

FIRST SECURITY ISLAMI BANK PLC.

**AUDITORS' REPORT
AND AUDITED FINANCIAL STATEMENTS
AS AT END
FOR THE YEAR ENDED ON DECEMBER, 31, 2023**

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

**Independent Auditor's Report
To the Shareholders of
First Security Islami Bank PLC.**

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of **First Security Islami Bank PLC.** (the "**Group**") as well as the separate financial statements of First Security Islami Bank PLC. (the "**Bank**") , which comprise the consolidated and separate Balance Sheets as at December 31, 2023, consolidated and separate profit or loss accounts, consolidated and separate statement of changes in equity, consolidated and separate cash flow statement for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank (the "financial statements") give a true and fair view of the consolidated Balance Sheets of the Group and the separate Balance Sheets of the Bank as at December 31, 2023 and its consolidated and separate profit and loss accounts, consolidated and separate statement of changes in equity and its consolidated and separate statement of cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities Exchange and Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) By Laws. We believe that the audit evidence we have obtained are sufficient and appropriate to provide a basis of our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter described below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the consolidated and separate financial statements. These results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

Description of key audit matters	Our response to key audit matters
1. Investments	
Refer to note no. 08 to the consolidated and separate financial statements	
<p>Investments are the main element of financial statements of the Bank. Income of the Bank is mainly dependent on the portfolio of investments. Management performance is highly dependent on the target achievement of investments. Investment disbursement requires robust documentation followed by approval from appropriate level of authority.</p> <p>We have identified investments as key audit matter because there is an inherent risk of fraud in disbursement of investments by management to meet specific targets or expectations.</p> <p>At year end the Group and the Bank reported total gross investments of BDT 56,932.41 core (2022: BDT 52,394.44 core) and BDT 57,028.67 core (2022: BDT 52,479.51 core) respectively.</p>	<p>We tested the design and operating effectiveness of key controls focusing on Investments appraisal, investment disbursement procedures, Collection of invested funds and monitoring process of investments.</p> <p>We have performed procedure to check whether the Bank has ensured appropriate documentation as per Bangladesh Bank regulations and the Bank's policy before disbursement of investments. In addition, we have performed procedure to check whether the investments are recorded completely and accurately and that are existed at the reporting date.</p> <p>Furthermore, we have assessed the appropriateness of disclosure against Bangladesh Bank guidelines.</p>
2. Recognition of Investment income	
Refer to note no. 26 to the financial statements	
<p>Recognition of investment income has significant influence on financial statements and performance of the Bank.</p> <p>We identify recognition of investment income as a key audit matter because this is one of the key performance indicators of the Bank and therefore there is an inherent risk of fraud and error in recognition of investment income by management to meet specific targets or expectations.</p> <p>For the year ended the Group and the Bank reported total gross income from investments of BDT 5,209.05 core (2022: BDT 4,040.45 core) and BDT 5,195.07 core (2022: BDT 4,023.59 core) respectively.</p>	<p>We tested the design and operating effectiveness of key controls over recognition and measurement of investment income.</p> <p>We performed test of control in place to measure and recognize investment income.</p> <p>We have also performed substantive procedure to check whether investment income is recognized completely and accurately.</p> <p>We assessed the appropriateness and presentation of disclosure against relevant accounting standards and Bangladesh Bank guidelines.</p> <p>Considering the current uncertainty in economic activity for ongoing Russia and Ukraine war, there is an inherent risk that the actual recovery of accrued investment income from clients who enjoyed deferral benefit could be materially different in future.</p>

3. Measurement of provision for investment	
Refer to note no. 16.3 to the financial statements	
Refer to note no. 08 and 16(a) to the consolidated and separate financial statements	
<p>The process for estimating provision for investments associated with investment risk is judgmental, significant and complex.</p> <p>For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for Investment transactions.</p> <p>For the collective analysis, these provisions are manually processed that deals with voluminous data extracted from the IT system of the Bank and following the instructions of Bangladesh Bank issued time to time.</p> <p>While estimating such provision certain judgmental factors need to be considered including:</p> <ul style="list-style-type: none"> ➤ Future business performance of the investment client; ➤ Key assumptions relating to further business performance of the client; ➤ Market value of the collateral; ➤ Ability to repossess collateral; and ➤ Recovery rates. <p>Due to high level of judgment involved and using some manual process in estimating the provision for investments, we considered this to be a key audit matter.</p> <p>At year end the Group and the Bank reported total provision for investments of BDT 1,687.18 core (2022: BDT 1,522.84 core) and BDT 1,687.18 core (2022: BDT 1,522.84 core) respectively.</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> ➤ Tested the, investment appraisal, investments disbursement procedures, monitoring and provisioning process; ➤ Reviewed identification of loss events, including early warning and default warning indicators; and ➤ Reviewed quarterly Classification of Investments (CL); <p>Our substantive procedure in relation to the provisions for investments portfolio comprised the following:</p> <ul style="list-style-type: none"> ➤ Reviewed the adequacy of the Group and the Bank's general and specific provisions; ➤ Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; and ➤ Finally, assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines. <p>Completeness and timing of recognition of loss events in accordance with criteria set out in BRPD circular no 14, dated 23 September 2012, BRPD circular no. 03 dated 21 April 2019, BRPD circular no. 17 dated 28 September 2020, BRPD circular no. 56 dated 10 December 2020, BRPD Circulars no. 3 dated 31 January, 2021, BRPD Circulars no. 5 dated 24 March, 2021 and no, 51 dated 29 December 2021 and BRPD Circular letter No. 53 dated 30 December 2021 and BRPD Circular No. 14 dated 22 June 2022 and BRPD Circular no. 51 dated 18 December 2022. and as per Bangladesh Bank DBI letter no: DBI-6/51(2)/2024-280 dated April 16, 2024.</p>
4. Analysis of available fund to manage performance	
<p>At the end the year, Cash and Deposit from customers have decreased sequentially by around BDT 455 billion and 473 billion. Moreover, investment to customers increased by around BDT 45.4 billion. As such the Advance to deposit ratio increased to 118.45% from 103.13% in the previous year which had negative impact on the CRR and SLR. However, the bank increased its placement from Bangladesh Bank and other financial institutions by</p>	<p>We have performed substantive procedures to check the ratio between available fund and investment made to customers.</p> <p>We also tested the CRR and SLR calculation and compare the same with the standard rate as per Bangladesh Bank guidelines.</p>

<p>BDT 54.1 billion in absence of which the ID ratio, CRR and SLR could have been affected more adversely.</p> <p>The matter has been considered key audit matter due to its complexity and regulatory requirement in reporting.</p> <p>The Bank has disclosed Placement from Bank & Other Financial Institutions amounting to BDT 134 billion at the year ended on December 31, 2023 (2022 BDT 80 billion) and Cash BDT 33 billion at the year ended on December 31, 2023 (2022 BDT 37 billion).</p>	
<p>5.Liquidity concern and significant Increase in Borrowing from Bangladesh Bank</p>	
<p>Refer to note no. 12(a) to the financial statements</p>	
<p>At several point of time in the reporting year, the bank encountered multiple instances of liquidity challenges.</p> <p>It resulted the bank to seek external financing as borrowing from Bangladesh Bank. The year ended balance has come to BDT 134,585 million (2022: 80,484 million) which includes BDT 121,977 million as Bangladesh Bank, BDT 1,920 million as Islami Bank Bangladesh PLC, BDT 1,260 million as Sonali Bank PLC, BDT 1,670 million as Janata Bank PLC, BDT 810 million as Exim Bank PLC, BDT 1,460 million as Rupali Bank PLC and BDT 5,487 million as Borrowing from Ajman Bank, UAE. The profit rate of all of the borrowings is determined under Mudaraba Principle.</p> <p>The consequence of the liquidity challenge and increase in the borrowing from the central bank and the associated risk with it have made us determine it as key audit matter.</p>	<p>Our audit procedures in connection of the borrowing are as follows:</p> <ul style="list-style-type: none"> • Assessed the effectiveness of the bank's management of liquidity risk in light of the current economic conditions and market volatility, as well as any changes in the bank's liquidity profile, such as changes in funding sources etc. • Assessed whether the borrowing has been appropriately disclosed in the financial statements. • Checked ledger and other documents provided by regulator on sample basis as part of audit procedure.
<p>6.Measurement of deferred tax assets (DTA) net-off liabilities</p>	
<p>Refer to note no. 10.4 to the financial statements</p>	
<p>At the year end of 31 December 2023, the Bank reported total deferred tax assets of BDT 624 million (31 December 2022: BDT 517 million) and deferred tax income of BDT 103 million (31 December 2022 BDT 63 million) of deferred tax income.</p> <p>However, Bank has considered a portion of provision for classified investment while calculating the deferred tax which impacts on EPS.</p> <p>Significant judgment is required in relation to deferred tax assets, as their recoverability is dependent on forecasts of future profitability over a number of years.</p> <p>Accordingly, this area has been considered as key audit matter.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Bank's key controls over the recognition and measurement of DTAs and the assumptions used.</p> <p>We also assessed the completeness and accuracy of the data used. We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTA's. Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>

7. IT systems and controls	
<p>Our audit procedures have focused on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p> <p>Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are keys to ensuring IT dependent and application-based controls are operating effectively.</p>	<p>We tested the design and operating effectiveness of the Group and the Bank’s IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.</p> <p>We tested the Group and the Bank’s periodic review of access rights. We also inspected requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p> <p>Where deficiencies were identified, we tested compensating controls or performed alternate procedures. In addition, we understood where relevant, changes were made to the IT landscape during the audit year and tested those changes that had a significant impact on financial reporting.</p>
8. Legal, regulatory matters and Contingent Liabilities	
<p>We focused on this area because the Bank and its subsidiaries (the “Group”) operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential out flows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the Group’s best estimate for existing legal matters that have a probable and estimable impact on the Group’s financial position.</p> <p>The Bank has disclosed contingent liabilities amounting to BDT 23 billion at the year ended on December 31, 2023 (2022 BDT 42 billion).</p> <p>As per IAS 37 Contingent liabilities are not required to be recognized but disclosed in the financial statements.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Group’s and the Bank’s key controls over the legal compliances.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We enquired of the Group’s and the Bank’s internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We also received formal confirmations from external counsel.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the Group’s and the Bank’s provisions and contingent liabilities disclosure in the financial statements as per provisions of IAS 37: Provisions, Contingent Liabilities and Contingent Assets.</p>

Other information

Management is responsible for the other information. The other information comprises all of the information for the Periodical Report other than the consolidated and separate financial statements and our auditors' report thereon. The Periodical Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank in accordance with IFRSs as explained in note 2 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

The Banking Companies Act, 1991(as amended up to date) and the Bangladesh Bank Rules and Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank.

The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the bank to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group's and the Bank's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

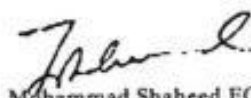
In accordance with the Companies Act 1994, the Securities and Exchange Rules 1987, the Banking Companies Act, 1991, the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management' responsibility for the financial statements and internal control:
 - (a) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in the financial statements appeared to be materially adequate;
 - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Group and the Bank and its related entities {other than matters disclosed in these financial statements};

- (iii) Financial statements for the year ended December 31, 2023 of Subsidiaries namely First Security Islami Capital & Investment Limited audited by Shafiq Basak & Co. Chartered Accountants, who expressed unmodified opinion on the same and First Security Islamic Exchange Italy S.R.L (unaudited) have been reflected in the consolidated financial statements under review;
- (iv) in our opinion, proper books of accounts as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (v) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (vi) the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vii) the expenditures incurred and payments made were for the purpose of the Group's and Bank's business for the year;
- (viii) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (ix) provisions have been made for investment and other assets as per Bangladesh Bank DBI letter no: DBI-6/51(2)/2024-280 dated April 16, 2024 as disclosed in the financial statements;
- (x) the information and explanations as required by us have been provided by the bank;
- (xi) we have reviewed over 80% of the risk-weighted assets of the Bank and spent over 7,600 person-hours; and
- (xii) the bank is required to maintain minimum capital to risk weighted assets (CRAR) 10% and 12.50% with conservation buffer, where the bank has maintained CRAR 11.91%.

Dhaka, Bangladesh

Date: 29 APR 2024



Mohammad Shaheed FCA, FCMA

Senior Partner

Enrolment No.: 1016

Khan Wahab Shafique Rahman & Co.

Chartered Accountants

DVC: 2404291016AS140747


FIRST SECURITY ISLAMI BANK PLC. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2023

	Notes	31.12.2023 BDT	31.12.2022 BDT
<u>PROPERTY AND ASSETS</u>			
Cash		33,748,531,711	37,274,813,884
In hand (including foreign currencies)	4.1	4,154,881,434	3,954,792,300
Balance with Bangladesh Bank and its Agent Bank(s) (including foreign currencies)	4.2	29,593,650,277	33,320,021,584
Balance with other Banks and Financial Institutions	5	1,423,012,220	1,464,651,461
In Bangladesh		1,128,287,388	414,301,251
Outside Bangladesh		294,724,832	1,050,350,210
Placement with Banks & Other Financial Institutions	6	13,034,942,323	13,839,455,000
Investments in Shares & Securities	7	27,495,089,418	26,562,627,283
Government		23,674,689,450	22,774,689,450
Others		3,820,399,968	3,787,937,833
Investments		569,324,144,273	523,944,389,645
General Investment etc.	8	566,968,148,337	520,442,025,226
Bills Purchased and Negotiated	8.1.B	2,355,995,936	3,502,364,419
Fixed Assets Including Premises, Furniture & Fixtures and Intangible Assets	9	6,729,782,478	6,887,649,871
Other Assets	10	8,329,990,676	6,454,845,654
Non Banking Assets	11	25,145,280	25,145,280
Total Assets		660,110,638,379	616,453,578,077
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Placement from Banks & Other Financial Institutions	12	135,036,478,452	80,954,959,224
Deposits and Other Accounts		455,151,173,849	473,025,031,130
Al-Wadia Current Deposits and Other Deposit Accounts	13.1	40,204,502,106	43,366,521,444
Bills Payable	13.2	3,358,829,216	5,679,725,957
Mudaraba Savings Deposits	13.3	74,392,816,865	70,179,141,772
Mudaraba Term Deposits	13.4	291,955,086,665	308,967,731,305
Other Mudaraba Deposits	13.5	45,239,938,997	44,831,910,652
Mudaraba Subordinated Bond	14	5,100,000,000	7,400,000,000
Mudaraba Perpetual Bond	15	6,000,000,000	6,000,000,000
Other Liabilities	16	33,440,803,675	26,412,719,484
Total Liabilities		634,728,455,976	593,792,709,838
Capital/Shareholders' equity			
Paid-up Capital	17.1	11,506,089,330	10,460,081,210
Statutory Reserve	18	8,743,756,230	7,550,143,181
Other Reserve	19	3,529,279,371	3,173,390,980
Assets Revaluation Reserve	20	182,356,960	188,645,132
Retained Earnings	21	1,048,425,554	929,849,625
Total Shareholders' Equity		25,009,907,445	22,302,110,128
Non-controlling Interest	22	372,274,958	358,758,111
Total Liabilities and Shareholders' Equity		660,110,638,379	616,453,578,077


FIRST SECURITY ISLAMI BANK PLC. AND ITS SUBSIDIARIES
CONSOLIDATED OFF- BALANCE SHEET ITEMS
AS AT 31 DECEMBER 2023

	Notes	31.12.2023 BDT	31.12.2022 BDT
Contingent Liabilities			
Acceptances and Endorsements		8,440,339,360	18,537,397,519
Letters of Guarantee	23	6,151,775,666	6,194,871,105
Irrevocable Letters of Credit	24	3,983,855,256	9,677,652,974
Bills for Collection	25	5,079,903,105	8,452,072,863
Other Contingent Liabilities		-	-
Total		<u>23,655,873,387</u>	<u>42,861,994,461</u>
Other Commitments			
Documentary Credits And Short Term Trade Related Transactions		-	-
Forward Assets Purchased And Forward Deposits Placed		-	-
Undrawn Note Issuance And Revolving Underwriting Facilities		-	-
Undrawn Formal Standby Facilities, Credit Lines And Other Commitments		-	-
Total		<u>-</u>	<u>-</u>
Total Off -Balance Sheet Items Including Contingent Liabilities		<u>23,655,873,387</u>	<u>42,861,994,461</u>

The annexed notes (1 to 56) and Annexure A, B & C form an integral part of these financial statements.


 Managing Director
 Dhaka; April 29, 2024

 Director

 Director

 Chairman

Dhaka, Bangladesh

Date: 29 APR 2024


 Muhammad Shaheed FCA, FCMA
 Senior Partner
 Enrolment No.: 1016
 Khan Wahab Shafique Rahman & Co.
 Chartered Accountants
 DVC: 2404291016AS140747

FIRST SECURITY ISLAMI BANK PLC. AND ITS SUBSIDIARIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 BDT	2022 BDT
Operating Income:			
Investments Income	26	52,090,519,971	40,404,498,794
Profit Paid on Deposits	27	(37,941,332,680)	(26,700,647,345)
Net Investment Income		14,149,187,291	13,703,851,449
Income from Investment in shares and securities	28	972,121,452	815,456,086
Commission, Exchange and Brokerage	29	840,979,172	1,598,752,516
Other Operating Income	30	1,857,519,350	797,238,868
		3,670,619,974	3,211,447,470
Total Operating Income		17,819,807,265	16,915,298,919
Less: Operating Expenses			
Salary and Allowances	31	5,941,263,420	5,316,974,850
Rent, Taxes, Insurances, Electricity etc.	32	872,108,306	841,390,006
Legal Expenses	33	13,105,629	12,811,344
Postage, Stamps, Telecommunication etc.	34	142,651,868	135,237,784
Stationery, Printings, Advertisements etc.	35	204,048,062	635,114,654
Managing Director's Salary and Fees	36	22,200,205	21,331,363
Directors' Fees & Expenses	37	1,533,800	1,886,000
Shariah Supervisory Committee's Fees & Expenses	38	307,000	466,000
Audit Fees	39	2,604,469	1,867,945
Depreciation & Repair of Bank's Assets	40	882,590,243	885,772,928
Zakat Expenses		258,371,758	223,591,701
Other Expenses	41	1,391,277,250	1,511,595,220
Total Operating Expenses		9,732,062,010	9,588,039,795
Profit /(Loss) before Provision and Tax		8,087,745,255	7,327,259,124
Provisions for Investments including off-B/S items	16.2	1,653,669,927	1,579,878,728
Provisions for Diminution in Value of Inv. in Shares		(5,110,318)	73,201,332
Other Provisions		327,070,978	100,000,000
Provisions for Start- up Fund	16.7	32,400,861	29,299,095
Total Provisions		2,008,031,448	1,782,379,155
Total Profit/(Loss) before Taxes		6,079,713,807	5,544,879,969
Provision for Current Tax		2,798,116,674	2,647,014,248
Prior year Tax paid		73,286,701	-
Deferred Tax (Income)/Expenses	42	(103,359,392)	(63,637,081)
Total Provisions for Tax		2,768,043,983	2,583,377,167
Net Profit/(loss) after Tax		3,311,669,824	2,961,502,802
Net profit/(Loss) after tax attributable to:			
Equity holders of FSIB		3,281,499,898	2,942,941,910
Non-controlling Interest		30,169,926	18,560,892
		3,311,669,824	2,961,502,802
Retained Earnings from Previous Year		929,849,625	887,102,932
Profit/(Loss) available for Appropriation		4,241,519,449	3,848,605,734
Appropriations:			
Statutory Reserve		1,193,613,049	1,093,479,600
Other Reserve		412,770,004	303,651,817
Profit/Coupon paid to perpetual bond holder		493,200,000	472,200,000
Dividend (Previous year)		1,063,340,916	1,030,863,799
Non-controlling Interest		30,169,926	18,560,892
		3,193,093,895	2,918,756,109
Retained Earnings Carried Forward		1,048,425,554	929,849,625
Earnings Per Share (EPS) previous year's figure re-stated	43	2.85	2.56

The annexed notes (1 to 56) and Annexure A, B & C form an integral part of these financial statements.






Managing Director
 Dhaka; April 29, 2024

Director
Chairman


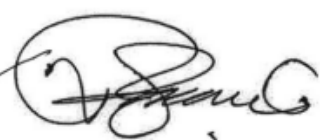

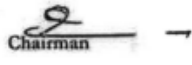
Dhaka, Bangladesh
 Date: 29 APR 2024


 Mohammad Shaheed FCA, FCMA
 Senior Partner
 Enrolment No.: 1016
 Khan Wahab Shafique Rahman & Co.
 Chartered Accountants
 DVC: 2404291016AS140747

FIRST SECURITY ISLAMI BANK PLC. AND ITS SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 BDT	2022 BDT
A. Cash Flows from Operating Activities			
Investment Income Receipt		52,536,339,347	40,330,108,155
Profit paid on Deposits		(36,957,950,765)	(26,504,817,467)
Dividend Receipts		37,513,917	51,131,142
Fees & Commission Receipt		840,979,172	1,598,752,516
Recoveries from investment previously written off		1,000,000	50,000
Payment to Employees		(5,963,463,625)	(5,338,306,213)
Payment to Suppliers		(462,617,896)	(894,975,292)
Income Tax Paid		(2,162,148,472)	(2,595,988,948)
Receipts from Other Operating Activities	46	1,878,545,841	824,548,668
Payment for Other Operating Activities	47	(2,460,433,842)	(2,529,794,759)
Operating Profit before changes in Operating Assets & Liabilities		7,287,763,677	4,940,707,802
Increase/(Decrease) in Operating Assets & Liabilities			
(Increase)/decrease in Investments to Customers		(44,654,698,242)	(67,467,113,407)
(Increase)/decrease of Other Assets	48	(1,144,511,007)	(956,448,771)
(Increase)/decrease of Placement with Banks & other Financial Institutions		804,512,677	(1,349,455,000)
Increase/(decrease) of Deposits Received from Customers		(18,844,522,565)	3,807,587,475
Increase/(decrease) of Placement from Banks & other Financial Institutions		54,081,519,228	65,317,310,429
Increase/(decrease) of Other Liabilities	49	3,071,024,713	104,606,011
Cash Generated from Operating Assets & Liabilities		(6,686,675,197)	(543,513,263)
Net Cash Inflow/(Outflow) from Operating Activities		601,088,480	4,397,194,539
B. Cash Flows from Investing Activities			
(Purchase)/ Sale of Shares and Securities		(932,462,135)	2,461,241,473
Purchase of Property, Plant and Equipment		(426,587,087)	(979,268,916)
Sale of Property, Plant and Equipment		15,190,272	18,659,095
Net Cash Inflow/(Outflow) from Investing Activities		(1,343,858,950)	1,500,631,652
C. Cash Flows from Financing Activities			
Receipt/(Redemption) for Issuance of Mudaraba Subordinated Bond		(2,300,000,000)	(2,300,000,000)
Profit paid on Lease Liabilities		(14,065,599)	(13,768,865)
Dividend/Coupon Paid in Cash		(527,185,875)	(1,003,605,263)
Net Cash Inflow/(Outflow) from Financing Activities		(2,841,251,474)	(3,317,374,128)
D. Net Increase/(Decrease) of Cash & Cash Equivalents (A+B+C)		(3,584,021,944)	2,580,452,063
E. Effect of Exchange Rate Change on Cash & Cash Equivalents		16,100,530	(4,546,589)
F. Opening Cash & Cash Equivalents		38,739,465,345	36,163,559,871
G. Closing Cash & Cash Equivalents (D+E+F)		35,171,543,931	38,739,465,345
The above closing Cash and Cash Equivalents include:			
Cash in Hand (Including Foreign Currencies)		4,154,881,434	3,954,792,300
Balance with Bangladesh Bank and its Agent Bank(s) and Other Banks		31,016,662,497	34,784,673,045
		35,171,543,931	38,739,465,345

The annexed notes (1 to 56) and Annexure A, B & C form an integral part of these financial statements.

Managing Director
 Dhaka; April 29, 2024
 Director
 Director
 Chairman

FIRST SECURITY ISLAMI BANK PLC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

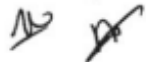
Particulars	Paid-up Capital	Statutory Reserve	Other Reserve	Assets Reval. Reserve	Retained Earnings	Non-controlling Interest	Total
	BDT	BDT	BDT	BDT	BDT	BDT	BDT
Balance as on 01 January 2023	10,460,081,210	7,550,143,181	3,173,390,980	188,645,132	929,849,625	358,758,111	22,660,868,239
Changes in Accounting Policy	-	-	-	-	-	-	-
Restated Balance	10,460,081,210	7,550,143,181	3,173,390,980	188,645,132	929,849,625	358,758,111	22,660,868,239
Net Profit for the Year	-	-	-	-	3,311,669,824	-	3,311,669,824
Bonus Share Issued	1,046,008,120	-	-	-	(1,046,008,120)	-	-
Cash Dividend	-	-	-	-	(17,332,796)	(16,653,079)	(33,985,875)
Profit/Coupon paid to perpetual bond holder	-	-	-	-	(493,200,000)	-	(493,200,000)
Transfer to Statutory Reserve	-	1,193,613,049	-	-	(1,193,613,049)	-	-
Transfer to Other Reserve	-	-	412,770,004	-	(412,770,004)	-	-
Revaluation Reserve to Other Reserve	-	-	10,061,074	(10,061,074)	-	-	-
Non-controlling Interest	-	-	-	-	(30,169,926)	30,169,926	-
Deferred tax impact on Revaluation Reserve	-	-	-	3,772,902	-	-	3,772,902
Foreign operation translation difference	-	-	(66,942,687)	-	-	-	(66,942,687)
Total Group Shareholders' Equity as on 31 December 2023	11,506,089,330	8,743,756,230	3,529,279,371	182,356,960	1,048,425,554	372,274,958	25,382,182,403

FOR THE PERIOD (Q3) ENDED 31 DECEMBER 2022

Balance as on 01 January 2022	9,961,982,110	6,456,663,581	2,843,074,725	194,933,303	887,102,932	373,503,376	20,717,260,026
Net Profit for the Year	-	-	-	-	2,961,502,802	-	2,961,502,802
Bonus Share Issued	498,099,100	-	-	-	(498,099,100)	-	-
Cash Dividend	-	-	-	-	(532,764,699)	(33,306,157)	(566,070,856)
Profit/Coupon paid to perpetual bond holder	-	-	-	-	(472,200,000)	-	(472,200,000)
Transfer to Statutory Reserve	-	1,093,479,600	-	-	(1,093,479,600)	-	-
Transfer to Other Reserve	-	-	303,651,817	-	(303,651,817)	-	-
Revaluation Reserve to Other Reserve	-	-	10,061,074	(10,061,074)	-	-	-
Non-controlling Interest	-	-	-	-	(18,560,892)	18,560,892	-
Deferred tax impact on Revaluation Reserve	-	-	-	3,772,903	-	-	3,772,903
Foreign operation translation difference	-	-	16,603,364	-	-	-	16,603,364
Total Group Shareholders' Equity as on 31 December 2022	10,460,081,210	7,550,143,181	3,173,390,980	188,645,132	929,849,625	358,758,111	22,660,868,239


Managing Director

Dhaka; April 29, 2024




Director


Director


Chairman


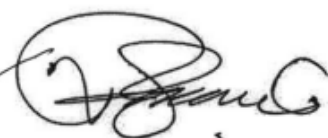


FIRST SECURITY ISLAMI BANK PLC.
BALANCE SHEET
AS AT 31 DECEMBER 2023

	Notes	31.12.2023 BDT	31.12.2022 BDT
<u>PROPERTY AND ASSETS</u>			
Cash		33,744,825,890	37,256,204,252
In hand (including foreign currencies)	4.1(a)	4,151,175,613	3,936,182,668
Balance with Bangladesh Bank and its Agent Bank(s) (including foreign currencies)	4.2(a)	29,593,650,277	33,320,021,584
Balance with other Banks and Financial Institutions	5(a)	1,310,658,053	1,349,723,787
In Bangladesh		1,031,858,971	324,731,568
Outside Bangladesh		278,799,082	1,024,992,219
Placement with Banks & Other Financial Institutions	6	13,034,942,323	13,839,455,000
Investments in Shares & Securities	7(a)	27,467,446,480	26,552,763,372
Government		23,674,689,450	22,774,689,450
Others		3,792,757,030	3,778,073,922
Investments		570,286,708,242	524,795,151,026
General Investment etc.	8.1.A	567,930,712,306	521,292,786,607
Bills Purchased and Negotiated	8.1.B	2,355,995,936	3,502,364,419
Fixed Assets Including Premises, Furniture & Fixtures and Intangible Assets	9(a)	6,725,414,524	6,877,634,336
Other Assets	10(a)	6,518,920,712	4,791,716,959
Non Banking Assets	11	25,145,280	25,145,280
Total Assets		659,114,061,504	615,487,794,012
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Placement from Banks & Other Financial Institutions	12(a)	134,585,643,997	80,484,391,794
Deposits and Other Accounts		455,194,995,469	473,046,316,737
Al-Wadia Current Deposits and Other Deposit Accounts	13.1(a)	40,248,323,726	43,387,807,051
Bills Payable	13.2	3,358,829,216	5,679,725,957
Mudaraba Savings Deposits	13.3	74,392,816,865	70,179,141,772
Mudaraba Term Deposits	13.4	291,955,086,665	308,967,731,305
Other Mudaraba Deposits	13.5	45,239,938,997	44,831,910,652
Mudaraba Subordinated Bond	14	5,100,000,000	7,400,000,000
Mudaraba Perpetual Bond	15	6,000,000,000	6,000,000,000
Other Liabilities	16(a)	33,042,552,683	26,116,875,125
Total Liabilities		633,923,192,149	593,047,583,656
Capital/Shareholders' equity			
Paid-up Capital	17.1	11,506,089,330	10,460,081,210
Statutory Reserve	18	8,743,756,230	7,550,143,181
Other Reserve	19(a)	3,575,490,973	3,152,659,895
Assets Revaluation Reserve	20	182,356,960	188,645,132
Retained Earnings	21(a)	1,183,175,862	1,088,680,938
Total Shareholders' Equity		25,190,869,355	22,440,210,356
Total Liabilities and Shareholders' Equity		659,114,061,504	615,487,794,012

**FIRST SECURITY ISLAMI BANK PLC.
OFF- BALANCE SHEET ITEMS
AS AT 31 DECEMBER 2023**

	Notes	31.12.2023 BDT	31.12.2022 BDT
Contingent Liabilities			
Acceptances and Endorsements		8,440,339,360	18,537,397,519
Letters of Guarantee	23	6,151,775,666	6,194,871,105
Irrevocable Letters of Credit	24	3,983,855,256	9,677,652,974
Bills for Collection	25	5,079,903,105	8,452,072,863
Other Contingent Liabilities		-	-
Total		<u>23,655,873,387</u>	<u>42,861,994,461</u>
Other Commitments			
Documentary Credits And Short Term Trade Related Transactions		-	-
Forward Assets Purchased And Forward Deposits Placed		-	-
Undrawn Note Issuance And Revolving Underwriting Facilities		-	-
Undrawn Formal Standby Facilities, Credit Lines And Other Commitments		-	-
Total		<u>-</u>	<u>-</u>
Total Off -Balance Sheet Items Including Contingent Liabilities		<u>23,655,873,387</u>	<u>42,861,994,461</u>

The annexed notes (1 to 56) and Annexure A, B & C form an integral part of these financial statements.

 Managing Director Director Director Chairman


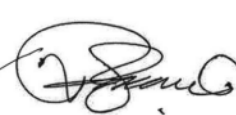
Dhaka, Bangladesh
Date: 29 APR 2024


 Mohammad Shaheed FCA, FCMA
 Senior Partner
 Enrolment No.: 1016
 Khan Wahab Shafique Rahman & Co.
 Chartered Accountants
 DVC: 2404291016AS140747

FIRST SECURITY ISLAMI BANK PLC.
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 BDT	2022 BDT
Operating Income:			
Investments Income	26(a)	51,950,748,666	40,235,923,289
Profit Paid on Deposits	27	(37,941,332,680)	(26,700,647,345)
Net Investment Income		14,009,415,986	13,535,275,944
Income from Investment in Shares and Securities	28(a)	951,094,961	788,146,286
Commission, Exchange and Brokerage	29(a)	727,075,022	1,524,665,635
Other Operating Income	30(a)	1,843,380,318	791,749,899
		3,521,550,301	3,104,561,820
Total Operating Income		17,530,966,287	16,639,837,764
Less: Operating Expenses			
Salary and Allowances	31(a)	5,887,533,353	5,270,201,431
Rent, Taxes, Insurances, Electricity etc.	32(a)	866,844,224	837,867,800
Legal Expenses	33(a)	7,122,641	8,297,653
Postage, Stamps, Telecommunication etc.	34(a)	141,980,582	134,505,322
Stationery, Printings, Advertisements etc.	35(a)	203,703,685	634,527,589
Managing Director's Salary and Fees	36(a)	18,120,139	17,505,608
Directors' Fees & Expenses	37(a)	1,108,800	1,436,000
Shariah Supervisory Committee's Fees & Expenses	38.00	307,000	466,000
Audit Fees		1,610,000	1,035,000
Depreciation & Repair of Bank's Assets	40(a)	875,894,040	878,134,842
Zakat Expenses		258,371,758	223,591,701
Other Expenses	41(a)	1,307,193,980	1,435,089,391
Total Operating Expenses		9,569,790,202	9,442,658,337
Profit/(Loss) before Provision and Tax		7,961,176,085	7,197,179,427
Provisions for Investments including off-B/S items	16.2(a)	1,642,427,652	1,542,322,027
Provisions for Diminution in Value of Inv. in Shares		(8,788,652)	58,160,305
Other Provisions		327,070,978	100,000,000
Provisions for Start- up Fund	16.7	32,400,861	29,299,095
Total Provisions		1,993,110,839	1,729,781,427
Total Profit/(Loss) before Taxes		5,968,065,246	5,467,398,000
Provision for Current Tax		2,758,051,840	2,601,125,622
Prior year Tax paid		73,286,701	-
Deferred Tax (Income)/Expenses	42	(103,359,392)	(63,637,081)
Total Provisions for Tax		2,727,979,149	2,537,488,541
Net Profit/(Loss) after Tax		3,240,086,097	2,929,909,459
Retained Earnings from Previous Year		1,088,680,938	1,024,301,103
Profit/(Loss) available for Appropriation		4,328,767,035	3,954,210,562
Appropriations:			
Statutory Reserve		1,193,613,049	1,093,479,600
Other Reserve		412,770,004	303,651,817
Profit/Coupon paid to perpetual bond holder		493,200,000	472,200,000
Dividend (Previous year)		1,046,008,120	996,198,206
		3,145,591,173	2,865,529,624
Retained Earnings Carried Forward		1,183,175,862	1,088,680,938
Earnings Per Share (EPS) previous year's figure re-statec	43(a)	2.82	2.55

The annexed notes (1 to 56) and Annexure A, B & C form an integral part of these financial statements.


 Managing Director
 Dhaka; April 29, 2024

 Director


 Director


 Chairman


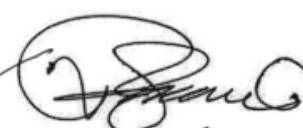
Dhaka, Bangladesh
 Date: 29 APR 2024


 Muhammad Shaheed FCA, FCMA
 Senior Partner
 Enrolment No: 1016
 Khan Wahab Shafique Rahman & Co.
 Chartered Accountants
 DVC: 2404291016AS140747

FIRST SECURITY ISLAMI BANK PLC.
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

Notes	2023 BDT	2022 BDT
A. Cash Flows from Operating Activities		
	52,308,338,836	40,079,131,874
	(36,957,950,765)	(26,504,817,467)
	37,513,917	51,131,142
	727,075,022	1,524,665,635
	1,000,000	50,000
	(5,905,653,492)	(5,287,707,039)
	(462,440,076)	(894,659,846)
	(2,119,572,490)	(2,552,056,354)
46(a)	1,843,380,318	791,749,899
47(a)	(2,374,913,227)	(2,465,391,122)
	7,096,778,043	4,742,096,722
Increase/(Decrease) in Operating Assets & Liabilities		
	(44,637,439,811)	(67,671,379,710)
48(a)	(1,058,571,869)	(496,274,701)
	804,512,677	(1,349,455,000)
	(18,821,986,552)	3,802,387,876
	54,101,252,203	65,258,342,999
49(a)	3,080,781,388	77,492,676
	(6,531,451,965)	(378,885,860)
	565,326,078	4,363,210,862
B. Cash Flows from Investing Activities		
	(914,683,108)	2,499,800,828
	(426,461,237)	(979,215,323)
	15,190,272	18,659,095
	(1,325,954,073)	1,539,244,600
C. Cash Flows from Financing Activities		
	(2,300,000,000)	(2,300,000,000)
	-	-
	(12,716,631)	(13,768,865)
	(493,200,000)	(970,299,106)
	(2,805,916,631)	(3,284,067,971)
	(3,566,544,626)	2,618,387,491
	16,100,530	(4,546,589)
	38,605,928,039	35,992,087,137
	35,055,483,943	38,605,928,039
The above closing Cash and Cash Equivalents include:		
	4,151,175,613	3,936,182,668
	30,904,308,330	34,669,745,371
	35,055,483,943	38,605,928,039

The annexed notes (1 to 56) and Annexure A, B & C form an integral part of these financial statements.


 Managing Director
 Dhaka; April 29, 2024

 Director


 Director


 Chairman

**FIRST SECURITY ISLAMI BANK PLC.
STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 DECEMBER 2023

Particulars	Paid-up Capital	Statutory Reserve	Other Reserve	Assets Reval. Reserve	Retained Earnings	Total
	BDT	BDT	BDT	BDT	BDT	BDT
Balance as on 01 January 2023	10,460,081,210	7,550,143,181	3,152,659,895	188,645,132	1,088,680,938	22,440,210,356
Changes in Accounting Policy	-	-	-	-	-	-
Restated Balance	10,460,081,210	7,550,143,181	3,152,659,895	188,645,132	1,088,680,938	22,440,210,356
Net Profit for the Year	-	-	-	-	3,240,086,097	3,240,086,097
Bonus Share Issued	1,046,008,120	-	-	-	(1,046,008,120)	-
Cash Dividend	-	-	-	-	-	-
Profit/Coupon paid to perpetual bond holder	-	-	-	-	(493,200,000)	(493,200,000)
Transfer to Statutory Reserve	-	1,193,613,049	-	-	(1,193,613,049)	-
Transfer to Other Reserve	-	-	412,770,004	-	(412,770,004)	-
Revaluation Reserve transfer to Other Reserve	-	-	10,061,074	(10,061,074)	-	-
Deferred tax impact on Revaluation Reserve	-	-	-	3,772,902	-	3,772,902
Total Group Shareholders' Equity as on 31 December 2023	11,506,089,330	8,743,756,230	3,575,490,973	182,356,960	1,183,175,862	25,190,869,355

FOR THE YEAR ENDED 31 DECEMBER 2022

Balance as on 01 January 2022	9,961,982,110	6,456,663,581	2,838,947,004	194,933,303	1,024,301,103	20,476,827,100
Net Profit for the Year	-	-	-	-	2,929,909,459	2,929,909,459
Bonus Share Issued	498,099,100	-	-	-	(498,099,100)	-
Cash Dividend	-	-	-	-	(498,099,106)	(498,099,106)
Profit/Coupon paid to perpetual bond holder	-	-	-	-	(472,200,000)	(472,200,000)
Transfer to Statutory Reserve	-	1,093,479,600	-	-	(1,093,479,600)	-
Transfer to Other Reserve	-	-	303,651,817	-	(303,651,817)	-
Revaluation Reserve transfer to Other Reserve	-	-	10,061,074	(10,061,074)	-	-
Deferred tax impact on Revaluation Reserve	-	-	-	3,772,903	-	3,772,903
Total Group Shareholders' Equity as on 31 December 2022	10,460,081,210	81	3,152,659,895	188,645,132	1,088,680,938	22,440,210,356


Managing Director
Dhaka; April 29, 2024


Director


Director


Chairman

FIRST SECURITY ISLAMI BANK PLC.
LIQUIDITY STATEMENT (ASSETS AND LIABILITY MATURITY ANALYSIS)
AS AT 31 DECEMBER 2023

Particulars	Up to 01	01-03	03-12	01-05	More than	Total 2023	Total 2022
	Month	Months	Months	Years	05 years		
	BDT	BDT	BDT	BDT	BDT	BDT	BDT
Assets							
Cash in Hand	4,151,175,613	-	-	-	-	4,151,175,613	3,936,182,668
Balance with Bangladesh Bank and its Agent Bank(s)	2,593,650,277	-	-	-	27,000,000,000	29,593,650,277	33,320,021,584
Balance with other Banks & FIs and Placement	14,345,600,376	-	-	-	-	14,345,600,376	15,189,178,787
Investments in Shares and Securities	791,808,878	-	23,673,120,000	685,177,544	2,317,340,058	27,467,446,480	26,552,763,372
Investments	141,479,408,242	64,331,900,000	264,468,700,000	76,041,700,000	23,965,000,000	570,286,708,242	524,795,151,026
Fixed Assets including Premises, Furniture and Fixtures	-	-	-	1,311,627,122	5,413,787,402	6,725,414,524	6,877,634,336
Other Assets	-	-	-	4,580,300,000	1,938,620,712	6,518,920,712	4,791,716,959
Non-banking Assets	-	-	-	25,145,280	-	25,145,280	25,145,280
Total Assets	163,361,643,386	64,331,900,000	288,141,820,000	82,643,949,946	60,634,748,172	659,114,061,504	615,487,794,012
Liabilities							
Placement from Banks & Other Financial Institutions	133,235,143,997	-	-	1,350,500,000	-	134,585,643,997	80,484,391,794
Deposits and Other Accounts	114,859,343,238	112,484,252,231	123,620,300,000	89,594,600,000	14,636,500,000	455,194,995,469	473,046,316,737
Mudaraba Subordinated and Perpetual Bond	-	-	2,300,000,000	2,800,000,000	6,000,000,000	11,100,000,000	13,400,000,000
Other Liabilities	-	10,123,852,683	339,700,000	1,350,200,000	21,228,800,000	33,042,552,683	26,116,875,125
Total Liabilities	248,094,487,235	122,608,104,914	126,260,000,000	95,095,300,000	41,865,300,000	633,923,192,149	593,047,583,656
Net Liquidity Gap	(84,732,843,849)	(58,276,204,914)	161,881,820,000	(12,451,350,054)	18,769,448,172	25,190,869,355	22,440,210,356

The annexed notes (1 to 56) and Annexure A, B & C form an integral part of these financial statements.


Managing Director
Dhaka; April 29, 2024


Director


Director


Chairman

First Security Islami Bank PLC. and its Subsidiaries
Notes to the Financial Statements
As at and for the year ended 31 December 2023

1. Corporate Information:

1.1 Status of the Bank

First Security Islami Bank PLC. (hereinafter referred to as “the Bank or FSIB”) was established as a Public Limited Company in Bangladesh on 29 August 1999 under Companies Act 1994 to carry on banking business. The Bank converted its banking operation into Islamic Banking based on Islamic Shari’ah from traditional banking operation on 01 January 2009 after obtaining approval from honorable High Court, Ministry of Finance and Bangladesh Bank. It obtained permission from Bangladesh Bank on 22 September 1999 to commence its business. The Bank is one of the interest-free Shari’ah based banks in the country and its modus-operandi are substantially different from other conventional banks. The Bank went for public issue on 20 July 2008 and its shares are listed with Dhaka Stock Exchange (DSE) Ltd. and Chittagong Stock Exchange (CSE) Ltd. Presently the Bank carries out its banking activities through its 105 Agent outlets, 172 Sub-branches and 205 branches in the country. The Bank had no overseas branches as at December 31, 2023.

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

1.2 Principal Activities

1.2.1 Commercial banking services

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

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

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

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

1.2.2 Mobile financial services-“First Cash”

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

1.2.3 FSIB Agent Banking

First Security Islami Bank PLC. Launched its Agent Banking Operation under the brand name “FSIB Agent Banking” on May 29, 2016 upon receiving permission from Bangladesh Bank on September 01, 2015. The Agent Banking outlet is running under the ABS system integrated with CBS.

It is a banking system exactly like a model branch which is located in the remote areas, where all kinds of branch banking facilities such as Account Opening, Cash Deposit/withdrawal, Fund Transfer, BEFTN, BACH & RTGS etc. in limited scale (as per Bangladesh Bank guidelines) are provided to the underserved population through engaged agents under a valid agency agreement. Along with the general banking services, FSIB Agent Banking is rendering the other banking services like BREB Bill Collection and Foreign Remittance Services to the underserved population of Bangladesh in the remote areas.

As per Agent Banking Model, the Agent Banking Outlets are being tagged with FSIB Branches, considering the distance in terms of the nearest location from the Agent Outlet. The tagging branch manager will provide all sorts of supports to the concerned outlets as all the businesses, coming from the concerned outlets, are reflected in their affairs i.e. tagged branch, is the ultimate beneficiary of the Agent Banking Business.

1.2.4 Off Shore Banking Unit

Off-shore Banking Unit (OBU) is a Separate business unit of First Security Islami Bank PLC., governed under the rules and guidelines of Bangladesh Bank. The Bank obtained the Off-shore Banking Unit permission vide letter no. BRPD (OB)/744(126)/2020-4735 dated 06 July, 2020. The Bank commenced the operation of its Off-shore Banking Unit from August 06, 2020. The unit is located at Rangs RD Center, Block # SE(F), Plot#03, Gulshan-1, Dhaka-1212. Due to having different functional currency the operation of OBU has been considered as “foreign operation” and accordingly relevant financial reporting standards have been applied consistently. The financial statements of the OBU are included in the separate financial statements of the bank and eventually in the consolidated financial statements. The separate financial statements of OBU are shown in the functional currency (i.e. USD) as well as the presentation currency i.e. BDT of the Bank in **Annexure-C**.

1.3 Subsidiaries

1.3.1 First Security Islami Capital & Investment Limited

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

1.3.2 First Security Islami Exchange Italy S.R.L

First Security Islami Exchange Italy S.R.L has been formed as per approval of Bangladesh Bank vide their Letter No. BRPD (M) 204/17/2009-95 dated 08 September 2009 for opening an owned exchange house. The main activities of the exchange house are to carry on the remittance business and to undertake and participate in transactions activities and operations commonly carried on or undertaken by remittance and exchange houses.

2. Basis of Preparation of Financial Statements

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

2.1 Statements of Compliance

The bank and its subsidiaries are being operated in strict compliance with the rules of Islamic Shariah. The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is to be formed and it is to issue financial reporting standards for public interest entities such as banks. The Bank Companies Act 1991 has been amended to require banks to prepare their financial statements under such financial reporting standards. The FRC has been formed but yet to issue any financial reporting standards as per the provisions of the FRA and hence International Financial Reporting Standards (IFRS) as issued by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable.

The financial statements of the Bank are made for the year ended 31 December, 2023 and are prepared under the historical cost convention on a going concern basis and in accordance with the “ First Schedule Section 38(4) of the Bank Companies Act, 1991 and Amendment 2013, BRPD Circular # 14 dated 25 June 2003, BRPD Circular # 15 dated 09 November 2009, Circulars, Rules and regulations issued by Bangladesh Bank time to time, International Accounting Standards and International Financial Reporting Standards, The Companies Act 1994, The Bangladesh Security and Exchange Rules 1987, Dhaka & Chittagong Stock Exchanges listing regulations, Income Tax Act-2023, the Value Added Tax and Supplementary Duty Act-2012, and other laws and rules applicable in Bangladesh. Where the reporting guidelines issued by Bangladesh Bank and Bank Companies Act differ with those of IFRS, the requirements of the Bank company Act 1991, and provisions and circulars issued by Bangladesh Bank shall prevail. Bank has departed from those requirements of IFRS in order to comply with the rules and regulation of Bangladesh Bank which are disclosed below:

i) Presentation of financial statements

IFRS: As per IAS 1 financial statements shall comprise statement of financial position, statement of profit or loss and other comprehensive income, changes in equity, cash flows statement, adequate notes comprising summary of accounting policies and other explanatory information. As per para 60 of IAS 1, the entity shall also present current and non-current assets and current and non-current liabilities as separate classifications in its statement of financial position.

Bangladesh Bank: The presentation of the financial statements in prescribed format (i.e. balance sheet, profit and loss account, cash flows statement, changes in equity, liquidity statement) and certain disclosures therein are guided by the ‘First Schedule’ (section 38) of the Banking Company Act 1991 (amendment up to 2013) and BRPD circular no. 14 dated: 25 June 2003 and subsequent guidelines of BB. In the prescribed format there is no option to present assets and liabilities under current and non-current classifications.

ii) Other Comprehensive Income

IFRS: As per IAS 1, Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, the elements of OCI, if any, are shown in the statements of changes in equity.

iii) Investment in shares and securities

IFRS: As per requirements of IFRS 9 investment in shares and securities generally falls either under “at fair value through profit and loss account” or under “available for sale” where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively.

Bangladesh Bank: As per BRPD circular no. 14 dated: 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognized at cost.

iv) Provision on investments and off-balance sheet exposure

IFRS: As per IFRS 9 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD Circular no.14 dated: 23 September 2012, BRPD Circular no.05 dated:29 May 2013, BRPD Circular no.12 dated:20 August 2017, BRPD Circular no.01 dated:20 February 2018 and BRPD Circular no.52 dated:20 October 2020 a general provision at 0.25% to 2% under different categories of unclassified investment (Standard and SMA Investment) has to be maintained regard less of objective evidence of impairment. Also, Specific provision for Sub-Standard investment, Doubtful investment and Bad/Loss has to be maintained at 20%, 50% and 100% respectively for classified investments on the basis of investment Classification.

Further, as per BRPD Circular No. 15 dated: 27 September 2017, provision for short Term Agriculture and Micro credit at 1% for all unclassified investment (Regular and irregular), 5% for classified as sub-standard and Doubtful and 100% for classified as Bad /Loss.

It is also noticeable here that, as per BRPD Circular No.16 dated: 21 July 2020, provision for cottage, Micro and small investment under CMSME investment at 0.25% for all unclassified investment (Standard and SMA Investment) has to be maintained, 5% for sub-standard, 20% for Doubtful and 100% respectively for classified investments.

Furthermore, As per BRPD Circular no.14 dated: 23 September.2012, BRPD Circular no.07 dated: 21 June 2018 and BRPD Circular no.13 dated: 18 October 2018, a general provision 0%, 0.50%, 0.75% and 1% is required to be maintained for all off balance sheet exposures excluding bill for collection depending on Bangladesh Bank rating grade equivalence of Bank/Financial institute/Organization providing the counter Guarantee, such provision policies are not specify in line with those prescribed by IFRS-9.

v) Recognition of investment income in suspense

IFRS: Investment to customers are generally classified as Investment in General (loans and receivables) as per IAS 39 and Investment income is recognized through effective profit rate method over the term of the Investment. Once an investment (loan) is impaired, investment income is recognized in profit and loss account on the same basis based on revised carrying amount.

Bangladesh Bank: As per BRPD circular no. 14 dated: 23 September 2012, once an investment (loan) is classified, investment income on such investments are not allowed to be recognized as income, rather the corresponding amount needs to be credited to an investment income in suspense account, which is presented as liability in the balance sheet. In case of rescheduled investment, the unrealized income, if any, will be credited to investment income in suspense account instead of crediting the same to income account.

vi) Financial Instruments – Presentation and disclosure

In several cases Bangladesh Bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in IFRS 9. As such full disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

vii) Financial guarantees

IFRS: As per IFRS 9, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD 15/2009 financial guarantees such as letter of credit, letter of guarantee will be treated as off-balance sheet items. No liability is recognized for the guarantee except the cash margin.

viii) Balance with Bangladesh Bank (Cash Reserve Requirement)

IFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per IAS 7 “Statements of Cash Flows”.

Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.

ix) Cash flow statement

IFRS: The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD 14 dated: 25 June 2003 and BRPD 15 dated: 09 November 2009, cash flow statement is to be prepared following a mixture of direct and indirect methods.

x) Presentation of intangible asset

IFRS: An intangible asset must be identified and recognized, and the disclosure must be given as per IAS 38.

Bangladesh Bank: Intangible Assets are shown in fixed Assets including premises, Furniture and fixtures and intangible Assets, there is no regulation for intangible assets in BRPD circular no. 14 dated: 25 June 2003 and BRPD 15 dated: 09 November 2009.

xi) Non-banking assets

IFRS: No indication of Non-banking asset is found in any IFRS and IAS.

Bangladesh Bank: As per BRPD circular no. 15 dated: 09 November 2009, and BRPD Circular no.22 dated: 20 September 2021 there must exist a face items /separate Balance sheet item title named as Non-banking asset.

xii) Off-balance sheet items

IFRS: As per IFRS, there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per BRPD circular no. 14 dated: 25 June 2003 and BRPD 15 dated: 09 November 2009, off- balance sheet items (e.g. Letter of credit, Letter of guarantee and acceptance etc.) must be disclosed separately on the face of the balance sheet.

xiii) Investments net off provision

IFRS: As per IFRS-09, Loans and advances/Investments should be presented net off provision.

Bangladesh Bank: As per BRPD circular no.14 dated: 25 June 2003 and BRPD Circular No. 15 dated:09 November 2009 provision on investments are presented separately as liability and cannot be net-off against Investments (loans and advances).

xiv) Disclosure of appropriation of profit

IFRS: There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

Bangladesh Bank: As per BRPD circular no. 14 dated: 25 June 2003, an appropriation of profit should be disclosed in the face of profit and loss account.

xv) Revenue

As per IFRS 15, revenue should be recognized on accrual basis but due to the unique nature of Islamic Banks, income from investment under Mudaraba, Musharaka, Bai-Salam, and Ujarah modes (Tamin Card) is accounted for on realization basis as per AAOIFI and Bangladesh Bank guidelines.

xvi) Charges on tax on retained earnings, reserve, and surplus as per Income tax Act-2023

As per section 22 of the income tax Act-2023, Listed companies should disclose proposed dividend in the balance sheet as "among to be distributed as dividend". However, there is no provision for this in BRPD 14 dated: 25 June 2003 and BRPD 15 dated: 09 November 2009 and IFRS also restricts to disclose such presentation in the balance sheet.

2.2 Basis of Consolidation

The consolidated Financial Statements include the financial statements of First Security Islami Bank PLC. and its subsidiaries company First Security Islami Capital & Investment Limited and First Security Islami Exchange Italy S.R.L made up to the end of the December 31, 2023. Due to time gape the un-audited financial statements for the year ended 31 December 2023 of First Security Islami Exchange Italy S.R.L are consolidated at closing rate. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards 10 "Consolidated Financial Statements". The Consolidated Financial Statements are prepared for the common financial year ended 31 December 2023.

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

2.3 Investment in subsidiaries in the Bank separate financial statements

When the Bank prepares separate financial statements, it accounts for investments in subsidiaries at cost in accordance with IAS-27.

2.4 Functional and presentation currency

The consolidated and separate financial statements of the Bank are presented in Bangladeshi Taka which is the functional currency of the Bank and its subsidiaries except for Off-shore Banking Unit (OBU) where the functional currency is US Dollar (USD). All financial information presented in Taka (BDT) has been rounded to the nearest integer, except otherwise indicated.

2.5 Use of Estimates and Judgments

In the preparation of the financial statements management is required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The most critical estimates and judgments are applied to the following:

- 1) Provision for investment as explained in Note 3.1.4
- 2) Retirement benefit of employees as explained in Note 3.2.7
- 3) Deferred tax Asset/Liability as explained in Note 3.2.6.2

2.6 Comparative information and re-arrangement thereof

Comparative figures have been re-arranged wherever considered necessary to ensure suitable comparability with the current period without causing any impact on the profit and values of assets and liabilities as reported in the financial statements.

2.7 Going Concern

When preparing financial statements of the bank, the Managements make an assessment of the bank's ability to continue as a going concern assumption that the bank will continue in operation over the foreseeable future. The bank prepares financial statements on a going concern basis.

2.8 Accrual basis of accounting

The Bank prepares its financial statements other than cash flow statement, using the accrual basis of accounting. Since the accrual basis of accounting is used the bank recognizes items as assets, liabilities, equity, income and expenses when they satisfy the definition and recognition criteria for those elements in the Framework.

2.9 Offsetting Financial Instruments

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

2.10 Reporting period

These financial statements of the Bank and its subsidiaries cover one calendar year from 01 January 2023 to 31 December 2023.

2.11 Basis of measurement

Measurement is the process of determining the monetary amounts at which the elements of the financial statements are to be recognized and carried in the financial statements. The measurement basis adopted by the Bank is historical cost except for land, building and few of the financial assets which are stated in accordance with the policies mentioned in the respective notes.

2.12 Statement of Cash Flow

Cash flow statement is to be prepared as it provides information about cash flows of the enterprise which is useful in providing users of financial statements with a basis to assess the ability of the enterprise to generate cash and cash equivalents and the needs of the enterprise to utilize those cash flows. Cash flow statement has been prepared under an adopted method of direct and indirect for the period, classified by operating, investing and financing activities in accordance with the BRPD Circular No. 14 dated: 25 June 2003 and BRPD Circular No. 15, dated: 09 November 2009 issued by Bangladesh Bank as well as requirements of IAS 7.

2.13 Statement of Changes in Equity

The statement of changes in equity reflects information about the increase or decrease in net assets or wealth. Statement of changes in equity has been prepared in accordance with IAS-1 and relevant guidelines of Bangladesh Bank & BRPD Circular No.14 dated: 25 June 2003.

2.14 Liquidity Statement

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per the following basis.

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

2.15 Accounting for Changes in Policy, accounting estimates and errors

The bank changes its accounting policy only if the change is required by IFRS or Bangladesh Bank Guidelines or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, Financial performance or cash flows. As a result of the uncertainties inherent in business activities, many items in financial statements cannot be measured with precision but can only be estimated.

As per IAS-8 accounting policies, changes in accounting estimates and errors states that the effect of changes in accounting policy, is to be applied retrospectively in accordance with paragraph 19 of IAS-8, by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.

If need connection of material prior periods error, is to be applied retrospectively restating the comparatives amount for the prior periods presented, in which the error occurred or if the error occurred before, adjusting the opening balance of assets, liabilities and equity for the earliest prior period presented.

For changing in Accounting Estimate is to be applied prospectively by including it in profit or loss in the period of the changes.

2.16 Leases

IFRS 16 Leases, defines a lease as "A contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration". In order for such a contract to exist the user of the asset needs to have the right to:

- ✓ Obtain substantially all the economic benefits from the use of asset (identifiable asset)
- ✓ The right to direct the use of asset

A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition the Bank assesses whether the contract meets two key evaluations which are whether:

- ✓ the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Bank
- ✓ the Bank has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Bank has the right to direct the use of the identified asset throughout the period of use. The Bank assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Bank depreciates the right-of-use assets on a straight-line basis over the remaining useful life of the asset. The Bank also assesses the right-of-use asset for impairment when such indicators exist.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), amounts expected to be payable under a residual value guarantee, payments arising from options reasonably certain to be exercised and variable lease payments that depend on an index or a rate.

The Bank has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included other liabilities.

2.17 Accruals & Deferrals

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

2.18 Foreign currency transactions

2.18.1 Initial recognition

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

2.18.2 Subsequent measurement

A foreign currency transaction may give rise to assets or liabilities that are denominated in a foreign currency. These assets and liabilities are translated into the Bank's functional currency at each reporting date. However, translation depends on whether the assets or liabilities are monetary or non-monetary items.

Monetary items

Foreign currency monetary items outstanding at the end of the reporting date are translated using the closing rate. The difference between this amount and the previous carrying amount in functional currency is an exchange gain or loss. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements is recognized in profit or loss in the period in which they arise.

Non-monetary items

Non-monetary items carried at historic cost are translated using the exchange rate at the date of the transaction when the asset arose (historical rate). They are not subsequently retranslated in the individual financial statements of the Bank. Non-monetary items carried at fair value are translated using the exchange rate at the date when the fair value was determined.

When a gain or loss on a non-monetary item is recognized in equity, any exchange component of that gain or loss is recognized in equity. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

2.18.3 Translation of foreign currency financial statement

The assets and liabilities of foreign operations are translated into presentation currency in the current statement of financial position using the closing rate at the reporting date. The income and expenses of foreign operations are translated at spot exchange rates at the date of transactions as long as practicable; otherwise average rate of exchange has been used. Foreign currency differences arising on translation are recognized in equity under the head translation reserve.

3.00 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all the periods presented in these financial statements and have been applied consistently by the Bank.

3.1 Assets and basis of their valuation

3.1.1 Cash and cash equivalent

As per BRPD circular no. 15 dated: 09 November 2009 and IAS-7, cash and cash equivalents include notes and coins in hand, balances lying with ATM, unrestricted balance held with Bangladesh Bank and its agent Bank and balance with other Banks and Financial Institutions.

3.1.2 Balance with Bangladesh Bank (Cash Reserve Requirement- CRR)

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

3.1.3 Investment in Shares and Securities

a) The bank investment in different securities has been valued on 31.12.2023 as under:

Quoted Shares	at Cost
Un-Quoted Shares (CDBL Share)	at Cost
Bangladesh Govt. Islamic Bond	at Cost

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

As per BRPD Circular # 15 dated: 09 November 2009, investment in quoted shares and un-quoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment. As such the company measures and recognizes investment in are higher than the cost. However as per requirements of International Accounting Standard (IAS)-39, investment in shares falls either under **“at fair value through profit and loss account”** or under **“available for sale”** where any change in the fair value at the year-end is taken to profit and loss account or revaluation reserve respectively. FSIB recognizes its investment in shares and securities and accounted for the required provision for diminution in value of shares and securities in the profit and loss account as per BRPD Circular # 15 dated: 09 November 2009 issued by Bangladesh Bank.

b) Revaluation gains/losses on Government Securities

FSIB is a Bank running on Islamic Sharia'h Principal. Hence, we do not participate in buying interest bearing Government securities.

3.1.4 Investments and provisions for investments:

Investments are recognized at gross amount on the date on which they are originated. After initial recognition investments are stated in the Balance Sheet net off profit receivable and unearned income. However, provision for investments are not net-off with investments.

Profit Receivable – the amount of unexpired portion of profit charged on Bai-Murabaha investment at the time of sale of goods/ services to customer/ client.

Unearned Income - the amount of unrealized portion of profit/ value addition of fixed assets [property, plant & equipment] under Hire Purchase Under Shirkatul Melk (HPSM) investment for gestation period. Investments are stated in the Balance Sheet at the net amount excluding unearned income.

As per IAS-36 impairment assessment should be done by considering whether any objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

However, provision for classified and unclassified investment is made on the basis of year and review by the management and of instructions contained in Bangladesh Bank BRPD Circular No.14 dated: 23 September 2012, BRPD Circular No.05 dated: 29 May 2013, BRPD Circular No.08 dated: 02 August 2015, BRPD Circular No.12 dated: 20 August 2017, BRPD Circular No.15 dated: 27 September, 2017 BRPD Circular No.01 dated: 20 February 2018, BRPD Circular No. 07 dated: 21 June, 2018, BRPD Circular No. 13 dated: 18 October 2018, BRPD Circular No.03 dated: 21 April 2019, BRPD circular letter no.07, dated: 19 March 2020 BRPD Circular No.16 dated: 21 July 2020, BRPD Circular No.17 dated: 28 September 2020, BRPD Circular Letter No.52 dated: 20 October 2020, BRPD Circular Letter No. 56 dated: 10 December, 2020, BRPD Circular Letter No.63 dated: 31 December, 2020, BRPD Circular No.-03, dated: 31 January 2021, BRPD Circular No.-12, dated: 13 June 2021, BRPD Circular No.-13, dated: 27 June 2021, BRPD Circular No.- 19, dated: 26 August 2021, BRPD Circular No.-50 dated: 14 December 2021, BRPD Circular Letter No.- 51, dated: 29 December 2021, BRPD Circular Letter No.-52, dated: 29 December 2021 and BRPD Circular Letter No.-53, dated: 30 December 2021, BRPD Circular No.-01, date 16 January 2022, BRPD Circular No.-14, date June 22, 2022, BRPD Circular Letter No.-53, date Dec 22, 2022, BRPD Circular Letter No.-51, date Dec 18, 2022, BRPD Circular No.-11, date 20 June 2023, BRPD Circular Letter No.-03, date 02 February, 2023 and BRPD Circular Letter No.-20, date 21 June, 2023 at the following rates:

a) General Provision: Provision on standard

Particulars	Rate
Unclassified Investment for SME	0.25%
All other unclassified investment except SME investment	1%
Investment for Consumer Financing	2%
Investment for House Financing under consumer financing	1%
Investment for credit card finance under consumer financing	2%
Investment to Professionals to set up business under consumer	2%
Investment to Broker house, merchant bank stock dealers etc.	1%

b) Special Mention Account: (Same as standard)

c) Specific Provision on:

Substandard	20%
Doubtful	50%
Bad/Loss	100%

d) Provision for Short Term Agricultural and Micro-Credit:

1) All unclassified investment (Irregular and regular)	1%
2) Classified as sub-standard and doubtful	5%
3) Bad/loss	100%

e) Provision for off-Balance sheet Exposure

As per the referred circular, banks are required to maintain 1% general provision against the guarantees, FSIB issues for clients of FSIB since guarantee is an off-balance sheet expense. As per BRPD Circular no.7 dated 21 June 2018, banks were given exemption from maintaining any provision for those guarantees against which the counter guarantee are issued only by the multilateral development banks (MDBS)/International banks having a BB rating grade-1 equivalent outline in the guidelines on risk-based capital adequacy.

As per BRPD circular no.13 dated: 18 October 2018, the provision requirement for the bank to be maintained in the following way:

BB Rating grade equivalence of the Bank/FI/Organization providing the counter guarantee	Provision requirement
1	Nil
2	0.50
3 or 4	0.75
Others	1.00

f) Provision for cottage, Micro and small investment under CMSME:

i) All unclassified (Standard and SMA) :	0.25%
ii) Sub-Standard :	5%
iii) Doubtful :	20%
iv) Bad and loss :	100%

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

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

3.1.5 Impairment of financial assets

An asset is impaired when its carrying value exceeds its recoverable amount as per IAS 36 "Impairment of Assets". Recoverable amount is higher of Fair value less cost of sell amount and value in use amount Fair value less cost to sell is the price that would be received to sell the assets in an orderly transaction between market participants at the measurement date less the direct incremental cost attributable to the disposal of the assets. Value in use: Cash flow projection are based on the most recent management approved budget forecasts. At each balance sheet date, First Security Islami Bank PLC. assesses whether there is objective evidence that a financial asset or a group of financial assets i.e, Investment and off balance sheet items is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of a loss event that occurred after the initial recognition of the asset up to the balance sheet date; the loss event had an impact on the estimated future cash flows of the financial asset or the group of financial assets; and a reliable estimate of the loss amount can be made.

In the event of impairment loss, the Bank reviews whether a further allowance for impairment should be provided in the profit and loss statement in addition to the provision made based on Bangladesh Bank guidelines or other regulatory requirements. As per IAS -36, impairment loss are accounted for in the same way as IAS-16, Property, Plant and Equipment revaluation.

3.1.6 Property, Plant and Equipment

Recognition and Measurement

All fixed assets are stated at cost less accumulated depreciation as per IAS 16 “Property, Plant and Equipment”. is measured at cost.

The cost is the amount of cash or cash equivalents paid or the Fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognized in accordance with the specific requirements of the IFRS.

The cost of an item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably. These recognition criteria apply to subsequent expenditure as well as cost incurred initially. Once recognized as an asset, items should initially be measure at cost.

The cost of an items of property, plant and equipment comprises:

- (a) its purchase price, including import duties and non- refundable purchase taxes, after deducting trade discounts and rebates
- (b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purpose other than to produce inventories during that period.

Subsequent Cost

The cost of replacing part of an item of fixed assets is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of fixed assets are recognized in profit or loss as incurred.

De-recognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from de-recognition of an item of property, plant and equipment is included as other income in profit or loss when the item is derecognized.

Depreciation

No depreciation is charged on land. Charging depreciation against fixed assets commences from the month of acquisition (for full month) when the assets is in the location and condition necessary for its intended use and ceases at the month when the assets are disposed. Asset category-wise depreciation rates are as follows:

Nature of Assets	Rate of Depreciation	Method of Depreciation
Building	2.5%	Straight Line Method
Furniture and Fixtures	10%	Reducing Balance Method
Office Equipment	20%	Reducing Balance Method
Computer Printer & Peripheral	20%	Straight Line Method
Vehicles	12.5%	Straight Line Method
Books	20%	Reducing Balance Method

3.1.7 Presentation of Intangible Asset

Recognition

The recognition of an item as an intangible asset requires the Bank to demonstrate that the item meets the definition of an intangible asset and the recognition criteria. As per IAS-38, an Intangible Assets is an identification non-monetary asset without physical substance. An intangible asset is identifiable if it is separable (that is it can be sold, transferred, exchanged, licensed or ranted to another party). An intangible asset is recognized as an asset if, and only if, it is probable that expected future economic benefits that are attributable to the asset will flow to the Bank and the cost of the item can be measured reliably.

Measurement

An intangible asset is measured at cost less any accumulated amortizations and any accumulated impairment losses. Subsequent expenditures are likely to maintain the expected future economic benefits embodied in an existing intangible asset rather than meet the definition of an intangible asset and the recognition criteria. Therefore, expenditure incurred after the initial recognition of an acquired intangible asset or after completion of an internally generated intangible asset is usually recognized in profit or loss as incurred. On disposal of an intangible assets, the gain or loss is recognized in profit or loss.

Amortization

The depreciable amount of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life. Amortization begin when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortization ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized. The rates used for amortizing intangible assets is 20.00%. An intangible asset with an indefinite life should not be amortized as per IAS-38.

3.1.8 Revaluation

Land and building are revalued as per International Accounting Standard (IAS)-16, 'Property, Plant and Equipment' as well as Bangladesh Bank BCD Circular Letter No. 12 & 18, dated: 20 April 1993 & 15 June 1993, respectively and BRPD Circular # 10 and 09, dated: 25 November 2002 and 31 December 2008 respectively. The Bank revalued its land & building in the year 2012. Reserve is created by the sum of revaluation surplus and depreciation is charged on the revalued assets except land as per the respective rate of depreciation. If revalued is in upward than the gain/difference should be recognized as revaluation surplus. A decrease in carrying amount on revaluation should be recognized as an expense in profit or loss account.

3.1.9 Impairment of fixed assets

At each balance sheet date, the Bank assesses whether there is any indication that the carrying amount of an asset exceeds its recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and an impairment loss is recognized as an expense in the profit and loss statement unless the asset is carried at revalued amount in accordance with International Accounting Standard (IAS) 16, Property, Plant and Equipment in which case any impairment loss of a revalued asset should be treated as a revaluation decrease under that Accounting Standard. No impairment loss was recognized up to the reporting period as there were no such indication existed as on Balance Sheet date. As per IAS-16, allows a reserve transfer of the excess depreciation which is recognized in statement of changes in equity.

3.1.10 Other assets

Other assets include all other financial assets and include fees and other unrealized income receivable, advance for operating and capital expenditure and stocks of stationery and stamps.

3.1.11 Investment in subsidiary

Investment in subsidiary is accounted for under the cost method of accounting in the Bank's financial statements in accordance with the IAS 27 "Separate Financial Statements", IFRS 3 "Business Combination", IAS 36 "Impairment of Assets" and IFRS 10 "Consolidated Financial Statements".

3.1.12 Non-banking Assets

As per BRPD circular no. 15 dated: 15 September 2009 and 22 dated: 20 September 2021, Non-banking assets are acquired on account of the failure of a client to repay the investment in time after receiving the decree from the court regarding the right and title of the mortgaged property.

3.2 Liabilities and provisions

3.2.1 Placement from bank & other financial institution

Placement from banks and other financial institutions are stated in the financial statement at principal amount of the outstanding balance.

3.2.2 Deposits and other Accounts

Deposit and other accounts include Al-Wadia Current Deposit, Mudarabah Saving Deposit, Mudarabah Term Deposit and other Mudaraba deposits. Deposits by customers and banks are recognized when the Bank enters into contractual agreements with the counterparties. These items are brought to Financial Statements at the gross value of the outstanding balance.

3.2.3 Mudaraba Subordinated Bond

- The bank issued FSIB 2nd Mudaraba Subordinated Bond (Private Placement) amounting to BDT 450.00 (Four hundred fifty) crore only through private placement with 7 years maturity for enhancement of Tier-II capital as per requirement of Basel –III. The semi-annual profit has already been paid up to 31/12/2023. However, the amount of Tk. 360.00 crore had already been paid up to December 2023 as principal redemption. The rate of profit will be calculated at prevailing Mudaraba Term Deposit Profit Rate (Provisional) in 6 Months tenor plus additional 1.25% (indicative/provisional) per annum on the outstanding balance of the bond from pre-tax profit/ operating income of the Bank.
- The bank issued FSIB 3rd Mudaraba Subordinated Bond (Private Placement) amounting of BDT 700.00 (Seven hundred) crore only through private placement with 7 years maturity for enhancement of Tier-II capital as per requirement of Basel –III. The semi-annual profit has already been paid up to 31/12/2023. However, the amount of Tk. 280.00 crore had already been paid up to December 2023 as principal redemption. The rate of profit will be calculated at prevailing Mudaraba Term Deposit Profit Rate (Provisional) in 6 Months tenor plus additional 1.75% (indicative/ provisional) per annum on the outstanding balance of the bond from pre-tax profit/ operating income of the Bank.

3.2.4 Mudaraba Perpetual Bond

Mudaraba Perpetual Bond (MPB) was issued by the Bank under the Mudaraba principles of Islamic Shari'ah as per approval of Bangladesh Bank Letter No. BRPD (BPIS)661/14B(P)/2020-9530 dated: 09 November 2020 and Bangladesh Securities and Exchange Commission Letter No. BSEC/CI/DS-135/PB/2020/291 dated: 09 December 2020. It is treated as a component of Additional Tier-I Capital (AT-I). The instrument subordinated to the claims of other creditors and depositors. In the case of liquidation, the subordinated debt holders would be paid just before paying to the shareholders assuming there are assets to distribute after all other liabilities and debts have been paid. The Mudaraba Perpetual Bond (MPB) is perpetual in nature i.e. infinite maturity. Profit paid against Mudaraba Perpetual Bond is the published deposit rate to be taken from "Announced Profit rate chart of the scheduled banks (Deposit rate) (1 year but < 2 Year)" published by Bangladesh Bank in Its website and an additional profit margin @ 2.50%.

3.2.5 Provisions

3.2.5.1 Provision for investments

Provision for investments is made on the basis of quarter-end review by the management and instructions contained in BRPD Circular No.14 dated: 23 September 2012, BRPD Circular No.05 dated: 29 May 2013, BRPD Circular No.08 dated: 02 August 2015, BRPD Circular No.12 dated: 20 August 2017, BRPD Circular No.15 dated: 27 September, 2017 BRPD Circular No.01 dated: 20 February 2018, BRPD Circular No.03 dated: 21 April 2019, BRPD circular letter no.07, dated: 19 March 2020 BRPD Circular No.16 dated: 21 July 2020, BRPD Circular No.17 dated: 28 September 2020, BRPD Circular Letter No.52 dated: 20 October 2020, BRPD Circular Letter No. 56 dated: 10 December, 2020, BRPD Circular Letter No.63 dated: 31 December, 2020, BRPD Circular No.-03, dated: 31 January 2021, BRPD Circular No.-12, dated: 13 June 2021, BRPD Circular No.-13, dated: 27 June 2021, BRPD Circular No.- 19, dated: 26 August 2021, BRPD Circular No.-50 dated: 14 December 2021, BRPD Circular Letter No.- 51, dated: 29 December 2021, BRPD Circular Letter No.-52, dated: 29 December 2021 and BRPD Circular Letter No.-53, dated: 30 December 2021, BRPD Circular No.-01, date 16 January 2022, BRPD Circular No.-14, date June 22, 2022, BRPD Circular Letter No.-53, date Dec 22, 2022, BRPD Circular Letter No.-51, date Dec 18, 2022, BRPD Circular No.-11, date 20 June 2023, BRPD Circular Letter No.-03, date 02 February, 2023 and BRPD Circular Letter No.-20, date 21 June, 2023.

3.2.5.2 Provision for diminution of value of shares and securities

Provision for diminution of value of shares and mutual funds, placed under other liability, has been made on portfolio basis (gain/loss net off) following DOS circular No. 04 dated: 24 November 2011, DOS circular no. 03 dated: 12 March 2015 and DOS circular no. 10 dated: 28 June 2015 respectively. Details are stated in Note 17.2 of these financial statements.

3.2.5.3 Provision for off balance sheet exposures

In compliance with BRPD circular no. 14 dated: 23 September 2012, BRPD Circular No.7 dated: 21 June 2018, BRPD Circular No.13 dated: 18 October 2018 and BRPD Circular No.06 dated: 25 April 2023 the Bank has been maintaining provision against off balance sheet exposures.

3.2.5.4 Provision for nostro accounts

According to guidelines of Foreign Exchange Policy Department of Bangladesh Bank, circular no. FEOD (FEMO)/01/2005-677 dated: 13 September 2005, Bank is required to make provision regarding the un-reconciled debit balance as at balance sheet date. It is reviewed semi-annually by our management along with duly certified by the external auditor.

3.2.6 Taxation

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

3.2.6.1 Current Tax

Provision for corporate current income tax has been made @ 37.50% for business income and other applicable rate for other operating income as prescribed in the Finance Act 2023 of the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per income tax laws in compliance with IAS 12 Income Taxes. Provision of current income tax has been made on taxable income of the Bank as per following rates:

Type of Income	2023	2022
Business Income	37.50%	37.50%
Capital Gain	10%-15%	10%-15%
Other Income (Dividend income)	20%	20%

3.2.6.2 Deferred Tax

Principle of recognition

The bank accounted for deferred tax as per IAS-12 income taxes. Deferred tax is accounted for any temporary difference between the carrying amount of assets and liabilities for financial reporting purposes and their tax base. Deferred tax is recognized as income or an expense amount within the tax charge, and included in the net profit or loss for the period. Deferred tax relating to items dealt with directly in equity is recognized directly in equity.

Recognition of taxable temporary difference

A deferred tax liability is recognized for all taxable differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill; or the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Recognition of deductible temporary difference

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Measurement

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax on revaluation

The revaluation does not affect taxable profits in the period of revaluation and consequently, the tax base of the asset is not adjusted. Hence a temporary difference arises. An upward revaluation will therefore give rise to a deferred tax liability. FSIB recognizes the underlying revaluation directly in equity, so the deferred tax thereon is also recognized as part of tax relating to equity. FSIB transfers each year from revaluation surplus to retained earnings an amount equal to the difference between the depreciation based on the cost of that asset. The amount transferred is net off any related deferred tax.

3.2.7 Retirement Benefits of Employees

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

3.2.7.1 Provident Fund

Provident fund benefits are given to staffs of FSIB in accordance with the locally registered Provident Fund Rules. The employees' provident fund is administered by a Board of Trustees and is funded by contributions of both employees and the Bank at predetermined rate @ 10% of basic salary in equal portion. These contributions are invested separately from the assets of FSIB and the profit on such contributions credited to the members' account. The Fund recognized by the National Board of Revenue.

3.2.7.2 Gratuity

The Company operates a funded gratuity scheme for its permanent employees, under which an employee is entitled to get the benefits if his length of service is Seven (07) years in accordance with prevailing service rule as on 31 December 2023.

3.2.7.3 Social Security Benevolent Fund

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

3.2.7.4 Employees Group Life Insurance Fund

The First Security Islami Bank PLC. makes Employees Group Life Insurance Fund commence with effect from 19th September 2019. The purpose of the fund is to provide medical and death cum survival benefit in lieu of group insurance (death cum endowment). The fund shall be subscribed by the employees on yearly basis and with the contribution of the Bank.

3.2.7.5 Workers' profit Participation Fund (WPPF)

As per Bangladesh Labour Act, 2006 as amended in 2013 all companies fall within the scope of WPPF (which includes Bank) are required to provide 5% of its profit before charging such expense to their eligible employees within the stipulated time. The Banking Companies Act 1991 section 11 subsection b (ii) which states: "Quote No banking company shall employ any person whose remuneration or part of whose remuneration takes the form of Commission or of a share in the profit of the company Unquote". As per the definition of "Worker" stated under section 2(65) Bangladesh Labour Act, 2006, whether employees of a bank are 'Worker' or not, it is not clear. In this regard, it is mentionable here that Banking Regulation and policy Department, Bangladesh Bank requested Ministry of Labour and Employment for clarification through the letter ref. no. BRPD (R-2) 651/9 (Miscellaneous)/2018-1336, dated 14/02/2018 but the issue has not been resolved yet.

As the requirement of Labour Act contradicts with Banking Companies Act and employees of Bank cannot be termed as a worker under section 2(65), Bangladesh Labour Act 2006, the fund cannot be established without the specific directives from appropriate authorities.

3.2.8 Profit/Rent/Compensation Suspense Account

Profit/rent/compensation accrued on classified investments are suspended and accounted for as per BRPD Circular # 15, dated: 09 November 2009 issued by the Bangladesh Bank. Moreover, income that are irregular (doubtful) as per Sharia'h are not included in the distributable income of the Bank.

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

3.2.9 Other liabilities

Other liabilities comprise items such as provision for investments, provision for taxes, profit payable, profit suspense, accrued expenses, obligation under finance lease etc. Other liabilities are recognized in the balance sheet according to the guidelines of Bangladesh Bank, income tax laws and internal policy of the Bank.

3.3 Capital/Shareholders' Equity

3.3.1 Authorized capital

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

3.3.2 Paid up Capital

Paid up capital represents total amount of shareholder capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding-up of the Bank, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation. Details are shown in Note-17.1.

3.3.3 Statutory Reserve

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

3.3.4 Asset Revaluation Reserve

When an asset's carrying amount is increased as a result of revaluation, the surplus amount should be credited directly to equity under the heading of revaluation surplus/reserve as per IAS-16: "Property, Plant and Equipment". The bank revalued the entire land and building during the year 2012 by an independent valuation firm according to paragraph 36 of IAS-16 which is absolutely owned by the bank. As per IAS-16, Revaluation reserve is transferred to other reserve in each year during the life time of those assets.

3.3.5 Non-controlling (minority) interest

Non-controlling (minority) interest is that portion of the profit or loss and net assets of the subsidiary (First Security Islami Capital & Investment Limited) attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent (First Security Islami Bank PLC.). Minority interest is reported on the consolidated balance sheet to reflect the claim on assets belonging to the other non-controlling shareholder. Also, minority interest is reported on the consolidated income statement as a share of profit belonging to the minority shareholder.

3.3.6 Regulatory capital in line with Basel-III

Till December 2014, as per Revised Regulatory Capital Framework in line with Basel III, full amount of general provision for unclassified investments and off-balance sheet items & Mudaraba Subordinated Bond as capital gone-concern. However, as per Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for Banks in line with Basel-III), BRPD No.18, dated: 21 December 2014, Assets Revaluation Reserve and Revaluation Reserve of Securities has gradually been deducted in a transitional arrangement starting from January 2015 to December 2019 (20% each year). Accordingly, regulatory capital for the period has been calculated complying with all of these changes as per Revised Regulatory Capital Framework for Banks in line with Basel-III.

3.4 Off-balance sheet items

Contingent Liabilities

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

- * It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- * The amount of the obligation cannot be measured with sufficient reliability.

As per IAS 37, Contingent liabilities are not recognized but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated. Contingent assets are not recognized in the financial statements as this may results in the recognition of income which may never be realized. However, the amount of cash margin is recognized as liability. As per BRPD Circular # 15 dated: 09 November 2009 contingent liabilities are disclosed as off-balance sheet items.

3.5 Memorandum items

Memorandum items are maintained for those items for which the Bank has only a business responsibility and no legal commitment.

3.6 Income

The revenues during the period are recognized on an accrual basis, which comply with the conditions of revenue recognition as provided in IFRS 15 Revenue from Contracts with Customers.

3.6.1 Income from Investments

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

3.6.2 Sharing of investment income

In case of investment, Mudaraba fund gets preference over cost free fund. The investment income earned through deployment of Mudaraba Fund is shared by the Bank and the Mudaraba depositors at the pre-agreed ratio.

3.6.3 Income from Investments in Securities

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

3.6.4 Fees, commission and exchange income

Fees, commission and exchange income on services provided by the Bank are recognized as and when the related services are rendered. Commission charged to customers on letter of credit and letter of guarantee are credited to Income at the time of effecting the transactions.

3.6.5 Other Comprehensive Income

As per IAS1: Presentation of Financial Statements, Other Comprehensive Income (OCI) or components of OCI, as a part of financial statements are to be included in a single Other Comprehensive Income statement. But as per BRPD Circular # 15, dated: 09 November 2009, there is no statement of OCI and we follow the template for reporting as per the Bangladesh Bank circular. If there is any component of OCI, it is shown in statement of changes in equity.

3.7 Expenses

3.7.1 Profit paid on Deposit

As per agreement between the Mudaraba depositors and the Bank in line with Mudaraba Principle, the Mudaraba depositors are entitled to get minimum 65% of the investment income earned through deployment of Mudaraba Fund as per weightage assigned to each type of Mudaraba deposit. Mudaraba Depositors do not share any income derived from various banking services where their fund is not involved and any income derived from Investing Bank's Equity and other Cost Free Fund.

3.7.2 Management and other expenses

Expenses incurred by the Bank are recognized on an accrual basis.

3.7.3 Zakat

Zakat is paid by the bank at the rate of 2.58% (instead of 2.50% as the bank maintains its account following Gregorian year) on the closing balances of statutory reserve, other reserve, exchange equalization account and surplus retained earnings. Payment of zakat on paid up capital and deposits is the responsibility of the shareholders and depositors respectively.

3.7.4 Dividend Payments

Final dividend is recognized when it is approved by the shareholders in Annual General Meeting (AGM). Dividend payable to the Bank's shareholders is recognized as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive the dividend is established.

3.8 Earnings Per Share (EPS)

Earnings per share (EPS) has been computed by dividing the basic earnings by the weighted average number of ordinary shares outstanding as per International Accounting Standard (IAS) - 33 “Earnings Per Share”. EPS for comparative period also restated by the bonus share if issued. Details are in note 37.

Basic Earnings

This represents earnings for the year attributable to ordinary shareholders. Net profit after tax has been considered as fully attributable to the ordinary shareholders.

Weighted average number of ordinary shares

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year. The basis of computation of number of shares is in line with the provisions of IAS 33 “Earnings per share”. The logic behind this basis is, that the bonus shares are issued to the existing shareholders without any consideration, and therefore, the number of shares outstanding is increased without an increase in resources generating new earnings.

Diluted earnings per share

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year under review. It is pertinent to mention that, potential ordinary shares is in convertible subordinate bond that may entitle their holders to ordinary shares.

3.9 Reconciliation of inter-bank/inter-branch account

Books of account with regard to inter-bank (in Bangladesh and outside Bangladesh) and inter-branches are reconciled on monthly basis and there are no material differences which may affect the financial statements significantly.

Un-reconciled entries in case of inter-branch transactions as at the reporting date are not material.

3.10 Segment Reporting

As per IFRS 8 “Operating Segments”, is a component of an equity:

- (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
- (b) whose operating results are regularly reviewed by the entity’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performances, and
- (c) for which discrete financial information is available.

Bank reported its segments in respect of business segment and geographical segment. Business segments are comprised of Islamic Banking, Off-shore Banking, First Security Islami Capital & Investment Limited and First Security Islami Exchange Italy S.R.L. Geographical segments report consist of location wise performance of above segments.

3.11 Credit rating of the Bank

As per BRPD circular no. 6 dated 5 July 2006, the Bank has done its credit rating by Emerging Credit Rating Limited (ECRL). ECRL assigned A+ (A plus) rating in the long term (indicates very strong capacity) and ST-2 in the short term (Strong certainty of timely repayment) to the Bank based on the Financial Statements as on 31 December 2022.

3.12 Risk Management

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

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

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

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

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

3.12.1 Investment Risk Management

Investment risk is one of the core risks the bank faces. It refers to a potential financial loss from the default or investment quality deterioration of a customer or other third party with whom FSIB has a contractual obligation. It is our most important risk in terms of exposure and capital consumption. Investment risk comes from a bank's dealing with individual, corporate, bank, NBFIs or a sovereign. It may arise due to inability or unwillingness to perform. It may stem from on-balance sheet and off-balance sheet activities. Investment risk not only includes default risk but also downgrade risk. As a result of excessive investment risk, bank's profitability, capital adequacy and cash flows are adversely affected. Effective management of investment risk requires the establishment of an appropriate investment risk culture. Board of Directors reviews and approves the bank's investment risk appetite and investment policy annually.

Investment Risk includes financial risk, operational risk, security risk, management risk, business risk, industry risk, relationship risk, market risk, social risk, fraud & forgeries, governmental risk, political risk, equity risk, commodity risk, legal risk, systematic risk, technical risk, concentration risk, profit rate risk, liquidity risk, reputational risk, strategic risk, settlement risk, environmental and climate change risk, and so on. In addition to those risks, Islami Banking has some specific risks like fiduciary risk, displaced commercial risk, liquidity risk for lack of non-structural Islamic Financial Market, Sharia'h compliance risk, etc. Risk gradation and weight changes depending on the circumstances and environment of investment.

Investment is a bank's primary source of income and cash flow. If the quality of bank investment declines, it has a negative impact on the bank's revenue, cash flow, and capital adequacy. Cash flow problem may lead to investment crunch and failure to pay the depositors on time. Erosion of depositors' confidence may result from the failure to pay and such erosion of confidence may invite bank failure. Better Investment Risk Management (IRM) gives the opportunity to greatly improve overall performance of the bank and secure a competitive advantage. The goal of Investment Risk Management is to maintain investment risk exposure within proper and acceptable parameters. It is the practice of mitigating losses by understanding the adequacy of a bank's capital and investment loss reserves (provision) at any given time. An effective Investment Risk Management system not only manages the entire investment portfolio but also individual investments. There are five basic steps that are taken to manage risk; these steps are referred to as the risk management process. It begins with identifying risks, goes on to analyze risks, then the risk is prioritized, a solution is implemented, and finally, the risk is monitored and reviewed periodically.

An Investment Risk Management Committee (IRMC) has been formed by FSIB for the implementation of the Investment Risk Management Policy/strategy approved by the Board of Directors (BoD), monitoring investment risk on the bank-wide basis and ensuring compliance with limits approved by the BoD, making recommendations to the board, for its approval, clear policies on standards for presentation of investment proposals, financial covenants, Internal Investment Risk Rating (IIRR) score, rating standards, segregation of cottage micro, small & medium enterprises and benchmarks, advising the Management for deciding delegation of investment approving powers, prudential limits on large investment exposures, standards for investment collateral, portfolio management, investment review mechanism, risk concentrations, risk monitoring and evaluation, pricing of investments, provisioning, regulatory/legal compliance, etc.

3.12.2 Foreign Exchange Risk Management

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

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

3.12.3 Asset Liability Management

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

3.12.4 Anti-Money Laundering & Combating Financing of Terrorism

First Security Islami Bank PLC. (FSIB) is always watchful to prevent all kinds of activities regarding money laundering and financing of terrorism. Every year the honorable Managing Director of the bank declares a written clear commitment and procedures regarding Anti-Money Laundering (AML) & Combating Financing of Terrorism (CFT) for all the employees and monitors the implementation of these activities.

An Additional Managing Director (AMD) as Chief Anti-Money Laundering Compliance Officer (CAMLCO) and an Executive Vice President as Deputy Chief Anti-Money Laundering Compliance Officer (D-CAMLCO) of the bank has been duly assigned for the effective prevention of money laundering and terrorist financing activities in the bank. A powerful “Central Compliance Committee (CCC)” chaired by the aforesaid AMD consisting of senior executives and divisional heads has been continuously supervising the overall Anti-Money Laundering (AML) & Combating Financing of Terrorism (CFT) activities of the bank.

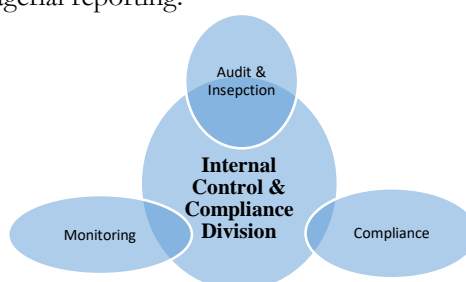
According to the Bangladesh Financial Intelligence Unit (BFIU) guidelines, a full-fledged division named “Anti Money Laundering (AML) & Combating Financing of Terrorism (CFT) Division” is headed by the D-CAMLCO has been working in the Head Office of the bank under the close supervision of CAMLCO. Zonal Heads of the bank have been nominated as Zonal Anti-Money Laundering Compliance Officer (ZAMLCO) to strengthen the AML & CFT activities in the branches of the respective zone. Under the instructions of BFIU, manager operation of every branch has been nominated as “Branch Anti-Money Laundering Compliance Officer (BAMLCO)” by the CCC of the bank for preventing money laundering and terrorist financing at the branch. The manager and the BAMLCO ensure overall AML & CFT activities in the branch along with the tagged sub-branch (es) and agent banking outlet (s).

AML & CFT risk is treated one of the core risks in bank's risk management. The bank is always careful about identification and mitigation of AML & CFT risks. To ensure proper compliance for AML & CFT risk management, bank ensures the following mitigation mechanism:

- i) Issuance and implementation of board approved ML & TF Risk Assessment Guidelines for FSIB in line with the direction of BFIU issued ML & TF Risk Assessment Guidelines for Banks.
- ii) Issuance and implementation of board approved ML & TF Risk Management Guidelines for FSIB in line with the direction of BFIU issued ML & TF Risk Management Guidelines for Banks.
- iii) Ensuring Know Your Customer (KYC), Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD) procedures for every account.
- iv) Cautious & effective monitoring of customers' transactions for submitting applicable STR/SAR to Bangladesh Financial Intelligence Unit (BFIU). It may be mentionable that a total of **757** STR/SARs have been submitted to BFIU as on 31st December 2023.
- v) Monthly submission of Cash Transaction Report (CTR) in due time to BFIU and review CTR accounts.
- vi) Circulation of necessary policies, circulars & guidelines from the AML & CFT Division in line with the instructions of BFIU.
- vii) Conducting on-site & off-site supervision in the branches. AML & CFT System Check Inspection of branches by AML & CFT Division in addition to Independent Testing Procedures (ITP) audit by Internal Control & Compliance Division. It may be mentionable that AML & CFT Division conducted AML & CFT System Check at **63** branches as on 31st December 2023.
- viii) Ensuring training/workshop on AML/CFT for every employee. Zone wise training/workshop on AML & CFT related issues for different desk officers of the bank.
- ix) Every day adverse media news collected from Hawker.com are disseminated to branches. However, bank trains employees regarding illegal hundi, cryptocurrency trading, forex trading, online betting etc. transactions.
- x) The bank distributes a huge number of leaflets and hangs posters & banners on the topic of Anti-Money Laundering and Combating Financing of Terrorism at every branch, sub-branch and agent banking outlet for building public awareness on these issues. However, social media platforms are also used for customer awareness.
- xi) For the prevention of Trade-Based Money Laundering (TBML), the bank implements the Guidelines for Prevention of TBML as per BFIU's instructions.
- xii) For the prevention of Investment Backed Money Laundering (IBML), a separate chapter regarding the prevention of IBML has been incorporated in the AML & CFT Policy for FSIB and implementation activities are done.

3.12.5 Internal Control and Compliance

Internal control is a process, effected by Board of Directors (BoD), Senior Management and all levels of personnel, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations, and internal policies. A system of strong internal controls can help ensure that the goals and objectives of a banking organization will be met, that the bank will achieve long-term profitability target and maintain reliable financial and managerial reporting.



First Security Islami Bank PLC. has established an appropriate and effective internal control environment through the Board of Directors, Management, organizational and procedural controls and an independent audit mechanism in order to ensure that the Bank is managed and controlled in a sound and prudent manner. The Bank identifies its weakness through internal control system and takes appropriate measures to overcome the weaknesses.

The Board of Directors of the Bank has established an Audit Committee to monitor the effectiveness of internal control system of the bank. The Audit Committee meets the Senior Management periodically to discuss the effectiveness of the internal control system of the Bank and ensure that the management has taken appropriate actions as per the recommendations of the Internal Audit Team, Bangladesh Bank's Inspection Team & External Auditors.

The key functionalities that have been established in reviewing adequacy and integrity of the system of internal control are as follows:

- The BoD set up an organizational structure of Internal Control and Compliance Division (IC&CD) in such a way that, it has no conflict of interest with the regular management of the bank and fulfill the requirements as directed in the Rule 15(Ga)(!) of BCA (Bank Company Act) 1991 for establishing and maintaining effective internal control and risk management having regard to the complexity of the activities of the bank its size, scope of operations and risk profile;
- Different committees have been formed consisting of relative stakeholders with expertise on subject matter to assist the Board in guiding the Bank's operation in line with corporate mission, vision and strategies;
- Audit & Inspection are conducted across various divisions/units and all branches, in alignment with the annual audit plan, as approved by the Audit Committee of Board. The frequency of branch audit is determined by the level of risk assessed independently and objectively. Findings of the internal audit are submitted to the Audit Committee for review during their meetings.
- Information System auditors evaluate risk management practices to determine whether the bank's IS-related risks are properly managed. They conduct audit on overall information & related technological security aspects;
- The Audit Committee of the Board reviews the internal control findings identified by the Internal Audit of the Bank, Inspection Team of Bangladesh Bank and External Auditors;
- The Head of Audit has direct access to the Audit Committee as and when required to ensure submission of internal audit findings to the Audit Committee;
- The monitoring unit of the IC&CD checks for compliance with policies and procedures and the overall effectiveness of internal control system. The Bank continues to review different control tools i.e., IDCL, DCFCL, QOR and Risk rating on regular basis and highlights of significant findings in respect of any non-compliance;
- The Compliance Unit of the IC&CD ensures timely and proper compliance (both internal and regulatory) with the relevant laws, regulatory instructions/circulars/guidelines and internal policies and procedures in banking operations. Compliance Unit acts as contact point when regulatory inspections are conducted, ensures that corrective measures are taken and appropriate and timely response is as soon as the inspection report is received;
- The Board of Directors holds meetings at suitable intervals with Senior Management, External Auditors and the Audit Committee for evaluating the effectiveness of internal control system and provides necessary guidance.

Evaluation of Effectiveness of Internal Control

The MANCOM of the Bank reviews the overall effectiveness of the control system of the bank on a yearly basis and provides feedback to the Board of Directors on the effectiveness of internal control policy, practice and procedure.

Audit & Inspection Covers
197 Branches
157 Sub-Branches
87 Agent Outlets
09 Zonal Offices
21 Divisions & Departments
1 Subsidiary

- The Audit & Inspection unit prepares reports on individual inspection programs and submits the same to the branches/business unit for rectification with a copy to line management
- IC&CD prepares an annual integrated report on the health of the Bank to be submitted to the Board of Directors for onward submission to Bangladesh Bank
- At the end of the year, a summary report on the audit findings is prepared and corrective actions taken which are forwarded to the Audit Committee of the Board and the Managing Director & CEO simultaneously
- Based on the review of monitoring reports the audit team also conduct surprise check on the branches where regular gaps are identified
- Self-Assessment of Anti-Fraud Internal Controls is carried out on half-yearly basis and is submitted to Bangladesh Bank as per requirement of DOS Circular Letter No.17 dated 07 November 2017 issued by Bangladesh Bank after receiving compliance confirmation form the respective stakeholders.

Finally, the objectives of IC&CD are to evaluate the effectiveness of the operations, accuracy and timeliness of the reporting and the compliance with the applicable laws and regulations. ICCD adds value to the bank through its independent observations on different activities performed by other units.

3.12.6 Information & Communication Technology

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

Information assets are critical to the services provided by the Bank to its customers. Protection and maintenance of these assets are vital to its sustainability. In order to ensure protection of critical IT assets from unauthorized access, modification, disclosure and destruction the Bank has already taken initiative, which safeguard the interest of customers. In this context Bank has implemented a core banking software ensuring adequate security. The bank's core banking system has upgraded to a new version BankUltimus 4.0.0.5, and with it BankUltimus's slowness problems are fixed. ATM Transaction dispute management, Database and Grid infrastructures version up gradation, locker service and pay order payment service from the Remote branch, new module for CTPC for Inland Bill Purchases were successfully integrated with BankUltimus's latest version. A total of 60 MIS reports was successfully deployed as per the requirement of management, different division, and branches. New rules for NBR TAX 53F deduction were successfully integrated with the BankUltimus system. A user manual for the BankUltimus system was developed successfully. New Deploy Locker Service module were successfully integrated with the BankUltimus system. With also newly added 01(One) Branch & 15 (Fifteen) Sub Branch-15.

The bank has started enhancement work for the data center and the re-development work is in progress. Currently, the Bank has a Data Center which is fault-tolerant, allowing us to upgrade, install patch, maintenance and any activity without downtime. The establishment enables to satisfy valued clients with sharp & better service. To protect sensitive information of core banking in the event of any disaster, the Bank has implemented a disaster Recovery Site. Up gradation of the FIRE Safety Security System for both Data Center and Disaster recovery site have been completed. The bank is now working towards establishing DC2, which will be an exact replica of Data Center, with active-active operation mode. In the meantime, the bank has started to develop Software Define Network (SDN) which allows administrators to control the network, change configuration settings, provision resources, and increase network capacity — all from a centralized user interface, without the need for more hardware. An HCI (Hyper converged Infrastructure) technology is already under deployment phase which is a combination of servers and storage into a distributed infrastructure platform with intelligent software to create flexible building blocks that replace legacy infrastructure consisting of separate servers, storage networks, and storage arrays.

The Bank has already developed its own ICT security policy for various operation and services which are closely in line with the ICT security policy guideline of Bangladesh Bank. Active Directory Domain Controller (ADC) has implemented in all branches and head office according to the Guideline of Bangladesh Bank. To enhance the security, flexibility, and control of the bank's ICT Infrastructure, OpenStack Private Cloud has been implemented. To manage Security Patch Management, Windows Update Server (WSUS) has been implemented. Additional Domain Controller (DC03) has been added on DR site to ensure HA of Active Directory Service and Integrated ManageEngine ADAudit Plus has implemented to audit the Active Directory operations/activities. Again, Implemented ManageEngine System Administration Tool has been added to gather hardware/software information from all the computers in our bank.

To ensure the information security and cyber security of the bank, ICT division has implemented Next Generation Firewall to address advanced security threats at the application level, Endpoint Security and Server Security, Network Access Center (NAC) to secure endpoints or entry points of end-user devices and servers, Web Application Firewall to protect web applications by filtering and monitoring HTTPS traffic between a web application, Email Security Gateway for virus scanning, spam scoring, real-time intent analysis, URL link protection, reputation checks & other techniques, Anti-DDoS to protect online applications and services from DDoS attacks, and Web Security to protect your users, devices, and wider network against internet-based cyberattacks. The bank use Network Behavior Analyzer (NBA) for collecting and analyzing internal network data to detect malicious or unusual activity, such as policy violations, Denial-of-Service, worms, or malware etc. FSIB has established a Security Operations Center (SOC) to monitor, prevent, detect, investigate, and respond to cyber threats around the clock and deployed Security Information and Event Management (SIEM) to aggregate network traffic logs. This allows the bank to monitor communication channels, applications, databases, and systems effectively. The inclusion of Vulnerability Assessment/Penetration Testing (VA/PT) and Source Code Analysis demonstrates a commitment to identifying and addressing vulnerabilities through systematic testing. Network Management System (NMS) solution helps the network team to monitoring their network devices and traffics, Server & Application Monitor (SAM) solution helps to monitoring the activities of server & application, Privileged Access Management (PAM) which is an identity security solution that helps to manage privileged access as well as protect unauthorized access against cyber threats. Data Center Network Up Gradation and ICT Division and CARD Division LAN segregation have been done. ITCL network traffic has been bought under Firewall. FSIB with Bangladesh Bank DC and DR logical connectivity swap for BACH & RTGS services.

The in-house software team of ICT Division is developing various in-house software. To enhance the security of in-house software necessary steps has been taken. ICT Division has deployed “helpdesk” service to help an individual, group, or organizational function. Typically, the term refers to centralized help provided to users within an enterprise with ticketing system for specific problem identification and automation. With that keeping track of each problem & solution can be possible. The software unit has developed, (Repair Management system) mainly focuses on the repair request of hardware devices from different branches. Apart from these, ICT division has developed bKash-Remit API and Nagad-Remit API Integration, Dispute Management to track the disputed transactions through Card & IBFT, E-recruitment system for smoothing the recruitment process, Credit Card Reporting System for reporting to Bangladesh Bank mentioning all international transaction using FSIB Credit Card, E-Learning to train all employees of FSIB, within the shortest possible time and in a convenient way, New Exchange House (Shift Financial Service & GCC Remit) API Integration. The in-house software team is also responsible for various types of reporting to Bangladesh Bank and other regulatory organizations. The whole team is working on in-house development so that the Bank can reduce costs by maintaining data integrity and smooth services.

Internet banking facility has taken banking era one step ahead for future generations. Inclusion of RTGS and EFTN in i-banking platform has increased its credibility towards modernization. FSIB launched its Internet Banking Service on the year 2014 and currently, there are 1,91,906 Customers on this service. FSIB CLOUD is an Official Mobile Application of First Security Islami Bank PLC. In order to improve the service for the client FSIB Internet Banking and FSIB CLOUD have been merged into the new Web and App Based Internet Banking FSIB CLOUDNET. FSIB Corporate E-Banking has been implemented for Corporate Clients. The current customer number in this platform is 1,82,067. Now own bank Credit Card Bill payments can be done through Internet Banking and the client can use FSIB CLOUD without Mobile Data.

Again, RTGS Payment from Bank to Bank, Bank to the client, and Bank to Multiple Clients through USD, EURO, and GBP have been implemented. “FirstCash” is the rebranded Mobile Financial Services of FSIB which have strong network coverage and expanding its network focusing on organizations like Educational institutions, Financial Institutions, Merchants, and Utility Bill collections. The dCloud app is a versatile mobile banking application offering services like fund receive, fund transfer, and account management through features like balance checking and mobile top-ups, utility bills, pay education fees, and make merchant payments. Users can link their FSIB Bank A/C or Card, choosing between prepaid or postpaid connections. Overall, it provides a simple and user-friendly platform for diverse financial activities. FSIB launched its Service on 25th December, 2023 and currently, there are 2,542 Customers on this service.

Training is the key component of ICT Risk Management. The Bank has been continuously conducting training sessions on sensitive ICT tasks (i.e. Operation Procedure, Business Continuity Planning, Disaster Recovery Planning, Certification Preparation Training, etc.) for relevant employees. FSIB ICT Division arranges training at regular intervals for branch personnel and in-house personnel. In the year 2023, through Licensed ZOOM apps the bank arranged training programs: 1) HelpDesk Training for all ICT Officials, 2) Cyber Security Awareness Program for all Officials of FSIB, and 3) ICT POC Training for Two officials of all FSIB Branches. The bank has also provided physical training, as required, and when considered right. This year this division has brought all the executives and officials under the scope of Cyber Security Awareness training.

The Bank has been maintaining adequate physical security inside its workplace to properly protect ICT resource. The bank is strictly following the Information security standard of Bangladesh bank covering Password Control, User ID Maintenance, Input Control, Network security, Data Encryption, Virus Protection and Access Control of Internet and Emailing. The Bank is regularly conducting internal ICT audit to all its branches and Head Office Divisions to ensure proper implementation of the ICT policy. The bank has established Disaster Recovery Site and it is a complete backup of the Data Center of the bank. Customer data will be secured by the DR site if any unwanted disaster happens in Data Center. In situations like encountering a disaster, ICT Division can drive the Banking service through Disaster Recovery Site. FSIB established the DR site and inaugurated it on 4th June 2015 and since then the bank has started operating banking services from the DR site at the periodical interval every year. In the year 2023, the bank operated a banking service from the DR site for 48 hours.

3.12.7 Environmental Risk Management (ERM)

The Environmental risk is a facilitating element of credit risk arising from environmental issues. These can be due to environmental impacts caused by and / or due to the prevailing environmental conditions. These increase risks as they bring an element of uncertainty or possibility of loss in the context of a financing transaction. These risks may be arisen from different sources i.e. Land Location, Regulatory Non-compliance, Labour/ Social Risk, Community/ Public Opposition, Changing Export Market Conditions, Climate Change Impacts.

The overall purpose of Environmental Risk Management is to understand and manage risks that arise from environmental concerns. This brings a focus on planning and implementing policies and procedures to mitigate environmental risks.

- ✓ Examine the environmental issues and concerns associated with potential business activities proposed for financing
- ✓ Identify, evaluate and manage the environmental risks and the associated financial implications arising from these issues and concerns
- ✓ Enhance the credit risk appraisal process

Environmental Risk Management is applicable across all financing transactions undertaken by Banks/FIs as all of these occur within the context of environmental concerns. Some transactions are inherently more exposed to these risks than others. The main determinants of environmental risk are the nature of a borrower’s business activity and the vulnerability of the location of the business activity. With other aspects being the same, environmental risks will vary according to different forms of transactions, e.g. risks associated to a short-term financing is considerably less compared to a long-term financing to support the establishment of a large chemical or power plant.

3.13 Risk Based Capital (Basel-III)

To comply with the international best practice and to make the bank's capital more risk sensitive as well as to build the banking industry more shock absorbent and stable, Bangladesh Bank is aimed to implement Basel-III reporting from 2015. As per the directive of Bangladesh Bank, all schedule banks in Bangladesh are now required to report risk Based capital adequacy for banks under Basel-III. All scheduled banks are also required to disclose capital adequacy in both quantitative terms as per Bangladesh Bank BRPD Circular No. 18 Dated December 21, 2014.

3.14 Stress Testing

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

3.15 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control or common significant influence related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged as per IAS 24 "Related Party Disclosures", Bangladesh Bank and Bangladesh Securities & Exchange Commission (BSEC) guidelines. Related party transactions have been disclosed in note # 51.2.

3.16 Regulatory and legal compliance

Among others, the Bank complied with the requirements of the following circular, rules and regulations:

- a) The Bank Companies Act, 1991 as amended
- b) The Companies Act, 1994
- c) BRPD Circular No. 14 dated 25.06.2003 and "Guidelines for Islamic Banking" issued by Bangladesh Bank through BRPD Circular No. 15 dated 09.11.2009
- d) Other circulars, rules and regulations issued by Bangladesh Bank from time to time
- e) The Securities and Exchange Rules, 2020
- f) The Securities and Exchange Ordinance, 1969
- g) The Securities and Exchange Commission Act, 1993
- h) Income Tax Act. 2023
- i) Value Added Tax and Supplementary Duty Act, 2012 and Rule, 2016
- j) Standards issued by AAOIFI
- k) The Stamp Act-1899
- l) The Customs Act-1969
- m) The Money Laundering Prevention Act, 2012
- n) The Anti-Terrorism (Amendment) Act, 2009 etc.

Compliance checklist of International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS):

The Companies/Bank complied, as per Para 12 of Securities & Exchange Rule 1987, with the following International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) in preparing the financial statements of the Bank, where we have followed Bangladesh Bank guidelines:

IFRS Title	IFRS No.	Compliance Status
First-time Adoption of International Financial Reporting Standards	1	Not Applicable
Share-based Payment	2	Not Applicable
Business Combinations	3	Applied
Insurance Contracts	4	Not Applicable
Non-current Assets Held for Sale and Discontinued Operations	5	Not Applicable
Exploration for and Evaluation of Mineral Resources	6	Not Applicable
Financial Instruments: Disclosures	7	Applied
Operating Segments	8	Applied
Financial Instruments	9	Applied
Consolidated Financial Statements	10	Applied
Joint Arrangements	11	Not Applicable
Disclosure of Interests in other Entities	12	Applied
Fair Value Measurement	13	Applied
Regulatory Deferral Accounts	14	Not Applicable
Revenue from Contracts with Customers	15	Applied
Leases	16	Applied

IAS Title	IAS No.	Compliance Status
Presentation of Financial Statements	1	Applied
Inventories	2	Not Applicable
Statement of Cash Flows	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events After the Reporting Period	10	Applied
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Not Applicable
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	Not Applicable
Consolidated and Separate Financial Statements	27	Applied
Investments in Associates and Joint Ventures	28	Not Applicable
Financial Reporting in Hyperinflationary Economics	29	Applied
Financial Instruments: Presentation	32	Applied
Earnings Per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Investment Property	40	Not Applicable
Agriculture	41	Not Applicable

3.17 Impact of COVID 19

Following the declaration of COVID 19 as a pandemic by the World Health Organization (WHO) in early March 2020, like many other governments, the Governments of Bangladesh introduced restrictive measures including nationwide holidays to contain further spread of the virus, affecting free movement of people and goods. Considering the long-term impact of COVID 19 on most sectors in economy of Bangladesh, Bangladesh Bank (BB) has issued various circular not to downgrade the clients Investment classification status. In addition, BB has issued circulars to provide stimulus package for some sectors through commercial bank. Both facilitate to boost the economy and banking operations during this pandemic. The Management has also assessed the overall impact on COVID 19 and has not identified any indications that may cast doubt on going concern of the group and the bank. Bank's primary business has not impacted expressively as it has a significant growth even the pandemic declared by WHO except trade business. Moreover, The Management continue to monitor the spread of the virus and its impact.

3.18 Audited Financial Statements of the Investment Client (Loanee)

Bank collects latest audited Financial Statements of the Investment Client as available and preserve the same in the particular Investment Account in line with the instruction of Bangladesh Bank BRPD Circular letter no. 04 dated: 04 January 2021. Moreover, the bank has already signed a MOU with The Institute of Chartered Accounts of Bangladesh and obtain necessary access to the Document Verification System (DVS) for checking information the Financial Statements through the DVS. In order to comply with the requirements of BRPD Circular letter no. 35 dated: 06 July 2021 bank has verified DVC mentioned in audited Financial Statements with Document Verification System almost 100% cases from the date of having access in the DVS System.

3.19 General

- (i) Wherever considered necessary, previous year's phrases and figures have been rearranged to confirm to current year/periods presentation.
- (ii) All amounts in these financial statements have been recorded off to the nearest Taka.

	31.12.2023 BDT	31.12.2022 BDT
4 CASH		
4(a) Consolidated Cash		
First Security Islami Bank PLC.	33,744,825,890	37,256,204,252
First Security Islami Capital & Investment Limited	15,012	22,166
First Security Islami Exchange Italy	3,690,809	18,587,466
	33,748,531,711	37,274,813,884
4.1 Consolidated Cash in Hand (including foreign currencies)		
First Security Islami Bank PLC. (Note-4.1(a))	4,151,175,613	3,936,182,668
First Security Islami Capital & Investment Limited	15,012	22,166
First Security Islami Exchange Italy	3,690,809	18,587,466
	4,154,881,434	3,954,792,300
4.1(a) Cash in Hand		
In Local Currency	3,608,081,922	3,458,737,225
In Foreign Currencies (Note-4.1.1)	2,749,191	2,752,443
ATM Balance	540,344,500	474,693,000
	4,151,175,613	3,936,182,668
4.1.1 In Foreign Currencies		
Foreign Currency		
US Dollar	2,726,331	2,732,283
EURO	22,860	20,160
Total	2,749,191	2,752,443
4.2 Consolidated Balance with Bangladesh Bank and its Agent Bank		
First Security Islami Bank PLC. (Note-4.2 (a))	29,593,650,277	33,320,021,584
First Security Islami Capital & Investment Limited	-	-
	29,593,650,277	33,320,021,584
4.2(a) Balance with Bangladesh Bank and its Agent Bank		
Balance with Bangladesh Bank (Note-4.2.1)	28,276,384,279	32,904,930,400
Balance with Sonali Bank Ltd. (Note-4.2.2)	1,317,265,998	415,091,184
	29,593,650,277	33,320,021,584
	33,744,825,890	37,256,204,252
4.2.1 Balance with Bangladesh Bank (Including Foreign Currencies)		
In Local Currency	28,024,224,002	32,524,402,513
In Foreign Currencies	252,160,277	380,527,887
	28,276,384,279	32,904,930,400
4.2.2 Balance with Sonali Bank Ltd. (as Agent of Bangladesh Bank)		
In Local Currency	1,317,265,998	415,091,184
4.3 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)		
Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the Section 25 & 33 of the Bank Companies Act. 1991 and subsequent BCD Circular No. 13 dated May 24, 1992; BRPD Circular No. 12 dated September 06, 1998, BRPD Circular No.12, dated September 20, 1999, BRPD Circular No. 22 dated November 06, 2003, BRPD Circular No. 03 dated 17 February, 2005 and BRPD Circular No. 11 & 12 dated 25 August 2005, Bangladesh Bank Letter # DOS (SR) 1153/120-A/2009-46 dated 22 March 2009, MPD circular # 01 dated 04 May 2010 , MPD circular # 04 & 05 dated 01 December 2010 , DOS Circular# 01 dated 19/01/2014, MPD Circular# 01 dated 23/06/2014, MPD Circular# 01 dated 03 April 2018 and DOS Circular# 26 dated 19/08/2019 and MPD Circular# 03 dated 09 April 2020.		
4.4 Cash Reserve Ratio (CRR): 4.00% of Average Demand and Time Liabilities:		
Required Reserve	18,020,806,000	19,127,046,000
Actual Reserve maintained	28,024,224,002	32,719,191,000
Surplus/(Short)	10,003,418,002	13,592,145,000

	31.12.2023 BDT	31.12.2022 BDT
4.5 Statutory Liquidity Ratio (SLR): 5.50% of Average Demand and Time Liabilities:		
Required Reserve (including CRR)	25,135,158,000	26,400,916,000
Actual Reserve held (including CRR)	27,776,579,613	30,161,323,000
Surplus/(Short)	2,641,421,613	3,760,407,000
4.6 Held for Statutory Liquidity Ratio		
Cash in Hand	4,151,175,613	3,936,182,000
Surplus Balance with Bangladesh Bank and its Agent Bank	11,320,684,000	13,952,021,000
Balance of Bangladesh Govt. Islamic Bond & Other Eligible Approved	12,304,720,000	12,273,120,000
	27,776,579,613	30,161,323,000
5 CONSOLIDATED BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS		
In Bangladesh:		
First Security Islami Bank PLC. (Note-5(A))	1,031,858,971	324,731,568
First Security Islami Capital & Investment Limited	44,644,368	31,681,897
First Security Islami Exchange Italy	183,083,127	176,018,707
	1,259,586,466	532,432,172
Less: Inter-company Transaction	131,299,078	118,130,921
	1,128,287,388	414,301,251
Outside Bangladesh:		
First Security Islami Bank PLC. (Note- 5(B))	278,799,082	1,024,992,219
First Security Islami Capital & Investment Limited	-	-
First Security Islami Exchange Italy	15,925,750	25,357,991
	294,724,832	1,050,350,210
	1,423,012,220	1,464,651,461
5(a) BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS		
A. Balance Inside Bangladesh		
Agrani Bank PLC.	1,120,504	10,597,850
Janata Bank PLC.	34,977	35,897
Rupali Bank PLC.	3,546,752	3,563,247
Trust Bank PLC.	224,402,256	10,701,830
Social Islami Bank PLC.	176,651	177,261
Dhaka Bank PLC. (Islamic Banking Branch)	397,533	392,441
Islami Bank Bangladesh PLC..	199,192,964	63,322,667
Eastern Bank PLC.	25,995,828	18,797,533
Southeast Bank PLC. (Islamic Banking Branch)	65,361,605	163,557
AB Bank PLC. (Islamic Banking Branch)	712,466	703,451
Bangladesh Commerce Bank Ltd.	-	200,000,000
Pubali Bank PLC. (Islamic Banking Branch)	110,504,773	8,902,638
Union Bank PLC.	40,748,812	7,373,196
Global Islami Bank PLC.	8,958,488	-
Al-Arafah Islami Bank PLC.	49,768	-
Mutual Trust Bank PLC.	5,620,859	-
United Commercial Bank PLC.	345,034,735	-
OBU balance with FSIB	220	405,315,543
	1,031,859,191	730,047,111
Less: OBU balance with FSIB	220	405,315,543
Total Inside Bangladesh	1,031,858,971	324,731,568

				31.12.2023	31.12.2022
				BDT	BDT
B. Balance Outside Bangladesh					
In Deposit Account (non-profit bearing) with:					
Current Account:	Currency	Amount	Rate		
1. Mashreq Bank, PSC, New york	USD	79,724.37	109.750	8,749,750	573,685,218
2. MCB Bank Ltd. Karachi	ACU\$	7,690.91	109.750	844,077	794,448
3. Commerz Bank AG, Frankfurt, Germany	EURO	23,629.07	121.998	2,882,702	12,784,885
4. Bank of Bhutan, Thimpo, Bhutan	ACU\$	11,526.50	109.750	1,265,033	1,190,653
5. Sonali Bank Ltd. , Kolkata, India	ACU\$	19,047.88	109.750	2,090,505	1,966,556
6. AB Bank Ltd, Mumbai, India	ACU\$	550,600.78	109.750	60,428,436	60,170,297
7. ICICI Bank Ltd, Hongkong	USD	23,201.03	109.750	2,546,313	6,302,491
8. ICICI Bank Ltd, Kolkata, India	ACU\$	374,952.68	109.750	41,151,057	77,232,995
9. Axis Bank Limited	ACU\$	8,561.58	109.750	939,633	-
10. Habib American Bank, N,Y	USD	455,761.15	109.750	50,019,786	119,140,586
11. Banca UBAE SPA, Rome, Italy	USD	212,665.61	109.750	23,340,051	50,998,585
12. Banca UBAE SPA, Rome, Italy	EURO	292,920.77	121.998	35,735,777	67,196,188
13. Bank Al-Jazira, Jeddah	USD	208,101.37	109.750	22,839,125	22,215,699
14. Bank Al-Jazira, Jeddah	SAR	317,218.22	29.264	9,282,915	12,487,904
15. Aktif Yatrim Bank Istambul	USD	89,363.07	109.750	9,807,597	12,202,028
16. Aktif Yatrim Bank Istambul	JPY	3,745,364.40	0.776	2,907,901	1,997,686
17. Aktif Yatrim Bank Istambul	GBP	13,890.02	140.601	1,952,947	1,208,811
18. Sonali Bank Ltd. , UK, Ltd.	GBP	14,334.76	140.601	2,015,477	3,417,188
				278,799,082	1,024,992,219
				1,310,658,053	1,349,723,787
5.1 Maturity -wise classification balance with other Banks & Financial Institutions					
Repayable on Demand				1,310,658,053	1,349,723,787
With a residual maturity of				-	-
Up to 1 month				-	-
Over 1 month but not more than 3 month				-	-
Over 3 month but not more than 1 year month				-	-
Over 1 year but not more than 5 year				-	-
More than 5 years				-	-
				1,310,658,053	1,349,723,787
6 Placement with Banks & other Financial Institutions					
Aviva Finance Limited				12,290,000,000	12,290,000,000
Placement to Other Bank				548,750,000	-
Placement to OBU by ID, FSIB				2,338,538,957	1,549,455,000
				15,177,288,957	13,839,455,000
Less: Placement to OBU by ID, FSIB				2,142,346,634	-
				13,034,942,323	13,839,455,000
Total Balance with other Banks & Financial Institutions and Placement (Note 5+6)				14,345,600,376	15,189,178,787
7 CONSOLIDATED INVESTMENTS IN SHARES AND SECURITIES					
Government Securities					
First Security Islami Bank PLC. (Note- 7 (a))				23,674,689,450	22,774,689,450
First Security Islami Capital & Investment Limited				-	-
				23,674,689,450	22,774,689,450
Others					
First Security Islami Bank PLC. (Note- 7 (a))				3,792,757,030	3,778,073,922
First Security Islami Capital & Investment Limited				344,982,996	327,203,969
				4,137,740,026	4,105,277,891
Less: Inter-company Transaction				317,340,058	317,340,058
				3,820,399,968	3,787,937,833
				27,495,089,418	26,562,627,283

	31.12.2023 BDT	31.12.2022 BDT
7(a) INVESTMENTS IN SHARES AND SECURITIES		
Government Securities		
Bangladesh Govt. Islamic Investment Bond	12,300,000,000	11,400,000,000
BDG Investment Sukuk (Ijara Sukuk)	11,373,120,000	11,373,120,000
Central Depository Bangladesh Ltd.	1,569,450	1,569,450
	23,674,689,450	22,774,689,450
Others		
Subordinated Bond	80,000,000	80,000,000
Investment in Beximco Green-Sukuk al Istisinaa	600,000,000	600,000,000
Investment in Mudaraba Perpetual Bond - Al Arafa Islami Bank PLC.	1,000,000,000	1,000,000,000
Investment in Mudaraba Perpetual Bond -Standard Bank PLC.	1,000,000,000	1,000,000,000
Investment in FSI Capital & Investment Ltd.	255,000,000	255,000,000
Investment in FSIE Italy S.R.L	62,340,058	62,340,058
Quoted/Unquoted Shares (Note - 7.1) Annexure	795,416,972	780,733,864
	3,792,757,030	3,778,073,922
	27,467,446,480	26,552,763,372
7.1 Quoted/Unquoted Shares		
Name of Companies	Acquisition cost (Taka)	Acquisition cost (Taka)
Quoted:		
ICB	119,414,541	119,414,541
LEGACYFOOT	-	54,150,449
MJL Bangladesh Ltd.	126,699,779	87,385,258
Padma Oil Company Ltd.	69,311,117	63,431,537
DELTALIFE	3,563,903	-
DSSL	2,373,888	-
PTL	21,866,518	-
SPCL	176,091,188	176,091,188
BPPL	88,120,244	88,120,245
Heidelberg Cement Bd. Ltd.	24,124,440	22,956,054
SINGERBD	17,407,678	14,449,739
SQURPHARMA	100,252,611	108,848,671
GP	35,715,743	35,158,694
ICICL	-	87,980
RENATA	6,867,229	6,867,229
PADMALIFE	-	618,813
	791,808,878	777,580,398
Unquoted:		
Share of SWIFT	3,608,094	3,153,466
	3,608,094	3,153,466
	795,416,972	780,733,864
7.2 Market Value of Quoted Shares	628,307,609	584,690,476
7.3 Remaining Maturity Grouping of Investments in Shares and Securities		
Repayable on Demand	791,808,878	777,580,398
With a residual maturity of		
Up to 1 month	-	-
Over 1 month but not more than 3 month	12,300,000,000	11,400,000,000
Over 3 month but not more than 1 year month	11,373,120,000	11,373,120,000
Over 1 year but not more than 5 year	685,177,544	684,722,916
More than 5 years	2,317,340,058	2,317,340,058
	27,467,446,480	26,552,763,372

	31.12.2023 BDT	31.12.2022 BDT
8 CONSOLIDATED GENERAL INVESTMENT		
First Security Islami Bank PLC. (Note-8.1.A)	567,930,712,306	521,292,786,607
Less: Inter-company transaction (Investment in Subsidiary)	962,563,969	850,761,381
	566,968,148,337	520,442,025,226
8(a) INVESTMENTS		
General Investment etc. (Note-8.1.A)	567,930,712,306	521,292,786,607
Bills Purchased and Negotiated (Note - 8.1.B)	2,355,995,936	3,502,364,419
	570,286,708,242	524,795,151,026
8.1.A General Investment etc.		
Inside Bangladesh (Mode wise)		
Bai-Murabaha and Quard	526,242,692,619	481,337,211,917
Hire-Purchase Sirkatul Meelk	41,594,525,141	39,857,526,375
Bai-Muajjal	2,417,654	2,416,654
Bai-Salam	91,076,892	95,631,661
	567,930,712,306	521,292,786,607
Outside Bangladesh	-	-
	567,930,712,306	521,292,786,607
8.1.B Bills Purchased and Negotiated		
Payable in Bangladesh	314,808,015	350,835,833
Payable outside Bangladesh	68,303,300	31,857,137
	383,111,315	382,692,970
Payable in Bangladesh by OBU	1,948,870,183	2,152,080,830
Payable outside Bangladesh by OBU	24,014,438	967,590,619
	1,972,884,621	3,119,671,449
	2,355,995,936	3,502,364,419
8.2 Maturit-wise Classification		
Repayable on Demand	-	-
With a residual maturity of		
Up to 1 month	141,479,408,242	96,197,051,026
Over 1 month but not more than 3 month	64,331,900,000	89,927,900,000
Over 3 month but not more than 1 year month	264,468,700,000	118,585,300,000
Over 1 year but not more than 5 year	76,041,700,000	112,450,600,000
More than 5 years	23,965,000,000	107,634,300,000
	570,286,708,242	524,795,151,026
8.3 Investments on the basis of Significant Concentration		
Investments to Directors of Other Banks	27,642,991,027	43,391,800,000
Investments to Chief Executive and Other high Officials	-	-
Investments to Customers Group	468,046,156,379	418,412,656,322
Investments to Industry	73,487,786,293	61,763,691,189
Investment to Staff	1,109,774,544	1,227,003,514
	570,286,708,242	524,795,151,026
8.4 Investments to Customers for more than 10% of FSIB's Total Eligible Capital		
Number of Clients	63	63
Amount of Outstanding Investments		
Funded	108,525,600,000	100,563,500,000
Non-funded	8,636,400,000	19,332,900,000
	117,162,000,000	119,896,400,000

31.12.2023	31.12.2022
BDT	BDT

Details of investment to customer group 15.00% of regulatory equity and above. Total regulatory capital of the bank is Tk. 4,067.49 Crore as on 31 December 2023. Number of client with amount of sanctioned limit of investments exceeding 15.00% of total regulatory equity of the bank & classified amount thereon are given below:

Number of client	7	7
Amount of Outstanding Investments (Tk. Crore)	5,904.36	6,150.00
Classified amount thereon	-	-
Measure taken for recovery	Not Applicable	Not Applicable

Name of the Clients	Sanctioned Limit (Tk. Crore)	Outstanding as on 31.12.2023 (Tk. Crore)	Outstanding as on 31.12.2022 (Tk. Crore)
Bashundhara Group	1,699.00	1,310.48	1,335.00
Sikder Group	1,416.14	1,708.11	1,708.00
Nabil Group	1,200.00	255.34	257.00
Nasa Group	1,082.25	734.64	682.00
Deshboundhu Group	882.98	1,000.57	1,013.00
Jamuna Group	715.00	198.40	484.00
S. A. Group	705.73	696.82	671.00
Total	7,701.10	5,904.36	6,150.00

8.5 Industry wise Investments

Agriculture:

Fishing	948,611,870	1,051,695,979
Others	1,823,523,987	1,820,087,830

Textile and Readymade Garments:

Readymade Garments - Export	25,466,794,520	18,755,554,319
Textile and Textile Products- Import	17,836,316,182	11,266,321,218
Others -Export	5,122,015,300	7,316,060,538
Others -Import	20,459,659,977	27,888,900,918
Contractor Finance	2,673,125,956	2,513,053,677
Transport	1,410,756,804	1,407,827,508

Internal Trade Finance:

Whole Sale Trading	199,967,701,343	208,479,037,508
Retail Trading	14,920,965,872	15,104,326,157
Others	5,587,465,240	7,421,417,716

House Building:

Residential & Commercial	24,840,602,309	24,170,650,623
Staff	1,109,774,544	1,227,003,514

Special Program:

Consumer Finance and Hire Purchase Scheme	140,138,470	221,129,970
Others	247,979,255,868	196,152,083,550
	570,286,708,242	524,795,151,026

8.6 Division/Geographical wise Investment*

Urban

Dhaka	171,103,356,926	155,262,698,679
Chattogram	372,270,825,705	327,437,418,535
Barishal	578,309,511	408,447,253
Rajshahi	807,404,948	942,163,260
Khulna	1,623,332,044	1,540,810,015
Rangpur	470,804,443	420,874,227
Sylhet	827,839,773	812,443,932
Mymensingh	312,329,800	201,127,106
	547,994,203,150	487,025,983,007

	31.12.2023 BDT	31.12.2022 BDT
Rural		
Dhaka	355,337,258	6,520,301,989
Chattogram	20,176,022,872	29,113,126,797
Barishal	53,337,996	150,233,568
Rajshahi	81,076,169	96,355,711
Khulna	1,136,302,666	1,481,442,156
Rangpur	67,754,798	18,058,058
Sylhet	277,211,706	124,001,833
Mymensingh	145,461,625	265,647,908
	22,292,505,092	37,769,168,019
	570,286,708,242	524,795,151,026

* Division wise distribution was made on the basis of the location of the respective branch.

8.7 Classification of Investments as per Bangladesh Bank Circulars

Unclassified:

Standard	539,349,603,456	491,097,733,598
Special Mention Account	8,399,203,486	12,630,339,642
	547,748,806,943	503,728,073,240

Classified:

Sub-standard	4,338,989,642	2,678,392,573
Doubtful	4,247,699,865	4,776,865,379
Bad & Loss	13,951,211,792	13,611,819,834
	22,537,901,299	21,067,077,786
	570,286,708,242	524,795,151,026

8.8 Sector-wise Classification of Investments

Unclassified:

Small Enterprise Financing (SEF)	43,419,883,843	40,971,850,660
Consumer Financing (Other than HF & LP)	132,663,951	213,667,839
Investments to BHs/MBs/SDs against Share	1,186,166,315	1,100,428,108
Other than SMEF, CF, BHs/ MBs,/SDs	401,776,861,354	365,665,734,074
Housing Finance (HF)	24,144,729,507	23,379,556,858
Investments for professionals to set up business (LP)	-	-
Short Term Agri. Investments	2,649,597,535	2,745,468,999
Staff Investment	1,109,774,544	1,227,003,514
Others	73,329,129,894	68,424,363,188
	547,748,806,943	503,728,073,240

Classified:

Small Enterprise Financing (SEF)	3,405,366,666	2,636,266,600
Consumer Financing (Other than HF & LP)	7,474,518	7,462,131
Investments to BHs/MBs/SDs against Share	114,142,311	100,692,516
Other than SMEF, CF, BHs/ MBs,/SDs	9,097,137,451	8,500,523,619
Housing Finance (HF)	1,074,586,798	1,083,312,053
Investments for professionals to set up business (LP)	-	-
Short Term Agri. Investments	113,030,662	117,018,810
Others	8,726,162,893	8,621,802,057
	22,537,901,299	21,067,077,786
	570,286,708,242	524,795,151,026

			31.12.2023 BDT	31.12.2022 BDT
8.9 Particulars of Required Provision for Investments as per CL				
Classification status				
Unclassified	Base for Provision	Rate		
Standard	539,349,603,456	0.25-5%	5,667,437,148	5,708,560,507
Special Mention Account	8,371,226,458	0.25-5%	158,803,655	243,000,361
Off -Balance Sheet Exposure	18,575,970,281	1%	185,759,703	344,099,216
			6,012,000,506	6,295,660,084
Classified:				
Sub - Standard	3,336,756,426	20%	667,351,285	417,709,262
Doubtful	3,296,802,174	50%	1,648,401,087	2,016,311,598
Bad and Loss	8,542,075,674	100%	8,542,075,674	8,157,432,739
			10,857,828,046	10,591,453,599
			16,869,828,552	16,887,113,683
Total Required Provision against Investments as per CL			16,869,828,552	16,887,113,683
Total Provision Maintained			16,871,847,656	15,228,420,004
Provision Surplus/(Deferred)			2,019,104	(1,658,693,679)

Bangladesh Bank inspection Team (DBI-6) has raised additional provision amount of Tk. 65.00 Crore (including provision for other assets Tk. 13.33 crore and specific provision Tk. 51.67 crore) vide their letter no. DBI-06/51(2)/2024-280 dated 16/04/2024 and bank has maintained provision as per Bangladesh Bank instruction.

8.10 Particulars of Investments

i)	Investments considered good in respect of which the Bank Company is fully secured.	106,788,802,983	113,804,071,449
ii)	Investments considered good for which the bank holds no Security other than the debtors personal security.	267,117,165,037	239,825,248,761
iii)	Investment considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	196,380,740,221	171,165,830,816
iv)	Investments adversely classified; provision not maintained there against.	-	-
		570,286,708,242	524,795,151,026
v)	Investments due by directors or executives of the banking company or any of them taken either separately or jointly with any other person.	27,642,991,027	43,391,800,000
vi)	Investments due by companies or firms in which the directors of the bank company are interested as directors partners or managing agents or in case of private companies, as members.	-	-
vii)	Maximum total amount of investments, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either separately or jointly with any other person.	-	-
viii)	Maximum total amount of investments, including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or in the case of private companies, as members.	-	-

	31.12.2023 BDT	31.12.2022 BDT
ix) Investment due from other banking companies	-	-
x) Total amount of classified Investments on which profit is not credited to income	22,537,901,299	21,067,077,786
a. Movement of classified Investments		
Opening balance	21,067,077,786	21,571,508,990
Increase/ (Decrease) during the year	1,470,823,513	(504,431,204)
	22,537,901,299	21,067,077,786
b. Amount of provision kept against classified investment as on the reporting date of Balance Sheet	10,857,828,046	10,591,453,599
c. Profit credited to the profit/Rent/Compensation Suspense Account	2,700,475,623	2,535,965,967
xi) Amount of written off Investment:		
a. Cumulative amount	38,026,057	38,026,057
b. Amount written off during the year	-	-
c. Total amount of written off (a+b)	38,026,057	38,026,057
d. Amount recovered against such written- off up to this year	1,050,000	50,000
e. Amount of investment written- off against which suit has been filled to recover the same.	38,026,057	38,026,057
8.11 Write off Investment		
Balance at the beginning of the year	37,976,057	38,026,057
Add: Write off during the year	-	-
Less: Recovery of Write off Investment	1,000,000	50,000
Balance at the end of the year	36,976,057	37,976,057

Investments are written-off in line with Bangladesh Bank's BRPD Circular No. 02 dated 13 January 2003, DOS Circular No. 01 dated 29 December 2004, BRPD Circular No. 13 dated 07 November 2013 and BRPD Circular No. 01 dated 02 February 2019 when prospect of recovery of such Investments become non-existent. However, such write-off does not reduce the claim against the Investment Client. Detailed records for all write-off accounts are separately maintained by the Bank to continue the recovery efforts. The total amount of written-off bad debts by banks was BDT 3.80 Crore at end of the year 2023.

8.12 Security against Investments including bills purchased & negotiated:

Collateral of movable/immovable assets	25,219,316,305	24,462,868,911
Local banks & financial institutions guarantee	-	3,119,671,449
Export documents	6,884,500,566	5,231,392,877
Own MTDR	104,815,918,362	110,684,400,000
MTDR of other Banks	-	-
Government Bonds	-	-
Personal guarantee	89,677,648,718	83,656,261,397
Other security	1,300,308,626	1,201,120,624
Unsecured	342,389,015,665	296,439,435,768
	570,286,708,242	524,795,151,026

8.13 Maturity Grouping of Bills Purchased and Negotiated

Payable within 1 month	19,216,235	28,566,373
Over 1 month but less than 3 months	5,130,264	7,626,522
Over 3 months but less than 6 months	825,533,482	1,227,217,352
6 Months or more	1,506,115,955	2,238,954,172
	2,355,995,936	3,502,364,419

	31.12.2023 BDT	31.12.2022 BDT
9 Consolidated Fixed Assets including premises & Intangible Assets		
First Security Islami Bank PLC. (Note-9 (a))	6,725,414,524	6,877,634,336
First Security Islami Capital & Investment Limited	3,409,682	8,497,199
First Security Islami Exchange Italy	958,272	1,518,336
	6,729,782,478	6,887,649,871
9(a) Fixed Assets including premises & Intangible Assets (Annexure-A)		
Land	334,631,624	334,631,624
Building	4,071,630,866	4,068,443,511
Furniture & Fixtures	2,943,697,078	2,797,217,162
Office Equipment	3,184,402,076	2,963,188,389
Vehicles	212,528,461	238,257,734
Books	672,960	672,960
	10,747,563,065	10,402,411,380
Less: Accumulated Depreciation	4,325,631,506	3,840,176,863
	6,421,931,559	6,562,234,517
Lease Assets-Premises		
Right-of-use assets	380,680,952	332,468,808
Less: Accumulated Depreciation	187,792,906	139,046,906
	192,888,046	193,421,902
Intangible Assets		
Software -Core banking	362,480,110	349,349,564
Less: Accumulated Amortization	251,885,191	227,371,647
	110,594,919	121,977,917
	6,725,414,524	6,877,634,336

Revaluation of Land and Building

As per Bangladesh Bank BRPD circular no.10 dated 24 November 2002; circular no.09 dated 31 December 2008 and circular no.24 dated 03 August 2010; the Bank revalued the entire land and building by the professional valuers for the year 2012 and 2022 respectively.

Right of use assets:

The bank has leases for the mainly for Head Office/Branch office buildings. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Bank classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

10 CONSOLIDATED OTHER ASSETS

First Security Islami Bank PLC. (Note-10(a))	6,518,920,712	4,791,716,959
First Security Islami Capital & Investment Limited	2,140,251,836	2,036,105,755
First Security Islami Exchange Italy S.R.L.	35,612,918	53,819,863
	8,694,785,466	6,881,642,577
Less: Inter-company transaction	364,794,790	426,796,923
	8,329,990,676	6,454,845,654

10(a) OTHER ASSETS

i) Income generating other assets

ii) Non-income generating other assets

Inter - branch Transaction Account (Note -10.1)	5,508,715	-
Accrued Income	2,614,836,804	2,058,845,930
Advances, Deposits and Prepayment (Note -10.2)	3,118,265,564	2,008,931,823
Stock of Stationery	44,033,204	49,946,705
Suspense Account (Note- 10.3)	43,357,861	89,048,088
Stamps on Hand	7,062,640	6,220,784
Protested Bills	61,454,778	61,454,778
Deferred Tax Assets (Note- 10.4)	624,401,146	517,268,851
	6,518,920,712	4,791,716,959

	31.12.2023 BDT	31.12.2022 BDT
10.1 FSIB General Account (IBTA)		
10.1.1 Un-reconciled entries of Inter Branch Transaction in Bangladesh		
Age		
Up to 3 month	5,508,715	-
Over 3 month but not more than 6 month	-	-
More than 6 month	-	-
	5,508,715	-
10.1.2 Un-reconciled entries of Inter Branch Transaction Outside Bangladesh		
Age		
Up to 3 month	-	-
Over 3 month but not more than 6 month	-	-
More than 6 month	-	-
	5,508,715	-
Inter-branch transaction account represents net outstanding balance between Inter-branch and Head Office transaction(net) originated but yet to be responded at the balance sheet date. However, the status of non-respondent entries on 31.12.2023 have been reconciled on 27/02/2024.		
10.2 Advance, Deposits and Prepayment		
Advance against Rent - Office*	419,962,160	395,413,779
Clearing Adjustment Account (under BACH)	32,900,000	51,500,000
Remittance Settlement Account	1,526,803,818	729,860,482
Prepayment	1,125,640,053	806,645,260
Prepaid Insurance	316,945	480,668
Advance Against Security Deposit	6,195,800	6,345,567
Advance Deposits	6,446,788	18,686,067
	3,118,265,564	2,008,931,823
10.3 Suspense Account		
Sundry Debtors and Others	42,964,958	88,176,785
Advance against TA/DA	-	206,272
Advance against petty cash	392,903	665,031
	43,357,861	89,048,088
10.4 Deferred Tax Assets (net off liabilities)		
Deferred tax asset (10.4.1)	1,043,215,844	938,952,303
Deferred tax liability (10.4.2)	418,814,697	421,683,451
	624,401,146	517,268,851
10.4.1 Deferred Tax Assets		
Temporary timing difference between charging Specific provision and written off B/L Investments		
Cumulative provision made against bad loss Investments	2,818,884,972	2,541,948,864
Adjustment of corresponding provision on write off	36,976,056	38,076,057
Deductible temporary difference	2,781,908,916	2,503,872,807
Tax Rate	37.50%	37.50%
Deferred Tax Assets	1,043,215,844	938,952,303
Opening Deferred Tax Assets	938,952,303	1,034,785,584
Deferred Tax Income/(Expenses) during the year	104,263,541	(95,833,281)

	31.12.2023 BDT	31.12.2022 BDT
10.4.2 Deferred Tax Liabilities		
Temporary timing difference in written down value of fixed Assets		
Carrying amount	6,532,526,478	6,684,212,434
Tax base	5,415,687,285	5,559,723,231
Taxable temporary difference	1,116,839,193	1,124,489,203
Tax Rate	37.50%	37.50%
Deferred Tax Liabilities	418,814,697	421,683,451
Opening Deferred Tax Liabilities	421,683,451	584,926,717
Deferred Tax Expenses Charged in profit and Loss A/C during the year	(2,868,754)	(159,470,362)
Deferred Tax transfer from/(To) Asset Revaluation Reserve	(3,772,903)	(3,772,903)
Deferred Tax Expenses during the year	(6,641,657)	(163,243,266)

As per International Accounting Standard (IAS)- 12 deferred tax is recognized since December 2007. Deferred tax assets have been arrived at Tk. 61.44 crore as on December 31, 2023. According to BRPD Circular No. 11 Dated 12 December 2011, the increased amount of the net income after tax due to the recognition of deferred tax will not be distributed as dividend. Deferred tax asset is recognized to the extents which are expected to recover in future.

11 NON-BANKING ASSETS	25,145,280	25,145,280
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The Bank has been awarded ownership of the mortgage properties of M/s. Ranuka Knit Fashion (Pvt.) Ltd. according to the verdict of the Honorable Court in accordance with section 33(7) of "Artharin Adalat -2003". An amount of Tk. 25,145,280/- is reported in the financial Statements as Non-Banking Assets through the adjustment of outstanding investment against the client as on 15/10/2015. The value of Non-Banking Assets has been determined on the basis of valuation report of an Independent surveyor Company.

12 CONSOLIDATED PLACEMENT FROM BANK & OTHER FINANCIAL INSTITUTION		
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First Security Islami Bank PLC. (Note- 12(a))	134,585,643,997	80,484,391,794
First Security Islami Capital & Investment Limited	1,413,398,424	1,321,328,811
	135,999,042,421	81,805,720,605
Less: Inter Company Transaction	962,563,969	850,761,381
	135,036,478,452	80,954,959,224

12(a) PLACEMENT FROM BANK & OTHER FINANCIAL INSTITUTION		
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a) Inside Bangladesh		
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Bangladesh Bank	121,977,518,997	74,496,953,484
Islami Bank Bangladesh PLC.	1,920,625,000	-
Sonali Bank PLC.	1,260,000,000	-
Janata Bank PLC.	1,670,000,000	1,000,000,000
Exim Bank PLC.	810,000,000	-
Rupali Bank PLC.	1,460,000,000	-
	129,098,143,997	75,496,953,484

b) Outside Bangladesh-OBU		
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Ajman Bank, UAE	5,487,500,000	4,987,438,310
	134,585,643,997	80,484,391,794

A. Security- wise grouping		
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Secured Placement	24,850,000,000	23,250,000,000
Unsecured Placement	109,735,643,997	57,234,391,794
	134,585,643,997	80,484,391,794

B. Repayment Nature wise Grouping		
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Repayable on demand	5,200,000,000	1,000,000,000
Others	129,385,643,997	79,484,391,794
	134,585,643,997	80,484,391,794

	31.12.2023 BDT	31.12.2022 BDT
C. Maturity Analysis		
Repayable on Demand	-	-
Repayable within One Month	133,235,143,997	61,895,991,794
One Month to Six Months	-	10,207,000,000
Six Month to One Year	-	-
One Year to Five Years	1,350,500,000	8,381,400,000
Five Years to Ten Years	-	-
	134,585,643,997	80,484,391,794
13 DEPOSITS AND OTHER ACCOUNTS		
A. Deposits Received from Banks (Note A-1)	33,563,980,718.24	28,481,016,934
B. Other than Bank		
Payable on Demand (Note B-1)	19,615,779,192	20,696,630,567
Other Deposits (Note B-2)	402,015,235,559	423,868,669,236
	421,631,014,751	444,565,299,803
	455,194,995,469	473,046,316,737
C. Maturity wise Classification of Deposits		
Repayable on Demand	19,615,779,192	20,696,630,567
With a residual maturity of		
Re-payable within 1 month	95,243,564,046	56,420,486,170
Over 1 month but within 6 months	166,097,855,563	90,425,600,000
Over 6 months but not more than 1 year	70,006,696,668	96,910,400,000
Over 1 year but not more than 5 years	89,594,600,000	122,875,200,000
Over 5 years but within for 10 years	14,633,796,905	85,715,367,867
Unclaimed Deposits For 10 years or more	2,703,095	2,632,133
	455,194,995,469	473,046,316,737
A-1 Deposits Received from Banks		
Islami Bank Bangladesh PLC.	29,330,154,096	27,412,231,349
Exim Bank PLC.	3,886,965	12,337,170
Union Bank PLC.	65,141,533	17,503,115
Global Islami Bank PLC.	282,373,362	532,988,008
Bangladesh Commerce Bank Ltd.	1,410,117,307	1,000,150
Al-Arafah Islami Bank PLC.	1,000,000,000	-
AB Bank PLC.	496,914	486,654
Social Islami Bank PLC.	1,471,810,542	504,470,488
	33,563,980,718	28,481,016,934
Maturity wise Grouping of Deposits Received from Banks		
Repayable on Demand	2,639,713,869	2,467,100,821
With a residual maturity of		
Re-payable within 1 month	29,924,266,850	26,013,916,113
Over 1 month but within 6 months	1,000,000,000	-
Over 6 months but not more than 1 year	-	-
Over 1 year but not more than 5 years	-	-
Over 5 years but within for 10 years	-	-
	33,563,980,718	28,481,016,934
B-1 Payable on Demand		
Al-wadiah Current Deposits	8,908,104,973	9,326,676,136
Mudaraba Saving Deposits (9%)	6,695,353,518	6,316,122,759
Security Deposit Receipt	45,579,908	66,820,512
Sundry Deposits	3,966,740,793	4,987,011,160
	19,615,779,192	20,696,630,567

	31.12.2023 BDT	31.12.2022 BDT
B- 2 Other Deposits		
Mudaraba Saving Deposits 91% (excluding bank deposit)	38,367,309,251	36,450,787,664
Mudaraba Term Deposits	290,955,086,665	308,967,731,305
Mudaraba Short Notice Deposits (excluding bank deposit)	23,290,539,510	27,017,107,327
Bills Payable (Note-13.2)	3,358,829,216	5,679,725,957
Bearer Certificates of Deposits	-	-
Mudaraba Deposit under Schemes (Note-13.5)	45,239,938,997	44,831,910,652
Foreign Currency Deposits	803,531,920	921,406,331
	402,015,235,559	423,868,669,236
13.1 Consolidated Al-Wadiah Current Accounts & Other Deposit Accounts		
First Security Islami Bank PLC. (Note-13.1)	40,248,323,726	43,387,807,051
First Security Islami Capital & Investment Limited	-	-
	40,248,323,726	43,387,807,051
Less: Inter-company transaction	43,821,620	21,285,607
	40,204,502,106	43,366,521,444
13.1(a) Al-Wadiah Current Accounts & Other Deposit Accounts		
Al-wadiah Current Deposits	8,883,379,793	9,298,754,380
Mudaraba Short Notice Deposits	26,524,366,132	28,085,892,912
Sundry Deposits	3,966,740,793	4,987,011,160
Unclaimed Dividend Account (Note 13.1.1)	24,725,180	27,921,756
Security Deposit Receipt	45,579,908	66,820,512
Foreign Currency Deposits	803,531,920	921,406,331
	40,248,323,726	43,387,807,051
13.1.1 Unclaimed Dividend Account		
FSIB Bonus shares Fraction	60,173	103,146
FSIB Cash Dividend-2020	11,449,495	12,483,568
FSIB Cash Dividend-2021	13,215,512	15,335,042
	24,725,180	27,921,756
The BO Account Number-wise or Name-wise or Folio Number-wise Unclaimed Dividend Account contains huge number of pages which has been submitted to Bangladesh Securities and Exchange Commission.		
13.2 Bills Payable		
Pay Order Issued	3,357,044,419	5,677,916,160
Demand Draft Payable	1,685,847	1,710,847
Pay Slips Issued	98,950	98,950
	3,358,829,216	5,679,725,957
13.3 Mudaraba Savings Deposits		
As per BRPD Circular No. 06, dated 24 June 07, total saving deposits amount is bifurcated into:		
9 % of total Mudaraba Savings Deposits	6,695,353,518	6,316,122,759
91% of total Mudaraba Savings Deposits	67,697,463,347	63,863,019,013
	74,392,816,865	70,179,141,772
13.4 Mudaraba Term Deposits including other Banks - Maturity wise Grouping		
Payable on Demand	4,449,192,437	2,812,405,533
Up to Three Months	119,105,551,226	120,207,501,624
From Three Months to Six Months	35,713,454,832	54,370,684,961
Above Six Months to One Year	74,324,026,439	89,250,516,552
Above One Year to Two Years	14,603,478,807	458,453,401
Above Two Years	43,759,382,924	41,868,169,234
	291,955,086,665	308,967,731,305

	31.12.2023 BDT	31.12.2022 BDT
13.5 Other Mudaraba Deposits		
Mudaraba Deposit under Schemes:		
Mudaraba Monthly Savings Scheme	6,604,288,806	7,738,875,065
Mudaraba Hajj Scheme	358,647,594	318,847,965
Mudaraba Marriage Scheme	4,401,155,402	4,389,173,718
Mudaraba Health Care Scheme	21,609,315,622	21,382,173,679
Mudaraba Education Deposit Scheme	3,237,467,265	3,169,667,086
Mudaraba Pension Deposit Scheme	1,196,317,468	1,249,704,249
Mudaraba Millionaire Deposit Scheme	2,713,928,761	2,765,673,784
Mudaraba Kroropoti Deposit Scheme	2,732,615,331	2,558,335,658
Mudaraba Probashi Deposit Scheme	210,778,576	262,085,586
Mudaraba Money Plant Deposit Scheme	-	192,600
Mudaraba Gift Cheque	10,169,244	10,742,244
Mudaraba Griheni Deposit Scheme	291,980,840	304,185,756
Mudaraba New Generation Deposit Scheme	33,486,098	41,096,788
Mudaraba Cash Waqf. Deposit Scheme	6,733,375	5,635,903
Mudaraba Pension Scheme (Sanchay Sukh)	77,196,575	18,246,253
Mudarabah Others Deposit Scheme	1,755,858,040	617,274,318
	45,239,938,997	44,831,910,652
14 MUDARABA SUBORDINATED BOND	5,100,000,000	7,400,000,000
The bank issued FSIB 2nd Mudaraba Subordinated Bond (Private Placement) amounting to BDT 450.00 (Four hundred fifty) crore only through private placement with 7 years maturity for enhancement of Tier-II capital as per requirement of Basel –III. The semi-annual profit has already been paid up to 31/12/2023. However, the amount of Tk. 310.00 crore had already been paid up to December 2023 as principal redemption.		
The bank issued FSIB 3rd Mudaraba Subordinated Bond (Private Placement) amounting of BDT 700.00 (Seven hundred) crore only through private placement with 7 years maturity for enhancement of Tier-II capital as per requirement of Basel –III. The semi-annual profit has already been paid up to 31/12/2023. However, the amount of Tk. 280.00 crore had already been paid up to December 2023 as principal redemption.		
15 MUDARABA PERPETUAL BOND	6,000,000,000	6,000,000,000
The Bangladesh Securities and Exchange Commission vide their letter No. BSEC/CI/DS-135/PB/2020/291 dated December 09, 2020 and Bangladesh Bank vide their letter no. BRPD (BPIS)661/14B(P)/2020-9530 dated November 09, 2020 have given their consent for raising regulatory capital by amount of BDT 600.00 (Six hundred) crore only through issuance of Unsecured, Contingent-Convertible, Non-Cumulative FSIB Mudaraba Perpetual Bond for enhancement of Additional Tier-1 Capital as per requirement of Basel –III. The FSIB Mudaraba Perpetual Bond has been fully subscribed by BDT 600.00 crore on 17th October 2021. The annual profit has already been paid up to 31/12/2023.		
16 CONSOLIDATED OTHER LIABILITIES		
First Security Islami Bank PLC. (Note-16(a))	33,042,552,683	26,116,875,125
First Security Islami Capital & Investment Limited	360,160,659	350,022,765
First Security Islami Exchange Italy S.R.L.	449,062,581	469,463,831
	33,851,775,923	26,936,361,721
Less: Inter-company transaction	410,972,248	523,642,237
	33,440,803,675	26,412,719,484

	31.12.2023	31.12.2022
	BDT	BDT
16(a) OTHER LIABILITIES		
Inter - branch Transaction Account	-	506,210
Current Tax Liabilities (Note-16.1)	3,508,251,413	2,796,485,362
Accumulated Provision against Investments (Note-16.3)	16,871,847,656	15,228,420,004
Profit/Rent/Compensation Suspense Account (Note -16.4)	2,700,475,623	2,535,965,967
Lease Liabilities	187,882,841	183,532,291
Accrued Profit and Expenses Payable (Note-16.5)	7,281,242,672	4,052,332,671
Provisions for diminution in value of Investments (Note-16.6)	184,101,270	192,889,922
Provision for Start up fund (Note-16.7)	123,100,284	90,699,423
Provisions for Others (Note-16.8)	834,025,756	506,954,778
Provision for Zakat	258,371,758	223,591,701
Provident Fund	30,062	18,724
Provision for Gratuity	75,112,519	-
Benevolent Fund	499	4,749
Compensation Realized	44,657,604	26,691,678
Others	752,642,599	212,821,691
Off-shore Banking Unit	220,810,127	65,959,954
	33,042,552,683	26,116,875,125
16.1 Current Tax Liabilities		
Provision for Tax		
Opening Balance	17,841,112,057	15,239,986,435
Add : Provision made during the year	2,831,338,541	2,601,125,622
	20,672,450,598	17,841,112,057
Advance Income Tax		
Opening Balance	15,044,626,695	12,492,570,341
Add : Tax paid during the year	2,119,572,490	2,552,056,354
	17,164,199,185	15,044,626,695
Net Tax Liabilities	3,508,251,413	2,796,485,362
Assessment for the year 1999, 2002, 2005, 2006, 2009, 2012 and 2013 have been settled. Assessment order of 2000, 2001, 2003, 2004, 2007, 2008, 2010, 2011, 2014, 2015, 2016, 2017 and 2018 are pending with High Court 2019 and 2020 are pending with Commissioner of Taxes Appeal (1st Appeal). The return for the year 2021 and 2022 have already been submitted and assessment is not yet completed by DCT level.		
16.2 Consolidated Provision for Investments during the year		
First Security Islami Bank PLC. (Note-16.2(a))	1,642,427,652	1,542,322,027
First Security Islami Capital & Investment Limited	11,242,275	37,556,701
	1,653,669,927	1,579,878,728
16.2(a) Provision for Investments during the year		
Specific Provision for Classified Investment	265,374,447	34,972,354
General Provision	2,035,392,718	1,049,039,922
Off -Balance Sheet exposure	(158,339,513)	(41,690,249)
Special General Provision-Covid-19	(500,000,000)	500,000,000
	1,642,427,652	1,542,322,027
16.3 Accumulated Provision for Investments		
Specific Provision for Classified Investments (Note -16.3.1)	10,857,828,046	10,591,453,599
General Provision (Note -16.3.2)	5,218,734,814	3,183,342,096
Off -Balance Sheet exposure (Note -16.3.3)	185,759,703	344,099,216
Special General Provision-Covid-19 (Note -16.3.4)	609,525,093	1,109,525,093
	16,871,847,656	15,228,420,004

	31.12.2023 BDT	31.12.2022 BDT
16.3.1 Movement in Specific Provision for Classified Investments		
Provision held at the beginning of the year	10,591,453,599	10,556,431,245
Less: Fully provided debts written off	-	-
Add: Recoveries of amounts previously written off	1,000,000	50,000
Add/(Less): Specific Provision during the year	(251,389,814)	(2,084,941,635)
Add: Addition during the year as per Bangladesh Bank requirement	516,764,261	-
Add: Transferred from General Provision during the year	-	2,119,913,989
	10,857,828,046	10,591,453,599
16.3.2 General Provision		
Provision held at the beginning of the year	3,183,342,096	2,134,302,174
Add: Addition during the year as per Bangladesh Bank requirement	-	520,000,000
Add: Addition during the year	2,035,392,718	2,748,953,911
Less: Transferred to Specific Provision during the year	-	(2,119,913,989)
Less: Transferred to Provision for other Assets during the year	-	(100,000,000)
	5,218,734,814	3,183,342,096
16.3.3 Off-balance sheet exposure		
Provision held at the beginning of the year	344,099,216	385,789,465
Addition/(transfer) during the year	(158,339,513)	(41,690,249)
	185,759,703	344,099,216
16.3.4 Special General Provision-Covid-19		
Provision held at the beginning of the year	1,109,525,093	609,525,093
Addition/(transfer) during the year	(500,000,000)	500,000,000
	609,525,093	1,109,525,093
16.4 Profit/Rent/Compensation Suspense Account		
A) Profit Suspense (Old)		
Opening Balance	33,163,412	33,676,036
Add: Transferred during the year	-	-
	33,163,412	33,676,036
Less: Recovered during the year	-	512,624
Less: Amount Written off/waived during the year	-	-
Balance at the end of the year	33,163,412	33,163,412
B) Compensation Suspense Account		
Opening Balance	2,502,802,555	2,093,142,167
Add: Addition during the year	171,811,685	425,317,248
	2,674,614,240	2,518,459,415
Less: Recovered during the year	7,302,029	15,656,860
Less: Amount Written off/waived during the year	-	-
Balance at the end of the year	2,667,312,211	2,502,802,555
Total (A+B)	2,700,475,623	2,535,965,967
16.5 Accrued Profit and Expenses Payable		
Profit Payable on Deposit Accounts	4,320,870,767	3,350,205,483
Power and Electricity	2,394,458	2,297,839
Telephone	139,298	147,939
Office Rent	16,826,157	8,013,048
Wages	12,258,372	525,098
Insurance	1,203,825	1,334,773
Audit Fee	1,035,000	1,035,000
Others	2,926,514,795	688,773,491
	7,281,242,672	4,052,332,671

	31.12.2023 BDT	31.12.2022 BDT
16.6 Provisions for diminution in value of Investments in shares		
Opening Balance	192,889,922	134,729,617
Add: Addition /(Adjustment) during the year	(8,788,652)	58,160,305
	184,101,270	192,889,922
16.7 Provision for Start up fund		
Opening Balance	90,699,423	61,400,328
Add: Addition during the year	32,400,861	29,299,095
	123,100,284	90,699,423
As per Bangladesh Bank SMESPD Circular Letter no, 05 dated April 26, 2021 provision for Start up Fund has been maintained against 1.00% net profit after tax starting from the year 2020.		
16.8 Provisions for Others		
Opening Balance	506,954,778	406,954,778
Add: Addition during the year	193,770,978	-
Add: Addition during the year as per Bangladesh Bank requirement	133,300,000	100,000,000
	834,025,756	506,954,778
17 CAPITAL		
AUTHORISED CAPITAL		
3,000,000,000 Ordinary shares of Taka 10 each.	30,000,000,000	30,000,000,000
17.1 Issued, Subscribed and Paid-Up Capital		
1,150,608,933 Ordinary Shares of Taka 10 each issued	11,506,089,330	10,460,081,210
	11,506,089,330	10,460,081,210
17.2 History of paid-up capital		

Given below the history of raising share capital of First Security Islami Bank PLC.:

Particulars	Allotment Year	Amount of Share Capital	Total Paid up Capital (Cumulative)
First (Subscription to the Memorandum &	1999	200,000,000	200,000,000
Paid up capital increase	2003	120,000,000	320,000,000
Paid up capital increase	2005	280,000,000	600,000,000
Paid up capital increase	2006	300,000,000	900,000,000
Paid up capital increase	2007	100,000,000	1,000,000,000
Paid up capital increase	2008	1,300,000,000	2,300,000,000
10% Bonus Share	2010	230,000,000	2,530,000,000
20% Right Share	2010	506,000,000	3,036,000,000
12% Bonus Share	2011	364,320,000	3,400,320,000
10% Bonus Share	2012	340,032,000	3,740,352,000
10% Bonus Share	2013	374,035,200	4,114,387,200
10% Bonus Share	2015	617,158,080	4,731,545,280
50% Right Share	2015	2,057,193,600	6,788,738,880
5% Bonus Share	2017	339,436,940	7,128,175,820
10% Bonus Share	2018	712,817,580	7,840,993,400
10% Bonus Share	2019	784,099,340	8,625,092,740
10% Bonus Share	2020	862,509,270	9,487,602,010
5% Bonus Share	2021	474,380,100	9,961,982,110
5% Bonus Share	2022	498,099,100	10,460,081,210
10% Bonus Share	2023	1,046,008,120	11,506,089,330
Total		11,506,089,330	

17.3 Category of shareholding as at 31 December 2023

<u>Name of Category</u>	<u>Percentage(%)</u>	<u>Percentage(%)</u>
Sponsors / Directors	30.14	33.02
Foreign Investor	1.25	1.25
Institute	22.29	19.28
General Public	46.32	46.45
	100.00	100.00

	31.12.2023 BDT	31.12.2022 BDT
17.4 Classification of Shareholders by holding position as at 31 December 2023		
<u>Shareholding Range</u>	No. of Shares	No. of Shares
Up to 500 Shares	2,676,672	2,730,654
501 to 5000 Shares	49,677,156	48,470,688
5001 to 10,000 Shares	28,887,817	26,463,173
10,001 to 20,000 Shares	35,579,786	31,867,267
20,001 to 30,000 Shares	24,179,383	22,634,423
30,001 to 40,000 Shares	17,204,501	16,138,432
40,001 to 50,000 Shares	13,486,832	13,589,522
50,001 to 100,000 Shares	45,647,442	41,850,213
100,001 to 1,000,000 Shares	140,377,775	126,390,251
Over 1,000,000 Shares	792,891,569	715,873,498
	1,150,608,933	1,046,008,121

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

Tier-1 Capital:

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

Paid up Capital	11,506,089,330	10,460,081,210
Statutory Reserve	8,743,756,230	7,550,143,181
Other Reserve	3,529,279,371	3,173,390,980
Retained Earnings	1,048,425,554	929,849,625
Non-controlling Interest	372,274,958	358,758,111
Regulatory Adjustment	(734,996,065)	(639,246,768)
Others (5% of Deferred Tax Assets)	31,220,057	25,863,443
	24,496,049,435	21,858,839,782
Additional Tier-1 Capital (AT-1)	5,286,365,549	4,809,659,299
	29,782,414,984	26,668,499,081

Tier -2 Capital:

General Provision	6,014,019,610	4,636,966,405
Assets Revaluation Reserves	-	-
Subordinated Debt	5,100,000,000	7,400,000,000
Adjustment (Assets Revaluation Reserves @ 100%)	-	-
	11,114,019,610	12,036,966,405

Maximum Limit of Tier-2 Capital (Tier-2 Capital can be maximum up to 4.00% of the Total RWA or 88.89% of CET-1, whichever is higher)

11,114,019,610 **12,825,758,131**

A. Total Regulatory Capital

40,896,434,594 **38,705,465,486**

B. Total Risk Weighted Assets

345,476,860,786 **320,643,953,286**

C. Capital to Risk Weighted Assets Ratio (CRAR) (A/B)*100

11.84% **12.07%**

D. Common Equity Tier-1 To RWA (A -CET/B)*100

7.09% 6.82%

Requirement of Minimum CET-1 plus Capital Conservation Buffer

7.00% 7.00%

E. Tier-1 Capital to RWA (A -CET/B)*100

8.62% 8.32%

Requirement of Minimum Tier-1 Capital Ratio

8.50% 8.50%

F. Tier-2 Capital to RWA (A- AT/B)*100

3.22% 4.00%

G. Minimum Capital Requirement (MCR)

34,547,686,079 **32,064,395,329**

Capital Surplus /(Deficiency) against MCR (A-G)

6,348,748,516 **6,641,070,157**

H. Required Minimum Capital Plus Capital Conservation Buffer.

43,184,607,598 **40,080,494,161**

	31.12.2023 BDT	31.12.2022 BDT
17.5(a) Capital to Risk Weighted Assets Ratio (CRAR) Under Basel-III (Solo Basis)		
<u>Tier-1 Capital:</u>		
Common Equity Tier-1 Capital (CET-1):		
Paid up Capital	11,506,089,330	10,460,081,210
Statutory Reserve	8,743,756,230	7,550,143,181
Other Reserve	3,575,490,973	3,152,659,895
Retained Earnings	1,183,175,862	1,088,680,938
Regulatory Adjustment	(734,996,065)	(639,246,768)
Others (5% of Deferred Tax Assets)	31,220,057	25,863,443
	24,304,736,387	21,638,181,898
Additional Tier-1 Capital (AT-1)	5,256,103,099	4,767,632,698
	29,560,839,486	26,405,814,596
<u>Tier -2 Capital:</u>		
General Provision	6,014,019,610	4,636,966,405
Assets Revaluation Reserves	-	-
Subordinated Debt	5,100,000,000	7,400,000,000
Adjustment (Assets Revaluation Reserves @ 100%)	-	-
	11,114,019,610	12,036,966,405
Maximum Limit of Tier-2 Capital (Tier-2 Capital can be maximum up to 4.00% of the Total RWA or 88.89% of CET-1, whichever is higher)	11,114,019,610	12,713,687,196
A. Total Regulatory Capital	40,674,859,096	38,442,781,001
B. Total Risk Weighted Assets	341,455,472,195	317,842,179,891
C. Capital to Risk Weighted Assets Ratio (CRAR) (A/B)*100	11.91%	12.09%
D. Common Equity Tier-1 To RWA (A -CET/B)*100	7.12%	6.81%
Requirement of Minimum CET-1 plus Capital Conservation Buffer	7.00%	7.00%
E. Tier-1 Capital to RWA (A -CET/B)*100	8.66%	8.31%
Requirement of Minimum Tier-1 Capital Ratio	8.50%	8.50%
F. Tier-2 Capital to RWA (A- AT/B)*100	3.25%	4.00%
G. Minimum Capital Requirement (MCR)	34,145,547,220	31,784,217,989
Capital Surplus /(Deficiency) against MCR (A-G)	6,529,311,877	6,658,563,012
H. Required Minimum Capital Plus Capital Conservation Buffer	42,681,934,024	39,730,272,486
18 STATUTORY RESERVE		
Opening Balance	7,550,143,181	6,456,663,581
Add: Addition during the year	1,193,613,049	1,093,479,600
	8,743,756,230	7,550,143,181
This has been done at least @ 20% or more of the net profit before tax according to Sec. 24 of Bank Companies Act, 1991 Amendment 2013 and shall be maintained until & unless it equals to Paid-up Capital.		
19 CONSOLIDATED OTHER RESERVE		
First Security Islami Bank PLC. (Note 19(a))	3,575,490,973	3,152,659,895
First Security Islami Exchange Italy S.R.L.	41,300,000	41,300,000
Translation Reserve	(46,211,602)	20,731,085
	3,570,579,371	3,214,690,980
Less: Intercompany Transaction	41,300,000	41,300,000
	3,529,279,371	3,173,390,980

	31.12.2023	31.12.2022
	BDT	BDT
19(a) OTHER RESERVE		
Opening Balance	3,152,659,895	2,838,947,004
Add: Addition during the year	412,770,004	303,651,817
Add: Transferred from Asset Revaluation Reserve	10,061,074	10,061,074
	3,575,490,973	3,152,659,895
20 ASSETS REVALUATION RESERVE		
Opening Balance	188,645,132	194,933,303
Add: Additional made this year	-	-
Add: Deferred tax impact on excess depreciation	3,772,903	3,772,903
Less: Transfer to Other Reserve	10,061,074	10,061,074
	182,356,960	188,645,132
The Bank revalued the entire land and building during the year 2012 by an independent valuation firm according to paragraph 36 of IAS-16 as per approval of the meeting of 129th Board of Directors of the Bank. As per IAS-16, Revaluation reserve is transferred to Other Reserve in each year during the lifetime of those assets.		
21 CONSOLIDATED RETAINED EARNINGS		
Opening Balance	929,849,625	887,102,932
Add: Post tax profit for the period	3,311,669,824	2,961,502,802
Less: Transfer to Statutory Reserve	1,193,613,049	1,093,479,600
Less: Transfer to Other Reserve	412,770,004	303,651,817
Less: Dividend paid during the period	1,063,340,916	1,030,863,799
Less: Dividend/Coupon Paid to Perpetual Bond Holder	493,200,000	472,200,000
Less: Non-controlling Interest	30,169,926	18,560,892
	1,048,425,554	929,849,625
21(a) RETAINED EARNINGS		
Opening Balance	1,088,680,938	1,024,301,103
Add: Post tax profit for the period	3,240,086,097	2,929,909,459
Less: Transfer to Statutory Reserve	1,193,613,049	1,093,479,600
Less: Transfer to Other Reserve	412,770,004	303,651,817
Less: Dividend paid during the period	1,046,008,120	996,198,206
Less: Dividend/Coupon Paid to Perpetual Bond Holder	493,200,000	472,200,000
	1,183,175,862	1,088,680,938
22 NON-CONTROLLING INTEREST		
Opening Balance	358,758,111	373,503,376
Add: Capital Increase in Subsidiary	-	-
Add: Transfer during the year	30,169,926	18,560,892
Less: Dividend paid (Previous year)	16,653,079	33,306,157
	372,274,958	358,758,111
23 LETTER OF GUARANTEES		
Money for which the Bank is contingently liable in respect of guarantees are given favoring:		
Letters of Guarantee - Local	6,141,521,166	6,193,807,705
Letter of Guarantee - Foreign	10,254,500	1,063,400
	6,151,775,666	6,194,871,105

	31.12.2023	31.12.2022
	BDT	BDT
23.1 Money for Which the Bank is Contingently Liabile in respect of		
Directors	-	-
Government	-	-
Banks and Other Financial Institutions	-	-
Others	6,151,775,666	6,194,871,105
	6,151,775,666	6,194,871,105
24 IRREVOCABLE LETTERS OF CREDIT		
Letters of Credit - Cash	2,422,791,190	7,431,607,044
Letter of Credit - Cash Inland	-	-
Back to Back letters of Credit - Local	917,956,415	1,552,984,664
Back to Back letters of Credit - Foreign	643,107,651	693,061,266
	3,983,855,256	9,677,652,974
25 BILLS FOR COLLECTION ISSUED BY THE BANK		
Foreign Documentary Bills	732,152,030	1,283,675,970
Outward Bills	-	-
Inland Documentary Bills	4,347,751,075	7,168,396,893
	5,079,903,105	8,452,072,863

	2023	2022
	BDT	BDT
26 CONSOLIDATED INVESTMENT INCOME		
First Security Islami Bank PLC. (Note-26 (a))	51,950,748,666	40,235,923,289
First Security Islami Capital & Investment Limited	228,000,511	250,976,281
	52,178,749,177	40,486,899,570
Less: Inter Company Transaction	88,229,206	82,400,776
	52,090,519,971	40,404,498,794
26(a) INVESTMENT INCOME		
Profit Received from:		
Bai Murabaha - General	1,411,480,069	831,500,826
Bai Murabaha Hypothecation	23,338,340,988	19,846,540,879
Bai Murabaha against MTD	13,657,173,675	9,140,261,856
Bai Murabaha Post Import (LTR)	993,455,423	474,732,947
Bai Murabaha Post Import (Pledge)	6,883,964	6,543,703
Bai Murabaha Import Bill	132,840,305	263,591,014
Investment in Placements	700,780,581	1,118,240,437
Bai Murabaha Import	614,368,240	320,010,780
Bai Murabaha Export	25,567,785	1,570,053
Bai Murabaha SME Investment	2,777,267,217	2,919,866,554
Bai-Murabaha (EMI) Investment	1,479,729,554	965,839,495
Bai-Murabaha(General) Under SME Invest	102,185,144	86,121,857
Bai-Murabaha Post Import(TR)-Under SME	69,016,065	70,299,711
Bai-Murabaha (EQI) Investment	649,882,123	1,170,370,585
Mudaraba Foreign Currency Investment (EDF)	693,968,871	194,129,021
Inland Documentary Bills Purchased (Foreign Currency Bills)	36,096,952	57,827,603
Pre-shipment Investment	65,578	1,914,674
HPSM Transport	60,998,777	57,262,644
HPSM Real Estate	508,285,072	320,153,338
HPSM Consumer	28,890,069	30,437,144
HPSM Agriculture	11,687,150	11,806,522
HPSM SME	41,206,790	32,812,092
HPSM HBL Commercial	580,903,222	553,949,729
HPSM Industrial	1,205,519,844	975,173,368
Rent on HPSM Scheme	-	2,678
HPSM House Building - Staff	26,486,080	32,531,425
Agriculture Investment	170,899,336	153,758,448
Investment against Provident Fund (Staff)	7,401,179	6,124,789
Quard against MTDR	12,021,631	12,459,626
Wajira Bill Okalah	192	132,522
SME Investment (Others)	976,801,412	770,064,140
Bai-Murabaha Import Non-AD	-	7,102,964
Tamin Card	1,662,445	168,262
Income from Off-shore Banking Unit	1,628,882,933	217,559,360
	51,950,748,666	40,650,861,046
Less: Regulatory Adjustment	-	414,937,757
	51,950,748,666	40,235,923,289

	2023	2022
	BDT	BDT
27 PROFIT PAID ON DEPOSITS/ BORROWINGS, ETC.		
Profit Paid on:		
Mudaraba Term Deposit	17,654,319,551	16,351,037,960
Mudaraba Double Benefit Deposits Scheme	1,285,313,724	1,204,810,200
Mudaraba Monthly Savings Scheme	459,988,884	477,074,267
Mudaraba Monthly Benefit Savings Scheme	80,659,943	244,296,420
Mudaraba Savings Deposits	3,291,351,557	1,970,012,892
Mudaraba Short Notice Deposits	1,832,556,129	1,067,261,351
MSB & Placement from Other Banks	7,300,669,276	1,208,451,264
Lease liabilities IFRS-16	12,716,631	13,768,865
Mudaraba Hajj Deposit Scheme	29,488,724	26,258,614
Mudaraba Student SB AC	7,609,187	7,511,222
Mudaraba Salary A/C	24,312,984	24,506,425
Mudaraba Senior Citizen AC	19,743,168	19,918,655
Mudaraba Marriage Scheme	299,194,307	256,539,667
Mudaraba Health Care Scheme	1,468,345,964	1,240,461,628
Mudaraba Education Deposit Scheme	218,638,393	183,757,375
Mudaraba Pension Deposit Scheme	82,645,687	73,433,381
Mudaraba Millionaire Deposit Scheme	188,775,756	165,003,922
Mudaraba Kroropoti Deposit Scheme	188,128,485	146,772,641
Mudaraba Triple Times Deposit Scheme	19,647,738	26,301,451
Mudaraba Four Times Deposit Scheme	174,776,053	151,875,060
Mudaraba Probashi Deposit Scheme	15,305,761	16,663,369
Mudaraba Money Plant Deposit Scheme	29,000	14,000
Mudaraba Griheni Deposit Scheme	20,604,212	18,155,912
Mudaraba Gift Cheque	220,592	172,188
Agent Savings A/C-Mobile Bank	2,405,501	2,113,162
Mudaraba New Generation Savings Scheme	9,977,886	9,579,076
Mudaraba New Generation Deposit Scheme	2,434,538	2,968,989
Mudaraba Shramajibi Savings	21,117,754	18,145,637
Mudaraba Cash Waqf. Deposit Scheme	548,357	289,604
Agent Banking Saving A/C	19,073,194	11,369,318
Agent Banking Float A/C	48,174,569	39,790,134
Mudaraba Monthly Profit 1 Year	28,123,258	103,524,049
Mudaraba Monthly Profit 2 Years	17,900,646	29,476,507
Mudaraba Specialized Saving Account (10 Taka)	844,090	847,644
Mudaraba Monthly Deposit Scheme GOLD	5,541,736	4,774,235
Mudaraba Mushafir Deposit Scheme	52,174,520	28,832,564
Mudaraba Monthly Profit Scheme (Morobbi) 1 Year	166,408,634	408,575,609
Mudaraba Sanchay Scheme 3 Years	149,146,417	330,919,624
Mudaraba Monthly Profit Scheme (Mahiyasi)	228,559,839	549,800,772
Mudaraba Workers Savings A/C	739,769	498,455
Mudaraba Corporate Monthly Deposit Scheme (FSIBL Merchant)	1,739,743	240,379
Mudaraba Pension Scheme (Sanchay Sukh)	3,731,159	292,335
Mudaraba Special Monthly Profit Scheme (Utshob)	702,977,115	94,772,340
Mudarabah Monthly Deposit Scheme-Durbar	16,489,388	-
Mudarabah FSIBL Smart Saving Account	72,362,621	-
Mudarabah Deposit Double Scheme-Samania	11,567,180	-
Mudarabah Term Deposit Account-FSIBL Century	279,349,334	-
Mudarabah Special Monthly Deposit Scheme-FSIBL Ehsan	1,780,196	-
Mudaraba Special Gift Monthly Profit Scheme "Utshob-24"	130,753,536	-
Mudarabah Smart Deposit Double Scheme	54,100,142	-
Mudarabah Term Deposit Account "Double Century"	108,609	-
Off-shore Banking Unit	1,238,161,243	169,778,183
	37,941,332,680	26,700,647,345

	2023	2022
	BDT	BDT
28 CONSOLIDATED INCOME FROM INVESTMENT IN SHARES & SECURITIES		
First Security Islami Bank PLC. (Note-28 (a))	951,094,961	788,146,286
First Security Islami Capital & Investment Limited	21,026,491	27,309,800
	972,121,452	815,456,086
28(a) INCOME FROM INVESTMENT IN SHARES & SECURITIES		
Bangladesh Govt. Islamic Investment Bond	676,537,728	497,802,459
Dividend on Shares	37,513,917	51,131,142
Profit on Sale of Shares	1,753,316	16,144,822
Profit Received on MSB	1,050,000	8,050,000
Profit Received on Muduraba Perputual Bond	164,400,000	158,046,849
Profit Received on Sukuk Bond	69,840,000	57,323,014
	951,094,961	788,498,286
Less: Regulatory Adjustment dividend on Shares	-	352,000
	951,094,961	788,146,286
29 CONSOLIDATED COMMISSION, EXCHANGE AND BROKERAGE		
First Security Islami Bank PLC. (Note-29 (a))	727,075,022	1,524,665,635
First Security Islami Capital & Investment Limited	32,538,887	21,906,502
First Security Islami Exchange Italy	81,365,263	52,180,379
	840,979,172	1,598,752,516
29(a) COMMISSION, EXCHANGE AND BROKERAGE		
Commission	349,627,330	668,747,945
Exchange Gain	377,447,692	855,917,690
Exchange Earning	3,292,760,880	1,838,176,758
Less: Exchange Loss	2,915,313,188	982,259,068
	727,075,022	1,524,665,635
30 CONSOLIDATED OTHER OPERATING INCOME		
First Security Islami Bank PLC. (Note-30 (a))	1,843,380,318	791,749,899
First Security Islami Capital & Investment Limited	12,216,307	5,488,969
First Security Islami Exchange Italy	1,922,725	-
	1,857,519,350	797,238,868
30(a) OTHER OPERATING INCOME		
Charges on Account Closing	3,079,264	4,996,969
Standing Instruction Charges	4,811,030	11,677,945
Gain/(Loss) on Sale of Fixed Assets	11,804,971	14,586,288
Supervision profit on Investment	1,008,656,562	-
Service Charge on Quard	1,390,908	15,126,780
Other Income (Note-30.1)	813,637,583	745,361,917
	1,843,380,318	791,749,899

	2023	2022
	BDT	BDT
30.1 Other Income		
Postage Recoveries - Local	631,234	703,641
Tel/Fax/E-mail Chg. Recoveries	13,907,823	23,958,879
Incidental Charge on Al-Wadiah CD A/C	20,157,620	21,253,325
Incidental Charge on Mudaraba SB A/C	86,860,748	85,269,699
Incidental Charge on Mudaraba SND A/C	13,273,974	12,452,118
Income from Online	20,829,414	51,760,043
Investment Processing Fee	93,529,386	60,599,780
Income from ATM	80,701,090	78,138,804
Income from SMS Banking Services	276,921,338	261,425,232
Income from Internet Banking Services	71,200	1,554,300
Other Operational Income from TAMIN Card	816,203	142,169
Income From Automated Challan System(ACS)	3,379,431	4,489,512
Miscellaneous Earnings	147,683,122	143,587,165
Off-shore Banking Unit	54,875,000	27,250
	813,637,583	745,361,917
31 CONSOLIDATED SALARY & ALLOWANCES		
First Security Islami Bank PLC. (Note-31 (a))	5,887,533,353	5,270,201,431
First Security Islami Capital & Investment Limited	18,365,917	19,160,932
First Security Islami Exchange Italy	35,364,150	27,612,487
	5,941,263,420	5,316,974,850
31(a) SALARY & ALLOWANCES		
Basic Salary	2,226,265,375	2,078,281,162
Bonus	758,738,592	641,757,102
Allowances	2,349,022,294	2,055,494,372
Bank's Contribution to Staff Provident Fund	216,088,240	186,143,110
Gratuity	325,477,249	296,285,666
Employees' Insurance	6,072,570	6,125,280
Off-shore Banking Unit	5,869,033	6,114,739
	5,887,533,353	5,270,201,431
32 CONSOLIDATED RENT, TAXES, INSURANCE,ELECTRICITY ETC.		
First Security Islami Bank PLC. (Note-32 (a))	866,844,224	837,867,800
First Security Islami Capital & Investment Limited	1,096,696	941,900
First Security Islami Exchange Italy	4,167,386	2,580,306
	872,108,306	841,390,006
32(a) RENT, TAXES, INSURANCE, ELECTRICITY ETC.		
Rent	518,807,323	465,442,514
Insurance	199,066,681	224,840,912
Rates and Taxes	16,493,007	27,935,076
Water Charges	5,498,377	4,787,338
Gas Charges	3,219,345	3,146,659
Electric Bills*	123,759,491	111,715,301
	866,844,224	837,867,800

*During the period from January -2023 to June-2023 total power and electricity bill is Tk. 51,660,907.

	2023	2022
	BDT	BDT
33 CONSOLIDATED LEGAL EXPENSES		
First Security Islami Bank PLC. (Note-33 (a))	7,122,641	8,297,653
First Security Islami Capital & Investment Limited	-	-
First Security Islami Exchange Italy	5,982,988	4,513,691
	13,105,629	12,811,344
33(a) LEGAL EXPENSES		
Legal fee & charges	276,067	314,275
Other legal expenses	6,846,574	7,983,378
	7,122,641	8,297,653
34 CONSOLIDATED POSTAGE, STAMP AND TELECOMMUNICATION ETC.		
First Security Islami Bank PLC. (Note-34 (a))	141,980,582	134,505,322
First Security Islami Capital & Investment Limited	671,286	732,462
	142,651,868	135,237,784
34(a) POSTAGE, STAMP AND TELECOMMUNICATION ETC.		
Postage	9,742,213	10,335,359
Stamp	134,757	125,749
Telephone - Office	8,859,875	9,341,506
Telex, Fax and Email	17,742,324	15,831,476
Telephone - Residence	8,632	12,569
Data Communication	105,207,167	98,539,215
Off-shore Banking Unit	285,614	319,448
	141,980,582	134,505,322
35 CONSOLIDATED STATIONERY, PRINTING AND ADVERTISEMENT ETC.		
First Security Islami Bank PLC. (Note-35 (a))	203,703,685	634,527,589
First Security Islami Capital & Investment Limited	177,820	315,446
First Security Islami Exchange Italy	166,557	271,619
	204,048,062	635,114,654
35(a) STATIONERY, PRINTING AND ADVERTISEMENT ETC.		
Publicity and Advertisement	92,808,113	542,715,007
Printing and Stationery	104,884,084	87,581,002
Computer Stationery	6,011,488	4,231,580
	203,703,685	634,527,589
36 CONSOLIDATED MANAGING DIRECTOR'S SALARY AND FEES		
First Security Islami Bank PLC. (Note-36 (a))	18,120,139	17,505,608
First Security Islami Capital & Investment Limited	4,080,066	3,825,755
	22,200,205	21,331,363

	2023	2022
	BDT	BDT
36(a) MANAGING DIRECTOR'S SALARY AND FEES		
Basic Pay	7,864,839	7,490,322
House rent allowances	2,100,000	2,100,000
Leave Fare Assistance	1,800,000	1,800,000
Bonus	2,323,000	2,010,000
House Maintenance	2,100,000	2,100,000
Other Allowances	1,932,300	2,005,286
	18,120,139	17,505,608
37 CONSOLIDATED DIRECTORS' FEES & EXPENSES		
First Security Islami Bank PLC. (Note-37 (a))	1,108,800	1,436,000
First Security Islami Capital & Investment Limited	425,000	450,000
	1,533,800	1,886,000
37(a) DIRECTORS' FEES & EXPENSES		
Directors Fees	1,108,800	1,436,000
Meeting Expenses	-	-
	1,108,800	1,436,000
38 SHARIAH SUPERVISORY COMMITTEE'S FEES & EXPENSES		
Shariah Council Meeting Expenses	307,000	466,000
	307,000	466,000
39 CONSOLIDATED AUDIT FEES		
First Security Islami Bank PLC.	1,610,000	1,035,000
First Security Islami Capital & Investment Limited	220,513	209,013
First Security Islami Exchange Italy	773,956	623,932
	2,604,469	1,867,945
40 CONSOLIDATED DEPRECIATION AND REPAIRS OF FIXED ASSETS		
First Security Islami Bank PLC. (Note-40 (a))	875,894,040	878,134,842
First Security Islami Capital & Investment Limited	5,295,962	5,424,284
First Security Islami Exchange Italy	1,400,241	2,213,802
	882,590,243	885,772,928
40(a) DEPRECIATION AND REPAIRS OF BANK'S ASSETS		
Depreciation on Fixed Assets (Annexure - A)	617,157,649	618,002,585
Repairs:	258,736,391	260,132,257
Office equipment	44,120,241	44,691,704
Renovation and Repair of Office Premises	1,275,657	3,773,207
Furniture and Fixtures	2,535,082	2,665,680
Maintenance and Services of SWIFT	2,441,587	1,164,662
Maintenance of Routers	2,921,295	2,384,482
Elect. Fitt. Rep. & Replacement	6,218,673	14,654,087
Office Maintenance Expenses	39,614,434	36,514,160
Maintenance of Software	141,000,669	142,557,418
Maintenance Expenses of ATM Machine	7,808,753	6,426,857
Maintenance of Disaster Recovery Site	10,800,000	5,300,000
	875,894,040	878,134,842

	2023	2022
	BDT	BDT
41 CONSOLIDATED OTHER EXPENSES		
First Security Islami Bank PLC. (Note-41 (a))	1,307,193,980	1,435,089,391
First Security Islami Capital & Investment Limited	151,957,049	138,256,034
First Security Islami Exchange Italy	20,355,427	20,650,571
	1,479,506,456	1,593,995,996
Less: Inter Company Transaction	88,229,206	82,400,776
	1,391,277,250	1,511,595,220
41(a) OTHER EXPENSES		
Training, Seminar and Workshop	12,527,823	14,383,239
Entertainment	65,926,234	68,268,944
Traveling	23,525,696	24,063,366
Donation	124,540,343	311,522,210
Subscription	19,552,602	18,042,629
Newspaper and Periodicals	1,091,977	833,994
Wages	591,388,987	662,410,278
Conveyance	18,743,173	17,098,481
Business Development	86,561,232	181,769,036
Plantation	1,086,480	1,165,963
Liveries and Uniform	4,372,298	4,628,009
Photocopying	7,000,083	7,274,483
Generator Fuel	16,170,161	12,120,186
Car Expense	17,062,578	14,413,318
Cash Carrying	23,310,443	23,799,439
Washing and Cleaning	2,989,315	3,026,880
Cartage and Freight	24,600	80,670
ATM Expenses	53,266,614	40,520,449
Meeting Expenses	12,301,968	15,133,405
Mobile Financial Service Expense	21,218	26,095
Bank Charges	72,023,454	13,182,600
Office Maintenance	1,197,740	942,050
Recruitment Expenses	3,344,860	84,150
Incentive against Wage Earners' Inward Foreign Remittance	93,995,579	-
Off-shore Banking Unit	55,168,522	299,517
	1,307,193,980	1,435,089,391

In order to comply with the requirement of Bangladesh Bank BRPD Circular letter no. 28 dated: 26 July 2022 and Circular letter no. 30 dated: 27 July 2022 Bank has been reducing its operational and development expenses i.e. purchasing vehicle, entertainment expenses, traveling expenses, computer expenses, electric goods, furniture & fixture, stationary and energy expenses from January 2023 to June 2023 compare to Previous period.

42 DEFERRED TAX INCOME/(EXPENSE)		
Closing balance of Deferred Tax Assets	624,401,146	517,268,851
Less: Opening balance of Deferred Tax Assets	(517,268,851)	(449,858,867)
Deferred Tax liabilities on revaluation reserve	(3,772,903)	(3,772,903)
Deferred Tax Income Charged in Profit and Loss A/c during the year	103,359,392	63,637,081

Deferred Tax liabilities on revaluation reserve by the amount of Tk. 0.38 crore has been transferred to Assets Revaluation Reserve in the statement of changes in equity as an other comprehensive income.

	2023	2022
	BDT	BDT
43 CONSOLIDATED EARNINGS PER SHARE		
Profit after taxation	3,311,669,824	2,961,502,802
Less: Preference dividend	-	-
Less: Profit attributable to Minority	30,169,926	18,560,892
Profit attributable to ordinary shareholders of parent	3,281,499,898	2,942,941,910
Weighted average number of shares outstanding	1,150,608,933	1,150,608,933
Earnings Per Share (EPS) (Restated)	2.85	2.56

43(a) EARNINGS PER SHARE

Profit after taxation	3,240,086,097	2,929,909,459
Less: Preference dividend	-	-
Profit attributable to ordinary shareholders	3,240,086,097	2,929,909,459
Weighted average number of shares outstanding	1,150,608,933	1,150,608,933
Earnings Per Share (EPS) (Restated)	2.82	2.55

Earnings Per Share (EPS) has been calculated as per IAS-33 "Earnings Per Share".

We calculate Earnings per share in accordance with IAS-33 "Earnings Per Share" (EPS) which has been calculated by net profit or loss attributable to the shareholder dividing by the weighted average number of ordinary shares outstanding during the period. Due to increase Net Investment Income by the amount of Tk. 44.53 Crore for the year ended 31 December 2023 compared to the previous year 2022. As a result, consolidated EPS has been increased to 2.85 for the current year 2023 from 2.56 for the previous year 2022.

It is noted that, as per Bangladesh Bank DOS Letter no. DOS(CAMS)1157/01(II)-A/2020-3790 dated December 01, 2020 Bank has to maintain minimum 7.00% common equity Tier 1 Capital. As a result to strengthen the common equity tier 1 capital the amount of Tk. 23.00 Crore has been transferred to other reserve as per Guidelines on Risk Based Capital Adequacy issued by Bangladesh Bank. According to the Bangladesh Bank BRPD Letter no. BRPD(BS)661/14(P)/2022-3257 dated March 30, 2022 Bank has to pay dividend/Coupon to the perpetual bond holder from distributable items/Retained Earnings.

44 CONSOLIDATED NET ASSET VALUE PER SHARE (NAV)

Net Asset Value	25,009,907,445	22,302,110,128
Weighted average number of shares outstanding	1,150,608,933	1,150,608,933
	21.74	19.38

44(a) NET ASSET VALUE PER SHARE (NAV)

Net Asset Value	25,190,869,355	22,440,210,356
Weighted average number of shares outstanding	1,150,608,933	1,150,608,933
	21.89	19.50

45 CONSOLIDATED NET OPERATING CASH FLOW PER SHARE (NOCFPS)

Net Cash Inflow/(Outflow) from Operating Activities	601,088,480	4,397,194,539
Weighted average number of shares outstanding	1,150,608,933	1,150,608,933
	0.52	3.82

	2023	2022
	BDT	BDT
45(a) NET OPERATING CASH FLOW PER SHARE (NOCFPS)		
Net Cash Inflow/(Outflow) from Operating Activities	565,326,078	4,363,210,862
Weighted average number of shares outstanding	1,150,608,933	1,150,608,933
	0.49	3.79

* Note no. 43 to 45(a) weighted average number of shares outstanding as on 31 December 2022 has been restated.

Explanation for decreasing NOCFPS:

Deposits Received from Customers has been decreased by the amount of Tk. 2,265.21 Crore compare to the previous year. As a result, the net operating cash inflow per share has been decreased to 0.52 as on 31 December 2023 compared to 3.82 on 31 December 2022.

46 CONSOLIDATED RECEIPTS FROM OTHER OPERATING ACTIVITIES

First Security Islami Bank PLC. (Note-46 (a))	1,843,380,318	791,749,899
First Security Islami Capital & Investment Limited	33,242,798	32,798,769
First Security Islami Exchange Italy	1,922,725	-
	1,878,545,841	824,548,668

46(a) RECEIPTS FROM OTHER OPERATING ACTIVITIES

Charges on Account Closing	3,079,264	4,996,969
Standing Instruction Charges	4,811,030	11,677,945
Gain/(Loss) on Sale of Fixed Assets	11,804,971	14,586,288
Supervision Charge On Investment	1,008,656,562	-
Service Charge on Quard	1,390,908	15,126,780
Other Income	813,637,583	745,361,917
	1,843,380,318	791,749,899

47 CONSOLIDATED PAYMENT FOR OTHER OPERATING ACTIVITIES

First Security Islami Bank PLC. (Note-47(a))	2,374,913,227	2,465,391,122
First Security Islami Capital & Investment Limited	65,165,188	38,248,431
First Security Islami Exchange Italy	20,355,427	26,155,206
	2,460,433,842	2,529,794,759

47(a) PAYMENT FOR OTHER OPERATING ACTIVITIES

Rent, Taxes, Insurances, Electricity etc.	915,590,224	884,216,756
Legal Expenses	7,122,641	8,297,653
Postage, Stamps, Telecommunications etc.	141,980,582	134,505,322
Audit Fees & Expenses	1,610,000	1,380,000
Directors' fees	1,108,800	1,436,000
Shariah Supervisory Committee's Fees & Expenses	307,000	466,000
Other Expenses	1,307,193,980	1,435,089,391
	2,374,913,227	2,465,391,122

	2023	2022
	BDT	BDT
48 CONSOLIDATED INCREASE /DECREASE OF OTHER ASSETS		
First Security Islami Bank PLC. (Note-48 (a))	(1,058,571,869)	(496,274,701)
First Security Islami Capital & Investment Limited	(104,146,083)	(453,421,879)
First Security Islami Exchange Italy	18,206,945	(6,752,191)
	(1,144,511,007)	(956,448,771)
48(a) INCREASE /DECREASE OF OTHER ASSETS		
Advances Deposits and Prepayment	3,118,265,564	2,008,931,823
Stock of Stationery	44,033,204	49,946,705
Suspense Account	43,357,861	89,048,088
Stamps on Hand	7,062,640	6,220,784
Protested Bills	61,454,778	61,454,778
	3,274,174,047	2,215,602,178
(Increase)/Decrease during the year	(1,058,571,869)	(496,274,701)
49 CONSOLIDATED INCREASE /DECREASE OF OTHER LIABILITIES		
First Security Islami Bank PLC. (Note-49 (a))	3,080,781,388	77,492,676
First Security Islami Capital & Investment Limited	10,644,575	65,289,170
First Security Islami Exchange Italy	(20,401,250)	(38,175,835)
	3,071,024,713	104,606,011
49(a) INCREASE /DECREASE OF OTHER LIABILITIES		
Compensation Realized	44,657,604	26,691,678
Others	4,267,339,469	1,204,524,007
	4,311,997,073	1,231,215,685
Increase /(Decrease) during the year	3,080,781,388	77,492,676
50 Reconciliation of Net profit after Taxation & Operating Profit before changes in operating assets & Liabilities:		
Cash flows from Operating activities:		
Net profit after Taxation	3,240,086,097	2,929,909,459
Provision for Tax	2,727,979,149	2,537,488,541
Provision for Investment share & Contingent Liability	1,993,110,839	1,729,781,427
(Increase)/Decrease profit receivable	(555,990,874)	(717,252,455)
Increase/(Decrease) profit payable on Deposits	1,161,716,871	182,061,013
Depreciation & Amortization of fixed Assets	617,157,649	618,002,585
Recoveries from investment previously written off	1,000,000	50,000
Income tax paid	(2,119,572,490)	(2,552,056,354)
Profit/(Loss) on sale of Bank's Assets	15,190,272	18,659,095
Effect of exchange rate changes on cash & cash equivalents	16,100,530	(4,546,589)
Operating profit before Changes operating assets & liabilities	7,096,778,043	4,742,096,722

GENERAL DISCLOSURE:

51 RELATED PARTY DISCLOSURES

As per IAS-24 “Related Party Disclosures” is a related party is a person or entity that is related to the entity (i.e. FSIB) that is preparing its financial statements. Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged as per IAS-24.

Related Parties include the Bank's Directors, key management personnel, associates, companies under common directorship etc. as per IAS-24 “Related Party Disclosures”. All transactions involving related parties arising in the normal course of business are conducted at arm’s length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible.

51.1 DIRECTORS' INTEREST IN DIFFERENT BUSINESSES OR ENTITIES AS ON 31.12.2023:

Sl. No.	Name of the Directors	Status with the Bank	Names of firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee, etc.
1	Mohammed Saiful Alam	Chairman	<p><u>Chairman of Board of Director:</u> First Security Islami Capital & Investment Ltd. Aviva Finance Ltd. S. S. Power I Limited Norinco Engineering Ltd. C&H Power Management Company Ltd. Aviva Equity Management Ltd. Ekushey Television Ltd. Karnaphuli Praktik Gas Ltd.</p> <p><u>Managing Director:</u> S. Alam Steels 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 Luxury Chair Coach Services Ltd. S. Alam Tank Terminal Ltd. S. Alam Properties Ltd. Sonali Cargo Logistics (Pvt.) Ltd. Fatehabad Farm Ltd. Portman Cements Ltd. Nexus Television & Media Network Limited Pavilion International Ltd. Crest Holdings Ltd. Virgin Assets Ltd. Noor Islamic Holdings Ltd. Disney Business Solution Ltd.</p> <p><u>Director:</u> S. Alam Cold Rolled Steels Ltd. Northern Islami Insurance Co. Ltd.</p> <p><u>Sponsor Shareholder:</u> Al-Arafah Islami Bank Ltd. S. Alam Super Edible Oil Ltd. S. Alam Vegetable Oil Ltd. S. Alam Power Generation Ltd. S. Alam Cement Ltd.</p> <p><u>Shareholder:</u> Padma Islami Life Insurance Ltd. Global Islami Bank PLC.</p> <p><u>Proprietor:</u> S. Alam & Co.</p>

Sl. No	Name of the Directors	Status with the Bank	Names of firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee, etc.
2	Mohammed Abdul Maleque	Vice-Chairman	<p><u>Chairman:</u> ABM Tower Ltd.</p> <p><u>Chairman & Managing Director :</u> Kharana Fish & Poultry Ltd.</p> <p><u>Director :</u> First Security Islami Capital & Investment Ltd.</p> <p><u>Ex-Director :</u> Chittagong Chamber of Commerce & Industry</p> <p><u>Proprietor :</u> M/S. Bengal Corporation M/S. Bengal Trading M/S. Lucky Electronics</p>
3	Mrs. Farzana Parveen	Director	<p><u>Chairman of Board of Director</u> Nexus Television & Media Network Limited</p> <p><u>Managing Director :</u> Dewan Assets Ltd.</p> <p><u>Director:</u> First Security Islami Capital & Investment Ltd. Aviva Equity Management Ltd. S. Alam Vegetable Oil Ltd. Prasad Paradise Resorts Ltd. S. Alam Power Plant Ltd. S. Alam Properties Ltd. Sonali Cargo Logistics (Pvt.) Ltd. Norinco Engineering Ltd. Affinity Assets Ltd. Wesco Limited Noor Islamic Holdings Ltd. Artsy Holdings Limited Shining Assets Limited</p> <p><u>Shareholder:</u> S. Alam Steels Ltd. S. Alam Cold Rolled Steels Ltd. Union Bank PLC. Aviva Finance Ltd. Ekushey Television Ltd. Padma Islami Life Insurance Ltd. Global Islami Bank PLC.</p> <p><u>Proprietor:</u> Fairy Trade International</p>

Sl. No	Name of the Directors	Status with the Bank	Names of firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee, etc.
4	Mrs. Rahima Begum	Director	<p><u>Chairman:</u> Marsa Aviation Ltd. M/s. Mortoza Assets Ltd. Marsa Transport Ltd.</p> <p><u>Managing Director :</u> Marsa Fishing Ltd.</p> <p><u>Director:</u> Marsa Food & Beverage Ltd. Parkview Hospital Limited</p>
5	Mrs. Atikur Nessa	Director	<p><u>Proprietor:</u> Atikur Nisa Enterprise Ideal Filling Station</p> <p><u>Partner:</u> Rafe Enterprise Khorshed Paribahan Sangstha</p> <p><u>Shareholder:</u> Aviva Finance Ltd.</p>
6	Khandkar Iftekhar Ahmad	Nominated Director (Pusti Vegetable Ghee Ltd.)	Air Commodore (Retired) Bangladesh Air Force.
7	Mohammed Abdullah Hasan	Nominated Director (Nowshin Steels Limited)	<p><u>Managing Director :</u> Hasan Abasan (Pvt.) Limited Modern Property Limited</p> <p><u>Director:</u> First Security Islami Capital & Investment Ltd. S. Alam Luxury Chair Coach Services Ltd. S. Alam Brothers Limited Portman Cements Limited S. Alam Soyaseed Extraction Plant Ltd. S. Alam Refined Sugar Industries Ltd. Sonali Cargo Logistics (Pvt.) Ltd. S. Alam Tank Terminal Ltd. Fatehabad Farm Limited</p> <p><u>Shareholder:</u> S. Alam Steels Ltd. S. Alam Vegetable Oil Ltd. S. Alam Super Edible Oil Ltd. S. Alam Cement Ltd.</p> <p><u>Proprietor:</u> M/s. Abdullah Hasan M/s. Bering Sea Lines</p>

Sl. No	Name of the Directors	Status with the Bank	Names of firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee, etc.
8	Md. Ruhul Amin	Independent Director	Retired Bureaucrat
9	Mohammad Masum Kamal Bhuyan	Independent Director	Retired Official of Central Bank
10	Professor Md. Kamal Uddin, PhD	Independent Director	Professor University of Dhaka
11	Ashraful Mostafa Chowdhury	Nominated Director (Milkway Impexco Limited)	Managing Director : J.M.C. Shipping Lines (Pvt.) Ltd. J. M.C. Builders (Pvt.) Ltd. Director: Moon Express (Pvt.) Ltd.
12	Syed Waseque Md. Ali	Managing Director	First Security Islami Bank PLC.

51.2 Related party balances and transactions

Nature and type of related party balance/transactions of the Bank during the year 2023 are as follows

<u>Name of the Party</u>	<u>Nature of Transaction</u>	<u>Nature of Relationship</u>	<u>Total Value (in Tk.)</u>
Northern Islami Insurance Ltd.	Insurance Premium	Common Director	16,228,914
Northern Islami Insurance Ltd.	Deposit	Common Director	127,889,331
Aviva Finance Ltd.	Deposit	Common Director	231,385
Aviva Finance Ltd.	Placement	Common Director	12,290,000,000
Aviva Finance Ltd.	Sub. Bond	Common Director	80,000,000
Ekushey Television Ltd.	Deposit	Common Director	62,031,035
Ekushey Television Ltd.	Advertisement	Common Director	12,250,000
Nexus Television & Media Network Limited	Advertisement	Common Director	14,030,000
First Security Islami Capital & Investment Limited	Deposit	Common Director	43,892,268
First Security Islami Capital & Investment Limited	Capital	Common Director	255,000,000
First Security Islami Capital & Investment Limited	Investment	Common Director	962,563,969
Directors of the Bank	Meeting Fees	Director	1,108,800

51.3 COMPENSATION OF KEY MANAGEMENT PERSONNEL:

Transactions with key Management personnel of the bank for the period January-December 2023 is given below:

Particulars	2023	2022
Short-term employee benefit	18,120,139	17,505,608

Key management personnel get car facilities as per existing company policy and other benefits are provided as per service rule if eligible.

51.4 Other related party disclosures

- a) There was no contracts of significance wherein a director has interests subsisted at any time during the year or at the end of the year.
- b) Investment to related parties is effected as per requirement of section 27 of Bank Company Act, 1991 as amended.
- c) Share issued to Directors and Executives without consideration or exercisable at discount is Nil.
- d) Other disclosures are not applicable as required by BRPD Circular No. 14 dated 25 June, 2003 and BRPD Circular No. 15 dated 09 November 2009.

52 APPROVAL OF FINANCIAL STATEMENTS AND EVENTS AFTER THE BALANCE SHEET DATE

The financial statements were approved by the Board of Directors in its 263rd meeting held on 29 December 2024. The Board of Directors in its 263rd meeting held on 29 December 2024 recommended @ 5% (Five percent) cash dividend and @ 5% (Five percent) stock dividend for eligible shareholders for the year 2023 to be approved in the Annual General Meeting. The total amount of dividend is Taka 1,150,608,933.00 (One hundred fifteen crore six lac eight thousand nine hundred thirty three) only. Stock dividend has been declared to strengthen the capital base of the Bank and the amount of stock dividend will be utilized to invest in the potential business sectors.

Other than the mentioned above issue, no material events which have occurred after the reporting period which could affect the values stated.

53 AUDIT COMMITTEE

- a) Constitution:

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

Name	Status with the Bank	Status with the Committee
Mohammad Masum Kamal Bhuiyan	Independent Director	Chairman
Md. Ruhul Amin	Independent Director	Member
Professor Md. Kamal Uddin, PhD	Independent Director	Member

- b) During the year under review, the Audit Committee of the Board conducted 05 (Five) meetings.

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

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

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

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

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

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

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

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

54 Number of Employees

The number of employees including contractual engaged for the whole year or part.


	2023	2022
Executives and Officers	4,417	4,484
Members of Staff (Contractual)	907	922
	<u>5,324</u>	<u>5,406</u>


55 Coverage of External Audit:


The external auditors of the Bank, M/S Khan Wahab Shafique Rahman & Co., Chartered Accountants worked about in excess of 7,600 man hours. During their audit, they audited above 80% of the Bank's risk weighted assets as on the Balance Sheet date.

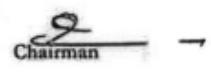
56 Share Trading

The bank traded its ordinary shares in Central Depository Bangladesh Limited (CDBL) through Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). The closing market price on 31 December 2023 was Tk. 8.90 at Dhaka Stock Exchange (DSE) and Tk. 9.10 at Chittagong Stock Exchange (CSE).


Managing Director
Dhaka; April 29, 2024


Director


Director


Chairman

FIRST SECURITY ISLAMI BANK PLC.
STATEMENT OF FIXED ASSETS
AS AT 31 DECEMBER 2023

Figure in Taka

Particulars	C O S T				D E P R E C I A T I O N				Written down value as at 31 December 2023
	Balance as on 01 January 2023	Addition during the Year	Sales/Transfer during the Year	Balance as on 31 December 2023	Balance as on 01 January 2023	Charge during the year	Adjustment on sale/transfer during the Year	Balance as on 31 December 2023	
Land	334,631,624	-	-	334,631,624	-	-	-	-	334,631,624
Building	4,068,443,511	3,187,355	-	4,071,630,866	576,267,066	101,752,568	-	678,019,634	3,393,611,232
Furniture & Fixtures	2,797,217,162	157,342,680	10,862,764	2,943,697,078	1,294,697,522	161,827,266	5,484,210	1,451,040,578	1,492,656,500
Office Equipment	2,963,188,389	252,392,363	31,178,676	3,184,402,076	1,820,048,181	267,315,565	26,821,690	2,060,542,056	1,123,860,020
Vehicles	238,257,734	408,293	26,137,566	212,528,461	148,577,924	12,986,213	26,137,562	135,426,575	77,101,886
Books	672,960	-	-	672,960	586,170	16,493	-	602,663	70,297
Sub-Total	10,402,411,380	413,330,691	68,179,006	10,747,563,065	3,840,176,863	543,898,105	58,443,462	4,325,631,506	6,421,931,559

Lease Assets- Premises

Right -of- use assets	332,468,808	48,212,144		380,680,952	139,046,906	48,746,000	-	187,792,906	192,888,046
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Software-Amortization

Software -Core Banking	349,349,564	13,130,546	-	362,480,110	227,371,647	24,513,544	-	251,885,191	110,594,919
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Total December 2023	11,084,229,752	474,673,381	68,179,006	11,490,724,127	4,206,595,416	617,157,649	58,443,462	4,765,309,603	6,725,414,524
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Total December 2022	10,238,152,453	979,215,323	133,138,024	11,084,229,752	3,693,102,923	618,002,585	104,510,092	4,206,595,416	6,877,634,336
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Annexure - B

First Security Islami Bank PLC.
Financial Highlights (Solo)
As at and for the year ended 31 December 2023

SL #	Particulars	31.12.2023	31.12.2022
1	Paid-up Capital	11,506,089,330	10,460,081,210
2	Total Capital Fund	40,674,859,096	38,442,781,001
3	Capital Surplus/(deficit) against Minimum Capital Requirement	6,529,311,877	6,658,563,012
4	Total Assets	659,114,061,504	615,487,794,012
5	Total Deposits	455,194,995,469	473,046,316,737
6	Total Investments	570,286,708,242	524,795,151,026
7	Total Contingent Liabilities and Commitments	23,655,873,387	42,861,994,461
8	Investment Deposit Ratio (in %) *	118.45%	103.13%
9	Percentage of Classified Investments against total Investments(in %)	3.95%	4.01%
10	Profit after tax & provision	3,240,086,097	2,929,909,459
11	Amount of Classified Investments	22,537,901,299	21,067,077,786
12	Provision kept against Classified Investments	10,857,828,046	10,591,453,599
13	Provision Surplus/(deficit) against Classified Investments	-	-
14	Cost of Fund	8.44%	7.45%
15	Profit Earning Assets	612,099,755,098	566,219,753,127
16	Non-profit Earning Assets	47,014,306,406	49,268,040,885
17	Return on Investment in Shares & securities(ROI)(in %)	3.52%	2.87%
18	Return on Assets (ROA)(in %)	0.51%	0.51%
19	Income from Investment in Shares and Securities	951,094,961	788,146,286
20	Earnings Per Share (EPS)-Restated	2.82	2.80
21	Net Income Per Share (Tk.)	2.82	2.80
22	Price Earnings Ratio (Times)	3.16	3.50

* Investment Deposit ratio has been computed as per Bangladesh Bank guideline.

First Security Islami Bank PLC. (Off-shore Banking Unit)
Balance Sheet
As at 31 December 2023

Particulars	Notes	31.12.2023		31.12.2022	
		USD	Taka	USD	Taka
PROPERTY AND ASSETS					
Cash					
In hand (including foreign currencies)		-	-	-	-
Balance with Bangladesh Bank and its Agent Bank (s) (including foreign currencies)		-	-	-	-
		-	-	-	-
			-		-
Balance with other Banks and Financial Institutions					
In Bangladesh	3	2.00	220	3,923,788.14	405,315,543
Outside Bangladesh		-	-	-	-
		2.00	220	3,923,788.14	405,315,543
Placement with Banks & other Financial Institutions					
		52,000,000.00	5,707,000,000	15,000,000.00	1,549,455,000
Investments					
General Investment etc.	4	-	-	-	-
Bills Purchased and Negotiated	5	17,976,169.67	1,972,884,621	30,200,987.92	3,119,671,449
		17,976,169.67	1,972,884,621	30,200,987.92	3,119,671,449
Fixed Assets Including Premises, Furniture and Fixtures and Intangible Assets	6	-	-	-	-
Other Assets	7	1,929,954.21	211,812,475	102,927	10,632,091
Non Banking Assets		-	-	-	-
Total Assets		<u>71,906,125.88</u>	<u>7,891,697,315</u>	<u>49,227,703.45</u>	<u>5,085,074,083</u>
LIABILITIES AND CAPITAL					
Liabilities					
Placement from Banks & Other Financial Institutions					
Deposits and other Accounts	8	69,520,242.68	7,629,846,634	48,282,508.79	4,987,438,310
Al-Wadia Current Deposits and Other Deposit Accounts	9	-	-	-	-
Mudaraba Savings Deposits		-	-	-	-
Mudaraba Term Deposits		-	-	-	-
		-	-	-	-
Other Liabilities	10	2,011,935.37	220,809,907	638,546.66	65,959,954
Total Liabilities		<u>71,532,178.05</u>	<u>7,850,656,541</u>	<u>48,921,055.45</u>	<u>5,053,398,265</u>
Capital / Shareholders' equity					
Paid up capital		-	-	-	-
Statutory Reserve		-	-	-	-
Retained Earnings		373,947.83	41,040,774	306,648	31,675,818
Total Shareholders' Equity		<u>373,947.83</u>	<u>41,040,774</u>	<u>306,648</u>	<u>31,675,818</u>
Total Liabilities and Shareholders' Equity		<u>71,906,125.88</u>	<u>7,891,697,315</u>	<u>49,227,703.45</u>	<u>5,085,074,083</u>
OFF- BALANCE SHEET ITEMS					
Contingent Liabilities					
Acceptances and Endorsements	11	-	-	-	-
Letters of guarantee		-	-	-	-
Irrevocable letters of credit		-	-	-	-
Bills for collection		-	-	-	-
Other contingent liabilities		-	-	-	-
Total		-	-	-	-
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 Commi		-	-	-	-
Total		-	-	-	-
Total Off-Balance Sheet Items including contingent liabilities		-	-	-	-

First Security Islami Bank PLC. (Off-shore Banking Unit)
Profit and Loss Account
For the year ended 31 December 2023

Particulars	Notes	2023		2022	
		USD	Taka	USD	Taka
Investments Income	12	11,714,352.51	1,285,650,188	2,106,153.71	217,559,360
Profit Paid on Deposits	13	(11,281,651.42)	(1,238,161,243)	(1,734,581.71)	(179,177,087)
Net Investment Income		432,701.09	47,488,945	371,572.00	38,382,273
Commission, Exchange, and Brokerage	14	-	-	-	-
Other Operating Income	15	500,000.00	54,875,000	263.80	27,250
Total Operating Income		932,701.09	102,363,945	371,835.80	38,409,523
Salaries and Allowances	16	53,476.38	5,869,033	59,195.71	6,114,739
Rent, Taxes, Insurance, Electricity, etc.	17	-	-	-	-
Legal Expenses		-	-	-	-
Postage, Stamp, Telecommunication, etc.	18	2,602.41	285,614	3,092.52	319,448
Stationery, Printing, Advertisements, etc.	19	-	-	-	-
Auditors' fees		-	-	-	-
Depreciation & repair of Bank's Assets	20	-	-	-	-
Other Expenses	21	502,674.47	55,168,523	2,899.57	299,517
Total Operating Expenses		558,753.26	61,323,170	65,187.80	6,733,704
Profit before provision and Taxes		373,947.83	41,040,774	306,648.00	31,675,818
Provisions for Investments including off-B/S items		-	-	-	-
Provisions for Diminution in Value of Investment in Shares		-	-	-	-
Total provision		-	-	-	-
Total profit before taxes		373,947.83	41,040,774	306,648.00	31,675,818
Provision for Current Tax		-	-	-	-
Deferred Tax Income		-	-	-	-
		-	-	-	-
Net profit after taxation		373,947.83	41,040,774	306,648.00	31,675,818

First Security Islami Bank PLC. (Off-shore Banking Unit)
Cash Flow Statement
For the year ended 31 December 2023

Particulars	2023		2022	
	USD	Taka	USD	Taka
A) Cash flows from Operating Activities				
Investment Income Receipt	9,887,325.69	1,085,133,994	2,003,226.32	206,927,269
Profit Paid in Deposits	(9,908,262.71)	(1,087,431,832)	(1,205,624.80)	(122,550,530)
Fees and commission receipt	-	-	-	-
Payments to Employees	(53,476.38)	(5,869,033)	(59,195.71)	(6,114,739)
Payments to Suppliers	(2,602.41)	(285,614)	(3,092.52)	(319,448)
Receipts from other Operating Activities	500,000.00	54,875,000	263.80	27,250
Payments for other Operating Activities	(502,674.47)	(55,168,523)	(2,899.57)	(299,517)
Operating Profit before changes in Operating Assets & Liabilities	(79,690.28)	(8,746,008)	732,677.52	77,670,285
Increase / (Decrease) in operating Assets and Liabilities				
(Increase)/decrease of Placement with Banks & other Financial Institutions	(37,000,000.00)	(4,060,750,000)	(15,000,000)	(1,549,455,000)
(Increase)/decrease in Investments to Customers	12,224,818.25	1,341,673,803	(977,042.69)	(630,764,473)
(Increase)/decrease of Other Assets	-	-	-	-
Increase/(decrease) of Placement from Banks & other Financial Institutions	21,237,733.89	2,330,841,294	19,350,149.45	2,523,364,742
Increase/(decrease) of Deposits Received from Customers	-	-	-	-
Increase/(decrease) of Other Liabilities	-	-	-	-
Cash Generated from Operating Assets & Liabilities	(3,537,447.86)	(388,234,903)	3,373,106.76	343,145,269
Net Cash Inflow/(Outflow) from Operating Activities	(3,617,138.14)	(396,980,911)	4,105,784.28	420,815,554
B) Cash flows from investing activities				
(Purchase)/ Sale of Shares and Securities	-	-	-	-
Purchase of Property, Plant and Equipment	-	-	-	-
Net Cash Inflow/(Outflow) from Investing Activities	-	-	-	-
C) Cash flows from financing activities				
Receipt/(Payment) for Issuance of Mudaraba Bond	-	-	-	-
Profit transferred to main operation	(306,648.00)	(33,654,618)	(181,996.14)	(15,500,011)
Net cash use in financing activities	(306,648.00)	(33,654,618)	(181,996.14)	(15,500,011)
D) Net increase / (decrease) in cash and cash equivalents (A+ B + C)	(3,923,786.14)	(430,635,529)	3,923,788.14	405,315,543
E) Effects of exchange rate changes on cash and cash equivalents	-	25,320,206	-	-
F) Cash and cash equivalent at beginning of the year	3,923,788.14	405,315,543	-	-
G) Cash and cash equivalent at end of the year(D+E+F)	2.00	220	3,923,788.14	405,315,543
The above closing Cash and Cash Equivalents include:				
Cash in Hand (Including Foreign Currencies)	-	-	-	-
Balance with Bangladesh Bank and its Agent Bank(s) and Other Banks	2.00	220	3,923,788	405,315,543
	2.00	220	3,923,788.14	405,315,543

First Security Islami Bank PLC. (Off-shore Banking Unit)
Notes to the Financial Statements
As at for the year ended 31 December 2023

1.1 Status of the unit

Off-shore Banking Unit (OBU) is a Separate business unit of First Security Islami Bank PLC., governed under the rules and guidelines of Bangladesh Bank. The Bank obtained the Off-shore Banking Unit permission vide letter no. BRPD (OB)/744(126)/2020-4735 dated 06 July, 2020. The Bank commenced the operation of its Off-shore Banking Unit from August 06 2020. The unit is located at Rang RD Center,Block #SE(F),Plot#03,Gulshan-1,Dhaka-1212.

1.2 Principal activities

The principal activities of the OBU are to provide all kind of Islami Sharih based commercial banking services to its customers Complying the application rules and regulations.

Significant accounting policies and basis of preparation of financial statements

1.2.1 Basis of accounting

The accounting records of the Off-shore Banking Unit are maintained in USD from and the financial statements are prepared on a going concern basis under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as issued by the Institute of Chartered Accountants of Bangladesh (ICAB) and the requirements of the Bank Companies Bank Act 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, Bangladesh Securities and Exchange Rules 1987 and other laws and rules applicable in Bangladesh Bank.

1.2.2 Foreign currency transaction

a) Foreign currencies translation

Foreign currency transactions are converted into equivalent Taka currency at the ruling exchange rates on the respective dates of such transactions as per IAS-21. Assets and liabilities in foreign currencies as at 31 December 2023 have been converted into Taka currency at the average of the prevailing buying and selling rates of the concerned foreign currencies at that date except "balances with other banks and financial institutions" which have been converted as per directives of Bangladesh Bank vide its circular no BRPD(R) 717/2004-959 dated 21 November 2004.

b) Commitments

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

c) Translation gains and losses

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

1.2.3 Cash flow statement

Cash flow statement has been prepared in accordance with the International Accounting Standard-7 "Cash Flow Statement" under the direct method or the indirect method as recommended in the BRPD Circular No.15, dated November 9, 2009 issued by the Banking Regulation & Policy Department of Bangladesh Bank.

1.2.4 Reporting period

These financial statements cover from January 01 to December 31, 2023.

1.3 Assets and basis of their valuation

1.3.1 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, balances lying with ATM unrestricted balances held with Bangladesh Bank and its agent Bank and balance with Other Bank and financial Institutions and highly liquid financial asset which are subject to insignificant risk of changes in their fair value, and are used by the unit management for its short-term commitments.

1.3.2 Fixed assets and depreciation

As required in Paragraph 43 of ISA-16 " Property, Plant and Equipment", Depreciation on additional to fixed assets is charged from the month when the asset is available for use and the charge of depreciation is ceased from the month when the assets is sold out/disposed off/fully depreciated.

1.4 Revenue recognition

1.4.1 Profit income

In terms of the provisions of the IAS-18 "Revenue", the Profit income is recognized on accrual basis.

1.4.2 Fees and commission income

Fees and commission income arises on services provided by the units are recognized on a cash receipt basis. Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

1.4.3 Profit paid and other expenses

In terms of the provisions of the IAS - 1 "Presentation of Financial Statements" Profit and other expenses are recognized on accrual basis.

2. Common expense

a. Expenditure for audit fees has not been separately accounted for in the financial statements of OBU.

b. Provision for taxation, Investment and off-Balance sheet items have not been accounted for in the separate Financial Statement of the OBU. However all provisions have been accounted for in the Financial Statement of First Security Islami Bank Limited instead of OBU.

2.1 General

a) These financial statements are presented in Taka, which is the Bank's functional currency. Figures appearing in these financial statements have been rounded off to the nearest Taka.

b) Assets and liabilities & income and expenses have been converted into Taka currency weighted average rate @ US\$1 = Taka 109.7500 as at 31st December 2023.

	31.12.2023		31.12.2022	
	USD	Taka	USD	Taka
3 Balance with Other Banks and Financial Institutions				
In Bangladesh (Note-3.1)	2.00	220	3,923,788.14	405,315,543
Outside Bangladesh (Note-3.2)	-	-	-	-
	2.00	220	3,923,788.14	405,315,543
3.1 In Bangladesh				
First Security Islami Bank PLC.	2.00	220	3,923,788.14	405,315,543
First Security Islami Capital & Investment Limited	-	-	-	-
	2.00	220	3,923,788.14	405,315,543
3.2 Outside Bangladesh (Nostro accounts)				
Currents accounts	-	-	-	-
	-	-	-	-
4 Investments				
i) General Investment etc.				
Bai-Murabaha	-	-	-	-
Others	-	-	-	-
	-	-	-	-
ii) Bills Purchased and Negotiated (note-5)				
Payable Inside Bangladesh				
Inland bills purchased	17,757,359.30	1,948,870,183	20,833,914.15	2,152,080,830
Payable Outside Bangladesh				
Foreign bills purchased	218,810.37	24,014,438	9,367,073.77	967,590,619
	17,976,169.67	1,972,884,621	30,200,987.92	3,119,671,449
	17,976,169.67	1,972,884,621	30,200,987.92	3,119,671,449
5 Bills purchased and discounted				
Payable in Bangladesh	17,757,359.30	1,948,870,183	20,833,914.15	2,152,080,830
Payable outside Bangladesh	218,810.37	24,014,438	9,367,073.77	967,590,619
	17,976,169.67	1,972,884,621	30,200,987.92	3,119,671,449
6 Fixed Assets including premises, Furniture & Intangible Assets at cost				
Furniture and fixtures	-	-	-	-
Office equipment	-	-	-	-
Vehicles	-	-	-	-
	-	-	-	-
7 Other Assets				
Advances, Deposits and Prepayment	-	-	-	-
Profit receivable on placement with other bank & financial in	7,455.55	818,247	102,927.39	10,632,091
Profit receivable on placement with DBU,FSIBL	1,922,498.66	210,994,228	-	-
Stock of Stationery	-	-	-	-
	1,929,954.21	211,812,475	102,927.39	10,632,091
8 Placement from Banks & Other Financial Institutions				
First Security Islami Bank PLC.	19,520,242.68	2,142,346,634	-	-
Other Bank & financial Institutions	50,000,000.00	5,487,500,000	48,282,508.79	4,987,438,310
	69,520,242.68	7,629,846,634	48,282,508.79	4,987,438,310

	31.12.2023		31.12.2022	
	USD	Taka	USD	Taka
	31.12.2023		31.12.2022	
	USD	Taka	USD	Taka
9. Al-Wadiah Current Accounts & Other Deposit Accounts				
Al-Wadia Current Deposits	-	-	-	-
Mudaraba Short Notice Deposits	-	-	-	-
Security Deposit Receipt	-	-	-	-
Sundry Deposits(9.1.1)	-	-	-	-
	-	-	-	-
9.1.1 Sundry deposits				
Sundry Creditors	-	-	-	-
Margin on L/C	-	-	-	-
Others	-	-	-	-
	-	-	-	-
10 Other liabilities				
Accrued Profit and Expenses Payable	2,011,935.37	220,809,907	638,546.66	65,959,954
Due to Head Office	-	-	-	-
	2,011,935.37	220,809,907	638,546.66	65,959,954
11 Contingent liabilities				
11.1 Acceptance & endorsement				
Back to Back bills	-	-	-	-
Less: Margin	-	-	-	-
	-	-	-	-
11.2 Letters of guarantee				
Letters of guarantee (Local)	-	-	-	-
Letters of guarantee (Foreign)	-	-	-	-
Foreigh counter guarantees	-	-	-	-
Less: Margin	-	-	-	-
	-	-	-	-
11.3 Irrevocable Letters of credits				
Letters of credits-Cash	-	-	-	-
Back to Back letter of credit-Local	-	-	-	-
Less: Margin	-	-	-	-
	-	-	-	-
11.4 Bills For Collection Issued By The Bank				
Foreign Documentary Bills	-	-	-	-
Outward Bills	-	-	-	-
Less: Margin	-	-	-	-
	-	-	-	-
12 Investments Income				
Inland Documentary Bills Purchased (Foreign Currency Bills)	1,812,023.26	198,869,553	1,252,921.62	129,423,045
Foreign Documentary Bills Purchased (Foreign Currency Bills)	170,998.22	18,767,055	665,321.04	68,725,667
Others	-	-	-	-
	1,983,021.48	217,636,607	1,918,242.66	198,148,712
Profit on balance with other banks and financial institutions	3,701,963.58	406,290,503	187,911.05	19,410,648
Placement with DBU, FSIBL	6,029,367.45	661,723,078	-	-
Profit received from FC account	-	-	-	-
	9,731,331.03	1,068,013,581	187,911.05	19,410,648
	11,714,352.51	1,285,650,188	2,106,153.71	217,559,360
Less: Inter Bank transaction	-	-	-	-
Total Interest income	11,714,352.51	1,285,650,188	2,106,153.71	217,559,360

	31.12.2023		31.12.2022	
	USD	Taka	USD	Taka
	31.12.2023		31.12.2022	
	USD	Taka	USD	Taka
13 PROFIT PAID ON DEPOSITS				
a) Mudaraba Term Deposit	-	-	-	-
b) Profit paid on local bank accounts	3,288,754.64	360,940,822	105,728.12	10,921,398
c) Profit paid on foreign bank accounts	7,992,896.78	877,220,422	1,628,853.59	168,255,689
	11,281,651.42	1,238,161,243	1,734,581.71	179,177,087
Less: Inter Bank transaction	-	-	-	-
	11,281,651.42	1,238,161,243	1,734,581.71	179,177,087
14 COMMISSION, EXCHANGE AND BROKERAGE				
Commission on L/Cs	-	-	-	-
Other commission	-	-	-	-
Exchange Gain	-	-	-	-
Brokerage	-	-	-	-
	-	-	-	-
15 OTHER OPERATING INCOME				
Postage Recoveries - Local	-	-	-	-
Miscellaneous earnings	500,000.00	54,875,000	263.80	27,250
	500,000.00	54,875,000	263.80	27,250
16 SALARY & ALLOWANCES				
Basic Salary	25,464.77	2,794,759	59,195.71	6,114,739
Allowances	25,465.03	2,794,787	-	-
Bonus	-	-	-	-
Bank's Contribution to Staff Provident Fund	2,546.58	279,487	-	-
Gratuity	-	-	-	-
	53,476.38	5,869,033	59,195.71	6,114,739
17 RENT, TAXES, INSURANCE, ELECTRICITY ETC.				
Rates and Taxes	-	-	-	-
Electric Bills	-	-	-	-
	-	-	-	-
18 POSTAGE, STAMP AND TELECOMMUNICATION ETC.				
Postage	2,602.41	285,614	3,092.52	319,448
Telephone - Residence	-	-	-	-
	2,602.41	285,614	3,092.52	319,448
19 STATIONERY, PRINTING AND ADVERTISEMENT ETC.				
Publicity and Advertisement	-	-	-	-
Printing and Stationery	-	-	-	-
Computer Stationery	-	-	-	-
	-	-	-	-
20 DEPRECIATION AND REPAIRS OF BANK'S ASSETS				
Depreciation				
Depreciation on Fixed Assets	-	-	-	-
Repairs				
Furniture and Fixtures	-	-	-	-
Maintenance of Software	-	-	-	-
	-	-	-	-
21 Other Expenses				
Washing and Cleaning	-	-	-	-
Wages	2,674.47	293,523	2,899.57	299,517
Misellincous Expenses	500,000.00	54,875,000	-	-
	502,674.47	55,168,523	2,899.57	299,517