

"If you have any query about this document, you may consult issuer, issue manager and underwriter"

PROSPECTUS

FIRST SECURITY BANK LIMITED

Head Office: 23, Dilkusha C/A Dhaka-1000 Phone: 9560229, Fax:9561637

Public Offer of 11,500,000 Ordinary Shares of Tk. 100.00 each at par totaling
Tk. 1,150,000,000.00 is being made

Opening date for subscription: July 20, 2008

Closing date for subscription: July 24, 2008

Non-Resident Bangladeshi (NRB) subscription opens on: July 20, 2008

Non-Resident Bangladeshi (NRB) subscription closes on: August 2, 2008

Underwriters

Grameen Capital Management Ltd.
Grameen Bank Bhaban, Mirpur-2, Dhaka

Green Delta Insurance Co. Ltd.
Hadi Mansion (5th Floor), 2 Dilkusha C/A, Dhaka-1000

Prime Finance & Investment Ltd.
63, Dilkusha (3rd floor) C/A, Dhaka-1000

Union Capital Ltd.
Noor Tower (5th Floor), 73 Sonargaon Road, Dhaka-1205

Northern General Insurance Co. Ltd.
Raj Bhaban, 29 Dilkusha C/A, Dhaka - 1000

Uttara Finance & Investments Ltd.
Jiban Bima Bhaban (6th Floor) 10, Dilkusha C/A, Dhaka-1000

Rupali Life Insurance Co. Ltd.
Rupali Bima Bhaban (9th Floor)
7 Rajuk Avenue, Motijheel C/A, Dhaka-1000

Trust Bank Ltd.
Peoples Insurance Bhaban, 36 Dilkusha C/A, Dhaka -1000

The Premier Bank Ltd.
Iqbal Centre (4th floor), 42 Kemal
Ataturk Avenue, Banani, Dhaka -1213

Meghna Life Insurance Co. Ltd.
Biman Bhaban (2nd Floor) 100, Motijheel C/A, Dhaka-1000

Karnaphuli Insurance Co. Ltd.
Biman Bhaban (3rd Floor) 100. Motijheel C/A. Dhaka-1000

GSP Finance Company (BD.) Ltd.
1, Paribagh, Mymensingh Road, Dhaka-1000

CREDIT RATING BY CREDIT RATING AGENCY OF BANGLADESH LTD.

	Long Term	Short Term
Entity Rating	BBB1	ST-3

Issue Date of Prospectus: June 8, 2008
The Issue shall be placed in "N" Category

ISSUE MANAGER AB BANK LIMITED

(Merchant Banking Wing)

Head Office: BCIC Bhaban (7th floor), 30-31 Dilkusha C/A, Dhaka-1000. Website: www.abbank.com.bd

CO-ISSUE MANAGER ICB CAPITAL MANAGEMENT LIMITED

8, D. I. T. Avenue (14th Floor) Dhaka-1000

"CONSENT OF THE SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND THE SECURITIES AND EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2006. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE ISSUER COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SECURITIES OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER/CHIEF FINANCIAL OFFICER, ISSUE MANAGER, UNDERWRITER AND/OR AUDITOR"

AVAILABILITY OF PROSPECTUS

The Prospectus of the Bank will be available at the offices of the following entities:

COMPANY	CONTACT PERSON	PHONE
First Security Bank Ltd. Head Office: 23, Dilkusha C/A Dhaka-1000	Mr. Abdul Hannan Khan Company Secretary	7160280

MANAGER TO THE ISSUE		
AB Bank Ltd. (Merchant Banking Wing) Head Office: BCIC Bhaban (7 th floor), 30-31 Dilkusha C/A, Dhaka-1000.	Mr. M. Fazlur Rahman Senior Executive Vice President & Head of Investment Banking Mr. Syed Shafqat Ahmed Principal Officer	9560312 Ext-220 9560312 Ext-259
CO-MANAGER TO THE ISSUE		
ICB Capital Management Ltd. 8, DIT Avenue (14 th floor), Dhaka-1000	Mr. Iftikhar-uz-zaman Chief Executive Officer	7160326-7

UNDERWRITERS		
Grameen Capital Management Ltd. Grameen Bank Bhaban, Mirpur-2, Dhaka -1216	Mr. Md. Aliuzzaman Managing Director	8057618
Rupali Life Insurance Co. Ltd. Rupali Bima Bhaban (9th Floor), 7 Rajuk Avenue, Motijheel C/A, Dhaka-1000	Mr. Biswajit Kumar Mandal General Manager (F&A)	9571355
GSP Finance Company (BD.) Ltd. 1, Paribagh, Mymensingh Road, Dhaka	Mr. Md. Ruknuzzaman Assistant General Manager	9674306
Green Delta Insurance Co. Ltd. Hadi Mansion (5th Floor), 2 Dilkusha C/A, Dhaka-1000	Mr. Zahrul Syed Bakht, CMA Finance Director	9563680
Prime Finance & Investment Ltd. 63, Dilkusha C/A, Dhaka-1000	Mr. Md. Reazul Haque Vice President	9563883
Union Capital Ltd. Noor Tower (5th Floor), 73 Sonargaon Road, Dhaka-1205	Dr. Mohammad Hafiz Ahmed Managing Director	9662888
Northern General Insurance Co. Ltd. Raj Bhaban, 29 Dilkusha C/A, Dhaka - 1000	Mr. A.K.M. Mushfiqur Rahman Company Secretary	9559077
Uttara Finance & Investments Ltd. Jiban Bima Bhaban (6th Floor) 10, Dilkusha C/A, Dhaka	Mr. Md Kamrul Islam In-Charge (MBU)	9568202
Trust Bank Ltd. Peoples Insurance Bhaban, 36 Dilkusha C/A, Dhaka -1000	Mr. Saaduddin Ahmed Senior Vice President	7172649
The Premier Bank Ltd. Iqbal Centre (4th floor), 42 Kamal Ataturk Avenue, Banani, Dhaka -1213	Mr. Md. Abdul Hai Executive Vice President	9887581 Ext: 106
Meghna Life Insurance Co. Ltd. Biman Bhaban (2nd Floor) 100, Motijheel C/A, Dhaka-1000	Mr. Mia Mohd. Mashiur Rahman Deputy General Manager	9559144
Karnaphuli Insurance Co. Ltd. Biman Bhaban (3rd Floor) 100, Motijheel C/A, Dhaka-1000	Ms. F.J.M. Hafiza Sultana Company Secretary	9569043

STOCK EXCHANGES		
Dhaka Stock Exchange Ltd. DSE Library, 9/E Motijheel C/A, Dhaka-1000	DSE Library	9564601-7
Chittagong Stock Exchange Ltd. CSE Library, 1080, Sk. Mujib Road, Agrabad C/A, Chittagong	CSE Library	9571482

The Prospectus shall be available at the Securities and Exchange Commission's (SEC) web site www.secdbd.org, the Dhaka Stock Exchange's (DSE) web site www.dsebd.org, the Chittagong Stock Exchange's web site www.csebd.com, the Issuer's web site www.fsbdbd.com, the Issue Manager's web site www.abbank.com.bd and in the Public Reference room of the SEC for reading and study.

Auditor's Information

Name	Address	Telephone
HODA VASI CHOWDHURY & CO. (Chartered Accountants)	BTMC Bhaban (8 th Floor) 7-9 Kawran Bazar C/A, Dhaka-1215	9120090 9140094

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Disclosure in respect of issuance of security in Demat Form

As per provision of the Depository Act, 1999 and regulations made thereunder, shares will only be issued in dematerialized condition. All transfer/transmission/splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (right/bonus) will be issued in dematerialized form only.

Conditions under Section 2CC of the Securities and Exchange Ordinance, 1969

Part A

1. The company shall go for Initial Public Offer (IPO) for 1,15,00,000 ordinary shares only of Taka 100.00 (taka one hundred) each at par worth Taka 1,15,00,00,000.00 (taka one hundred fifteen crore) only following the Securities and Exchange Commission (Public Issue) Rules, 2006, the Depository Act, 1999 and regulations made there under.
2. The abridged version of the prospectus, as approved by the Commission, shall be published by the issuer in four national daily newspapers (in two Bangla and two English), within 03 (three) working days of issuance of this letter. The issuer shall post the full prospectus vetted by the Securities and Exchange Commission in the issuer's website and shall also put on the websites of the Commission, stock exchanges, and the issue managers within 03 (three) working days from the date of issuance of this letter which shall remain posted till the closure of the subscription list. The issuer shall submit to SEC, the stock exchanges and the issue managers a diskette containing the text of the vetted prospectus in "MS-Word" format.
3. Sufficient copies of prospectus shall be made available by the issuer so that any person requesting a copy may receive one. A notice shall be placed on the front of the application form distributed in connection with the offering, informing that interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and the issue managers. The subscription application shall indicate in bold type that no sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus has been published.
4. The company shall submit 40 (forty) copies of the printed prospectus to the Securities and Exchange Commission for official record within **5 (Five)** working days from the date of publication of the abridged version of the prospectus in the newspaper.
5. The issuer company and the issue managers shall ensure transmission of the prospectus, abridged version of the prospectus and relevant application forms for NRBs through e-mail, simultaneously with publication of the abridged version of the prospectus, to the Bangladesh Embassies and Missions abroad and shall also ensure sending of the printed copies of abridged version of the prospectus and application forms to the said Embassies and Missions within **five working days** of the publication date by express mail service (EMS) of the postal department. A compliance report shall be submitted in this respect to the SEC jointly by the issuer and the issue managers within two working days from the date of said dispatch of the prospectus & the forms.
6. The paper clipping of the published abridged version of the prospectus, as mentioned at **condition 2 above**, shall be submitted to the Commission within 24 hours of the publication thereof.
7. The company shall maintain separate bank account(s) for collecting proceeds of the Initial Public Offering and shall also open FC account(s) to deposit the application money of the Non-Resident Bangladeshis (NRBs) for IPO purpose, and shall incorporate full particulars of said FC account(s) in the prospectus. The company shall open the abovementioned accounts for IPO purpose; and close these accounts after refund of over-subscription. Non-Resident Bangladeshi (NRB) means Bangladeshi citizens staying abroad including all those who have dual citizenship (provided they have a valid Bangladeshi passport) or those, whose foreign passport bear a stamp from the concerned Bangladesh Embassy to the effect that no visa is required to travel to Bangladesh.

8. The issuer company shall apply to all the stock exchanges in Bangladesh for listing within **07(seven) working days** from the date of issuance of this letter and shall simultaneously submit the vetted prospectus with all exhibits, as submitted to SEC, to the stock exchanges.
9. The following declaration shall be made by the company in the prospectus, namely:-

"Declaration about Listing of Shares with the Stock Exchange(s):

None of the stock exchange(s), if for any reason, grants listing within 75 days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (seventy five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen days, the company directors, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.

The issue managers, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within seven days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money."

10. The subscription list shall be opened and the sale of securities commenced **after 25 (twenty five) days** of the publication of the abridged version of the prospectus and shall remain open for **5 (Five) consecutive banking days**.
11. A non-resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only". The NRB applicants shall send applications to the issuer company within the closing date of the subscription so as to reach the same to the company by the closing date plus nine days. Applications received by the company after the above time period will not be considered for allotment purpose.
12. The company shall apply the spot buying rate (TT clean) in US Dollar, UK Pound Sterling and Euro of Sonali Bank, which shall be mentioned in the Prospectus, as prevailed on the date of opening of the subscription for the purpose of application of the NRBs and other non-Bangladeshi persons, where applicable.
13. The company and the issue managers shall ensure prompt collection/clearance of the foreign remittances of NRBs and other non-Bangladeshis, if applicable, for allotment of shares.
14. Upon completion of the period of subscription for securities the issuer and the issue managers shall jointly provide the Commission and the stock exchanges with the preliminary status of the subscription within 05 (five) working days, in respect of the following matters, namely: -
 - (a) Total number of securities for which subscription has been received;
 - (b) Amount received from the subscription; and
 - (c) Amount of commission paid to the banker to the issue.
15. The issuer and the issue managers shall jointly provide the Commission and the stock exchanges with the list of valid and invalid applicants (i.e. final status of subscription) to the Commission within **3 (three) weeks** after the closure of the subscription along with bank statement (original), branch-wise subscription statement, NRB application forms (photocopy attested by the CEOs of the issuer company and the issue managers). The list of valid and invalid applicants shall be finalized after examination with the CDBL in respect of BO accounts and particulars thereof.

16. The IPO shall stand cancelled and the application money shall be refunded immediately (but not later than 6(six) weeks from the date of the subscription closure) if any of the following events occur:
 - (a) Upon closing of the subscription list it is found that the total number of valid applications (in case of under subscription including the number of the underwriter) is less than the minimum requirement as specified in the listing regulations of the stock exchange(s) concerned; or
 - (b) At least 50% of the IPO is not subscribed.
17. 10% of total public offering shall be reserved for non-resident Bangladeshi (NRB) and 10% for mutual funds and collective investment schemes registered with the Commission, and the remaining 80% shall be open for subscription by the general public. In case of under-subscription under any of the 10% categories mentioned above, the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the issue managers shall jointly conduct an open lottery of all the applicants added together.
18. All the applicants shall first be treated as applied for one minimum market lot of **50 shares worth Tk.5000/-**. If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. In case of over-subscription under any of the categories mentioned hereinabove, the issuer and the issue managers shall jointly conduct an open lottery of all the applications received under each category separately in presence of representatives from the issuer, the stock exchanges and the applicants, if there be any.
19. **An applicant cannot submit more than two applicants, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
20. The primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. All IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.
21. Lottery (if applicable) shall be held within **5 (five) weeks** from closure of the subscription date.
22. The company shall issue share allotment letters to all successful applicants within **6 (six) weeks** from the date of the subscription closing date. Within the same time, Refund to the unsuccessful applicants shall be made in the currency in which the value of securities was paid for by the applicants without any interest, through direct deposit to the applicant's bank account as far as possible/ Account Payee Cheque/ refund warrants with bank account number, bank's name and Branch as indicated in the securities application forms payable at Dhaka/ Chittagong/ Khulna/ Rajshahi/ Barisal/ Sylhet/ Bogra, as the case may be **subject to condition 19 above**.

Refund money of the unsuccessful applicants shall be credited directly to their respective bank accounts, who have mentioned in the IPO application forms, bank account numbers with the bankers to the issue and other banks as disclosed in the prospectus. A compliance report in this regard shall be submitted to the Commission within 7(seven) weeks from the date of closure of subscription.
23. The company shall furnish the List of Allotees to the Commission and the stock exchange(s) simultaneously in which the shares will be listed, within **24 (twenty four) hours** of allotment.
24. In the event of under-subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s) (subject to para -16 above). The issuer must notify the underwriter to take up the underwritten shares within **10 (ten) days** of the subscription closing date on full payment of the share money within **15(fifteen) days** of the issuer's notice. The underwriter shall not share any underwriting fee with the issue managers, other underwriters, issuer or the sponsor group.

25. All issued shares of the issuer at the time of according this consent shall be subject to a **lock- in period of three years** from the date of issuance of prospectus or commercial operation, whichever comes later:
Provided that the persons, other than directors and those who hold 5% or more, who have subscribed to the shares of the company within immediately preceding two years of according consent, shall be subject to a **lock-in period of one year** from the date of issuance of prospectus or commercial operation, whichever comes later.
26. Either a Jumbo Share (one for each of the existing Sponsors/ Directors/ Shareholders) in respect of the shares already issued shall be issued covering together respective total holding, which shall contain the expiry date of lock-in period or Sponsors/Directors/ Promoters/Shareholders' shareholding shall be converted into demat form but shall be locked-in for three years as per the condition at **para-25 above**.
27. In case of Jumbo Share Certificate issued to the existing Sponsors/ Directors/ Shareholders, the said share certificates shall be kept under custody of a security custodian bank registered with SEC during the lock-in period. The name and branch of the bank shall be furnished to the Commission jointly by the issuer and the issue managers, along with a confirmation thereof from the custodian bank, within **one week** of listing of the shares with the stock exchange(s).
28. In case of dematerialization of shares held by the existing Sponsors/ Directors/ Shareholders, the copy of dematerialization confirmation report generated by CDBL and attested by the managing director of the company along with lock-in confirmation shall be submitted to SEC within **one week** of listing of the shares with the stock exchange(s).
29. The company shall apply to the stock exchanges for listing within **7(seven) working days** of issuance of this letter and shall simultaneously submit to the Commission attested copies of the application filed with the stock exchanges.
30. The company shall not declare any benefit other than cash dividend based on the financial statement for the year ended December 31, 2007.

Part-B

1. The issue managers (i.e., AB Bank Limited & ICB Capital management Limited) shall ensure that the abridged version of the prospectus and the full prospectus is published correctly and in strict conformity without any error/omission, as vetted by the Securities and Exchange Commission.
2. The issue managers shall carefully examine and compare the published abridged version of prospectus on the date of publication with the copy vetted by SEC. If any discrepancy/inconsistency is found, both the issuer and the issue managers shall jointly publish a corrigendum immediately in the same newspapers concerned, simultaneously endorsing copies thereof to SEC and the stock exchange(s) concerned, correcting the discrepancy/inconsistency as required under 'Due Diligence Certificates' provided with SEC.
3. Both the issuer company and the issue managers shall, immediately after publication of the prospectus and its abridged version, jointly inform the Commission in writing that the published prospectus and its abridged version are verbatim copies of the same as vetted by the Commission.
4. The fund collected through IPO shall not be utilized prior to listing with stock exchange and that utilization of the said fund shall be effected through banking channel, i.e. through account payee cheque, pay order or bank drafts etc.
5. The company shall furnish report to the Commission on utilization of IPO proceeds **within 15 days** of the closing of each quarter until such fund is fully utilized, as mentioned in the schedule contained in the prospectus, and in the event of any irregularity or inconsistency, the Commission may employ or engage any person, at issuer's cost, to examine whether the issuer has utilized the proceeds for the purpose disclosed in the prospectus.

6. All transactions, excluding petty cash expenses, shall be effected through the company's bank account(s).
7. Proceeds of the IPO shall not be used for any purpose other than those specified in the prospectus. Any deviation in this respect must have prior approval of the shareholders in the EGM under intimation to SEC and stock exchange(s).
8. Directors on the company's Board: This will be in accordance with the applicable laws, rules and regulations.

Part C

1. All the above conditions imposed under section 2CC of the Securities and Exchange Ordinance, 1969 shall be incorporated in the prospectus immediately after the page of the table of contents, with a reference in the table of contents, prior to its publication.
2. The Commission may impose further conditions/restrictions etc. from time to time as and when considered necessary, which shall also be binding upon the issuer company.

Part D

1. As per provision of the Depository Act, 1999 and regulations made there under, shares will only be issued in dematerialized condition. All transfer/transmission/splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (right/bonus) will be issued in dematerialized form only.

An applicant (including NRB) shall not be able to apply for allotment of shares without beneficial owner account (BO account).

2. The issue managers shall also ensure due compliance of all above.

RISK FACTORS AND MANAGEMENT'S PERCEPTION ABOUT THE RISKS

As with all investments, investors should be aware that there are risks associated with an investment in the Bank's securities. These risks could result in loss of income or capital investment. Investors are encouraged to seek independent financial advice.

Interest rate risk

The Bank's products are generally structured at fixed rates for specified periods. Increase in interest rates on borrowing could narrow / eliminate the spread, or result in a negative spread, and hence, may have a material adverse effect on the Bank's business, financial condition and/or results of operations.

Although the consequences of unusual and abrupt increase in borrowing rate cannot be avoided but the Bank will definitely take all the appropriate measures to minimize the negative consequences.

Exchange rate risk

Frequent exchange rate fluctuations may affect the foreign exchange business of the Bank.

The Bank takes appropriate corrective measures following its defined policy made in line with the Central Bank's guideline and approved by the Board. However, foreign exchange risks have been managed professionally and, as a result, the scope of incurring losses under said transaction is low.

Industry risk

The Bank is operating in a highly competitive market. Some of the competitors have more resources than those of the First Security Bank. It is difficult to predict in advance the move of the competitors in the coming years.

The Bank is always cautious in offering its products and services at competitive terms and conditions which in turn minimizes its industry risk exposure.

Market and technology related risk

In the wide market of 21st century, advanced technology obsoletes the old service / product strategy. So the existing technology may not be sufficient to cope with the future business trends and needs.

The Board of the Bank always emphasizes on development and implementation of the state of the art technology and is always committed to invest in modern and updated information technology.

Potential or existing government regulations

The Bank operates under the specific guidelines as laid down by the Bangladesh Bank as well as the Securities and Exchange Commission (SEC). Any sudden change of the guidelines/ policies formulated by the Bangladesh Bank, and / or the SEC may affect the business of the Bank adversely.

Unless the regulatory authorities adopt any adverse policies which may materially affect the industry as a whole, the business of the Bank will not be affected that much since the Bank is always particular in complying with rules and regulations of the authorities.

Potential changes in global or national policies

The Bank operates in the domestic commercial banking industry of Bangladesh. Any potential changes in either global or national policies might adversely affect the banking industry and thus the businesses of the Bank in future.

The management of the Bank is always concerned about the prevailing and upcoming changes in the global and national policy and shall take any corrective actions as may be required in future.

Operational risk

Risks in the form of classified debts originating from the borrowers' end due to their management failure, financial imprudence, unfavorable shift in market for their products and services, negative external and uncontrollable impact on the industry in which the borrower operates, civil disturbances or natural and environmental calamities and hazards disrupting the borrowers' ability to conduct businesses as usual.

Such risks exist in the banking industry. The Bank scrutinizes all of its clients and the associated risks systematically using up to date risk evaluation techniques and thereby have been able to maintain good asset quality so far and expects the same in the future. Some other systematic (Market) risks might arise from the external environment of the Bank, similar to any other banks.

Economic slowdown

The overall demand for the Bank's products is linked to macro parameters like GDP growth, demand for project finance, healthy capital markets and the overall growth of Bangladesh economy. A slowdown in economic growth will have an adverse impact on the demand for credit and on quality of borrowers.

The Bank always reviews the changes in the local as well as global economic factors so that we can take necessary steps to address its impact on business of the Bank. Due to the availability of diversified products and services, the Bank expects to minimize the effect of aforesaid risks.

GENERAL INFORMATION

- AB Bank Limited (Merchant Banking Wing) has prepared the Prospectus from information supplied by First Security Bank Limited (the Issuer Company) and also after several discussions with the Chairman, Managing Director, Directors and concerned executives of the Bank. The Directors of both First Security Bank Limited and AB Bank Limited (Merchant Banking Wing) collectively and individually, having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material aspects and that there are no other material facts, the omission of which, would make any statement herein misleading.
- No person is authorized to give any information or to make any representation not contained in this Prospectus and if given or made, any such information and representation must not be relied upon as having been authorized by the Bank or AB Bank Limited (Merchant Banking Wing).
- The Issue as contemplated in this Prospectus is made in Bangladesh and is subject to the exclusive jurisdiction of the Courts of Bangladesh. Forwarding this Prospectus to any person resident outside Bangladesh in no way implies that the Issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country.
- A copy of this Prospectus can be obtained from the Corporate Head Office of First Security Bank Limited, AB Bank Limited (Merchant Banking Wing), the Underwriters and the Stock Exchanges where the securities will be traded.

DECLARATION ABOUT THE RESPONSIBILITY OF THE DIRECTORS, INCLUDING THE MANAGING DIRECTOR OF FIRST SECURITY BANK LIMITED IN RESPECT OF THE PROSPECTUS

This Prospectus has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity and accuracy of the statements made, information given in the Prospectus, documents, financial statements, exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this Public Issue and prospectus have been met and that there are no other information or documents the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative action against any or all of us as it may deem fit.

We also confirm that full and fair disclosure has been made in this Prospectus to enable the investors to make a well-informed decision for investment.

Signed Alhaj Md. Saiful Alam Chairman	Signed Sarwar Jahan Maleque Vice Chairperson	Signed Sharmin Fatema Director
Signed Alhaj Mortoza Siddique Chowdhury Director	Signed Shamshad Jahan Director	Signed Hamidul Haq Director
Signed Atiqun Nesa Director	Signed A.K.M. Ali Johar Director	Signed Md. Wahidul Alam Seth Director
Signed Mohammed Oheidul Alam Director	Signed Md. Sharif Hussain Director	Signed Shahidul Islam Director
Signed Dr. Muhammad Loqman Director	Signed A.A.M. Zakaria Managing Director	

CONSENT OF THE DIRECTOR(S) TO SERVE AS DIRECTOR(S)

We hereby agree that we have been serving as Director(s) of First Security Bank Limited and continue to act as a Director of the Bank.

Signed Alhaj Md. Saiful Alam Chairman	Signed Sarwar Jahan Maleque Vice Chairperson	Signed Sharmin Fatema Director
Signed Alhaj Mortoza Siddique Chowdhury Director	Signed Shamshad Jahan Director	Signed Hamidul Haq Director
Signed Atiqun Nesa Director	Signed A.K.M. Ali Johar Director	Signed Md. Wahidul Alam Seth Director
Signed Mohammed Oheidul Alam Director	Signed Md. Sharif Hussain Director	Signed Shahidul Islam Director
Signed Dr. Muhammad Loqman Director	Signed A.A.M. Zakaria Managing Director	

DECLARATION ABOUT THE FILING OF PROSPECTUS WITH REGISTRAR OF JOINT STOCK COMPANIES AND FIRMS

A dated and signed copy of the Prospectus has been filed on 5/6/08 for registration with the Registrar of Joint Stock Companies and Firms (RJSC), Bangladesh as required under Section 138 (1) of the Companies Act, 1994, on or before the date of publication of this Prospectus in the newspaper.

DECLARATION BY THE ISSUER ABOUT THE APPROVAL FROM THE SEC FOR ANY MATERIAL CHANGES

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statements made in the Prospectus subsequent to the preparation of the Prospectus and prior to its publication shall be incorporated in the Prospectus and the said Prospectus should be published with the approval of the Commission.

For Issuer

Signed/-
A.A.M. Zakaria
Managing Director
First Security Bank Limited

Dated: April 16, 2008

DECLARATION BY THE ISSUE MANAGER ABOUT THE APPROVAL FROM THE SEC FOR ANY MATERIAL CHANGES

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statement made in the Prospectus subsequent to the preparation of the Prospectus and prior to its publication shall be incorporated in the Prospectus and the said Prospectus should be published with the approval of the Commission.

For Manager to the Issue

Signed/-
Kaiser A. Chowdhury
President & Managing Director
AB Bank Limited

Dated: April 16, 2008

DECLARATION BY THE CO-ISSUE MANAGER ABOUT THE APPROVAL FROM THE SEC FOR ANY MATERIAL CHANGES

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statement made in the Prospectus subsequent to the preparation of the Prospectus and prior to its publication shall be incorporated in the Prospectus and the said Prospectus should be published with the approval of the Commission.

For Co-Manager to the Issue

Signed/-
Md. Iftikhar-uz-zaman
Chief Executive Officer
ICB Capital Management Limited

Dated: April 16, 2008

DUE DILIGENCE CERTIFICATE OF MANAGER TO THE ISSUE

Subject: Public Offer of 11,500,000 Ordinary Shares of Tk. 100.00 each of First Security Bank Limited

We, the under-noted Manager to the Issue to the above-mentioned forthcoming issue, state as follows:

1. We, while finalizing the draft Prospectus pertaining to the said issue, have examined the various documents and other materials as relevant for adequate disclosures to the investors; and
2. On the basis of such examination and the discussions with the issuer company, its directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company.

WE CONFIRM THAT:

- a) the draft Prospectus forwarded to the Commission is in conformity with the documents, materials and papers relevant to the issue;
- b) all the legal requirements connected with the said issue have been duly complied with; and
- c) the disclosures made in the draft Prospectus are true, fair and adequate to enable the investors to make a well-informed decision for investment in the proposed issue.

For Manager to the Issue

Signed/-
Kaiser A. Chowdhury
President & Managing Director
AB Bank Limited

DUE DILIGENCE CERTIFICATE OF CO-MANAGER TO THE ISSUE

Subject: Public Offer of 11,500,000 Ordinary Shares of Tk. 100.00 each of First Security Bank Limited

We, the under-noted Manager to the Issue to the above-mentioned forthcoming issue, state as follows:

1. We, while finalizing the draft Prospectus pertaining to the said issue, have examined the various documents and other materials as relevant for adequate disclosures to the investors; and
2. On the basis of such examination and the discussions with the issuer company, its directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company.

WE CONFIRM THAT:

- a) the draft Prospectus forwarded to the Commission is in conformity with the documents, materials and papers relevant to the issue;
- b) all the legal requirements connected with the said issue have been duly complied with; and
- c) the disclosures made in the draft Prospectus are true, fair and adequate to enable the investors to make a well-informed decision for investment in the proposed issue.

For Manager to the Issue

Signed/-
Md. Iftikhar-uz-zaman
Chief Executive Officer
ICB Capital Management Limited

DUE DILIGENCE CERTIFICATE OF THE UNDERWRITER(S)

Subject: Public Offer of 11,500,000 Ordinary Shares of Tk. 100.00 each of First Security Bank Limited

We, the under-noted Underwriter(s) to the above-mentioned forthcoming issue, state individually and collectively as follows:

1. We, while underwriting the above mentioned issue on a firm commitment basis, have examined the draft prospectus, other documents and materials as relevant to our underwriting decision; and
2. On the basis of such examination and discussions with the issuer company, its directors and officers and other agencies; independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company:-

WE CONFIRM THAT:

- a) all information as are relevant to our underwriting decision have been received by us and the draft Prospectus forwarded to the Commission has been approved by us;
- b) we shall subscribe and take up or procure subscription for taking up the un-subscribed securities against the above-mentioned public issue within 15 (fifteen) days of calling up thereof by the issuer; and
- c) this underwriting commitment is unequivocal and irrevocable.

For Underwriter(s)

Signed/-
Managing Director

Grameen Capital Management Limited
Rupali Life Insurance Company Limited
GSP Finance Company (BD.) Limited
Green Delta Insurance Company Limited
Prime Finance & Investment Limited
Union Capital Limited
Northern General Insurance Company Limited
Uttara Finance & Investment Limited
Trust Bank Limited
The Premier Bank Limited
Meghna Life Insurance Company Limited
Karnaphuli Insurance Company Limited

USE OF PROCEEDS

The public issue is to be executed in compliance with relevant statutory requirements. The proceeds will strengthen the capital base of the Bank and thus the ability to augment business expansion. The funds to be raised through this public issue will be generally used for investment and lending.

DESCRIPTION OF BUSINESS

First Security Bank Limited, a scheduled commercial bank among the third generation banks in the private sector in Bangladesh, was incorporated on August 29, 1999 as a public limited company under the Companies Act, 1994 and Banking Companies Act, 1991, with a view to carry on, transacting, undertaking all kinds of banking, investment and financial businesses in Bangladesh and abroad. The Bank commenced its operation on October 25, 1999.

PRINCIPAL PRODUCTS AND SERVICES

The Bank serves all types of modern, progressive and dynamic business as well as banking services to the customers of all strata of society. During the short span of time, the Bank has been highly recognized and praised by the business community, from small entrepreneurs to large traders and industrial conglomerates, and emerged as the fastest growing among the third generation banks in respect of business and profitability. It has already opened 20 branches in different commercially important places throughout the country to make its services available to the people.

First Security Bank Limited successfully marketed its products designed to fulfill the needs of various socio-economic strata. Attractive features of the products have given a distinctive image among the private banks. The Bank has been making continuous endeavor to offer new products and services. However, the principal products and services of the bank include the following:

A. Deposit Schemes

- i. Current Account
- ii. Short Term Deposit
- iii. Sundry Deposit
- iv. Savings Bank Account
- v. Fixed Deposit
- vi. Non-Resident Foreign Currency Account
- vii. Resident Foreign Currency Account
- viii. Monthly Savings Scheme
- ix. Monthly Profit Based Savings Scheme
- x. Double Benefit Deposit Scheme

B. Loans and Advances Schemes

- i. Term Loan
- ii. Loan (General)
- iii. Secured Overdraft
- iv. Transport Loan
- v. Cash Credit
- vi. House Building Loan
- vii. Payment against Document (PAD)
- viii. Loan against Trust Receipt (LTR)
- ix. Consumer Finance Scheme
- x. Hire-purchase Scheme
- xi. Small Enterprise Financing

C. Services

- i. Ready Cash Card Services
 - ii. Education Remittance Service
- The Bank is a member of SWIFT (Society for Worldwide Inter Bank Financial Telecommunication)
 - The Bank has already launched Online Banking Service.
 - The Bank is planning to introduce ATM/DEBIT Card very soon.
 - The Bank is also planning to introduce Merchant Banking Services.

RELATIVE CONTRIBUTION TO REVENUE

The relative contribution to the Bank's revenue is given below:

(As per Audited Accounts in Tk.)

Description	31-Dec-07	Contribution in %	31-Dec-06	Contribution in %
Interest Income (Gross)	2,180,308,712	85.68	1,641,344,347	85.43
Investment Income	177,752,561	6.98	123,256,585	6.42
Commission, Exchange & Brokerage Income	161,010,079	6.33	135,863,487	7.07
Other Income	25,788,223	1.01	20,773,744	1.08
Total Income	2,544,859,575	100	1,921,238,163	100

ASSOCIATES, SUBSIDIARY/RELATED HOLDING COMPANY

The Bank does not have any associates, subsidiary/related holding company.

DISTRIBUTION OF PRODUCTS AND SERVICES

The services of the Bank are rendered through its Corporate Head Office and 20 branches.

COMPETITIVE CONDITIONS IN THE BUSINESS

The banking sector comprises of three nationalized commercial banks, thirty one private commercial banks, eleven foreign commercial banks apart from the specialized banks and DFIs. Consequently, the participants in this sector come across fierce competition for savings / other deposits and are in continuous quest of sound investing / lending targets. From a bird's eye view, the private banking sector of Bangladesh is a very profitable sector. Not only they are outperforming the Nationalized Commercial Banks, and Specialized Banks in terms of banking services, they are also widening the scope for investment and wealth maximization.

SOURCES AND AVAILABILITY OF RAW MATERIAL

The raw material for the Bank is the fund for lending which is being mobilized from a large number of depositors.

SOURCES OF AND REQUIREMENT FOR POWER, GAS AND WATER

The Bank does not require such utilities except for ordinary use to perform official activities.

CUSTOMERS PROVIDING 10% OR MORE REVENUES

There is no individual or institutional client of the Bank who provides 10% or more revenue.

CONTRACT WITH PRINCIPAL SUPPLIERS

There is no specific contract with any concern except for regular business contracts with borrowers and lenders in accordance with the Banking Companies Act, 1991.

MATERIAL PATENTS, TRADE MARKS, LICENSES OR ROYALTY AGREEMENTS

The Bank has obtained license from the Bangladesh Bank to conduct its regular commercial banking businesses. However, it does not have any patent or royalty agreements.

NUMBER OF TOTAL AND FULL TIME EMPLOYEES

- i. Total number of employees: 409
- ii. Total number of full-time employees: 409

DESCRIPTION OF PROPERTY

First Security Bank Limited operates through its Corporate Head Office at 23 Dilkusha C/A, Dhaka-1000 and branches on rented premises. The Written Down Value (WDV) of the fixed assets is as follows:

Particulars	(As per Audited Accounts as on December 31, 2007)	
	Cost in Tk. (As on December 31, 2007)	WDV in Tk. (As on December 31, 2007)
Furniture & Fixtures	128,138,603	88,182,905
Office Equipment	72,160,309	34,432,602
Vehicles	23,401,484	12,595,531
Books	74,939	12,348
Total	223,775,335	135,223,386

Notes:

The Bank owns the entire fixed assets as mentioned above.

There is no mortgage or lien on the above-mentioned properties.

There is no leasehold property by the bank. However, the premises of Head Office and Branches are on lease / rental basis.

PLAN OF OPERATION AND DISCUSSION OF FINANCIAL CONDITION

INTERNAL AND EXTERNAL SOURCES OF CASH

(As per Audited Accounts)

Figures in Tk.

Description	2007	2006	2005
	Jan-Dec	Jan-Dec	Jan-Dec
Internal Sources of Cash			
Paid-up Capital	1000,000,000	900,000,000	600,000,000
Statutory Reserve	96,161,398	84,455,252	84,455,252
Other Reserve	24,000,000	24,000,000	24,000,000
Surplus in Profit & Loss Account	14,129,544	(4,795,038)	112,429,139
Total	1,134,290,942	1,003,660,214	820,884,391
External Sources of Cash			
Borrowing from other banks, financial institutions and agents	-	-	-
Deposits and other accounts	23,504,045,031	17,591,996,452	14,012,175,134
Total	23,504,045,031	17,591,996,452	14,012,175,134
Grand Total	24,638,335,973	18,595,656,666	14,833,059,525

MATERIAL COMMITMENT FOR CAPITAL EXPENDITURE AND THE EXPECTED SOURCES OF FUND

The Bank has no significant material commitment for capital expenditure.

CAUSES FOR MATERIAL CHANGES FROM PERIOD TO PERIOD IN INCOME, COST OF FUND, OTHER OPERATING EXPENSES AND NET INCOME

(As per Audited Accounts)

(As per Audited Accounts)			
Figures in Tk.			
Income:			
Particulars	31-Dec-07	31-Dec-06	31-Dec-05
Interest Income (Gross)	2,180,308,712	1,641,344,347	1,312,642,313
Investment Income	177,752,561	123,256,585	94,006,737
Commission, exchange and brokerage income	161,010,079	135,863,487	115,759,147
Other income	25,788,223	20,773,744	13,369,332
Total Income	2,544,859,575	1,921,238,163	1,535,777,529

(As per Audited Accounts)

(As per Audited Accounts)			
Figures in Tk.			
Expenses:			
Particulars	31-Dec-07	31-Dec-06	31-Dec-05
Interest paid on deposits, borrowings etc.	2,130,328,088	1,499,283,646	1,209,977,807
Total Operating Expenses	286,000,759	219,330,994	200,619,519
Total Expenditures	2,416,328,847	1,718,614,640	1,410,597,326

(As per Audited Accounts)

(As per Audited Accounts)			
Figures in Tk.			
Profit:			
Particulars	31-Dec-07	31-Dec-06	31-Dec-05
Operating Profit	128,530,728	202,623,523	125,180,203
Total provision	70,000,000	334,847,700	107,200,000
Profit before Tax	58,530,728	(132,224,177)	17,980,203
Net Profit after Tax	30,630,728	(117,224,177)	9,889,113

Since commencement of business, the operating income of the bank has been continuously rising with the exception of 2005 & 2006 due to business promotional efforts of its Directors and Management. The Bank encountered net loss of Tk. 117,224,117/- in 2006 due to high loan provision whereas the net profit stood at Tk. 9,889,113/- for 2005. However, the Bank reduced the loan provision in 2007 which resulted in net profit of Tk. 30,630,728/-

SEASONAL ASPECTS

There is no seasonal aspect on the business of the Bank. However, tight money market conditions, political instability, fiscal policy etc. may affect the business operations of the Bank.

KNOWN TRENDS, EVENTS OR UNCERTAINTIES

Financial market conditions, political unrest and strike are the known events that may affect the Bank's ability to conduct businesses in full force and may affect its performance adversely in future.

CHANGES IN ASSETS TO PAY OFF LIABILITIES

No asset of the Bank has been used to pay off any liabilities.

LOANS TAKEN OR GIVEN FROM OR TO ITS HOLDING/PARENT COMPANY OR SUBSIDIARY COMPANY

The Bank has no holding/parent company or subsidiary company. Hence, there is no scope to obtain loans from or provide loans to any such parties.

FUTURE CONTRACTUAL LIABILITIES

The Bank does not plan to enter into any contractual liabilities within next one year.

FUTURE CAPITAL EXPENDITURE

The Bank has a plan to open 6 new branches where estimated capital expenditure to be incurred shall be Tk 2.00 crore.

VAT, INCOME TAX, CUSTOMS DUTY OR OTHER TAX LIABILITY

VAT: There is no outstanding VAT liability as on March 31, 2008.

Income Tax: The Income Tax status of the Bank is mentioned below:

The Bank has received Tribunal Order on 28th February, 2006 from Taxes Appellate Tribunal with an outstanding amount of Tk. 73,20,755/- for the year 2003. Now, the case is under appeal in the honorable High Court. Moreover, FSBL has already received an Appeal Order dated 17th January, 2007 for the year 2004 from Deputy Commissioner of Taxes (Audit Wing-LTU) where the outstanding liability for that year was Tk. 66,504,919/-. The hearing was held at 8th April, 2008 and decision is yet to be received. The tax return for the year 2005 and 2006 have been submitted. Return for the year 2007 is not yet due.

OPERATING LEASE

The Bank has been running its operations through its Corporate Head Office and other branches on leased premises. The details of the operating lease the Company has entered into during last five years preceding the issuance of prospectus are mentioned below:

Sl. No	Particulars of leased/ Rented Premises	Area (Sft)	Monthly Rental	Period of Lease	Advance Outstanding in Tk.
			(In Tk.)		(As on April 31, 2007)
1	Head Office, 23, Dilkusha C/A, Dhaka-1000	14995 sft	355,400/-	6 Years	Nil
2	Dilkusha Branch, 23, Dilkusha C/A, Dhaka-1000	3700 sft	101,750/-	6 Years	Nil
3	Bangshal Branch, 121/2, Lutfar Rahman Lane, North South Road, (Bangshal) Dhaka.	2980 sft (Approx.)	41,720/-	5 Years	Nil
4	Dhanmondi Branch, House # 38/1, Road # 02, Dhanmondi R/A, Dhanmondi, Dhaka.	2000 sft (Approx.)	45,000/-	5 Years	247,500/-
5	Mirpur Branch, 793, Kazi Para (Bus stand) Begum Rokeya Swarani, Kazi Para, Mirpur, Dhaka.	4000 sft (Approx.)	52,000/-	12 Years	1,376,000/-
6	Mohakhali Branch, 95, Mohakhali C/A, Khaja Tower, Dhaka.	5300 sft (Approx.)	2,12,000/-	6 Years	Nil
7	Gulshan Branch, House # 122, Gulshan Avenue, Gulshan-2, Dhaka.	8864 sft	2,50,000/-	5 Years	1,200,000/-
8	Banani Branch, Plot # 80, Block # B, Kamal Attaturk Avenue, Banani Model Town, Dhaka.	11000 sft	3,50,000/-	10 Years	6,300,000/-
9	Khatungonj Branch, 142, Chand Miah Lane, Khatungong, Chittagong.	2100 sft	50,139/-	6 Years	94,500/-
10	Jubilee Road Branch, 365, Jubilee Road, Enayat Bazar, Jubilee Road, Chittagong.	3500 sft	30,625/-	6 Years	Nil
11	Agrabad Branch, 163, Sheikh Mujib Road, Agrabad, Chittagong.	5700 sft	85,500/-	5 Years	Nil

12	Keranihat Branch, Keranihat, Satkania, Chittagong.	2800 sft	19,600/-	12 Years	470,400/-
13	Nazu Meah Hat Branch, Nazu Meah Hat, Nur Ali Bari, Hat Hazari, Chittagong.	3100 sft (Approx.)	18,600/-	10 Years	1,23,200
14	Sylhet Branch, Shalim Mansion, Side –A, Mendibagh C/A, Biswa Road, (Asian Highway), Sylhet,	3900 sft	42,900/-	6 Years	600,000/-
15	Biswanath Branch, Al-Haj Abdul Khaleque Super Market, Rampasha Road, Biswanath, Sylhet.	2000 sft (Approx.)	22,000/-	6 Years	Nil
16	Rangpur Branch, Station Road, (Nawabgonj Bazar), Rangpur.	2700 sft (Approx.)	24,300/-	4 Years	534,600/-
17	Probortak Mor Branch 1281, Bayzid Bostami Road, Probartak Sangha Turning, Panchlaish, Chittagong	4600 sft	70,000/-	9 years	210,000/-
18	Biswa road Branch 224, Maddaho basahaboo, P.S- Shabujbag, Dhaka.	2500 sft	24,000/-	6 years	868,000/-
19	Khulna Branch City Trade Centre, 75, K.D.A. Avenue, Khulna	3100 sft (Approx.)	43,000/-	12 years	426,767/-
20	Topkhana Road Branch Bengal Centre 28, Topkhana Road, Dhaka.	4600 sft	147,200/-	10 years	2,649,600/-
21	Shafipur Branch Shafipur, Union: Mouchak, Mouza-Shafipur, Police Station-Kaliakoir, District-Gazipur	2500sft	14,000/-	10 years	409,000/-

FINANCIAL/LEASE COMMITMENT

The Bank has not entered into any financial / lease commitment in the last five years.

PERSONNEL RELATED SCHEME

The Bank has a well-designed compensation plan to attract highly capable professional staff with high degree of integrity. Employee performance is regularly evaluated.

- **Provident Fund:** The Bank offers Provident Fund benefit for its full time employees with 10% of the basic contributed by the employees and 10% of basic by the Bank in every year effective on confirmation of service at First Security Bank Limited.
- **Festival and Annual Incentives:** The Bank provides two festival bonuses to the employees in every year and generally offers annual incentives to the employees depending on the Bank's performance at the discretion of the Board.
- **Gratuity Scheme:** The Bank has un-funded gratuity scheme for its employees approved by its Board.
- **Employees' Social Security & Benevolent Fund:** The Bank offer employees' social security & benevolent fund. It covers "Death Benefit", a financial benefit to the bereaved family of the deceased will be paid to the nominees, in case of death of an employee while in service, "Disability Benefit" , another financial benefit to the employees in case of their physical disability during service.
- **Medical Benefit:** The Bank offers medical benefit to its all confirmed employees and maximum two dependent children. The bank also pays charges of hospitalization at maximum twice the amount of basic salary for executives and thrice the amount of basic salary for officer during a calendar year.

BREAK DOWN OF EXPENSES FOR ISSUE MANAGER AND UNDERWRITERS

- I) Issue Management Fee amounts to Tk. 20,00,000
II) Underwriting Commission of Tk. 11,50,000 at 0.20% on the amount underwritten.

Particulars	Rate	Amount in Tk.
Issue Management Fee	Fixed	20,00,000
Underwriting Commission	0.20%	11,50,000
Application Fee to the SEC	Fixed	10,000
Consent Fee to the SEC	0.15%	17,25,000
DSE Service Charge		5,000
Initial Listing Fee (DSE & CSE)		40,00,000
Annual Fee (DSE & CSE)		2,00,000
Credit Rating		2,00,000
CDBL related expenses		4,50,000
Lottery Arrangement		3,00,000
Printing and Publication of Prospectus		5,00,000
Other Post Issue Expenses	Lump Sum	10,00,000
Total		1,15,40,000

REVALUATION OF COMPANY'S ASSETS AND SUMMARY THEREOF

No revaluation has been made upon the Bank's assets and liabilities.

TRANSACTION BETWEEN HOLDING/SUBSIDIARY COMPANY

The Bank has no holding/subsidiary company.

DECLARATION FOR A BANKING COMPANY

We hereby declare that all requirements as specified in the Bank Companies Act, 1991 (Act. No. 14 of 1991) as amended have been adhered to.

Signed Alhaj Md. Saiful Alam Chairman	Signed Sarwar Jahan Maleque Vice Chairperson	Signed Sharmin Fatema Director
Signed Alhaj Mortoza Siddique Chowdhury Director	Signed Shamshad Jahan Director	Signed Hamidul Haq Director
Signed Atiqun Nesa Director	Signed A.K.M. Ali Johar Director	Signed Md. Wahidul Alam Seth Director
Signed Mohammed Oheidul Alam Director	Signed Md. Sharif Hussain Director	Signed Shahidul Islam Director
Signed Dr. Muhammad Loqman Director	Signed A.A.M. Zakaria Managing Director	

AUDITOR'S CERTIFICATE REGARDING ALLOTMENT OF SHARES TO PROMOTERS OR SPONSOR - SHAREHOLDERS FOR CONSIDERATION OTHER THAN IN CASH

This is to certify that First Security Bank Ltd, 23 Dilkusha Commercial Area, Dhaka 1000, has not issued any shares till date, 14 May 2008, to its Sponsors/Promoters/Directors for consideration otherwise than for cash.

Signed
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dated: 14 May, 2008

DECLARATION FOR NON-SUPPRESSION OF MATERIAL INFORMATION

This is to declare that to the best of our knowledge and belief no information, facts, circumstances which are disclosable have been suppressed that can change the terms and conditions under which the offer has been made to the public.

Signed/-
A.A.M. Zakaria
Managing Director

Dated: April 19, 2008

DIRECTORS AND OFFICERS

SL No	Name of Directors	Age	Position in First Security Bank	Directorship/Sponsorship/Ownership with other companies	Position
1	Alhaj Md. Saiful Alam	48	Chairman	S. Alam Steels Ltd. (Unit 1, 2 & 3) S. Alam Cement Ltd. S. Alam Brothers Ltd. S. Alam Hatchery Ltd S. Alam Trading Company (Pvt.) Ltd. S. Alam Bag Manufacturing Mills Ltd. S. Alam Soyaseed Extraction Plant Ltd. S. Alam Refined Sugar Industries Ltd. S. Alam Cold Rolled Steels Ltd. S. Alam Tank Terminal Ltd. S. Alam Properties Ltd. Portman Cements Ltd. Northern General Insurance Co. Ltd. Karnaphuli Prakritik Gas Ltd. Al-Arafa Islami Bank Ltd. S. Alam & Co. Sonali Overseas Corporation	Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Sponsor Director Director Shareholder Proprietor Proprietor
2	Ms. Sarwar Jahan Maleque	40	Vice Chairperson	M/S Jisco Bangladesh Ltd. M/S Jahan Enterprise	Director Director
3	Ms. Shamshad Jahan	33	Director	Ocean Sea Food Ltd. DINS Chemical Industries Ltd. Rainbow Sea Foods Ltd. The Treatment Tower M/S Unique Enterprise M/S Irada International M/S Agro Trading	Chairman Director Director Director Proprietor Proprietor Proprietor
4	Ms. Sharmin Fatema	37	Director	Chemon Ispat Ltd.	Director
5	Alhaj Mortoza Siddique Chowdhury	47	Director	Diganta Media Corporation Northern General Insurance Co. Ltd. M/S Mortoza & Brothers	Shareholder Director Proprietor
6	Mr. Hamidul Haq	68	Director	Northern General Insurance Co. Ltd. Eden Multi Care Hospital Paradise Corporation (Pvt.) Ltd.	Director Director Chairman
7	Ms. Atiqun Nesa	37	Director	Atique Enterprise	Proprietor
8	Mr. Md. Sharif Hussain	65	Director	Nil	Nil
9	Mr. A.K.M. Ali Johar	46	Director	M/S Johar Real Estate M/S Johar Associates	Proprietor Proprietor
10	Mr. Md. Wahidul Alam Seth	38	Director	M/S B. Nowaz Real Estate	Proprietor
11	Mr. Shahidul Islam	55	Director	Platinum Shrimp Hatchery Ltd. S.S. Corporation	Managing Director Proprietor
12	Mr. Mohammed Oheidul Alam	39	Director	Dream Knitting (BD) Ltd M/S Land Mark Hotel & Restaurant Car Shop The Travel World United Financial Trading Co. Ltd. Orchard Business Hotel	Managing Director Proprietor Proprietor Proprietor Director Proprietor
13	Dr. Muhammad Loqman	64	Director	International Islamic University Chittagong (Dhaka)	Chief

Retirement of Directors:

SL No	Name of Directors	Educational Qualification	Date of becoming first Director	Expiry of Current Term
1	Alhaj Md. Saiful Alam	B. Sc	17 th February 2005	11 th AGM in 2010
2	Ms. Sarwar Jahan Maleque	S.S.C	29 th August 1999	9 th AGM in 2008
3	Ms. Shamshad Jahan	S.S.C	19 th September 2007	12 th AGM in 2011
4	Ms. Sharmin Fatema	H.S.C	29 th August 1999	9 th AGM in 2008
5	Alhaj Mortoza Siddique Chowdhury	B.A	29 th August 1999	9 th AGM in 2008
6	Mr. Hamidul Haq	B.A	30 th January 2005	10 th AGM in 2009
7	Ms. Atiqun Nesa	H.S.C	30 th January 2005	10 th AGM in 2009
8	Mr. Md. Sharif Hussain	M.A. (Economics)	17 th February 2005	11 th AGM in 2010
9	Mr. A.K.M. Ali Johar	M.Com. & ACMA	30 th January 2005	10 th AGM in 2009
10	Mr. Md. Wahidul Alam Seth	B. Com	30 th January 2005	10 th AGM in 2009
11	Mr. Shahidul Islam	B.A	15 th May 2005	11 th AGM in 2010
12	Mr. Mohammed Oheidul Alam	B.A	30 th January 2005	9 th AGM in 2008
13	Dr. Muhammad Loqman	Ph. D. (Philosophy in Finance) M. Com. (Accounting), M.A (Economics)	9 th November 2006	11 th AGM in 2010

FAMILY RELATIONSHIP AMONG DIRECTORS AND TOP FIVE OFFICERS

There is no family relationship among the members of the Board of Directors.

There is no family relationship among the directors and top five officers.

SHORT BIO-DATA OF DIRECTORS

Alhaj Md. Saiful Alam, Chairman

Mr. Alam was born in a religious family of Chittagong in 1960. He obtained his Bachelor of Science (B.Sc) degree. He is a well-known business personality of the country.

He is the Managing Director of S. Alam Steels Ltd. (Unit 1, 2 & 3), S. Alam Cement Ltd., S. Alam Brothers Ltd., S. Alam Hatchery Ltd., S. Alam Trading Company (Pvt.) Ltd., S. Alam Bag Manufacturing Mills Ltd., S. Alam Soyaseed Extraction Plant Ltd., S. Alam Refined Sugar Industries Ltd., S. Alam Cold Rolled Steels Ltd., S. Alam Tank Terminal Ltd., S. Alam Properties Ltd., Portman Cements Ltd. Mr. Alam is a Director of Karnaphuli Prakritik Gas Ltd. & Sponsor Director of Northern General Insurance Co. Ltd., Shareholder of Al-Arafah Islami Bank Ltd. Moreover, he is a Proprietor of S. Alam & Co., Sonali Overseas Corporation. He traveled many countries of the world in business tours.

Mrs. Sarwar Jahan Maleque, Vice Chairperson

Mrs. Maleque was born in 1968 in Chittagong city. She is a Sponsor Director of the Bank. She is a Director of M/S Jahan Enterprise and M/S Jisco Bangladesh Ltd.

She has interest in socio-cultural activities. She is the member of Chittagong Rotary Public and Junta Club. She is a lady with pleasant and amiable personality.

Ms. Sharmin Fatema, Director

Ms. Sharmin Fatema was born in 1971. She is a Sponsor Director of First Security Bank Ltd. She is a Director of Chemon Ispat Limited, a CI Sheet Manufacturing Company. She has interest in various socio-cultural activities. She is the Patron of Al-jamiatul Islamia Alarabia Mozaherul Uloom, Chittagong, Darul Quran, Lohagara, Chittagong and Aljamiatul Islamia Obaidia Madrasah, Chittagong.

Alhaj Mortoza Siddique Chowdhury, Director

Mr. Chowdhury was born in a respectable Muslim family in 1961. He has 21 years long business experience. He is a Sponsor Director of the Bank. He is the Proprietor of M/s Mortoza & Brothers, Shareholder of Diganta Media Corporation and Director of Northern General Insurance Co. Ltd. He is associated with various social and religious activities. He is the life member of Anjumane Ittehad, Baitus Sharaf, Chittagong and Baitus Sharaf Hospital, Cox'sbazar.

Mr. Hamidul Haq, Director

Mr. Haq was born in 1940 in Chittagong. He is a Bachelor of Arts. He is the Chairman of Paradise Corporation (PVT) Ltd. He is Director of Northern General Insurance Co. Ltd. and Eden Multi Care Hospital Ltd.

Ms. Atiqun Nesa, Director

Ms. Atiqun Nesa was born in 1971 in a respectable Muslim family. She is a Bachelor of Arts. She is the Proprietor of Atique Enterprise, an Export and Import house. She is also a Patron of Islamia Ainul Ulom Madrasah of Cox,sbazar and Miftahul Ullom Madrasah of Chittagong.

Mr. Md. Sharif Hussain, Director

Mr. Hussain was born in 1943. He hails from a prestigious family. He is a Masters of Arts in Economics from Rajshahi University.

He was a Director of Islami Bank Bangladesh Ltd. for 16 years. He has been working with Islamic Economics Research Bureau (IERB), Dhaka in various capacities for 22 years and now he is the General Secretary of Executive Committee of the same. He is also the Vice – Chairman of the Academic Council of Islami bank Training and Research Academy. He is a widely traveled personality. He visited Malaysia, Qatar, UAE, Sudan, Kuwait etc on various assignments. He participated in various National and International Seminars. He is the author of a number of books on Islamic Banking.

Mr. A.K.M. Ali Johar, Director

Mr. Johar was born in 1962 in Chittagong. He obtained his Masters of Commerce and is an Associate Member of the Institute of Cost & Management Accountants of Bangladesh (ICMAB). He served in Petroleum Corporation of Bangladesh for many years and presently running his business successfully. He is the Proprietor of M/s Johar Real Estate & M/s Johar Associates, a Housing and Land developing Company.

He is the Patron of Gaibi Jame Masjid of Chittagong and Madrasatul Yunusia & Darul Aitam, Chakaria, Chittagong

Mr. Md. Wahidul Alam Seth, Director

Mr. Md. Wahidul Alam Seth was born in 1970 in Chittagong. He is a Bachelor of Arts. He is the Proprietor of M/S B. Nowaz Real Estate. Moreover, he is a Patron of Nawab Wali Khan Masjid and Takshah Miah Dargah Jame Masjid of Chittagong.

Mr. Shahidul Islam, Director

Mr. Islam was born in a religious family of Chittagong in 1953. He obtained his Bachelor of Arts (B.A) degree.

He is the Managing Director of Platinum Shrimp Hatchery Ltd. Mr. Islam is the sole Proprietor of S.S. Corporation, a General Merchant, Export & Import Business house. He is a Bachelor of Arts. He hails from a respectable Muslim family.

Mr. Mohammed Oheidul Alam, Director

Mr. Oheidul Alam was born in 1969 in Chittagong. He is a Bachelor of Arts. He hails from a prestigious family and has been associated with business from very early age. He is the Managing Director of Dream Knitting (BD) Ltd., Director United Financial Trading Co. Ltd. Proprietor of Land Mark Hotel & Restaurant, Car Shop & The Travel World.

Dr. Muhammad Loqman, Director

Dr. Muhammad Loqman was born in 1944. He is a Doctor of Philosophy in Finance (Ph. D) from University of Dhaka. He attended many conferences, Annual Conventions, Seminars, Symposium and Training Courses etc. held both in home and abroad. He is the Chief, International Islamic University, Chittagong. He was the Professor and Ex-Chairman, Department of Finance, University of Chittagong.

He has traveled KSA, Malaysia, Kuwait, UAE, Bahrain, Pakistan, India, U.S.A. & UK etc.

Ms. Shamshad Jahan, Director

Ms. Jahan was born in 1974 in a respectable Muslim family. She is the Chairman of Ocean Sea Foods Limited, Director of DINS Chemical Industries Ltd., Rainbow Sea Foods Limited and The Treatment Tower. She is also Proprietor M/S. Unique Enterprise and M/S. Irada International.

Mr. A.A.M. Zakaria, Managing Director

Mr. Zakaria is B.A (Hons) and M.A. in Economics from Dhaka University. He started his Banking career with Rupali Bank in 1977 as Senior Officer and worked in the esteemed Bank for 23 (twenty three) years in different capacity and areas which included status as Branch Manager, Regional Head and Divisional Head. Thereafter, Mr. Zakaria joined Bank Asia Ltd. on 20.04.2000 as Senior Vice President (SVP) and Manager Principal Branch. Then Mr. Zakaria joined Dutch Bangla Bank Ltd. on 03.07.2000 as Executive Vice President (EVP). During his incumbency at this Bank, he brought a significant progress in the volume and quality of business and profitability of the Bank. In recognition of which he was awarded 02 (two) accelerated promotions. He was promoted to the Rank of Senior Executive Vice President (SEVP) on 01.03.2002 and promoted to the rank of Deputy Managing Director (DMD) on 24.09.2003. On promotion to the rank of DMD, he has been made a part of top management of the Bank and has been managing its global affairs with the task for achieving remarkable growth of the Bank applying core risk management tools, adhering to Banks principals of transparency, corporate governance and observing anti money laundering and other regulatory measures. In his banking career he passed Banking Diploma (Both Parts) and participated in various Training programmes & workshops at home and aboard.

Mr. A. A. M. Zakaria joined First Security Bank Ltd. (FSBL) on 7th August 2005 as Managing Director at a crucial time when the Bank was identified as one of the Problem Banks. After taking over the new assignment in FSBL the Bank came out from the list of problem Banks.

CIB REPORT

Neither the company nor any of its directors or shareholders who hold 5% or more shares in the paid-up capital of the issuer is loan defaulter in terms of the CIB report of the Bangladesh Bank.

PARTICULARS OF TOP EXECUTIVES

Name	Designation	Date of Joining	Educational Qualification	Last five years Experience
Mr. A.A.M. Zakaria	Managing Director	07.08.2005	M.A. (Economics)	DMD , Dutch Bangla Bank Ltd.
Mr. Shafiqul Alam	Deputy Managing Director	16.05.2005	M.Sc.	EVP & Manager, Principal Branch, Prime Bank.
Mr. Abdul Quddus	Deputy Managing Director	02.03.2008	M.A. (Economics)	SEVP & Manager, Principal Branch, The City Bank Limited
Mr. Sayedul Hasan	Deputy Managing Director	04.03.2008	M.Sc. (Soil Science)	SEVP & Manager, Local Office, Dutch Bangla Bank Limited
Mr. Md. Mizanur Rahman	SVP & Head of Public Relation Division	18.10.2007	M.Com (Management)	FVP , City Bank Ltd. DGM, Uttara Bank Ltd.
Mr. Md. Anwar Hossain Chowdhury	VP & Head of Anti Money Laundering Department	13.08.2000	M.Sc (Math)	Officer Grade – I (Equivalent SPO), National Bank Ltd.
Mr. Ekramullah	VP & Head of Internal Control & Compliance	21.10.1999	M.Sc.	Officer Grade – I (Equivalent SPO), National Bank Ltd.
Mr. Jiban Chandra Das	VP & Head of Finance & Accounts Division	07.09.2006	M.Com. (Finance) & A.C.A	Manager, Audit & Assurance, Rahman Rahman Huq.
Mr. Mohsen Uddin Ahmed	VP & Head of Credit Monitoring & Recovery Division	17.10.2007	M.A.	DGM, Agrani Bank
Mr. Kazi Md. Amanullah	VP & Head of General Services Division	20.11.2007	M.Com.	DGM, Bangladesh Bank
Mr. Foiz Ahmed	VP & Head of International Division	09.12.2007	M.A.	SAVP, Dutch Bangla Bank Ltd.
Mr. Kazi Md. Rezaul Karim	FVP & M.D's Secretariat	12.09.2005	M.A.	SEO, Foreign Trade Department. ID. (Treasury Back Office), Dutch Bangla Bank Ltd.
Mr. Md. Zahrul Haque	FVP & Head of Credit Division	04.07.2005	M.B.A., C.A. (Inter/CC)	SPO, Rupali Bank
Mr. Md. Shamsul Hoque	FVP & Head of Treasury Division	21.10.1999	M.S.S.	-
Mr. S.M. Nazrul Islam	SAVP & P.S. to Chairman	16.03.2005	B.A., L.L.B	Senior Manager, PS to Chairman & Managing Director, S. Alam Group
Mr. Abdul Hannan Khan	FAVP & Head of Human Resources Division & Company Secretary (CC)	01.11.2006	M.Com.	AVP, HRD, The Oriental Bank Limited

INVOLVEMENT OF DIRECTORS AND OFFICERS IN CERTAIN LEGAL PROCEEDINGS

No Director or officer of the Bank was involved in any of the following types of legal proceedings in the last 10 (ten) years:

(a) Any bankruptcy petition filed by or against any company of which any officer or director of the issuer company filing the prospectus was a director, officer or partner at the time of the bankruptcy.

(b) Any conviction of director, officer in a criminal proceeding or any criminal proceeding pending against him or her.

(c) Any order, judgment or decree of any court of competent jurisdiction against any director, officer permanently or temporarily enjoining, suspending, barring, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.

(d) Any order of the Securities and Exchange Commission, or other regulatory authority or foreign financial regulatory authority, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Bank has entered into the following transactions with the Director and executive officers during last two years of issuing prospectus:

(Figures in Lac Tk.)

SI No	Name of the persons involved	Relationship with issuer	Nature of Transaction	Amount outstanding (As on 31.12.2007)
01.	Mr. Mohammed Ohidul Alam	Director	Loan	40.84
02.	Mr. A.A.M.Zakaria	MD	HBL	24.13
03.	Mr. Mohammad Feroze	Ex.EVP	HBL	5.86
04.	Mr. Khandaker Mohiuddin	Ex.SVP	HBL	1.08
05.	Mr. Md. Raisuddin Ansary	SVP	HBL & CAR	29.03
06.	Mr. Jahangir Gafur	SVP	HBL & CAR	7.65
07.	Mr. Md. Mustafa Khair	SVP	CAR	5.99
08.	Syed Habib Hasnath	SVP	HBL & CAR	20.11
09.	Mr. Kamal Sharif	Ex.VP	HBL & CAR	9.01
10.	Mr. A K M Nurul Islam	Ex.VP	HBL	8.52
11.	Mr. Syed Zahirul Islam	SVP	HBL & CAR	28.00
12.	Mr. Abdul Aziz	SVP	HBL & CAR	27.48
13.	Mr. Md. Abdus Samad Mollah	SVP	HBL	27.71
14.	Kazi Moshir Rahman Jahad	SVP	HBL & CAR	29.83
15.	Mr. Ekramulla	VP	HBL & CAR	30.74
16.	Mr. Anwar Hossain Chy.	VP	HBL & CAR	20.26
17.	Mr.Kshitish Chandra Chakroboty	VP	CAR	3.50
18.	Mr. Md. Saifur Rahman Patwary	VP	CAR	5.08
19.	Mr.Nasir Uddin Ahmed	VP	HBL & CAR	26.27
20.	Mr. Kazi Osman Ali	VP	HBL & CAR	22.87
21.	Mr. Masudur Rahman	VP	CAR	7.01
22.	Mr. Shamsul Hoque	FVP	HBL & CAR	30.13
23.	Mr. Rafiqul Islam	FVP	CAR	5.79
24.	Mr. Md. Zahirul Haque	FVP	CAR	3.83
25.	Mr. Kazi Reazul Karim	FVP	HBL & CAR	29.17
26.	Mr. Md. Mahmudur Rahman	SAVP	CAR	4.35
27.	Mr. Shah Md. Shoyeb Ali	SAVP	CAR	3.33
28.	Mr. S.M. Nazrul Islam	SAVP	CAR	3.62
29.	Kazi Abul Manjur	SAVP	CAR	7.97
30.	Mr.A.N.Z.Nias Ahmed Chy.	SAVP	CAR	1.50
31.	Mr.J.M.Bakhtiar	SAVP	HBL	16.39
32.	Mr. Md. Abul Kashem	SAVP	HBL	12.21

33.	Mr. AKM Abu Sagir Chy	AVP	HBL & CAR	14.21
34.	Mr. Abdul Barik	AVP	CAR	4.85
35.	Mr. M. Alauddin	AVP	CAR	6.21
36.	Mr. Nazmul Hoque Chy.	AVP	CAR	5.50
37.	Mrs. Asma Begum Ava	AVP	HBL & CAR	21.15
38.	Mr. Abdul Hannan Khan	FAVP	CAR	5.43
39.	Mr. Md. Zafar Ullah	FAVP	CAR	5.47
			Total	562.08

The Bank has not entered into any transaction or any proposed transaction during the last two years with any of the following persons (except as mentioned above), namely:

- A. Any director or executive officer of the issuer.
- B. Any Director or officer.
- C. Any person owning 5% or more of the outstanding shares of the issuer.
- D. Any member of the immediate family (including spouse, parents, brothers, sisters, children and in-laws) of any of the Directors and officers;
- E. Any transaction or arrangement entered into by the issuer or its subsidiary for a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries / holding company or associate concerns, or who was a director or connected in any way with a director at any time during last three years prior to the issuance of Prospectus.
- F. The Bank has not taken or given any loan from or to any director or any other person connected with the directors.

DIRECTORS HOLDING ANY POSITION APART FROM THE COMPANY

The information is already included in directors and officers part of the prospectus.

INTERESTS AND FACILITIES ENJOYED BY THE DIRECTORS

The Directors are taking only fees for attending meetings (disclosed in the "Executive Compensation" part of the prospectus) of the Board of Directors. Facilities whether pecuniary or non-pecuniary enjoyed by the directors will remain unchanged during the publication period of the prospectus.

EXECUTIVE COMPENSATION REMUNERATION PAID TO TOP FIVE SALARIED OFFICERS

(In Taka)

Name	Designation	Jan 1-Dec 31, 2007
Mr. A.A.M. Zakaria	Managing Director	68,80,000.00
Mr. Shafiqul Alam	Deputy Managing Director	39,40,000.00
Mr. Md. Jahangir Gafur	Executive Vice President	15,73,900.00
Mr. Md. Mustafa Khair	Senior Vice President	14,05,735.00
Mr. Md. Raisuddin Ansary	Senior Vice President	13,12,400.00

AGGREGATE AMOUNT OF REMUNERATION PAID TO THE DIRECTORS AND OFFICERS DURING LAST ACCOUNTING YEAR

As per Audited Accounts (In Tk.)

Group	Jan-Dec, 2007	Jan-Dec, 2006
Directors' Fees	1,019,009	1,469,512
Officers	142,977,355	114,460,635

The Bank did not pay any remuneration to any director who was not an officer during the last accounting year.

There is no contract with any Director or officer providing for the payment of any future compensation.

PAY INCREASE INTENTION

Except for normal annual increment and allowances, there is no plan for substantial pay increase to its officers and directors in the current year.

OPTIONS GRANTED TO OFFICERS, DIRECTORS AND EMPLOYEES

The Bank did not grant any option for issue of shares to any Officer, Director and other employees of the Bank or to any other person involved with the Bank.

TRANSACTION WITH THE DIRECTORS AND SUBSCRIBERS TO THE MEMORANDUM

Mr. Mohammed Oheidul Alam, a Director of the Bank, has obtained loan for construction of M/S Land Mark Hotel and Restaurant in 2006, which outstanding loan amount was Tk. 40.84 lac in 2007 and the outstanding loan amount was Tk. 84.04 lac in 2006. However, no other Directors and Subscribers to the Memorandum of the Bank have received any benefits other than the meeting fees and the Bank has also not received anything from its Directors and Subscribers except for the fund against allotment of shares.

The Directors and Subscribers to the Memorandum of the Bank have not transferred any asset to the Bank but deposited share money from time to time. The Bank acquired assets by investing its own funds.

NET TANGIBLE ASSETS PER SHARE

(As per Audited Accounts) In Tk.

(As on December 31, 2007)	
Current Assets (Cash, Bank Balance & Money at Call)	4,091,425,782
Investments	2,498,328,500
Loans and Advances	18,616,225,315
Fixed Assets including premises, furniture & fixtures	135,223,386
Other Assets	1,600,577,888
Additional Provisioning Requirement	(11,970,000)
Total Tangible Asset (A)	26,929,810,871
Deposits and Other Accounts	23,504,045,031
Other Liabilities	2,303,444,898
Total Liabilities (B)	25,807,489,929
Net Tangible Asset (A-B)	1,122,320,942
Number of Shares Outstanding (C)	10,000,000
Net Tangible Asset per Share (A-B/C)	112

OWNERSHIP OF THE BANK'S SECURITIES

Sl#	Name of Shareholders	Status	Address	No. of Securities Owned as on 24 th April 2008	Percentage
1	Alhaj Md. Saiful Alam	Chairman	S. Alam Bhaban 2119, Asadgonj, Chittagong.	464,725	4.041
2	Ms. Sarwar Jahan Maleque	Vice Chairperson	8/A, O.R. Nizam Road, Panchlish R/A, Chittagong	341,407	2.969
3	Ms. Sharmin Fatema	Director	1168, Asadgonj, Chittagong.	1,030,255	8.959
4	Mr. A. K. M. Ali Johar	Director	350, West High Level Road (Top Hill) Lalkhan Bazar, Chittagong.	1,040,022	9.044
5	Ms. Atiqun Nesa	Director	22/33 Ashiana Building, Christian Cemetery Road, Bashar Market, Bibirhat, Chittagong.	1,051,767	9.146
6	Mr. Md. Wahidul Alam Seth	Director	227, Chowkbazar, Aziz Colony, Chittagong.	1,115,076	9.696
7	Mr. Hamidul Haq	Director	Darul Hamd, House#1560/A, Road#05, Hillview R/A, O. R. Nizam Road, Panchlaish, Chittagong.	100	0.001
8	Mr. Md. Sharif Hussain	Director	57, East Hazipara (5 th Floor), Rampura, Dhaka-1219.	100	0.001
9	Alhaj Mortoza Siddique Chowdhury	Director	House# 09, Road # 05, Nasirabad Housing Society, Chittagong.	838,442	7.291
10	Ms. Shamshad Jahan	Director	Wazhico Tower (3rd Floor), 263 Jubilee Road, Chittagong.	179,688	1.563
11	Mr. Shahidul Islam	Director	House#7, Road#1, Nasirabad Housing Society, Chittagong.	100	0.001
12	Mr. Mohammed Oheidul Alam	Director	3072, Sk. Mujib Road, Agrabad, Chittagong.	100	0.001
13	Dr. Muhammad Loqman	Director	Road # 02, House # 22/B, Dhanmondi R/A, Dhaka-1205	100	0.001
14	Mr. Md. Didarul Alam	Shareholder	Wazhico Tower (3rd Floor), 263 Jubilee Road, Chittagong.	382,877	3.329
15	Ms. Farzana Parveen	Shareholder	57/A, Sugandha R/A, Chittagong.	408,158	3.549
16	Mr. Morshedul Alam	Shareholder	320, Asadgonj, Chittagong.	277,117	2.410
17	Ms. Shahana Ferdous	Shareholder	840/981, North Agrabad, Muhuripara, Chittagong.	916,391	7.969
18	Miss. Farzana Begum	Shareholder	Esack Mansion, South Middle Halishahar (Soltgola) Chittagong.	919,125	7.992
19	Miss. Marzina Sharmin	Shareholder	House# 51, Road # 04, Hill View R/A, O. R. Nizam Road, Chittagong.	985,880	8.573
20	Ms. Rahima Khatun	Shareholder	House# 09, Road # 05, Nasirabad Housing Society, Chittagong.	305,885	2.660
21	Mr. Md. Abdul Maleque	Shareholder	8/A, O.R. Nizam Road, Panchlish R/A, Chittagong.	51,785	0.450
22	Mr. Arshadul Alam	Shareholder	8/A, O.R. Nizam Road, Panchlish R/A, Chittagong.	89,843	0.781
23	Mr. Abu Hena Mostafa Kamal	Shareholder	48, Sugandha R/A, Panchlaish, Chittagong.	200,000	1.739
24	Mr. Mohammed Solaiman	Shareholder	Wazhico Tower (3rd Floor), 263 Jubilee Road, Chittagong.	56,612	0.492
25	Mr. Mohammad Rafique	Shareholder	Vill: Rudura, P.O.+P.S.: Anwara, Chittagong.	785,828	6.833
26	Mr. Abdul Awal	Shareholder	House # 52, Road # 16, Nikunja-2, Dhaka-1229	58,617	0.510
Total				115,00,000	100.00

There are no shares owned by the officers of the Bank.

DETERMINATION OF OFFERING PRICE

Net Asset Value (NAV) is based on historical accounting book value of Bank's net asset. This is determined on the basis of the figures appearing in the audited Balance Sheet as at 31st December, 2007 after considering qualification of Tk. 11.97 million short provision against non-performing loan as follows:

	<u>31st Dec, 2007</u>
	<u>Tk in million</u>
Share capital	1,000
Statutory reserve	96
Other reserve	24
Retained earnings	<u>2</u>
Total Shareholders equity	<u>1,122</u>
Number of shares of Taka 100 each	<u>10</u>
Net Asset Value (NAV) per share of Taka 100 each	<u>Tk. 112</u>

Signed/-
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dated: 14 May, 2008

Net Asset Value per share of Tk. 100/- each is Tk. 112/- per share, which is higher than that of the offering price of Tk. 100/- per share.

MARKET FOR THE SECURITIES BEING OFFERED

The Bank shall apply to all the stock exchanges in Bangladesh within seven working days from the date of consent accorded by the Commission to issue Prospectus. The Securities will be traded subject to listing at:

The Dhaka Stock Exchange Limited (DSE) Stock Exchange Building 9/F Motijheel C/A, Dhaka-1000	The Chittagong Stock Exchange Limited (CSE) CSE Building, 1080, Sk. Mujib Road, Agrabad C/A, Chittagong
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DECLARATION ABOUT THE LISTING OF SHARES WITH THE STOCK EXCHANGE(S)

"None of the stock exchange(s), if for any reason, grants listing within 75 days from the closure of subscription, any allotment in terms of this Prospectus shall be void and the Bank shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchange(s), or from the date of expiry of the said 75 days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen days, the Bank's Directors, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.

The issue manager, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Securities and Exchange Commission within seven days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money."

DESCRIPTION OF SECURITIES OUTSTANDING OR BEING OFFERED

DIVIDEND, VOTING AND PREEMPTION RIGHT

The share capital of the Bank is divided into Ordinary Shares, carrying equal rights to vote and receive dividend in terms of the relevant provisions of the Companies Act, 1994 and the Articles of Association of the Bank. Shareholders shall have the usual voting right in person or by proxy in connection with, among others, selection of Directors and Auditor(s) and other usual agenda of General Meeting – Ordinary or Extra Ordinary. On a show of hand, every shareholder present in person and every duly authorized representative of a shareholder present at a General Meeting shall have one vote and on a poll every shareholder present in person or by proxy shall have one vote for every share held by him or her.

In case of any additional issue of shares for raising further capital, the existing shareholders shall be entitled to Right Issue of shares in terms of the guidelines issued by the Securities and Exchange Commission from time to time.

CONVERSION AND LIQUIDATION RIGHT

If the Bank at any time issues convertible preference shares or debenture with the consent of the SEC, such holders of securities shall be entitled to convert such securities into ordinary shares if it is so determined by the Bank.

In case of winding- up or liquidation of the Bank, all shareholders will have the same privileges and advantages regarding participation in profits and voting at meetings of the Bank.

RIGHT FOR TRANSFER

In terms of the provisions of the Companies Act 1994, Articles of Association of the Bank and other relevant rules in force, the shares of the Bank are transferable. The Bank shall not charge any fee other than Government duties for registering transfer of shares. No shares shall be transferred to an infant or person of unsound mind.

DIVIDEND POLICY

- a) The profit of the Bank, subject to any special right relating thereto created or authorized to be created by the Memorandum of Association and subject to the provision of the Articles of Association, shall be divisible among the members in proportion to the amount of capital paid up on the shares held by them respectively.
- b) No larger dividend shall be declared than is recommended by the directors, but the Bank in its General meeting may declare a smaller dividend.
- c) No dividends shall be paid otherwise than out of the profits of the year or any other undistributed profits and general reserves. Dividend shall not carry interest as against the Bank.
- d) The Directors may, from time to time, pay off the members such interim dividend as in their judgment the financial position of the Bank may justify.
- e) A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
- f) There is no limitation on the payment of dividends to the common stockholders. However, the Bank shall have to obtain no objection certificate (NOC) from the Bangladesh Bank for declaration of dividends.

OTHER RIGHTS OF SHAREHOLDERS

The shareholders shall have the right to receive all periodical reports and statements, audited as well as un-audited, published by the Bank from time to time. The Directors shall present the financial statements as required under the Law and International Accounting Standards. Financial Statements will be prepared in accordance with International Accounting Standards, consistently applied throughout the subsequent periods and presented with the objective of providing maximum disclosures as per law and International Accounting Standard to the shareholders regarding the Financial and Operational position of the Bank.

In case of any declaration of stock dividend by issue of Bonus Shares, all shareholders shall be entitled to it in proportion to their shareholdings on the date of book closure for the purpose.

The shareholders holding not less than 10% of the issued/fully paid up capital of the Bank shall have the right to requisition Extra-Ordinary General Meeting (EGM) of the Bank as provided under Section 84 of the Companies Act, 1994.

DEBT SECURITIES

The Bank did not issue any debt securities and has no plan to issue debt securities within six months.

CAPITAL STRUCTURE

PARTICULARS	Amount in Taka
Authorized Capital	
36,000,000 Ordinary Shares of Tk. 100 each.	3,600,000,000
1. Issued & Fully Paid Up	
11,500,000 Ordinary Shares of Tk. 100 each have been subscribed and paid in full.	1,150,000,000
2. Initial Public Offering (IPO):	
Issue of 11,500,000 Ordinary Shares of Tk. 100 each	1,150,000,000
3. Total Capital after IPO (1+2)	2,300,000,000

IPO funds will be utilized for purpose mentioned in the section "Use of Proceeds".

LOCK-IN PROVISION

All issued shares of the issuer at the time of according consent to public offering shall be subject to a lock-in period of three years from the date of issuance of prospectus or commercial operation, whichever comes later:

Provided that the persons, other than directors and those who hold 5% or more, who have subscribed to the shares of the Company within immediately preceding two years of according consent, shall be subject to a lock-in period of one year from the date of issuance of prospectus or commercial operation, whichever comes later.

SI#	Name of Shareholders	Status	No. of Securities Owned as on 24th April 2008	Percentage of holding	Date of acquisition	Expiry Date of lock-in
1	Alhaj Md. Saiful Alam	Chairman	464,725	4.041	18.02.04	June 7, 2011
2	Ms. Sarwar Jahan Maleque	Vice Chairperson	341,407	2.969	29.08.99	June 7, 2011
3	Ms. Sharmin Fatema	Director	1,030,255	8.959	29.08.99	June 7, 2011
4	Mr. A. K. M. Ali Johar	Director	1,040,022	9.044	22.06.03	June 7, 2011
5	Ms. Atiqun Nesa	Director	1,051,767	9.146	22.06.03	June 7, 2011
6	Mr. Md. Wahidul Alam Seth	Director	1,115,076	9.696	22.06.03	June 7, 2011
7	Mr. Hamidul Haq	Director	100	0.001	17.02.05	June 7, 2011
8	Mr. Md. Sharif Hussain	Director	100	0.001	17.02.05	June 7, 2011
9	Alhaj Mortoza Siddique Chowdhury	Director	838,442	7.291	29.08.99	June 7, 2011
10	Ms. Shamshad Jahan	Director	179,688	1.563	18.02.04	June 7, 2011
11	Mr. Shahidul Islam	Director	100	0.001	15.05.05	June 7, 2011
12	Mr. Mohammed Oheidul Alam	Director	100	0.001	17.02.05	June 7, 2011
13	Dr. Muhammad Loqman	Director	100	0.001	05.02.07	June 7, 2011
14	Mr. Md. Didarul Alam	Shareholder	382,877	3.329	29.08.99	June 7, 2011
15	Ms. Farzana Parveen	Shareholder	408,158	3.549	09.03.03	June 7, 2011
16	Mr. Morshedul Alam	Shareholder	277,117	2.410	09.03.03	June 7, 2011
17	Ms. Shahana Ferdous	Shareholder	916,391	7.969	22.06.03	June 7, 2011
18	Miss. Farzana Begum	Shareholder	919,125	7.992	25.01.05	June 7, 2011
19	Miss. Marzina Sharmin	Shareholder	985,880	8.573	25.01.05	June 7, 2011
20	Ms. Rahima Khatun	Shareholder	305,885	2.660	17.02.05	June 7, 2011
21	Mr. Md. Abdul Maleque	Shareholder	51,785	0.450	25.01.05	June 7, 2011
22	Mr. Arshadul Alam	Shareholder	89,843	0.781	21.12.03	June 7, 2011

23	Mr. Abu Hena Mostafa Kamal	Shareholder	200,000	1.739	29.08.99	June 7, 2011
24	Mr. Mohammed Solaiman	Shareholder	56,612	0.492	25.01.05	June 7, 2011
25	Mr. Mohammad Rafique	Shareholder	785,828	6.833	05.09.05	June 7, 2011
26	Mr. Abdul Awal	Shareholder	58,617	0.510	08.08.07	June 7, 2009
Total			1,15,00,000	100.00		

Either a Jumbo Share (one for each of the existing Sponsors/ Directors/ Shareholders) in respect of the shares already issued shall be issued covering together respective total holding, which shall contain the expiry date of lock-in period or Sponsors/Directors/Promoters/Shareholders' shareholding shall be converted into dematerialized form but shall be locked-in for three years.

In case of Jumbo Share Certificate issued to the existing sponsors or directors or shareholders, the said share certificates shall be kept under custody of a security custodian bank registered with the SEC during the lock-in period. The name and branch of the bank shall be furnished to the Commission jointly by the issuer and issue manger, along with a confirmation thereof from the custodian bank, within one week of listing of the shares with the stock exchange(s).

In case of dematerialization of shares held by the existing Sponsors/Directors/Shareholders, the copy of dematerialization confirmation report generated by CDBL and attested by the Managing Director of the Bank along with lock-in confirmation shall be submitted to the SEC within one week of listing of the shares with the stock exchange(s).

REFUND OF SUBSCRIPTION MONEY

In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue and other banks as mentioned below, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms.

AB Bank Limited	Standard Chartered Bank
EXIM Bank Limited	First Security Bank Limited
Investment Corporation of Bangladesh (ICB)	Shahjalal Islami Bank Limited
Southeast Bank Limited	The Premier Bank Limited
The Trust Bank Limited	HSBC
CITI Bank, N.A.	

Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.

For this purpose the number of the bank account along with name of bank and branch shall be indicated in the securities application form.

SUBSCRIPTION BY AND REFUND TO NON-RESIDENT BANGLADESHI (NRB)

1. A Non-Resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only".
2. The value of securities applied for by such person may be paid in Taka or US dollar or UK pound sterling or EURO at the rate of exchange mentioned in the securities application form.
3. Refund against oversubscription shall be made in the currency in which the value of securities was paid for by the applicant through Account Payee bank cheque payable at Dhaka with bank account number, Bank's name and Branch as indicated in the securities application form. If the applicants' bank accounts as

mentioned in their IPO Application Forms are maintained with the Bankers to the Issue and other banks as mentioned below, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms.

AVAILABILITY OF SECURITIES

a) 1,150,000 Ordinary Shares of Tk. 100 each are hereby offered to Non Resident Bangladeshi (NRB) for subscription in cash in full on application.	Tk. 115,000,000
b) 1,150,000 Ordinary Shares of Tk. 100 each shall be reserved for Mutual Funds and collective investment schemes registered with the Commission.	Tk. 115,000,000
c) 9,200,000 Ordinary Shares of Tk. 100 each at par are hereby offered to the general public for subscription in cash in full on application.	Tk. 920,000,000
Total (a+b+c)	1,150,000,000

- 1) 10% of total public offering shall be reserved for non-resident Bangladeshi (NRB) and 10% for mutual funds and collective investment schemes registered with the Commission, and the remaining 80% shall be open for subscription by the general public.
- 2) All securities as stated in sub-rule (1) shall be offered for subscription and subsequent allotment by the issuer, subject to any restriction which may be imposed, from time to time, by the SEC.
- 3) In case of over-subscription under any of the categories mentioned in sub-rule (1), the issue manager shall conduct an open lottery of all applications received under each category separately in accordance with the letter of consent issued by the SEC.
- 4) In case of under subscription under any of the 10% categories mentioned in sub-rule (1), the un-subscribed portion shall be added to the general public category and, if after such addition, there is over-subscription in the general public category, the issuer and the issue manager shall jointly conduct an open lottery of all the applicants added together.
- 5) In case of under subscription of the public offering, the un-subscribed portion of securities shall be taken up by the underwriters.
- 6) The lottery as stated in sub-rule (3) and (4) shall be conducted in presence of representatives from the issuer, the stock exchanges, and the applicants, if there be any.

APPLICATION FOR SUBSCRIPTION

1. Application for shares shall be made for a minimum lot for **50** Ordinary Shares to the value of Tk. **5,000/-** and should be made on the Bank's Printed Application forms. Application Forms and Prospectus may be obtained from the Registered Office of the Bank, members of the Dhaka Stock Exchange Ltd. And/ or Chittagong Stock Exchange Limited or from the bankers to the Issue. In case adequate forms are not available, applicants may use photocopied / cyclostyled / hand written/typed copies of the forms. Applications must not be for less than **50** shares. Any application not meeting this criterion will not be considered for allotment purpose.
2. Joint application form for more than two persons will not be accepted. In the case of joint application each party must sign the application form.
3. Application must be in full name of individuals or limited companies or trusts or societies and not in the name of firms, minors or persons of unsound mind. Applications from insurance, financial and market intermediary companies must be accompanied by Memorandum and Articles of Association.
4. An applicant cannot submit more than two applications, one in his own name and another jointly with another person which is applicable for both Non-Resident Bangladeshi (NRB) as well as other than Non-Resident Bangladeshi Applicants. In case, an applicant makes more than two applications, those in excess of two applications shall not be considered for allotment purpose.
5. Bangladeshi Nationals (including non-resident Bangladeshi Nationals residing abroad) and Foreign Nationals shall be entitled to apply for shares.
6. Payment for subscription by investors other than Non-Resident Bangladeshi may be made to the said branches/office of the banks mentioned below in Cash/Cheque/Pay Order/Bank Draft. The Cheque/Pay Order/Bank Draft shall be made payable to the bank to which it is sent and be marked "**FIRST SECURITY BANK LIMITED.**" And shall bear the crossing "A/C Payee Only" and must be drawn on a bank in the same town of the bank to which application form is deposited.
7. All completed application forms, together with remittances for the full amount payable on application, shall be lodged by investors other than non-resident Bangladeshis with any of the branches of the Bankers' to the Issue.
8. A Non-Resident Bangladeshi (NRB) shall apply against the IPO either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee (including a Bank or a Company) by paying out of foreign currency deposit account maintained in Bangladesh, for the value of securities applied for. The value of securities applied for may be paid in Taka, US Dollar or Euro or UK Pound Sterling at the Spot Buying (TT Clean) rate of exchange prevailing on the date of opening of subscription. Refund against over-subscription of shares shall be made in the currency in which the value of shares applied for was paid by the applicant. Share Application Form against the quota for NRB shall be sent by the applicant directly along with a draft or cheque to First Security Bank Limited at its registered office. Copies of application Form and Prospectus shall be available with Bangladesh Embassy/High Commission in USA, UK, Saudi Arabia, U.A.E., Qatar, Kuwait, Oman, Bahrain, Malaysia and South Korea and web site of the SEC, Issuer Company, issue manager, DSE and CSE.
9. The IPO subscription money collected from investors (other than Non-resident Bangladeshis) by the Bankers' to the Issue will be deposited to The First Security Bank's STD Account No: 0101 13100001506 with First Security Bank Limited, Dilkhusa Branch for this purpose.
10. The subscription money collected from Non-resident Bangladeshis in US Dollar or UK Pound Sterling or EURO shall be deposited to the following FC accounts:

FC Account no.	Bank and Branch	Currency
0101 15100102247	First Security Bank Limited, Dilkusha Branch	US Dollar
0101 15200200062	First Security Bank Limited, Dilkusha Branch	UK Pound
0101 15300300118	First Security Bank Limited, Dilkusha Branch	Euro

In the case of over-subscription of securities to the NRB applicants, refund shall be made by First Security Bank Limited out of the "FC Account for IPO". First Security Bank Limited has already opened the aforesaid FC Accounts and shall close these FC Accounts after refund of over-subscription if any.

An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.

The Securities and Exchange Commission has decided that the primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. So, all IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.

APPLICATIONS NOT IN CONFORMITY WITH THE ABOVE REQUIREMENTS AND THE INSTRUCTIONS PRINTED ON THE APPLICATION FORM ARE LIABLE TO BE REJECTED.

UNDERWRITERS' OBLIGATION

If and to the extent the shares offered to the public through a Prospectus authorized hereunder are not subscribed and paid for in cash in full by the closing date, the Bank shall within 10 (ten) days of the closure of subscription call upon the Underwriters in writing with a copy of the said writing to the Securities and Exchange Commission, to subscribe the shares not so subscribed within the closing date and to pay for cash in full for such under-subscribed shares within 15 (fifteen) days after being called upon to do so. If payment is made by Cheque/Bank Draft by any Underwriter it will be deemed that the Underwriter has not fulfilled his obligation towards his underwriting commitment under the "Underwriting Agreement", until such time as the Cheque/Bank Draft has been encashed and the Bank's account credited. In any case within 7 (seven) days after the expiry of the aforesaid 15(fifteen) days, the Bank shall send proof of subscription and payment by the Underwriters, to the Securities and Exchange Commission.

In the case of failure by the underwriter to pay for the shares under the terms mentioned above, the said Underwriter will not be eligible to underwrite any issue, until such time as it fulfils its underwriting commitment in the "Underwriting Agreement" and also other penalties as may be determined by the Securities and Exchange Commission.

MISCELLANEOUS

ISSUE MANAGER	AB Bank Limited (Merchant Banking Wing) BCIC Bhaban (7 th floor), 30-31 Dilkusha C/A, Dhaka 1000
CO-ISSUE MANAGER	ICB Capital Management Ltd. 8, DIT Avenue (14 th floor), Dhaka-1000
COMPANY'S COMPLIANCE OFFICER	Mr. Abdul Hannan Khan , Company Secretary Mr. Jiban Chandra Das, ACA , Vice President
AUDITOR	Hoda Vasi Chowdhury & Co. , Chartered Accounts

All investors are hereby informed by the Bank that in case of any issue related problems such as non-receipt of letters of allotment, share certificates, refund warrants etc., the Compliance Officer as mentioned above may be contacted for prompt settlement of outstanding issues.

UNDERWRITING OF SHARES

As per the Securities and Exchange Commission's guideline, 50% of the Public Offer of Tk. 575,000,000/- (i.e. 5,750,000 Ordinary Shares for Tk. 100/- each at par) will be underwritten by the following underwriters of the Initial Public Offering of First Security Bank Limited.

NAME OF UNDERWRITERS AND ADDRESS	NO. OF SHARES	AMOUNT (In Tk.)
Grameen Capital Management Ltd. Grameen Bank Bhaban, Mirpur-2, Dhaka #1216	500,000	50,000,000
Trust Bank Ltd. Peoples Insurance Bhaban, 36 Dilkusha C/A, Dhaka -1000	500,000	50,000,000
The Premier Bank Ltd. Iqbal Centre (4 th Floor), 42 Kemal Ataturk Avenue, Banani, Dhaka -1213	500,000	50,000,000
Rupali Life Insurance Co. Ltd. Rupali Bima Bhaban (9 th Floor) 7 Rajuk Avenue, Motijheel C/A, Dhaka-1000	300,000	30,000,000
GSP Finance Company (BD.) Ltd. 1 Paribagh, Mymensingh Road, Dhaka	500,000	50,000,000
Northern General Insurance Co. Ltd. Raj Bhaban, 29 Dilkusha C/A, Dhaka - 1000	450,000	45,000,000
Green Delta Insurance Co. Ltd. Hadi Mension (5 th Floor), 2 Dilkusha C/A, Dhaka-1000	500,000	50,000,000
Meghna Life Insurance Co. Ltd. Biman Bhaban (2 nd Floor) 100, Motijheel C/A, Dhaka-1000	600,000	60,000,000
Prime Finance & Investment Ltd. 63, Dilkusha C/A, Dhaka-1000	500,000	50,000,000
Karnaphuli Insurance Co. Ltd. Biman Bhaban (3 rd Floor) 100, Motijheel C/A, Dhaka-1000	500,000	50,000,000
Union Capital Ltd. Noor Tower (5 th Floor), 73 Sonargaon Road, Dhaka-1205	500,000	50,000,000
Uttara Finance & Investment Ltd. Jiban Bima Bhaban (6th Floor), 10, Dilkusha C/A, Dhaka	400,000	40,000,000
TOTAL	5,750,000	575,000,000

CREDIT RATING REPORT

BY CREDIT RATING AGENCY OF BANGLADESH LIMITED

First Security Bank Limited

Ratings

Long Term : **BBB1**
 Short Term : **ST-3**

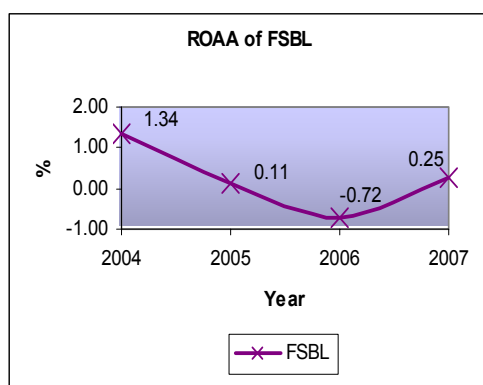
Date of Rating : **April 20, 2008**
 Validity : **One Year**

Analysts:

Ehsanul Kabir
 Sr. Financial Analyst

Exhibit: Financial Highlights of FSBL

Particulars	2007	2006
ROAA(before tax)	0.25%	-0.72%
ROAE (before tax)	5.48%	-14.49%
Cost to Income	68.99%	51.98%
RWCAR	9.15%	9.79%
NPL Ratio	6.50%	9.75%
Loans to Deposit Ratio	79.20%	77.57%



1. Rationale

Credit Rating Agency of Bangladesh (CRAB) Limited has assigned **BBB1** (Pronounced Triple B One) rating in the long term and **ST-3** rating in the short term to First Security Bank Limited (FSBL).

Commercial banks rated in the long term BBB1 belong to 'Average Safety' cohort. These banks are adjudged to be solid banks, characterized by average financials, valuable and defensible business franchises, and an attractive and stable operating environment. This level of rating indicates average capacity for timely payment of financial commitments, moderate likelihood to be adversely affected by foreseeable events. Commercial banks rated in the short term 'ST-3' category are considered to have average capacity for timely repayment of obligations, although such capacity may impair by adverse changes in business, economic, or financial conditions. Banks rated in this category are characterised with satisfactory level of liquidity, internal fund generation, and access to alternative sources of funds.

First Security Bank Limited (FSBL), one of the third generation private sector banks in Bangladesh commenced its commercial operations from October 1999 with paid-up capital of BDT 200 million. Bank's paid-up capital as of 31 December 2007 stood at BDT 1000 million. But FSBL's risk weighted capital adequacy (RWCA) ratio in 2007 became 9.15% against 10% regulatory requirement.

In 2007, FSBL's net interest income

declined by 64.82%, whereas non-interest income increased by 30.25% mostly geared by commission and interest on treasury bills. Total operating income of the bank was reduced by 1.76% in 2007. The Bank's cost to income ratio significantly increased to 68.99% in 2007 (2006: 51.98%). Net operating profit of FSBL dropped to BDT 128.53 million (declined by 36.57%) in 2007.

Net interest margin of FSBL declined significantly to 0.28% in 2007 (2006: 1.02%) but investment yield grew up to 7.79% from 6.62% in 2006. Although operating profit of the Bank reduced in 2007, FSBL's profit before tax increased by 144.27% because of 79.09% reduction in current year total provision. The Bank had surplus provision of BDT 136.73 million in 2007. Return on average Asset (ROAA) of FSBL fluctuated over the last few years. FSBL's ROAA figure increased to 0.25% in 2007 from -0.72% in 2006. In 2007 ROAE (before tax) was 5.48% compared to -14.49% in 2006. Bank's leverage multiplier increased to 22.17 times in 2007 from 20.15 times in 2006. This depicts that FSBL generated profit with higher risk than in 2006.

FSBL's total assets at the end of 2007 were BDT 26,941.78 million, an increase compared to the previous year of 31.75%. FSBL's non-performing loan (NPL) ratio in 2007 reduced to 6.50% from 9.75% in 2006. In 2007, fresh NPL generation of FSBL declined by 69.06%. Despite BDT 98.10 million of fresh NPL generation, FSBL's gross NPL figure reduced in 2007 because of cash recovery and rescheduling. Bank's rescheduling figure dropped by 67.25% while the cash recovery also declined by 55.26% in 2007. FSBL's loans and advances portfolio grew by 36.42% in 2007 and reached at BDT 18,616.23 million. SMA to total loans & advances ratio of FSBL was about 0.04% in 2007. This figure was 0.08% in 2006. About 49% of the Bank's total loans and advances relate to the top 50 funded large loans in the last year.

FSBL has its customer base in 20 branches in six different districts. About 91% of total deposit of FSBL belonged to term deposit which is considered as high cost deposit. Only 5% of total deposit comprised current and savings deposit. FSBL's loan to deposit ratio in 2007 was 79.20% (2006: 77.57%). FSBL lent BDT 18.47 million to the call market whereas it borrowed BDT 11.21 million in 2007. FSBL's asset-liability maturity bucket shows that except for 1 to 3 months and 1 to 5 years time interval, the Bank possessed positive GAP. But the cumulative GAP can offset all the negative GAPs.

FSBL had BDT 7396.35 million cumulative positive GAP up to 12 months for interest sensitive assets and liabilities. This indicates that the Bank will be benefited on increasing interest rates and will be suffered on decreasing interest rate scenario. By the end of 2007, FSBL possessed BDT 699.91 million worth foreign currency denominated assets against which the Bank did not have any foreign currency denominated liabilities. Any appreciation of BD taka would cause the devaluation of FSBL's denominated assets while the Bank will gain in case of taka depreciation.

Although the economy of Bangladesh experienced a major shake up during 2007 mainly due to political turmoil, two severe floods and a cyclone, FSBL increased its return on average assets (ROAA) as well as return on average equity (ROAE).

FSBL has its strength in liquidity position and information technology. On the other hand, principal concerns of the Bank are profit margin, large loan exposures, loan monitoring as well as consistency in performance.

2. MACROECONOMIC AND INDUSTRY SCENARIO

2.1 Macroeconomic Scenario¹

The economy of Bangladesh has experienced a major shake up during 2007. According to ADB forecast, GDP growth is expected to reduce in FY2007-08 from 6.5% in FY2006-07 due to issues referred to above in addition to a slowdown in external demand on garments.

During FY2006-07 industry sector recorded robust growth of 9.5% caused by steady expansion of export oriented manufacturing and a rise in domestic demand. In FY2006-07 total export was US\$ 12.17 billion which is 15.69% higher than the previous year, however, the first quarter data of FY2007-08 indicates a slowdown in export oriented manufacturing because of a drop in external demand. Export increased in September 2007 following a slow down between July-August 2007.

Based on the value of letters of credit (L/C) opened during FY2006-07 imports grew by 14.47% compared to FY2005-06. In the first quarter of FY2007-08, imports rose by 26% compared to the first quarter of FY2006-07. Imports of food grains, intermediate goods and industrial raw materials increased significantly, however, the total value of capital machinery L/C opened increased only marginally.

Remittance inflow continued to increase in FY2006-07, total remittance in FY2006-07 was US\$ 5.97 billion, i.e. 24.50% higher than FY2005-06. Growth in Remittance inflow continued in January 2008 amounting to US\$ 4.15 billion, Remittance earnings from six GCC states may reduce significantly if Bahrain's proposal for 6-year residency cap on all expatriates working in GCC is approved.

Although annual average consumer price index inflation (based on food and non-food indices) increased in September 2007, inflation on point to point basis fell to 9.6% in September 2007 from 10.12% in August 2007.

Weighted average of nominal exchange rate (taka/US dollar) remained stable between BDT68.5-BDT68.8 during July-September 2007, resulting in a healthy build up of foreign exchange reserves. Given the current foreign exchange reserve position, taka appreciation may dampen inflationary pressures partly by cutting import cost.

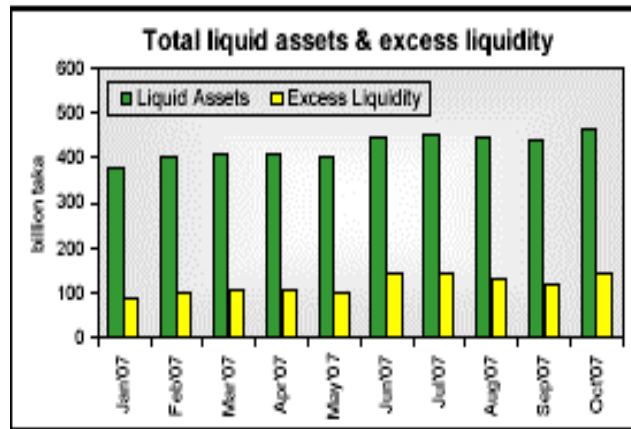
2.2 Monetary and Financial Developments¹

Broad money growth was 15.9% in September 2007 compared September 2006, this was fostered by a decline in the growth of domestic credit despite a continued upward trend in the growth of net foreign assets of the banking system due to a surge in foreign remittances. Private sector credit growth declined to 15.9% in September 2007 from 19.4% in December 2006. This is attributed to uncertainty & poor business confidence rather than tightening monetary policy. Excess Liquidity in the Banking sector amounted to BDT 131.3 billion at the end

¹ Bangladesh Quarterly Economic Update. ADB, September, 2007. Major Economic Indicators: Monthly Update, Vol.12/2007 Bangladesh Bank.

of August 2007, resulting in a loss of interest income by some banks. The situation is expected to improve with restoration of business confidence and increase in external trade in coming months. Bangladesh Bank maintained upward pressure on the yield of government securities of various maturities to contain inflation and maintained currency stability by reducing excess liquidity.

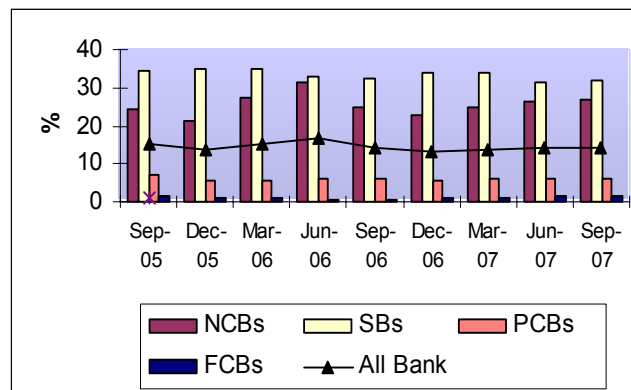
Exhibit 1: Liquidity Position of the scheduled banks



Source: Major Economic Indicators: Monthly Update, Vol.12/2007 Bangladesh Bank.

The gross classified loans in total loan outstanding stood at 14.0 % in September 2007; it was 14.3 % in the same period of the preceding year.

Exhibit 2: Gross NPL ratios by types of banks



Risk weighted capital asset ratio (RWCAR) for all banks increased to 6.5% in June 2007 from 5.3% in December 2006. Bangladesh Bank increased the Capital Adequacy ratio from 9% to 10% of RWA's to be effective from 31 December 2007. In addition to this, BB raised the minimum capital requirement

from BDT1 billion to BDT 2 billion to be complied with by June 2009. With the exception of NCBs, all other banks met the required 10% capital adequacy ratio.

According to Bangladesh Bank, weighted average lending rates continued to increase and stood at 12.78% at the end of June 2007, where as weighted average deposit rate was 6.85% resulting in an interest spread of 5.93%. Bangladesh Bank has recently renewed its focus on interest rate spreads and it is expected that spreads will be reduced in near future.

Bangladesh Bank has taken important steps towards the development of an active secondary market for government securities by introducing an auction calendar and a primary dealer system. This should help establish benchmark yields and promote the development of a corporate bond market.

Bangladesh Bank has been working towards the implementation of BASEL II and it is expected that the Banking sector in Bangladesh will report capital adequacy under BASEL II with effect from 1 January 2009. It is anticipated that compliance with BASEL II would pose a challenge for many participants in the banking sector as banks would require to maintain levels of capital that are in line with their credit, market and operational risk exposures.

3. OVERVIEW AND BACKGROUND

3.1 History & Capital Structure

First Security Bank Limited (FSBL) is one of the third generation private banks in Bangladesh. FSBL commenced its commercial operations October 1999 with authorised capital BDT 1500 million and paid up capital BDT 200 million. The Bank has not yet entered into IPO. By the end of 2007, Bank's authorised capital and paid-up capital reached to BDT 3600 million and BDT 1000 million respectively. In 2007 paid-up capital grew by 11.11%.

3.2 Share holding Structure

In 2007, total number of shareholders of the Bank was 26. Top 10 shareholders of the Bank are holding 79.31% of the total shareholding. Mr. Md. Wahidul Alam Seth was the highest individual stakeholder of the Bank with 9.70% of total shares.

3.3 Branch network

By the end of 2007, the total number of branches of FSBL reached at 20 in six different districts – Dhaka, Gazipur, Chittagong, Rangpur, Khulna and Sylhet. During 2007, 5 new branches went into operation. Being a 3rd generation private commercial bank FSBL offers all the conventional products and services.

3.4 Management

FSBL is functioning with a group of professional management team headed by its Managing Director. Mr. A.A.M Zakaria, with 30 years of banking experience is serving as the managing director. Mr. Zakaria obtained his post graduate degree in economics from Dhaka University. Prior to joining this position he was the deputy managing director of Dutch Bagla Bank Limited.

Top management of the Bank is supported by human resource strength of 409 executives and officers. For smooth functioning of the Bank, following committees have been formed:

1. *Management committee (MANCOM)* comprises of senior members of the management headed by Managing Director of the Bank. All divisional heads are the member of the committee. MANCOM meets on regular basis to discuss relevant agenda.
2. *Asset Liability Management Committee (ALCO)*; headed by the Managing Director, is responsible for balance sheet risk management.

3.5 Credit Management

FSBL has already adopted the Credit risk management Guidelines issued by the Bangladesh Bank for improving the risk management culture, establishing minimum standards for segregation of duties and responsibilities, and promoting the ongoing process for improvement of the Banking Sector in Bangladesh in the context of globalization. This puts in place a robust process for proactive management of loan portfolios in order to minimize loss and enhance return to shareholders. The Bank has introduced credit policy guidelines for CRM

The Bank has segregated their Credit Operations at the Head Office under the divisions of (1) Credit Division, (2) Corporate Banking Division (3) Credit Administration Division and (4) Credit Monitoring & Recovery Division.

3.6 Human Resources Division

In FSBL has a separate Human Resources Division (HRD) to manage the employee policies and practices. In 2007 total human resources strength of FSBL was 409. Bank follows a standardized human resources policy. The Bank has defined HR policies including recruitment, training & development, promotion, leave, transfer, and disciplinary action policy. Usually internal recruitment procedures are considered to fill up the mid and top management positions, while entry-level positions are filled with regularly through competitive recruitment exams. The Bank established fully equipped training centre. For HR quality improvement, they conduct training program from their training centre.

3.7 IT Division

FSBL has an Information Technology Division at the head office to provide IT support to all its branches. The Bank has well documented guideline on information and communication technology (ICT). From the very beginning FSBL was using computerized banking software "PcBank/M" for all the branches. Recently the Bank has replaced PcBank/M software with PcBank2000 to provide online banking facilities to its clients. FSBL is now providing online banking facilities with distributed system. The Bank also has SMS banking service. FSBL has a plan to introduce centralized system for online banking.

4. CORPORATE GOVERNANCE

To assess Bank's corporate governance practices CRAB evaluates the quality of financial reporting and disclosures, strength of internal control system and internal audit function; induction of professionally competent, independent non-executive directors on corporate Board, formation of audit committee; delegation of power to executives and staff; protection of shareholder rights etc. First Security Bank Limited has addressed most of the issues of corporate governance for strengthening organizational strength. The Bank has set up Executive Committee and Audit Committee in this regard. But the Bank has not yet appointed independent director which is required by SEC.

4.1 Board of Directors

FSBL's Board of Directors comprise 13 members headed by Alhaj Md. Saiful Alam, Chairman of the Board. Mr. Alam is a well-known business personality of the country. Ms. Sarwar Jahan Maleque, a Sponsor shareholder is the Vice – Chairperson of the Board. A total of 8 meetings were held by the board in 2007. Most of the directors participated in the meetings.

4.2 Executive Committee

FSBL has constituted 9 members executive committee of the board as per Bangladesh Bank guidelines to ensure corporate governance in the business. The executive committee of the board are responsible for developing policy and strategy for smooth operations of business and business development of the Bank to ensure maximization of shareholders wealth protecting other stakeholders' interest in the company. Mr. Alhaj Md. Saiful Alam is the chairman of the present Executive Committee of the Bank. It is to be mentioned that Mr. Alam is also the chairman of the Board of Directors. A total of 3 meetings were held by the executive committee in 2007.

4.3 Audit Committee

FSBL has formulated an audit committee so that the committee can play an effective role in formulating an efficient and secured banking system. The Audit Committee has been formed comprising three members of the Board of Directors. Mr. Hamidul Haq, is the convenor of the audit committee. The audit committee convened 3 meetings in 2007.

4.4 Delegation of Authority

The Board approves the business policy issues. The Executive Committee headed by its Chairman looks into all issues on routine basis. All credit proposals, except those, which fall within the discretionary powers of the management, are placed before the Executive Committee. The level and extent of delegation of authority for credit approvals and operational expenditures are defined clearly in the form of a written Circular of the Bank. For credit approval purposes, there is no delegation of approving power at branch level.

4.5 Internal Control and Compliance System

FSBL has separate Internal Control and Compliance division (ICCD) headed by a VP. This Division consists of 3 (three) units namely (a) Audit & Inspection Unit (b) Compliance Unit and (c) Monitoring Unit. At present 06 (six) employees have been working in the ICCD.

5. OPERATIONAL PERFORMANCE

5.1 Market Share and Growth

In 2007, the total banking sector deposit was BDT 1983043 million and loans and advances (including money at call) was BDT 1762252 million. FSBL's market share of deposit was 1.19% in 2007 compared to 1.03% in 2006. The Bank's deposit growth (33.61%) was much higher than the industry average growth (15.91%) in 2007. On the other hand, the FSBL's market share of loans and advances (including money at call) was about 1.07% by the end of 2007 whereas this figure was 0.91% in 2006. Loans and advances (including money at call) of the Bank grew by 33.66% while the industry growth of loans & advances (including money at call) was 13.18%.

Exhibit 3: Market Share and Growth of FSBL's Deposits and Loan and Advances*

Amount in BDT million

Particulars	FSBL		Industry		Market share (%)	
	2007	2006	2007	2006	2007	2006
	Amount	Amount	Amount	Amount		
Deposits	23504.05	17591.99	1983043	1710782	1.19%	1.03%
Loans & Advances	18841.23	14096.39	1762252	1557064	1.07%	0.91%

* including money at call

5.2 Key Performance Area (Operational)

In 2007, FSBL's interest income reached at BDT 2180.31 million with a growth of 32.84% although interest earning assets grew by 33.33%. In addition to interest on advances, the other drivers of interest income are money at call and deposit placements with other banks. FSBL's interest expenses in 2007 were BDT 2130.33 million compared to BDT 1499.28 million in 2006 (42.09% growth). This was mainly driven by 33.61% increase in deposit base. Net interest income declined by 64.82% whereas non-interest income increased by 30.25%

which was mostly geared by commission and interest on treasury bills. Total operating income of the Bank was reduced by 1.76% in 2007.

Exhibit: 4

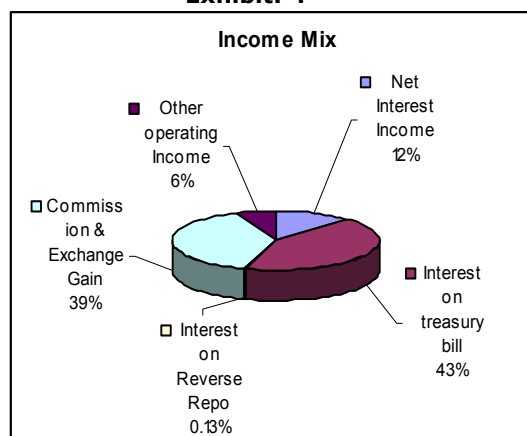


Exhibit 5: Key Performance Indicators

Amount in BDT million

Particulars	FSBL				Peer Average	
	2007		2006		2006	
	Amount	Growth	Amount	Growth	Amount	Growth
Interest Income	2,180.31	32.84	1,641.34	25.04%	2574.33	45.22%
Interest Expense	2,130.33	42.09	1,499.28	23.91%	1934.92	42.25%
Net Interest Income	49.98	-64.82%	142.06	38.37%	555.82	35.02%
Non-Interest Income	364.55	30.25%	279.89	25.44%	683.95	27.18%
Operating Income	414.53	-1.76%	421.95	29.51%	1239.78	30.58%
Total Operating Expenses	286.00	30.40%	219.33	9.33%	404.82	36.18%
Net Profit Before Provision	128.53	-36.57%	202.62	61.86%	834.95	28.03%
Total Provision	70.00	-79.09%	334.85	212.36%	152.53	15.76%
Total Profit (before tax)	58.53	144.27%	-132.22	-634.15%	729.11	34.28

Exhibit: 6

Operating expenses were composed of personnel expenses (about 50% of total operating cost), infrastructure cost and other overhead cost. FSBL's operating expenses increased by 30.40% in 2007. Net operating profit of FSBL dropped to BDT 128.53 million (declined by 36.57%) in 2007 from BDT 202.62 million in 2006.

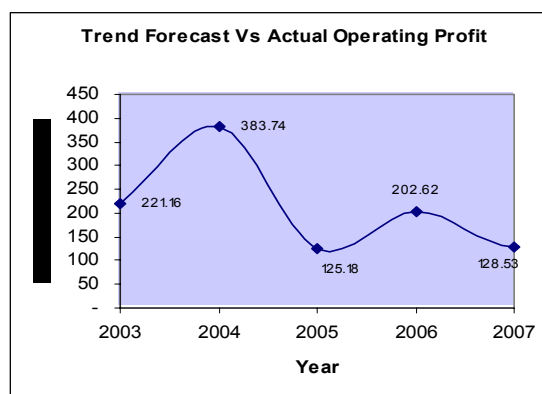


Exhibit 7: Key operating cost indicators of FSBL

Amount in BDT million

Particulars	FSBL		Peer Average
	2007	2006	2006
Operating cost per Branch	14.30	15.67	18.75
Cost to Income Ratio (%)	68.99%	51.98%	41.53%
Staff cost to Income Ratio (%)	34.49%	27.13%	18.99%

In 2007 FSBL's operating cost per branch was marginally reduced to BDT 14.30 million from BDT 15.67 million in 2006 which was lower than that of its peer group average. In 2006, FSBL's cost to income ratio (51.98%) was higher than that of its peer group average (41.53%). But the Bank's cost to income ratio significantly increased to 68.99% in 2007. FSBL's staff cost to income ratio also increased in 2007.

Bangladesh Bank has taken the FSBL out of the "Problem Bank" category and placed it in "Early Warning" category which shows improvement on past performance.

5.3 Capital Adequacy

FSBL's paid up capital and statutory reserve stood at BDT 1096.16 million at the end of 2007. Regulatory requirement is BDT 2000 million which is to be attained by June 2009. The Bank has a plan to raise its capital through IPO by this year. In 2007, Bank's tier I capital grew by 13.02% and reached at BDT 1134.29 million while tier II capital increased by 48.74% and stood at BDT 213.63 million. On the other hand, FSBL managed to reduce its risk weighted assets to total assets ratio from 57.29% in 2006 to 54.70% in 2007 which indicates that the Bank invested in less risky assets in 2007. But FSBL's risk weighted capital adequacy (RWCA) ratio in 2007 became 9.15% against 10% regulatory requirement. It is to be mentioned that the Bank has decided to inject additional equity capital amounting to BDT 150 million against BDT 125.71 million capital shortfall in 2007. In 2006 RWCA ratio of FSBL was 9.79% whereas its peer group average was 12.55%. FSBL's equity to total deposit and borrowing ratio was reduced to 4.81% in 2007 from 5.71% in 2006. This was mostly because of deposit and borrowing growth (48.74%).

5.4 Profitability

Net interest margin² of FSBL declined significantly to 0.28% in 2007 (2006: 1.02%). In 2007 FSBL's investment yield grew up to 7.79% from 6.62% in 2006. Return on average Asset (ROAA) of FSBL fluctuated over the last few years. ROAA of FSBL was much below the 25 percentile of its peer group over the years. FSBL's net margin (Operating profit/Revenues) growth in 2007 was about 14.12%. On the other hand, asset utilization declined to 1.75% in 2007 (2006: 2.30%). Bank's return on average assets thus resulted from more of net profit margin rather than asset utilization which reflected Bank's high non performing loan and low net interest margin. In 2007 ROAE was 5.48% compared to -14.49% in 2006. ROAE of FSBL was resulted from higher leverage multiplier rather than ROAA. Bank's leverage multiplier increased to 22.17 times from 20.15 times in 2006. This depicts that FSBL generated profit with higher risk than that of its peer group average.

Exhibit 8: Profitability ratios³ of FSBL and Peer group average

RATIO	FSBL			PEER GROUP AVERAGE	
	2007	2006	2005	2006	2005
Net profit Margin (before tax)	14.12%	-31.34%	5.52%	48.78%	53.42%
Asset Utilisation	1.75%	2.30%	2.01%	5.91%	5.15%
ROAA	0.25%	-0.72%	0.11%	2.90%	2.78%
Leverage multiplier	22.17X	20.15X	24.02X	16.16X	16.40X
ROAE (before tax)	5.48%	-14.49%	2.66%	43.20%	43.18%
ROAE (after tax)	2.87%	-12.85%	1.46%	22.06%	21.64%

² Please see appendix for calculation

³ Please see appendix for calculation

In 2007, FSBL's average cost of deposit & borrowings increased by 0.88%, while average lending rate increased only 0.51%. Subsequently spread reduced by 0.38%. In 2006, FSBL's cost of average deposit & borrowings was higher than that of its peer group average but average lending rate was below its peer group average. Spread of FSBL was below its peer group average in 2006.

Exhibit 9: Spread of FSBL

PARTICULARS	FSBL		PEER GROUP
	2007	2006	2006
Avg. cost of deposit & borrowings*	10.37%	9.49%	8.89%
Avg. lending rate**	11.88%	11.37%	14.65%
Spread	1.51%	1.89%	5.76%

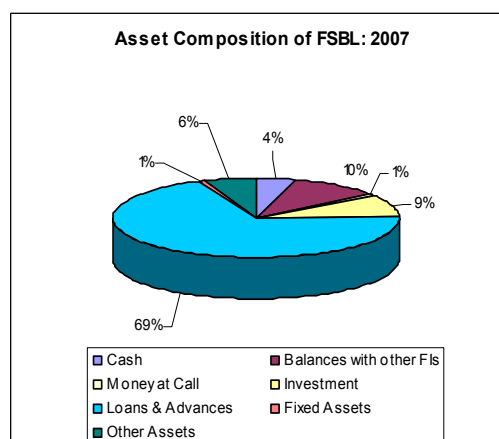
* Avg. cost of deposit & borrowing= (Interest expense/ Avg. deposit & borrowings)

** Avg. lending rate = (Interest income on Loans & advances / Avg. total loans & advances)

5.5 Asset Evaluation

FSBL's total assets at the end of 2007 were BDT 26,941.78 million, an increase compared to the previous year of 31.75%. The growth in total assets was largely reflecting the increase of other assets (56.82% growth) which includes accrued income, fixed assets (48.28% growth), loans and advances (36.42% growth) balances with other financial institutions (23.61%). In 2007, FSBL's assets composition was typically dominated by Loans & Advances with 69% of total assets followed by balance with other financial institutions (10%) and investment (9%). Bank's investment portfolio comprises high quality assets like treasury bills and Reverse Repo. FSBL did not have any investment in the stock market last year.

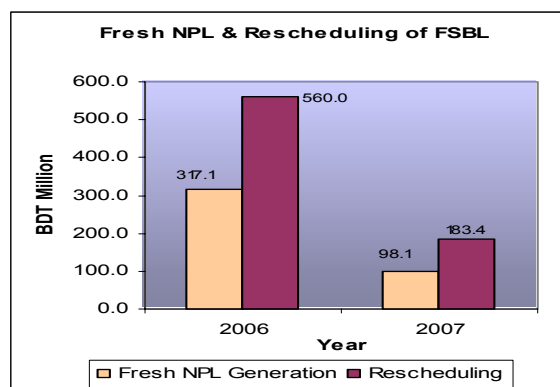
Exhibit: 10



5.6 Credit Risk

CRAB reviews the fundamentals of managing credit risk including qualitative and quantitative analysis as a part of credit risk evaluation. Qualitative evaluation includes credit policy, credit approval process and credit monitoring. CRAB also addresses intrinsic risk, concentration risk as well as large loan exposures

Exhibit: 11



5.6.1 Credit Quality

CRAB analyzes Bank's credit quality in terms of past trend, present scenario as well as future aspects.

Looking Back

FSBL's non-performing loan (NPL) ratio in 2007 reduced to 6.50% from 9.75% in 2006. The reduction in NPL ratio was mainly attributed by diminution of Gross NPL figure by 9.03% as well as 36.42% growth in total loans and advances. In 2007 fresh NPL generation of FSBL declined by 69.06%. Despite BDT 98.10 million of fresh NPL generation, FSBL's gross NPL figure reduced in 2007 because of cash recovery and rescheduling. Bank's rescheduling figure dropped by 67.25% while the cash recovery also declined by 55.26% in 2007.

Exhibit 12: NPL movement of FSBL

Amount in BDT million

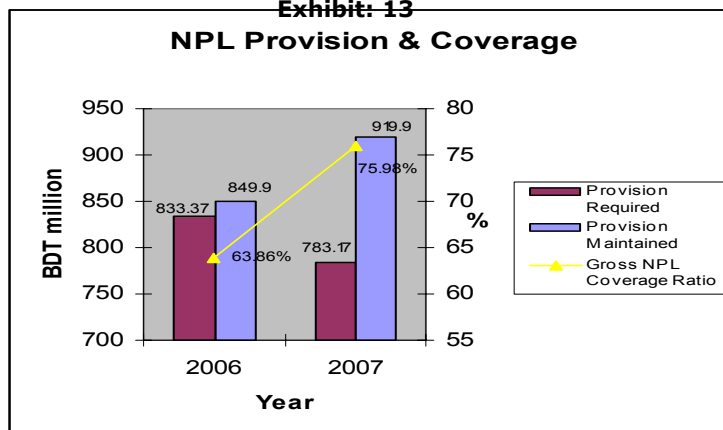
Particulars	2007	2006
Opening Balance of NPL	1330.80	1651.70
Less: Cash recovery	34.90	78.00
Less: Written off	0.00	0.00
Less: Rescheduling	183.40	560.00
Add: Fresh NPL generation	98.10	317.09
Gross NPL	1210.60	1330.79
Cumulative Specific Provision	707.69	707.69
Cumulative General Provision	212.21	142.21
Total Cumulative Provision	919.90	849.90
Total Required Provision	783.16	833.37
Gross NPL Ratio	6.50%	9.75%

Assessing the present scenario

In 2007, FSBL's provision requirement for classified loans and advances was BDT 579.44 million against which BDT 707.69 million specific provision was kept. In addition, the Bank maintained BDT 212.21 million as general provision against unclassified loans and advances as well as off balance sheet items. FSBL's gross NPL coverage ratio in 2007 was 75.98% compared to 63.86% in 2006. Peer group average of gross NPL coverage ratio in 2006 was 84.29%.

Exhibit: 13

NPL Provision & Coverage



Looking forward

In most cases, loan losses are in the first instance charged against profits, not capital, so the first ratio to look at is that of pre-provision profit (PPP) to net loans to assess the Bank's ability to survive problems in future. FSBL's PPP to net loan ratio in 2007 was 0.73 % (2006: 1.59%) whereas peer group average was 4.45% in 2006. Pre-provision profit to net loans of FSBL indicates that 0.73% of currently performing loans can be written off without the Bank having to make a charge on reserves and equity.

5.6.2 Loan Portfolio Analysis

FSBL's loans and advances portfolio grew by 36.42% in 2007 and reached at BDT 18,616.23 million. SMA to total loans & advances ratio of FSBL was about 0.04% in 2007. This figure was 0.08% in 2006. FSBL's loan portfolio in 2007 was dominated by whole sale trade financing (24.36%) followed by import financing (13.50%).

Exhibit 14: Industry-wise concentration of loans & advances

<i>Particulars</i>	Amount in BDT million	
	<i>Amount</i>	<i>%</i>
Fishing	87.1	0.47%
Other Agriculture	72.9	0.39%
Garments	541.6	2.91%
Textile	113.2	0.61%
Other Export Financing	126.3	0.68%
Other Import Financing	2512.6	13.50%
Medicine	61.1	0.33%
Chemical	102.6	0.55%
Contractor Finance	1907.8	10.25%
Transport	120.9	0.65%
Bricks	13.5	0.07%
Cold Storage	59.8	0.32%
Steel and Engineering	333.5	1.79%
Whole sale Trading	4534.9	24.36%
Retail Trading	851	4.57%
Other Trading	2047.5	11.00%
Housing	723.5	3.89%
Consumer Financing	46.8	0.25%
Others	4359.63	23.42%
	18616.23	100.00%

Concentration of nature-wise loans and advance shows that highest concentrations belonged to secured overdraft (49.89%) followed by bill purchased and discounted (24.32%), loan against trust receipt (16.82%), loan general (16.80%), and cash credit (10.05%).

5.6.3 Large Loan Exposures

FSBL's total large loan⁴ exposure in 2007 was BDT 9217.70 million to 27 customers whereas in 2006 this figure was BDT 2369.20 million to 10 customers.

⁴ Advances to customers for more than 15% of bank's total capital.

FSBL's size wise top 50 large credit exposures comprise BDT 9770.40 million (both funded & non-funded) as outstanding amount against BDT 9351.0 million sanctioned limit. 49.32% of the Bank's total loans and advances relate to the top 50 funded large loans in the last year. Out of top 50 loans, 3 loans worth BDT 265.50 million belonged to classified loan category and rests are unclassified at the end of 2007. CRAB has observed that outstanding amount of 29 loans were excess over sanction limit as of 31st December, 2007.

5.7 Funding and Liquidity

FSBL has its customer base in 20 branches in six different districts. About 91% of total deposit of FSBL belonged to term deposit which is considered as high cost deposit. Only 5% of total deposit comprised current and savings deposit. In 2007 total deposit of FSBL grew by 33.61% and stood at BDT 23,504.05 million. FSBL's total deposit in 2006 was BDT 17,592.01 million which was about 21.85 % lower than that of its peer group average.

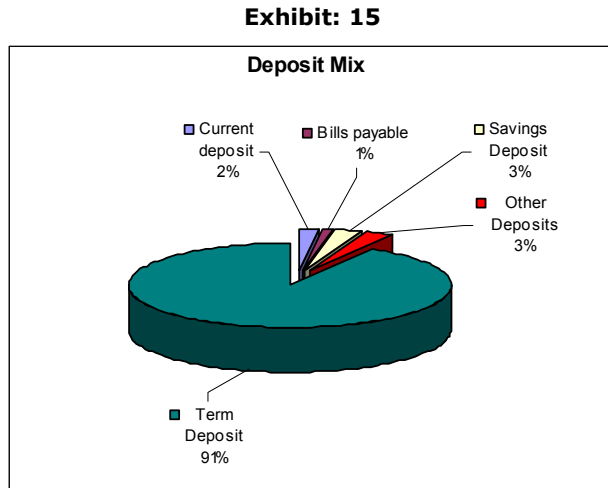


Exhibit shows the size wise deposit mix of FSBL. Highest concentration belonged to BDT above 1 core size cohort with 32.66% followed by BDT above 1 lac to BDT 10 lac group with 30.54%.

Exhibit 16: Size wise deposit mix

<i>Particulars</i>	Amount in BDT million	
	<i>Amount</i>	<i>As % of Total</i>
Up to BDT 25,000	1275.19	5.43%
BDT 25,001 to BDT 1,00,000	1665.2	7.08%
BDT 1,00,001 to BDT 10,00,000	7178.79	30.54%
BDT 10,00,001 to BDT 50,00,000	3226.7	13.73%
BDT 50,00,001 to BDT 1,00,00,000	2480.82	10.55%
Above 1 Crore	7677.35	32.66%
Total	23504.05	100.00%

FSBL's loan to deposit ratio in 2007 was 79.20% (2006: 77.57%). The Bank lent more fund to the call market than it borrowed from the market in 2007. FSBL lent BDT 18.47 million to the call market whereas it borrowed BDT 11.21 million in 2007. As on 31st December 2007, the Bank had surplus CRR of BDT 28.02 million and surplus SLR of BDT 113.43 million. FSBL's asset-liability maturity bucket shows that except for 1 to 3 months and 1 to 5years time interval, the Bank possessed positive GAP. But the cumulative GAP can offset all the negative GAPs.

Exhibit 17: FSBL's Liquidity Profile

Particulars	1 month	1-3 months	3-12 months	1-5 years	Above 5 years
Total assets	5654.51	3076.00	9340.32	7484.30	1386.64
Total liabilities	1517.95	3743.27	5976.42	10625.39	3944.46
GAP	4136.56	-667.26	3363.90	-3141.10	-2557.81
Cumulative GAP	4136.56	3469.3	6833.2	3692.1	1134.29

5.8 Interest Rate Risk

FSBL is operating with fixed interest rate for both term deposits and loans. Exhibit 18 shows maturity wise interest sensitive assets & liabilities and exposure to interest rate risk of FSBL. For all the time interval FSBL had asset sensitive positions. The Bank had BDT 7396.35 million cumulative positive GAP up to 12 months. This indicates that the Bank will be benefited on increasing interest rates and will be suffered on decreasing interest rate scenario. For 1% interest rate increase FSBL will gain BDT 18.49 million and will lose the same amount for 1% interest rate decrease.

Exhibit 18: Interest Rate Risk Exposure of FSBL

Particulars	0-3 months	3-6 months	6-9 months	9-12 months	Above 12 months
Int. sensitive assets	7020.88	5009.8	3909.8	2309.52	5544.08
Int. sensitive liabilities	5190.611	2355.21	2060.81	1472.02	12425.39
GAP	2055.27	2654.59	1848.99	837.50	-6881.31
Cumulative GAP	2055.27	4709.86	6558.85	7396.35	
Earning Impact with 1 % Int. rate increase ⁵	5.14	6.64	4.62	2.09	
Cumulative Earning impact	5.14	11.77	16.40	18.49	
Cumulative Earning impact (1% Int. rate decrease)	-5.14	-11.77	-16.40	-18.49	

5.9 Foreign Exchange Risk

As a commercial bank FSBL deals with foreign exchange and hence is exposed to exchange rate risk. In 2007, FSBL managed net gain of BDT 58.45 million in foreign exchange dealing which was BDT 8.07 million higher than the previous year. By the end of 2007, FSBL possessed BDT 699.91 million worth foreign currency denominated assets against which the Bank had not any foreign currency denominated liabilities. Any appreciation of BD taka would cause the devaluation of FSBL's denominated assets while the Bank will gain in case of taka depreciation.

⁵ Assuming fixed spread

6. Appendix

6.1 Definition & Formula

1. Loans and advances includes Loans, Cash Credit, Overdrafts, Bill purchased and discounted unless mentioned otherwise.
2. Average Assets, Average investment assets, Average earning assets and Average equity are calculated on the basis of opening and year end balances.
3. Liquid assets include cash, balance with other bank and financial institutions, money at call and short notice, investment as appeared in the bank's balance sheet.
4. Net Interest Margin = Net interest income / Average Earning Assets
5. Net Profit Margin = Operating Profit after Tax / Operating Income
6. Asset Utilization = Operating Income / Average Assets
7. Leverage Multiplier = Average assets / Average Equity.
8. Yield on Average Investment = Income form Investment / Average Investment Assets

CRAB RATING SCALES AND DEFINITIONS

LONG-TERM – COMMERCIAL BANK ENTITY RATING

RATING	DEFINITION
AAA Triple A (Highest Safety)	Commercial Banks rated in this category are adjudged to be the strongest banks, characterized by excellent financials, healthy and sustainable franchises, and a first rate operating environment. This level of rating indicates exceptionally strong capacity for timely payment of financial commitments, highly unlikely to be adversely affected by foreseeable events.
AA1, AA2, AA3* (Double A) (Very High Safety)	Commercial Banks rated in this category are adjudged to be very strong banks, characterized by very good financials, healthy and sustainable franchises, and a first rate operating environment. This level of rating indicates strong capacity for timely payment of financial commitments with very low likelihood to be adversely affected by foreseeable events.
A1, A2, A3 Single A (High Safety)	Commercial Banks rated in this category are adjudged to be strong banks, characterized by good financials, healthy and sustainable franchises, and a first rate operating environment. This level of rating indicates strong capacity for timely payment of financial commitments, with low likelihood to be adversely affected by foreseeable events.
BBB1, BBB2, BBB3 Triple B (Average Safety)	Commercial Banks rated in this category are adjudged to be solid banks, characterized by average financials, valuable and defensible business franchises, and an attractive and stable operating environment. This level of rating indicates average capacity for timely payment of financial commitments, moderate likelihood to be adversely affected by foreseeable events.
BB1, BB2, BB3 Double B (Below Average Safety)	Commercial Banks rated in this category are adjudged to have relatively weak financials, weak business franchises, and an unstable operating environment. This level of rating indicates below average capacity for timely payment of financial commitments, high likelihood to be adversely affected by foreseeable events.
B1, B2, B3 Single B (Inadequate Safety)	Commercial Banks rated in this category are adjudged have inadequate financial strength, weak business franchises, and an unstable operating environment. This level of rating indicates inadequate capacity for timely payment of financial commitments. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favourable business and economic environment
C (Extremely Speculative)	Commercial Banks rated in this category are adjudged to have very poor strength with limitations of one or more of the factors as: a vulnerable or developing business franchise; weak financial fundamentals; or an unstable operating environment. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favourable business and economic environment.
D (Default)	Commercial Banks rated in this category possesses very weak intrinsic financial strength, requiring periodic outside support or suggesting an eventual need for outside assistance. Such institutions may be limited by one or more of the factors as: a business franchise of questionable value; financial fundamentals that are seriously deficient in one or more respects; or a highly unstable operating environment. Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favourable business or economic developments

* 1,2,3 refers to positive, average, and below average outlook in the short-term

SHORT TERM – COMMERCIAL BANK ENTITY RATING

RATING	DEFINITION
ST-1 Highest Grade	Commercial Banks rated in this category are considered to have the highest capacity for timely repayment of obligations. Banks rated in this category are characterised with excellent position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.
ST-2 High Grade	Commercial Banks rated in this category are considered to have strong capacity for timely repayment. Banks rated in this category are characterised with commendable position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.
ST-3 Average Grade	Commercial Banks rated in this category are considered to average capacity for timely repayment of obligations, although such capacity may impair by adverse changes in business, economic, or financial conditions. Banks rated in this category are characterised with satisfactory level of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.
ST-4 Below Average Grade	Commercial Banks rated in this category are considered to have below average capacity for timely repayment of obligations. Such capacity is highly susceptible to adverse changes in business, economic, or financial conditions than for obligations in higher categories. Banks rated in this category are characterised with average liquidity, internal fund generation, and access to alternative sources of funds is outstanding.
ST-5 Inadequate Grade	Commercial Banks rated in this category are considered to have inadequate capacity for timely repayment of obligations susceptible to adverse changes in business, economic, or financial conditions. Banks rated in this category are characterised with risky position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.
ST-6 Lowest Grade	Commercial Banks rated in this category are considered to have obligations which have a high risk of default or which are currently in default. Banks rated in this category are characterised with risky position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.

Application Forms

"Interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and issue manager."

FIRST SECURITY BANK LIMITED

APPLICATION FORM

APPLICATION FOR SHARES BY INVESTORS OTHER THAN NON-RESIDENT BANGLADESHI (S)

WARNING: Please read the instructions at the back of this form. Incorrectly filled applications may be rejected.

The Managing Director

FIRST SECURITY BANK LIMITED
23, Dilkusha C/A, Dhaka-1000

Banker's Sl. No.

Dear Sir,

I/we apply for and request you to allot me/us the _____ number of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon the terms of the Company's approved Prospectus and subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Members of the Company and deposit the said shares to my BO (Beneficiary Owner) Account and/or a Crossed (Account Payee only) Cheque in respect of any application money refundable by post/courier at my/our risk to the first applicant's address stated below:

1. No. of Ordinary Sharesof Tk. 100 each at par.
2. Amount of Tk. (in figure)..... Taka (in words)..... only deposited vide Cash/Cheque/Draft/Pay Order No..... dated.....on..... BankBranch.
3. Depository (BO) Account Number

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(If you do not mention your valid BO (Beneficiary Owners) account, your application will be treated as invalid)

4. I/ We agree to fully abide by the instructions given herein.
5. Particulars of Applicant(s):

a) Sole/First Applicant

Name:	
Father's/Husband's Name:	
Mother's Name:	
Postal Address:	
Occupation:	Nationality:
For refund purpose: Applicant's Bank A/C No.:	
Name of the bank:	Branch:

b) Second Applicant

Name:	
Father's/Husband's Name:	
Mother's Name:	
Postal Address:	
Occupation:	Nationality:

6. I/ We hereby declare that I/we have read the Prospectus of First Security Bank Limited, and have willingly subscribed for no. of shares of Tk. 100 each on this form.

7. Specimen Signature(s)

i) Name (in Block Letters):	Signature:
ii) Name (in Block Letters):	Signature:

BANKER'S ACKNOWLEDGEMENT

Certified that this Bank has received Tk..... (in words)only from Mr. /Mrs./Ms.being the application money for Nos. of Ordinary Shares of **First Security Bank Limited**.

Signature
Banker's Sl. No.

Seal & Date

Authorized
(Name & Designation)

INSTRUCTIONS

1. As per provision of the Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) account number in the Application Form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated as invalid.
2. All information must be typed or written in full (in block letters) in English or in Bengali and must not be abbreviated.
3. Application must be made on the Company's printed form/photocopy or on typed copy/hand written form thereof.
4. Application must not be for less than **50** ordinary shares and must be for a multiple of **50** ordinary shares. Any application not meeting these criteria will not be considered for allotment purpose.
5. Remittance for the full amount of the shares must accompany each application and must be forwarded to any of the Bankers' to the Issue. Remittance should be in the form of cash/cheque/bank draft/pay order payable to one of the Bankers' to the Issue favoring "**FIRST SECURITY BANK LIMITED**" and crossed "**A/C Payee only**" and must be drawn on a bank in the same town as the bank to which the application form has been sent.
6. In the case of a joint application form, the Allotment letter will be dispatched to the person whose name appears first on this application form.
7. Joint application form for more than two persons will not be accepted. In case of joint application, each party must sign the application form.
8. Applications must be in the full name of individuals or companies or societies or trusts and not in the name of firms, minors or persons unsound mind. Application from financial and market intermediary companies must be accompanied by Memorandum of Association and Articles of Associations and Certificate of Incorporation.
9. **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
10. **The Securities and Exchange Commission has decided that the primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. So, all IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.**
11. No receipt will be issued for the payment made with application, but the bankers will issue a provisional acknowledgement to the issue for application lodged with them.
12. In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue, CITI Bank, N.A., HSBC and Standard Chartered Bank refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
13. Allotment shall be made solely in accordance with the instructions of the Securities and Exchange Commission.
14. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the application liable to rejection and subject to forfeiture of application money and / or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited Application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by the law.
15. Applications which do not meet the above requirements, or applications, which are incomplete, shall not be considered for allotment purpose.
16. The Bankers' to the Issue shall be obliged to receive the A/C Payee Cheque(s) on the closing day of the subscription.
17. **No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus have been published.**

BANKERS TO THE ISSUE

AB Bank Limited

01. Principal Branch, Dhaka
02. Kawranbazar Branch, Dhaka
03. Kakrail Branch, Dhaka
04. Mohakhali Branch, Dhaka
05. Gulshan Branch, Dhaka
06. Dhanmondi Branch, Dhaka
07. New Elephant Road Branch, Dhaka
08. Nawabpur Branch, Dhaka
09. Uttara Branch, Dhaka
10. Rokeya Sharani Branch, Dhaka
11. Khulna Branch, Khulna
12. Modhuban Branch, Sylhet
13. Agrabad Branch, Chittagong

The Premier Bank Limited

01. Dilkusha Branch, Dhaka
02. Gulshan Branch, Dhaka
03. Agrabad Branch, Chittagong
04. Banani Branch, Dhaka
05. Ashugonj Branch, Brahmanbaria
06. Imamgonj Branch, Dhaka
07. Kawran Bazar Branch, Dhaka
08. Motijheel Branch, Dhaka
09. Meghnaghat Branch, Narayanganj
10. Dhanmondi Branch, Dhaka
11. Khatungonj Branch, Chittagong
12. Uttara Branch, Dhaka
13. Khulna Branch, Khulna
14. Elephant Road Branch, Dhaka
15. Savar Branch, Dhaka
16. Islami Banking Branch, Mohakhali, Dhaka
17. Islami Banking Branch, Shylet
18. Barisal Branch, Barisal
19. Bangshal Branch, Dhaka
20. Narayanganj Branch, Narayanganj
21. Joydebpur Branch, Dhaka
22. Bhairab Bazar Branch, Kishoregonj
23. O.R. Nizam Road Branch, Chittagong
24. Kakrail Branch, Dhaka
25. Moulovi Bazar Branch, Moulovi Bazar
26. Tongi Branch, Gazipur
27. Zinzira Branch, Dhaka

ICB

01. Head Office, Dhaka
02. Chittagong Branch, Agrabad, Ctg.
03. Rajshahi Branch, Rajshahi
04. Khulna Branch, Khulna
05. Barisal Branch, Barisal
06. Sylhet Branch, Sylhet
07. Bogra Branch, Bogra
08. Local Office, Nayapaltan, Dhaka

EXIM Bank Limited

01. Panthapath Branch, North Dhanmondi, Dhaka
02. Agrabad Branch, Chittagong
03. Khatungonj Branch, Chittagong
04. Imamgonj Branch, Dhaka
05. Gulshan Branch, Dhaka
06. Sylhet Branch, Sylhet
07. Nawabpur Branch, Dhaka
08. Narayanganj Branch, Narayanganj
09. Shimrail Branch, Siddirgonj, N'Ganj
10. Rajuk Avenue Branch, Motijheel, Dhaka
11. New Eskaton Branch, Dhaka
12. Uttara Branch, Dhaka

13. Mirpur Branch, Dhaka
14. Jubilee Road Branch, Chittagong
15. Elephant Road Branch, Dhaka
16. Malibagh Branch, Dhaka
17. Bogra Branch, Bogra
18. Jessore Branch, Jessore
19. CDA Avenue Branch, East Nasirabad, Chittagong.
20. Bashundhara Road Branch, Dhaka
21. Satmasjid Road Branch, Dhanmondi, Dhaka

Shahjalal Islami Bank Limited

01. Main Branch, Dhaka
02. Mitford Branch
03. Dhanmondi, Branch, Dhaka
04. Gulshan Branch, Dhaka
05. Foreign Exchange, Branch
06. Joydevpur Chowrasta Branch, Gazipur
07. Kawran Bazar Branch, Dhaka
08. Uttara Branch, Dhaka
09. Bangshal Branch, Dhaka
10. Dhaka EPZ Branch, Dhaka
11. Narayanganj Branch, Narayanganj
12. Satmasjid Road Branch, Dhaka
13. Banani Branch, Dhaka
14. Joypara Branch, Dhaka
15. Motijheel Branch, Dhaka
16. Mirpur Branch, Dhaka
17. Savar Branch, Dhaka
18. Agrabad Branch, Ctg.
19. Khatungonj Branch, Chittagong
20. Jubilee Road Branch, Ctg.
21. Muradpur Branch, Ctg.
22. Shylet Branch, Shylet
23. Dargah Gate Branch, Shylet
24. Beanibazar Branch, Shylet
25. Moulvibazar Branch, Moulvibazar
26. Khulna Branch, Khulna

Southeast Bank Limited

1. Principal Branch, Dhaka
2. Corporate Branch, Dhaka
3. Imamgonj Branch, Dhaka
4. Dhanmondi, Branch, Dhaka
5. Uttara Branch, Dhaka
6. New Elephant Road Branch, Dhaka
7. Gulshan Branch, Dhaka
8. Kakrail Branch, Dhaka
9. Motijheel Branch, Dhaka
10. Kawran Bazar Branch, Dhaka
11. Banani Branch, Dhaka
12. Bangshal Branch, Dhaka
13. New Eskaton Branch, Dhaka
14. Agargaon Branch, Dhaka
15. Aganagar Branch, Dhaka
16. Shaymoli Branch, Dhaka
17. Madhabdi Branch, Narshingdi
18. Ashulia Branch, Dhaka
19. Joypara Branch, Dhaka
20. Narayanganj Branch, Narayanganj
21. Khulna Branch, Khulna
22. Bandar Bazar Branch, Shylet

23. Moulvibazar Branch, Moulvibazar
24. Laldighirpaar Branch, Shylet
25. Hetimgonj Branch, Shylet
26. Chouhatta Branch, Shylet
27. Shahajalal Uposhahar Branch, Shylet
28. Kulaura Branch, Shylet
29. Pathantula Branch, Shylet
30. Agrabad Branch, Chittagong
31. Jubilee Road Branch, Chittagong
32. Khatungonj Branch, Chittagong
33. Halishahar Branch, Chittagong
34. Pahartali Branch, Chittagong
35. Chowmuhani Branch, Noakhali
36. CDA Avenue Branch, East Nasirabad
37. Cox's Bazar Branch, Cox's Bazar
38. Chhagalnaiya Branch, Feni
39. Feni Branch, Feni
40. Bashurhat Branch, Noakhali
41. Rangpur Branch, Rangpur

First Security Bank Limited

01. Dilkusha Branch, Dhaka
02. Jubilee Road Branch, Chittagong
03. Khatungonj Branch, Chittagong
04. Keranihat Branch, Satkania, Chittagong
05. Mohakhali Branch, Dhaka
06. Biswanath Branch, Sylhet
07. Bangshal Branch, Dhaka
08. Rangpur Branch, Rangpur
09. Dhanmondi Branch, Dhaka
10. Sylhet Branch, Sylhet
11. Agrabad Branch, Chittagong
12. Gulshan Branch, Dhaka
13. Mirpur Branch, Dhaka
14. Banani Branch, Dhaka
15. Nazu Meah Hat Branch, Chittagong
16. Probortak Mor Branch, Chittagong
17. Biswa Road Branch, Dhaka
18. Khulna Branch, Khulna
19. Topkhana Road Branch, Dhaka
20. Shafipur Branch, Dhaka

The Trust Bank Limited

1. Dhanmondi Branch, Dhaka
2. Dilkusha Corporate Branch, Dhaka
3. Gulshan Corporate Branch, Dhaka
4. Principal Branch, Dhaka
5. Sena Kalyan Bhaban Branch, Dhaka
6. Comilla Branch, Comilla
7. Chittagong Cantonment Branch, Chittagong
8. Rangpur Cantonment Branch, Rangpur
9. Jessore Cantonment Branch, Jessore
10. Agrabad Branch, Chittagong
11. Khatungonj Branch, Chittagong
12. CDA Avenue Branch, Chittagong
13. Sylhet Corporate Branch, Sylhet
14. Millennium Corporate Branch, Dhaka
15. Uttara Corporate Branch, Dhaka
16. Mirpur Branch, Dhaka
17. Naval Base Branch, Chittagong
18. Kawran Bazar Branch, Dhaka
19. Narayanganj Branch, Narayanganj

"Interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and issue manager."

FIRST SECURITY BANK LIMITED

APPLICATION FORM

APPLICATION FOR SHARES BY NON-RESIDENT BANGLADESHI (S)
(TO BE SENT DIRECTLY TO THE COMPANY'S CORPORATE OFFICE)

WARNING: Please read the instructions at the back of this form. Incorrectly filled applications or failing to comply with any of the instructions therein, applications may be rejected.

The Managing Director

FIRST SECURITY BANK LIMITED
23 Dilkusha C/A, Dhaka-1000

Dear Sir,

I/we apply for and request you to allot me/us the following number of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon the terms of the Company's approved Prospectus and subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Members of the Company and credit the said shares to my BO (Beneficiary Owner) Account and / or a Crossed (Account Payee only) Cheque in respect of any application money refundable by post/courier at my/our risk to the first applicant's address stated below:

1. No. of Ordinary Shares of Tk. 100 each at par.
2. Amount of Tk. (in figure).....(in words)..... only convertible into US Dollar 1=Tk., UK Pound Sterling 1 = Tk..... and EURO 1=Tk.....
3. Payment by Cheque/ Draft No.date.....for US Dollar or UK Pound Sterling or EURO or Tk..... drawn on Bank.....Branch
4. Depository (BO) Account Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

(If you do not mention your valid BO (Beneficiary Owners) account, your application will be treated as invalid)

5. I/ We agree to fully abide by the instructions given herein.
6. Particulars of Applicant(s)

a. Sole/First Applicant

Name:	
Father's/Husband's Name:	
Mother's Name:	
Mailing Address:	
Occupation:	Nationality:
Passport No:	
Valid up to:	
Date of Birth:	
For Refund Purpose: Applicant's Bank A/C No:	
Name of the bank:	Branch:

b. Second Applicant

Name:	
Father's/Husband's Name:	
Mother's Name:	
Mailing Address:	
Occupation:	Nationality:
Passport No:	Valid up to:
Date of Birth:	

Nominee

Name:	
Mailing Address:	

7. I/ We hereby declare that I/we have read the Prospectus of **FIRST SECURITY BANK LIMITED**, and have willingly subscribed for No. of Ordinary Shares of Tk. 100 each on this form.

8. Specimen Signature(s)

	Name in Block Letter	Signature
Sole/First Applicant		
Second Applicant		
Nominee		

INSTRUCTIONS

1. As per provision of the Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) account number in the Application Form. If you do not mention your valid BO (Beneficiary Owner) account, your application will be treated as invalid.
2. All information must be written or typed in block letters in English and must not be abbreviated.
3. An application must not be for less than 50 Ordinary Shares and must be for a multiple of 50 ordinary shares. Any application not meeting this criterion will not be considered for allotment purpose.
4. An application must be accompanied by a foreign demand draft drawn on a bank payable at Dhaka or cheque drawn out of foreign currency deposit account maintained in Bangladesh for the full value of shares favoring "FIRST SECURITY BANK LIMITED" and crossed "Account Payee only".
5. An application shall be sent by the applicant directly to the Company by 24/7/08 so as to reach the Company by 2/8/08. Applications sent after 24/7/08 or received by the Company after 2/8/08 will not be considered for allotment purpose.
6. Refund against over-subscription shall be made in the currency in which the value of shares was paid for by the applicant at the same rate as stated on the application form through Account Payee cheque payable at Dhaka with bank account number, Bank's name and Branch as indicated in the securities application form.
7. In case of over-subscription, allotment shall be made by lottery solely in accordance with the instructions by SEC.
8. Money receipt on clearance of draft or cheque, as the case may be, shall be sent by post to the applicant by the Company.
9. Joint application by two persons will be acceptable. In such a case, allotment or refund shall be made by post to the first applicant.
10. Application must be made by an individual, a corporation or company, a trust or a society and not by a firm, minor or persons of unsound mind.
11. In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue, CITI Bank, N.A., HSBC and Standard Chartered Bank refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
12. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the Application liable to rejection and subject to forfeiture of application money and / or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by the law.
13. The intending NRB applicants shall deposit share money by US\$/UK Pound Sterling/EURO draft drawn on any Bank and payable in Dhaka, Bangladesh, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only". So that the issuer's collecting bank can clear the proceeds and deposit the same into issuer bank's account in time.
14. The spot buying rate (TT Clean) in US Dollar, UK Pound Sterling and EURO of Sonali Bank at the day of subscription opening will be applicable for the Non Resident Bangladeshi (NRB) applicants.
- 15. The applicant shall furnish photocopies of relevant pages of valid passports in support of his being a NRB, dual citizenship or of the foreign passport bearing an endorsement from the concerned Bangladeshi Embassy to the effect that no visa is required for him to travel to Bangladesh.**
16. In case of joint NRB application joint applicant shall also submit supporting papers /documents in support of their being a NRB as mentioned in para-15 (above).
- 17. An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
- 18. The Securities and Exchange Commission has decided that the primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. So, all IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.**
19. No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus have been published.

THE NRB APPLICATION ALONG WITH THE FOREIGN CURRENCY DRAFT, AS ABOVE, IS TO BE SUBMITTED TO THE COMPANY'S HEAD OFFICE DIRECTLY WITHIN THE STIPULATED TIME MENTIONED IN PARA 5.

**Auditors' report under section 135(1) of Para 24(1) of
Part – II of Schedule III of Companies Act 1994**

As per section 135(1), Para 24(1) of Part – II of Schedule III of Companies Act 1994, First Security Bank Ltd. has prepared the following statement of assets and liabilities and statement of operating result for the years ended 31 December 2003, 2004, 2005, 2006, and 2007 to us. Our responsibility is to review the audited financial statements and confirm that related information have been correctly extracted from the relevant financial statements.

We have reviewed the relevant audited financial statements and confirm that in statutory audit reports, the following information have been correctly extracted from those audited financial statements

1. The company was incorporated on 29 August 1999.
2. The statements of assets & liabilities, profit & loss and cash flows are as follows:

A) The statements of assets and liabilities of the company are as under:

	<u>31 Dec. 2007</u> Taka	<u>31 Dec. 2006</u> Taka	<u>31 Dec. 2005</u> Taka	<u>31 Dec. 2004</u> Taka	<u>31 Dec. 2003</u> Taka
<u>Property and Assets</u>					
Cash					
In hand (including foreign currencies)	192,238,601	109,382,295	106,433,784	65,730,043	72,694,621
With Bangladesh Bank	994,665,265	900,246,505	637,019,277	336,604,219	328,805,113
	1,186,903,866	1,009,628,800	743,453,061	402,334,262	401,499,734
Balance with other banks and financial institutions					
In Bangladesh	2,020,476,468	2,020,041,453	2,100,002,999	2,213,459,107	1,933,224,623
Outside Bangladesh	659,045,448	147,638,525	82,195,945	125,517,754	49,487,781
	2,679,521,916	2,167,679,978	2,182,198,944	2,338,976,861	1,982,712,404
Money at call and short notice	225,000,000	450,000,000	260,000,000	347,500,000	605,000,000
Investment					
Government securities	2,497,328,500	2,062,142,600	1,661,050,500	1,270,720,900	750,725,200
Others	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
	2,498,328,500	2,063,142,600	1,662,050,500	1,271,720,900	751,725,200
Loans and advances					
Loans, cash credits, overdrafts, etc	14,089,262,662	10,667,223,605	8,271,122,523	7,388,914,575	5,577,320,688
Bills discounted and purchased	4,526,962,653	2,979,163,620	2,451,206,770	1,111,360,419	899,516,797
	18,616,225,315	13,646,387,225	10,722,329,293	8,500,274,994	6,476,837,485
Fixed assets	135,223,386	91,191,570	101,620,949	87,165,588	78,813,828
Other assets	1,600,577,888	1,020,637,798	4,588,685,025	3,221,295,339	3,072,901,311
Non-banking assets	-	-	-	-	-
Total Assets	26,941,780,871	20,448,667,971	20,260,337,772	16,169,267,944	13,369,489,962
<u>LIABILITIES AND CAPITAL</u>					
<u>Liabilities</u>					
Borrowings from other banks, financial institutions and agents	-	-	-	470,000,000	-
Deposits and other accounts					
Current deposits and other accounts	1,079,018,793	695,850,733	2,999,386,773	2,767,504,380	2,066,679,628
Bills payable	303,457,536	110,344,761	112,515,873	340,325,587	208,074,759
Savings bank deposits	633,755,819	412,953,748	345,340,761	311,432,993	218,780,944
Bearer certificates of deposit	6,150,000	6,150,000	6,150,000	6,150,000	10,929,004
Term deposits	21,481,662,886	16,366,697,210	10,548,781,727	7,806,262,392	6,939,101,800
	23,504,045,034	17,591,996,452	14,012,175,134	11,231,675,352	9,443,566,135
Other liabilities	2,303,444,895	1,853,011,305	5,427,278,247	3,936,597,314	3,496,413,850
Total Liabilities	25,807,489,929	19,445,007,757	19,439,453,381	15,638,272,666	12,939,979,985

	<u>31 Dec. 2007</u> <u>Taka</u>	<u>31 Dec. 2006 Taka</u>	<u>31 Dec. 2005 Taka</u>	<u>31 Dec. 2004</u> <u>Taka</u>	<u>31 Dec. 2003 Taka</u>
Capital/ Shareholders' Equity					
Paid-up capital	1,000,000,000	900,000,000	600,000,000	320,000,000	320,000,000
Statutory reserve	96,161,398	84,455,252	84,455,252	80,859,212	41,326,289
Other reserve	24,000,000	24,000,000	24,000,000	24,000,000	24,000,000
Retained earnings, as per Profit and Loss Statement	14,129,544	(4,795,038)	112,429,139	106,136,066	44,183,688
Total Shareholders' Equity	1,134,290,942	1,003,660,214	820,884,391	530,995,278	429,509,977
Total Liabilities and Shareholders' Equity	26,941,780,871	20,448,667,971	20,260,337,772	16,169,267,944	13,369,489,962
Contingent Liabilities					
Acceptances and endorsements	-	-	-	-	-
Letters of guarantee	565,359,496	473,142,713	538,840,126	853,032,243	1,004,820,253
Irrevocable letters of credit	4,494,583,072	2,563,512,067	2,144,835,030	2,290,909,249	1,982,143,991
Bills for collection	54,840,795	22,048,560	177,470,903	161,665,637	134,209,269
Other contingent liabilities	-	-	-	-	-
Total Contingent Liabilities	5,114,783,363	3,058,703,340	2,861,146,059	3,305,607,129	3,121,173,513
Other commitments	-	-	-	-	-
Total Off-Balance Sheet Items	5,114,783,363	3,058,703,340	2,861,146,059	3,305,607,129	3,121,173,513

B) The statements of operating result of the company are as follows:

	<u>31 Dec. 2007</u> <u>Taka</u>	<u>31 Dec. 2006</u> <u>Taka</u>	<u>31 Dec. 2005</u> <u>Taka</u>	<u>31 Dec. 2004</u> <u>Taka</u>	<u>31 Dec. 2003</u> <u>Taka</u>
Interest income	2,180,308,712	1,641,344,347	1,312,642,313	1,253,871,924	818,290,055
Less: Interest paid on deposits, borrowings, etc	(2,130,328,088)	(1,499,283,646)	(1,209,977,807)	(926,235,800)	(613,847,508)
Net interest income/(loss)	49,980,624	142,060,701	102,664,506	327,636,124	204,442,547
Income from investment	177,752,561	123,256,585	94,006,737	69,887,056	49,185,915
Commission, exchange and brokerage	161,010,079	135,863,487	115,759,147	182,529,246	122,513,179
Other operating income	25,788,223	20,773,744	13,369,332	11,618,816	9,240,406
Total operating income	414,531,487	421,954,517	325,799,722	591,671,242	385,382,047
Salary and allowances	142,977,355	114,460,635	95,130,048	92,883,482	77,582,755
Rent, taxes, insurance, lighting, etc	46,054,606	37,131,422	39,555,113	30,441,766	25,173,330
Legal expenses	413,341	1,497,627	1,601,803	432,682	239,302
Postage, stamp, telegram and telephone	6,827,341	4,770,558	5,301,317	6,669,717	5,810,593
Auditors' fee	300,000	100,000	100,000	100,000	100,000
Printing, stationery, advertisements, etc	13,490,480	6,012,346	5,296,421	10,312,666	7,198,397
Managing Director's salary and allowances	6,880,000	5,440,000	3,357,162	1,755,567	2,252,000
Directors' fee	1,019,009	1,469,512	3,035,903	545,858	717,335
Repair, maintenance and depreciation of assets	23,202,157	19,572,684	21,045,558	17,435,561	15,836,764
Other expenses	44,836,470	28,876,210	26,196,194	47,356,632	29,311,245
Total operating expenses	286,000,759	219,330,994	200,619,519	207,933,931	164,221,721
Profit/(loss) before provision	128,530,728	202,623,523	125,180,203	383,737,311	221,160,326
Provision for bad and doubtful loans	-	282,278,701	89,351,210	170,005,499	86,385,062
Provision for diminution in value of investment	-	-	-	-	-
Other provision (1% general provision on loans & 0.5% on off B/S exposure)	70,000,000	52,568,999	17,848,790	16,067,196	18,276,604
Total provision	70,000,000	334,847,700	107,200,000	186,072,695	104,661,666
Profit/(loss) before taxation	58,530,728	(132,224,177)	17,980,203	197,664,616	116,498,660
Provision for taxation	(57,900,000)	(35,000,000)	(8,091,090)	(96,179,315)	(60,648,869)
Deferred Tax Income	30,000,000	50,000,000	-	-	-
Profit/(loss) after taxation	30,630,728	(117,224,177)	9,889,113	101,485,301	55,849,791
Add: Balance of profit/(loss), brought forward	(4,795,038)	112,429,139	106,136,066	44,183,688	11,633,629
Proposed dividend written back	-	-	-	-	-
Retained earnings/(loss), carried forward	25,835,690	(4,795,038)	116,025,179	145,668,989	67,483,420
Appropriations :					
Statutory reserve	11,706,146	-	3,596,040	39,532,923	23,299,732
Other reserve	-	-	-	-	-
Proposed dividend	-	-	-	-	-
Total Appropriations	11,706,146	-	3,596,040	39,532,923	23,299,732
Retained earnings/(loss), carried forward	14,129,544	(4,795,038)	112,429,139	106,136,066	44,183,688
Earnings/(loss) per share	3.20	(16.28)	3.09	31.71	17.45

C) The statements of Cash Flow of the company are as follows:

	<u>31 Dec. 2007</u> <u>Taka</u>	<u>31 Dec. 2006</u> <u>Taka</u>	<u>31 Dec. 2005</u> <u>Taka</u>	<u>31 Dec. 2004</u> <u>Taka</u>	<u>31 Dec. 2003</u> <u>Taka</u>
<u>Cash Flows from Operating Activities</u>					
Interest receipts	2,358,061,273	1,764,600,932	1,406,649,050	1,253,871,924	818,290,055
Interest payments	(2,130,328,088)	(1,499,283,646)	(1,209,977,807)	(926,235,800)	(613,847,508)
Fees and commission receipts	161,010,079	135,863,487	115,759,147	182,529,246	122,513,179
Payments to employees	(144,857,355)	(114,900,635)	(98,487,210)	(94,639,049)	(79,834,755)
Payments to suppliers	(17,651,512)	(9,138,363)	(9,793,472)	(11,461,145)	(8,482,344)
Payments for income tax	(103,860,146)	(58,458,427)	(64,261,634)	(54,000,000)	(25,000,000)
Receipts from other operating activities	25,342,244	19,950,749	13,369,332	11,618,816	9,240,406
Payments for other operating activities	(99,450,767)	(73,845,329)	(75,790,330)	(85,546,653)	(61,351,805)
Operating profit /(loss) before changes in operating assets	48,265,728	164,788,768	77,467,076	276,137,339	161,527,228
(Increase)/decrease in operating assets :					
Loans to customers	(4,969,838,090)	(2,924,057,932)	2,222,054,299)	(2,023,437,509)	(2,374,229,521)
Other assets	(446,079,944)	(276,643,997)	1,303,828,005)	(94,394,028)	(1,802,088,629)
Increase/(decrease) in operating liabilities					
Deposits from customers	5,912,048,579	3,579,821,318	2,780,499,782	1,788,109,216	4,213,264,303
Other liabilities	317,533,593	4,035,009	1,377,519,764	157,931,454	1,867,616,091
Net cash from /(used in) operating activities	861,929,866	547,943,166	709,604,318	104,346,472	2,066,089,472
<u>Cash Flows from Investing Activities</u>					
Investment in Govt Security	80,000,000	1,580,000,000	(410,000,000)	69,887,056	49,185,915
Purchase of equity bond	-	-	-	-	(1,000,000)
Purchase of fixed assets	(64,281,962)	(6,954,293)	(33,551,561)	(25,588,843)	(10,475,952)
Disposal of fixed assets	1,655,000	1,759,999	1,117,725	950,000	-
Net cash used in investing activities	17,373,038	1,574,805,706	(442,433,836)	45,248,213	37,709,963
<u>Cash Flows from Financing Activities</u>					
Increase/(decrease) in share capital	100,000,000	300,000,000	280,000,000	-	120,000,000
Increase/(decrease) in borrowings	-	-	(470,000,000)	470,000,000	(280,000,000)
Net cash from/(used in) financing activities	100,000,000	300,000,000	(190,000,000)	470,000,000	(160,000,000)
Net increase in cash and cash equivalents	979,302,904	2,422,748,872	77,170,482	619,594,685	1,943,799,435
Cash and cash equivalents at beginning of period (1)	5,609,451,378	3,186,702,505	3,109,532,023	3,739,937,338	1,796,137,903
Cash and cash equivalents at end of period (1)	6,588,754,282	5,609,451,378	3,186,702,505	4,359,532,023	3,739,937,338
(1)Cash and cash equivalents :					
Cash	192,238,601	1,009,628,800	743,453,061	402,334,262	401,499,734
Balance with other banks and financial institutions	3,674,187,181	2,167,679,978	2,182,198,944	2,338,976,861	1,982,712,404
Money at call and short notice	225,000,000	450,000,000	260,000,000	347,500,000	605,000,000
Treasury bills including Reverse REPO	2,496,000,000	1,981,000,000	-	1,250,000,000	730,000,000
Bond	-	-	-	20,000,000	20,000,000
Prize bonds	1,328,500	1,142,600	1,050,500	720,900	725,200
	6,588,754,282	5,609,451,378	3,186,702,505	4,359,532,023	3,739,937,338

3. Dividend

The company declared dividends for the last five years as follows:

	<u>31 Dec. 2007</u>	<u>31 Dec. 2006</u>	<u>31 Dec. 2005</u>	<u>31 Dec. 2004</u>	<u>31 Dec. 2003</u>
	%	%	%	%	%
Cash dividend	0%	0%	0%	0%	0%
Stock dividend	0%	0%	0%	0%	0%

4. The company did not prepare any accounts for any period subsequent to 31 December, 2007.

5. The company has no subsidiary company.

6. No proceeds or part of the issue of the shares were applied directly by the Company in the purchase of any business.

Sd/-

Dhaka, 19 April 2008

Chartered Accountants

Auditors' Certificate regarding calculation of Ratios and EPS

We have examine the following Ratios and Earnings Per Share (EPS) of First Security Bank Ltd for the year ended 31 December 2007, 2006, 2005, 2004 and 2003, which have been calculated by the management of the Bank. The preparation of the Ratios and EPS is the responsibility of the bank's management. Our responsibility is the review them and certify whether they have been properly calculated using acceptable principles on the basis of the Financial Statements for the year ended 31 December 2007, 2006, 2005, 2004 and 2003.

Based on our review, we certify that the bank has properly calculated the following ratios and EPS using acceptable principles on the basis of the Financial Statements for the year ended 31 December 2007, 2006, 2005, 2004 and 2003.

	Ratio / Percentage				
	31st December 2007	31st December 2006	31st December 2005	31st December 2004	31st December 2003
<u>Liquidity Ratios</u>					
Current ratio	1.61	1.74	1.15	1.10	1.22
Quick ratio	3.73	16.88	1.70	0.78	2.04
Times interest earned	1.06	1.14	1.10	1.41	1.36
Debt- equity ratio	22.75	19.37	23.68	29.45	30.13
<u>Operating Ratios</u>					
Accounts receivable-turnover ratio	N/A	N/A	N/A	N/A	N/A
Inventory - turnover ratio	N/A	N/A	N/A	N/A	N/A
Assets turnover ratio	N/A	N/A	N/A	N/A	N/A
<u>Profitability Ratios</u>					
Gross Margin Ratio (%)	N/A	N/A	N/A	N/A	N/A
Operating income ratio (%)	19.01%	25.71%	24.82%	47.19%	47.10%
Net Income ratio (%)	5.90%	12.34%	9.54%	30.60%	27.03%
Return on assets ratio (%)	0.47%	0.99%	0.05%	1.23%	0.87%
Return on equity (after tax)	2.70%	-11.68%	1.20%	19.11%	13.00%
Earning per share	3.20	(16.28)	3.06	31.71	17.45

Dhaka, 19 April 2008

Sd/-
Chartered Accountants

Auditors' certificate regarding net tangible asset backing per unit for the year ended 31 December 2003, 2004, 2005, 2006, 2007

We have examined the calculations of the net tangible assets backing per unit of First Security Bank Ltd for the year ended 31 December 2003, 2004, 2005, 2006 and 2007, which have been prepared by the management of First Security Bank Ltd. The preparation of the following calculations of the net tangible assets backing per unit is the responsibility of the company's management. Our responsibility is to review them and certify as to whether they have been properly prepared using acceptable principles on the basis of audited financial statements for the year ended 31 December 2003,2004,2005,2006 and 2007.

Based on our review, we certify that the Company has properly prepared the calculations of the net tangible assets backing per unit using acceptable principles on the basis of audited financial statements for the year ended 31 December 2003, 2004, 2005, 2006 and 2007. The net tangible asset backing per unit for the year 2007 has been arrived at after considering short provision against non-performing loan for Tk11.97million.

Net tangible assets per share:

	<u>31 Dec. 2007</u>	<u>31 Dec. 2006</u>	<u>31 Dec. 2005</u>	<u>31 Dec. 2004</u>	<u>31 Dec. 2003</u>
Net tangible assets	1,122,320,942	1,003,660,214	820,884,391	530,995,278	429,509,977
Number of Shares	10,000,000	9,000,000	6,000,000	3,200,000	3,200,000
Net tangible assets per share	112	112	137	166	134

Dhaka, 17 May 2008

Sd/-
Chartered Accountants

Auditors' report on Paid-up Capital

We certify that the paid up capital of First Security Bank Limited as on 24 April 2008 is Taka 1,150,000,000 divided into 11,500,000 ordinary share of Tk 100 each based on evidence provided to us as of 24 April 2008 and examination of books and records of the Bank, which is made up as follows:

Description	Number of shares	Face value of shares Taka
Subscribed capital as per Memorandum and Articles of Association at the time of incorporation	2,000,000	200,000,000
Issue of shares in cash 2003	1,200,000	120,000,000
Issue of shares in cash 2005	2,800,000	280,000,000
Issue of shares in cash 2006	3,000,000	300,000,000
Issue of shares in cash 2007	1,000,000	100,000,000
Issue of shares in cash 2008	1,500,000	150,000,000
	11,500,000	1,150,000,000

Sd/-

Dhaka, 6 May 2008

Chartered Accountants

**Auditors certificate on determination of offering price
of The First Security Bank Limited**

The offering price of ordinary share of the Bank has been determined by its management after assessing the book value per share based on financial statements for the year ended 31st December, 2007 as under:

Net Asset Value (NAV) is based on historical accounting book value of Bank's net asset. This is determined on the basis of the figures appearing in the audited Balance Sheet as at 31 December, 2007 after considering qualification of Tk. 11.97 million short provision against non-performing loan as follows:

	31st Dec,2007
	Tk in million
	<u>Taka</u>
Share capital	1,000
Statutory reserve	96
Other reserve	24
Retained earnings	<u>2</u>
Total Shareholders equity	<u>1,122</u>
Number of shares of Taka 100 each	<u>10</u>
Net Assets Value (NAV) per share of Taka 100 each	<u>Tk. 112</u>

We have examined the above calculation of Net Assets Value (NAV) of First Security Bank Ltd. and found to be properly prepared based on the Financial Statements of the bank for the year ended 31 December, 2007 after considering the qualification.

Net Assets Value (NAV) per share is TK 112 as on 31 December 2007. Accordingly the issue price of TK 100 for each share to be offered by the bank is lower than the net worth per share.

Dhaka, 14 May 2008

Sd/-
Chartered Accountants

Auditors' Certificate regarding related party transactions
of
The First Security Bank Ltd.

We have examined the transactions with the directors and subscribers to the memorandum, with the books and records produced to us and audited accounts of First Security Bank Ltd. for the year ended 31 December 2007.

The Bank has entered into transactions with the following related parties:

Name of the Party	Nature of Transaction	Nature of Relationship	Total Value (TK)
Northern General Insurance Company Limited	Insurance Premium	Common Director	1,699,368
M/S Land Mark Hotel and Restaurant	Loan	Common Director	4,084,000

Dhaka, 19 April 2008

Sd/-
Chartered Accountants

**Auditors' report on the composition of shareholding
of The First Security Bank Ltd.**

We certify that the paid-up capital of The First Security Bank Limited as on 24 April 2008 is Taka 1,150,000,000 divided into 11,500,000 ordinary shares of Taka 100 each based on evidence provided to us as of 24 April 2008 and examination of books and records of the Bank. Names of shareholders and their shareholding are as follows:

S/L	Name of shareholder	Shareholdings		
		Number of Shares	Face Value/Taka	Percentage (%)
1	Alhaj Md. Saiful Alam	464,725	46,472,500	4.041
2	Ms. Farzana Parveen	408,158	40,815,800	3.549
3	Mr. Morshedul Alam	277,117	27,711,700	2.410
4	Ms. Sharmin Fatema	1,030,255	103,025,500	8.959
5	Mr. A. K. M. Ali Johar	1,040,022	104,002,200	9.044
6	Ms. Shahana Ferdous	916,391	91,639,100	7.969
7	Ms. Atiqun Nesa	1,051,767	105,176,700	9.146
8	Mr. Md. Wahidul Alam Seth	1,115,076	111,507,600	9.696
9	Miss. Farzana Begum	919,125	91,912,500	7.992
10	Miss. Marzina Sharmin	985,880	98,588,000	8.573
11	Mr. Hamidul Haq	100	10,000	0.001
12	Mr. Md. Sharif Hussain	100	10,000	0.001
13	Alhaj Mortoza Siddique Chowdhury	838,442	83,844,200	7.291
14	Ms. Rahima Khatun	305,885	30,588,500	2.660
15	Ms. Sarwar Jahan Maleque	341,407	34,140,700	2.969
16	Mr. Md. Abdul Maleque	51,785	5,178,500	0.450
17	Mr. Arshadul Alam	89,843	8,984,300	0.781
18	Mr. Abu Hena Mostafa Kamal	200,000	20,000,000	1.739
19	Mr. Md. Didarul Alam	382,877	38,287,700	3.329
20	Ms. Shamshad Jahan	179,688	17,968,800	1.563
21	Mr. Mohammed Solaiman	56,612	5,661,200	0.492
22	Mr. Shahidul Islam	100	10,000	0.001
23	Mr. Mohammad Rafique	785,828	78,582,800	6.833
24	Mr. Mohammed Oheidul Alam	100	10,000	0.001
25	Dr. Muhammad Loqman	100	10,000	0.001
26	Mr. Abdul Awal	58,617	5,861,700	0.510
Total Shares		11,500,000	1,150,000,000	100.000

Dhaka, 6 May 2008

Sd/-
Chartered Accountants

Auditors' certificate regarding allotment of shares to promoters or sponsor-shareholders for consideration other than in cash

This is to certify that First Security Bank Ltd, 23 Dilkusha Commercial Area, Dhaka 1000, has not issued any shares till date, 14 May 2008, to its Sponsors/Promoters/Directors for consideration otherwise than for cash.

Dhaka, 14 May 2008

Sd/-
Chartered Accountants

**AUDITOR'S REPORT
TO THE SHAREHOLDERS
OF
FIRST SECURITY LIMITED**

We have audited the accompanying balance sheet of First Security bank Limited (FSBL) as at 31 December 2007 and the related profit and loss account, cash flow statement, statement of changes in equity, liquidity statement and a summary of significant policies and explanatory notes for the year then ended. These financial statements are the responsibility of the Bank's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also include assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion:

As per BRPD Circular No. 05 dated 05 June, 2006, we have identified some Loans and Advances, which have been considered to be non-performing and additional provision of at least Tk.11.97 million is required to be made against such non-performing Loans and Advances that kept by the Bank. If such amount were provided in accounts accordingly, profit would have been decreased by the sum amount for that period.

In our opinion, except for the effect of the aforesaid-paragraph, Financial Statements prepared in accordance with Bangladesh Accounting Standards (BASs), give a true and fair view of the state of the bank's affairs as at 31st December 2007 and of the results of its operations and its cash flows for the period than ended and comply with the Bank Companies Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act, 1994 and other applicable laws and regulations.

Further to our opinion in the above paragraph, we state that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii. In our opinion, proper books of account as required by law have been kept by FSBL so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us.
- iii. The FSBL's Balance Sheet and Profit and Loss Account together with the annexed notes 1 to 42 dealt with by the report are in agreement with the books of account and returns;
- iv. The expenditure incurred was for the purpose of the FSBL's business;

- v. The financial position of FSBL as on 31 December 2007 and the profit for the year then ended statements have been properly reflected in the financial statements and the financial statements have been prepared in accordance with the generally accepted accounting principles;
- vi. The financial statements have been drawn up in conformity with the Bank Companies Act, 1991 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank.
- vii. The financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh
- viii. The records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- ix. Subject to above notes, adequate provisions have been made for advances and other assets which are, in our opinion, doubtful of recovery;
- x. The information and explanations required by us have been received and found satisfactory;
- xi. The Bank has no overseas branches; and
- xii. 80% of the risk-weighted assets have been reviewed.

Dhaka, 09 April 2008

Sd/-
Chartered Accounts

**FIRST SECURITY BANK LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2007**

	Notes	2007 <u>Taka</u>	2006 <u>Taka</u>
<u>PROPERTY AND ASSETS</u>			
Cash	4.00	1,186,903,866	1,009,628,800
In hand (Including foreign currencies)		192,238,601	109,382,295
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)		994,665,265	900,246,505
Balance with other Banks and Financial Institutions	5.00	2,679,521,916	2,167,679,978
In Bangladesh		2,020,476,468	2,020,041,453
Outside Bangladesh		659,045,448	147,638,525
Money at Call and Short Notice	6.00	225,000,000	450,000,000
Investments	7.00	2,498,328,500	2,063,142,600
Government		2,497,328,500	2,062,142,600
Others		1,000,000	1,000,000
Loans and Advances	8.00	18,616,225,315	13,646,387,225
Loans, Cash Credit, Overdraft etc.		14,089,262,662	10,667,223,605
Bills Purchased and Discounted		4,526,962,653	2,979,163,620
Fixed Assets Including Premises, Furniture and Fixtures	9.00	135,223,386	91,191,570
Other Assets	10.00	1,600,577,888	1,020,637,798
Non Banking Assets		-	-
Total Assets		<u>26,941,780,871</u>	<u>20,448,667,971</u>
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Borrowings from other Banks, Financial Institutions and Agents	11.00	-	-
Deposits and Other Accounts	12.00	23,504,045,031	17,591,996,452
Current Accounts and Other Accounts		441,887,020	286,345,337
Bills Payable		303,457,536	110,344,761
Savings Bank Deposits		633,755,819	412,953,748
Fixed Deposits including Deposit under scheme and other Banks		21,481,662,883	16,366,697,210
Bearer Certificates of Deposits		6,150,000	6,150,000
Other Deposits		637,131,773	409,505,396
Other Liabilities	13.00	2,303,444,898	1,853,011,305
Total Liabilities		<u>25,807,489,929</u>	<u>19,445,007,757</u>
Capital/Shareholders' equity			
Paid-up Capital	14.00	1,000,000,000	900,000,000
Statutory Reserve	15.00	96,161,398	84,455,252
Other Reserve		24,000,000	24,000,000
Surplus in Profit & Loss Account	16.00	14,129,544	(4,795,038)
		<u>1,134,290,942</u>	<u>1,003,660,214</u>
Total Liabilities and Shareholders' equity		<u>26,941,780,871</u>	<u>20,448,667,971</u>

FIRST SECURITY BANK LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2007

	Notes	2007 <u>Taka</u>	2006 <u>Taka</u>
OFF- BALANCE SHEET ITEMS			
Contingent Liabilities			
Acceptances and Endorsements		-	-
Letters of Guarantee	17.01	565,359,496	473,142,713
Irrecoverable Letters of Credit	18.00	4,494,583,072	2,563,512,067
Bills for Collection	19.00	54,840,795	22,048,560
Other Contingent Liabilities		-	-
Total		<u>5,114,783,363</u>	<u>3,058,703,340</u>
Other Commitments			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Claims against the bank not acknowledged as debt		-	-
Total		<u>-</u>	<u>-</u>
Total Off -Balance Sheet Items Including Contingent Liabilities		<u><u>5,114,783,363</u></u>	<u><u>3,058,703,340</u></u>

These Financial Statements should be read in conjunction with the annexed notes 1 to 42

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Chairman

Auditors' Report to the Shareholders
see annexed report of date

Dhaka, 09 April 2008

Sd/-
Chartered Accountants

**FIRST SECURITY BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007**

		2007 Taka	2006 Taka
Interest Income	20.00	2,180,308,712	1,641,344,347
Interest Paid on Deposits and Borrowings etc.	21.00	(2,130,328,088)	(1,499,283,646)
Net Interest Income		49,980,624	142,060,701
Investment Income	22.00	177,752,561	123,256,585
Commission, Exchange and Brokerage	23.00	161,010,079	135,863,487
Other Operating Income	24.00	25,788,223	20,773,744
		364,550,863	279,893,816
Total Operating Income		414,531,487	421,954,517
Less Operating Expenses			
Salary and Allowances	25.00	142,977,355	114,460,635
Rent, Taxes, Insurances, Electricity etc.	26.00	46,054,606	37,131,422
Legal Expenses	27.00	413,341	1,497,627
Postage, Stamps, Telecommunication etc.	28.00	6,827,341	4,770,558
Auditors' Fee		300,000	100,000
Stationery, Printings, Advertisements etc.	29.00	13,490,480	6,012,346
Managing Director's Salary and Allowances	30.00	6,880,000	5,440,000
Directors' Fees	31.00	1,019,009	1,469,512
Depreciation and Repair of Bank's Assets	32.00	23,202,157	19,572,684
Other Expenses	33.00	44,836,470	28,876,210
Total Operating Expenses		286,000,759	219,330,994
Profit before Provision and tax		128,530,728	202,623,523
Provision for Classified Loans & Advances	13.05	-	282,278,701
Provisions for Unclassified Loans and Advances	13.05	44,161,918	52,568,999
Provisions for off-balance sheet exposures	13.05	25,838,082	-
Total Provisions		70,000,000	334,847,700
Total Profit before Taxes		58,530,728	(132,224,177)
Provision for Taxation	13.01	57,900,000	35,000,000
Deferred Tax Income		(30,000,000)	(50,000,000)
		27,900,000	(15,000,000)
Net Profit after tax for the year		30,630,728	(117,224,177)
Retained Surplus Brought Forward from Previous Year		(4,795,038)	112,429,139
		25,835,690	(4,795,038)
Appropriations			
Statutory Reserve	15.00	11,706,146	-
Other Reserve		-	-
		11,706,146	-
Retained Earnings Carried Forward		14,129,544	(4,795,038)
Earning Per Share (EPS)	34.00	3.20	(16.28)

These Financial Statements should be read in conjunction with the annexed notes 1 to 42

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Chairman

Auditors' Report to the Shareholders

see annexed report of date

Sd/-

Dhaka, 09 April 2008

Chartered Accountants

FIRST SECURITY BANK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 <u>Taka</u>	2006 <u>Taka</u>
A. Cash Flow from Operating Activities			
Interest received		2,358,061,273	1,764,600,932
Interest paid		(2,130,328,088)	(1,499,283,646)
Commission, exchange & brokerage received		161,010,079	135,863,487
Payment to employees		(144,857,355)	(114,900,635)
Payment to suppliers		(17,651,512)	(9,138,363)
Income tax paid		(103,860,146)	(58,458,427)
Received from other operating activities	35.00	25,342,244	19,950,749
Paid for other operating activities	36.00	(99,450,767)	(73,845,329)
Operating Profit before changes in Operating Assets & Liabilities		48,265,728	164,788,768
Increase / Decrease in Operating Assets & Liabilities			
Loans & Advances to Customer		(4,969,838,090)	(2,924,057,932)
Other Assets	37.00	(446,079,944)	(276,643,997)
Deposits from Customers		5,912,048,579	3,579,821,318
Other Liabilities	38.00	317,533,593	4,035,009
Net Cash Inflow from Operating Activities		861,929,866	547,943,166
B. Cash Flow from Investing Activities			
Investment in Government Securities		80,000,000	1,580,000,000
Purchase of Property, Plant and Equipment		(64,281,962)	(6,954,293)
Sale of Property, Plant and Equipment		1,655,000	1,759,999
Net Cash Inflow from Investing Activities		17,373,038	1,574,805,706
C. Cash Flow from Financing Activities			
Increase/Decrease in Share Capital		100,000,000	300,000,000
Increase/Decrease in Borrowings		-	-
Net Cash Inflow/(Outflow) from Financing Activities		100,000,000	300,000,000
D. Net Increase/Decrease of Cash & Cash Equivalent (A+B+C)		979,302,904	2,422,748,872
Effect of Exchange Rate on Cash & Cash Equivalent		-	-
E. Opening Cash & Cash Equivalent		5,609,451,378	3,186,702,505
F. Closing Cash & Cash Equivalent (D+E)		6,588,754,282	5,609,451,378
Cash in hand (Including Foreign Currencies)		192,238,601	1,009,628,800
Balance with Bangladesh Bank, other banks & financial institutions		3,674,187,181	2,167,679,978
Treasury Bills including Reverse Repo		2,496,000,000	1,981,000,000
Money at Call & Short Notice		225,000,000	450,000,000
Prize Bond		1,328,500	1,142,600
		6,588,754,282	5,609,451,378

These financial statements should be read in conjunction with the annexed notes 1 to 42

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director
Sd/-

Sd/-
Chairman

Dhaka, 09 April 2008

Chartered Accountants

**FIRST SECURITY BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007**

Particulars	Paid-up Capital Taka	Statutory reserve Taka	Other Reserve Taka	Surplus Profit /(loss) Taka	Total Taka
Balance as on 01 January 2007	900,000,000	84,455,252	24,000,000	(4,795,038)	1,003,660,214
Changes in Accounting Policy	-	-	-	-	-
Restated Balance	900,000,000	84,455,252	24,000,000	(4,795,038)	1,003,660,214
Surplus/Deficit on account of	-	-	-	-	-
Revaluation of Properties	-	-	-	-	-
Surplus/Deficit on account of	-	-	-	-	-
Revaluation of Investments	-	-	-	-	-
Currency Translation Differences	-	-	-	-	-
Net Gains and Losses not Recognized in the Income Statement	-	-	-	-	-
Net Profit for the year	-	-	-	30,630,728	30,630,728
Dividends	-	-	-	-	-
Transfer to Statutory Reserve	-	11,706,146	-	(11,706,146)	-
Issue of Share Capital during the year	100,000,000	-	-	-	100,000,000
Balance as on 31 December 2007	<u>1,000,000,000</u>	<u>96,161,398</u>	<u>24,000,000</u>	<u>14,129,544</u>	<u>1,134,290,942</u>

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Chairman

Dhaka, 9 April, 2008

FIRST SECURITY BANK LIMITED
LIQUIDITY STATEMENT (ASSETS AND LIABILITY MATURITY ANALYSIS)

Particulars	AS AT 31 DECEMBER 2007					
	Upto 01 Month Taka	01-03 Months Taka	03-12 Month Taka	01-05 Years Taka	More than 05 years Taka	Total Taka
Assets						
Cash in Hand	1,186,903,866	-	-	-	-	1,186,903,866
Balance with other Banks and Financial Institutions	659,521,916	920,000,000	1,100,000,000	-	-	2,679,521,916
Money at Call and Short Notice	225,000,000	-	-	-	-	225,000,000
Investments	101,328,500	70,000,000	480,000,000	1,846,000,000	1,000,000	2,498,328,500
Loans and Advances	3,236,558,433	2,033,468,194	7,339,600,760	5,074,012,040	932,585,888	18,616,225,315
Fixed Assets including Premises, Furniture and Fixtures	-	-	-	135,223,386	-	135,223,386
Other Assets	245,199,961	52,535,149	420,722,621	429,063,191	453,056,966	1,600,577,888
Non-banking Assets	-	-	-	-	-	-
Total Assets	<u>5,654,512,676</u>	<u>3,076,003,343</u>	<u>9,340,323,381</u>	<u>7,484,298,617</u>	<u>1,386,642,854</u>	<u>26,941,780,871</u>
Liabilities						
Borrowing from Bangladesh Bank, Other Banks, Financial institutions and Agents	-	-	-	-	-	-
Deposits and other Accounts	1,517,950,283	3,672,660,981	5,888,037,025	10,484,788,317	1,940,608,425	23,504,045,031
Provision and other Liabilities	-	70,607,055	88,383,126	140,606,621	2,003,848,096	2,303,444,898
Total Liabilities	<u>1,517,950,283</u>	<u>3,743,268,036</u>	<u>5,976,420,151</u>	<u>10,625,394,938</u>	<u>3,944,456,521</u>	<u>25,807,489,929</u>
Net Liquidity Gap	<u>4,136,562,393</u>	<u>(667,264,693)</u>	<u>3,363,903,230</u>	<u>(3,141,096,321)</u>	<u>(2,557,813,667)</u>	<u>1,134,290,942</u>
Sd/- Managing Director	Sd/- Director		Sd/- Director	Sd/- Chairman		

FIRST SECURITY BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

1. Legal Status and Nature of the Company

First Security Bank Limited (FSBL) was incorporated in Bangladesh on 29 August 1999 as a banking company under Companies Act 1994 to carry on banking business. It obtained permission from Bangladesh Bank on 22 September 1999 to commence its business. The Bank carries banking activities through its Twenty (20) branches in the country.

1.1 Principal activities

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

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

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

1.2 Subsidiary & Associate

The Bank does not have any subsidiary or associate organization as well as FSBL is not a subsidiary or associate of any organization.

2. Risk Management

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

2.1 Credit risk management

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

the bank applies credit limits to its customers and obtains adequate collaterals. Credit risk in the First Security Bank's portfolio is monitored, reviewed and analyzed by the Credit Risk Management (CRM).

CRM determines the quality of the credit portfolio and assists in minimizing potential losses. To achieve this objective, CRM formulates appropriate credit policies and procedures for the bank to ensure building and maintaining quality credits and an efficient credit process.

To manage the Non-Performing Loans (NPL), First Security Bank has in place comprehensive remedial management policy, which includes a framework of controls to identify weak credits and monitoring of these accounts.

2.2 Foreign Exchange Risk Management

Foreign Exchange Risk is defined as the possibility of losses due to change in exchange rates, interest rate etc. according to market forces. The Foreign Exchange Risk of the bank is minimal as all the transactions are carried out on behalf of the customers against underlying Foreign Exchange transactions.

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

2.3 Asset Liability Management

Asset Liability Committee (ALCO) of the Bank monitors Balance Sheet Risk and liquidity risks of the bank. The Balance Sheet Risk is determined as potential change in earnings due to change in rate of interest, foreign exchange rates and regulatory instructions, which is not of trading nature. Asset Liability Committee (ALCO) reviews Liquidity requirement of the bank, the maturity of assets and liabilities, deposits and lending, pricing strategy and the Liquidity contingency plan. The primary objective of the Asset Liability Committee (ALCO) is to monitor and avert significant volatility in Net Interest Income (NII), investment value and exchange earnings for the purpose of taking future action plan for better interest of the organization

2.4 Prevention of Money Laundering

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risk the bank has designated Chief Compliance Officer at Head Office and Compliance Officer at branches, who independently review the transactions of the accounts to verify suspicious transactions. Manuals for Prevention of Money Laundering, KYC and Transaction profile have been introduced. Training has been imparted to Executives, Officers and staff for developing awareness and skill for identifying suspicious transactions and other Money Laundering related activities.

2.5 Internal Control and Compliance

Operational loss may arise from errors and fraud due to lack of Internal Control and Compliance. Inspection and Audit Division controls operational procedure of the bank and undertakes periodical and special audit of the branches and departments at Head Office for review of the operation and compliance of the statutory requirement. The Audit Committee of the board subsequently reviews the report of the Audit and Inspection Division as well as other related division, as and when required.

2.6 Guideline on Information & Communication Technology:

This IT Guideline is a systematic approach to policies required to be formulated for IT and also to ensure security of information and information systems. This guideline covers all information that is electronically generated, received, stored, printed, scanned and typed. The provisions of this guideline apply to:

- First Security Bank for all of its IT system.
- All activities and operations required to ensure data security including facility design, physical security, network security, disaster recovery and business continuity planning, use of hardware and software, data disposal and protection of copy rights and other intellectual property rights.

The implementation of MIS will be linked from the branches to the central database. In future the information will be easily accessible by senior management and is expected to be important source of information of strategic decision-making process based on a comprehensive database. It is to be declared that the bank is fully compliant according to the guideline of Central Bank's IT policy.

3.0 Significant Accounting Policies and Basis of Preparation and Presentation of Financial Statements

3.1 Basis of Accounting

The financial statements of the bank up to 31 December, 2007 are prepared in accordance with "First Schedule" of the Bank Companies Act 1991 as amended under sub-section 38(4) of the Act, Bangladesh Bank's relevant Circulars including the format prescribed by Bangladesh Bank vide BRPD circular no. 14 dated 25 June, 2003, International Accounting Standards/ International Financial Reporting Standards adopted by ICAB named as Bangladesh Accounting Standards/ Bangladesh Financial Reporting Standards, the Companies Act. 1994 and others rules and regulations applicable in Bangladesh.

3.2 Consolidation

A separate set of records for consolidation of the statement of affairs and income and expense statement of the branches was maintained at the Head Office of the bank based on which these financial statements have been prepared. All significant inter-branch transactions are eliminated on consolidation.

3.3 Accruals & Deferrals

Deferrals and accruals have been made as per the guidance of the **IASB Framework: paragraph 22 and paragraph 25 of IAS 1 Presentation of Financial Statements**. In order to meet their objectives, financial statements except for cash flow statement and related information are prepared on accrual basis of accounting. Under this basis, the effects of transactions and other events are recognized when they occur (and not when cash or its equivalent is received or paid) and they are recorded in accounts and reported in the financial statements of the periods to which they relate.

3.4 Revenue Recognition

The revenues during the year are recognized on an accrual basis, which comply with the conditions of revenue recognition as provided in **IAS 18 Revenue Recognition**.

(i) Loans and Advances

- a. Interest on unclassified loans and advances is calculated on daily product basis but charged and accounted for quarterly and in some cases yearly on accrual basis.
- b. No interest is charged on loan classified as bad/loss.
- c. Interest is charged on classified loans and advances as per BRPD Circular No.05 dated 05 June, 2006.
- d. Interest suspense and penal interest, if any, calculated on classified loans and advances is taken as income in the year of receipt of such interest from the defaulting borrowers.
- e. Commission and discount on Bills Purchased and Discounted are recognized at the time of realization.

(ii) Investments

Income on investments has been accounted for on accrual basis.

(iii) Letters of credit, letters of guarantee and others

Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

(iv) Interest paid and other expenses

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

(v) Others

Foreign currency transactions are translated into Taka at rates prevailing on the dates of such transactions and exchange gains or losses arising out of the said transactions are recognized as income or expense for the year in which the exchange account is dealt with.

3.5 Foreign Currency Translation

a) Foreign Currencies transactions

- i) Transactions in foreign currencies are translated into taka at the foreign exchange rates ruling on the Balance Sheet date.
- ii) Monetary assets and liabilities in foreign currencies are expressed in taka at the rates of exchange ruling on the balance sheet date.
- iii) Forward foreign exchange contracts and foreign bills purchased are valued at forward rates applicable to their respective maturities.

The assets and liabilities in foreign currencies are translated to taka at exchange rates prevailing at the balance sheet date. The results of foreign entities are translated at the average rate of exchange for the year.

Exchange rates with major foreign currencies on 31 December 2007 were as follows:

Currency Name	Exchange Rate (TK)
US \$	68.5728
Euro	100.8980
Yen	0.6093
ACU	68.5728
GBP	136.6999

b) Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in taka terms at the rates of exchange ruling on the balance sheet date.

c) Translation gains and losses

The resulting exchange translation gains and losses are included in the profit and loss account.

3.6 Assets and their basis of valuation

3.6.1 Cash and Cash Equivalents

As guided in paragraph 7 of BAS 7 - Cash Flow Statements and paragraph 53 of BAS 30 - Disclosure in Financial Statement of Banks and Similar Financial Institutions for the purpose of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including: cash and balances with central banks, treasury bills, and other eligible bills, amounts due from other banks and dealing securities other than those which are not available to finance the FSBL's day to day operations.

3.6.2 Loans and Advances

Loans and advances are stated at gross amount. Provision and interest suspense against loans and advances are shown separately as liability. Interest income is accounted for on accrual basis until the loans and advances are defined as Special Mention Account (SMA) or classified accounts as per Bangladesh Bank guidelines.

Interest on Special Mention Account and classified loans (other than bad/loss loans) are credited to interest suspense account instead of income account. Such interest kept in suspense account is reversed to income account only when respective loan accounts become regular and / or realized in cash.

As per Bangladesh Bank directives, interest on loans and advances classified as Bad/loss is not accounted for. A separate memorandum record is maintained for such interest on bad/loss loans.

3.6.3 Provision for Loan Impairment

Provision for loans and advances is made on the basis of the year end review by the management of the bank in line with the instructions contained in BRPD circular no. 05 dated 5 June 2006 issued by Bangladesh Bank. Rate of Provisioning is given below:

Business Unit		Unclassified (Provision)		Classified (Provision)		
		Standard	SMA	SS	DF	BL
Short term Agri. credit		5%	-	5%	5%	100%
Consumer	House Building & Professional	2%	5%	20%	50%	100%
	Other than House Building & Professional	5%	5%	20%	50%	100%
Small & medium enterprise		2%	5%	20%	50%	100%
All other		1%	5%	20%	50%	100%
Off balance sheet exposure - 0.5%						

3.6.4 Security against Loans:

- i) **Project loan**-land and building, FDR and other movable assets have been taken as a security in the form of mortgage.
- ii) **Working capital and trading loan**-Goods are taken as security in the form of pledge and also goods are taken as security in the form of hypothecation along with land and building, FDR and other movable assets as a mortgage.
- iii) **House building loan**-Lands and buildings are taken as security in the form of mortgage.
- iv) **Overdraft**- FDRs are taken as pledge, balance in DPS/SDPS/MDS/SDS/EDS A/Cs are marked "lien".

3.6.5 Bills purchased and discounted

- a) Bills purchased and discounted do not include Government Treasury bills and have been classified into two sub-heads viz.,
 - (i) Payable in Bangladesh and
 - (ii) Payable outside Bangladesh.
- b) The bills purchased and discounted have been analyzed in the form/terms as per the maturity grouping.

3.7 Fixed Assets

All property and equipment are classified and grouped on the basis of their nature as required in paragraph 75 (a) of BAS 1 Presentation of Financial Statements.

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

As guided in paragraph 30 of BAS 16 Property Plant and Equipment: all property and equipment are stated at historical cost less accumulated depreciation. The opening and closing carrying amounts of all property and equipment are presented including the amount of additions, disposals and depreciation charged during the year as required by paragraph 73(a-e) ofBAS16.Maintenance expenses that does not increase the value of assets is charged to profit & loss account.

Depreciation on Fixed Assets

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

Nature of assets	Rate of Depreciation	Method of Depreciation
Furniture and Fixtures Office Equipments	10% 20%	Reducing Balance Method Straight Line Method except Computer Equipment where used the Reducing balance method.
Vehicles Books	20% 20%	Straight Line Method Reducing Balance Method

Depreciation on addition to fixed assets is charged in the year of acquisition, while no depreciation is charged in the year of disposal as per policy of FSBL.

3.8 Investment

a) Investments have been shown under two broad categories viz Government Securities and Other Investments.

b) Considerable value of Investments have been considered as follows

Particulars	Valuation Method
Government Securities:	
Government Treasury Bills	At Face Value
Prize Bonds	Cost Price
Bangladesh Bank Bills	Cost Price
Special Treasury Bonds	At Face Value
Reverse Repo	Cost Price
Other Investments:	
Shares of CDBL	Cost Price

3.9 Liabilities and provisions

3.9.1 Retirement benefits of employees

Provident Fund

Provident fund benefits are given to staffs of FSBL in accordance with the locally registered Provident Fund Rules. The employees' provident fund is administered by a Board of Trustees and is funded by contributions by employees and by the Bank at predetermined rates in equal proportion. These contributions are invested separately from the assets of FSBL and the interest on such contributions credited to the members' account.

Gratuity Scheme

The Company operates an unfunded gratuity scheme for its permanent employees, under which an employee is entitled to the benefits if his length of service is more than seven (7) years. FSBL has made provision Tk.10 million for approximate liability of Tk. 18 million as per gratuity rules of the Bank.

3.9.2 Provision for Taxation

Provision for corporate income tax has been made on taxable profit at the rate applicable (45%) for the Bank.

3.9.3 Deferred Tax

Deferred tax asset are the amounts of income taxes recoverable in future periods in respect of taxable temporary differences. Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax is provided using the liability method for all temporary difference arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes. The tax rate (45%) prevailing at the balance sheet date is used to determine deferred tax.

3.10 Deposits and Other Accounts

Deposits and other accounts includes bills payable and have been analyzed in terms of the maturity grouping showing separately other deposits and inter-bank deposits.

3.11 Contingent Liabilities, Commitments and Other Off-Balance Sheet items

As required in paragraph 86 of IAS 37, Contingent Liabilities, commitments and other off-Balance Sheet items are presented in details in the financial statements.

3.12 Cash Flow Statement

Cash Flow Statement has been prepared in accordance with the Bangladesh Accounting Standard (BAS) 7: Cash Flow Statement under Direct method as recommended in the BRPD circular No. 14 dated 25 June 2003 issued by Bangladesh Bank.

3.13 Reconciliation Position:

a) "NOSTRO" A/C:

The bank maintains 18 Nostro accounts with various banks outside the country. Reconciliation data reveals that as on 31-03-2008 bank has completed nostro reconciliation up to 31-12-2007 except one credit entry amounting to USD 443.

b) Inter-Branch transactions:

The status of un-reconciled entries of inter-branch transactions up to 31.12.2007 as on 15.02.2008 is nil.

3.14 Comparative Information

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

3.15 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments. As on reporting date FSBL has no reportable segments.

3.16 Earning Per Share

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

3.17 Subsequent Events

The bank has obtained permission from Securities and Exchange Commission on 25 February 2008 to inject Tk. 150.00(fifteen) million as a paid up capital.

3.18 General

- i. Wherever considered necessary, previous year's figures have been rearranged for the purpose of comparison;
- ii. Figures appearing in these Financial Statements have been rounded off to the nearest Taka.

	2007	2006
	<u>Taka</u>	<u>Taka</u>
4.00 CASH		
4.01 Cash in Hand		
In Local Currency	186,078,142	102,227,326
In Foreign Currencies	6,160,459	7,154,969
	192,238,601	109,382,295
4.02 Balance with Bangladesh Bank and its Agent Bank		
In Local Currency	953,804,167	834,009,641
In Foreign Currencies	40,861,098	66,236,864
	994,665,265	900,246,505
	1,186,903,866	1,009,628,800
4.03 Balance with Bangladesh Bank (as per Bangladesh Bank record)		

In Local Currency 968,220,822 804,160,000

4.04 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)

Cash Reserve Requirements (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the Section 33 of the Banking Companies Act 1991 and subsequent BRPD Circular No.11 & 12 dated August 25, 2005, BRPD Circular No. 15 dated 31 October 2005 and DOS Circular letter No. 03 dated 07 February 2007 issued by Bangladesh Bank.

4.04.01 Cash Reserve Requirement (CRR): 5% of Average Demand and Time Liabilities:

As per BRPD circular No. 11 & 12 dated 25-08-2005 First security Bank Ltd. has to maintain Tk. 940,204,000 (5% Daily on bi-weekly average basis ,not less than 4% in any day, of total demand and time liabilities Tk. 18,804,088,000) daily average on monthly basis on October as CRR)

Required Reserve	940,204,400	755,854,050
Actual Reserve maintained	968,220,822	804,160,000
Surplus	28,016,422	48,305,950

4.04.02 Statutory Liquidity Ratio (SLR): 18% of Average Demand and Time Liabilities:

The Bank has to maintain Tk. 3,384,736,000 (18% of total demand and time liabilities Tk. 18,804,088,000) daily average on monthly basis on October as SLR against which the bank maintained Tk.3,498,169,065

Required Reserve	3,384,736,000	2,721,074,580
Actual Reserve held	3,498,169,065	2,863,020,770
Surplus	113,433,065	141,946,190

4.04.03 Balance held as Statutory Liquidity Ratio (SLR)

Cash in hand including Foreign Currency	192,238,601	109,382,295
Balance with Bangladesh Bank and its Agent Bank	994,665,265	900,246,505
Prize bond	1,328,500	1,142,600
Treasury bill	2,309,936,699	1,852,249,370
	3,498,169,065	2,863,020,770

5.00 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS

Inside Bangladesh (5.01)	2,020,476,468	2,020,041,453
Outside Bangladesh (5.02)	659,045,448	147,638,525
	2,679,521,916	2,167,679,978

5.01 Inside Bangladesh

Current Accounts	-	-
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Others Accounts

Short Term Deposits

National Bank Ltd	43,277	41,453
Mercantile Bank Ltd	48,834	-
Islami Bank (BD) Ltd	384,357	-
	476,468	41,453

Fixed Deposits

Bangladesh Industrial Finance Company Ltd.	350,000,000	450,000,000
Bangladesh Finance and Investment Ltd.	470,000,000	470,000,000
National Housing Finance and Investment Ltd.	600,000,000	400,000,000
Industrial and Infrastructure Development Finance Company Ltd.	600,000,000	600,000,000
Delta BRAC Housing Finance Corporation Ltd.	-	100,000,000
	2,020,000,000	2,020,000,000

Total

	2,020,476,468	2,020,041,453
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				<u>2007</u> <u>Taka</u>			<u>2006</u> <u>Taka</u>	
Balance Brought Forward-Inside Bangladesh				2,020,476,468			2,020,041,453	
5.02	Outside Bangladesh	Currency	Amount	Rate	Amount	Rate		
	Current Account							
	Mashreq Bank, London	GBP	333,089.09	136.6999	45,533,245	57,000.66	135.312	7,712,890
	American Express Bank, Frankfurt	EURO	86,623.66	100.8980	8,740,154	98,757.45	91.1659	9,003,312
	NDLC - IFIC Bank Ltd, Korachi	ACU\$	6,928.15	68.5728	475,083	15,480.05	69.0651	1,069,131
	Commerz Bank AG, Frankfurt	EURO	143,975.57	100.8980	14,526,847	134,896.68	91.1659	12,297,977
	Bank of Bhutan, Thimpo	ACU\$	2,368.10	68.5728	162,387	7,868.10	69.0651	543,411
	Sonali Bank, Kolkata	ACU\$	14,944.40	68.5728	1,024,779	14,944.40	69.0651	1,032,136
	Mashreq Bank, PSC, London.	EURO	812.64	100.8980	81,994	812.64	91.1659	74,085
	American Express Bank, Tokyo	J.YEN	432,267.00	0.6093	263,380	432,089.00	0.5802	250,698
	Union De Banques Arabes Et Feancauses, Tok	J.YEN	3,800.00	0.6093	2,315	3,800.00	0.5802	2,205
	Arab Bangladesh bank Ltd, Mumbai	ACU\$	41,129.17	68.5728	2,820,342	41,129.17	69.0651	2,840,590
	American Express bank, Newyork	USD	79,114.41	68.5728	5,425,097	77,335.18	69.0651	5,341,162
	Union Bank (Mashreq Bank PSC), Colombo	ACU\$	45,160.00	68.5728	3,096,748	45,160.00	69.0651	3,118,980
	American Express Bank, Kolkata	ACU\$	7,422.72	68.5728	508,997	(33,472.21)	69.0651	(2,311,762)
	Mashreq Bank, Newyork	USD	1,139.16	68.5728	78,115	353,270.94	69.0651	24,398,693
	HSBC, Newyork	USD	8,331,170.40	68.5728	571,291,682	1,108,707.66	69.0651	76,573,005
	HSBC, Mumbai	USD	37,867.12	68.5728	2,596,654	13,473.25	69.0651	930,531
	ICICI bank Ltd, Kolkata	ACU\$	15,429.28	68.5728	1,058,029	(42,981.53)	69.0651	(2,968,524)
	Bank of Tokyo, Mitsu Ltd. NY	USD	19,827.10	68.5728	1,359,600	111,923.42	69.0651	7,730,002
					659,045,448			147,638,525
	Total				2,679,521,916			2,167,679,978

5.03	Maturity-wise Grouping (Inside and Outside Bangladesh)			
	Payable on Demand	659,521,916	147,679,978	
	Up to Three Months	920,000,000	320,000,000	
	Three Months to One Year	1,100,000,000	1,700,000,000	
	One Year to Five Years	-	-	
	Above Five Years	-	-	
		2,679,521,916	2,167,679,978	
6.00	MONEY AT CALL AND SHORT NOTICE			
	Financial Institutions			
	Industrial & Infrastructure Development Finance Company Ltd.	85,000,000	20,000,000	
	Bangladesh Finance & Investment Company Ltd.	-	100,000,000	
	National Housing Finance and Investment Ltd.	-	100,000,000	
	Bangladesh Industrial Finance Company Ltd.	-	50,000,000	
	Sub-Total	85,000,000	270,000,000	
	Banks			
	Arab Bangladesh Bank Ltd.	-	100,000,000	
	Estern Bank Ltd.	-	80,000,000	
	Uttara Bank Ltd	140,000,000	-	
	Sub-Total	140,000,000	180,000,000	
	Total	225,000,000	450,000,000	
7.00	INVESTMENTS			
	Government Securities			
	Treasury Bills (at face value)	2,396,000,000	1,981,000,000	
	Bangladesh Bank Bills	-	80,000,000	
	Reverse Repo	100,000,000	-	
	Prize Bonds	1,328,500	1,142,600	
		2,497,328,500	2,062,142,600	
	Others: Unquoted Shares			
	Central Depository Bangladesh Ltd - One Share	1,000,000	1,000,000	
		2,498,328,500	2,063,142,600	
7.01	Maturity Grouping of Investments			
	On Demand	1,328,500	1,142,600	
	Within One Month	100,000,000	380,000,000	
	One Month to three Months	70,000,000	400,000,000	
	Three Months to One Year	480,000,000	551,000,000	
	One Year to Five Years	1,846,000,000	730,000,000	
	More than Five Years	1,000,000	1,000,000	
		2,498,328,500	2,063,142,600	
7.02	Investment -Government Securities (Treasury Bills)			
	91 days Treasury Bills	70,000,000	250,000,000	
	182 days Treasury Bills	480,000,000	540,000,000	
	1 year Treasury Bills	1,116,000,000	261,000,000	
	2 years Treasury Bills	500,000,000	600,000,000	
	5 years Treasury Bills	230,000,000	330,000,000	
		2,396,000,000	1,981,000,000	
7.03	Value of Investments			
				At 31 December 2007
	Face Value	Cost	Market Value	
	2,396,000,000	2,127,275,519	2,309,936,699	
	-	-	-	
	100,000,000	100,000,000	100,000,000	
	1,328,500	1,328,500	1,328,500	
	1,000,000	1,000,000	1,000,000	
	2,498,328,500	2,229,604,019	2,412,265,199	

8.00 LOANS AND ADVANCES (All Inside Bangladesh)

Loans, Cash Credit and Overdraft, etc. (8.A)	14,089,262,662	10,667,223,605
Bills Purchased and Discounted (8.B)	4,526,962,653	2,979,163,620
	18,616,225,315	13,646,387,225

8.A Loans, Cash Credit and Overdraft, etc. Inside Bangladesh

Loan General	3,126,857,105	1,704,431,759
Cash Credit	1,870,812,488	1,695,455,863
Loan Against Trust Receipt (general)	3,131,058,050	2,151,439,519
Loan Against Imported Merchandise	146,476,330	186,394,019
Payment Against Documents	291,514,865	310,598,976
Consumer Finance Scheme	13,608,484	15,222,038
House Building Loans	425,550,796	271,760,904
Packing Credit	104,736,949	151,744,330
Transport Loans	52,312,964	39,133,756
Hire Purchase Scheme	32,439,362	36,298,738
Loans Against Cash Incentive and Duty Draw Back	4,823,169	15,626,511
Car Loan Scheme	12,636,342	14,188,678
Secured Overdraft General	2,334,999,359	2,020,959,638
Secured Overdraft Financial obligation	2,077,713,036	1,639,982,959
Secured Overdraft Import	238,913,362	196,244,771
Secured Overdraft Export	224,151,517	217,741,146
Agriculture	658,484	-
	14,089,262,662	10,667,223,605
Outside Bangladesh	-	-
	14,089,262,662	10,667,223,605

8.B Bills Purchased and Discounted

Payable in Bangladesh	4,524,961,006	2,967,372,788
Payable outside Bangladesh	2,001,647	11,790,832
	4,526,962,653	2,979,163,620
	18,616,225,315	13,646,387,225

8.01 Maturity Grouping of Loans & Advances

Payable on Demand	3,236,558,433	2,372,518,000
Up to Three Months	2,033,468,194	1,490,608,000
Three Months to One Year	7,339,600,760	5,380,201,000
One Year to Five Years	5,074,012,040	3,719,440,000
Above Five Years	932,585,888	683,620,225
	18,616,225,315	13,646,387,225

8.02 Analysis to disclose the following Significant Concentration including Bills Purchased & Discounted

Advances to Directors and Others	4,084,000	8,404,000
Advances to Chief Executive and Other high Officials	2,413,220	2,656,893
Advances to Customers Group	17,659,466,315	13,181,532,225
Industry-wise	890,300,000	388,600,000
Staff Loan	59,961,780	65,194,107
	18,616,225,315	13,646,387,225

8.03

Advances to Customers for more than 15% of FSBL's total Capital

Disclosure on Large Loan

Disclosures on large loan i.e, loan sanctioned to any individual or enterprise or any organization of a group amounting to 15% or more of the Bank's total Capital and measures taken for recovery of such loan have been furnished as under. Mentionable that total capital(i.e.net worth as per section 13 of The Bank Companies Act-1991) of the Bank as on 31 December 2007 was Tk.1134.29 million, while Tk. 1003.66 million for 31 December 2006.

a) Number of the clients to whom loans and advances sanctioned each more than 15% of the Bank's capital	27	10
b) Amount of outstanding Loans & Advances (in million)	9,217,700,000	2,369,200,000
c) Amount of classified Loans & Advances (in million)	-	-
d) Measure taken for recovery	Vigorous persuasion is going on	Not applicable

8.04

Economic Sector wise Loans and Advances

Agriculture:

Fishing	87,100,000	101,800,000
Tea	-	-
Others	72,900,000	1,200,000

Textile and Readymade Garments:

Garments	236,100,000	165,200,000
Readymade Garments - Export	305,500,000	380,500,000
Textile and Textile Products- Import	113,200,000	271,500,000
Others -Export	126,300,000	385,000,000
Others -Import	2,512,600,000	1,259,000,000
Medicine	61,100,000	-
Chemical - Import	102,600,000	-
Contractor Finance	1,907,800,000	1,924,800,000
Transport	120,900,000	54,600,000
Bricks	13,500,000	3,900,000
Cold Storage	59,800,000	65,000,000
Steel and Engineering	333,500,000	39,500,000

Internal Trade Finance:

Whole Sale Trading	4,534,900,000	1,905,500,000
Retail Trading	851,000,000	805,000,000
Others	2,047,500,000	1,092,000,000

House Building:

Commercial	661,100,000	589,000,000
Staff	62,400,000	67,800,000

Special Program:

Consumer Finance and Hire Purchase Scheme	46,800,000	51,500,000
Others	4,359,625,315	4,483,587,225

18,616,225,315 13,646,387,225

8.05

Geographical Location-wise

Urban

Dhaka	8,635,484,440	7,103,862,788
Chittagong	9,636,580,350	6,364,150,032
Rajshahi	84,815,974	63,005,630
Khulna	12,802,123	-
Sylhet	144,703,211	-

18,514,386,098 13,531,018,450

Rural

Dhaka	8,550,598	-
Chittagong	36,290,352	-
Sylhet	56,998,267	115,368,775

101,839,217 115,368,775

18,616,225,315 13,646,387,225

8.06 Loans & Advances Classified as per Bangladesh Bank Circular**Unclassified**

Standard	17,398,933,315	12,305,337,225
Special Mention Account	6,649,000	10,263,000
	17,405,582,315	12,315,600,225

Classified:

Sub-standard	-	8,976,000
Doubtful	175,000	7,852,000
Bad & Loss	1,210,468,000	1,313,959,000
	1,210,643,000	1,330,787,000
	18,616,225,315	13,646,387,225

8.07 Particulars of Required Provision for Loans & Advances**Required provision****Classification status****Unclassified**

Standard	Various*	203,468,432	125,109,900
Special Mention Account	5%	260,650	465,600
		203,729,082	125,575,500

Classified:

Sub- standard		-	1,697,900
Doubtful		62,000	662,500
Bad and Loss		579,375,000	705,433,000
		579,437,000	707,793,400
		783,166,082	833,368,900

Required Provision for Loans & Advances	783,166,082	833,368,900
Total Provision Maintained	919,899,999	849,899,999
Provision Excess/(Shortfall)	136,733,917	16,531,099

8.08 Particulars of Loans and Advances

i)	Loans considered good in respect of which the Bank Company is fully secured.	16,883,289,542	11,932,740,150
ii)	Loans considered good for which the bank holds no other Security than the debtors personal security	421,102,439	308,683,788
iii)	Loans considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors	101,190,334	74,176,287
iv)	Loans adversely classified; provision not maintain there against	-	-

v)	Loans due by directors or executives of the banking company or any of them taken either severally or jointly with any other person.	73,553,832	53,917,701
vi)	Loans due by companies or firms in which the directors of the bank company are interested as directors partners or managing agents or in case of private companies, as members.	-	-
vii)	Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either separately or jointly with any other person	4,959,003	3,635,134
viii)	Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or in the case of private companies, as members	-	-
ix)	Due from other banking companies	-	-
x)	Amount of classified loan on which interest has not been charged		
	a) Increase/(Decrease) in Provision	2,298,400	321,244,201
	Amount of Loan written off from Provision	-	-
	Amount realised against Loan previously written off	-	-
	b) Amount of provision kept against loan classified		
	c) Interest creditable to the Interest suspense a/c	344,259,164	203,832,000
xi)	Amount of written off loan:		
	Cumulative amount	-	-
	Amount written off during the year	-	-
	Amount of written off loan for which law suit has been filed	-	-

8.09 Security against loans including bills purchased & discount :

Collateral of movable/immovable assets	7,156,499,000	6,113,813,000
Local banks & financial institutions guarantee	660,727,000	257,237,000
Government Guarantee	-	-
Foreign Banks Guarantee	-	-
Export documents	474,586,000	521,108,000
Fixed deposit receipts:		
Own FDR	1,867,638,000	1,637,948,000
FDR of other Banks	3,210,000	2,035,000

Government Bonds	-	-
Personal guarantee	1,909,090,000	1,277,527,000
Other security	6,543,087,000	3,835,131,000
	-	-
Unsecured	1,388,315	1,588,225
	18,616,225,315	13,646,387,225

8.10 Maturity Grouping of Bills Purchased and Discount

Payable within one month	2,883,987,892	1,897,933,000
Over one months but less than three months	647654256	426,235,000
Over three months but less than six months	647709258	426,235,000
Six Months and Above	347,611,248	228,760,620
	4,526,962,654	2,979,163,620

9.00 FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES - at cost less accumulated depreciation (Annexure-A)

Furniture & Fixtures	128,138,603	89,923,332
Office Equipment	72,160,309	50,553,760
Vehicles	23,401,484	21,892,652
Books	74,939	73,129
	223,775,335	162,442,873
Less: Accumulated Depreciation	88,551,949	71,251,303
	135,223,386	91,191,570

10.00 OTHER ASSETS

Inter - branch Transaction Account *	72,669,705	-
Accrued Income (Note -10.01)	1,020,917,871	634,345,959
Advances, Deposits and Prepayment (Note -10.02)	32,849,241	34,392,987
Advance Income Tax	379,141,888	275,281,742
Stock of Stationery	6,313,624	7,094,744
Suspense Account (Note-10.03)	6,196,879	17,012,459
Advance Deposits	2,317,670	2,377,111
Stamps on Hand	171,010	132,796
Deferred Tax Assets (Note- 10.04)	80,000,000	50,000,000
	1,600,577,888	1,020,637,798

* Unreconciled Inter-branch transaction account represents outstanding Inter-branch and Head Office transaction(net) originated but not responded at the balance sheet date. However, the status of unresponded entries of 31.12.07 as on 15.02.08 is nil.

10.01 Accrued Income on

Treasury Bills	168,888,289	133,678,348
Fixed Deposit	141,511,635	88,258,718
Inland Documentary Bills Purchased	480,096,632	331,520,338
Loan Against Trust Receipts	12,276,619	22,918,842
Foreign Bill Purchased	170,340,781	25,442,549
Payment Against Documents	16,022,542	12,977,841
Call Loans	20,589,063	3,017,374
Secured Overdrafts - Import	6,734,373	5,599,338
Packing Credits	410,617	627,041
Bonds	-	73,187
House Building Loans Staff	290,763	328,107
Cash Credit	2,962,715	2,937,491
Loan Against Monthly Saving Scheme	4,682	4,682
House Building Loans - General	6,574	6,574
Secured Overdrafts - against FDR	16,175	10,202
Secured Overdraft- General	1,489,046	(133,348)
Cash Credit - Hypothecation	(256,820)	(257,004)
Secured Overdraft - Export	(548,788)	3,543,509
Provident Fund	82,973	82,973
Loan General - Others	-	3,709,197
	1,020,917,871	634,345,959

10.02 Advance, Deposits and Prepayment

Advance against Rent - Office	26,371,564	14,445,664
Advance against Rent - Godown	3,520,000	3,520,000
Excise Duty on Fixed Deposits	1,325,430	1,180,380
Clearing Adjustment Account	1,426,347	10,855,593
Prepayment	205,900	4,391,350
	32,849,241	34,392,987

10.03 Suspense Account

Sundry Debtors	5,689,244	6,982,550
Advance against TA/DA	108,980	175,460
Encashment of NEDB	51,700	96,171
Encashment of PSP/BSP	151,875	-
Advance against New Branch	-	9,563,198
Advance against Legal Fee	195,080	195,080
	6,196,879	17,012,459

10.04 Deferred Tax Assets

Opening Balance as on 01 January 2007	50,000,000	-
Add: Addition During the year	30,000,000	50,000,000
Closing Balance as on 31 December 2007	80,000,000	50,000,000

11.00 BORROWINGS FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS

Inside Bangladesh	-	-
	-	-
Outside Bangladesh	-	-
	-	-
	-	-

A. Security- wise grouping

Secured Borrowing	-	-
Unsecured Borrowing	-	-
	-	-

B. Repayment Nature wise Grouping

Repayable on demand	-	-
Others	-	-
	-	-

C. Maturity Analysis

Repayable on Demand	-	-
Repayable within One Month	-	-
One Month to Six Months	-	-
Six Month to One Year	-	-
One Year to Five Years	-	-
Five Years to Ten Years	-	-
Unclaimed Deposits Ten Years and Over	-	-
	-	-

12.00 DEPOSITS AND OTHER ACCOUNTS

Current Accounts and Other Accounts	441,887,020	286,345,337
Bills Payable	303,457,536	110,344,761
Savings Bank Deposits	633,755,819	412,953,748
Fixed Deposit including Deposit under scheme and other Bank	21,481,662,883	16,366,697,210
Bearer Certificates of Deposits	6,150,000	6,150,000
Other Deposits	637,131,773	409,505,396
	23,504,045,031	17,591,996,452

12.01 Current Accounts & Other Accounts

Current Deposits	400,907,795	267,575,632
Security Deposit Receipt	12,872,691	4,656,570
Foreign Currency Deposits	28,106,534	14,113,135

441,887,020 286,345,337

12.02 Bills Payable

Pay Order Issued	210,804,132	66,448,042
Demand Draft Payable	79,996,186	34,077,153
Pay Slips Issued	12,600,546	9,762,894
Trvellers' Cheques Payable	56,672	56,672
	303,457,536	110,344,761

12.03 Savings Bank Deposits

As per BRPD Circular No. 06 dated June 24 2007, total saving bank deposits amount is bifurcated into:

9% of total Savings Bank Deposits	57,038,024	41,295,375
91% of total Savings Bank Deposits	576,717,795	371,658,373
	633,755,819	412,953,748

12.04 Fixed Deposits including Deposit under scheme and Deposit from other Banks

Fixed Deposit	14,979,719,397	12,315,503,769
Short term Deposit	1,602,756,063	277,415,935
Deposits under Schemes (Note 12.04.01)	3,199,187,423	2,653,777,506
Deposits Received from Banks (Note 12.04.02)	1,700,000,000	1,120,000,000
	21,481,662,883	16,366,697,210

12.04.01 Deposit under Scheme

Monthly Savings Scheme	1,136,283,909	919,367,603
Double Benefit Deposits Scheme	247,107,550	1,452,460,903
Monthly Benefit Scheme	1,815,795,964	281,949,000
	3,199,187,423	2,653,777,506

12.04.02 Deposits Received from Banks

IFIC Bank Ltd	180,000,000	-
Pubali Bank Ltd.	50,000,000	200,000,000
Dhaka Bank Ltd.	50,000,000	50,000,000
Premier Bank Ltd.	50,000,000	50,000,000
Rupali Bank Ltd.	250,000,000	250,000,000
Uttara Bank Ltd.	200,000,000	200,000,000

Trust Bank Ltd.	150,000,000	50,000,000
National Bank Ltd	150,000,000	-
The City Bank Ltd.	-	50,000,000
BRAC Bank Ltd.	70,000,000	100,000,000
Bangladesh Shilpa Rin Sangtha	40,000,000	20,000,000
Jamuna Bank Ltd	150,000,000	-
Bangladesh Commerce Bank Ltd	110,000,000	-
Agrani Bank Ltd	100,000,000	50,000,000
Prime Bank Ltd.	150,000,000	100,000,000
	1,700,000,000	1,120,000,000

12.04.02.01 Maturity wise Grouping of Inter Bank Deposit

Repayable on Demand	-	-
Repayable within One Month	410,000,000	300,000,000
Repayable over One Month but within Six Months	1,230,000,000	820,000,000
Repayable over Six Months but within one Year	60,000,000	-
Repayable over One Year but within Five Years	-	-
Repayable over Five Years but within Ten Years	-	-
Unclaimed Deposits for Ten Years and above	-	-
	1,700,000,000	1,120,000,000

12.04.03 Fixed Deposits - Maturity wise Grouping

Payable on Demand	625,598,152	530,730,040
Up to Three Months	12,596,334,407	10,238,215,725
From Three Months to Six Months	3,961,411,917	2,016,802,009
Above Six Months to One Year	1,897,004,007	1,543,779,595
Above One Year to Two Years	731,770,139	620,801,699
Above Two Years	1,669,544,261	1,416,368,143
	21,481,662,883	16,366,697,210

12.05 Bearer Certificate Deposits

Repayable on Demand	6,150,000	6,150,000
Repayable within One Month	-	-
Over One Month but within Six Months	-	-
Over Six Months but within One Year	-	-
Over One Year but within Five Years	-	-
Over Five Years but within Ten Years	-	-
Unclaimed Deposits for Ten Years and above	-	-
	6,150,000	6,150,000

12.06**Other Deposits**

Margin on Letters of Credit	382,900,313	145,356,941
Foreign Bills Awaiting Remittance	61,018,322	126,191,290
Margin on Letter of Guarantee	52,833,084	43,043,661
Readycash card (Reload)	1,200	1,200
Sundry Creditors	73,072,106	43,324,112
Income Tax Deduction at Source -Interest on Deposit	37,383,395	25,707,395
Export Bills	8,693,575	4,411,885
Sanchaya Patras	900,000	1,550,000
Fixed Deposits - Export Bills	2,732,600	3,184,862
Risk Fund on Hire Purchase Scheme	1,840,897	1,831,838
Income Tax Deduction at Source (Export Bills)	2,257,526	4,284,354
Courier Charges	373,858	251,529
Data Max Charges	587,099	77,788
Margin on Consumer Finance Scheme	118,422	118,422
Margin on Payment Orders Demand, Draft	1,765,013	1,992,880
Excise Duty on Deposit	7,425,397	5,233,412
VAT Deduction on Letter of Credit - Commission	306,647	407,397
Income Tax Deduction at Source - Letter of Credit	389,305	204,043
VAT Deduction - Indenting Commission	702	-
VAT Deduction - Remittance	349,965	344,034
VAT Deduction Bills Paid	276,678	123,045
VAT Deduction - Commission against TT, DD, LG	-	-
VAT on Directors Fee	3,600	4,200
Income Tax Deduction at Source - Office rent	80,441	109,788
Income Tax Deduction at Source - Godown	-	-
Income Tax Deduction at Source - Indenting Commission	4,791	48,925
Income Tax Deduction at Source - Bills	110,129	23,018
Income Tax Deduction at Source - Agent of Foreign Buyer	185,958	-
Income Tax Deduction at Source - Professional & Technical Service	10,816	-
Income Tax Deduction at Source - Private Security Service	7,837	-
Income Tax Deduction at Source - Export Bill (others)	13,396	-
Excise Duty on Loans	1,043,900	1,448,030
Income Tax Deduction at Source-Employee's	432,754	223,750
Imprestfund-Cash Incentive	12,047	7,597
	637,131,773	409,505,396

12.07**Deposits : Bank and other than bank**

Deposits Received from Banks (Note 12.04.02)	1,700,000,000	1,120,000,000
Other than Bank	21,804,045,031	16,471,996,452
	23,504,045,031	17,591,996,452

12.08**Maturity wise Grouping of Deposit**

Repayable within One Month	1,517,950,283	267,600,000
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One Month to Three Months	3,672,660,981	3,617,400,000
Three Months to One Year	5,888,037,025	4,407,000,000
One Year to Five Years	10,484,788,317	7,847,515,550
Repayable over Five Years	1,940,608,425	1,452,480,902
	23,504,045,031	17,591,996,452

12.09 Demand and Time Deposit

Demand Deposit	1,445,664,353	853,640,869
Time Deposit	18,859,193,255	14,084,578,077
	20,304,857,608	14,938,218,946

12.09.01 Demand Deposit

Deposit from Bank(A)	-	-
Other than Bank (B)	1,445,664,353	853,640,869
	1,445,664,353	853,640,869

A. Demand Deposit- Bank

Demand Deposit	-	-
	-	-

B. Demand Deposit- Other than Bank

Current Deposits	400,907,795	267,575,632
Saving Deposits (9%) (Note-12.03)	57,038,024	41,295,375
Bills Payable	303,457,536	110,344,761
Bearer Certificates of Deposits	6,150,000	6,150,000
Foreign Currency Deposits (interest bearing)	28,106,534	14,113,135
Security Deposit Receipt	12,872,691	4,656,570
Sundry Deposits (Note-12.6)	637,131,773	409,505,396
	1,445,664,353	853,640,869

12.09.02 Time Deposit

Deposit from Bank(A)	1,700,000,000	1,120,000,000
Other than Bank (B)	17,159,193,255	12,964,578,077
	18,859,193,255	14,084,578,077

A. Time Deposit- Bank

Time Deposit (12.04.02)	1,700,000,000	1,120,000,000
	1,700,000,000	1,120,000,000

B. Time Deposit- Other than Bank

Saving Deposits (91%) (Note-12.03)	576,717,795	371,658,373
Fixed Deposits	14,979,719,397	12,315,503,769

Short Term Deposits	1,602,756,063	277,415,935
	17,159,193,255	12,964,578,077

13.00 OTHER LIABILITIES

Inter - branch Transaction Account	-	828,758
Unearned Interest on Investment	268,724,481	254,572,258
Provision for Taxation (Note-13.01)	273,397,303	215,497,303
Provision against Classified Loans and Advances (Note-13.02)	707,694,000	707,694,000
Provision against Unclassified Loans and Advances (Note-13.03)	186,367,917	142,205,999
Provision against Off Balance Sheet items (Note-13.03)	25,838,082	-
Interest Suspense Account (Note -13.06)	344,259,164	203,832,213
Accrued Interest and Expenses Payable (Note-13.07)	478,055,964	317,500,168
Provision for Gratuity (13.08)	10,000,000	5,000,000
Exchange Equalization Fund	1,419,078	1,419,078
Provident Fund	17,245	30,807
Benevolent Fund	776,610	252,223
Non-Resident Accounts	6,381,634	3,424,178
Others	513,420	754,320
	2,303,444,898	1,853,011,305

13.01 Provision for Taxation

Opening Balance	215,497,303	180,497,303
Made during the year	57,900,000	35,000,000
	273,397,303	215,497,303

13.01.01 Provision for tax made during the year

Net Profit	128,530,728	202,623,522
Less :		
1% of total outstanding Loan and Advance as per tax law	-	136,463,872
Taxable Profit	128,530,728	66,159,650
Income Tax thereon @ 45%	57,838,828	29,771,843
Provision for tax during the year	57,900,000	35,000,000

13.02 Assessment for taxation in 2000, 2001, 2003, 2004, 2005 and 2006 is yet to be completed. Assessment for the year 1999 & 2002 have been settled. Assessment order of 2000, 2001 and 2003 is pending with High court and of 2004 with Appellate Tribunal. Assessment Order of 2005 and 2006 not yet received. Return submission date of 2007 is not yet due.

13.03 Movement in Specific Provision against Classified Loans

Provision held at the beginning of the year	707,694,000	425,415,299
Fully Provided Debts written off	-	-

	Recoveries of amounts previously written off	-	-
	Specific Provision for the year	-	282,278,701
	Recoveries and Provisions no longer required	-	-
	Net Charge to Profit and Loss Account	-	-
	Provision held at the end of the year	707,694,000	707,694,000
13.04	Movement in General Provision		
	Provision held at the beginning of the year	142,205,999	89,637,000
	Addition during the year - for unclassified loans	44,161,918	52,568,999
	Addition during the year - for off-balance sheet exposures	25,838,082	-
		212,205,999	142,205,999
13.05	Provision for Loans and Advances during the year		
	Specific Provision for Classified Loans & Advances (Note-13.02)	-	282,278,701
	General Provision for unclassified loans	44,161,918	52,568,999
	General Provision for off-balance sheet exposures	25,838,082	-
		70,000,000	334,847,700
13.06	Cumulative Provision for Loans and Advances		
	Specific Provision for Classified Loans & Advances (Note-13.02)	707,694,000	707,694,000
	General Provision (Note - 13.03)	212,205,999	142,205,999
		919,899,999	849,899,999
13.07	Interest Suspense Account		
	Opening Balance	203,823,213	217,088,710
	Add: Transferred During the year	198,752,000	-
		402,575,213	217,088,710
	Less: Recovery of the Suspended Interest during the year	58,316,049	13,256,497
	Less: Amount Written off during the year	-	-
	Balance at the end of the year	344,259,164	203,832,213
13.08	Accured Interest and Expenses Payable		
	Provision for Depreciation	-	173,638
	Interest on Fixed Deposits	475,934,965	316,757,912
	Interest Payable on Monthly Benefit Savings Scheme	1,432	4,500
	Interest Payable on Monthly Double Benefit Savings Scheme	617,897	-
	Interest on Monthly Savings Scheme	24,500	(136,349)
	Short Term Deposits	20,151	216
	Interest on Savings Account	125,363	112,997
	Payable on Deposits from Banks	(27,777)	(27,777)
	Power and Electricity	355,953	278,433
	Telephone	267,442	186,291

Office Rent	171,720	-
Audit Fees	304,750	109,250
Telex, Fax and E-mail	3,110	5,815
Wages	9,000	9,000
Interest on Bearer Certificate of Deposit	(3,799)	(3,799)
Insurance	8,385	(91,145)
Clearing Adjustment	212,860	112,777
Others	30,012	8,409
	478,055,964	317,500,168

13.09	Provision for Gratuity		
	Opening Balance	5,000,000	-
	Made during the year	5,000,000	5,000,000
		10,000,000	5,000,000

14.00 CAPITAL

14.01	Authorised Capital		
	36,000,000 ordinary shares of Taka 100 each.	3,600,000,000	1,500,000,000

14.02 Issued, Subscribed and Paid-Up Capital

	10,000,000 Ordinary Shares of Taka 100 each issued for cash	1,000,000,000	900,000,000
		1,000,000,000	900,000,000

During the year FSBL issued 1,000,000 fresh shares of Tk. 100 each, fully paid up in cash.

14.03 Classification of Shareholders by holding position as at 31 December 2007

<u>Shareholding Range</u>	<u>No. of Shares</u>	<u>Percentage (%)</u>
Less than 5000 Shares	500	0.005
5001 to 10,000 Shares	-	-
10,001 to 20,000 Shares	-	-
20,001 to 30,000 Shares	-	-
30,001 to 40,000 Shares	-	-
40,001 to 50,000 Shares	93,009	0.930
50,001 to 1,00,000 Shares	129,095	1.291
1,00,001 to 10,00,000 Shares	9,777,396	97.774
	10,000,000	100

14.04 Capital Adequacy Ratio

Tier – I (Core Capital)

Paid up Capital	1,000,000,000	900,000,000
Statutory Reserve	96,161,398	84,455,252
General Reserve	24,000,000	24,000,000
Retained Earnings	14,129,544	(4,795,038)
	1,134,290,942	1,003,660,214

Tier –II (Supplementary Capital)

General Provision for unclassified loans and off-balance sheet exposures	212,205,999	142,205,999
Exchange Equalization Account	1,419,078	1,419,078
	213,625,077	143,625,077
A. Total Capital	1,347,916,019	1,147,285,291

B. Total Risk Weighted Assets	14,736,248,750	11,715,903,000
C. Required Capital based on Risk Weighted Assets (10%on B for 2007)	1,473,624,875	1,054,431,270
D. Surplus/(Deficiency)....(A - C)	(125,708,856)	92,854,021
Capital Adequacy Ratio (%)	9.15%	9.79%

Capital Requirement	Required	Held	Held
Tier - I	5.00%	7.70%	8.57%
Tier - II		1.45%	1.23%
Total	10.00%	9.15%	9.79%

* Subsequently the steps have been taken by the Bank to inject additional equity capital amounting to Tk 150.00 million from the shareholders.

15.00 STATUTORY RESERVE

Opening Balance	84,455,252	84,455,252
Transferred during the year from Profit & Loss A/C	11,706,146	-
Closing Balance	96,161,398	84,455,252

This has been done according to Sec. 24 of Bank Companies Act, 1991 and shall be maintained until it equals to Paid-up Capital.

16.00 SURPLUS IN PROFIT AND LOSS ACCOUNT

Opening Balance	(4,795,038)	112,429,139
Add: Post tax profit for the year	30,630,728	(117,224,177)
Less: Transfer to Statutory Reserve	(11,706,146)	-
Closing Balance	14,129,544	(4,795,038)

17.00 LETTER OF GUARANTEES

Money for which the Bank is contingently liable in respect of guarantees are given favoring:

Letters of Guarantee - Local	615,038,048	505,538,800
Letter of Guarantee - Foreign	3,154,532	10,647,574
	618,192,580	516,186,374

17.01 Money for Which the Bank is Contingently Liable in respect of Guarantees issued favouring;

Directors	-	-
Government	-	-
Banks and Other Financial Institutions	-	-
Others	618,192,580	516,186,374
	618,192,580	516,186,374
Margin Taken on Guarantees	(52,833,084)	(43,043,661)
	565,359,496	473,142,713

18.00 IRREVOCABLE LETTERS OF CREDIT

Bills Accepted - Local	3,658,772,468	1,623,865,386
Letters of Credit - Cash	505,434,570	513,633,081
Bills Accepted - Foreign	94,675,335	232,461,200
Letter of Credit - Cash Inland	108,048,200	82,683,900
Back to Back letters of Credit - Local	91,303,736	78,174,500
Back to Back letters of Credit - Foreign	36,348,763	32,694,000
	4,494,583,072	2,563,512,067

19.00 BILLS FOR COLLECTION ISSUED BY THE BANK

Foreign Documentary Bills	46,067,000	17,133,000
Outward Bills	8,773,795	4,915,560
Inland Documentary Bills	-	-
	54,840,795	22,048,560

20.00 INTEREST INCOME

Interest Received on Deposit with Other Banks	224,116,825	215,078,576
Call Loans	19,641,609	20,930,702
Interest received on Secured Overdraft -General	252,137,161	183,701,746
Cash Credit Hypothecation	236,318,275	157,341,224
Secured Overdraft against Fixed Deposits	234,525,386	222,107,733
Trust Receipts	494,912,413	170,135,356
General Loans	189,917,889	134,147,660
Inland Bill Purchased	151,683,312	376,661,328
Inward Documentary Bills Purchased	217,270,565	46,544,727
Loan Against Import Merchandise	16,708,556	24,088,614
House Building Loans -General	13,732,661	9,099,956
Payments Against Documents	64,572,588	24,005,560
Packing Credit	16,508,260	9,497,116
Secured Overdraft - Import	23,614,401	17,920,824
Secured Overdraft - Export	8,760,400	5,597,177
Transport Loans	3,385,171	4,297,011
Consumer Credit Scheme	5,241,475	2,997,312
Consumer Finance Scheme	878,500	1,846,340
Cash Credit - Pledge	1,333,571	8,874,780
House Building Loans - Staff	3,247,296	4,141,454
Cash Incentives	1,486,641	1,697,091
Foreign Documentary Bill Purchased	189,817	617,655
Agriculture	7,671	-
Staff Furniture	118,269	14,405
	2,180,308,712	1,641,344,347

21.00 INTEREST PAID ON DEPOSITS & BORROWINGS ETC.

Interest Paid on Fixed Deposits	1,737,609,705	1,180,363,576
Interest Paid on Double Benefit Deposits Scheme	175,172,056	148,176,495
Interest Paid on Monthly Savings Scheme	107,688,863	88,755,170
Interest Paid on Monthly Benefit Savings Scheme	27,321,627	31,844,177
Interest Paid on Savings Deposits	24,935,783	18,065,665
Interest Paid on Short Term Deposits	45,674,410	8,295,739
Interest Paid on Bearer Certificates of Deposits	-	-
Interest Paid on Advance Deposits in Foreign Currency	180,693	73,988
Interest Paid on Borrowing from Other Banks	11,603,417	21,334,276
Penal Interest Paid to Bangladesh Bank	100,000	2,370,411
Discount	41,534	4,149
	2,130,328,088	1,499,283,646

22.00 INVESTMENT INCOME

Interest on Treasury Bills	177,215,061	123,256,585
Interest on Reverse Repo	537,500	-
	177,752,561	123,256,585

23.00 COMMISSION, EXCHANGE AND BROKERAGE

Commission	102,562,181	85,480,210
Exchange Gain	58,447,898	50,383,277
Exchange Earning	77,714,294	87,782,862
Less: Exchange Loss	19,266,396	37,399,585
	161,010,079	135,863,487

24.00 OTHER OPERATING INCOME

Rent Recoveries	134,514	78,500
Charges on Account Closing	277,752	265,612
Standing Instruction Charges	3,800	15,980
Gain on Sale of Fixed Assets	445,979	822,995
Service Charge on HP	13,000	-
Income on investment in share	1,955	-
Other Receipts (Note-24.01)	24,911,223	19,590,657
	25,788,223	20,773,744

24.01 Other Receipts

Postage Recoveries - Local	125,679	191,143
Tlx/Tel/Tlgr/Fax/E-mail Chg. Recoveries	1,375,277	960,960
Incidental Charge on CD A/C	1,871,014	1,147,369
Incidental Charge on SB A/c	5,716,160	1,026,527
Incidental Charge on STD A/c	140,955	-
Miscellaneous Earnings	15,682,138	16,264,658

24,911,223 **19,590,657**

25.00 SALARIES & ALLOWANCES

Basic Salary	50,650,349	42,285,280
Bonus	21,549,850	11,193,590
Bank's Contribution to Staff Provident Fund	4,426,353	3,933,825
Gratuity	5,075,000	5,000,000
House Rent	23,881,937	19,913,628
Conveyance Allowance	3,088,662	2,473,300
Leave Fare Allowance	8,880,198	7,540,779
Car Allowance	7,858,286	6,692,853
Entertainment Allowance	1,603,421	1,188,481
Medical Allowance	4,315,836	3,021,672
Utility Services	4,992,379	3,898,539
Washing Allowance	12,245	97,424
House Maintenance Allowance	4,949,925	3,720,056
Furniture Allowance	7,106	210,000
Other Allowances	862,864	779,292
Leave Encashment	822,944	2,511,916
	142,977,355	114,460,635

26.00 RENT, TAXES, INSURANCE, LIGHTING ETC.

Rent	22,700,894	14,873,835
Lease Rent of Fixed Assets	7,941,021	8,662,932
Insurance	8,455,702	6,787,468
Rates and Taxes	1,697,986	2,612,977
Water Charges	428,376	406,641
Gas Charges	151,934	123,327
Electric Bills	4,678,693	3,664,242
	46,054,606	37,131,422

27.00 LEGAL EXPENSES

Law Charges	234,191	734,893
Stamp	24,070	-
Other Professional Charges	155,080	762,734
	413,341	1,497,627

28.00 POSTAGE, STAMP AND TELECOMMUNICATION

Telephone - Office	4,793,286	3,775,932
Telegram, Telex, Fax and Email	1,448,503	338,534
Telephone - Residence	114,875	211,751
Postage	470,677	444,341
	6,827,341	4,770,558

29.00 STATIONERY, PRINTING AND ADVERTISEMENT

Publicity and Advertisement	7,805,196	2,097,988
Printing and Stationery	5,685,284	3,914,358
	13,490,480	6,012,346

30.00 MANAGING DIRECTOR'S SALARY AND ALLOWANCES

Basic Pay	2,800,000	2,400,000
House Rent Allowances	900,000	900,000
Leave Fare Allowance	700,000	600,000
Bonus	1,200,000	400,000
Provident Fund Contribution	280,000	240,000
House Maintenance Allowance	700,000	900,000
Other Allowance	300,000	
	6,880,000	5,440,000

31.00 DIRECTORS' FEES

Directors' Fee	524,400	576,150
Refreshment	14,314	16,632
Travel	480,295	876,730
	1,019,009	1,469,512

32.00 DEPRECIATION AND REPAIRS OF FIXED ASSETS

Depreciation on Fixed Assets (Annexure - A)	19,041,125	16,446,667
Repairs:		
Office equipment	1,208,128	1,341,376
Renovation and Maintenance of Office Premises	567,112	671,916
Furnitures and Fixtures	33,232	94,452
Maintenance and Services of SWIFT	1,117,925	638,717
Elect. Fitt. Rep. & Replacement	398,400	276,887
Office Maintenance Expenses	836,235	102,669
Total Repairs	4,161,032	3,126,017
	23,202,157	19,572,684

33.00 OTHER EXPENSES

Car Expense	5,219,896	6,819,196
Wages	14,039,420	9,552,276
Traveling	1,947,424	901,689
Donation and Subscription	5,246,083	875,337
Entertainment	1,725,213	1,165,357
Conveyance	1,405,318	1,052,097
Business Development	344,761	415,331

Computer Expense	2,111,873	677,140
Medical Expense	1,787,427	833,473
Plantation	246,928	240,150
Liveries and Uniform	87,820	2,200
Training, Seminar and Workshop	675,559	586,472
Photocopying	540,478	306,032
Professional Fees	-	609,650
Generator Expenses	1,027,905	643,097
Cash Carrying	80	157,533
Washing and Cleaning	308,566	59,712
Cartage and Freight	39,014	730
Staff Welfare	3,445,667	2,262,526
Recruitment Expenses	174,545	-
Service Rendered Week	1,419,895	-
Office Maintenance	977,578	1,716,212
IPO Expenses	2,065,020	-
	44,836,470	28,876,210

34.00 EARNINGS PER SHARE

Net Profit after Tax	30,630,728	(117,224,177)
Number of Ordinary Shares (weighted average as per BAS-33)	9,583,333	7,200,000
Earning Per Share (EPS)	3.20	(16.28)

34.01 Weighted average Number of share as per BAS-33

Weighted average Number of share upto May 2007	3,750,000	-
Weighted average Number of share from May to December 2007	5,833,333	-
Total weighted average no of shares	9,583,333	-

35.00 RECEIVED FROM OTHER OPERATING ACTIVITIES

Rent Recoveries	134,514	78,500
Charges on Account Closing	277,752	265,612
Standing Instruction Charges	3,800	15,980
Service Charge on HP	13,000	-
Income on investment in share	1,955	-
Other Receipts (Note-24.01)	24,911,223	19,590,657
	25,342,244	19,950,749

36.00 PAYMENT FOR OTHER OPERATING ACTIVITIES

Rent, Taxes, Insurances, Electricity etc.	46,054,606	37,131,422
Legal Expenses	413,341	1,497,627
Postage, Stamps, Telecommunications etc.	6,827,341	4,770,558
Auditors' Fee	300,000	100,000
Directors' fees	1,019,009	1,469,512
Other Expenses	44,836,470	28,876,210
	99,450,767	73,845,329

37.00 INCREASE /DECREASE OF OTHER ASSETS

Inter - branch Transaction Account	72,669,705	-
Accrued Income	1,020,917,871	634,345,959
Advances, Deposits and Prepayment	32,849,241	34,392,987
Stock of Stationery	6,313,624	7,094,744
Suspense Account	6,196,879	17,012,459
Advance Deposits	2,317,670	2,377,111
Stamps on Hand	171,010	132,796
	1,141,436,000	695,356,056
Increase/(Decrease) during the year	446,079,944	276,643,997

38.00 INCREASE /DECREASE OF OTHER LIABILITIES

Inter - branch Transaction Account	-	828,758
Unearned Interest on Investment	268,724,481	254,572,258
Interest Suspense Account	344,259,164	203,832,213
Accrued Interest and Expenses Payable	478,055,964	317,500,168
Exchange Equalization Fund	1,419,078	1,419,078
Provident Fund	17,245	30,807
Benevolent Fund	776,610	252,223
Non-Resident Accounts	6,381,634	3,424,178
Others	513,420	754,320
	1,100,147,596	782,614,003
Increase/(Decrease) during the year	317,533,593	4,035,009

39.00 NUMBER OF EMPLOYEES

Executives and Officers	409	318
Members of Staff	-	-
Total	409	318

40.00 RELATED PARTY TRANSACTIONS

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

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

<u>Name of the Party</u>	<u>Nature of Transaction</u>	<u>Nature of Relationship</u>	<u>Total Value in Tk</u>
Northern General Insurance Company Ltd.	Insurance Premium	Common Director	1,699,368

ii) Related Party Transactions

<u>Name of the Party</u>	<u>Nature of Transaction</u>	<u>Nature of Relationship</u>	
M/s Land Mark Hotel and Resturant	Loan	Common Director	4,084,000

- iii) Shares issued to Directors and Executives without consideration or exercisable at discount Nil
- iv) Lending to Related Parties is effected as per requirements of Section 27 (1) of the Bank Companies Act, 1991. Nil
- v) Business other than banking business with any related concern of the Directors as per Section 18(2) of the Bank Companies Act, 1991 Nil
- vi) Investment in the Securities of Directors and their related concern Nil

41.00 DIRECTORS' INTEREST IN DIFFERENT BUSINESSES OR ENTITIES:

<u>Sl.No</u>	<u>Name of the Directors</u>	<u>Status with the Bank</u>	<u>Names of firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee, etc.</u>
1	Alhaj Md. Saiful Alam	Chairman	<p><u>Managing Director</u></p> <p>S. Alam Steels Ltd. (Unit 1,2 & 3)</p> <p>S. Alam Cement Ltd.</p> <p>S. Alam Brothers Ltd</p> <p>S. Alam Hatchery Ltd.</p> <p>S. Alam Trading Company (Pvt.) Ltd.</p> <p>S. Alam Bag Manufacturing Mills Ltd.</p> <p>S. Alam Soyaseed Extraction Plant Ltd.</p> <p>S. Alam Refined Sugar Industries Ltd.</p> <p>S. Alam Cold Rolled Steels Ltd.</p> <p>S. Alam Tank Terminal Ltd</p> <p>S. Alam Properties Ltd</p> <p>Portman Cements Ltd</p> <p><u>Sponsor Director</u></p> <p>Northern General Insurance Co. Ltd</p>

			<u>Director</u> Karnaphuli Prakritik Gas Ltd
			<u>Shareholder</u> Al -Arafa Islami Bank Ltd
			<u>Proprietor</u> S. Alam & Co. Sonali Overseas Corporation
2	Ms. Sarwar Jahan Maleque	Vice Chairperson	<u>Director</u> M/S Jahan Enterprise M/S Jisco Bangladesh Ltd.
3	Ms. Sharmin Fatema	Director	<u>Director</u> Chemon Ispat Ltd
4	Alhaj Mortoza Siddique Chowdhury	Director	<u>Director</u> Northern General Insurance Co. Ltd <u>Shareholder</u> Diganta Media Corporation <u>Proprietor</u> M/S Mortoza & Brothers
5	Mr. Hamidul Haq	Director	<u>Chairman</u> Paradise Corporation (PVT) Ltd. <u>Director</u> Northern General Insurance Co. Ltd Eden Multi Care Hospital Ltd
6	Ms. Atiqun Nesa	Director	<u>Proprietor</u> Atique Enterprise
7	Mr. Md. Sharif Hussain	Director	Nil
8	Mr. A.K.M. Ali Johar	Director	<u>Managing Director</u> S. Alam Luxury Chair Coach Services Ltd. <u>Proprietor</u> M/S Johar Real Estate
9	Mr. Md. Wahidul Alam Seth	Director	<u>Proprietor</u> M/S B. Nowaz Real Estate
10	Mr. Shahidul Islam	Director	<u>Managing Director</u> Platinum Shrimp Hatchery Ltd <u>Proprietor</u> S.S. Corporation
11	Mr. Mohammed Oheidul Alam	Director	<u>Managing Director</u> Dream Knitting (BD) Ltd <u>Director</u> United Financial Trading Co. Ltd <u>Proprietor</u> M/S Land Mark Hotel & Restaurant Car Shop The Travel World
12	Dr. Muhammad Loqman	Director	<u>Chief</u> International Islamic University Chittagong (Dhaka)

13 Ms. Shamshad Jahan Director

Treasurer

International Islamic University Chittagong

Chairman

Ocean Sea Foods Limited

Director

DINS Chemical Industries Ltd

Rainbow Sea Foods Limited

The Treatment Tower

Proprietor

M/S Unique Enterprise

M/S Irada International

M/S Agro Trading

42.00 AUDIT COMMITTEE

a) Constitution of the Audit Committee:

The Bank has constituted an Audit Committee of the Board of Directors pursuant to the BRPD circular no. 12 dated 23 December 2002 with a view to act as a bridge among the Board of Directors, Executive Authority, Depositors, Shareholders etc so that the Committee can make an effective role in establishing an efficient, strong and secured banking system. Our Audit Committee has been formed comprising three members of the Board of Directors as follows :

Name	Status with the Bank	Status with the Committee	Educational Qualification
Mr. Hamidul Haq	Director	Convener	Bachelor of Arts
Mr. Md. Sharif Hussain	Director	Joint Convener	Masters of Arts(Economics)
Ms. Sarwar Jahan Maleque	Director	Member	S.S.C

b) Duties and responsibilities of the Audit Committee:

The main duties and responsibilities of the Audit Committee are given below :

- i. To evaluate internal control, risk management, computerization and system of MIS of the Bank.
- ii. To review annual financial statements of the Bank and exchange views with external auditors and Bank Management in this regard.
- iii. To consider if the recommendations made by internal and external auditors are in order to develop internal control strategy structure by the Bank Management.
- iv. To review as to whether the rules and regulations made by controlling authorities like Bangladesh Bank and other regulatory bodies are duly followed.
- v. To appraise the Bank's Board of Directors regarding lapses and errors/frauds & forgeries/other irregularities detected by the internal auditors, external auditors & Bangladesh Bank inspection team and corrective measures taken for the purpose of effective control.

c) During the period under review, the audit committee of the Board conducted 03 (three) meeting.

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

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

The division divided in to three separate units i.e. Audit & Inspection , compliance and Monitoring to implement effective internal control and compliances headed by highly experienced banker's.

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

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

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

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

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

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Chairman

FIRST SECURITY BANK LIMITED
STATEMENT OF FIXED ASSETS
AS AT 31 DECEMBER 2007

Figure in Taka

Particulars	C O S T				D E P R E C I A T I O N				Written down value at 31 Dec 2007
	Balance as on 1 January '07	Addition during the year	Sales/Trans- fer during the year	Balance as at 31 December '07	Balance as on 1 January '07	Charge for the year	Adjustment on sale/transfer during the year	Balance as at 31 Dec '07	
Furniture & Fixtures	89,923,332	38,215,271	-	128,138,603	32,120,444	7,835,254	-	39,955,698	88,182,905
Office Equipment	50,553,760	21,606,549	-	72,160,309	30,228,764	7,498,943	-	37,727,707	34,432,602
Vehicles	21,892,652	4,458,332	2,949,500	23,401,484	8,842,853	3,703,579	1,740,479	10,805,953	12,595,531
Books	73,129	1,810	-	74,939	59,242	3,349	-	62,591	12,348
Total 2007	162,442,873	64,281,962	2,949,500	223,775,335	71,251,303	19,041,125	1,740,479	88,551,949	135,223,386

Total 2006	169,385,126	6,954,293	13,896,546	162,442,873	67,764,177	16,446,667	12,959,541	71,251,303	91,191,570
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Highlights of First Security Bank Limited

Particulars	31 Dec 2007	31 Dec 2006
Paid-up Capital	1,000,000,000	900,000,000
Total Capital Fund	1,347,916,019	1,147,285,290
Capital Surplus/(deficit)	(125,708,856)	92,854,020
Total Assets	26,941,780,871	20,448,667,971
Total Deposits	23,504,045,031	17,591,996,452
Total Loans and Advances	18,616,225,315	13,646,387,225
Total Contingent Liabilities and Commitments	5,114,783,363	3,058,703,340
Credit Deposit Ratio (in %)	79.20%	77.57%
Percentage of Classified Loans against total Loans and Advances (in %)	6.50%	9.75%
Profit before tax & provision	128,530,728	202,623,523
Amount of Classified Loans	1,210,643,000	1,330,787,000
Provision kept against Classified Loans	707,694,000	707,694,000
Provision Surplus/(deficit)	136,733,917	16,630,400
Cost of Fund	9.06%	8.52%
Interest Earning Assets	23,803,097,996	18,326,209,803
Non-interest Earning Assets	3,138,682,875	2,121,458,168
Return on Investment (ROI)(in %)	7.11%	5.97%
Return on Assets (ROA)(in %)	0.47%	0.99%
Income from Investment	177,752,561	123,256,585
Earning Per Share (Tk.)	3.20	(16.28)
Net Income Per Share (Tk)	3.20	(16.28)
Price Earning Ratio (Times)	NA	NA

Additional Disclosure

Additional provision of Tk.11.97 million against non performing loan and advances and profitability of the Bank for the year ended 31 Dec, 2007

Our external auditor Hoda Vasi Chowdhury & co has identified some loans and Advances, which have been considered to be non-performing and provision of at least Tk. 11.97 million is required to be made against such non-performing Loans and Advances.

But our explanation regarding non-provisioning is that since there is continuous improvement in quality of loan portfolio, which is demonstrated in following table will justify our position.

We give below the comparative position for the year 2006 and 2007 for the following items.

(Fig. in thousand taka)

	31.12.2006	31.12.2007
Total Advance	13,646,387	18,616,225
Total Classification	1,330,787	1,210,643
Required Provision	83.33 Crore	78.36 Crore
Actual Provision maintained	84.99 Crore	91.99 Crore
Provision Excess	1.66 Crore	13.68 Crore

It may be observed that the classified amounts and the provision requirement decreased in 2007 as compared to 2006.

As at 31.12.2007 there was no shortfall in the Bank's required provision. Moreover the bank has surplus provision of BDT 13.68 crore in 2007

As per Bangladesh Bank BRPD Circular No. 05 dated June 05, 2006 we furnish the CL(classification of loans) Statements of Loans & advances of our Bank. Latest report Submitted on April 24, 2008 for quarter ended March, 2008.

The percentage for each category of classified loans & advances in respect of total outstanding loans & advances as at 31.12.2007 is given below:

Category of classified loan	Amount (Taka)	% of total outstanding loan & advances
Sub-Standard	-	-
Doubtful	175,000	0.001
Bad & Loss	1,210,468,000	6.50
Total	1,210,643,000	6.50

From the above explanation, we may conclude that the profitability of the Bank for the year ended 31 December, 2007 has not been inflated.

Signed
A. A. M. Zakaria
Managing Director

Auditors' certificate regarding income tax status of
First Security Bank Limited

This is to certify that the assessment for taxation of First Security Bank Ltd for the income year 2000, 2001, 2003, 2004 and 2006 is yet to be completed. Assessment for the income year 1999, 2002 & 2005 have been settled. Assessment order for the income year 2000, 2001 and 2003 is pending with High Court and of 2004 with Appellate Tribunal. Assessment Order for the income year 2006 not yet received. Return submission date for the income year 2007 is not yet due.

Dhaka, 14 May 2008

Sd/-

Chartered Accountants