



Directors' Report

Bismillahir Rahmanir Rahim

Honorable Shareholders,
Assalamu Alaikum.

On behalf of the Board of Directors of First Security Islami Bank Limited, I have the pleasure to welcome you all to the 24th 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, 2022 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 has also been incorporated.

Global Economy in 2022

2022 was a year of uncertainty. The Russia-Ukraine war, hyperinflation, global warming, food shortages—this year will be marked differently. As a result, the crisis created by the corona infection in 2020 is getting longer. In this situation, the World Bank has identified nine areas of crisis in the world economy.

Declining growth rate

In 2022, the combined effect of all the economic crises has been a slowdown in growth. The World Bank says that the world economy is in the worst crisis since the crisis of the 1970s. After the pandemic, there is a steep decline in growth after turning around once. The footsteps of recession are being heard in the developed world. Consumer confidence around the world has already plummeted. Consumer confidence is much lower than it was before the recession.

Growth in the world's three largest economies—the United States, China, and Europe—is decelerating rapidly. In this situation, even a mere tap in the world economy will lead to a major deterioration of the situation.

Poverty alleviation has stalled

Global poverty alleviation has suffered its biggest blow in decades due to the corona pandemic. After facing the effects of Corona, not everyone could turn around in the same way. By the end of 2022, about 68 crore 50 lakh people in the world will be below the extreme poverty line. As a result, after 2020, 2022 will be the worst period in terms of poverty reduction in the last two decades.

The economic recovery is hampered by the rising cost of war-related food and fuel after the long-term effects of the pandemic. It is estimated that by 2023, about 57 crore 40 lakh people in the world will live in extreme poverty, while according to the Sustainable Development Goals, the global extreme poverty rate in 2030 was supposed to be 3 percent.

The debt burden is only increasing

In 2022, the debt burden of the developing countries of the world increased. Overall, the debt of the developing countries of the world has increased in the last decade. 60 percent of the world's poorest countries are in debt or at risk of becoming in debt. Debt-burdened poor countries around the world are unable to make critical investments in economic reforms, health, climate and education. Most importantly, the pattern of credit has also been changing since 2010, with borrowing from the private sector increasing to a large extent. According to the 2022 International Debt Report, 61 percent of the world's low- and middle-income countries' debt is taken by the private sector. Meanwhile, countries that have not signed the Paris Declaration on Aid Effectiveness, their role is gradually increasing. Such as China, India, Saudi Arabia, United Arab Emirates. They have now played a major role in bilateral lending.

The fight against Covid-19 is ongoing

Countries around the world are constantly working to vaccinate people to fight the epidemic. The World Bank has given 10 billion or 1000 crore dollars to different countries of the world to buy this vaccine. Not all people in the world have been vaccinated yet. Also, the outbreak of Covid-19 is increasing again in countries like China. As a result, it is believed that the fight against Covid is not completely over. This fight will continue.

Growing food and nutrition insecurity

Food insecurity increased worldwide in 2022. The Russia-Ukraine war, supply disruptions, global economic slowdown—these factors have pushed up food and agricultural prices around the world. Fertilizer prices have risen due to reduced gas supplies in Russia. In this situation, the World Bank last month provided 30 billion dollars in aid to combat the food crisis.

Climate change

As the world grapples with war and covid, the climate in 2022 also takes extreme form. Floods in Pakistan have killed hundreds of people, droughts in China and the Horn of Africa have affected millions, and Europe

is facing its worst drought in 500 years. In this situation, the World Bank has committed the most financing to fight climate change in 2022 - 31.7 billion or 3 thousand 170 crore US dollars.

Fuel crisis

The energy crisis worsened after the Russia-Ukraine war broke out. The price of fuel oil exceeds 100 dollars per barrel. Along with that, the dollar exchange rate increases. Because of this, many developing countries in the world have increased import costs, resulting in a reserve crisis. Even the private sector in those countries is not getting enough money to invest despite the high dollar.

Learning disability

Children and adolescents in many countries around the world have suffered learning disabilities due to covid. But this trend has not only started during covid, this trend has been seen even before covid. Meanwhile, learning poverty is estimated to have increased by 70 percent in 2022 in low- and middle-income countries. In low- and middle-income countries, 10 out of every 100 children cannot go to school. 47 of them were out of school before the pandemic. This number rose to 60 during the pandemic. If this damage is not treated, the future efficiency and economic success of these children will decrease. It will increase the inequality in the society.

No one should be left behind

One of the goals of the Sustainable Development Goals or SDGs is to ensure that no one is left behind. But the way poverty alleviation has been delayed due to the corona pandemic and then the Russia-Ukraine war, many people have been left behind. In this situation, various initiatives have to be taken at the government level in the country. The World Bank is also helping in various ways in this regard.

Economy of Bangladesh in 2022

The gross domestic product (GDP) size of Bangladesh has increased even in the year of severe challenges of the global economy. And according to this, Bangladesh is now the 35th largest economy in the world. With a GDP (Gross Domestic Product) of \$465 billion, Bangladesh ranks 35th among the world's largest economies in 2022. The previous year this position was 41st. At that time, the GDP of Bangladesh was 397 billion dollars. After the corona epidemic, Bangladesh was preparing to regain the speed of economic growth in the beginning of 2022. However, after the outbreak of the Ukraine war in February, this growth slowed again. As a result, 2022 became an eventful year for Bangladesh. Despite all this, in 2022, Bangladesh has advanced seven steps in the list of happiest countries.

Padma Bridge: A Mixture of Dream and Reality

The much awaited Padma Bridge was inaugurated on June 25 of the recent year. The self-financed Padma Bridge increases the confidence and enthusiasm of the nation several times. Built at a cost of around Tk 302 billion, the 6.15 km long bridge connects 21 districts and 2 seaports (Mongla and Payra) in the southern and southwestern regions with the rest of Bangladesh.

Hundred Percent Electrification

Bangladesh entered the age of hundred percent electricity in May of the outgoing year. This achievement put Bangladesh ahead of India and Pakistan. According to the World Bank, India has electrified 98 percent of its population and Pakistan has 74 percent of its population so far among South Asian countries. However, rising cost of import of LNG and petroleum forced the government to take strict measures. As a result, the countrymen have to suffer from severe load-shedding for several months from July.

Pressure on reserves

The central bank is constantly selling dollars from the reserves to deal with the dollar crisis. In the current fiscal year 2022-23, it has sold nearly USD 7 billion in six months (July-December). Still, the dollar market is not normalizing. As a result, Bangladesh Bank's foreign exchange reserves have decreased. In August last year, the reserves rose to over USD 48 billion. Now that reserve is down to USD 34 billion. A year ago, at the end of December last year, reserves stood at USD 46 billion.

Record depreciation of the taka against the dollar

In 2022, the most talked about event in the banking sector was the dollar-crisis. This crisis is exacerbated by rising import costs and declining expatriate income. The dollar in the open market for a century; Exceeds 120 taka. After that, the dollar rate in the bank also made a century. In the banking sector, the exchange rate of the dollar has increased from 86 taka in the space of a few months and is now being sold at 105, 106 or 107 taka.

Per capita income has exceeded 2 thousand 800 dollars

When the wheels of the economy started moving, the per capita income of the country increased to 2 thousand 824 dollars. The growth rate of the economy of Bangladesh increased to 7.25 percent in the fiscal year 2021-22, which was 6.94 percent in the previous year.

Major advances in nuclear power

Prime Minister Sheikh Hasina inaugurated the second and last reactor of Rooppur Nuclear Power Plant on October 19. This is the most important development of the country's first nuclear power project. The USD 1130.92 billion plant is expected to generate electricity for at least 60 years. It will help Bangladesh generate electricity without emitting carbon-dioxide.

Record rise in fuel oil prices

In coordination with the world market, the government increased the price of all types of fuel oil on August 5. The price of diesel and kerosene has been increased by Tk 34 to Tk 114 per liter, the price of petrol has been increased by Tk 44 to Tk 130 and the price of octane has been increased by Tk 46 to Tk 135. The price has been increased from 42 to 52 percent. This rate of fuel price increase has created a record in the country. Inflation jumped to 9.5 percent, fueled by rising fuel prices.

Increase in export earnings

In the fiscal year 2021-22, Bangladesh earned USD 52.08 billion in export earnings, much higher than the target of USD 43.5 billion. All important sectors, including apparel, leather and leather products, home textiles and jute and jute products, saw an increase in income this year. Even in November, Bangladesh recorded the highest export income of USD 5.09 billion in one month. Out of this, the garment sector had an export income of USD 4.37 billion.

Inflation highest in 10 years

Consumer prices, which had hovered below 6.5 percent as of April this year, crossed the 7 percent mark in May as global commodity prices rose after Russia's invasion of Ukraine. Inflation hit a 10-year high of 9.52 percent in August. Inflation has declined in the last 3 months till November. It is still around 9 percent. This has reduced the purchasing power of a large section of the population especially low and limited income households.

Highest export: Garment sector

Despite all the odds, Bangladesh saw a 35.47 percent increase in registered garment shipments in the fiscal year 2021-22 and the highest export earnings of USD 42.61 billion. The income from some months' clothing shipments was eye-watering. For example, garment exports in November were USD 4.37 billion, which is the highest receipt in a single month in the history of Bangladesh. Revenues in January and June were also notably higher USD 4.04 billion in January and USD 4.09 billion in February.

Metrorail: Milestone in mass transport

On December 28, 2022, the country's first metro rail was launched. Which has added a new dimension to public transport in Dhaka city. It is expected that traffic congestion in Dhaka will be reduced through this. Mass Rapid Transit Line-6, built at a cost of around USD 335 billion, will allow many people to travel to the city within the stipulated time. As a result, Bangladesh became the third country in South Asia after India and Pakistan to launch Metrorail.

Floods in Sylhet:

A disaster discussed in 2022 is flood in Sylhet region. This year Sylhet region was hit by massive floods due to water coming from upstream and continuous rain. The flood caused severe damage to the crops, many people became trapped in water and the main roads and railway lines connecting with Dhaka and other districts were submerged in water. Even the authorities were forced to close Sylhet Osmani International Airport and railway station.

Stock market in continuous decline

Last July, DSE's general index DSEX fell below 6,000 points amid a continuous fall in the stock market. Transaction drought has become a regular feature in the market. On December 26, USD 1.99 billion of taka changed hands in DSE, which is the lowest in the last 2 years and 5 months. Less than this was traded on July 7, 2020.

Decline in expatriate income

In a recent report of the World Bank, the income of expatriates in the country will decrease by USD 1 billion US dollars this year due to the strengthening of informal channels. However, in the outgoing year 2022, compared to the previous year 2021, remittances and expatriate income decreased by 790 million US dollars. According to the report published by the Central Bank, the total expatriate income in the country in 2022 is 21.29 billion US dollars. This account is of expatriate income coming through legitimate channels known as the banking sector.

Restrictions on foreign travel and imports

Due to the dollar crisis, government employees and bank officials were banned from traveling abroad in May. Apart from this, the government decided to postpone the implementation of less important import-dependent projects this year. Besides, additional duty is imposed to discourage the import of various fruits, cosmetics.

LC opening has halved

Due to various conditions imposed on the import of goods to preserve the country's reserves, the number of LCs opened has halved continuously since April. In March this year, LC was opened for USD 9.80 billion. LC opened in September for USD 6.51 billion. There was a big drop in October. This month, LCs were opened to the tune of USD 4.72 billion.

Banking Industry of Bangladesh in 2022

Deposits and Liquidity

According to the data of the Central Bank, at the end of December 2021, the amount of term and demand deposits in the country's bank sector was Tk 14,093.42 billion. Of this, Tk 12,413.24 billion was term deposits. And demand deposits were Tk 1,680.19 billion. At the end of December 2022, the amount of term and demand deposits in the country's bank sector was Tk 14,891.69 billion. Of this, Tk 13,054.28 billion was term deposits. And demand deposits were Tk 1,837.41 billion. In 2022, the growth of term deposits decreased to 5.16 percent. And the growth of demand deposits decreased by 9.36 percent.

Disbursement of loans

According to the data of Bangladesh Bank, at the end of December 2021, the loan in the banking sector was Tk 12,360.82 billion. And in December 2022, the debt increased to Tk 14,777.79 billion.

Defaulted loan

According to the data of Bangladesh Bank, at the end of the last quarter of the recent outgoing year (at the end of December), the total amount of loans in the banking sector of the country stood at Tk 14,777.79 billion. Among these disbursed loans, Tk 12,065.56 billion have become defaulters. As a result, 8.16 percent of the total loans disbursed are in default. At the end of the December 2021 quarter, the amount of defaulted loans was Tk 10,327.4 billion. Which was 7.93 percent of the total debt. According to that, the defaulted loans in the banking sector have increased by Tk 1,738.2 billion in the span of one year. According to the report of Bangladesh Bank, currently the amount of defaulted loans in state-owned commercial banks is Tk 564.60 billion. The amount of defaulted loans of private banks is about Tk 564.39 billion. Apart from this, the amount of defaulted loans in foreign banks is now Tk 3.48 billion. And the defaulted loans in specialized banks are Tk 47.09 billion.

Foreign debt

Bangladesh's debt from foreign sources has doubled in the last 5 years. According to the data of Bangladesh Bank, the loan growth in the private sector has been higher than the loan taken by the government. The country's total borrowing from foreign sources was 45.81 billion US dollar in the 2016-17 financial year. At the end of June 2022, the amount of foreign debt of the public and private sectors exceeded 95.85 billion US dollar. This is about 22 percent of the country's total GDP. 73 percent of this huge amount of debt is from the government, and the remaining 27 percent is from the private sector of the country. Meanwhile, Bangladesh Bank has predicted that the amount of foreign loans in Bangladesh will reach 115 billion US dollar by the end of 2023. Against the foreign debt, about 20 billion US dollar foreign debt with interest has to be repaid every year. In 2021, the amount of foreign debt repayment in the country including interest was 11.70 crore US dollar. In 2022, almost twice as much foreign debt will have to be repaid as compared to the previous year.

Price inflation

National saving of Bangladesh is 25.3 percent but investment is 31 percent. Such a large gap between investment and savings pushes the economy towards disequilibrium. Meanwhile, since the beginning of the year, the price of essential food items has increased due to the devaluation of the taka against the dollar. As a result, the rate of food inflation increases. At the beginning of the year, inflation was 5.86 percent in January and at the end of the year in December, the inflation rate stood at 8.71 percent.

Import-export trade

A record trade deficit was observed in import-export trade in 2022. Deficit occurs when imports are less than exports. This year the imports were about 103.99 billion US dollar. Compared to last year (2021) increased by 9.61 percent. And exports were about 55.59 billion US dollar, which is 21.51 percent more than last year (2021). Trade deficit widens as exports fall short of imports. The global credit rating agency S&P Global Ratings has recently published the credit rating of Bangladesh. According to them, Bangladesh's current account and foreign exchange reserves have been under pressure amid the challenges of the external sector. This has weakened the net external debt situation of Bangladesh. If commodity prices continue to rise over a long period of time and import demand increases, the currency may depreciate further. As a result, the external sector of the economy may deteriorate further.

Expatriate income

In the outgoing year 2022, compared to the previous year 2021, remittances and expatriate income decreased by almost 0.79 billion US dollar. According to the report published by the Central Bank, the total expatriate income in the country in 2022 is almost 21.29 billion US dollar. The previous year in 2021, expatriate income was almost 22.08 billion US dollar. This account is of expatriate income coming through legitimate channels known as the banking sector.

Economic Scenario of Islami Banks in 2022

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.

Islamic banking system has been playing significant role in mobilizing deposits and financing in various economic activities in Bangladesh since its inception. At present, Islamic banking system has been representing more than 25 percent share of deposit and over 29 percent share of investment of the total banking sector. The other systems of Islamic financial sector such as Islamic capital market, Islamic insurance (Takaful) and microfinance sector may also flourish systematically if supportive policies are adopted and implemented.

The recent introduction of Sukuk and its huge responses from the investors indicate that it will facilitate smooth liquidity management of Islamic banks which may also help deficit financing of the government budget and promote Islamic capital market in the long run.

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, 11 conventional banks have 23 branches and 13 conventional banks have 535 Islamic banking windows. Apart from this, all the banks and branches of the country are conventional.

At the end of December, 2022 the amount of deposits in Sharia based banking stood Tk 4099.49 billion which is more than 25 percent of the total deposits in the banking sector.

Similarly, the amount of investment in Islamic banking has also increased. In 2022, the investment stability of Shariah-compliant banking is Tk 4052.02 billion which is more than 29 percent of the total investment in the banking sector.

Shariah-compliant banks are also playing a major role in attracting remittances. In October-December 2022, 54.53 percent of remittances came through these banks.

Global Economy in 2023

The French economic organization Economic Cooperation and Development (OECD) said in their study that the economic turmoil in 2023 will be more challenging than 2022 due to high interest rates, skyrocketing inflation and the ongoing Russia-Ukraine war.

K. Daniel Neufeld, director of the Center for Economics and Business Research, told CNN the global economy could face a recession next year as interest rates rise in response to high inflation. But not everyone agrees that the global economy is headed for recession. Economists say that the global economy is heading towards low growth. According to the Bloomberg report, the Center for Economics and Business Research (CEBR) has predicted a global recession in 2023. A number of international economic agreements have been concluded to raise new debt to combat inflation.

According to the International Monetary Fund, global GDP growth was 6 percent in 2021, which fell to 3.2 percent in 2022. In 2023, GDP growth will drop to 2.7 percent. Economies around the world have been battered by everything from the Ukraine-Russia war to China's continued zero-covid measures. These events increased inflation and weakened economic momentum.

According to the OECD, growth will be even lower, at 2.2 percent. This means that the world economy will definitely enter recession in the new year. Generally, when the economy has negative growth for two consecutive quarters, it is called a recession. And with this will be added high commodity prices and high interest rates. Basically, the situation in the US and Euro zone will remain the same. But China's growth may pick up.

The major problem in the economy in 2022 was unusually high levels of inflation. In the past 40 years, such high inflation has never been witnessed in the countries of the European Union, including the United States. US inflation rose to 9.1-percent. Economists believe that even if the inflation has come down a bit, it is temporary.

Experts believe that inflation will continue to be high in the new year, albeit slightly lower. The International Monetary Fund (IMF) estimates that inflation will decrease from 8.8 percent to 6.5 percent in the new year. However, developing countries will not be freed from this pressure. Their average inflation will be 8.1 percent. Fuel and industrial raw material prices will remain high. As a result, import costs will not decrease much.

At least 62 percent of the world's foreign exchange reserves are held in US dollars. But because of the war, the exchange rate of the US dollar rose abnormally worldwide. But surprisingly, along with the rise in the value of the dollar, the value of the Russian ruble has also increased. But at the same time, the value of US dollar and ruble does not increase or decrease. Their relationship was reversed. But this time it was interrupted.

Europe is most at risk for energy, especially those dependent on Russian gas. The International Energy Agency Fund recently said in a report that Europe will suffer from a gas crisis in 2023. And if there is more winter, the crisis will increase. Although European countries have increased their intake of fuel from Norway,

Qatar and Oman, it is not enough. And if China enters the economy with full power, then the demand for energy will increase, and the price will also increase.

Experts say the world economy will shrink due to war, inflation and energy crisis. There will be a recession in the economy. Another event will happen in the new year. China is entering the economy after a three-year hiatus. They have moved away from the 'Zero Covid' policy. China has made this decision in the face of protests from the people of the country, which is a very rare occurrence. China is opening international borders on January 8. China is now the second largest economy in the world. The export income of countries like Malaysia, Indonesia or Thailand depends a lot on the country's economy. China's huge consumer demand will increase production. It will improve supply chain.

China's participation in the new year will have an impact on the global economy. Many people think that it will benefit the economy. Again there is a danger of new spread of covid through China. Then this will be the worst new year event.

All in all, the big event of the new year is China's participation in world trade. Before this, China's last appearance was in 2019. Donald Trump was the US President at that time. It was a time of trade war. The US president is now Joe Biden. In the new situation, the economic trajectory of the new year also depends on the relationship between these two major economies.

Economy of Bangladesh in 2023

The start of 2022 was very positive as the first year after the stabilization of the global Covid-19 pandemic situation. Because global consumer confidence was growing and it was expected that the global economy would begin to recover from the recession, but later the crisis caused by the Russia-Ukraine conflict halted this expected growth of the global economy.

A host of opportunities and challenges await the economy of Bangladesh in 2023, which has started amid fears of a global recession. According to economists, garment exports are the sector with the greatest potential in the new year. Remittances can also increase if incentives are increased. However, if the price of fuel increases again, inflation will increase again. Apart from this, foreign exchange reserves and dollar crisis, money laundering will continue to affect the economy in 2023. The 11-month-long war between Russia and Ukraine has left the world in economic turmoil. Bangladesh is also affected by it. Due to the increase in the price of fuel, the increased cost of daily commodities has put the lower and middle class in deep crisis.

Fragile conditions prevail across the financial sector. However, in the new year 2023, various facilities have been created to strengthen the economy. A bumper crop this year will help avert food crisis. US-China trade war will accelerate exports.

Research firms say 2023 may be as bad for some European countries as it is for others. Asia in particular will do relatively well. China will certainly have a role to play in doing this well, but India will lead the way.

So how will Bangladesh do? The World Bank and the IMF believe that growth will remain above 6 percent. However, the government hopes for more than 7 percent. However, if Europe and the United States are in a prolonged recession, it is bad news for Bangladesh. It is said that the recession of the economy of Germany, Italy and the United Kingdom will last longer. Europe and the United States are the major markets of Bangladesh's garment sector. Bangladesh is more connected with the world economy than before. As a result, there will be some impact on the export sector. However, Bangladesh does not export high value

added garments. As a result, not too bad effects can occur. And since there is less skepticism about the Middle East, expatriate income may increase. However, for this, the income of expatriates will depend more on how much Bangladesh makes the dollar rate more market-oriented. Otherwise, money will come through hundi and there will be smuggling.

Bangladesh entered the new year with low revenue income. However, the biggest risk in the new year will be with the banking sector.

All in all, it is quite difficult to predict exactly what the new year will be like. But eventually, if export income, expatriate income and agricultural production are good, the worries will be reduced a lot.

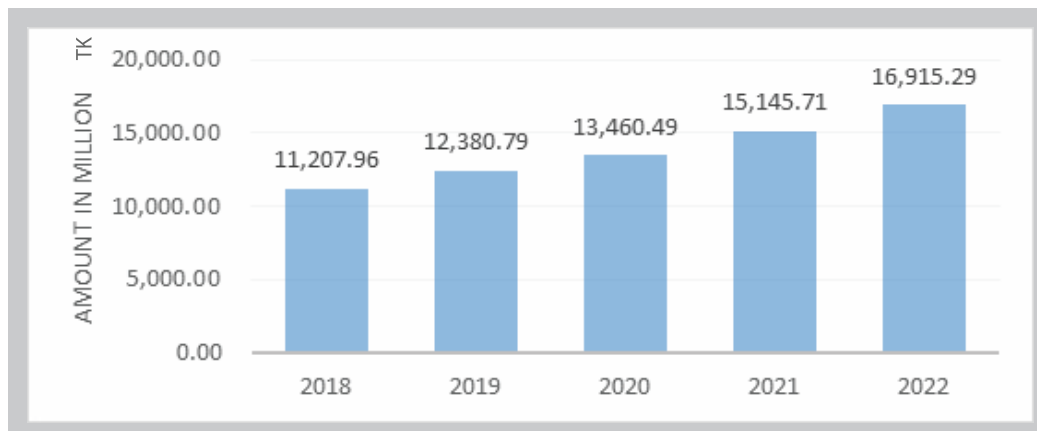
Common people are the main strength of Bangladesh. They have made this country a champion in the production of fruits, fish, milk and vegetables. In the end, only their strength will not be able to hold the recession and manga of 2023 Bangladesh.

General Review of the Performance of First Security Islami Bank Limited

Although the banking sector of the country has passed a critical time in the year 2022, First Security Islami Bank Limited has cut a good figure in its performance in this year. The performance of the Bank is upward sloping in almost every aspects in the year 2022. The performance of the Bank has been hampered severely due to corona virus and finally by the Russia-Ukraine war. A general review of the performance of the Bank for the year 2022 is shown below:

Operating Income

In spite of numerous hurdle in the year 2022, the Bank has able to maintain the positive trend of the growth of its operating income. In the year 2022, the operating income (Consolidated) of the Bank stood at Tk.16,915.29 million with increase of 11.68% from Tk.15,145.71 million in the year 2021. The operating profit for the five years is given below:



Net Profit

The net profit after provision and tax (Consolidated) stood at Tk. 2,961.50 million in the year 2022 which was Tk. 3,365.20 in previous year. The reasons behind the decrease was mainly due to increase of profit rate on deposit.

Dividend

Every year the Bank provides Cash Dividend and/or Stock Dividend (Bonus Shares) based on its profitability and liquidity position with maintenance of regulatory requirement. With no objection from Bangladesh Bank, the Board of Directors of the Bank has recommended 10% Stock Dividend (Bonus Shares) for the year 2022 subject to approval of Bangladesh Securities and Exchange Commission.

Earnings Per Share

The earning per share (Consolidated) of the Bank for the year 2022 was Tk.2.81. Since the bank had to pass 2022 under various crisis like corona impact, global war, dollar crisis, restriction on LC opening, high inflation etc., the earnings per share was lower than that of in the year 2021.

Paid up Capital

To strengthen the capital base, to maintain the regulator requirement to support business growth of the Bank, the paid up capital was increased by 5% with declaration of Stock Dividend (Bonus Shares). After that, the paid up capital of the bank stood at Tk.10,460.08 million. The raised amount of capital was invested in the profitable section to earn profit.

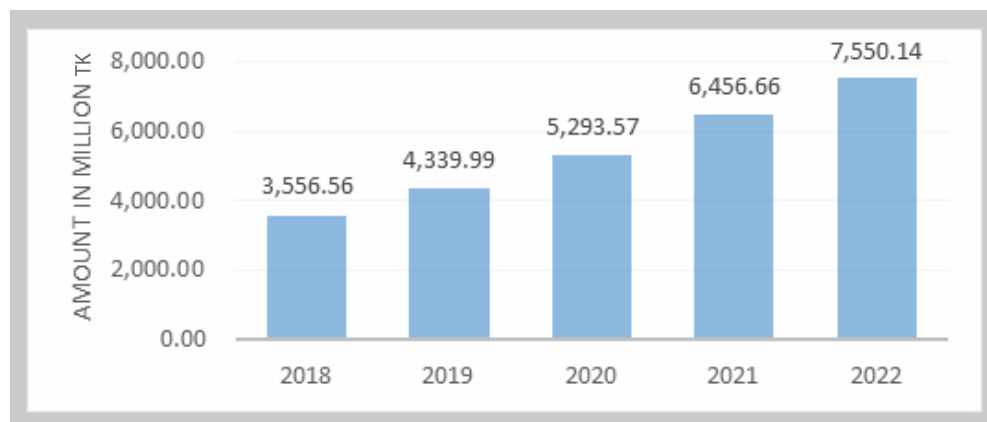
Regulatory Capital

A strong capital based is maintained to ensure the long-term solvency of the Bank and to help achieving sustainable business growth that can maximize value of shares. As part of risk management strategy, FSIBL's policy is to maintain a strong capital to risk-weighted asset ratio to have a sufficient cushion to absorb any unforeseen shock arising from any potential risk.

Total regulatory capital (Consolidated) of the bank stood at Tk.38,705.47 million as on 31 December 2022 which was Tk.36,632.45 million as on 31 December 2021.

Statutory Reserve

With the increase of investments of the Bank, the statutory reserve is also increased to take precaution against potential non-performing investment. Due to various reasons, the investment holders had to face slow-down of business in the 2022. As a result, they experienced difficulties to repay the investments taken from the Bank. Consequently, the Bank needed to increase its statutory reserve (Consolidated) to Tk.7,550.14 million in 2022 from Tk.6,456.66 in 2021. The statutory reserve for five years is shown below:



Assets and Liabilities

The total assets (Consolidated) of the Bank as on 31 December 2022 was Tk.616,453.58 million which was Tk.544,795.19 million on 31 December 2021. Total assets has been increase by 13.15% in the year 2022.

On the other hand, the liabilities (Consolidated) of the Bank on 31 December 2022 was Tk. 593,792.71 million which was Tk. 524,077.93 million on 31 December 2021.

Deposits and Investments

Although, total deposits of banking industry was in decreased in 2022, there was a positive growth of deposit in FSIBL. The deposit is the life blood of the Bank which was Tk. 473,025.03 million (Consolidated) in 2022 but this was Tk.469,035.38 million in 2021.

Total investment (Consolidated) of the Bank stood at Tk. 523,944.39 million as on 31 December 2022. The total investment was Tk. 455,850.14 million as on 31 December 2021.

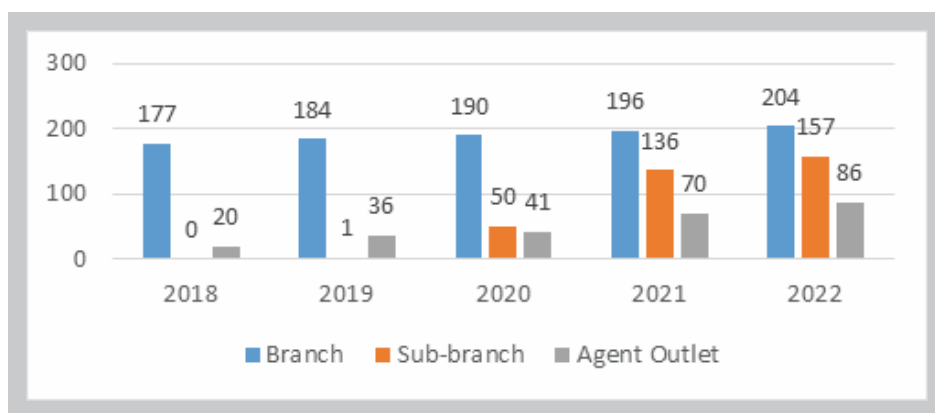
Human Capital

Human Capital is the human trait within the company; the combined intellect, abilities and experiences that characterizes the organization. "Human Capital" is a key factor for increasing the productivity of company assets and employees and retaining a competitive edge leading to improved financial performance.

Our Human Capital is the blend of knowledge, abilities, expertise and learning of our employees. Currently, we have 4484 employees and we provided 4308 hours training to our employees in the last year.

Branch, Sub-branch, Agent Outlet

To achieve sustainable development, financial inclusion is utmost requirement. For that reason, we opened our branches, sub-branches, agent outlet and collection booths both in rural and urban areas to bring the un-banked people under the umbrella of banking activities. A picture of our branches, sub-branches and agent outlets is shown below:



Foreign Trade

Import Business

Import trade executed by FSIBL was Tk. 6,321.88 Crore in 2022. 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. 3,715.04 Crore during the reporting year 2022. Readymade garments, knitwear, finished leather goods, agro products, etc., were the major export finance sectors.

Correspondence Business

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 228 different renowned Banks across the world.

Offshore Banking Business

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 2022, the unit earned total profit for USD306,648.00 equivalent to BDT3,16,75,818.46 by funding of usance/deferred bills against import and export.

Subsidiaries

FSIBL has two subsidiaries which are (1) First Security Islami Capital & Investment Ltd. and (2) First Security Islami Exchange Italy, SRL. The Bank holds 51% share of First Security Islami Capital & Investment Ltd. and 100% share of First Security Islami Exchange Italy, SRL.

Risk Management

Risk is inevitable in business. But managing risk is important. We always adhere to minimize risk. To do so, we formulate several policies based on Risk Management Guidelines. The Risk Management Committee (RMC) of the Board of Directors always look into the matter of implementing the policies as well as observation of Bangladesh Bank's guidelines.

Compliance of Corporate Governance Code

Corporate Governance is the key component in the operation of all aspects of the Bank. 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.

Status of the compliance of conditions of Corporate Governance Code imposed by the Bangladesh Securities and Exchange Commission vide notification no. BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018, along with a necessary disclosures and certificate from a practicing Chartered Accountants firm have been incorporated in the Report on Corporate Governance Code.

Vote of Thanks

On behalf of the Board of Directors of the Bank, I express the profound gratitude to Almighty Allah (SWT) for enabling the Bank to continue the success in the year 2022. The Board of Directors would like to take the opportunity to express gratitude and extend sincere thanks for the overall cooperation of valued shareholders, customers, depositors, Bangladesh Bank, Securities and Exchange Commission, Dhaka and Chittagong Exchanges, other regulatory and related authorities and well-wishers. I would also like to express my thanks to the bank's management authorities and all levels of officials for trying to achieve desired target of the bank as well as maintaining the quality of services.

May Allah help us to explore our all-out efforts for the betterment of the Bank.

Allah Hafez,



Mohammed Saiful Alam

Chairman