptance Policy”, “Money Laundering and Terrorist Financing Risk Management Guidelines for FSIBL”, “Guidelines on E-KYC for FSIBL FREEDOM” and “Guidelines for Prevention of Trade Based Money Laundering of FSIBL” approved by the Board of Directors which are prepared in line with the prevailing laws, circulars, guidelines issued by the regulatory authorities. In accordance with the instruction of BFIU, a senior and experienced official or manager operation of every branch has been nominated as “Branch Anti Money Laundering Compliance Officer (BAMLCO)” by the CCC of the bank for preventing money laundering and terrorist financing at the branch along with the concerned tagged sub-branch and agent banking outlets. Bank’s AML & CFT Division inspects branches on a random basis for overseeing the implementation of AML & CFT activities at the branch level in addition to Internal Control & Compliance Division’s Independent Testing Procedures regarding AML & CFT compliance. AML & CFT Division checks & submits monthly Cash Transaction Reports (CTR)/Transaction monitoring in due time and submits a remarkable number of quality Suspicious Transaction Reports (STR)/Suspicious Activity Reports (SAR) to BFIU when required. However, CCC prepares and presents a half-yearly report to the board of directors of the bank and BFIU on the topic of the bank’s AML & CFT related actions, implementation progress, and recommendations along with the Managing Director’s instructions and opinion.

The bank conducts Customer Due Diligence (CDD) for every customer at the time of account opening and Enhanced Due Diligence (EDD) when required in line with the BFIU, Bangladesh Bank’s provided format. The bank verifies NID information of every customer by using the election commission’s data base to ensure complete and accurate KYC of the bank’s new and existing customers. As per “Guidelines on Electronic Know Your Customer (e-KYC)” issued by BFIU, the bank has successfully launched e-KYC based solution “FSIBL FREEDOM” to facilitate bank account opening from anywhere, anytime instantly. The bank is availing UNSCR, domestic and different countries sanction list data; Politically Exposed Persons (PEPs) and Influential Persons’ (IPs) and adverse media news data from the Accuity (UK based international database provider) which is integrated with the bank’s Sanction Screening Software [S3] for real-time and automated identification of sanctioned, PEPs, IPs and suspicious persons involved with crimes. As part of the effective implementation of Guidelines for Prevention of Trade Based Money Laundering, in 2021 the bank has procured membership of Commercial Crime Services of International Chamber of Commerce (ICC). Through this membership, the bank can ensure International Maritime Bureau (IMB) Bill of Lading verification, Company due diligence service, Vessel Tracking System, IMB Vessel Report, IMB Digital Service etc. for international trade compliance. However, in 2021 the bank has introduced a sophisticated AML & CFT Query Management System (QMS), by this automated online portal branches and head office can make smooth correspondence instantly.

FSIBL’s own Training Institute in collaboration with AML & CFT Division recurrently organizes regular refresher and target oriented training for the employees of the bank on the subject of Anti Money Laundering and Combating Financing of



Terrorism where prevention of trade based money laundering & Investment backed money laundering gets special emphasis. In 2021, a day-long workshop for all the BAMLCOs named BAMLCO Conference has been held at Royal Tulip Sea Pearl Beach Resort, Cox's Bazar on the topic of Anti Money Laundering and Combating Financing of Terrorism. Bank's executives & officials frequently attend regular and refresher training on the topic of Anti Money Laundering and Combating Financing of Terrorism at home and abroad. The bank distributes a huge number of leaflets and hang posters on the topic of Anti Money Laundering and Combating Financing of Terrorism at every branch for building public awareness on these issues.

## Branches Control Divisiont

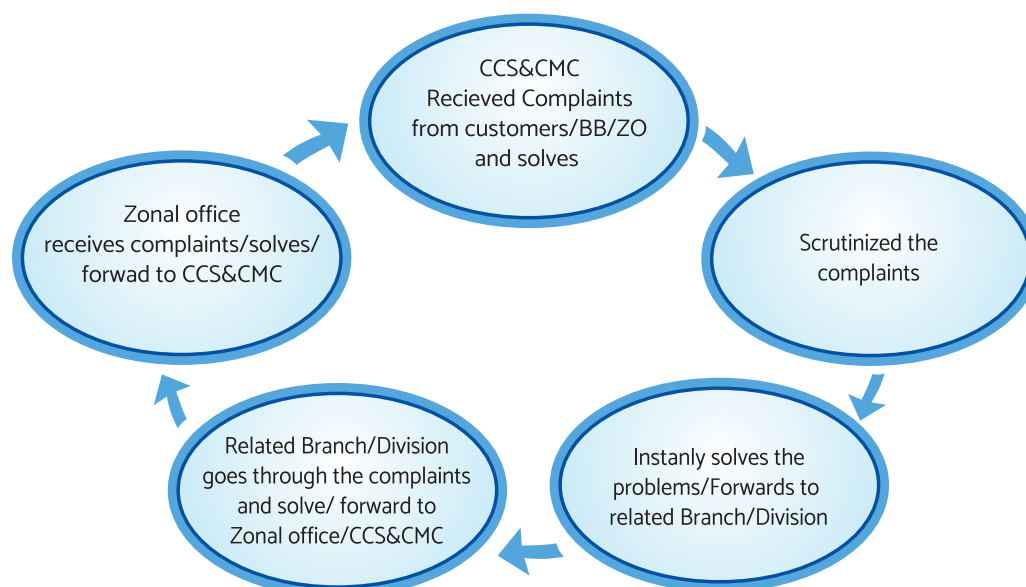
The Branches Control Division (BCD) of our bank started its operation at late 2018 as a new Division. The Division directed by a well-equipped working team having adequate experienced and trained manpower to handle and supervise the works of existing branches. The key objective of the division is to oversee that branches are running properly as per regulation, norms and required support services are provided from the Bangladesh Bank and Head Office. The main task of this Division is to ensure that branches are performing properly and carrying out the day-to-day activities as per norms laid down by the Bank. It plays significant role to maintain liaison among branches, head office and various organizations as well as Bangladesh Bank. For ensuring smooth banking activities in all the branches as well as customer satisfactions according to their needs this division is rendering particularly the following jobs gradually:

Job Description & Functions of BCD are elaborated below:

01.	Cash Management	<ul style="list-style-type: none"> <li># Follow-up of daily cash position of the Branches, Such as <ul style="list-style-type: none"> <li>➤ Cash in vault</li> <li>➤ Cash balance with Sonali Bank</li> <li>➤ Cash balance with other Banks</li> </ul> </li> <li># Monitoring Quarterly Statement of Cash in Transit (CIT).</li> <li># Giving Permission to open Bank Accounts with BB, Sonali/Other Banks.</li> <li># Follow-up of Remittance/lifting of cash to the feeding branches/Bangladesh Bank/Sonali Bank/Other banks with Treasury Division.</li> <li># Supervision and review of excess cash retained by the branches in the vault beyond insurance limit.</li> <li># Monitoring of soiled, Mutilated notes and fake notes position/status (if any), Gift cheque, coins.</li> </ul>
02.	Banking Policy Circulation to the Branches	<ul style="list-style-type: none"> <li># Issuance of different circulars in respect of banking Operation as per directives of Bangladesh Bank and other regulators and follow-up of the implementation/compliance of the instructions contained in the circulars.</li> <li># Review and amendment of Process Manual and implementation of instructions therein.</li> <li># Implementation of rules and regulations of opening of different types of accounts and correspondences thereof within the Bangladesh Bank guidelines.</li> <li># Provide previous copies of circulars of BB/HO to the new branches.</li> <li># Redesigning of GB Manual.</li> <li># Circulation of Manuals and Guidelines of Bangladesh Bank and other Regulators to the branches as and when required.</li> </ul>
03.	Deceased and Lost Instruments cases	<ul style="list-style-type: none"> <li># Doing the jobs of Deceased A/C management.</li> <li># Review and follow-up of the proposals and justification query and correspondences.</li> <li># Submission of proposal for payment of balance in deceased accounts and passing approval to the branches for releasing the payment in favour of heirs or Nominees duly approved by the Management.</li> <li># Lost instrument Management.</li> <li># Issuance of Lost Instrument Circulars, preparation of office notes and accord approval there against.</li> </ul>
04	Asset/Liability Management & Locker Services	<ul style="list-style-type: none"> <li># Deposit monitoring and support.</li> <li># Annual Budget monitoring of branches and sub-branches.</li> <li># Review and follow-up of locker services of Branches as to ensure maximum utilization for enhancing income from the avenue.</li> <li># Updating the insurance coverage of the rented chambers of locker on the basis of monthly locker statement collected from the branches and monitoring of uncollected locker rent.</li> <li># Submission of proposal for returning the belongings kept in locker in case of deceased account and releasing the same as per nomination/ succession certificate.</li> <li># Obtaining of legal opinion from bank's enlisted/panel lawyers in case of need of legal clarification.</li> </ul>

05.	Customer Services & Complaint Management	<ul style="list-style-type: none"> <li># Management of Complaint received from Clients/Zonal Office/BB.</li> <li># To make Query, Analysis and Justification of the complaints.</li> <li># Policy, Manual and Structure development of Customer Care services of the Bank.</li> <li># Monitoring of Help Desks' activities.</li> <li># To initiate Note Sheet on case to case basis considering justification for approval of the Management for settlement of proposal for waiver of service charge in case of valued clients.</li> <li># Implementation of Customer Service &amp; Complaint Management Cell (Branch Level, Zonal Office and Central).</li> <li># Correspondence and communication regarding customer's queries and customer's complaints at various touch points.</li> <li># Reporting to Bangladesh Bank regarding complaints.</li> <li># Record keeping of customer service policy and complaints.</li> <li># Evaluation and self-assessment of customer service standard.</li> <li># Listening of live calls and providing answer of customer complaints.</li> </ul>
06.	School Banking and Unclaimed Deposit	<ul style="list-style-type: none"> <li># Collects Information about School Banking Account from Branches and monitoring these regarding conversion of Onkur account to saving A/c after attainment of 18 years of age.</li> <li># As per Bangladesh Bank instruction unclaimed deposits for 10 years and above are to collect for submitting the same to BB maintaining the formalities laid down in the Bangladesh Bank's circular.</li> </ul>
07.	Audit Follow-up and Rectification	<ul style="list-style-type: none"> <li># Compliance &amp; Monitoring.</li> <li># Reporting to Bangladesh Bank regarding complaints.</li> <li># Campaign &amp; promotion for awareness.</li> <li># Review of the Internal Audit Report/Special Inspection Report/ Bangladesh Bank Inspection Report of the Branches related to Income Omission, mismatch in affairs &amp; daily position, un-responded IBTA entries, General Banking, Investment and Foreign Exchange. .</li> <li># Sending Audit Report to Branches asking for their rectification and further review of the same till full compliance.</li> <li># Fraud Control Management and Reporting.</li> </ul>
08.	Miscellaneous	<ul style="list-style-type: none"> <li># Preparation of schedule of charge and time to time review.</li> <li># Provide NID database access facility and communication with election commission.</li> <li># Monitoring of Branches and Sub branches activities.</li> <li># Preparing and introducing new account opening forms &amp; KYCs.</li> <li># Monitoring of negative balance of GL heads of different branches.</li> <li># Monitoring of Pay-Order and Gift Cheque balancing of different branches.</li> </ul>

**One of the remarkable job of this Division** is to attend any complaints received from customers, walking customers, Bangladesh Bank or any other persons/organizations. BCD solves the problems through its Central Customer Service and Complaints Management Cell (CCS&CMC) by the following ways:



Our future plan is to uphold our FSIBL as one of the best financial organization by implementing the directions of Bangladesh Bank as well as other government regulators and making reply to the queries of Bangladesh Bank, National Board of Revenue, Anti-Corruption Commission, Bangladesh Police etc. especially relating to various types of accounts and statements with supplying the requisite papers/documents, statements etc.

## Card Division

The First Security Islami Bank Limited has been providing Banking Services to our valued customers with higher reputation based on the principle of Islamic Shariah throughout the country.

The Management of the Bank is aware and committed to our valued customers for better services & freedom of banking by providing round the clock cash withdrawal as well as POS & E-Commerce facility using FSIBL VISA card. FSIBL introduced its first proprietary debit card in 2008. FSIB launched its EMV chip-based VISA Debit card in 4<sup>th</sup> July 2018 and converting all the previously issued proprietary Magnetic stripped cards. We have approximately 1 Lac 53 Thousand debit cards at the end of 2021.

For smooth cash withdrawal & convenience of our valued clients, FSIBL Management decided to install a good number of ATM Machines and Booths as we have Branches all over the country.

FSIB introduced its first own ATM Booth in 11<sup>th</sup> August 2012. To facilitate more low cost transaction facilities in the reputed and public gathered shopping mall and important business locations, management of the Bank decided to install more ATM Machines to ensure 24x7 hour services to our valued customers. Number of ATM booths are 200 as on December 2021.

### Card Division's detail Activities and Performance in 2021:

#### Portfolio of Card Division:

- 200 ATM
- 1 Lac 53 Thousand Debit Card
- 24/7 Call Center (16257)

#### Business Summary of Card Division:

Year	2018	2019	2020	2021	Growth
ATM Deployed	11	15	12	40	
Number of ATM Transactions	11.6 Lac	14.1 Lac	13.2 Lac	16.1 Lac	22%
ATM Transaction Amount	1015 Cr	1230 Cr	1223 Cr	1549 Cr	26%
Number of POS Transactions	37953	73783	73239	112856	54%
POS Transaction Amount	10.2 Cr	21.2 Cr	24.1 Cr	40.5 Cr	62%
Number of E-Commerce Transactions	4849	8394	58184	86767	49%
E-Commerce Amount	15 Lac	9.9 Cr	19.1 Cr	40.4 Cr	110%
Income from Card &Txn	3.5 Cr	3.9 Cr	5.21 Cr	6.34 Cr	21.50%
No of bKashTxn		3252	20359	46358	127%
Amount of bKashTxn		2.7 Cr	19 Cr	43.4 Cr	128%

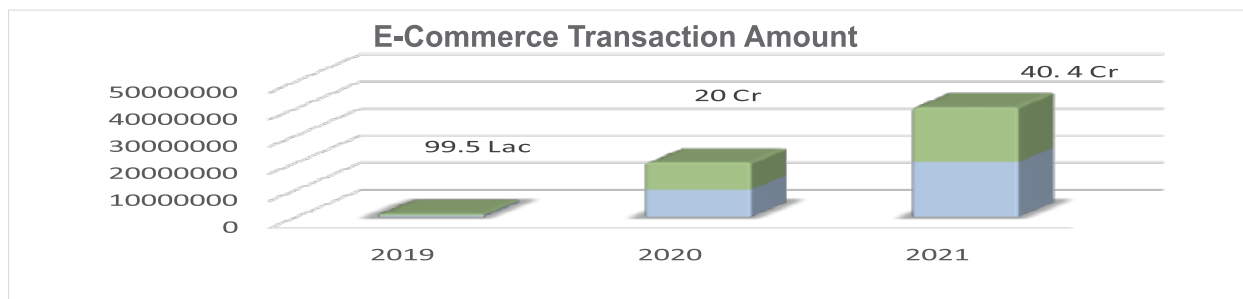
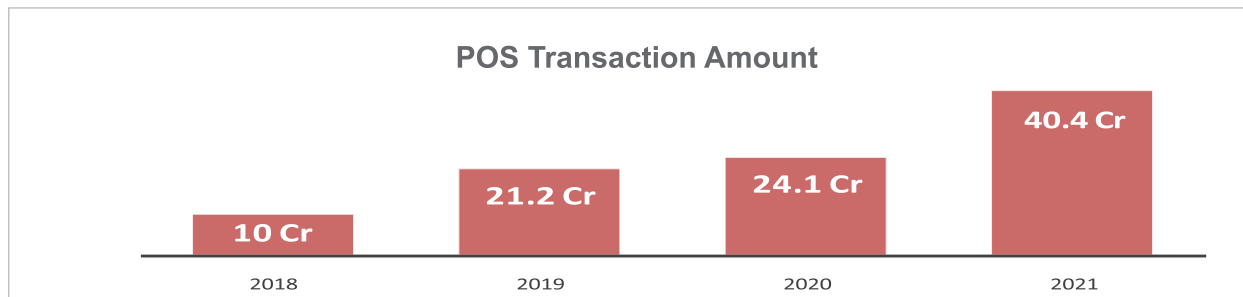
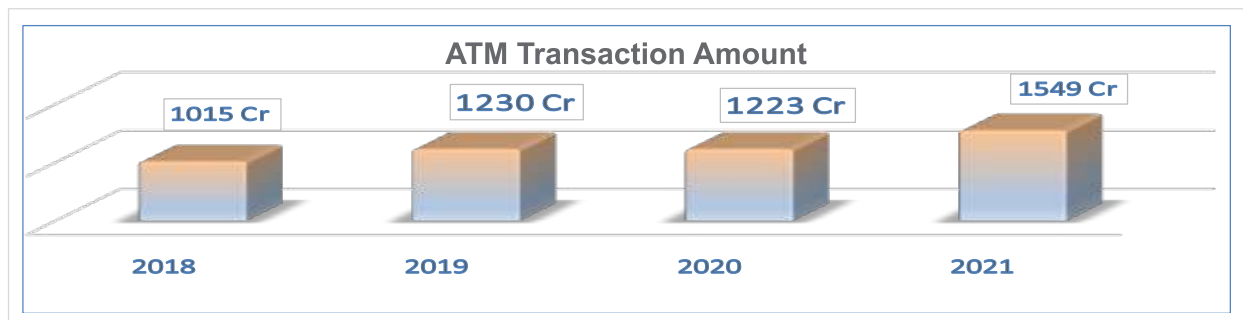
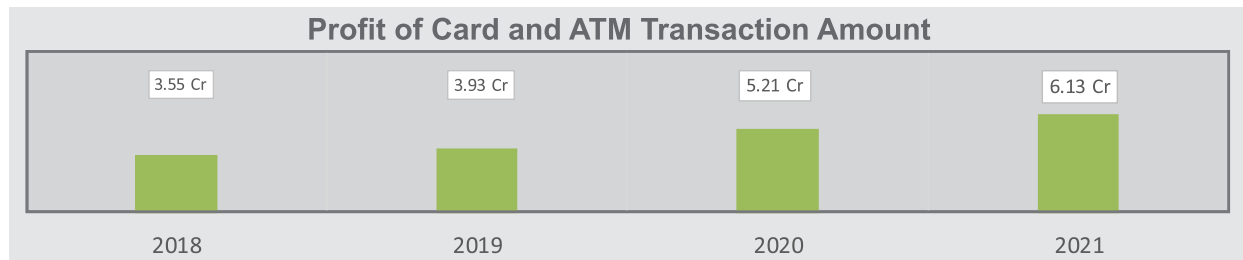
### FSIBL 200<sup>th</sup> ATM:

First Security Islami Bank Ltd. inaugurated its 200<sup>th</sup> ATM Booth on 15<sup>th</sup> December 2021 at Training Institute, Dhaka. Mr. Syed Waseque Md Ali, Managing Director of the Bank inaugurated the aforesaid ATM booth. Among others, Mr. Abdul



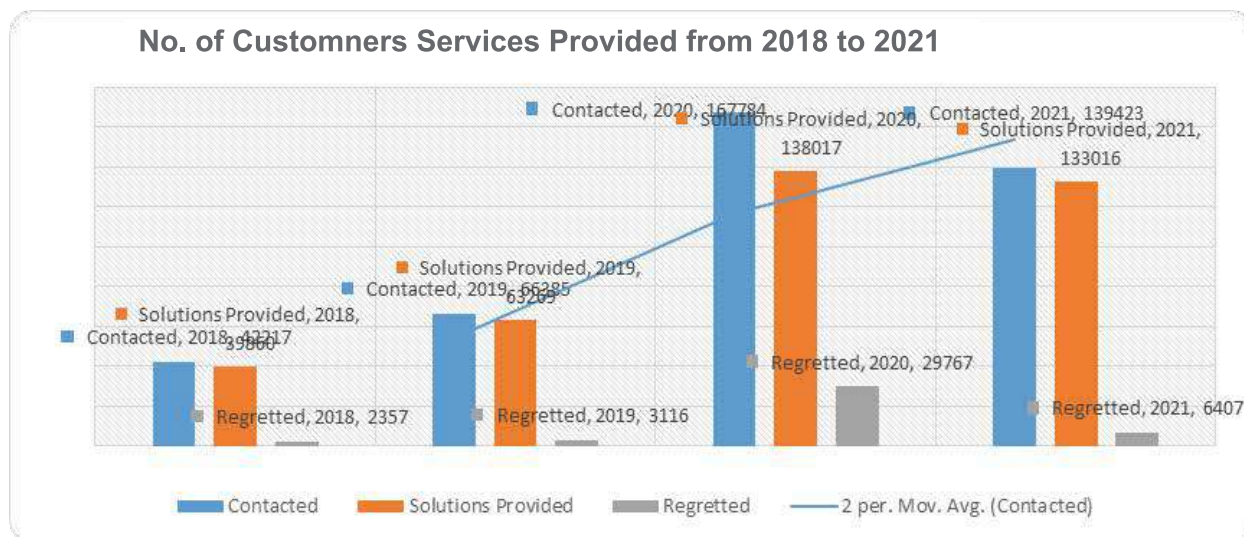
Aziz and Mr. Md. Mustafa Khair, Additional Managing Director(s), Mr. A. K. M. Amjad Hussain, Principal, Training Institute, Zonal Head of Dhaka North Zone, Divisional Heads of Head office and Branch Managers along with other officials were present in the occasion.

## Business Index of Card Division:





## FSIBL Call Center Performance:



- 2021 was extremely challenging to provide & sustain critical services under the COVID Pandemics.
- But FSIBL call center was highly committed in meeting emergency need even in a complete lockdown situation.
- FSIBL Call Center explored and exercised all possible options including work from home to be online for 24x7.
- FSIBL continued adding more & more services raising customer happiness, only in 2021, 12 new services added which makes 64 different types of services.
- From our call center, we have enabled 16000 peoples purchase capability through our continuous online monitoring that is our own initiative.
- From 2018 - 2021 Service Provided to 4 Lac Customers.
- Call drop reduced from 18.19% to 4.11%.
- We are providing 24 hours customer service to serve our valued clients.

## General Services Divisiont

General Services Division with its motto "A Penny is Saved, A Penny is Earned" is a key department since the inception of the First SecurityIslami Bank Limited that carries out the overall support activities of the Bank's Head office, Zonal offices, all branches and sub-branches. Its various functions includes from inspecting & selecting suitable places for setting up branches and sub-branches, taking necessary steps for obtaining approval from Bangladesh Bank, performing deed related affairs to oversee the interior and exterior decoration work for full opening of the branch / sub-branch as well as checking whether all the visible facilities are running smoothly. This division is fully furnished with some cells as follows:

01. Engineering cell
02. Transport Pool cell
03. Security & Cleanliness maintenance cell
04. Procurement of Furniture and Fixture (wooden & Steel) cell
05. Security, Printing Stationery and Power of Attorneycell
06. New Branch, Sub-branch, Collection Booth Monitoring cell
07. Head Office Maintenance cell
08. CCTV and other Security Items Monitoring Cell
09. Insurance cell
10. Central Godown Unit
11. Central Dispatch cell-
12. Others

### Functions of various sectors:

GSD has to perform diversified functions effectively and efficiently through the above mentioned sectors. The details are given below:

#### 01. Engineering Sector:

At present 02 Civil and 02 Mechanical Engineers are performing their duties with their utmost sincerity and efficiency. Functions of this sector are as follows:

- All Interior & Exterior Decoration of HO, branch, Sub-branch, ATM Booth, etc.
- Procurement & Maintenance of AC, Generator, IPS, PABX & FAX
- Electricity Connection & plumbing related works, all types of branch (including agent banking) & HO renovation works and maintenance.
- Procedure of new ATM Booth, ATM booth/ branch shifting
- New Branch & Head Office floor measurement & Inspection, Land & Building Inspection against HPSM for Investment Division.

#### 02. Transport Pool Sector:

The functions of this sector are given below:

- Vehicle Maintenance of Transport Pool, Vehicle Purchase and Sale, Lease Vehicle (Staff) Approval of CNG, Registration and NOC, Approval of Motorcycle (Non-Executive) & maintenance
- Vehicle insurance (Renewal and New), Year-end report of book value (Vehicle), All vehicle paper renewal, Insurance Claim, Vehicle log book maintenance
- Transport pool vehicle fuel collection and branch vehicle approval
- Maintenance of duty of Drivers
- Maintenance of Parking

#### 03. Security & Cleanliness maintenance Sector:

As a financial institutions security issue as well as maintenance of good ambience is one of the main concerns of our bank. At present 2230 nos. (approx.) Security Guards & 196 nos. Gunmen are working for the maintenance of tight security & proper surveillance of various branch, sub-branch and ATM Booth etc. of our bank and 600 nos. (approx.) cleaners of different companies are working for the maintenance of good ambience in various premises of our bank. The functions of this sector are given below:

- Maintenance of Security Guard, Gunman and Cleaner
- Procurement Monthly Bill of Security Guards, Gunman & Cleaners (HO) & Bonus

#### 04. Procurement of Furniture and Fixture (wooden & Steel) Sector:

The volume of our bank is extending day by day so the requirement of various furniture, fixture and office equipment are increasing. After checking, verifying, being confirmed and maintaining all formalities about the market rate GSD arrange approval of all purchase and repairing related works of the mentioned items through the permission of competent authority of our bank.

#### 05. Security, Printing Stationery Sector and Power of Attorney:

The functions of this sector are given below:

- Supplying all kinds of security items such as Cheque Books, MTDR Blocks, Pay Order Block, Continuous paper through "MICR Cheque Requisition" software link in our homepage and maintaining stocks.
- Supplying all kinds (almost 140 items) of printing stationery such as Account Opening Form, Auto Deposit book, MMDS Deposit Books, Cash Debit Voucher, Different Register, Investment Related Charge Document, LC Form, Foreign Remittance Cash Receipt Book etc through "GSD INVENTORY SYSTEM" software link in our homepage and maintaining stocks.
- Maintenance of procedure to issue, cancel of Power of Attorney

#### 06. New Branch, Sub-branch, Collection Booth Monitoring Sector:

The inauguration of new branch, sub-branch, Collection Booth has been continuing per year. Due to the collective efforts all the employees of this division, currently we have 196 nos. branch, 136 sub-branches and 27 nos. collection booth. The functions of this sector are given below:

- Procedure of new Branch, Sub-Branch & Collection Booth, Branch Shifting & Lease Agreement
- Correspondence with Bangladesh Bank & Bangladesh Bank related statement
- Visit location & submit visit reports

## 07. Head Office Maintenance Sector:

The officials of this sector are dedicated to monitor the HO building premises related any pros and cons and solve the raised issue vide rational ways within the shortest possible period.

## 08. CCTV and other Security Items Monitoring Cell:

For maintaining proper surveillance of various premises of our bank, the use & importance of CCTV is beyond explanation. All of our bank premises are fully furnished by adequate CCTV camera for tightening surveillance system. The functions of this sector are given below:

- Maintenance of CCTV
- Issuance of time to time circular regarding CCTV maintenance
- Complying BB's guideline regarding CCTV

## 09. Central Dispatch Sector:

We have been maintaining our central dispatch for receiving and delivering various correspondents and documents of different offices with head office.

## 10. Central Godown:

Since the volume of transaction of our bank has increased to a greater extent so as the volume of the old & stored documents. So we have been maintaining 02 nos. Godown at KolabaganDhanmondi and Tejgaon-Gulshan Link Road, Dhaka for storing various old files and documents in a safe and secured ways.

## 11. Insurance Sector:

Insurance is a security measure that maintains yearly insurance of cash in vault, cash on counter, ATM, transit, collection booth and agent outlet. More than these, the department also maintains additional insurance policy of the above stated items.

## 12. Others:

Besides, General Services Division has to perform following jobs:

- Maintenance of Photocopy Machine, Bangladesh Bank reporting (Monthly DCM & Quarterly Complain Cell), Compliance of Audit Report, Submission of DBI Report & RMD Report, Enlistment, Maintaining all kind of Insurance, Dress & Shoes Maintenance of Peon, Maintenance of ID Card, Seal & Rubber Stamp, New Mobile & Mobile Ceiling, Maintenance of Petty Stationery, Maintenance of Fire Extinguisher and Fire Alarm (Both Branch & HO), Maintaining of Note counting, Note Binding & Note Sorting machine, Maintaining of Fake Note Detector Machine, Maintaining of TV and Cable Connection (HO), Maintenance of Pot Plant (HO & Branches), Drinking Water maintenance, Arrangement of Visiting card for Executives & Officers, Calculating depreciation of Fixed Assets/office equipment of HO, Arrangement of Balloon Decoration, Tissue Box maintenance, Procurement of sale of Old furniture (HO & Branches), Utility bills and Telephone Bill of H.O. etc.

### ➤ Some Noticeable Works of GSD during the Year 2021:

GSD has to perform from the humblest or most menial of services to the most exalted; all the items irrespective of category. In the last year this division has successfully completed the following activities:

Inauguration	Number
Branch	06
Sub-branch	86
Collection Booth	10
ATM Booth (Interior and Exterior Works)	37

Finally, GSD is a unique division that has to perform probable all types of works. All the Executives/Officers/Staff has been performing their responsibilities with sincerity through following instruction of all rules & regulations of Islami Banking System on the basis of IslamiShariah. This division is pledged to cut the cost from any source of expenditure and will continue its endeavor to flourish our bank through such way, Insha Allah.

## Human Resources Management

Human Resource Management is very important for Banks because banking is service oriented industry. Success in Banking Business depends on efficient and effective management of Human Resources and Risk. FSIBL is a third generation progressive Islamic Shariah Based private commercial bank. The Wave COVID-19 pandemic which started in 2020 continued throughout the year 2021. The world economy was unstable due to lockdown and restrictions imposed to resist infection by Covid-19 which started in April 2021 and Lasted till the first week of August 2021. Banking sector along with other important sector served for the people of the country although the government, semi-government and autonomous organizations were remained close during this pandemic. First Security islami Bank like other banks had kept its branches open on roaster basis by following the instructions of Bangladesh Bank during the lockdown period. Bearing the slogan “Any Time Any Where” it is providing all kinds of modern banking services to the customer through 196 branches, 136 sub-branches, 71 agent banking outlets, various divisions and units of Head Office across the country. This Organization always emphasizes on the development of its manpower to provide quality services to its clients. FSIBL believes that the factors which help the Bank to survive and differentiate it from other banks are closely interlinked with the quality of services and satisfaction of clients and these depend on the qualification of employees’ efficiency & effectiveness of work. As our human resources give the organization a significant competitive edge, we continue our policy of recruiting the best professionals and implement programs to develop and retain high quality employees for facing challenges of 21<sup>st</sup> Century. The Bank offers equal opportunity for new talents in its process of recruitment and selection. It is continuing its efforts towards the development of its manpower by providing required trainings, workshops, seminar etc. in home and abroad to make them well equipped to provide quality services to its customers. It arranges training and workshop in home and abroad for its top management to formulate and implement appropriate policies for the betterment of the Bank. It also arranges priority-based trainings and workshops to make its employees compliant to its regulatory body(ies) and helps its employees for career development.

Our strategy to recruit, select, placement and retain competent and promising Human Resources:

- Creating equal opportunity for all concerned.
- Recruiting the most eligible candidate through knowledge based and competitive examination(s).
- Providing required training and counseling for enhancing reality based banking knowledge of newly recruited employees.
- Arranging priority-base trainings, workshops, seminars etc. to make its employees competent for facing new challenges.
- Placing and posting to the right place considering organization’s requisition and employees’ experience and competency.
- Giving promotion based on competency and knowledge of employees.
- Ensuring employee friendly working environment.
- Building capability to work individually or in a group to achieve organizational goal.
- Providing scope and opportunities for self-development and self-exposure for building future leadership.
- Providing competitive pay package and other benefits to maximize the satisfaction level and retain qualified personnel.
- Making awareness and compliant to existing laws, circulars and directions formulated by regulatory bodies.
- Making its employees competent by providing online training through use of modern technology.

We are committed to maintain a congenial working environment free from discrimination based on parochialism, religion, sex, race, creed, age or any other issues. We do not tolerate any behavior that can be perceived as degrading or threatening. We believe in working in a friendly, positive and respectful environment which permits employees to work to maximize effectiveness and efficiency and to their full potential. The Bank excels the performance of its employees by creating opportunities through providing proper trainings, rewards and recognitions. To attract and retain qualified and efficient employees, the Bank has formulated a number of policies for the welfare of its employees in the form of Contributory Provident Fund, Gratuity, Employees’ Social Security and Benevolent Fund, Employee House Building Investment Scheme, Guard against Car Leasing Scheme (Staff), HPSM Consumer Durables, Death and Disability Risk Coverage Scheme and Group Life Insurance etc.

The Bank appoints faculty members for its Training Institute in order to provide priority-based trainings for the employees and updates its system of providing training. Zonal offices are arranging various trainings beside Training



Institute, Dhaka and Regional Training Institute, Chattogram. The syllabus of Foundation Training for the freshers is revised continuously to make them more competent. The Training Institute makes a Calendar for training and workshop which will be conducted during a calendar year. To make the training program effective and rigorous, the Bank is providing residential facilities and has formulated training policy and hostel policy.

## ICT Division

Today Banking industry cannot be thought without the active involvement of Information & Communication Technology. Information and Communication Technology (ICT) is increasingly becoming an invaluable and powerful tool for driving development, supporting growth, promoting innovation and enhancing competitiveness. Its introducing global environment which will bring all nations around the world to come together to form a global networked community. Application of Information & Communication Technology helps the banking service easier & simpler and also increases the acceptance of banking to our country people.

ICT Division of FSIBL is using latest technology to provide best banking services by making fully automated operation of banking. ICT Division has already established redundant online data connectivity using high speed fiber, radio link & satellite communication for all branches to provide uninterrupted data communication with DATA CENTER.

ICT Division's detail Activities and Performance -

### 1. Tier-III Data Center Implementation:

ICT Division already established Tier-III Data center at its own building at Bashundhara R/A comprised of redundant power system, data connectivity, high end technologies Storage Area Network, active-active application, database, ATM, SMS, Mobile Banking and Internet Banking servers. Presently, real time data replication from DC (Data Centre) to DRS (Disaster Recovery Site) is being taken place on 24/7 basis to overcome any disaster. The Data Center has been implemented with some new security features like DDoS Protector, Web Access Firewall, Log Analyzer, Network Behavior Analyzer, Content Filtering, Email Security Gateway, Anti-virus with EDR. Rearrangement of structured cabling and power system of data center with minimum downtime and Data Link redundancy with media & telco at all branches has been established.

### 2. Core Banking System:

In 2021, CTPC, Utility bill pay service of NECSO postpaid, Tuition fee collection module had added with the core banking system. The bank's core banking system has upgraded to new version SPARK, where incorporation of sub-branch and remote banking module had added. It has extra feature to add or modify required banking service modules as instructed by Bangladesh Bank. Pay Order & MTDR block printing from BankUltimus, Utility Bill services of Bakhrabad Gas Bill, Karnafuli Gas Bill and Bangladesh Bank Adorsho School Tuition Fees collection has been added with CBS. Control Center Implementation for EOD process has also done.

### 3. ISO 27001 Certification:

On 3<sup>rd</sup> December, 2021 First Security Islami Bank Limited has obtained ISO 27001 certification for its Data Center and Disaster Recovery Site. ISO (International Standards Organization) 27001 is such an international standard which entails detail guideline to maintain organization wide security. ISO 27001 (formally known as ISO/IEC 27001:2005) is a specification for an information security management system (ISMS).

An ISMS is a framework of policies and procedures that includes all legal, physical and technical controls involved in an organization's information risk management processes. By achieving ISO 27001 certification for the bank, the bank has established the following baseline:

- Information is protected from getting into unauthorised hands
- Ensured information is accurate and can only be modified by authorized users.
- Assessed the risks and mitigated the impact of a breach
- Been independently assessed to an international standard based on industry best practices



#### 4. Email solution MS Exchange:

Information Technology has introduced a great range of dynamicity in today's banking where e-mail communication has been adopted as a widely acceptable communication channel due to robustness in features, acceptance in reliable communication method and faster delivery processes. Since the corporate e-mail solution of FSIBL has been configured on an open source based solution deployment, it's not able to handle large rule assignments and lack of features to protect and eliminate vulnerabilities from e-mail. MS Exchange is the World's best e-mail System, which is feature rich and highly secure. It is a highly scalable solution, which can support a huge number of users, and is designed from the ground up to keep email in sync between the server and end-user clients. Exchange delivers not just email but also a global address book of contacts, calendaring, meeting scheduling, and task management. The e-mail solution can provide the enterprise-level security to protect the bank e-mail communication against any kind of threat.

#### 5. SWIFT CSP Attestation:

Today, it is easy to walk into a bank and transfer money anywhere around the globe. Behind most international money and security transfers is the Society for Worldwide Interbank Financial Telecommunications (SWIFT) system. SWIFT is a vast messaging network banks and other financial institutions use to quickly, accurately, and securely send and receive information, such as money transfer instructions.

It provides safe and secure financial transactions for its members. This payment network allows individuals and businesses to take electronic or card payments even if the customer or vendor uses a different bank than the payee. FSIBL is also a member bank of SWIFT. In order to secure the bank's SWIFT IT Infrastructure environment, SWIFT authority has provided the bank a regulatory obligation to achieve the SWIFT CSP Attestation from Third Party Assessor within 31<sup>st</sup> December, 2021. In accordance with that, the bank has done SWIFT CSP Attestation within the required time. Again, 2FA authentication module has implemented in the bank's SWIFT environment.

#### 6. ACS (Automated Challan System):

The Automated Challan System will enable fast and secure deposit of VAT, Tax, Govt. fees, etc. This new system will reduce time and the possibility of fraud. Under ACS, treasury invoices can be deposited through cash or through cheque at any FSIBL branches or online. ACS has been implemented in all branches and sub-branches and training has been provided to 600 Desk Officers by December 2021. The Bank has managed to collect more than TK. 166.00 Core through ACS.



#### 7. Work from Home (WFH):

In this COVID-19 situation, we have established work from home (WFH) strategy successfully and securely. By ensuring WFH (Work from Home) strategy, we also were able to successfully conduct Annual Managers Conference and Board Meeting with CISCO Webex, Zoom and other communication services.

#### 8. Disaster Recovery Site:

Disaster Recovery Site is a complete backup of Data Center of the bank. Customer data will be secured by DR site if any unwanted disaster happens in Data Center. In situations like encountering disaster, ICT Division can drive the Banking service through Disaster Recovery Site. FSIBL has established DR site and inaugurated on 4<sup>th</sup> June 2015. ICT Division also operated banking service from DR site in periodical interval. Power System re-construction for Disaster Recovery Site had done on the year 2021. ICT Division also operates banking services from the DR site in the periodical interval.

## 9. In-House Software Development:

ICT Division has developed in-house software such as Automated Exchange Position, ORBIT system, SSL Payment Gateway to FSIBL, File Management System developed by its in-house development team in the year 2021. Apart from these, FSIBL has ISS Reporting, PA Management, Bond Management, Online CIB Report, FOREX Management, ICT inventory system, etc. in-house software. All of the software is running successfully within FSIBL environment. The in-house software team is also responsible for various types of reporting to Bangladesh Bank and other regulatory organizations. Whole team is working on in-house development so that the Bank can reduce cost by maintaining data integrity and smooth services. The team is also contributing in automation of manual tasks and creating a coziest working environment.

## 10. Training and Achievements:

FSIBL ICT Division arranges training on regular interval for branch personnel and in-house personnel. In the year 2021 due to corona situation, the bank has arranged the training programs through CISCO WebeX and Licensed ZOOM apps. The bank has also provided physical training, as required, and when considered as right. These trainings are held based on topics like ICT (Information and Communication Technology), CARD and ADC, IT Security and Fraud Prevention, DC and DR Site Management, Protection against Cyber Attacks, etc. About 425 officers and Executives of the bank have been trained on "Cyber Security Awareness" training on the year 2021.

## 11. Branch Expansion:

06 (Six) new branches and 87 sub-branches have been opened during the year 2021 at different commercially important location of the country and thus the total number of branches have been increased to 196 and sub-branches to 136. All the branches are connected with Data Center with auto redundant dual channels to facilitate real time online banking.

## Internal Control & Compliance

Good Governance & strong Internal Control system is the precondition for any organization's development. The Internal Control & Compliance Division is working independently to evaluate the effectiveness of internal control system of the bank so as to ensure Good Governance, Transparency & Accountability.

### Objectives of ICC:

**Operational Objective-** To overcome weakness of the bank for achieving better financial performance, productivity, social goal, safeguarding of assets and satisfaction of stakeholder.

**Reporting Objective-** To ensure timely, accurate and comprehensive internal and external reporting.

**Compliance Objective-** Conducting activities and specific action according to applicable laws & regulations.

### Area of Control & Compliance:

Operational risk may arise from error and fraud due to lack of proper internal control & compliance. Good controls gear-up professional competence, compliance of legal requirements, sound reporting system and resistance to fraud & forgery. Internal Control & Compliance is not only for getting things done but also to ensure that those are done properly, timely & accurately. Internal Control & Compliance plays a vital role in building up a culture of transparency and accountability. Modern bank management and supervision mainly focus on risk factors in banking. FSIBL has taken all-out efforts to mitigate all sorts of risks as per guidelines issued by the Central Bank.

As a part of robust risk management policy, the Bank has formed a separate Risk Management Division. To mitigate operational risk, money laundering & terrorist financing risk, circumvention or over-riding the internal control procedures, IC&C Division are carrying out regular and surprise inspection of the branches and divisions of Head Office. Deficiencies/lapses/irregularities detected by these audit & inspection are rectified/ regularized/set right as soon as possible and submit compliance report to the Head Office.

### Control Tools:

- Obtaining Investment Documentation Check List (IDCL)
- Risk Grading Status
- Departmental Control Function Check (DCFCL)
- Quarterly Operation Report (QOR)
- Self Assessment of Anti Fraud Internal Control Check List

The Bank has already prepared the Risk Assessment Matrix of various banking functions and incorporated the same in the Departmental Control Function Check List (DCFCL), Investment Documentation Check List (IDCL) and Quarterly Operation Report (QOR).

The Bank also prepared internal control & compliance Manual duly approved by the Board of Directors to strengthen internal control functions. The Manual has been revised and updated in regular basis.

We have some mid level executives and officers in our ICC Division under the leadership of a senior executive. An Unit of ICC under this Division has been working in Chattogram to cover the branches of Chattogram South, Chattogram North, Cumilla and Sylhet Zone which is under the supervision of 1 (one) senior Executive.

### Internal Control & Compliance activities of IC& CD in 2021: (at a glance)

SL. No.	Types of Inspection	Number of Branch/Unit	Frequency
1	Comprehensive Inspection	190	201
2	ICT Inspection	94	94
3	Special Inspection	05	05
4	Head Office Divisions	20	22
5	ATM Booth	102	102
6	Agent Banking Outlet	48	48
7	Zonal Office	09	09
8	Training Institute	02	02

The IC&C Divisional Head is responsible to look after audits & inspections, monitoring activities, risk assessment, in addition to all jobs relating to compliance & control. The IC&C Division is well-grouped into 3 (three) core units-Audit & Inspection Unit, Compliance Unit & Monitoring Unit. The audit/inspection teams conduct periodic and special audit, inspection & investigation, Foreign Trade and Foreign Exchange Inspection, On-line Foreign Exchange transaction monitoring etc. Moreover, IC&C Division have to check/verify Salary Fixation, Increment Files, Medical Bills Files, and Special Bonus etc.

We have to intensively follow -up compliance of audit/ inspection reports conducted by the Division, Bangladesh Bank and external auditors. The Division monitors the banking activities, specially the sensitive areas of foreign exchange, finance & accounts and investments.

## International Division

### Import Business

Import trade executed by FSIBL was Tk. 5,384.57 Crore in 2021. Large LCs were opened mainly for importing Sugar, edible oil, capital machinery, cotton, fabrics and accessories.

### Export Business

FSIBL successfully handled export documents of Tk. 2,396.56 Crore during the reporting year 2021. Readymade garments, knitwear, finished leather goods, agro products, etc., were the major export finance sectors.

### Foreign Remittance

Bank procured foreign remittance for Tk. 1511.00 Crore as of December 31, 2021. Meanwhile, the bank made enormous progress in dealing remittance business with some leading exchange houses like Western Union, Placid NK Corporation, MoneyGram, Express Money, Transfast, Aftab Currency Exchange U.K., BRAC Saajan Exchange Ltd., U.K., Al-Muzaini



Exchange Co. K.S.C.C, Kuwait, Zenj Exchange WLL, Bahrain, RIA (Continental Exchange Solution Inc.), IME Remit, Wall Street Finance LLC, NY, Prabhu Money Transfer etc. Moreover, our own Exchange House located in Italy sent substantial amount of foreign remittance.

## Correspondent Banking

Correspondent banks are the trade partner of international trade. FSIBL has already achieved tremendous success in Foreign Trade. The Bank established correspondent relationship with more than 2,600 branches of 220 different renowned Banks across the world.

## Investment Administration Division

Ongoing administration of the investment portfolio is an essential part of the investment process. The responsibility of providing administrative support for the lending activities of the bank, and day-to-day monitoring of investment exposure is vested in the Investment Administration Division (IAD). IAD function is basically back-office in nature that support and control extension and maintenance of Investment.

Primary objectives of establishing IAD is to ensure discipline in Investment Management, Sanction letter delivered to the customers are exactly in line with the approved investment terms. All investment documentation are scrutinized, verified to be legally enforceable and lodged securely. Effective checks and balances are maintained with regard to allowing investment facilities according to terms and conditions of investment approval. Major functional responsibilities of IAD are Documentation, Disbursement, CIB related functions and monitoring, lien confirmation, confirmation of Bank Guarantee, Permission for redemption of collateral securities, submitting of all kinds of investment related reporting (Monthly, Quarterly, Half-Yearly, and Yearly) to Bangladesh Bank according to their prescribed format and specified deadline.

Job description and function of IAD are elaborated below:

- i) To Ensure Investment Documentation and Securities are duly completed and in place prior to issuance of Disbursement Authority.
- ii) To scrutiny the security compliance against the newly approved investment by the Head Office, zonal offices and branches under Head Office.
- iii) To monitor borrower's compliance with covenants and agreed terms and monitor account performance.
- iv) To maintain all Bangladesh Bank Circulars/Regulations as well as Bank's relating to investment as custodian.
- v) To collect investment returns from the branches as per Bangladesh Bank's prescribed format and consolidate the same for submission to the Bangladesh Bank according to their schedule.
- vi) To ensure duly fill the rationalize input Template of Bangladesh Bank according to their schedule.
- vii) To providing information related to investment as required by the Management.
- viii) To review and follow up of the investment accounts and making listing of the irregular investment accounts and providing required instruction, advice and suggestion for their regularization/adjustment as a part of early warning system.
- ix) To make necessary correspondence related to Bank Guarantee, Lien Marking, Redemption of Security and other correspondence also.
- x) To provide necessary data related to investment to MIS, FAD and RMD as scheduled time and also other departments as required by them.
- xi) To search CIB inquiry form received from various branches and collection of online CIB report from Bangladesh Bank and forwarding the same to the branches.
- xii) To collect CIB online monthly report from all branches and prepare CIB online monthly report as per Bangladesh Bank prescribed format.
- xiii) Authenticate funded & non-funded Investment Limit.
- xiv) All other work related to this Division.
- xv) Any other job as & when assigned by the management.

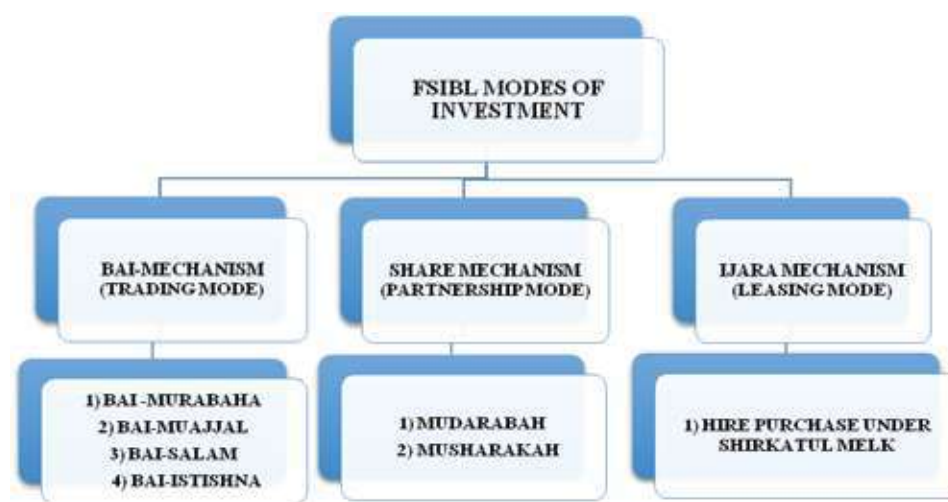


## Investment Division

### Investment Modes of FSIBL

FSIBL is a financial institution which identifies itself with the spirit of Shariah, as laid down by the Holy Quran and Sunnah, as regards its objectives, principles, practices and operations. Islamic banking has been defined as banking in consonance with the ethos and value system of Islam and governed, in addition to the conventional good governance and risk management rules, by the principles laid down by Islamic Shariah. Interest free banking is a narrow concept denoting a number of banking instruments or operations, which avoid interest. Islamic banking, the more general term is expected not only to avoid interest-based transactions, prohibited in the Islamic Shariah, but also to avoid unethical practices and participate actively in achieving the goals and objectives of an Islamic economy.

Following are the main modes of FSIBL investment:



### BAI-MECHANISM (TRADING MODE)

#### BAI-MURABAHA (Cost Plus Agreed Profit)

Literally Bai-Murabaha means a sale on mutually agreed profit. Thus it is a contract between a buyer and seller under which the seller sells specific goods permissible under Islamic Shariah and Law of the land to the buyer at a cost plus agreed profit payable in cash on any fixed future date in lump sum or by installments.

#### BAI-MUAJJAL (Deferred Payment Sale)

Literally Bai-Muajjal means credit sale. It is a contract between Buyer and Seller under which the seller sells certain specific goods (permissible under Shariah and Law of the country), to the Buyer at an agreed fixed price payable at a certain fixed future date in lump sum or within a fixed period by fixed installments. The seller may also sell the goods purchased by him as per order and specification of the Buyer.

#### BAI-SALAM (Purchase with Deferred Delivery)

Bai-Salam means a contract in which advance payment is made for goods to be delivered later on. This is export finance. Bai-Salam is a term used to define a sale in which the buyer makes advance payment, but the delivery is delayed until sometime in the future. Usually the seller is an individual or business and the buyer is the bank. The object of this sale are goods and cannot be gold, silver or currencies.

#### BAI-ISTISHNA (Made to Order)

Bai-Istishna is a contractual agreement for manufacturing goods and commodities, allowing cash payment in advance and future delivery or a future payment. Istishna can be used for providing the facility of financing the manufacture or construction of houses, plants, projects and building of bridges, roads and highways.

## SHARE MECHANISM (PARTNERSHIP MODE)

### MUDARABAH

The term 'Mudaraba' has been derived from Arabic word which means 'Travel'. Thus the word 'Mudaraba' means 'Travel' for undertaking business. A form of partnership where one party provides the funds while the other provides expertise and management. The provider of capital is called "Shahib al-maal", while the provider of skill and labour is called "Mudarib". Any profits accrued are shared between the two parties on a pre-agreed basis, while loss is borne only by the provider of the capital.

### MUSHARAKAH

The word Musharaka has been derived from the Arabic word 'Shirkat' or 'Sharikat' (Shirk). In Arabic, Shirkat or Sharikat or Shirk means partnership or sharing. Musharakah means a relationship established under a contract by the mutual consent of the parties for sharing of profits and losses in the joint business. Every partner has to provide more or less equity funds in this partnership business. Both the Bank and the investment client reserve the right to share in the management of the business. But the Bank may opt to permit the investment client to operate the whole business. In practice, the investment client normally conducts the business. The profit is divided between the bank and the investment client at a predetermined ratio. Loss, if any, is to be borne by the bank and the investment client according to capital ratio.

## IJARA MECHANISM (LEASING MODE)

### IJARA

The term Ijarah means consideration, return, wages or rent. This is really the exchange value or consideration, return, wages, rent of service of an asset. The mode under which any asset owned by the bank, by creation, acquirement or building-up is rented out is called Ijara. In this mode, the client pays the Bank rents at a determined rate for using the assets/properties and returns the same to the Bank at the expiry of the agreement. The Bank retains absolute ownership of the assets/properties in such a case. However, at the end of the period of Ijara, the asset may be sold to the client at an agreed price.

### HIRE PURCHASE UNDER SHIRKATUL MELK (Participatory Ownership)

Shirkat means partnership. Shirkatul Melk means share in ownership. When two or more persons supply equity, purchase an asset, own the same jointly, and share the benefit as per agreement and bear the loss in proportion to their respective equity, the contract is called Shirkatul Melk contract. Hire Purchase (participatory ownership) mode both the Bank and the client supply equity in equal or unequal proportion for purchase of an asset like land, building, machinery, transport etc. Purchase the asset with that equity money, own the same jointly; share the benefit as per agreement and bear the loss in proportion to their respective equity. The share, part or portion of the asset owned by the Bank is hired out to the client partner for a fixed rent per unit of time for a fixed period. Lastly the Bank sells and transfers the ownership of its share/part/portion to the client against payment of price fixed for that part either gradually part by part or in lump sum within the hired period after the expiry of the hire agreement.

### QUARD

Quard means loan without interest. It is a mode to provide financial assistance/ loan with the stipulation to return the principal amount in the future without any increase thereon. Here bank just takes the service charge in return.

### QUARD-E-HASANA (Good Loan)

This is a loan extended on a goodwill basis, and the debtor (client) is only required to repay the amount borrowed. However, the debtor may, at his or her discretion, pay an extra amount beyond the principle amount of the loan (without promising it) as a token of appreciation to the creditor (bank). In the case that the debtor does not pay an extra amount to the creditor, this transaction is a true interest-free loan.

## Marketing & Business Development Division

First Security Islami Bank Ltd., upholding its image & fame as before, among the first-ranking Banks, is moving forward with aim to reach its goal & even has become the leading one in respect of standard Shariah compliance among shariah compliance leading banks of Bangladesh. A group of enthusiastic & energetic officials of Marketing & Business

Development Division of our Bank are giving all out efforts with object to bring First Security Islami Bank Ltd. to the 1st rank-position bank of the country.

Marketing & Business Development Division is working devotedly & sincerely with the target to help Shariah permitted products reach, to the doorsteps of the people & even the underserved as per the demand of the ongoing market.

In the era of globalization, ever- new FSIBL products has added to our banking sector through our Marketing & Business Development Division, focusing on modern banking service & the demand of the customers.

### Products:

Marketing & Business Development Division is going to launch a new product named “FSIBL Merchant” soon, thinking of the corporate customers’ demands. We are also planning about how to launch more new products considering customers’ necessity & demand. As a part of our continuous efforts, during Pandemic Covid-19 situation, we have unveiled Salary Account in the name of Mudaraba Workers Saving Account “Majdoor” for the workers of the mills & Factories.

### Hajj Cell:

FSIBL Hajj Cell has been working under Marketing & Business Development Division since 2018. Accordingly, Hajj Cell has been rendering training to the officials of Branch & Sub- Branches since long so that they, being skilled, can thoroughly perform the activities of pre-registration & registration of the respected pilgrims. Due to Covid-19, consecutively two times, no pilgrims of our country was able to depart for Saudi Arabia for performing pilgrimage; yet, our 38 branches completed pre-registration of pilgrimage, equivalent to BDT. 2.18 crore only, in the process of Government & non-government management.

### Bill & Fee Collection:

At present, Marketing & Business Development Division has contributed in respect of collecting Utility bills of **DESCO, DPDC, PDB, NESCO, Palli Bidyut, Westzone Power Distribution Co. Ltd. , Dhaka WASA, Chittagong WASA, Khulna WASA, Titas Gas, Jalalabad Gas, Bakhraabad Gas, Karnaphully Gas** through bank’s channels along with collecting Utility bills of other esteemed organizations. Our Bank has been awarded the 1st position three times at a stretch, for the collection of Dhaka WASA bills. Pre-paid meter card recharge facility has been availed for valued clients of Bangladesh Palli Bidyut Samiti under Bangladesh Rural Electrification Board. An agreement has been inked with DESCO Ltd. for Pre-paid Meter Card recharge. Low cost deposit of the bank is increasing as FSIBL Branches, Sub-Branches & Agent Banking Outlets are collecting Utility Bills of the same. In doing so, about BDT. 2,214 crore has been collected in 2021 against various types of utility bill collection. Marketing & Business Development Division is always extending cooperation & thus constantly motivating all branches, sub-branches & agent banking outlets to collect Passport fees, VAT, TAX & other government fees through Automated Challan System along with the above stated Utility Bill collection.

The process is also on, to collect all types of utility bill through digital method. Subsequently, pre-paid bill of NESCO Ltd. will be collected soon through our all FSIBL Branches, using online method. Our Marketing & Business Development Division is constantly working to ensure connectivity of procedures of all Utility bill collections with FSIBL Cloud.

### Agreement Accomplishment:

Marketing & Business Development Division is always endeavoring in order to bring esteemed organizations of the country under our banking umbrella & accordingly open the accounts of them. Liaison is constantly being made with different corporate organization. Collection Account is opened in Fisheryghat Sub-branch under Khatunganj Branch, for collecting PDB Bills from its customers of Fisheryghat area. In the meantime, liaison & contact has been made with Matador, Crown Cement, Pran Group Consumer & Agro, Shwapno Super Store of ACI Group to open the collection accounts of the said respective organizations.

For better treatment of Bank’s clients, executives, employees & staffs with low expense & for enjoying discount facility from Hotel & Restaurant, we have made agreement with the renowned Medicals, Diagnostic Centres & Hotel Restaurants & these kinds of agreements are continuously being made with more renowned organizations like the above. In addition, Marketing Division is working devotedly to claim the privilege of life insurance on behalf of Bank’s employees.

## Campaign:

Marketing Division, keeping pace with time ahead, organize different campaigns to make the market vibrant. Marketing & Business Development Division is also working to increase the number of clients as well as to ensure the smooth customers service through different campaigns for the progress & development of the bank.

However, Marketing & Business Development Division is playing the leading role to increase bank's deposit for bringing our bank towards consecutive progress & growth. Our Marketing Division review the overall report of the all deposit target, brought by our bank's employees & Solvency Certificates for UAE outbound people are issued from our Marketing & Business Development Division.

Product List	Service
Al-Wadiah Current Deposit A/C	Mobile Apps "FSIBL Cloud"
Al-Wadeeah Current Plus Account (Morjada)	ATM Service
Al-Wadeeah Premium Account (Shomman)	SMS Banking
Mudarabah Savings Deposit Account (Staff)	Mobile Banking
Mudarabah Savings Deposit Account	Online Banking
Mudarabah Specialized Savings Account	Evening Banking
Mudarabah Shramajibi Savings Account (Mehnoty)	Internet Banking
Mudarabah Student Savings Account (Onkur)	Offshore Banking
Mudarabah Salary Account (Prapti)	School Banking
Mudarabah Senior Citizen Savings A/C (Probin)	Agent Banking
Mudarabah New Generation Saving (Projonmo)	Remittance Service
Mudarabah Workers Savings A/C (Majdoor)	Locker Service
Mudarabah Special Notice Deposit Account (SND)	QR Merchant Service
Mudarabah Term Deposit Account	Collection Booth
Mudarabah Monthly Profit Scheme	Utility Bill Collection
Mudarabah Monthly Pft Scheme (FSIBL Murobbi)	Haj Cell
Mudarabah Monthly Profit Scheme (Mahiyasi)	Complain Cell
Mudarabah Sanchay Scheme (FSIBL Sanchay)	E-KYC Solution (Freedom)
Mudarabah Deposit Double Scheme	Zakat Fund
Mudarabah Money Plant Scheme	E-GP Service
Mudarabah Greheni Deposit Scheme (Gharoni)	Call Center- 16257
Mudarabah Cash Waqf. Deposit Scheme	E- Challan
Mudarabah Hajj Deposit Scheme	
Mudarabah Marriage Deposit Scheme (Bondhon)	
Mudarabah Health Care Deposit Scheme (Niramoy)	
Mudarabah Education Deposit Scheme (Alo)	
Mudarabah Pension Deposit Scheme (Oboshor)	
Mudarabah Millionaire Deposit Scheme (Agroshor)	
Mudarabah Kroropoti Deposit Scheme (Unnoty)	
Mudarabah Probashi Deposit Scheme (Swadesh)	
Mudarabah Monthly Deposit Scheme (Mmds)	
Mudarabah Mushafir Deposit Scheme (Mushafir)	
Mudarabah New Generation Deposit Scheme (Uddipon)	
Mudarabah Gift Cheque (Shuveccha)	
Mudarabah Agent Savings A/c (Firstpay Sure Cash)	
Non Residential Foreign Currency Account	

## Management Information System Division

Management Information System abbreviated as MIS is an information system, used for making decision & coordination, supervision, control, analysis as well as for visualization of information in an organization. In line with that, Management Information System Division deals with the information technology, people and business process to record, store and process data to produce information through which decision makers can use to make day to day decisions, extracting data from varied sources & derive insights that drive business growth.

The ultimate goal of MIS is to help the Bank Management to measure the Bank position & condition to increase the value & income generation of the business. This is done by providing managements with timely & appropriate information allowing them, to accommodate effective decisions, in running the Bank efficiently.

### ➤ Objectives of Management information System Division:

FSIBL Management information System Division has realistic Objectives through which our Bank Management can make decision, co-ordinate among the Divisions, find out problems, compare of business performances and formulate strategies for bank development as well as Bangladesh Bank measures through supervision of the Bank's financial condition & Business Performance.

Process of Management Information System



### ➤ Activities of Management information System Division

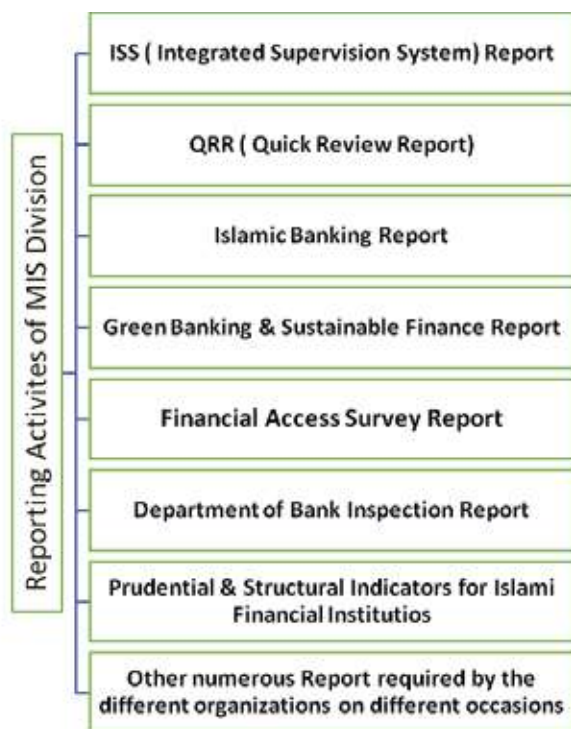
Management Information System Division usually collects information & data from FSIBL Branches & the concerned Divisions of FSIBL Head Offices in a presentable form in order to provide the information accurately, timely and consistently to FSIBL management and regulatory body i.e. Bangladesh Bank or other organizations like CSBIB (Central Shariah Board for Islamic Banks of Bangladesh) for speedy decision making, enabling Bank Management & Bangladesh Bank, to determine the quality of operations and quality of services towards business growth.

Management Information System Division not only collects information from day to day business operation as per requirement of the Management and the Bangladesh Bank but also supervises all the 196 Branches as well as the entire Bank's Activities through preparing ISS (Integrated Supervision System). Apart from this, as per Bangladesh Bank requirements, MIS Division has other tasks to report time to time to Bangladesh Bank & other Organizations. Management Information System Division is mainly communicating & providing reports to Integrated Supervision Management Department, Off-site Supervision Department, Banking Regulation & Policy Department, Research Department & Statistics Department of Bangladesh Bank.

Management Information System Division is preparing & constructing the different types of reports gathered from the system as well as the concerned Branches & Head Office Divisions.



Reporting Activities of Management Information System Division:



ISS (Integrated Supervision System) is supervision Engine of Bangladesh Bank like Birds Eye View, to supervise the Banking activities like watchdog.

MIS Division coordinates & supervise all the branches to prepare ISS report every month to upload it, in the Bangladesh Bank Web portal. In doing so, MIS Division sends ISS Monitor Sheet as per the Bangladesh Bank prescribed format, to all respective Branches every month, to input data of overall concerned branch activities in the said ISS sheet, to measure the respective branch position. FSIBL Branches also provide some of the data to the FSIBL respective Divisions, submitted through ISS Monitor Sheet on the ISS reporting month for the ISS purpose, for cross checking of the data.

Later, MIS Division checks ISS report, sent by the branches, to make it accurate & then confirming ISS accuracy, the MIS Division sends the consolidated ISS to respective Division for cross checking with the respective Division Standard data, to confirm the uniformity of the Bank's data, with all the 196 Branches & Head Office Divisions.

In this way, MIS Division finally uploads Consolidated ISS in Bangladesh Bank web portal when all the branches completed uploading their respective ISS report in the Bangladesh Bank web portal in communication with the MIS Division & the respective Division, confirming the accuracy & uniformity of the data.

Apart from ISS, MIS Division prepares QRR (Quick Review Report) on a Quarterly basis, collecting data from our concerned Head Office Divisions for onward submission to Bangladesh Bank. MIS Division also uploads variety of RIT (Rationalized Input Template) daily, monthly & Quarterly in Bangladesh web portal.

MIS Division prepare DBI (Department of Bank Inspection) report as per Bangladesh Bank prescribed template to provide Bangladesh bank yearly and any other templates to be submitted to the web portal of Bangladesh Bank under Enterprise Data Warehouse (EDW), as & when required. MIS Division also responds different types of queries, raised by Bangladesh Bank or other organizations.

Due to increased importance of MIS in Banking for financial data towards decision making, the process, to well-equip the FSIBL division, in consultation with the Management, is underway, matching with the requirement of the different regulatory bodies as well as the FSIBL Management, to make the MIS Division, the center for Modernized Intelligence

Services (MIS), towards providing the accurate data, that enables the Management to deliver better decision, guidance & enhanced super vision which contribute to the business growth of the Bank.

### Offshore Banking

FSIBL commenced the operations of Offshore Banking business on August 05, 2020 through opening Offshore Banking Unit (OBU). Offshore Banking conducts banking business activities in foreign currencies in compliance with the Rules and Guidelines of Bangladesh Bank under their permission vide letter no. BRPD (OB)/744(126)/2020-4735 & 4737 dated 06 July 2020.

Offshore Banking Unit (OBU) discounts/purchases accepted usance/deferred bills against import from abroad and accepted usance/deferred export bills against direct and deemed exports of products produced in Bangladesh. In the year 2021, the unit earned total profit for USD 181,996.14 equivalent to BDT 1,56,10,718.91 by funding of usance/deferred bills against import and export.

### Payment System Division

Position of interbank payment and settlement system lies after cash transactions which arise from the exchange of goods and services for settling the financial obligation. Through this system a client can keep the economic system viable for exchanging the financial transactions with other business client/businessman or individuals. Well-functioning payment systems ensure the efficient and safe execution of monetary policy operations and facilitate the smooth and homogenous transmission of monetary impulses. The smooth functioning of payment systems is a precondition for users' confidence in these systems and, ultimately, public confidence in the currency. *Central banks would extend their concern toward the safe and efficient use of payment instruments with a view to maintain public confidence in the currency and ensure its smooth circulation.*

**According to the Section 7A (e) of the Bangladesh Bank Order, 1972;** one of the main functions of the Bangladesh Bank is - "to promote, regulate and ensure a secure and efficient payment system" In fulfilling this mandate and considering the importance, Payment Systems Department (PSD) has been formed on 26 July 2012, prior to this it was a section under Department of Currency Management and Payment Systems. *Presently Payment system Department is running by the 'Payment and settlement systems regulations 2014' which is approved by the Bangladesh bank and now it is under the consideration of Government for a legal framework.* (Source: General Manager, PSD, Bangladesh Bank, provided the article on 13<sup>th</sup> December 2017 at BBTA)

To make safe, secured and efficient the transactions of interbank payment and settlement, Bangladesh Bank introduces global standard modern technology based payment system. In one side clients are increasing and other side trade and business is also increasing day by day for introducing this type of modern payment system. Presently a gross number of populations have come under the umbrella of this system. Due to the financial inclusion activities of government most of the people is now under the bank/ mobile bank accounts holder.

### Formulation of Payment System Division of First Security Islami Bank Ltd:

Circular issued on Feb 16, 2017 from HRD, Head Office as a division named Payment System Division (PSD) combining three individual units BACH, BFETN & RTGS. It is working under Head Office as a separate division and its location is 23, Dilkusha C/A, Dhaka-1000. Before forming Division, it was under FSIBL Dilkusha branch, Dhaka. PSD deals with the interbank fund transfer system electronically. CPS (Cheque processing System) and EFT (Electronic Fund Transfer) are done through BACH Program and for BACH program software vendor is Flora Limited. Connecting with Bangladesh Bank PBM (Participating Bank Module) BACH program runs with a server of DC (Direct Connectivity), a server of DR (disaster recovery), and for connectivity Bangla Phone, Square IT and for redundant line Link-3 is used. BACH runs with net settlement basis and RTGS for gross settlement basis. Treasury Division monitors the net settlement figures of BACH & EFT for maintaining the sufficient balance in Bangladesh Bank account daily and BACH head office monitors clearing house adjustment account and Treasury Division Bangladesh Bank account as it is maintained with them. Our all branches are directly connected with clearing house adjustment account. Outward total figure of a branch debited and inward credited automatically and become zero when all branches completed their clearing processing at the end of the day.

RTGS starts taking fund from Bangladesh Bank every day and settled with Bangladesh Bank account maintained with Treasury Division through transfer credit or debit.

## Electronic Payment and Settlement System:

The people of our country are habituated mainly with cash transaction. Most of the retail payments are done in cash. Some of the business institutions and persons use cheque. Popular Electronic medium of payments are BACPS, EFT, RTGS etc. We use RTGS for settling large value payment instantly. At present there are many retails and a large value inter- bank payment and settlement system in our bank which is discussed below:

## Bangladesh Automated Cheque Processing System (BACPS):

Launched in 2010 Bangladesh Automated Cheque Processing Systems (BACPS) replaced country's traditional cheque clearing system with state-of-the-art cheque Imaging and Truncation (CIT) technology. BACPS enabled inter-bank cheques or paper based instruments to clear and settle within one day throughout the country. **There are two clearing wings available under BACPS, cheques valued tk.5,00,000/-(Five lac) or above may be cleared in High Value(HV) same day clearing window and other cheques may be cleared at a regular value(RV) clearing window, for which customer may get the fund same day.**

Since inception there was no cheque processing charges, but later on 2012 impose service charges. These charges are realized from the client's accounts and divided it into presenting bank and Bangladesh bank. We have realized the charges from the branches as per list provided from Bangladesh bank.

Charges of clearing schedule below:

Value of cheque below 50 thousand charges free.

Session	Scheduled Bank	B.Bank.	VAT	Total Taka
HV	8.50	50.00	1.50	60.00
RV	1.70	8.00	0.30	10.00
RV( Above 5 lac )	4.25	20.00	0.75	25.00

Average monthly transaction through BACH the following number of High Value and Regular Value cheque is presented and cleared through clearing house of Bangladesh Bank.

Transaction through BACPS(2021)			
Inward		Outward	
No of Cheque	Amount in taka(Crore)	No of Cheque	Amount in taka(Crore)
320204	103,676.00	328704	115,155.00

## Latest changes in BACPS:

Make the process of BACPS dynamic and timely, updated version of BACH system BACH-2 has been launched on 24<sup>th</sup> October, 2019 this year. Very soon FC cheque processing will be started like BDT cheque and it will be treated as High Value session. Five currencies: USD, GBP, EURO, JPY, CAD (both of cheque and DD) will be included.

## BEFTN (Bangladesh electronic Fund transfer network):

EFT inaugurated in our country in 2011. BEFTN is highly reliable and efficient nationwide BACH- oriented electronic fund transfer system, which facilitates interbank payment, clearing and settlement of electronic credit as well debits. Electronic fund transfer (EFT) is an instruction based payment mechanism and is designed to operate in end to end electronic payments environment.

## EFT credit transaction:

In EFT credit transfers, the originator instructs his/her/its bank to debit account his/her/its accounts and transfer the funds to a receiver's account. Payroll Corporate and Government, dividends/ interests/refund payments, vendor payments, Governments payments are examples of EFT Credit transactions.

## EFT Debit transaction:

In EFT debit, the originator instructs his/her/its bank to collect payments from a receiver's (paying party), often on a recurring basis. Utility bill payments, mortgage/ loan installment payments, insurance premiums payments etc are the example of EFT Debit.

BEFTN facilitates the transmission of payments between the banks electronically, which makes it faster and efficient means of inter-bank clearing over the existing paper-based system i.e. BACPS. *It is able to handle a wide variety of credit transfers such as payroll, foreign and domestic remittances, social security, company dividends, retirement, expense reimbursement, bill payments, corporate payments, government tax payments, social security payments and person to person payments. The system could handle debit transfers such as mortgage payments, loan payments, insurance premiums, utility bill payments, government tax payments, government licenses and fees.*

#### Present Activities of FSIBL EFT Team:

We are centrally processing inward EFT. In inward we are processing foreign and interbank remittances. We receive foreign remittance from our International division and we process it through BACH Program to the beneficiary end through Bangladesh bank.

Activities:

<b><u>Receive foreign remittances from the following companies:</u></b> <ul style="list-style-type: none"> <li>Italy exchange House</li> <li>Al Muzaini</li> <li>Transfast</li> <li>Brac Saajan</li> <li>Xpress Money</li> <li>Placid</li> </ul>	<b><u>Dividend Payment:</u></b> <ul style="list-style-type: none"> <li>First Security Islami bank limited (FSIBL)</li> <li>Northern General Insurance Company Ltd</li> <li>S. Alam Cold Rolls Mills Ltd</li> <li>FAS Finance</li> </ul>	<b><u>Other Services:</u></b> <ul style="list-style-type: none"> <li>Share sale: Alhaj securities</li> <li>Share sale: Rapid securities</li> <li>Salary of Kamrunnessa High School</li> <li><b>BANBEIS</b> (Bangladesh Bureau of Educational Information and Statistics): Retirement benefit and welfare fund of the teachers</li> <li>Sandhani Life Insurance Co. Ltd (Premium payment)</li> </ul>
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In EFTN (2021) the following number of transactions processed and settled:

Number of transactions-2021 (inward & outward)	Taka in crore
946166	121,235.00crore

In EFT Bangladesh Bank instructed all the banks not to realize any kind of charges. Many of us think that though it is an easy and secured payment system but it is not becoming popular for not having the scope of realizing commissions.

#### Recent changes in EFT:

- Now in EFT transaction Bangladesh Bank has started (02) two EFT sessions daily. 2<sup>nd</sup> settlement within 2.00 pm and 1<sup>st</sup> settlement next day at 10.00 am. FC EFT clearing will also be started very soon in (01) one session.
- Linking mobile financial services through EFT. Different types of G2P--(Government to person)-payment (social security payment and salaries of government service holders) to the mobile account through EFT.
- Recently mobile Apps FSIBL CLOUD has been launched for increasing customer service and availability of banking service to all. Using this app, the customer can transfer money, loan installment and credit bill etc. through BEFTN process by sitting at home.

#### Bangladesh Real Time Gross Settlement (BD-RTGS) System:

BD-RTGS is an electronic inter-bank fund transfer network where transfer of funds take place from one bank to another on a 'real time' and on 'gross' basis. Settlement in real time means transaction is not subjected to any waiting period. Gross settlement means the transaction is booked in central bank's account on one to net basis without netting with any other transaction. BD-RTGS system accommodates high value (Tk.1 lac and above) and domestic foreign currency transactions in five different currencies.

In this system Bangladesh bank not receiving any charges but originating bank is receiving highest tk. 100/- as charge from the clients. By using this system the following transactions done in 2021.

Transaction through RTGS (2021)			
Inward		Outward	
No of transactions	Amount in taka(Crore)	No of transactions	Amount in taka(Crore)
70774	8213.00	98520	10308.00

### FSIBL RTGS Activities:

At the inception of RTGS inward is operating centrally. All of our 196 branches and 138 sub-branches send RTGS transaction to central team and it transmitted to Bangladesh bank for settlement and then Bangladesh bank send it to the receiving bank. Any return issue is solved within 30 minutes. Financial institutions and persons can transfer funds for fulfilling their needs. ASYCUDA (The Automated Systems for Customs Data) implemented for collecting custom duty, fee and charges. By using this system every commercial bank can send customs duty to the Sonali Bank B. Wapda Branch, Dhaka.

### Recent changes in RTGS:

Recently mobile Apps FSIBL CLOUD has been launched for increasing customer service and availability of banking service to all. Using this app, the customer can transfer money, loan installment and pay bill etc. through RTGS process by sitting at home.

### Research & Development Division

Research and Development (R & D) is one of the means by which business can experience future growth by developing new products or processes to improve and expand the operations. R&D Division of our Bank was established in 2010. At present the prospective division is consists of only 04 (Four) members team under the leadership of Principal of the Training Institute of the Bank. The team always looks for the new innovation and waits for plying greater role for the radiance of the great bank among the other prevailing banks of our country.

#### ➤ As Representatives of the Bank

- Generate Updated Mission, Vision, and Core Strategy of the Bank.
- Prepared Code of Conduct as per Bangladesh bank guidelines & Support to develop the Service rule of the Bank & Corporate Governance Guideline as per banking Company Act, 1993 (Amended 2013 & 2018).
- Providing Research Support to different Organizations like BIBM, BIDS etc.
- Prepare the director's report for the Annual Reports of the Bank as per guideline of Bangladesh Securities & Exchange Commission (BSEC).

#### ➤ Supporting Activities to other Divisions

- Prepare Speech & PowerPoint Presentation for the Top Management for different Conference.
- Prepare supportive duties to prepare message from Honorable Chairman & Managing Director for the Annual Report.
- Analysis of Different public policies such as Monetary policy & Fiscal Policy as well as different guidelines issued by Bangladesh bank and forecasting the extract to the Top Management for decision making.
- Support the faculties of Training Institute by preparing teaching materials.
- Propose "Motivational Incentive" to the branches for sharing profit collecting from Utility bills.
- Analyze the variation of the banking products and recommend to develop new Shariah-based products which will create brand loyalty.
- Develop worksheet of "Key Indices" including all necessary information in a single page.
- Develop comparative Schedule of charges statement to generalize a standard schedule of charges for our bank.

#### ➤ Publications

- The Division developed & published a Bengali dictionary on banking terminology named as 'ব্যবহারিক ব্যাংকিং শব্দকোষ'. This book created a very positive buzzes among the different segment of readers especially banks including Bangladesh Bank.
- Developed and Published "Monthly Economic Review" as a short Journal since August 2020.
- Conducts a yearly comparative study on private commercial banks (PCBs) based on annual reports and assesses the banks' position in different indicators.
- Reporting profit-loss, deposit-investment, export-import and many including ratio analysis, trend analysis for the future forecasting, SWOT analysis and PESTLE analysis.
- Preparation of different knowledge sharing information analysis for the development skills to the employees like "Easy Way to learn about the Land documents, Incoterms and necessary checklists for Foreign Trade Operations".



## Risk Management Division

Risk management is a part of internal governance involving all areas of banks. There is a strong link between good corporate governance and sound risk management. Without proper risk management, the various functions in a banking institution cannot work smoothly to achieve the bank's objectives. Risk management may be defined as the process of identification, analysis, assessment, evaluation, monitoring, reporting and controlling or mitigating of all material risks effectively and efficiently followed by coordinated and economical application of resources.

### Objectives of Risk Management:

The objectives of First Security Islami Bank Ltd. regarding Risk Management are:

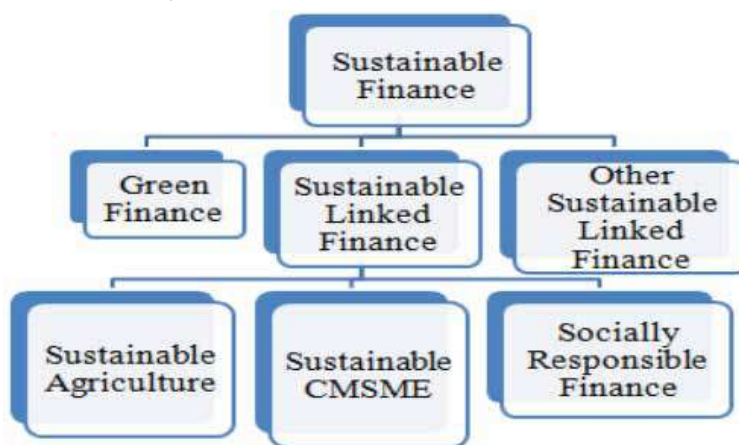
1. To promote better risk culture at all levels of the bank.
2. To provide minimum standards for risk management practices.
3. To improve financial soundness and stability of the bank.
4. To encourage all concerned to adopt and implement a sound risk management framework.
5. To introduce important risk management tools and techniques for assessment and necessary treatment of various risks.

### Elements of a sound risk management system:

- a) Active involvement of board and senior management
- b) Adequate organization, policies and procedures.
- c) Appropriate management information systems.
- d) Comprehensive internal controls and limits.

## Sustainable Finance Unit

Sustainable Finance refers to any form of financial service that includes investment, insurance, banking, accounting, trading, economical and financial advice integrating environmental, social and governance (ESG) criteria into the business or investment decisions for lasting benefits of both THE clients and society at large. Sustainable Finance is about Green Banking, Sustainable Agriculture, Sustainable CMSME and CSR that includes Socially Responsible Finance Activities with respect to sustainability.



The objective of sustainable finance is broadly to achieve economic growth whilst reducing environmental impact, minimizing waste, and reducing greenhouse gas emissions. It also aims at reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change impacts."

To achieve the sustainable goal, Bangladesh Bank promulgated a Master Circular no-05 in the year 2020. Recently Bangladesh Bank has declared 10 Banks as Sustainable Banks on the basis of Sustainable Rating. First Security Islami Bank Ltd. in line with the Bangladesh Bank criteria has set sustainable goals for FSIBL 196 Branches to finance in the 68 green products & 86 sustainable products, to reach the Bangladesh Bank benchmark, to be the sustainable Bank, to uphold the Branding image of FSIBL.

## SME and Agriculture Investment Division

### CMSME Investment

Around 90% of private sector business belongs to Cottage, Micro, Small and Medium (CMSME) sector in Bangladesh. Moreover 70% to 80% of Non-Agricultural work force are employed in CMSME sector, in addition CMSME sector also contributes 40% of the Gross manufacturing output of the country.

In this context Bangladesh Bank has already instructed that by year 2024 up to 25% of the Net Outstanding of investment of a bank, should be in CMSME sector. Accordingly to enhance CMSME Investment activities as per the directives of Bangladesh Bank, First Security Islami Bank Ltd., apart others has already launched Investment Product-namely “FSIBL UDDOMY” targeting Cottage, Micro and Small sized trading, manufacturing and service oriented business concerns, and “FSIBL SHABOLOMBY” for Women Entrepreneurs under Cottage, Micro and Small sectors.

Under the investment product “FSIBL-UDDOMY”- trading, manufacturing and service oriented business concern under Cottage, Micro and Small sectors, can avail investment facilities up to Tk.10.00 lac, without collateral and above TK. 10.00 lac, but up to TK.100.00 lac with collateral, to purchase fixed assets (except land and building) for an existing/new business, to meet working capital requirements of an existing/new business and Short Term Investment related with seasonal business or to meet up the investment demand on the eve of festivals.

SME Financing Starting Year	2006
SME Branches	196
Manpower	217
SME Clients (Jan 2021 to Dec-2021)	7407
Disbursement (Jan 2021 to Dec-2021)	Total BDT 44362.00 Million Women BDT 122.00 Million
CMSME Outstanding as on 31/12/2021	Total BDT 42644.00 Million
Focused Sectors	Light Engineering Handloom & Textile Furniture & Fixtures Garments Accessories Cluster Financing Women Entrepreneurs
SME Head	Mr. Shafait Ahmed Chowdhury Senior Vice President
Contract Details	First Security Islami Bank Ltd., Head Office: Rangs RD Center, Block# SE(F), Plot#03, Gulshan-1, Dhaka-1212.
Phone	0193888185 02-55045715, IP-77541
E-mail	<a href="mailto:headofsme@fsibibd.com">headofsme@fsibibd.com</a> <a href="mailto:sme@fsibibd.com">sme@fsibibd.com</a>
Website	<a href="http://www.fsibibd.com">www.fsibibd.com</a>

First Security Islami Bank has been trying to diversify SME Investment portfolio in Manufacturing and Service sectors through our 196 branches, 136 sub-branches and 71 agent banking outlets. In addition 5 (Five) SME/ Krishi branches are dedicatedly rendering their utmost services among the potential CMSME clients in the respective areas. In addition to that 2 (two) branches which are exclusively rendering services for the Women Entrepreneurs.

### Agricultural Investment

Agriculture is the lifeline of the economy of Bangladesh. As Bangladesh is a densely populated country and domestic consumption/demand of food or crops of this vast population, are mostly meet up by domestic agricultural production. That is why; Focusing on Agricultural production in Bangladesh has given importance from the Government since its Independence. To meet the macro demand of the mass population of our country, agricultural scientists are inventing formula for growing new types of crops with larger volume of production. In this regard, country's farmers have begun turning to mechanization in the field of production instead of using ancient agricultural tools. However, in order to enhance and meet up the domestic demand/ consumption of grains (including paddy, wheat, seasonal crops etc.) as well as to meet up the demand for protein- by way of cultivation of Fisheries and Livestocks, Bangladesh Bank has formulated guideline for all the scheduled banks to disburse at least 60% of the yearly target of Agri investment in crops sector, at least 10% of the target in Fisheries and Livestock sectors and rest 20% of the target must be disbursed for alleviation of poverty and others related fields which helps to increase agricultural production for the country.

In this context, Bangladesh Bank (BB) has also declared a “Stimulus Package” for investment in crop cultivation, horticulture and farming, aiming to combat the adverse impact deriving from the Covid-19 pandemic. This includes enabling agricultural investment at lower profit rate under Refinance Scheme (Provided by BB) to be enjoyed by farmers involved in Crop and Vegetable cultivation, Horticulture, Fisheries, Dairy, Poultry and Livestock farming. Bangladesh Bank has already set target and instructed all the commercial Banks to invest in various sub-sectors of agriculture sectors under stimulus package. Accordingly, First Security Islami Bank Limited so far disbursed Tk.37.85 crore among 518 numbers of clients during the period from 01.06.2020 up to 31.12.2021 under stimulus package due to covid-19.

FSIBL also disbursed Tk.459.08 crore in the agricultural sector during the fiscal year 2020-2021, although most of the branches of the bank were closed during this period due to Covid-19 pandemic which in turn compelled us to slow down the disbursement pace as well as made us unable to achieve the target as set by Bangladesh Bank. However, Bank has been continuing to facilitate disbursement of investment at concessional rate of profit @4% to the high yield value crops (like pulses, oil seeds, spices, maize etc.) and achieved the target by way of disbursement of Tk.4.26 crore, against target of Tk.3.68 crore, during the fiscal year 2020-2021 and disbursed of Tk. 6.55 crore up to 31.12.2021 against target of Tk 4.39 crore during the fiscal year of 2021-2022 as set by Bangladesh Bank respectively.

First Security Islami Bank Ltd. has also already launched a new Agri Investment product named- “FSIBL Sonali Swapno”- in order to enhance and boost up investment in crops cultivation, Fisheries & Livestock farming as well as procurement of irrigation machinery/equipment and rural transportation. Moreover the clients who will avail the Investment Product will get various benefits- like Free Debit Card, Free Online Charges up to the limit and Free SMS charges.

We are hopeful, that introduction of the investment product will help the bank to achieve its agriculture target.

### Women Entrepreneurs

It is no exaggeration to say that women’s entrepreneurship have the power to change the world - and the benefits go far beyond boosting global GDP. Closing the gender gap in entrepreneurship and fueling the growth of women-owned enterprises will unleash new ideas, services, and products into our markets and ultimately, those forces may redefine the future.

Women today are not only homemakers; they are money-makers too. As each day passes, more women are dominating the business world. Research shows that women-owned companies generate higher revenues than those owned by men. It has revealed that women are more effective as a “leader”.

The mission of the First Security Islami Bank Ltd. in the line with its motto “Service for everyone for all time” is to develop the economic condition by way of involving marginal and rural women entrepreneur (under cottage, micro & small sectors) in the income generating activities through financing. Women Entrepreneur Development under SME has been created in our Bank and a customized Investment Product called “FSIBL Shabolombi” has also been introduced. The Women Entrepreneur Investment product among others is flexible, Short Term in nature, easy to repay moreover the clients who will avail the Investment Product will get various benefits- like Free Debit Card and Free Online Charges up to the limit.

Bank’s Investment to the Women Entrepreneurs has gradually successively been enhanced. Up to 31<sup>st</sup> December, 2021 total number of Women Entrepreneur of First Security Islami Bank Ltd. stood at 350 (Three Hundred Fifty) and investment is around disbursed Tk.110.00 crore. Year 2020 and Year 2021 was challenging for business, due to the Covid-19, pandemic situation. However FSIBL have been able to stand beside the women entrepreneurs during the crisis by investing BDT 83.50 lac under SME stimulus package due Covid-19 scheme up to- December 2021.

First Security Islami Bank also participates in different fairs, seminar/symposium organized for women entrepreneurs or other organizations arranged by Bangladesh Bank in order to familiarize with the products and services of Women entrepreneurs financed by our bank.

### Training Institute

FSIBL Training Institute (TI) is a well-balanced modern training hub. It has been providing adequate training to all level of FSIBL officials as per ATP and divisional requirements successfully. The world has been going through pandemic Covid-19 situation since the last two years. So as per WHO and Govt. instructions we are continuing training programs offline and online simultaneously maintaining social distancing and wearing masks.

TI expresses gratitude to FSIBL Board, Managing Director and senior management for their continuous support to conducting the training sessions in this adverse condition.

In the year 2021, total 47 training & workshops were conducted successfully. Among these 21 training & workshops were held in classroom and 26 were through online. All the foundation courses were held in Training Institute, Dhaka. Total numbers of participants were 3520 of which 3096 in Dhaka, 244 in Chattogram & 60 in Rajshahi, 40 in Sylhet, 56 in Khulna and 24 in Barishal. In terms of days, total 123 days were utilized with the training sessions. Total expense is Tk. 24,44,311/- only for conducting the training and workshops. We do hope that all the participants will be able to contribute for positive growth of the Bank.

Eagle Eye View of Training Performance in 2021			
Working Days	No. of Courses		No. of Participants
123	Total 47		3520
	Classroom Training & Workshops	Virtual Training & Workshops	
	21	26	
			24,44,311/-

Training Courses & Workshops List @ Training Institute, Dhaka - 2021				
Sl No.	Training & Workshop Title	Level of Participants	Days	No of Participants
1.	Virtual Workshop on Agent Banking (Batch -01)	Related Officer	1	9
2.	Virtual Workshop on Shariah Compliance in Islamic Banking	AO - SPO	1	50
3.	Virtual Workshop on "Cash Management, Detection, Disposal of Forged Notes & Mutilated Notes".	Cash Officers	1	50
4.	Virtual Workshop on Banker Customer Relationship & Legal Obligations	Senior Mgt	1	100
5.	Virtual Training on General Banking (Batch -01) Cumilla, Rajshahi & Sylhet Zone	TAO - SPO	3	49
6.	Training on General Banking (Phase -02) Dhaka North & South Zone	TAO - PO	3	35
7.	Virtual Workshop on Cyber Security (Batch -01)	AVP - EVP	1	85
8.	Virtual Workshop on Cyber Security (Batch -02)	FAVP - AVP	1	85
9.	Virtual Workshop on Cyber Security (Batch -03)	FAVP	1	85
10.	Virtual Workshop on Cyber Security (Batch -04)	SPO - SVP	1	111
11.	Virtual FSIBL Freedom App (Batch-1)	JO - SPO	1	132
12.	Virtual FSIBL Freedom App (Batch-2)	TACO - JO	1	132
13.	Virtual Training on General Banking Operation (Khulna & Barishal Zone) (Batch-2)	TACO -SO	3	39
14.	Virtual FC for TJO & TAO	TJO & TAO	11	48
15.	Workshop on Automated Challan System Software [Batch -01]	Related Officers	1	44
16.	Virtual Workshop on Cyber Security (Batch -01)	PO to SPO	1	119
17.	Virtual Workshop on Cyber Security (Batch -02)	PO to SPO	1	119
18.	Virtual Workshop on Cyber Security (Batch -03)	PO to SPO	1	120
19.	Virtual Foundation Course for Trainee Assistant Cash Officers (Batch-1)	(TACO)	6	74
20.	Virtual Foundation Course for Trainee Assistant Cash Officers (Batch-2)	(TACO)	6	74
21.	Virtual Foundation Course for Trainee Assistant Cash Officers (Batch-3)	(TACO)	4	74
22.	Virtual Workshop on Agent Banking (Batch -02)	Related Officers	1	23
23.	Workshop on Automated Challan System Software [Batch -02]	Related Officer	1	28
24.	Virtual Training on Assessment of Securities and Documentation, Execution of Charge Documents.	Related Officer	6	190
25.	Workshop on Factoring	PO to EVP	1	32
26.	Virtual Training on Non-performing Investment & recovery Strategies	desk related officer	6	190
27.	Workshop on Automated Challan System Software [Batch -03]	Related Officer	2	52
28.	Virtual Workshop on Identifying Scopes of Non-funded Business & Procedure of Non-funded Business	Related Officer	3	190
29.	Training on Investment Procedure & Management	Related Officer	3	25
30.	Workshop on Reporting of SBS 1,2,3(Batch-1)	Related Officer	2	128
31.	Workshop on Reporting of SBS 1,2,3(Batch -2)	Related Officer	2	122
32.	53 <sup>rd</sup> Foundation Course for Probationary Officers 8th Batch	Probationary Officers	9	28
33.	54 <sup>th</sup> Foundation Course for Probationary Officer 8th Batch	Probationary Officers	9	28
34.	Workshop on Reporting of SBS 1,2,3(Batch -3)	Related Officers	1	58
35.	Workshop on Reporting of SBS 1,2,3(Batch-4)	Related Officers	1	80
36.	Workshop on Automated Challan System Software[Batch -04]	Related Officers	1	260

Training Courses & Workshops List @ Regional Training Institute, Chattogram – 2021				
SI No.	Training & Workshop Title	Level of Participants	Days	No of Participants
01	Workshop On “Anti Money Laundering & Combating the Financing of Terrorism issues” (Virtual)	AO to SO	1	48
02	Workshop on “CMSME, Women Entrepreneurs Financing, Agri, Rural Credit Policy” (Virtual)	AO-PO	1	48
03	Training on “General Banking Operation” (Virtual)	AO-SPO	2	48
04	Workshop on “Automated Challan System (ACS) Software”	AO-FAVP	3	100
Total			7 days	244 participants

Training Courses & Workshops List @ Zonal Office, Rajshahi – 2021				
SI No.	Training & Workshop Title	Level of Participants	Days	No of Participants
01	Workshop on Automated Challan System Software	TAO to SPO	1	40
02	Workshop on Cash Management	TACO to SO (Cash)	2	20
Total			3 days	60 Participants

Training Courses & Workshops List @ Zonal Office, Sylhet – 2021				
SI No.	Training & Workshop Title	Level of Participants	Days	No of Participants
01	Workshop on Cash Management	Related Officers	2	20
02	Workshop on Automated Challan System	Related Officers	1	20
Total			3 days	40 Participants

Training Courses & Workshops List @ Zonal Office, Barishal – 2021				
SI No.	Training & Workshop Title	Level of Participants	Days	No of Participants
01	Workshop on “Automated Challan System (ACS)” Software	TAO to SPO	2	24
Total			3 days	24 Participants

Training Courses & Workshops List @ Zonal Office, Khulna – 2021				
SI No.	Training & Workshop Title	Level of Participants	Days	No of Participants
01	“Automated Challan System (ACS)” Software	GB Desk	2	56
Total			2 days	56 Participants

## Treasury Division

### Treasury Operation and Fund Management

Liquidity management is the key functions of Treasury Division. Treasury Division is responsible to maintain regulatory liquidity requirements like CRR, SLR etc. The division plays vital role in money market operations especially in the Islamic Interbank Money Markets. Besides, this division plays key role on dealing of foreign currencies as dealer of the Bank. Furthermore, this division is responsible for various regulatory reporting on regular basis. In order to perform treasury functions effectively & efficiently, the division is segmented into front-office, mid-office and back-office.



## Asset Liability Management

Asset Liability Management (ALM) is an integral part of Bank Management and it is essential to have a structured and systematic process for managing the Balance Sheet. The Asset Liability committee (ALCO) of our bank consists of the senior executives chaired by the Managing Director, and the head of Treasury is the member secretary of this committee, should meet at least once every month to analyze, review and formulate strategy to manage the balance sheet and special ALCO meeting is arranged (if needed). The result of balance sheet analysis along with recommendation is placed in the ALCO meeting by the Treasury Division where important decisions are made to minimize risk and maximize return. ALCO mainly reviews the balance sheet of the bank such as liquidity requirement, management of assets and liabilities, deposit and investment strategy, liquidity contingency plan, Net Profit Income (NPI), return on assets & investments, exchange earnings, Capital Adequacy Ratio, Investment Deposit Ratio, Investable Fund, Deposit Mix, Cost of Deposit, Cost of Fund, LCR, NSFR and leverage ratios etc. as a part of regulatory compliance. ALCO is a decision-making unit responsible for balance sheet planning and management from risk-return perspective, and also responsible for the strategic management of profit rate risk and liquidity risks.

## Domestic Trade

### Investment:

First Security Islami bank Limited has able to increase its investment despite adverse conditions in the domestic as well as in the global economy. Total amount of investment of the bank stood at Tk. 45,393.96 crore as on December 31, 2021 whereas Tk. 41,509.30 crore was on December 31, 2020. Which is showing an increase of Tk. 3,884.66 crore with a growth rate of 9.36%. In the year 2021, investment target of the bank was Tk. 46,500.00 crore and target achievement rate is 97.62%. Investments are the core assets of a bank. The bank gives emphasis to acquire quality assets and does appropriate investment risk analysis and flows all the term and conditions of Investment Risk Management while approving all sorts of Investments to clients.

## SUB-COMMITTEES OF BOARD

There are following three sub-committees of the Board of Directors:

### Executive Committee

The Executive Committee is comprised of 05 (five) members of the Board of Directors. The Committee takes decision on emergency matter as and when required and assists the Board of Directors to fulfill their responsibilities such as to set objectives, strategies and overall business plans for effective functioning of the bank.

During the year 2021, the Executive Committee did not conduct any meeting.

### Audit Committee

Audit Committee of the Board regularly monitors the function of Internal Control & Compliance Division and performs their duties as per regulatory requirements. The committee also submits report to the Board of Directors from time to time accordingly.

The Audit Committee is comprised of 03 members from the Board. The committee reviews the financial reporting process, the system of Internal Control, Management Information System, Risks Management, the Bangladesh Bank, Internal & External Audit Reports, Audit process, compliance with laws and regulations and bank's own code of conduct. During the year 2021, the Audit Committee conducted 04 meetings.

### Risk Management Committee

A high-powered Committee named "Risk Management Committee" was formed consisting of 03 (three) members of the Board of Directors as per BRPD circular No. 11 dated 27 October, 2013 issued by the Bangladesh Bank. The Committee is to sit in at least 04 meetings in a calendar year to identify risks in the Bank and address the same with due diligence. The committee also submits report to the Board of Directors from time to time accordingly. It may be mentioned that the committee conducted 04 meetings in 2021.

## Other Committees

To assist the Managing Director for smooth operation of the Banking activities, several committees are constituted comprising of competent members from Management. The main committees are grouped into Senior Management Team (SMT), Asset Liability Committee (ALCO), Investment Committee, Purchase Committee (GSD) and Purchase Committee (ICT). All the Committees are constituted headed by the Managing Director along with Additional Managing Directors, Deputy Managing Directors, SEVP, EVP, SVP, VP, SAVP and other executives of different status.

The Senior Management Team scrutinizes all the cases thoroughly before referring to Executive Committee/Board for due approval/decision if required. The Asset Liability Committee is entrusted with the responsibility of managing short-term and long-term liquidity and ensuring adequate liquidity at optimal funding cost. The Investment Committee is involved to review and scrutinize the investment proposals for onward submission to the Board for final approval. Purchase Committee (GSD) and Purchase Committee (ICT) look after all kinds of Purchase related to the requirement of the Divisions and the Committee submits proposal to the Board of Directors for final approval where applicable. The purchase committee may call any head of the division to attend the meeting if required.

## Compliance of Corporate Governance Code

Corporate Governance is the key component in the operation of all manners of entities. Sustainable development can be achieved through enactment of Corporate Governance in any organization. Even more important is the need for corporate governance to be effective, not only for business entities but also for the economy as a whole. Sound Corporate Governance in the Banking is the prerequisite for efficient financial market.

Report of the compliance of conditions of Corporate Governance Code imposed by the Bangladesh Securities and Exchange Commission vide notification no. SEC/CMRRC/2006-158/207/Admin/80, dated June 03, 2018, along with a certificate from a practicing Chartered Accountants firm has been incorporated in the letter part of Annual Report.

## Dividend

The Board of Directors has recommended 5% Cash Dividend and 5% Stock Dividend for the year ended December 31, 2021.

## Election/Re-election of Directors

Election/Re-election of directors will be held in accordance with the relevant provisions of existing Laws, Article of Association of the Company and in compliance with the existing applicable rules/ regulations/ notifications/ orders/ circulars/ directives of the Regulatory Authorities.

## Appointment of Auditor:

The present External Auditor of the Bank Shafiq Basak & Co., Chartered Accountants and Rahman Mostafa Alam & Co., Chartered Accountants will retire from this 23<sup>rd</sup> Annual General Meeting (AGM). They will complete 2<sup>nd</sup> tenure in the 23<sup>rd</sup> AGM of the Bank. As per guidelines of regulatory bodies, Shafiq Basak & Co., Chartered Accountants and Rahman Mostafa Alam & Co., Chartered Accountants are eligible for re-appointment for next term. They have also expressed their interest for re-appointment for the next term. In light of the recommendation of Audit Committee and the Board of Directors of the Bank the auditors will be reappointed in the ensuing 23<sup>rd</sup> AGM by the valued shareholders.

## Appointment of Practicing Professional

In compliance with the conditions of Corporate Governance Code of Bangladesh Securities and Exchange Commission dated June 03, 2018 Practicing Professional Accountants shall be appointed for providing compliance certificate. In accordance with condition No. 9 of that code Professional Accountant or Secretary shall be appointed in the Annual General Meeting by the shareholders. Ahmed Zaker & Co., Chartered Accountants have provide certificate for the compliance of conditions of CGC for the year 2021. According to the condition of CGC of BSEC, Ahmed Zaker & Co., Chartered Accountants have expressed their willingness for re-appointment as Practicing Professional Accountants for 2022. As per condition of the Commission, Ahmed Zaker & Co., Chartered Accountants will be appointed in the 23<sup>rd</sup> AGM by the valued shareholders in light of the recommendation of the Board of Directors of the Bank.

### Appreciation

I express my profound gratitude to Almighty Allah for enabling the bank to achieve remarkable growth in the sectors of operation in the year 2021. I take the opportunity to thank the Board of directors for their support and input during the year. I also thank our management and members of the staff for their loyalty, support and relentless efforts for qualitative and quantitative improvements of the bank.

I conclude by conveying my very sincere and special thanks to our respected shareholders, valued customers, patrons, well-wishers, Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Registrar of Joint Stock Companies and Firms and all other concerned who have supported us and extended their valuable co-operation. We look forward to their continued support, co-operation and guidance that are our constant source of encouragement in the days ahead.

Almighty Allah grant us courage, dedication and fortune to guide the bank to the best of our abilities.

Ameen.

On behalf of the Board of Directors



Mohammed Saiful Alam  
Chairman

## REPORT OF THE AUDIT COMMITTEE

The Board of Directors of First Security Islami Bank Limited has formed an Audit Committee (ACBD) under BRPD Circular-11, dated 27/10/2013. The ACBD performs its roles in accordance with applicable rules, regulations and policies. The committee sets overall business plan and formulates policies that the Management is responsible for execution.

### RESPONSIBILITIES OF THE AUDIT COMMITTEE:

Major responsibilities of the Audit Committee are as follows:

- Evaluates compliance culture of the Management.
- Reviews management's actions in computerization of the Bank and its applications and Management Information System (MIS) of the bank.
- Considers whether internal control strategies recommended by internal and external auditors have been implemented by the management.
- Considers reports related to frauds, forgeries, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place it before the board after reviewing whether necessary corrective measures have been taken by the management.
- Reviews existing Risk Management procedures for ensuring an effective Internal Check and Control System
- Reviews efficiency and effectiveness of Internal Audit Functions.
- Monitors effectiveness of removal of the irregularities detected.
- Reviews Annual Financial Statements in line with the Accounting Standards set by Regulatory Authorities.
- Reviews monitoring activities of Internal Control & Compliance Division (IC&CD).
- Reviews findings and recommendations of the External Auditors.
- Assesses of running the affairs of the Bank by the management in line with the plans and policies set out by the Board.

### COMPOSITION OF THE AUDIT COMMITTEE:

The Audit Committee is comprised of the following three members:

Sl.	Name	Status in the Board	Status in the Audit Committee
01.	Mohammad Masum Kamal Bhuiyan	Independent Director	Chairman
02.	Dr. Mamtaz Uddin Ahmed	Independent Director	Member
03.	Jamal Mostafa Chowdhury	Nominated Director	Member

### MEETING OF THE AUDIT COMMITTEE:

Four (04) meetings of Audit Committee were held in the year 2021. The Committee met with Internal Control & Compliance Division, Finance and Accounts Division and External Auditors of the Bank to discuss their findings and to work out ways to resolve their observations.

In the year 2021, the committee reviewed on:

- Internal Audit Plan for the year 2021 and approved plan for 2022.
- Draft Financial Statements and after discussing with the External Auditors, recommended it to the Board for their considerations.
- Half Yearly Financial Report of the Bank and recommended its supply to the shareholders as a statutory requirement.
- Overall Health of the Bank.
- Bangladesh Bank's Inspection Reports and discussed the possible ways to resolve the issues mentioned in the reports.
- Significant Internal Audit findings and advised for corrective measures.
- Overall performance of IC&C Division and effectiveness of internal control system of the Bank.
- Strengthening of the Audit and Inspection Division in terms of Logistics and Manpower to increase their efficiency and capacity.

### APPROVAL OF FINANCIAL STATEMENTS:

The Audit Committee reviewed and examined the Annual Financial Statements for the year 2021 prepared by the Management and audited by External Auditors "SHAFIQ BASAK & CO. Chartered Accountants and RAHMAN MOSTAFA ALAM & CO. Chartered Accountant" and referred those statements before the BODs for consideration.

### ACKNOWLEDGEMENT:

The Committee expresses its sincere thanks to the Members of the Board, Management and the employees of IC&CD for their excellent supports in discharging their duties and responsibilities effectively and smoothly.



**Mohammad Masum Kamal Bhuiyan**  
Chairman  
Audit Committee of Board of Directors

**Bismillahir Rahmanir Rahim**  
**Report of Shari'ah Council**

**Honorable Shareholders,**

Assalamu Alaikum Wa Rahmatullah.

Allpraise to Almighty Allah, by dint of whose grace we have passed another year very well. Peace and blessings be upon his beloved prophet Muhammad (Sm.) as well as all of his descendants, companions and all the believers.

We take this opportunity to express our appreciation to the hon'ble board of directors, shareholders and the management of the bank for their cordial support.

In 2021, Shari'ah Council inspected different branches of the Bank and discussed various operational activities which include the issues referred by the board of directors and the management and also provided due opinions and guidelines in accordance with the Shari'ah principles.

It is to be noted that, the duty of the council is to deliver independent opinions and provide necessary Shari'ah guidelines based on observing and reviewing the banking activities. On the other hand, the responsibility of the bank management to ensure the banking activities in accordance with these Shari'ah guidelines.

**Shari'ah Council performed the following activities in the year 2021:**

- Shari'ah Council arranged necessary meetings this year on different shari'ah issues.
- In spite of the Covid-19 outbreak, the Murakib of Shariah Council conducted Audit & Inspection adequate number of branches of the bank; and the shariah council reviewed those inspections respectively.
- Shariah opinion about providing investment facility of current capital under the Revolving Refinance Scheme and Refinance Scheme has been stated due to Novel Corona Virus (Covid-19) outbreak.
- Besides Shari'ah inspection reports of branches, the council discussed about investment activities of the bank as well as the profit & loss accounts and balance sheet for the year 2021.
- The Council has introduced zone-wise 'Shariah Awareness Programme' including Head office.

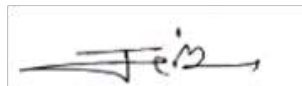
**Suggestions:**

- To arrange continuous training programs for all the executives and officers of the bank on different aspects of Islamic Shari'ah, Islamic Banking & Taqwa.
- To increase awareness among the clients about the Islamic Banking by conducting workshop, meetings, seminars, symposiums & clients get-together.
- Paying special attention to the service of the humanitarian from our own position.

The council prays to Almighty Allah for further progress and success of the bank on the right direction.



Muhammad Shamaun Ali  
Member Secretary



Prof. Dr. Mohammad Gias Uddin Talukder  
Chairman

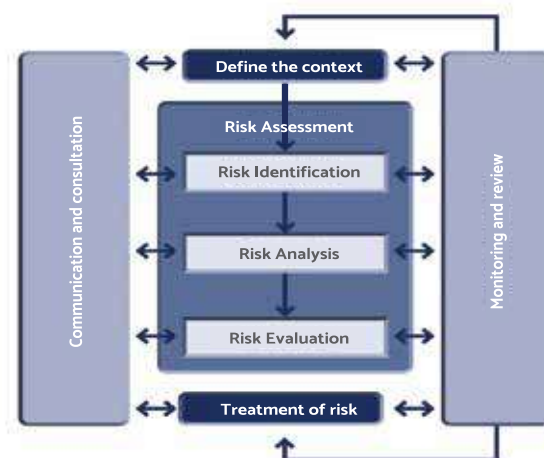


## Report on Risk Management

Banking sector has been facing a number of potential risks as banks are involved in diversified operations for rendering vast services toward clients as per various kinds of demand considering the technological changes in the entire economic system in the globe. The major ones are liquidity risk, investment risk, profit rate risk, operational risk and strategic risk which may threaten a bank's survival and success for the long period of time. Banks are, therefore, required to follow some prescribed procedures for identification and assessment of various types of risks for smooth operation to achieve its goal. Risk management in banking sector of Bangladesh has already shown increasing efficiency in governing banks. In an era of Globalization and Liberalization when remarkable expansion in the banking sector is seen, risk is a vital issue involved closely in every operation for which respective individuals need to be careful for avoiding risk. At present time, Banks are expanding their networks through branch, sub-branch, agent banking booth, ATM Booth etc. where risks are associated broadly. As such, Banks are required to mitigate those risks for the sustainable growth of the bank in an efficient way. In this regard, Risk management team of the bank has a significant role to mitigate risks efficiently by identifying risks of banks.

### Risk Management Process:

The process of risk management can be presented as a listing of coordinated activities which are in the following sequences.



### Brief Description of Core Risks:

#### Major risk areas in Banking Sector:

Bangladesh Bank has identified six core functional areas from where different risks are supposed to be arisen in banking sector. FSIBL has given special attention to manage the activities of those core functional areas.

1. Investment Risk
2. Foreign Exchange Risk
3. Asset-Liability Management (ALM) Risk
4. Internal Control & Compliance (ICC) Risk
5. Information and Communication Technology (ICT) Risk;
6. Anti-Money Laundering & Combating Financing of Terrorism (AMLCFT) Risk.

In addition to the above risks, Residual risk, Concentration risk, Liquidity risk, Reputation risk, Strategic risk, Settlement risk, Environmental & Climate change risk and Other material risks are crucial that bank has to manage efficiently.

#### Risk Management Structure of FSIBL:

FSIBL has been addressing its risks through a separate and independent risk management division under the direct supervision of the Chief Officer (CRO). The Additional Managing Director (AMD) of FSIBL has been nominated as Chief Risk Officer (CRO) to ensure the highest priority in risk management activities.

### Board Risk Management Committee (BRMC):

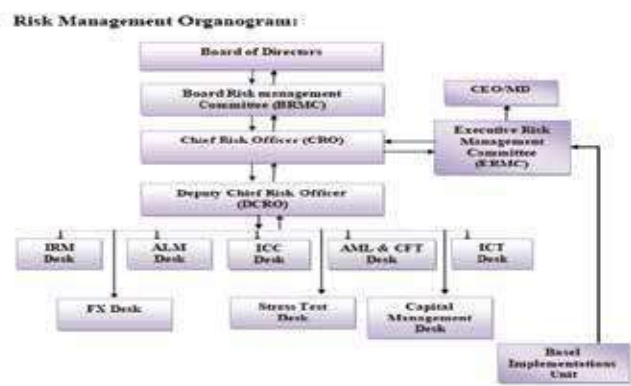
FSIBL has its highest authority for devising risk management policies is 'Board Risk Management Committee (BRMC)' comprising of honorable vice-chairman of the bank as chairman and two directors of Board as member. The committee defines the risk appetite for the bank, designs organizational structure to manage risk within the bank, reviews and approves risk management policies, enforces and uses adequate recordkeeping and reporting system and monitors compliance of overall risk management in the bank.

### Executive Risk Management Committee (ERMC):

FSIBL has also an Executive Risk Management Committee (ERMC) at management level consisting of member from the different core risks management divisions under the chairmanship of Chief Risk Officer (CRO) of the Bank. The Deputy Chief Risk Officer (DCRO) of the bank is Member Secretary of the committee. The committee sets targets for capital ratio and capital composition, manages the balance sheet and funding structure, develops risk policies for business units, determines overall investment strategies and identifies, monitors and manages bank's current and potential operational risk exposures.

### Risk Management Organogram:

As per Bangladesh Bank DOS circular no. 04, dated 8th October 2018, the following Risk Management organogram has been designed by the First Security Islami Bank Ltd. (FSIBL).



### Risk Management Philosophy:

FSIBL has its own risk management philosophy for giving proper attention to risk management. The key elements of the Bank's risk management philosophy are as under:

- The Bank considers sound risk management to be the foundation of a stable financial institution.
- The Bank continues to adopt a holistic and integrated approach to risk management and therefore, brings all risks together.
- Risk management is governed by well-defined policies that are clearly communicated across the Bank.
- Risk management is a shared responsibility. Therefore, the Bank aims to build a shared perspective on risks that is grounded in consensus.
- Risk officer's work as allies and thought partners to other stakeholders within and outside the Bank and are guided in the exercise of their powers by a deep sense of responsibility, professionalism and respect for other parties.

### Operational Overview of Risk Management Division:

Risk management is a discipline at the core of every financial institution and encompasses all the activities that affect its risk profile. The Risk Management Division of FSIBL is conducting its activities through the eight different desks covering core functional areas of the bank. An overview of the operational activities is highlighted in the following:

- Investment Risk Management (IRM) Desk: Investment Risk Management Desk is responsible for developing and implementing comprehensive procedures and information systems to monitor the condition of each

individual investment across various portfolios. FSIBL needs to pronounce a system that enables the Investment Risk Management Desk to monitor quality of the investment portfolio on a day-to-day basis and take remedial measures as and when any deterioration occurs.

- **Asset-Liability Management (ALM) Desk:** The goal of asset/ liability management (ALM) is to properly manage the risk related to changes in profit rates, the mix of balance sheet assets and liabilities, the holding of foreign currencies and the use of derivatives. These risks should be managed in a manner that contributes adequately to earnings and limits risk to the financial margin.
- **Internal Control & Compliance (ICC) Desk:** Internal Control & Compliance risk is the current or prospective risk to earnings and capital arising from violations or non-compliance with laws, rules, regulations, agreements, prescribed practices, or ethical standards as well as from the possibility of incorrect interpretation of effective laws or regulations. Banks are exposed to compliance risks due to relations with a great number of stakeholders, e.g. regulators, customers, counter parties as well as tax authorities, local authorities and other authorized agencies.
- **Anti-Money Laundering & Combating Financing of Terrorism Desk:** Money laundering is the process of making illegally-gained proceeds (dirty money) appears legal (clean). Typically, it involves three steps: placement, layering and integration. First, the illegitimate funds are furtively introduced into the legitimate financial system. Then, the money is moved around to create confusion, sometimes by wiring or transferring through numerous accounts. Finally, it is integrated into the financial system through additional transactions until the 'dirty money' appears 'clean'.
- **Information & Communication Technology (ICT) Desk:** ICT risk is the risk associated with the use, ownership, operation, involvement, influence and adoption of ICT within a Bank. It consists of ICT related events and conditions that could potentially impact the business. It can occur with both uncertain frequency and magnitude and it creates challenges in meeting strategic goals and objectives.
- **Foreign Exchange (FX) Desk:** Foreign exchange risk is the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. The foreign exchange positions arise from the following activities: a) trading in foreign currencies through spot, forward and option transactions as a market maker or position taker, including the unheeded positions arising from customer-driven foreign exchange transactions; b) holding foreign currency positions in Banking; c) engaging in derivative transactions that are denominated in foreign currency for trading or hedging purposes.
- **Stress Test Desk:** Stress testing is an important risk management tool that provides an indication of how much capital might be needed to absorb losses in different stressed situations. It will measure the vulnerability or exposure to the impacts of exceptional, rare but potentially occurring events like – profit/interest rate changes, exchange rate fluctuations, changes in investment rating, events which influence liquidity etc.
- **Capital Management Desk:** The main purposes of the FSIBL's capital management policies and practices are to support its business strategy and to ensure that it is sufficiently capitalized to withstand even severe macroeconomic downturns. Capital management helps to ensure that bank has sufficient capital to cover the risks associated with its activities. As part of the Internal Capital Adequacy Assessment Process (ICAAP) helps the management to identify the risks that the bank is exposed to and determines the means by which they will be mitigated. Capital Management Desk also develops a process to regularly compare available capital with current and projected solvency needs and address deficiencies in a timely manner.

### Risk Management Reporting:

The following reports are required to be submitted before the Executive Risk Management Committee (ERMC) and Board Risk Management Committee (BRMC) in different intervals. These reports are also submitted to Bangladesh Bank as per the requirement from time to time.

**Monthly Risk Management Report:** Risk Management Division (RMD) prepares Monthly Risk Management Report (MRMR) as per Bangladesh Bank DOS Circular No. 04, dated October 8, 2018. This report is submitted to Department of Off-Site Supervision of Bangladesh Bank after presenting the report along with the meeting minutes and risk analysis to the Executive Risk Management Committee of FSIBL.

**Risk Analysis:** On the basis of the Monthly Risk Management Report (MRMR), A Risk Analysis Statement is prepared by the Risk Management Division (RMD) of FSIBL for taking appropriate decisions with elaborate information. Risk analysis statement submitted to Department of Off-Site Supervision of Bangladesh Bank attached with Monthly Risk Management Report (MRMR)/ Half-Yearly Comprehensive Risk Management Report (CRMR) after presenting before the Executive Risk Management Committee of FSIBL.

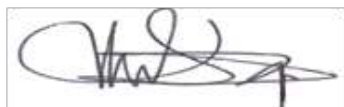
**Quarterly Stress Testing Report:** Stress Testing is an important risk management tool that provides an indication of how much capital might be needed to absorb losses in different stressed situations. A rigorous and comprehensive stress-testing program is conducted in FSIBL. It measures the vulnerability or exposure to the impacts of exceptional, rare but potentially occurring events like – profit rate changes, exchange rate fluctuations, changes in investment rating, events which influence liquidity etc. Risk Management Division (RMD) prepares Stress Testing Report and submits quarterly basis to Financial Stability Department of Bangladesh bank and half-yearly basis to Department of Off-Site Supervision (DOS) of Bangladesh Bank.

**Half Yearly Comprehensive Risk Management Report (CRMR):** Risk Management Division (RMD) prepares Half-yearly Comprehensive Risk Management Report (CRMR). This report is submitted to Department of Off-Site Supervision of Bangladesh Bank after presenting before the Executive Risk Management Committee of FSIBL along with the meeting minutes and risk analysis of the report.

**ICAAP Report:** Internal Capital Adequacy Assessment Process (ICAAP) including an evaluation of the bank's preferred risk profile, the actual risks identified, the means by which it will be mitigated and what risks will be covered by capital. Risk Management Division prepares ICAAP report and submits annually to the Banking Regulation & Policy Department (BRPD) of Bangladesh bank after presenting before the Supervisory Review Process (SRP) team and Board.

**Risk Appetite Statement (RAS):** As per Bangladesh Bank DOS circular no. 04 dated 8th October 2018, board approved Risk Appetite Statement (RAS ) is to submit to Department of Off-Site Supervision of Bangladesh Bank on yearly basis within first two months of the year.

**Report of Risk Management Policies and effectiveness:** As per Bangladesh Bank DOS circular no. 04, Dated 8th October 2018, a board approved review report of Risk Management Policies and effectiveness of risk management functions is to submit to Department of Off-Site Supervision of Bangladesh Bank by the end of 2nd month following the end of each year.



**Abdul Mannan**

Vice President & Deputy Chief Risk Officer (DCRO)  
Risk Management Division

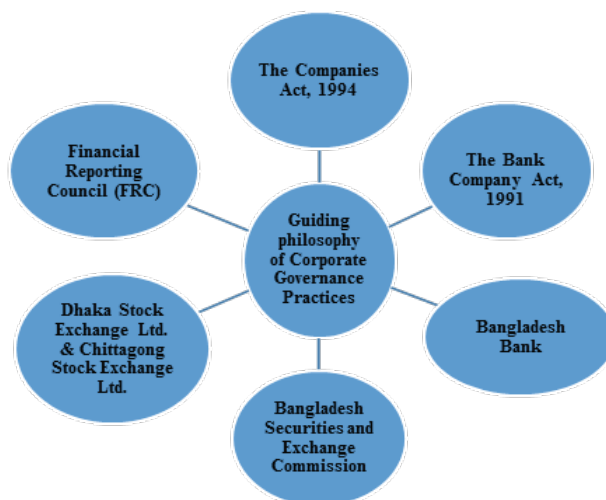
## REPORT ON CORPORATE GOVERNANCE CODE

Corporate Governance encompasses the system by which an organization is controlled and operated, and the mechanisms by which it, and its people, are held to account. Corporate governance is crucial for the proper functionality of any industry particularly in banking. Corporate Governance structure of FSIBL specifies the objective of providing strategic direction, ensuring that goals are achieved, ascertaining that risk is managed appropriately and verifying that means are utilized responsibly. Governance is evolved through the leadership and organizational structure and process that ensure the enterprise sustainability focusing on transparency, accountability and delegation of authority. The bank has deployed utmost importance in setting up a well-defined compliance culture throughout the operation of the Bank in compliance with the Corporate Governance Code issued by Bangladesh Securities and Exchange Commission vide notifications no. BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018 and the circulars and circular letters issued by Bangladesh Bank from time to time.

From the inception of FSIBL, it has been pursuing responsible, compliant and ethical banking. It has initiated the best corporate governance practices and adopted corporate culture to promote sustainable performance, client centricity, innovation, and partnership. Our corporate governance report is a reflection of our strong adherence and commitment to best practices of corporate governance and our full compliance with the rules and regulations of various regulatory bodies including the Central Bank, BSEC and Stock Exchanges.

### Guiding philosophy of Corporate Governance Practices

The Bank believes that principles of good governance are embedded in its core values, inclusive and sustainable development. Being a Shari'ah based private commercial bank incorporated in Bangladesh, the following acts and various circulars, circular letters, notifications, guidelines, directives, etc. issued by the regulatory bodies play pivotal role in shaping the governance structure and practice of the Bank:



### Board of Directors, Chairman and CEO

#### Appointment of Directors

The Directors of FSIBL are elected or re-elected by the shareholders in the Annual General Meeting (AGM). Directors are appointed pursuant to the provision of The Companies Act, 1994, Bank Company Act, 1991, notifications, guidelines & circulars of Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC) as well as Memorandum & Articles of Association of the Bank. Independent Directors of the Bank are appointed with prior approval from Bangladesh Securities and Exchange Commission (BSEC) and subsequently from Bangladesh Bank. The Board is comprised of highly experienced members from diverse professions like business, administration and teaching which make the Board effective and balanced in deciding and directing various issues of the Bank. In case of any nomination, removal and casual vacancy, the Bank adheres to all relevant rules and regulations.



## Board Size

The Board of Directors consists of 09 (nine) non-executive members and 03 (three) Independent Directors. The number of Board Members is within the limit set by the Bank Company Act, 1991 and Bangladesh Securities and Exchange Commission's notifications.

SL No.	Name of Directors	Position in Board
01	Mr. Mohammed Saiful Alam	Chairman
02	Mr. Mohammed Abdul Maleque	Vice- Chairman
03	Mrs. Farzana Parveen	Director
04	Mrs. Rahima Begum	Director
05	Mrs. Atikur Nessa	Director
06	Mr. Khandkar Iftekhar Ahmad	Nominated Director
07	Dr. Momtaz Uddin Ahmed	Independent Director
08	Mrs. Badrun Nessa	Nominated Director
09	Mr. Jamal Mostafa Chowdhury	Nominated Director
10	Mr. Mohammed Abdullah Hasan	Nominated Director
11	Mr. Md. Ruhul Amin	Independent Director
12	Mr. Mohammad Masum Kamal Bhuiyan	Independent Director

## Election and Appointment of New Directors

The election and appointment of new directors and the re-appointment of existing directors are being made in line with the following obligations and requirements:

1. Frequent assessment of the size and structure of the Board and the mix of knowledge, skills, experiences and perceptions that may be necessary to allow the Board to perform its functions.
2. Recognizing the capabilities and following the approved procedure to ascertain that an applicant designated by the shareholders possesses the same.

The directors are elected by the shareholders in the Annual General Meeting. Casual vacancy, if any, is filled up by the Board in accordance with the conditions mentioned in the Companies Act and Articles of Association of the Bank.

## Retirement and Re-election of Directors

As per The Companies Act and Articles of Association of the Bank, one-third of the directors retire from office each year and being eligible, may offer themselves for re-election by shareholders at the Annual General Meeting (AGM). In line with the requirement of the Bank Companies Act and Articles of association of the Bank, one-third Directors shall retire in the 23<sup>rd</sup> AGM and, being eligible, they may also be re-elected.

List of Directors to be retired & re-elected:

SL No.	Name of Directors	Position in Board
01	Mr. Mohammed Abdul Maleque	Vice- Chairman
02	Mrs. Farzana Parveen	Director
03	Mr. Khandkar Iftekhar Ahmad	Nominated Director

## Independent Directors

There are 03 (three) Independent Directors in the Board which is consisted of 12 (twelve) members. The number of Independent Directors is more than 1/5<sup>th</sup> (one-fifth) of the total number of Directors in the Board. None of the Independent Directors of the Bank holds any share of the Bank. All the Independent Directors possess the requisite qualities mentioned in the Corporate Governance Code issued vide Notification no. BSEC/CMRRCD/2006-158/207/Admin/08 dated June 03, 2018 by Bangladesh Securities and Exchange Commission (BSEC), in circular of Bangladesh Bank and in Bank Companies Act, 1991. Prior approval from BSEC has been obtained as per clause no. 15(9) of Bank Companies Act, 1991 to get subsequent approval from Bangladesh Bank for appointing Independent Directors.

**List of Independent Directors:**

SL No.	Name
O1	Dr. Momtaz Uddin Ahmed
O2	Mr. Md. Ruhul Amin
O3	Mr. Mohammad Masum Kamal Bhuiyan

**Directors' Profile and Their Representation in the Board of other Companies**

The Directors' Profile and their representation in the Board of other Companies are incorporated in the Directors' Profile.

**Responsibilities of the Chairman of the Board**

The responsibilities of the Chairman as defined in the BRPD Circular No. 11, dated October 27, 2013 of Bangladesh Bank are fully complied with. The Chairman of the Board does not personally possess the jurisdiction to apply policy into the administrative or operational and routine affairs of the Bank.

**Duality of Chairperson of the Board and MD or CEO**

The position of the Chairman of the Board of Directors and the Managing Director are filled with separate individuals. The Chairperson of the Board is elected from among the non-executive Directors of the Bank.

**Responsibilities of the Board of Directors**

The main responsibility of the Board of Directors is to ensure good governance in the managing affairs of the Bank. The Bank Companies Act, 1991 gives responsibility to the Board for establishing policies for the bank, for risk management, internal control & compliance and for ensuring their implementation. Keeping in view, the Board of Directors exercises business judgment in good faith, in manner that they reasonably believe to be in the best interest of the Bank, while complying with the applicable laws and regulations, the Bank's Articles of Association and resolutions adopted by the shareholders.

**Policy of Training of Directors**

As per Bangladesh Bank guidelines, the directors shall make themselves fully aware of the banking laws and other related rules and regulations for performing their duties properly. The policy on training of Directors includes providing training and updated information on all the latest policy guidelines, circulars, circulars letters, directives, notifications, acts, etc. issued by the regulatory/legislative authorities. Sometimes special discussion sessions are arranged with the expert to develop awareness about Anti Money Laundering (AML) & Combating Financing of Terrorism and other concurrent issues. They also attend various programs organized by professional bodies at home and abroad on technical, professional and corporate governance issues.

**Number of Board Meeting**

Total 11 (eleven) meetings of the Board of Directors were held in the year 2021. A detail disclosure showing the number of Board Meetings held and status of participants of the Directors is given in the later part of the report.

**Appointment of Managing Director (MD) or Chief Executive Officer (CEO)**

The Managing Director (MD) of the Bank has been appointed pursuant to the BRPD Circular Letter No. 18, dated October 27, 2013 of Bangladesh Bank. The appointment is given based on the criteria and procedure mentioned therein with prior approval from the Bangladesh Bank.

**Responsibilities and Authorities of the Managing Director or CEO**

The Managing Director (MD) of the Bank discharges the responsibilities and exercises the authorities recoiled upon him as per BRPD Circular Letter No. 18, dated October 27, 2013 of Bangladesh Bank and subsequent modification thereof as follows:

- The Managing Director (MD) ensures compliance of the Companies Act and the Bank Companies Act and/or other relevant laws and regulations in discharging routine activities of the Bank.
- He submits information on violation of any law, rule, regulation including the Bank Companies Act while presenting memos before the Board of Directors or the Committees formed by the members of the Board.
- He recruits and gives promotion to employees of the Bank except those in the two tiers below the rank of MD or CEO. He acts in such cases in accordance with the approved Employees' Service Rules of the Bank.

## Appointment of Chief Financial Officer (CFO), Head of Internal Control & Compliance Division (ICCD) and Company Secretary (CS)

The Board of Directors of the Bank appoints Chief Financial Officer (CFO), Head of Internal Control & Compliance Division (ICCD) and Company Secretary (CS). These positions are filled by the different individuals and none of them holds any executive position in any other company. The Board has clearly defined respective roles, responsibilities and duties for Chief Financial Officer (CFO), Head of Internal Control & Compliance Division (ICCD) and Company Secretary (CS) and none of them has been removed from their position without approval of the Board.

## Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)

The Managing Director (MD) and Chief Financial Officer (CFO) has certified to the Board that they have reviewed financial statements for the year ended on December 31, 2021 that to the best of their knowledge these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading and these statements together present true and fair view of the Bank's affairs and are in compliance with existing accounting standards and applicable laws. They have also certified that there are no transactions entered into by the Bank during the year which are fraudulent, illegal or in violation of the code of conduct for the Bank's Board or members. The certification of MD and CFO has been incorporated in the later part of the report.

## Formation of different Committees of the Board

The Board has formed Executive Committee, Audit Committee and Risk Management Committee. There is no committee or sub-committee of the Board other than the above mentioned Committees. However, FSIBL has a Central Shari'ah Council to look after the Shari'ah affairs and gives suggestion to the management of the Bank regarding Shari'ah related issues.

## The Executive Committee

The Executive Committee is consisted of 05 (five) members and all of them are from the Board of Directors of the Banks. The duration of the members in this committee is 03 (three) years. The Company Secretary acts as the Secretary of the Committee. The committee can call meeting at any time and can request Managing Director, Chief Risk Officer or any other employees to participate in the meeting when required.

## Roles and Responsibilities of the Executive Committee

The duties of the Executive Committee are clearly set forth in writing in the BRPD Circular No. 11, dated October 27, 2013 of Bangladesh Bank. The Executive Committee exercises all the powers of the board except those specifically given to the Board by the Bank Companies Act, 1991 and other laws and regulations. The Executive Committee is responsible to the Board of Directors. The decisions, taken in the Executive Committee, are placed before the next Board meeting for ratification.

## The Audit Committee

The Audit Committee of the Bank, comprising of 03 (three) members having requisite qualities, has been formed in compliance with Bangladesh Bank's & BSEC's guidelines. Two members of the Audit Committee are Independent Directors and none of the member of this committee is the member of the Executive Committee. The duration of the members of the committee is 03 (three) years. The Company Secretary acts as the Secretary of the committee. The Chairman of the Audit Committee is an Independent Director. Four meetings of the committee were held in the year 2021.

Members and attendance list of Audit Committee of Board of Directors during 01/01/2021 to 31/12/2021:

SL. No.	Name of Members	Total No. of Meeting held	No. of Meetings Attended	No. of Meetings Absent	Remarks
01	Mr. Mohammad Masum Kamal Bhuiyan	04	03	-	Appointed on 11/05/2021 (Attended in all meeting after his appointment)
02	Dr. Momtaz Uddin Ahmed	04	04	-	-
03	Mr. Jamal Mostafa Chowdhury	04	04	-	-
04	Mr. Ahmed Muktedir Arif	04	-	-	Completion of tenure on 08.02.2021

### Roles and Responsibilities of the Audit Committee

The duties and responsibilities of the Audit Committee are clearly set forth in writing in the BRPD Circular No. 11, dated October 27 2013 and the Corporate Governance Code issued vide Notification no. BSEC/CMRRCD/2006-158/207/Admin/08 dated June 03, 2018 by Bangladesh Securities and Exchange Commission (BSEC). The committee oversees the financial reporting process, whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission, hiring and performance of external auditors and determination of audit fees of external auditors. The committee monitors choice of accounting policies & principles and Internal Audit & Compliance process. It reviews the annual financial statements before submission to the Board for approval, the adequacy of internal audit functions, Management's Discussion before disclosing in the Annual Report, statement of all related party transactions submitted by the management, etc. It holds meeting with the external or statutory auditors for reviewing the annual financial statements before submission to the Board for approval or adoption.

### Reporting of the Audit Committee

The Audit Committee reports on its activities to the Board of Directors regarding conflict of interests, suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements and suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations, if any.

### The Risk Management Committee

The Risk Management Committee of the Bank has formulated with 03 (three) members. The Company Secretary acts as the Secretary of the Committee.

Members and attendance list of Risk Management Committee of Board of Directors during 01/01/2021 to 31/12/2021:

SL No.	Name of Members	Total No. of Meeting held	No. of Meetings Attended	No. of Meetings Absent	Remarks
01	Mr. Mohammed Abdul Maleque	04	04	-	-
02	Dr. Momtaz Uddin Ahmed	04	04	-	-
03	Mr. Khandkar Iftekhar Ahmad	04	04	-	-

### Roles and Responsibilities of the Risk Management Committee

The Risk Management Committee is formed in order to formulate and implement appropriate strategies to identify and assess risk as well as control and management of the same. The committee monitors risk management policies & methods and reviews the risk management process to ensure effective prevention and control measures. Four meeting of the committee were held in the year 2021. The committee reviews policy and guideline for risk management of the Bank. It monitors whether the approved policies have been implemented properly or not.

### The Nomination and Remuneration Committee

As per letter no. BRPD (R-1)717/2021-5064, dated June 16, 2021 of Bangladesh Bank, there is no scope to form Nomination and Remuneration Committee in the Bank because in the guidelines of Bangladesh Bank and Bank Companies Act, 1991 no direction is given to form such committee. As such, this committee will be formed after getting clearance from Bangladesh Bank subject to modification of Bank Companies Act, 1991.

### Directors' Report to Shareholders

A separate Directors' Report containing all requirements as per section 184 of the Companies Act, 1994 (Act No. XVIII of 1994) is incorporated in the earlier part of the report. Here, all statements as per condition 1.5) of Bangladesh Securities and Exchange Commission's notification no. BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018 are depicted below:

### Industry Outlook and possible future developments in the industry

Banking industry plays vital role to contribute in the world economy as well as Bangladesh economy. Since interest rate risk is supposed to be the greatest threat due to rise in interest rate in the market along with filthy competition, the banking industry has emphasized on procuring no/low cost deposits through vigorous campaign all the year round and would be able to retain and attract potential customers by rendering services to the extent of highest possible degree.

Banking industry is still the most promising and structured sector of the economy. They are also most preferred sectors of the investors of the bourses as increased remittance flow; good export performance and steady industrial growth, accelerated performance in SME and consumer loan, implementation of risk management and corporate governance are likely to have positive impact in the performance of the banking sector.

## Segment-wise or division-wise performance

Particulars	Division								Total
	Dhaka	Chattogram	Khulna	Barishal	Rajshahi	Rangpur	Sylhet	Mymensingh	
Investment Income & IBTA	32,661.78	49,462.19	3,086.78	795.52	730.40	398.47	821.62	328.83	88,285.58
Profit Paid On Deposits & IBTA	27,789.33	42,421.60	2,565.24	631.50	602.53	321.98	676.10	253.47	75,261.74
Net Investment Income	4,872.45	7,040.58	521.54	164.03	127.87	76.49	145.52	75.36	13,023.84
Other Operating Income	893.53	563.90	202.01	59.22	42.31	21.94	36.13	26.23	1,845.26
Total Operating Income	5,765.98	7,604.48	723.55	223.24	170.18	98.42	181.64	101.59	14,869.09
Operating Expenses	4,743.93	1,676.62	519.96	143.19	186.46	95.57	160.38	63.58	7,589.70
<b>Net Profit/(Loss)</b>	1,022.05	5,927.86	203.59	80.06	(16.28)	2.86	21.26	38.01	7,279.39

## Risk and concerns:

Since the banking industry depends on the country's prevailing political situation, legal environment, economic environment etc, there are certain risk factors which are external in nature and can affect the business of the bank. The risk factors and concerns discussed below which may significantly affect the business:

- General business and political condition-  
Political stability is must for growth in business activities. The effect of last economic recession is still unfolding which may result to slow down in business environment.
- Changes in borrowers credit quality-  
The risk of deterioration of credit quality is inherent in banking business. This could result due to global economic crisis and supply side distortion. Deterioration in credit quality requires provisioning.
- Changes in policies and practices of regulatory bodies to revise practices, pricing and responsibilities of the financial institutions have significant effect on the performance of the bank.
- Changes in market conditions-  
Changes in market conditions particularly interest rates on deposit; volatility in FX market is likely to affect the performance of the bank.
- The risk of litigation-In the ordinary course of business, legal actions, and claims by and against the Bank may arise.
- Operational risk is inherent to all business because more or less operation is technology based.

## Discussion on Cost of Deposit, Gross Profit Margin/Spread and Net Profit Margin:

For banking company, the concept of Cost of Deposit is the Profit paid on deposit because the main operation of bank is to collect deposit and invest that deposit into profitable sector. However the gross profit margin/Spread is calculated



through deducting profit paid on deposit from total investment income whereas net profit margin is calculated through deducting operating expenses from total operating income.

#### Discussion on continuity of any Extra-ordinary activities

In the year 2021, the Bank did not continue any extraordinary activities. As such, no gain or loss was incurred therefrom. It has been continuing its regular banking activities. The activities performed by the bank under the purview of Bank Company Act, 1991, Memorandum of Association and guidelines of regulatory bodies.

#### Related party transactions

The statement of all related party transactions is given below:

S. N.	Name of Party	Nature of Transaction	Nature of Relationship	Amount as on 31/12/2019	Basis of Transaction
1	Northern Islami Insurance Company Ltd.	Insurance Premium	Common Director	14,807,199	Fair Market Value
2	Northern Islami Insurance Company Ltd.	Deposit	Common Director	103,397,635	Fair Market Value
3	Aviva Finance Ltd.	Deposit	Common Director	314,310	Fair Market Value
4	Aviva Finance Ltd.	Placement	Common Director	12,490,000,000	Fair Market Value
5	Aviva Finance Ltd.	Subordinated Bond	Common Director	120,000,000	Fair Market Value
6	First Security Islami Capital & Investment Limited	Deposit	Common Director	30,061,584	Fair Market Value
7	First Security Islami Capital & Investment Limited	Capital	Common Director	255,000,000	Fair Market Value
8	First Security Islami Capital & Investment Limited	Investment	Common Director	578,398,597	Fair Market Value

#### Utilizations of proceeds from public issues, rights issues and/or through any others instruments:

Utilizations of proceeds from public issues- The company went for Public Offering in the year 2008 to raise fund amounting Tk. 1,150 million to enhance the capital base of the bank and thus the ability to augment business expansion. The fund raised through the Public Offering was fully utilized for meeting the said purpose.

#### Utilizations of proceeds from rights issues-2010 & 2014, FSIBL Mudaraba Subordinated Bond Issues 2012, 2017 & 2019 and Mudaraba Perpetual Bond issue 2020.

Net Proceeds from the rights issue, FSIBL Mudaraba Sub-ordinated Bond Issues and Mudaraba Perpetual Bond issue was used for investing in different profitable sectors from where return on investment will be high and to expand existing business operation. No specific implementation schedule has maintained by the bank in this respect.

#### An explanation if the financial results deteriorate after the company goes for initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.-----N/A

#### Variance between quarterly financial performance and annual financial statements

There is no significant variance between quarterly financial performance and annual financial statements of the Bank. The performance of the Bank was steady upward sloping during the year. The bank has been maintaining based on previous performance. It has positive growth in all parameters.

#### Remuneration to Directors

Remuneration to directors including independent directors is the amount of Tk. 1,566,400/= for the year ended 31 December 2021.

#### Statement regarding Financial Statements

To the best of our knowledge, the financial statements prepared as on December 31, 2021 by the Bank, presented fairly its state of affairs, the result of its operation, cash flows and changes in equity.

#### Proper books of account

First Security Islami Bank Limited maintains all required books of accounts such as Balance Sheet, Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity, Liquidity Statement, Consolidated Balance Sheet, Consolidated Profit and Loss Account, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity etc.

## Accounting Policies

The financial statements of the Bank continue to be prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Bank Companies Act 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, Bangladesh Securities and Exchange Rules 1987. In case any requirement of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank differ with those of IFRS, the requirements of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank shall prevail.

The financial statements of the Bank are made for the year ended 31 December, 2021 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, International Accounting Standards and International Financial Reporting Standards, The Companies Act 1994, The Bangladesh Security and Exchange Rules 1987, Dhaka & Chittagong Stock Exchanges listing regulations, Income Tax Ordinance 1984 and other laws and rules applicable in Bangladesh.

## Standards followed in preparing Financial Statements

International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as applicable in Bangladesh have been followed and disclosed in preparation of the Financial Statements.

## Internal Control System

The Board ensures that adequate internal control systems are in place which are consistently complied with and implemented to provide reasonable assurance that financial records are reliable for preparation of financial statements. The Board, further, ensures that quality of financial reporting is maintained, assets of the Bank are safeguarded against unauthorized use or disposition and accountability for assets and business transactions is maintained. International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as applicable in Bangladesh have been followed and disclosed in preparation of the Financial Statements.

The Bank also prepared internal control & compliance Manual duly approved by the Board of Directors to strengthen internal control functions. The Manual has been revised and updated in regular basis.

We have some mid level executives and officers in our ICC Division under the leadership of a senior executive. An Unit of ICC under this Division has been working in Chattogram to cover the branches of Chattogram South, Chattogram North, Cumilla and Sylhet Zone which is under the supervision of 1 (one) senior Executive.

### Internal Control & Compliance activities of IC& CD in 2021: (at a glance)

SL No.	Types of Inspection	Number of Branch/Unit	Frequency
1	Comprehensive Inspection	190	201
2	ICT Inspection	94	94
3	Special Inspection	05	05
4	Head Office Divisions	20	22
5	ATM Booth	102	102
6	Agent Banking Outlet	48	48
7	Zonal Office	09	09
8	Training Institute	02	02

The IC&C Divisional Head is responsible to look after audits & inspections, monitoring activities, risk assessment, in addition to all jobs relating to compliance & control. The IC&C Division is well-grouped into 3 (three) core units-Audit & Inspection Unit, Compliance Unit & Monitoring Unit. The audit/inspection teams conduct periodic and special audit, inspection & investigation, Foreign Trade and Foreign Exchange Inspection, On-line Foreign Exchange transaction monitoring etc. Moreover, IC&C Division have to check/verify Salary Fixation, Increment Files, Medical Bills Files, Special Bonus etc.

We have to intensively follow -up compliance of audit/ inspection reports conducted by the Division, Bangladesh Bank and external auditors. The Division monitors the banking activities, specially the sensitive areas of foreign exchange, finance & accounts and investments.

### Minority Shareholders Interests

Minority Shareholders interest have been protected from abusive actions by or in the interest of, controlling shareholders action either directly or indirectly and have effective means of redress. No event is arisen from the controlling shareholders who may impair the minority interest.

### Continue as a Going Concern

The Management has reasonable ground to believe that there is no significant doubt upon the bank's ability to continue as a going concern.

### Deviations from the last year's operating result

The significant deviations from the last year's operating results of the Bank are highlighted and the reasons thereof are disclosed below

- A) Due to decrease deposit profit rate for the year 2021 consequently increase operating profit by the amount of Tk.114.87 Crore for the year ended 31 December 2021 compared to the previous year 2020. As a result, EPS has been increased to 3.33 for the current year 2021 from 2.80 for the previous year 2020.
- B) Deposits Received from Customers has been decreased by the amount of Tk. 1,159.47 Crore compare to the previous year. As a result, the net operating cash inflows per share has been decreased to 6.33 as on 31 December 2021 compared to 6.96 on 31 December 2020.

### Others Information

#### Operating Result and Profit:

Total operating income of the bank as on December 31, 2020 stood at Tk. 14,869.09 million Against Tk. 13,324.02 million of the preceding year. The Bank made net operating profit of Tk. 7,279.39 million in 2021 against Tk. 6,130.72 million in 2020.

**A summary of operating result of the bank as on December 31, 2021 vis-a vis the position as on December 31, 2020 is shown below:**

(Taka in Million)

Particulars	2021	2020	Growth rate %
Investment Income	40,631.89	42,525.50	-4.45%
Profit paid to the Depositors	27,608.05	31,175.40	-11.44%
Net Investment Income	13,023.84	11,350.10	14.75%
Total Operating Income	14,869.09	13,324.01	11.60%
Total Operating Expense	7,589.70	7,193.30	5.51%
Profit before Provision and Tax	7,279.39	6,130.71	18.74%
Provision against Investment & Others Assets	1,463.93	1,362.81	7.42%
Profit before Taxes	5,815.46	4,767.90	21.97%

#### Profitability Ratio

SI No.	Particulars	2021	2020
1	Return on Assets (ROA)	0.64%	0.60%
2	Earnings per Share (Tk.)	3.33	2.80
3	Return on Investment (ROI)	1.51%	2.57%

## Key operating and financial data for last 05 (five) years

First Security Islami Bank Limited  
Horizontal Analysis of Balance Sheet

Particulars	2021	2021 Vs 2020	2020	2020 Vs 2019	2019	2019 Vs 2018	2018	2018 Vs 2017	2017
Cash In hand (Balance with Bangladesh Bank and its agent bank(s))	340,591.57	2.31%	332,888.90	8.29%	307,406.04	57.50%	195,182.80	-22.48%	251,771.15
Balance with other Banks and Financial Institutions	19,329.30	14.79%	16,839.29	112.27%	7,933.01	-26.80%	10,837.55	70.32%	6,363.15
Placement with Banks & other Financial Institutions	124,900.00	-0.64%	125,705.00	-7.59%	136,037.00	0.00%	136,037.00	0.00%	136,037.00
Investments in Shares & Securities	287,352.24	21.65%	236,215.53	34.77%	175,276.53	9.67%	159,816.91	0.46%	159,088.95
General Investment etc.	4,530,216.15	9.31%	4,144,546.42	13.93%	3,637,757.32	16.94%	3,110,697.41	13.97%	2,729,389.60
Bills Purchased and Negotiated	34,069.20	299.52%	8,527.60	20.38%	7,084.10	15.14%	6,152.48	-6.02%	6,546.59
Fixed Assets Including Premises, Furniture & Intangible Assets	65,450.50	0.96%	64,826.83	0.74%	64,351.74	87.79%	34,267.82	-1.69%	34,855.92
Other Assets	36,641.43	6.35%	34,453.78	-3.47%	35,691.15	-40.63%	60,114.40	19.53%	50,290.23
Non Banking Assets	251.45	0.00%	251.45	0.00%	251.45	0.00%	251.45	0.00%	251.45
<b>Total Assets</b>	<b>5,438,801.84</b>	<b>9.56%</b>	<b>4,964,254.80</b>	<b>13.55%</b>	<b>4,371,788.34</b>	<b>17.73%</b>	<b>3,713,357.83</b>	<b>10.04%</b>	<b>3,374,594.04</b>
Placement from Banks & other Financial Institutions	152,260.49	15.92%	131,348.72	-0.56%	132,083.82	-24.69%	175,376.98	84.97%	94,815.40
Deposits and Other Accounts	4,690,618.68	9.41%	4,287,015.22	13.83%	3,766,216.62	17.69%	3,200,217.98	6.99%	2,991,208.44
Mudaraba Subordinated Bond	97,000.00	-8.49%	106,000.00	-7.83%	115,000.00	136.53%	48,620.00	-9.66%	53,820.00
Mudaraba Perpetual Bond	60,000.00	0.00%	38,000.00	0.00%	-	0.00%	-	0.00%	-
Other Liabilities	234,154.40	6.03%	220,832.22	7.55%	205,337.26	31.15%	156,562.12	32.64%	118,033.44
<b>Total Liabilities</b>	<b>5,234,033.57</b>	<b>9.43%</b>	<b>4,783,196.16</b>	<b>13.38%</b>	<b>4,218,637.70</b>	<b>17.81%</b>	<b>3,580,777.08</b>	<b>9.91%</b>	<b>3,257,877.28</b>
Capital/Shareholders' equity	204,768.27	13.10%	181,058.64	18.22%	153,150.64	15.51%	132,580.75	13.59%	116,716.76
<b>Total Liabilities and Shareholders' Equity</b>	<b>5,438,801.84</b>	<b>9.56%</b>	<b>4,964,254.80</b>	<b>13.55%</b>	<b>4,371,788.34</b>	<b>17.73%</b>	<b>3,713,357.83</b>	<b>10.04%</b>	<b>3,374,594.04</b>

Horizontal Analysis of Balance Sheet refers to the analysis of growth of each component of Balance Sheet items from the previous period.

Key operating and financial data for last 05 (five) years

First Security Islami Bank Limited  
Horizontal Analysis of Profit and Loss

Particulars	2021	2021 Vs 2020	2020	2020 Vs 2019	2019	2019 Vs 2018	2018	2018 Vs 2017	2017
Investment Income	406,318.90	-4.45%	425,255.04	9.60%	388,014.33	14.39%	339,214.45	20.19%	282,225.05
Profit paid on deposit	(276,080.53)	-11.44%	(311,753.96)	7.92%	(288,874.24)	16.73%	(247,464.65)	24.60%	(198,612.16)
<b>Net Investment Income</b>	<b>130,238.37</b>	<b>14.75%</b>	<b>113,501.08</b>	<b>14.49%</b>	<b>99,140.09</b>	<b>8.05%</b>	<b>91,749.80</b>	<b>9.73%</b>	<b>83,612.89</b>
Income from Investment in Shares and Securities	3,946.30	-25.28%	5,281.56	-31.18%	7,674.35	91.37%	4,010.19	195.72%	1,356.07
Commission, Exchange and Brokerage	7,718.43	-5.97%	8,208.54	-7.22%	8,847.61	13.82%	7,773.37	-2.36%	7,960.89
Other Operating Income	6,787.83	8.62%	6,249.00	-2.69%	6,421.48	-3.40%	6,647.17	55.49%	4,274.96
<b>Total Operating Income</b>	<b>148,690.93</b>	<b>11.60%</b>	<b>133,240.18</b>	<b>9.14%</b>	<b>122,083.53</b>	<b>10.80%</b>	<b>110,180.53</b>	<b>13.35%</b>	<b>97,204.81</b>
Salary and Allowances	44,622.67	7.34%	41,572.77	13.58%	36,600.59	14.89%	31,856.39	19.40%	26,680.66
Rent, Taxes, Insurances, Electricity etc.	7,071.15	12.62%	6,278.93	-12.70%	7,192.48	15.29%	6,238.75	9.14%	5,716.10
Legal Expenses	94.14	126.08%	41.64	-54.82%	92.17	-25.77%	124.17	60.53%	77.35
Postage, Stamps, Telecommunication etc.	1,168.44	27.83%	914.07	-1.77%	930.55	1.59%	916.01	4.68%	875.07
Stationery, Printings, Advertisements etc.	1,694.89	-9.10%	1,864.55	3.54%	1,800.82	12.25%	1,604.32	-12.16%	1,826.46
Managing Director's Salary and Fees	164.32	20.19%	136.72	6.09%	128.87	4.27%	123.59	12.40%	109.95
Directors' Fees & Expenses	15.66	20.74%	12.97	-17.02%	15.63	-24.75%	20.77	45.96%	14.23
Shariah Supervisory Committee's Fees & Expenses	4.59	94.49%	2.36	7.27%	2.20	31.74%	1.67	160.94%	0.64
Auditor's Fees	13.80	50.00%	9.20	0.00%	9.20	0.00%	9.20	6.60%	8.63
Depreciation & Repair of Bank's Assets	7,518.63	12.40%	6,689.38	14.69%	5,832.35	19.92%	4,863.40	9.44%	4,443.88
Zakat Expenses	1,742.45	37.69%	1,265.45	28.67%	983.48	11.57%	881.50	23.13%	715.88
Other Expenses	11,786.25	-10.34%	13,144.98	39.40%	9,429.57	-9.14%	10,377.96	14.09%	9,096.64
<b>Total Operating Expenses</b>	<b>75,896.99</b>	<b>5.51%</b>	<b>71,933.02</b>	<b>14.15%</b>	<b>63,017.91</b>	<b>10.52%</b>	<b>57,017.72</b>	<b>15.04%</b>	<b>49,565.49</b>
<b>Profit before Provision and Tax</b>	<b>72,793.94</b>	<b>18.74%</b>	<b>61,307.16</b>	<b>3.79%</b>	<b>59,065.62</b>	<b>11.10%</b>	<b>53,162.80</b>	<b>11.59%</b>	<b>47,639.32</b>
Provisions for Investments including off-B/S items	11,182.09	-19.63%	13,913.15	-26.29%	18,875.81	-15.07%	22,225.61	10.26%	20,156.78
Provisions for Diminution in Value of Investment in Shares	(637.16)	12.39%	(566.92)	-155.70%	1,017.88	61.21%	631.40	139.69%	263.43
Provision for Start-up fund	332.11	0.00%	281.90	0.00%	-	0.00%	-	0.00%	-
Provision for Other Assets	3,762.27	0.00%	-	0.00%	-	0.00%	0.91	0.00%	302.80
<b>Total Provisions</b>	<b>14,639.31</b>	<b>7.42%</b>	<b>13,628.13</b>	<b>-31.50%</b>	<b>19,893.69</b>	<b>-12.97%</b>	<b>22,857.92</b>	<b>10.30%</b>	<b>20,723.01</b>
<b>Total Profit before Taxes</b>	<b>58,154.63</b>	<b>21.97%</b>	<b>47,679.03</b>	<b>21.72%</b>	<b>39,171.93</b>	<b>29.26%</b>	<b>30,304.88</b>	<b>12.59%</b>	<b>26,916.31</b>
Provision for Tax	24,944.21	26.17%	19,771.02	6.28%	18,602.04	28.82%	14,440.89	4.46%	13,824.85
<b>Net Profit after tax</b>	<b>33,210.42</b>	<b>19.00%</b>	<b>27,908.01</b>	<b>35.67%</b>	<b>20,569.89</b>	<b>29.66%</b>	<b>15,863.99</b>	<b>21.18%</b>	<b>13,091.46</b>
<b>Earnings Per Share</b>	<b>3.33</b>		<b>2.94</b>		<b>2.17</b>		<b>2.02</b>		<b>1.67</b>

Horizontal Analysis of Profit & Loss Account refers to the analysis of growth of each component of Profit & Loss Account from the previous period.



Key operating and financial data for last 05 (five) years

**First Security Islami Bank Limited**

**Vertical Analysis of Balance Sheet**

Particulars	2021	2021 (%)	2020	2020 (%)	2019	2019 (%)	2018	2018 (%)	Amount in Lac Tk.	
									2017	2017 (%)
Cash In hand (Balance with Bangladesh Bank and its agent bank(s))	340,591.57	6.26%	332,888.90	6.71%	307,406.04	7.03%	195,182.80	5.26%	251,771.15	7.46%
Balance with other Banks and Financial Institutions	19,329.30	0.36%	16,839.29	0.34%	7,933.01	0.18%	10,837.55	0.29%	6,363.15	0.19%
Placement with Banks & other Financial Institutions	124,900.00	2.30%	125,705.00	2.53%	136,037.00	3.11%	136,037.00	3.66%	136,037.00	4.03%
Investments in Shares & Securities	287,352.24	5.28%	236,215.53	4.76%	175,276.53	4.01%	159,816.91	4.30%	159,088.95	4.71%
General Investment etc..	4,530,216.15	83.29%	4,144,546.42	83.49%	3,637,757.32	83.21%	3,110,697.41	83.77%	2,729,389.60	80.88%
Bills Purchased and Negotiated	34,069.20	0.63%	8,527.60	0.17%	7,084.10	0.16%	6,152.48	0.17%	6,546.59	0.19%
Fixed Assets Including Premises, Furniture & Intangible Assets	65,450.50	1.20%	64,826.83	1.31%	64,351.74	1.47%	34,267.82	0.92%	34,855.92	1.03%
Other Assets	36,641.43	0.67%	34,453.78	0.69%	35,691.15	0.82%	60,114.40	1.62%	50,290.23	1.49%
Non Banking Assets	251.45	0.00%	251.45	0.01%	251.45	0.01%	251.45	0.01%	251.45	0.01%
<b>Total Assets</b>	<b>5,438,801.84</b>	<b>100%</b>	<b>4,964,254.80</b>	<b>100%</b>	<b>4,371,788.34</b>	<b>100%</b>	<b>3,713,357.83</b>	<b>100%</b>	<b>3,374,594.04</b>	<b>100%</b>
Placement from Banks & other Financial Institutions	152,260.49	2.80%	131,348.72	2.65%	132,083.82	3.02%	175,376.98	4.72%	94,815.40	2.81%
Deposits and Other Accounts	4,690,618.68	86.24%	4,287,015.22	86.36%	3,766,216.62	86.15%	3,200,217.98	86.18%	2,991,208.44	88.64%
Mudaraba Subordinated Bond	97,000.00	1.78%	106,000.00	2.14%	115,000.00	2.63%	48,620.00	1.31%	53,820.00	1.59%
Mudaraba Perpetual Bond	60,000.00	1.10%	38,000.00	0.77%	-	0.00%	-	0.00%	-	0.00%
Other Liabilities	234,154.40	4.31%	220,832.22	4.45%	205,337.26	4.70%	156,562.12	4.22%	118,033.44	3.50%
<b>Total Liabilities</b>	<b>5,234,033.57</b>	<b>96.24%</b>	<b>4,783,196.16</b>	<b>96.35%</b>	<b>4,218,637.70</b>	<b>96.50%</b>	<b>3,580,777.08</b>	<b>96.43%</b>	<b>3,257,877.28</b>	<b>96.54%</b>
Capital/Shareholders' equity	204,768.27	3.76%	181,058.64	3.65%	153,150.64	3.50%	132,580.75	3.57%	116,716.76	3.46%
<b>Total Liabilities and Shareholders' Equity</b>	<b>5,438,801.84</b>	<b>100%</b>	<b>4,964,254.80</b>	<b>100%</b>	<b>4,371,788.34</b>	<b>100%</b>	<b>3,713,357.83</b>	<b>100%</b>	<b>3,374,594.04</b>	<b>100%</b>

Vertical Analysis of Balance Sheet refers to the components of Balance Sheet items as a % of total Assets over the periods which would be termed as common sizing of Balance

Key operating and financial data for last 05 (five) years  
First Security Islami Bank Limited  
Vertical Analysis of Profit and Loss

Particulars	2021	2021 (%)	2020	2020 (%)	2019	2019 (%)	2018	2018 (%)	2017	2017 (%)
Investment Income	406,318.90	95.66%	425,255.04	95.56%	388,014.33	94.42%	339,214.45	94.85%	282,225.05	95.41%
Profit paid on deposit	(276,080.53)	65.00%	(311,753.96)	70.06%	(288,874.24)	70.29%	(247,464.65)	69.19%	(198,612.16)	67.14%
<b>Net Investment Income</b>	<b>130,238.37</b>	<b>30.66%</b>	<b>113,501.08</b>	<b>25.51%</b>	<b>99,140.09</b>	<b>24.12%</b>	<b>91,749.80</b>	<b>25.65%</b>	<b>83,612.89</b>	<b>28.27%</b>
Income from Investment in Shares and Securities	3,946.30	0.93%	5,281.56	1.19%	7,674.35	1.87%	4,010.19	1.12%	1,356.07	0.46%
Commission, Exchange and Brokerage	7,718.43	1.82%	8,208.54	1.84%	8,847.61	2.15%	7,773.37	2.17%	7,960.89	2.69%
Other Operating Income	6,787.83	1.60%	6,249.00	1.40%	6,421.48	1.56%	6,647.17	1.86%	4,274.96	1.45%
<b>Total operating income</b>	<b>148,690.93</b>	<b>35.00%</b>	<b>133,240.18</b>	<b>29.94%</b>	<b>122,083.53</b>	<b>29.71%</b>	<b>110,180.53</b>	<b>30.81%</b>	<b>97,204.81</b>	<b>32.86%</b>
Salary and Allowances	44,622.67	10.51%	41,572.77	9.34%	36,600.59	8.91%	31,856.39	8.91%	26,680.66	9.02%
Rent, Taxes, Insurances, Electricity etc.	7,071.15	1.66%	6,278.93	1.41%	7,192.48	1.75%	6,238.75	1.74%	5,716.10	1.93%
Legal Expenses	94.14	0.02%	41.64	0.01%	92.17	0.02%	124.17	0.03%	77.35	0.03%
Postage, Stamps, Telecommunication etc.	1,168.44	0.28%	914.07	0.21%	930.55	0.23%	916.01	0.26%	875.07	0.30%
Stationery, Printings, Advertisements etc.	1,694.89	0.40%	1,864.55	0.42%	1,800.82	0.44%	1,604.32	0.45%	1,826.46	0.62%
Managing Director's Salary and Fees	164.32	0.04%	136.72	0.03%	128.87	0.03%	123.59	0.03%	109.95	0.04%
Directors' Fees & Expenses	15.66	0.00%	12.97	0.00%	15.63	0.00%	20.77	0.01%	14.23	0.00%
Shariah Supervisory Committee's Fees & Expenses	4.59	0.00%	2.36	0.00%	2.20	0.00%	1.67	0.00%	0.64	0.00%
Auditor's Fees	13.80	0.00%	9.20	0.00%	9.20	0.00%	9.20	0.00%	8.63	0.00%
Depreciation & Repair of Bank's Assets	7,518.63	1.77%	6,689.38	1.50%	5,832.35	1.42%	4,863.40	1.36%	4,443.88	1.50%
Zakat Expenses	1,742.45	0.41%	1,265.45	0.28%	983.48	0.24%	881.50	0.25%	715.88	0.24%
Other Expenses	11,786.25	2.77%	13,144.98	2.95%	9,429.57	2.29%	10,377.96	2.90%	9,096.64	3.08%
<b>Total Operating Expenses</b>	<b>75,896.99</b>	<b>17.87%</b>	<b>71,933.02</b>	<b>16.16%</b>	<b>63,017.91</b>	<b>15.33%</b>	<b>57,017.72</b>	<b>15.94%</b>	<b>49,565.49</b>	<b>16.76%</b>
<b>Profit before Provision and Tax</b>	<b>72,793.94</b>	<b>17.14%</b>	<b>61,307.16</b>	<b>13.78%</b>	<b>59,065.62</b>	<b>14.37%</b>	<b>53,162.80</b>	<b>14.86%</b>	<b>47,639.32</b>	<b>16.10%</b>
Provisions for Investments including off-B/S items	11,182.09	2.63%	13,913.15	3.13%	18,875.81	4.59%	22,225.61	6.21%	20,156.78	6.81%
Provisions for Diminution in Value of Investment in Shares	(637.16)	-0.15%	(566.92)	-0.13%	1,017.88	0.25%	631.40	0.18%	263.43	0.09%
Provision for Start-up fund	332.11	0.08%	281.90	0.06%	-	0.00%	-	0.00%	-	0.00%
Provision for Other Assets	3,762.27	0.89%	-	0.00%	-	0.00%	0.91	0.00%	302.80	0.10%
<b>Total Provisions</b>	<b>14,639.31</b>	<b>3.45%</b>	<b>13,628.13</b>	<b>3.06%</b>	<b>19,893.69</b>	<b>4.84%</b>	<b>22,857.92</b>	<b>6.39%</b>	<b>20,723.01</b>	<b>7.01%</b>
<b>Total Profit before Taxes</b>	<b>58,154.63</b>	<b>13.69%</b>	<b>47,679.03</b>	<b>10.71%</b>	<b>39,171.93</b>	<b>9.53%</b>	<b>30,304.88</b>	<b>8.47%</b>	<b>26,916.31</b>	<b>9.10%</b>
Provision for Tax	24,944.21	5.87%	19,771.02	4.44%	18,602.04	4.53%	14,440.89	4.04%	13,824.85	4.67%
<b>Net Profit after tax</b>	<b>33,210.42</b>	<b>7.82%</b>	<b>27,908.01</b>	<b>6.27%</b>	<b>20,569.89</b>	<b>5.01%</b>	<b>15,863.99</b>	<b>4.44%</b>	<b>13,091.46</b>	<b>4.43%</b>
<b>Earnings Per Share</b>	<b>3.33</b>		<b>2.94</b>		<b>2.17</b>		<b>2.02</b>		<b>1.67</b>	

Vertical Analysis of Profit & Loss Account refers to the components of Profit & Loss Account as a % of total Income (Interest Income + Investment Income + Commission, exchange, brokerage and others) over the periods which would be termed as common sizing of Profit & Loss Accounts.

## Declaration of Dividend

For the year 2021, the Bank has declared 5% Cash Dividend and 5% Stock Dividend.

## Interim Dividend

The bank has not declared any interim dividend either in the form cash dividend or stock dividend/bonus share for the year 2021. As per dividend policy of the Bank, no bonus share or stock dividend can be declared as interim dividend.

## Board Meeting and Attendance

A statement of Board meeting and meeting of the committees of the members of the Board as well as attendance therein are shown below:

### Attendance list of Board of Directors During 01/01/2021 to 31/12/2021

SL. No.	Name of Directors	Total No. of Meetings held	Total No. of Meetings Attended	Total No. of Meetings Absent	Remarks
01	Mr. Mohammed Saiful Alam	11	10	01	Leave Granted
02	Mr. Mohammed Abdul Maleque	11	11	—	-
03	Mrs. Farzana Parveen	11	10	01	Leave Granted
04	Mrs. Rahima Begum	11	08	03	Leave Granted
05	Mrs. Atikur Nessa	11	11	—	-
06	Mr. Khandkar Iftekhar Ahmad	11	11	—	-
07	Dr. Momtaz Uddin Ahmed	11	10	01	Leave Granted
08	Mrs. Badrun Nessa	11	11	—	-
09	Mr. Jamal Mostafa Chowdhury	11	11	—	-
10	Mr. Mohammed Abdullah Hasan	11	11	—	-
11	Mr. Md. Ruhul Amin	11	10	01	Leave Granted
12	Mr. Mohammad Masum Kamal Bhuiyan	11	08	—	Appointed on 11/05/2021 ( Attended in all meetings during his tenure in the year )
13	Mr. Ahmed Muktadir Arif	11	—	—	Completion of tenure on 08.02.2021

## Parent/Subsidiary/Associated Companies and Other related parties

First Security Islami Bank Limited has no parent company or associated companies. It has two subsidiary companies i.e. First Security Islami Capital and Investment Limited and First Security Islami Exchange Italy, SRL. None of the subsidiary company of the Bank hold any share of it during the year 2021.

**Shares held by Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouse and minor children**

Name of Director	Position in Board/ Designation	No. of Shares	Name of their spouse and Minor child	No. of Shares
Mohammed Saiful Alam	Chairman	42,952,440		
Mohammed Abdul Maleque	Vice-Chairman	19,923,961	Sarwar Jahan Maleque	914,926
Farzana Parveen	Director	48,476,638		
Rahima Begum	Director	19,923,961	Mortoza Siddique Chowdhury	10,272,750
Atikur Nessa	Director	45,555,114		
Dr. Momtaz Uddin Ahmed Independent Director	Director	Nil		
Md. Ruhul Amin Independent Director	Director	Nil		
Mohammad Masum Kamal Bhuiyan Independent Director	Director	Nil		
Badrun Nessa Nominated Director (Padma Export Import & Trading Co.)	Director	30,032,765		
Mohammad Abdullah Hassan, Nominated Director (Nowshin Steels Limited)	Director	22,678,023		
Khandkar Iftekhar Ahmad, Nominated Director (Pusti Vegetable Ghee Limited)	Director	21,621,363		
Jamal Mostafa Chowdhury, Nominated Director (Honeywell Securities Corp. Ltd.)	Director	19,923,981		
Mr. Syed Waseque Md. Ali	Managing Director	Nil		
Mr. Md. Mustafa Khair	Chief Financial Officer	Nil		
Mr. Oli Kamal, FCS	Company Secretary	Nil		
Mr. Rafiq-Ul-Alam	Head of Internal Audit	Nil		

**Share held by Executives (top five salaried employees of the company other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit)**

Name	Designation	No. of Share	Holding Share by their spouse and Minor child
Mr. Abdul Aziz	AMD	Nil	Nil
Mr. Md. Zahurul Haque	DMD	Nil	Nil
Mr. Md. Masudur Rahman Shah	DMD	Nil	Nil
Mr. Md. Tahurul Haque	EVP	Nil	Nil
Mr. Md. Abdur Rashid	EVP	Nil	Nil

**Shareholders holding ten percent (10%) or more voting interest in the company**

None of the shareholder of the Bank holds ten percent (10%) or more voting interest in the company in the year 2021.

## Re-appointment of Directors

### Mohammed Abdul Maleque, Vice- Chairman

Mohammed Abdul Maleque was born in Chattogram in the year 1953. He comes from a very respectable family of Bangladesh. He is a renowned business man. He obtains vast experiences during the business career he involves in his life. He has participated in various seminars and symposium in the country and abroad.

Mr. Maleque is the Chairman of ABM Tower Ltd., Chairman & Managing Director of Kharana Fish & Poultry Ltd. He is also the Managing Director of Chittagong Board and Paper Mills Ltd. He is the Director of First Security Islami Capital & Investment Ltd., former director of Chittagong Chamber of Commerce & Industry. He is also the Proprietor of M/S. Bengal Corporation, M/S. Bengal Trading, M/S. Lucky Electronics.

He has travelled many countries around the world for business purposes.

### Mrs. Farzana Parveen, Director

Mrs. Farzana Parveen was born in Chattogram in the year 1971. She has enriched her experience through the onerous work in business. In addition to her expertise in the business, she is a person of wide vision. Her epoch-making decision in the business makes her renowned.

Mrs. Farzana Parveen is the Chairman of Nexus Television & Media Network Limited and Managing Director of Dewan Assets Limited. She is the Director of First Security Islami Capital & Investment Limited, Reliance Brokerage Services Limited, S. Alam Vegetable Oil Limited, Prasad Paradise Resorts Limited, S. Alam Power Plant Limited, S. Alam Properties Limited, Sonali Cargo Logistics (Pvt.) Limited, Norinco Engineering Limited, Affinity Assets Limited, Wesco Limited and Noor Islamic Holdings Limited. She is also Shareholder of S. Alam Steels Limited, S. Alam Cold Rolled Steels Limited, Union Bank Limited, Aviva Finance Limited, Ekushey Television Limited and Padma Islami Life Insurance Limited. She is also the Proprietor of Fairy Trade International.

Mrs. Farzana parveen has travelled many countries around the world for business purposes.

### Khandkar Iftekhar Ahmad, Nominated Director

Khandkar Iftekhar Ahmad was born in Pabna in the year 1951. He is a retired Air Commodore of Bangladesh Air Force. During his service period, he served different important positions in Bangladesh Air Force and abroad. After retirement, he has served in several higher positions in various reputed Civil Organizations in the country. He is also the chairman of Aeronautical Institute of Bangladesh and Global Airport Assisting Services Limited.

Khandkar Iftekhar Ahmad has attended various national and international seminars in the country and abroad. He has travelled many countries around the world for service purposes.

## Management Discussion and Analysis

Global economic ramifications of the Covid-19 will adversely impact on the previous growth trajectory of Bangladesh for this year. The year 2021 was very challenging year for banking sector especially for deposit mobilization and investment. Bank struggled to manage deposit cost according to deposit size. Moreover, due to the huge gap in the profit rate between deposit and investment, the bank had to take several policies to keep tight its financial stability. As banking sector was very challenging in the year 2021, the bank focused on core banking business, made positive growth in profitability and maintained a sound asset quality the bank remained financially strong by dint of its resolute focus on the vision of becoming country's finest corporate citizen and also emphasize its focus on SME, retail Consumer and relentless pursuit of providing excellent and need based customer service. In terms of new investment, trade, deposit and maintained moderate growth in pre-tax profit by balancing its overall resources and concentrated on strategic business decision, reform and restructuring the processes and policies. The analysis of financial performance and operating result of the bank is narrated below:

### Accounting Policies and Estimation for Preparation of Financial Statements:

The financial statements of the Bank continue to be prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Bank Companies Act 1991, the rules and regulations issued by Bangladesh



Bank, the Companies Act 1994, Bangladesh Securities and Exchange Rules 1987. In case any requirement of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank differ with those of IFRS, the requirements of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank shall prevail.

The financial statements of the Bank are made for the year ended 31 December, 2021 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, International Accounting Standards and International Financial Reporting Standards, The Companies Act 1994, The Bangladesh Security and Exchange Rules 1987, Dhaka & Chittagong Stock Exchanges listing regulations, Income Tax Ordinance 1984 and other laws and rules applicable in Bangladesh.

## Changes in accounting policies and estimation NIL

## Comparative Analysis of Financial Performance as well as cash flows for current year with immediate preceding five years:

(Amount in million TK.)

Sl. No.	Particulars	2017	2018	2019	2020	2021
1	Authorized Capital	10,000.00	10,000.00	10,000.00	30,000.00	30,000.00
2	Paid-up Capital	7,128.17	7,840.99	8,625.09	9,487.60	9,961.98
3	Shareholders' Equity	11,770.74	13,361.35	15,165.54	17,945.50	20,343.76
4	Total Regulatory Capital	20,081.61	21,278.58	27,472.21	34,915.07	36,632.45
5	Statutory Reserve	2,950.45	3,556.56	4,339.99	5,293.57	6,456.66
6	Total Assets	344,486.61	372,183.32	437,646.63	497,250.79	544,795.19
7	Total Liabilities	332,375.69	358,477.74	422,141.19	478,952.77	524,077.93
8	Total Deposits	299,106.10	320,011.19	376,609.70	428,687.22	469,035.38
9	Total Investment	273,352.47	311,416.52	364,029.96	414,780.69	455,850.14
10	Total Contingent Liabilities	41,263.42	47,097.22	54,806.72	46,909.12	44,525.61
11	Total Risk Weighted Assets	164,510.61	205,717.12	240,730.41	287,963.44	302,924.48
12	Total Fixed Assets	3,473.09	3,428.64	6,447.31	6,492.53	6,562.29
13	Operating Income	9,925.24	11,207.96	12,380.79	13,460.49	15,145.71
14	Operating Expenditure	5,038.14	5,777.79	6,416.27	7,298.58	7,731.09
15	Profit before Provision & Tax	4,887.10	5,430.18	5,964.53	6,161.91	7,414.64
16	Profit before Tax	2,813.80	3,074.04	3,969.66	4,793.90	5,902.11
17	Net profit after Provision & Tax	1,389.92	1,594.66	2,091.89	2,792.58	3,365.20
18	Profit Earning Assets	303,697.02	342,354.14	396,408.80	453,339.59	499,453.72
19	Non Profit Earning Asset	40,789.60	28,981.65	40,770.04	43,911.20	45,341.47

Sl. No.	Particulars	2017	2018	2019	2020	2021
1	Investment as a % of Total Deposit	87.78%	93.15%	90.47%	91.90%	91.39%
2	Capital Risk Assets Ratio (CRAR)	12.21%	10.34%	11.41%	12.12%	12.09%
3	Earnings Per Share (EPS) (Tk.)	1.89	1.84	2.19	2.79	3.36
4	Price Earnings Ratio (Times) Solo	8.33	5.39	4.07	3.06	3.87
5	Return on Assets (ROA) Solo	0.41%	0.45%	0.51%	0.60%	0.64%
6	Net Asset Value Per Share (Tk.)	16.51	15.49	15.98	18.01	20.42
7	Cost of Fund	8.62%	9.66%	9.62%	7.96%	7.92%
8	<b>Dividend:</b>					
	a) Cash	Nil	Nil	Nil	5%	5%
	b) Bonus	10%	10%	10%	5%	5%

Sl. No.	Particulars	2017	2018	2019	2020	2021
1	Net Operating Cash Flows Per Share (NOCFPS)	-11.47	-5.41	6.69	7.04	6.10

## Compare financial performance or results and financial position as well as cash flows with industry scenario:

Bangladesh has made remarkable progress in poverty reduction, supported by sustained economic growth. It has been among the fastest growing economies in the world over the past decade, thanks to a demographic dividend, strong ready-made garment (RMG) exports, and stable macroeconomic conditions.

As a result, Bangladesh reached lower-middle-income status in 2015 and is on track to graduate from the UN's Least Developed Countries (LDC) list in 2026. Poverty declined from 44 percent in 1991 to 15 percent in 2016, based on the international poverty line of \$1.90 a day (using 2011 Purchasing Power Parity exchange rate). Moreover, human development outcomes improved along many dimensions.

The COVID-19 pandemic impacted Bangladesh profoundly. In addition to the impact on health, GDP growth decelerated, and poverty increased. The pandemic may also have long term economic implications as a result of reduced female labor force participation, learning losses, and heightened financial sector vulnerabilities.

Resolving longer term structural challenges could accelerate the post-COVID-19 recovery. Reform priorities include a diversification of exports beyond the RMG sector, deepening the financial sector, improving urbanization, and strengthening public governance. Addressing infrastructure gaps would accelerate growth and reduce spatial disparities in opportunities across regions and within cities. Human capital development remains a priority as well. While Bangladesh's ranking on the Human Capital Index is higher than the South Asian average, it is below the levels observed in comparator countries. Bangladesh's HDI value for 2019 is 0.632– which put the country in the medium human development category—positioning it at 133 out of 189 countries and territories.

- Most recent data reflect better-than-expected growth in exports (16.46 percent y/y). Remittances represent almost 6 percent of GDP in FY21 (\$22.07 billion), and most migrant workers are based in Gulf countries that are affected by the abrupt decline in oil prices.
- The RMG sector accounts for more than eighty percent of the country's exports. After the COVID-19 outbreak, the industry was hit by the cancellation or postponement of several billion US dollars in orders from major retailers in importing countries. The looming second wave in the major trading partners could dampen the recent pick up of export demand, coupled with more order cancellations.
- Higher import growth and concurrent payments of the import bill may reduce the foreign exchange reserve.

The focus of Bangladesh Bank (BB) is to ensure that there is adequate liquidity in the financial system to support the operations of financial institutions, and it has announced that it will buy treasury bonds and bills from banks.

1. Introduction of Shariah based Sukuk which is new investment horizon for Islamic Banks.
2. Determine single borrower exposure to 25% of capital of a commercial bank.
3. The repo rate was from 6 percent to 4.75 percent in three cuts in March, April and July.
4. The cash reserve ratio (CRR) for banks was reduced from 5 percent to 3.5 percent (daily-basis) and from 5.5 percent to 4 percent (bi-weekly basis). CRR was cut to 1.5% (daily basis) and 2.0% (bi-weekly basis) for offshore banking operation, effective July 1, and 1.0% (daily basis) and 1.5% (bi-weekly basis) for NBFIs, effective June 1.
5. BB has also raised the advance-deposit ratio (ADR) and investment-deposit ratio (IDR) by 2 percent to facilitate credit to the private sector and improve liquidity in the banking system.
6. The Export Development Fund (EDF) was raised to \$5 billion, with the interest rate slashed to 1.75 percent and the refinancing limit increased.
7. BB has created several refinancing schemes amounting to a total of Tk. 380 billion, a 360-day tenor special repo facility and a credit guarantee scheme for exporters, farmers, and SMEs to facilitate the implementation of the government stimulus packages.
8. In addition, BB has taken measures to delay non-performing loan classification, relax loan rescheduling policy for Non-Bank Financial Institutions (NBFIs), waive credit card fees and interests, suspend loan interest payments, impose restrictions on bank dividend payments, extend tenures of trade instruments, and ensure access to financial services.

Addressing vulnerability to climate risks would support the resilience of economic development to future shocks. Pivoting towards green growth could support the sustainability of development outcomes for the next generation. With the right policies and timely action, Bangladesh can accelerate its recovery from the economic downturn and continue to progress towards upper-middle income status.

### Financial Position of the Bank

In spite of the tough economic environment during the year 2021, the bank has managed a sustainable development in its balance sheet. At the end of the year 2021 total assets has increased by 9.56% in compare with the year 2020. A summary position of the total assets of the bank is given below:

Taka in Million			
Particulars	31.12.2021	31.12.2020	Growth rate %
Cash	34,059.16	33,288.88	2.31%
Balance with other Banks and Financial Institutions	1,932.93	1,683.93	14.79%
Placement with Banks & Other Financial Institutions	12,490.00	12,570.50	-0.64%
Investments in Shares & Securities	28,735.22	23,621.55	21.65%
Investments	456,428.54	415,307.40	9.90%
Fixed Assets Including Premises, Furniture & Fixtures and Intangible Assets	6,545.05	6,482.68	0.96%
Other Assets	3,664.14	3,445.38	6.35%
Non Banking Assets	25.15	25.15	
Total Assets	543,880.19	496,425.47	9.56%

A summary of operating result of the bank as on December 31, 2021 vis-a vis the position as on December 31, 2020 is shown below:

Particulars	2021	2020	Growth rate %
Investment Income	40,631.89	42,525.50	-4.45%
Profit paid to the Depositors	27,608.05	31,175.40	-11.44%
Net Investment Income	13,023.84	11,350.10	14.75%
Total Operating Income	14,869.09	13,324.01	11.60%
Total Operating Expense	7,589.70	7,193.30	5.51%
Profit before Provision and Tax	7,279.39	6,130.71	18.74%
Provision against Investment & Others Assets	1,463.93	1,362.81	7.42%
Profit before Taxes	5,815.46	4,767.90	21.97%

### Cash and cash equivalents

Cash and cash equivalents includes cash in hand and balances with Bangladesh Bank and its agent banks, balance with ATM, balance with other banks and financial institutions and money at call on short notice. Cash and cash equivalents increased amount of Tk. 1,019.27 Million on 31 December 2021 from 31 December 2020.

### Projection of Economy of Bangladesh in 2021

The World Bank has signaled that Bangladesh's economy is heading for higher growth again after the corona crash. The organization has forecast that the gross domestic product (GDP) will grow by 6.4 percent in the current fiscal year 2021-22.

International credit rating organization Standard & Poor's (S&P) has predicted that Bangladesh's economic situation will remain "stable" in the face of strong growth and huge development demand despite the financial challenges posed by the Corona pandemic.

Bangladesh's credit rating has been maintained by the US-based financial services provider BB in the long run and B in the short run. This information has come up in S & P's annual rating review report on Bangladesh. The credit rating report said that the strong growth trend of Bangladesh will continue to increase the average income and will survive by facing external risks throughout the year, which was expected to be reflected in the ratings.

According to S&P's forecasts, the impact of a relatively weak economic base and domestic demand will continue to be normal in the second half of 2022. Real GDP growth could reach 7 percent this year. According to the organization's forecast, 5.5 percent growth has been achieved in the fiscal year ended June 2021. Bangladesh's economic recovery will be possible in the next one to two years by coping with the Corona. Bangladesh has been getting the same rating since the first loan from S&P in 2010. In summary of the economic assessment, it is said that despite facing low-middle income economy, budget deficit and huge development needs, Bangladesh is benefiting from foreign debt and strong economic growth.

In addition to identifying the country's administrative and institutional weaknesses as obstacles to the economy, S&P highlights good external conditions, adequate support from significant donor involvement, huge foreign exchange, remittances and a world-class readymade garment industry. S&P says ratings could be further improved if the government properly implements revenue initiatives to strengthen future fiscal conditions. The organization observes that foreign direct investment in Bangladesh is consistently low due to weak institutional structure, lack of infrastructure and complexity in the business environment. Identifying the current per capita income of 2,382 USD as a major barrier to good credit, S&P says that this level of income creates a weak and narrow revenue base, limiting the resilience of the fiscal and monetary situation to external shocks.

According to S&P's review, the active participation of Bangladesh's development partners has resulted in a steady improvement in debt repayment capacity. Significant growth in the central bank's foreign exchange reserves has been instrumental in foreign trade. Significant foreign exchange reserves are building confidence among development partners. Increasing institutional and procurement skills, various steps for infrastructural development, increasing imports, exports and investments (especially in the shipbuilding and IT sector) will further accelerate the medium term growth of Bangladesh. Low cost and long term refinancing in the external economy has reduced the risk. The international credit rating agency said the balance of transactions or the foreign exchange liquidity of banks was not risky due to tolerable levels of foreign borrowing, access to affordable foreign loans, presence of significant foreign exchange reserves, etc.

Bangladesh is a middle income developing country in the third world. Bangladesh's economy is fast growing, stable, mixed and free market economy. Until 1980, Bangladesh's economy was largely dependent on agricultural products (jute and jute products). It is currently dependent on industry and services, not agriculture. Remittances from abroad and export of readymade garments are playing a major role in the economy of Bangladesh.

The garment industry generated 40 thousand USD in 1979, and increased to 2 thousand 8 hundred crore USD in 2020. Bangladesh was included in the list of Least Developed Countries (LDCs) in 1975. There are currently 47 least developed countries. In 2021, the UN Committee for Development Policy (CDP) has recommended that Bangladesh be included in the list of developing countries. However, it will take another five years to get out of LDC.

According to government statistics, GDP has been growing at a rate of 5 to 6 percent per annum since the beginning of democracy in Bangladesh in 1991. In the outgoing fiscal year (2020-21) of the Corona pandemic, the growth target of the Gross Domestic Product (GDP) in Bangladesh was 8.2 percent, but the initial achievement was 5.47 percent. However, according to the Bureau of Statistics, the size of this GDP at fixed prices is Tk 30 lakh 11 thousand 85 crore. The per capita income is 2 thousand 228 USD. However, in the fiscal year 2021-22, the GDP growth target has been set at 0.2 percent. According to the CPD study, 62 percent of people in the private sector have lost their jobs due to corona, which may not have achieved this growth.

Inflation is rising in Bangladesh as well as all over the world. This rate is now around 6 percent. Most of the people in Bangladesh have limited income. Corona has run out of savings for many. If inflation continues to rise in this situation, all the people with limited income and those who have just fallen below the poverty line will suffer the most.

It is very important to know the nature and character of Omicron. Because, Bangladesh does not have the capacity to tolerate another restriction.

Again, a large part of the incentive fund was bank loans. If this money is not returned, it will become a defaulter and the bank will also face a deficit in new investable funds. Again, if the influential quarters demand waiver of this loan, then

various problems will increase. This is because maintaining good health in the financial sector is very important for the recovery of the economy.

Undoubtedly, the recovery of the world economy depends on world trade. Chaos in supply has pushed back world trade. But so far Bangladesh is doing well in world trade. Although expatriate income, one of the sources of foreign exchange earnings, has lagged behind towards the end, exports are growing well. Much depends on sustaining this growth.

Some good news may come to us in 2022; That is, the Padma Bridge could be commissioned, and the Atomic Power Plant at Ishwardi would be nearing completion. Metrorail is about to be launched. A tunnel is to be opened in Karnafuli river in Chittagong. If these are introduced, it will be a great achievement for us. Because the government has taken these mega projects as a challenge with courage by spending a lot of money. If Bangladesh can successfully complete these few mega projects, it will change the face of Bangladesh a lot. Because if these mega projects are launched, domestic and foreign investment in the country will increase to a great extent. The country's economy will be much stronger.

- a) Briefly explain the financial and economic scenario of the country and globe:
- At the time of independence in 1971, Bangladesh's economy was in tatters, a result of the bloody liberation war. Over 80% of the populations were living in extreme poverty. In the following years, the country struggled with military coups, political turmoil, poverty and famine. In the 1970s, it was argued that "if development is possible in Bangladesh, it is possible in any other country. The South Asian country was viewed as "the test case" of development. But fast forward to today, the situation has dramatically changed for the better. Before the onset of the corona virus pandemic, the economy was growing rapidly, recording an annual expansion in the range of 8% for years.

Bangladesh has an impressive track record of growth and development. It has been among the fastest growing economies in the world over the past decade, supported by a demographic dividend, strong ready-made garment (RMG) exports, remittances, and stable macroeconomic conditions. The country made a strong economic recovery from the COVID-19 pandemic.

Bangladesh tells the world a remarkable story of poverty reduction and development. From being one of the poorest nations at birth in 1971, Bangladesh reached lower-middle income status in 2015. It is on track to graduate from the UN's Least Developed Countries (LDC) list in 2026. Poverty declined from 43.5 percent in 1991 to 14.3 percent in 2016, based on the international poverty line of \$1.90 a day (using 2011 Purchasing Power Parity exchange rate). Moreover, human development outcomes improved along many dimensions.

With a GDP of over \$305 billion (€259 billion), Bangladesh currently has the world's 41<sup>st</sup> largest economy and forecasts suggest that the size of the economy could double by 2030. While it was primarily an agricultural economy in 1971, the composition has changed over the decades, with industry and services now accounting for the lion's share of the economic output. Agriculture's share of GDP has dropped to just 13%. The garment industry emerged as one of the nation's success stories in recent decades. It is the second-largest globally, only next to China, and rakes in over \$35 billion a year from exports. The sector employs 4 million people, the majority of whom are women, contributing to female empowerment. Remittances also play a major role in the economy, with Bangladeshi workers employed abroad transferring \$22 billion in 2021.

- World Intellectual Property Organization (WIPO) has released Global Innovation Index (GII) in which Bangladesh ranks remained unchanged in comparison to 2020 that means 116<sup>th</sup> on overall innovation indicators among 132 economies.
- United Nations Development Program (UNDP) along with the Mohammed bin Rashid Al Maktoum Knowledge Foundation (MBRF) jointly released the 2021 Global Knowledge Index (GKI) that placed Bangladesh at 120<sup>th</sup> out of 154 nations, behind every other South Asian nation.
- Bangladesh has ranked 109<sup>th</sup> on the Sustainable Development Goals (SDG) Index 2021.
- In the 2021 Global Hunger Index, Bangladesh ranks 76<sup>th</sup> out of the 116 countries.
- Bangladesh climbs from 150 to 115 in UN e-government ranking.



- Bangladesh was 38<sup>th</sup> in 2021 in comparison to 65<sup>th</sup> in 2020 in Global Cyber security Index.
- Bangladesh ranks 76<sup>th</sup> among 116 countries in the Global Hunger Index (GHI) 2021
- Bangladesh advanced 8 notches in global ease of doing business ranking to 168 out of 190 countries, according to a report of World Bank.
- Bangladesh's economic freedom score is 56.5, making its economy the 120<sup>th</sup> freest in the 2021 Index. Its overall score has increased by 0.1 point, primarily because of an improvement in the tax burden score. Bangladesh is ranked 25<sup>th</sup> among 40 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

Bangladesh, like other countries, has been significantly affected by the COVID-19 pandemic, which has constrained economic activities and reversed some of the gains achieved in the last decade. Real GDP growth accelerated to 6.9 percent in FY21 as pandemic-related restrictions were eased, led by a rebound of manufacturing and service sector activities. On the demand side, exports and private consumption-led growth. So far, more than 75 percent of the population have been inoculated with the first dose of the vaccine in total. However, its growth faces new headwinds following increasing global commodity prices amid the uncertainty created by the Russia-Ukraine war.

To achieve its vision of attaining upper middle-income status by 2031, Bangladesh needs to create jobs and employment opportunities through a competitive business environment, increased human capital and skilled labor force, efficient infrastructure, and a policy environment that attracts private investments.

Other development priorities include diversifying exports beyond the RMG sector; deepening the financial sector; making urbanization more sustainable and strengthening public institutions. Addressing infrastructure gaps would accelerate growth and reduce spatial disparities in opportunities across regions and within cities. Addressing vulnerability to climate change and natural disasters will help Bangladesh to continue to build resilience to future shocks. Pivoting towards green growth would support the sustainability of development outcomes for the next generation.

## b) Risks and concerns issues related to the financial statements and way of mitigation:

### Risk Management

Risks are the potential that an event, action or inaction will adversely impact the ability of an entity to achieve its organizational objectives. Risk management is a process of identifying, analyzing, assessing, devising & implementation of appropriate policies to control or mitigate the material uncertainties for the organization effectively and efficiently.

FSIBL has high powered 'Board Risk Management Committee (BRMC)' comprising of honorable vice-chairman of the bank as chairman and two directors of the Board as member. The committee defines the risk appetite for the bank, designs organizational structure to manage risk within the bank, reviews and approves risk management policies, enforces and uses adequate recordkeeping and reporting system, and monitors compliance of overall risk management in the bank.

FSIBL has been addressing its risks through a separate risk management division under the direct supervision of the Chief Risk Officer (CRO). The Additional Managing Director (AMD) of FSIBL has been nominated as Chief Risk Officer (CRO) to ensure the highest priority in risk management activities.

FSIBL has also an Executive Risk Management Committee (ERMC) at management level consisting of member from the different core risks management divisions under the chairmanship of Chief Risk Officer (CRO) of the Bank. The Divisional Head of Risk Management Division has been assigned as the "Deputy Chief Risk Officer (DCRO)" of the bank and Member Secretary of the committee (ERMC).

The Risk Management Division of FSIBL is conducting its activities through the eight different desks covering core functional areas of the bank. An overview of the operational activities is highlighted below.

**Investment Risk Management**

Investment Risk is one of the major risks faced by the bank. This can be described as potential losses arising from the failure of counterparty to perform according to agreement with the bank. The failure may result from the unwillingness of the counterparty or decline in his/her economic condition; market situation etc. With each and every coin of investment, there is an involvement of risk. Investment Risk includes financial risk, operational risk, security risk, management risk, business risk, industry risk, relationship risk, market risk, social risk, money laundering risk, fraud & forgeries, asset liability management risk, governmental risk, political risk, equity risk, commodity risk, legal risk, systematic risk, technical risk, concentration risk, profit rate risk, liquidity risk, reputational risk, strategic risk, settlement risk, environmental and climate change risk and so on. In addition to those risks, Islamic Banking has some specific risks like fiduciary risk, displaced commercial risk, liquidity risk for lack of non-structural Islamic Financial Market, Sharia'h compliance risk etc. Risk gradation and weight changes depending on the circumstances and environment of investment.

**Foreign Exchange Risk Management**

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 Market-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.

**Asset Liability Management**

Asset Liability Management (ALM) is an integral part of Bank Management and it is essential to have a structured and systematic process for managing the Balance Sheet. The Asset Liability committee (ALCO) of our bank consists of the senior executives chaired by the Managing Director, and the head of Treasury is the member secretary of this committee, should meet at least once every month to analyze, review and formulate strategy to manage the balance sheet and also if needed special ALCO meeting is arranged. The result of balance sheet analysis along with recommendation is placed in the ALCO meeting by the Treasury Division where important decisions are made to minimize risk and maximize return. ALCO mainly reviews the balance sheet of the bank such as liquidity requirement, the maturity of assets and liabilities, deposit and investment, pricing strategy and the liquidity contingency plan and also monitor Net Profit Income (NPI), return on assets, investment value and exchange earnings, Capital Adequacy Ratio, Investment Deposit Ratio, Investable Fund, Deposit Mix, Cost of Deposit, Cost of Fund, LCR, NSFR, and leverage ratios etc. as a part of regulatory compliance. ALCO is a decision-making unit responsible for balance sheet planning and management from risk-return perspective, and also responsible for the strategic management of profit rate risk and liquidity risks.

**Anti-Money Laundering & Combating Financing of Terrorism**

Keeping pace with the modern advancement of financial service facilities, money laundering and financing of terrorism are getting new dimensions day by day. As a responsible commercial bank, First Security Islamic Bank Ltd. (FSIBL) is always agile and vigilant against all kinds of money laundering and financing of terrorism activities. Managing Director of the bank every year declares written clear commitment regarding Anti Money Laundering & Combating Financing of Terrorism for all the employees and ensures implementation of these activities. For effective prevention of money laundering and terrorist financing in the bank, an Additional Managing Director (AMD) as Chief Anti Money Laundering Compliance Officer (CAMLCO) and a Senior Vice President as Deputy Chief Anti Money Laundering Compliance Officer (D-CAMLCO) of the bank have been duly assigned. However, a powerful "Central Compliance Committee (CCC)" consisting of senior executives and divisional heads and chaired by the aforesaid AMD has been continuously supervising overall anti money laundering & combating financing of terrorism activities of the bank.

As per Bangladesh Financial Intelligence Unit (BFIU) guidelines, a full-fledged division named “Anti Money Laundering (AML) & Combating Financing of Terrorism (CFT) Division” headed by the D-CAMLCO has been working in the head office of the bank under the close supervision of CAMLCO. Circulars issued by BFIU, Bangladesh Bank regarding AML & CFT compliance are instantly circulated to all the branches, divisions, zonal offices and training institutes of the bank. At the same time, the bank issues necessary AML & CFT related circulars in line with the applicable laws, circulars, guidelines etc. of regulatory authorities.

The bank has its own “Anti Money Laundering & Combating Financing of Terrorism Policy”, “Customer Acceptance Policy”, “Money Laundering and Terrorist Financing Risk Management Guidelines for FSIBL” and “Guidelines for Prevention of Trade Based Money Laundering of FSIBL” approved by the Board of Directors which are prepared in line with the prevailing laws, circulars, guidelines issued by the regulatory authorities. In accordance with the instruction of BFIU, a senior and experienced official or manager operation of every branch has been nominated as “Branch Anti Money Laundering Compliance Officer (BAMLCO)” by the CCC of the bank for preventing money laundering and terrorist financing at the branch along with the concerned tagged sub-branch and agent banking outlets. Bank’s AML & CFT Division inspects branches on a random basis for overseeing the implementation of AML & CFT activities at the branch level. AML & CFT Division checks & submits monthly Cash Transaction Report (CTR) in due time and submits Suspicious Transaction Report (STR)/Suspicious Activity Report (SAR) to BFIU when required.

The bank conducts Customer Due Diligence (CDD) for every customer at the time of account opening and Enhanced Due Diligence (EDD) when required in compliance with the instruction of BFIU, Bangladesh Bank. The bank verifies NID information of every customer by using the election commission’s database to ensure complete and accurate KYC of the bank’s new and existing customers. As per “Guidelines on Electronic Know Your Customer(e-KYC)” issued by BFIU, the bank has successfully launched e-KYC based solution “FSIBL FREEDOM” to facilitate bank account opening from anywhere, anytime instantly. The bank is availing Politically Exposed Persons (PEPs) and Influential Persons’ (IPs) and adverse media news data from the Accuity (a UK based international database provider) under the agreement which is integrated with bank’s Sanction Screening Software [S3] for real time and automated identification of PEPs, IPs and suspicious persons involved with crimes.

FSIBL’s own Training Institute in collaboration with AML & CFT Division regularly organizes training & workshop for the employees of the bank on the subject of Anti Money Laundering and Combating Financing of Terrorism where prevention of trade based money laundering gets special emphasis. In 2020, a day long workshop for all the BAMLCOs named BAMLCO Conference has been held at Dhaka on the topic of Anti Money Laundering and Combating Financing of Terrorism. Bank’s officials & executives regularly attend training and workshops on the topic of Anti Money Laundering and Combating Financing of Terrorism at home and abroad.

The bank distributes an adequate number of leaflets and hang posters on the topic of Anti Money Laundering and Combating Financing of Terrorism at every branch for building public awareness on these issues.

### Internal Control and Compliance

Internal control and compliance (ICC) in Banks is a process for giving reasonable assurance of an organization’s objectives in operational effectiveness and efficiency and compliance with laws, regulations and policies of Bangladesh Bank, BSEC and other regulatory authorities. IC&CD is identified with internal audit; but the scope is not limited to audit work only. It identifies the risks associated with the process and adopts measures to mitigate or eliminate these risks. On the other hand, ICC reinforces the control system through regular review of the effectiveness of the controls.

ICC is affected by a bank’s BODs, management, organization and other mechanism. (1) BODs is actively concerned with sound corporate governance and that understands and diligently discharges its responsibilities by ensuring that the company is appropriately and effectively managed and controlled. (2) Management actively manages and operates the company in a sound and prudent manner. (3) Organizational and procedural controls supported by effective management information system to soundly

and prudently manage the company's exposure to risk. (4) An independent audit mechanism to monitor the effectiveness of the organizational and procedural controls.

The Head of ICC will report his activities and findings to the Senior Management. However, the Head of Audit will report directly to ACB and will be responsible to the ACB. Head of Compliance and Head of Monitoring will report to Head of IC&CD. The BODs approves the objectives, strategies and overall business plans of the bank and the ACB assists the BODs in fulfilling its oversight responsibilities. The ACB reviews the financial reporting process, the system of internal control and management of financial risks, the audit process, and the bank's process for monitoring compliance with laws and regulations and its own code of business conduct.

### Information & Communication Technology

Banks play a pivotal role in the sustained growth of an economy. Banking sector is important to maintain financial equilibrium and economic stability. On the other hand, Information and Communication Technology (ICT) is increasingly becoming an invaluable and powerful tool for driving development, supporting growth, promoting innovation and enhancing competitiveness. It is introducing global environment which will bring all nations around the world to come together to form a global networked community. Banks are increasingly using sophisticated digital technology for banking activities with a view to achieve more customer's satisfaction with less cost. In addition, it increases the efficiency of the banking and payment system, benefiting customers and merchants leading to bridging additional risks.

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 initiative, which safeguard the interest of customers. In this context Bank has implemented a core banking software ensuring adequate security. The Bank has a Data Center which is fault-tolerant, allowing us to upgrade, install patch, maintenance and any activity without downtime. The establishment enables to satisfy valued clients with sharp & better service. To protect sensitive information of core banking in the event of any disaster, the Bank has implemented a disaster Recovery Site. Up gradation of the FIRE Safety Security System for both Data Center and Disaster recovery site have been completed.

The Bank has already developed its own ICT security policy for various operation and services which are closely in line with the ICT security policy guideline of Bangladesh Bank. Active Directory Domain Controller (ADC) is implemented in all branches and head office according to the Guideline of Bangladesh Bank. The in-house software team of ICT Division is developing various in-house software. To enhance the security of in-house software necessary steps has been taken. ICT Division has implemented the Attendance Management System for monitoring attendance of employees of all branches and divisions. Using this system employee performance of all branches and divisions can be monitored centrally by the management. In our country financial transactions through bKash is going on a huge volume regularly. Integration with bKash for remittance payment has been updated successfully so that the customer can receive his or her money directly to their bKash account.

For ensuring smooth communication between branches and head office divisions ICT Division has implemented IP Phone among all branches and divisions. Through this IP Phone system video conferencing can be performed to ensure the security of all officials during this pandemic situation. ICT Division has already performed its manager's conference through video conferencing.

Internet banking facility has taken banking era one step ahead for future generations. Inclusion of RTGS and EFTN in i-banking platform has increased its credibility towards modernization. ICT Division also put its step in mobile apps feature, too. FSIBL mobile apps FSIBL CLOUD has brought the whole banking system within customer's fist. Different features like bank to bank transfer, DESCO, WASA, DPDC, TITAS payment, credit card bill pay, top-up to all mobile operators, fund transfer to NAGAD and bKash from FSIBL account, etc. has been implemented in the FSIBL CLOUD mobile apps.



Training is the key component of ICT Risk Management. The Bank has been continuously conducting training sessions on sensitive ICT tasks (i.e. Operation Procedure, Business Continuity Planning, Disaster Recovery Planning, Certification Preparation Training, etc.) for relevant employees. ICT Division has also established an IT Lab for training arrangement of ICT and non-ICT background employees of FSIBL.

The Bank has been maintaining adequate physical security inside its workplace to properly protect ICT resource. 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 of 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 policy.

### Environmental Risk Management (ERM)

Environmental Risk is a facilitating element of Investment risk arising from environmental issues and applicable across all financing transactions undertaken by the Bank. The responsibilities of Investment Risk Management functions are: i) to be aware of environmental issues confronting the various sectors, ii) to review the completed due-diligence checklist and the environmental risk rating, iii) to integrate environmental risk considerations into the investment risk assessment and iv) to specify financing conditions/covenants, if any, are required.

Environmental risk is assessed by Environmental Due Diligence (EDD) Checklists. It is a set of questionnaire provided by Bangladesh Bank. There are eleven checklists, one for general purpose and ten others for ten specific sectors for environmental risk rating. For a specific sector both General EDD and Specific EDD checklists are applicable and for other than these specific sectors only General EDD checklist is applicable to determine the environmental risk rating (EnvRR). The EnvRR can be High, Moderate or Low depending on the borrower's business activity and the vulnerability of the location of the business activity.

### 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.

### Stress Testing

A bank's Stress Testing is an analysis conducted under hypothetical scenarios (minor shock, moderate shock and major shock) designed to determine whether a bank has enough capital to withstand a negative economic shock. It identifies the specific vulnerabilities/area of concern i.e. (Changes in investment exposure and rating, profit rate changes, exchange rate fluctuations, events which influence liquidity, changes in equity price etc.), construction of the scenario, performing the numerical analysis and summarizing and interpreting the results. Finally, it produces a numerical estimate of the change in the value of risk exposed positions. FSIBL prepares Stress Testing Report on quarterly basis and submit to Bangladesh Bank as per the guideline

### c) Future Plan or projection or forecast for company's operation, performance and financial position with justification:

In the history of Islami Banking in our country with modern and progressive guidelines; First Security Islami Bank is one of the pioneers. It is a full-fledged shariah compliant bank and follows all the Islami rules & regulations bank since its inception. First Security Islami Bank Ltd. was inaugurated on 25<sup>th</sup> October, 1999. Though our bank started its operation as a conventional bank at the beginning but by considering public demand and justification of the prudent decision of the board & management of our bank it was converted into a full-fledged Islami bank on 1<sup>st</sup> January 2009.

Developing the standard of living of the rural population, engaging urban life with economic development and acceleration of technological improvement with the increase of client groups by different products and



services are the main objectives of First Security Islami Bank Limited To facilitate our clients beyond regular banking time, we are increasing the number of ATM booths, enhancing the facilities of online banking; internet banking, SMS banking and app based banking facilities. We have started Agent banking and Mobile Banking services to reach the services to the doorsteps of all types of clients. Our bank has been participating in different social activities unlike development of health sector, education, sports and helping the under privileged people as the mode of corporate social responsibility. The achievements of the bank during its 20 years of operation are really praiseworthy and clients have strong belief on the bank. Bank believes that not only earning of profit but also getting the trust of clients and increasing the quality of services are the main objective of banking service. So the bank aims to ensure the utmost client satisfaction. Restricted profit rate is supposed to be the one of the greatest risk for upcoming days with the down flow of economy for the COVID-19, so bank is emphasizing on low cost deposits and modernization of banking activities. Our bank has achieved remarkable success in its foreign trade businesses and working to continue this trend through different initiatives in international business and receiving foreign remittances from Bangladeshi expatriates. Our bank is giving sincere importance to investment risk management and accelerating investment in CSME sector, Women entrepreneurship and Agriculture sector. The bank keeps its attention to income from ancillary services to keep up stable trend of income and minimization of unnecessary costs. We strongly believe that the bank will be able to attain sustainable growth by proper utilization of its operating strategies and adept human resources.

The bank is relentlessly working for developing long-term strategic plan to maintain dynamic growth by realizing the changing habit of all types of clients and to become the symbol progressiveness of banking arena of our country.

## Declaration by CEO and CFO

April 20, 2022

### Board of Directors

First Security Islami Bank Limited  
Rangs RD Center, Block: SE(F), Plot-03  
Gulshan Avenue, Gulshan-1,  
Dhaka-1212.

Subject: **Declaration on Financial Statements for the year ended on December 31, 2021.**

Muhtaram,  
AssalamuAlaikum,

Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated June 03, 2018 under section 2CC of the Securities and Exchange Ordinance- 1969, we do hereby declare that:

- (1) The Financial Statements of First Security Islami Bank Limited for the year ended on 31.12.2021 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.


In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on 31.12.2021 and that to the best of our knowledge and belief:
  - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Ma-assalam,  
Sincerely yours,



**Md. Mustafa Khair**  
Additional Managing Director & CFO



**Syed Waseque Md. Ali**  
Managing Director

**Annexure-C:**  
**[As per condition No. 1(5)(xxvii)]**

**Status of compliance based on 31 December, 2021 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 Conditions No. 9)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
<b>1.0</b>	<b>Board of Directors</b>			
1(1)	Board's Size (Shall not be less than 5 and more than 20)	✓	-	-
<b>1(2)</b>	<b>Independent Director</b>			
1(2)(a)	At least 1/5 <sup>th</sup> Independent Directors of the total directors	✓	-	-
<b>1.2(b)</b>	<b>Independent Directors means for this clause</b>			
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	✓	-	-
<b>1(3)</b>	<b>Qualification of Independent Director (ID)</b>			
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 <sup>th</sup> 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	✓	-	-
1(3)(d)	Qualification of the Independent director may be relaxed	-	-	N/A
<b>1(4)</b>	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer</b>			
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	✓	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
<b>1(5)</b>	<b>The Directors' Report to the Shareholders</b>			
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	✓	-	-
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	✓	-	-
<b>1(5)(xxiii)</b>	<b>A report on the pattern of shareholding disclosing the aggregate number of shares held by:</b>			
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	✓	-	-
<b>1(5)(xxiv)</b>	<b>In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:</b>			
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	✓	-	-
<b>1.5 (xxv)</b>	<b>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:</b>			

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
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 of financial performance as well as cash flows for current financial year	√	-	-
1.5 (xxv)(d)	Compare such financial performance and cash flow	√	-	-
1.5 (xxv)(e)	Briefly explain the financial and economic scenario of the country	√	-	-
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 the CFO	√	-	-
1.5 (xxvii)	The report as well as certificate regarding compliance of condition 9 of CGC	√	-	-
1(6)	<b>The company shall conduct its Board meetings and record the minutes of the meetings</b>	√	-	-
1(7)	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>			
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	<b>Governance of Board of Directors of Subsidiary Company</b>			
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	<b>Managing Director, Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS)</b>			
3(1)	<b>Appointment</b>			
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	√	-	



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
<b>3(3)</b>	<b>Duties of Managing Director, Chief Financial Officer</b>			
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	✓	-	-
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	✓	-	-
<b>4.</b>	<b>Board of Directors' Committee</b>			
4(i)	Audit Committee	✓	-	
4(ii)	Nomination and Remuneration Committee	-	-	N/A
<b>5.</b>	<b>Audit Committee</b>			
<b>5(1)</b>	<b>Responsibility to the Board of Directors</b>			
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	✓	-	-
<b>5(2)</b>	<b>Constitution of Audit Committee</b>			
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	✓	-	-
<b>5(3)</b>	<b>Chairman of the Audit Committee</b>			
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	✓	-	-
<b>5(4)</b>	<b>Meeting of the Audit Committee</b>			
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	✓	-	-
<b>5(5)</b>	<b>Role of the Audit Committee</b>			
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	✓	-	-
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	✓	-	-

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
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
<b>5(6)</b>	<b>Reporting of the Audit Committee</b>			
<b>5(6)(a)</b>	<b>Reporting to the Board of Directors</b>			
5(6)(a)(i)	Audit committee shall report its activities to the Board	√	-	-
<b>5(6)(a)(ii)</b>	<b>Audit committee shall immediately report to the Board</b>			
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
<b>5(6)(b)</b>	<b>Reporting to the Authorities</b>	-	-	N/A
<b>5(7)</b>	<b>Reporting to the Shareholders and General Investors</b>	√	-	-
<b>6.</b>	<b>Nomination and Remuneration Committee (NRC)</b>			
<b>6(1)</b>	<b>Responsibility to the Boards of Directors</b>			
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
<b>6(2)</b>	<b>Constitution of the NRC</b>			
6(2)(a)	The Committee shall comprise of at least three members	-	-	Do
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
<b>6(3)</b>	<b>Chairperson of the NRC</b>			
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

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
<b>6(4)</b>	<b>Meeting of the NRC</b>			
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
<b>6(5)</b>	<b>Role of the NRC</b>			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and toe 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
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 during the year at a glance in its annual report	-	-	N/A
<b>7.</b>	<b>External or Statutory Auditors</b>			
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	
<b>8.</b>	<b>Maintaining a website by the company</b>			
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	√	-	-
<b>9.</b>	<b>Reporting and Compliance of Corporate Governance</b>			
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	√	-	-



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## Report to the Shareholders of First Security Islami Bank Ltd. on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by **First Security Islami Bank Ltd.** for the year ended on 31 December 2021. 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:

- 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 directives from Bangladesh Bank on June 16, 2021, Ref. : BRPD (R-1)717/2021-5064, to follow the Bank Company Act, 1991 & other directives from Bangladesh Bank in this regards);
- 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;
- Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- The governance of the company is satisfactory.

Place: Dhaka  
Dated: 18 May, 2022

**For Ahmed Zaker & Co.**  
Chartered Accountants

  
**Md. Shafiqul Alam FCS, FCA**  
Partner