

## INFORMATION MEMORANDUM

Unsecured, Non-convertible, Redeemable, Floating Rate  
FSIB 4<sup>th</sup> Subordinated Bond  
of BDT 5,000 Million

**Issuer: First Security Islami Bank PLC.**



**Trustee: Community Bank Investment Limited**



**Type of Security:** Unsecured, Non-convertible, Redeemable, Floating Rate Subordinated Bond

**Total Face Value:** BDT 5,000,000,000

**Face Value of Each Bond is:** BDT 1,000,000 (One Million) Per Bond

**Number of Securities:** 5,000

**Total Issue Amount:** BDT 5,000,000,000

**Credit Rating status of the Issue:**

**Long-Term Rating:** AID; Outlook: Stable

**Validity till:** 24 June 2025

**Arranger: UCB Investment Limited**

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Chief Executive Officer  
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"If you have any query about this document, you may consult the issuer and the trustee"

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First Security Islami Bank PLC, hereinafter referred as the "Bank" or the "FSIB" or the "Issuer") has authorized UCB Investment Limited (hereinafter referred as "UCBIL" or the "Arranger" to distribute this Information Memorandum (IM) in connection with the proposed transaction outlined in it (the "Transaction") and the bonds proposed to be issued in the Transaction (the "Bonds")

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Investors are advised to consult with their own advisors as to all legal, accounting, regulatory, tax, financial and related matters, concerning an investment in the Bonds.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IT IS RECOMMENDED THAT PROSPECTIVE INVESTORS CONSULT THEIR FINANCIAL, LEGAL AND OTHER ADVISERS BEFORE PURCHASING OR ACQUIRING OR INVESTING IN THE SUBORDINATED BOND.

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## ISSUER'S DISCLAIMER

ALL THE FEATURES OF FSIB 4th SUBORDINATED BOND ARE DRAFT ONLY AND FINALIZATION OF THESE FEATURES ARE SUBJECT TO THE APPROVALS OF COMPETENT REGULATORS. THESE FEATURES MAY BE MODIFIED AS PER THE DIRECTIONS OF BANGLADESH BANK AND BANGLADESH SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER COMPETENT REGULATORS.

  
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## 1. ABBREVIATIONS

ALCO	Asset Liability Management Committee
ATM	Automated Teller Machine
BDT	Bangladeshi Taka
BRMC	Board Risk Management Committee
BSEC	Bangladesh Securities and Exchange Commission
CAGR	Compound Annual Growth Rate
CRAR	Capital to Risk-weighted Asset Ratio
CRM	Credit Risk Management
CRR	Cash Reserve Requirement
FBP	Foreign Bill Purchase
FDBP	Foreign Documentary Bills for Purchase
FDR	Fixed Deposit Receipts
IBP	Inland Bill Purchase
IC	Investment Committee
LATR	Loan Against Trust Receipt
MAT	Management Action Triggers
MCR	Minimum Capital Requirement
NFCD	Non-Resident Foreign Currency Deposit
NII	Net Interest Income
NIM	Net Interest Margin
NPA	Non-performing Assets
NPL	Non-performing Loan
OBU	Off-shore Banking Unit
OD	Over Draft
PCB	Private Commercial Bank
POS	Point of Sale
RFCD	Resident Foreign Current Deposit
RMU	Risk Management Unit
RWA	Risk Weighted Assets
SLR	Statutory Liquidity Ratio
SME	Small and Medium-sized Enterprises
SOD	Secured Over Draft
VAR	Value at Risk

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## SECTION 01: REPORT TO THE ELIGIBLE INVESTORS

By investing in the Bonds, you are hereby deemed to have acknowledged, represented and warranted to, and agree (as the case may be) for the benefit of the Arranger, as set out below:

**High risk:** You are fully aware that investment in the Bonds involves a high degree of risk.

**Consultation with advisers:** You have (i) consulted with your own legal, regulatory, tax, business, investment, financial and accounting advisers in connection herewith to the extent you have deemed necessary, (ii) collected and reviewed all information that you or your advisers believe is necessary or appropriate in connection with the purchase of the Bonds, and (iii) made your own investment decisions based upon your own judgment, due diligence and advice from such advisers as you have deemed necessary and not upon any view expressed by or on behalf of the Arranger.

**No reliance:** You acknowledge and agree that you may not rely on any investigation that the Arranger or any of its affiliates or any person acting on their behalf may have conducted with respect to the Issuer or any of their affiliates, and neither the Arranger nor its affiliates, employees, officers, directors, legal advisers or representatives have made any representation to you, express or implied, with respect to your investment in the Bonds.

**Informed decision:** You are in possession of all the information that you believe is necessary or appropriate in order to make an informed decision regarding your purchase of the Bonds, including without limitation, adequate information concerning the Issuer's business, financial condition, results of operations and prospects.

**Knowledge and experience:** You have such knowledge and experience in financial, business and international investment matters that you are capable of evaluating the merits and risks of purchasing the Bonds and are aware that you may be required to bear, and are able to bear, all risks including economic risk of an investment in the Bonds.

**Information of the Company:** You acknowledge that the information provided to you with regard to the Issuer and the Bonds in this Information Memorandum has been supplied to you by the Arranger only on behalf of the Issuer and that neither the Arranger nor any of its affiliates, employees, officers, directors, legal advisers or representatives has verified such information or makes any representation or warranty as to its accuracy or completeness.

**Review of Information Memorandum:** You have reviewed this Information Memorandum in its entirety, including the risks associated with investment in Bonds, and you understand and acknowledge all of the risks described herein. By investing in the Bonds, you have determined that:

- i. the Bonds are a suitable investment for you and your investment in the Bonds does not and will not, when consummated, violate any investment or other guidelines, policies or restrictions (corporate or otherwise), or any law, rule, regulation or order applicable to you; and

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you have obtained all approvals and consents (whether internal or external) and have made all notifications necessary for you to invest in the Bonds as contemplated; and you can bear the economic risk of the investment and are able to sustain a complete loss in connection with your investment.

**Own account:** You are purchasing the Bonds for your own account and not with a view to any distribution thereof.

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**No representation or warranty:** The Arranger has not made, and you have not relied upon any representation, warranty or condition (express and/or implied), and the Arranger shall not owe any duty whatsoever to you in connection with the Bonds.

**No obligation to purchase:** The Arranger shall have no obligation to purchase or acquire all or any part of the Bonds purchased by you or to support losses, if any, directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Bonds, including the non-performance by the issuance, whether to you or otherwise.

## SECTION 02: RISK FACTORS AND MANAGEMENT'S PERCEPTION ABOUT THE RISKS

An investment in capital market involves a high degree of risk. Banks operate in an industry involving both external and internal risk factors having direct as well as indirect effects on the investments made by the investors. Investors should carefully consider all the information of this Memorandum including risk factors before making an investment decision. This section addresses the possible risks an investor might have to bear by investing in the bonds and each risk factor is followed by management's perception regarding the risk. However, the list of risk factors is not meant to be a comprehensive description of all risks which may be relevant to a decision to invest in the Bonds.

### A. PROFIT RATE RISKS

Profit rate risk is the risk where changes in market profit rates might adversely affect bank's financial condition. Changes in profit rates affect both the current earnings (earnings perspective) as well as the net worth of the bank (economic value perspective). Re-pricing risk is often the most apparent source of profit rate risk for a bank and is often gauged by comprising the volume of a bank's assets that mature or re-price within a given time period with the volume of liabilities that do so.

The short-term impact of changes in profit rates is on the bank's Net Profit Income (NPI). In a longer term, changes in profit rates impact the cash flows on the assets, liabilities and off-balance sheet items, giving rise to a risk to the net worth of the bank arising out of all re-pricing mismatches and other profit rate sensitive aspects and positions.

#### **Mitigations**

The Bank adopted traditional Gap analysis for assessing impact on profit perspective (earnings perspective) and Duration Analysis for assessing the impact on the Economic Value of Equity (Economic Value Perspective).

#### **Gap Analysis**

Gap analysis is the cash flow analysis of the gap between the profit income earned on a Bank's assets and the profit paid on its liabilities over a particular period of time. Under this approach, Bank reports the gaps between the Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) in each maturity bucket on its Balance Sheet. Rate sensitivity means the assets and liabilities are re-priced at current market profit rate within a certain maturity bucket.

#### **Duration Analysis:**

Duration is the time-weighted average maturity of the present value of these instruments to change profit rates and therefore reflects on the economic value i.e. the present value of shareholders' equity of the Bank.

### B. FOREIGN EXCHANGE RATE RISKS

Foreign Exchange Risk is the current or prospective risk for earnings and capital arising from adverse movements in currency exchange rates. Foreign Exchange risk may also arise as a result of exposures of banks to profit rate risk arising from the maturity mismatches of foreign currency positions.

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### Mitigations

First Security Islami Bank Limited has established Risk tolerance limits for foreign exchange exposure with the directives of Bangladesh Bank in order to ensure that any adverse exchange rate movements on the results of the Bank due to un-hedged foreign exchange positions are managed within acceptable parameters.

### C. NON-REPAYMENT RISKS (Investment Risks)

Investment Risk arises when the counterparty fails to meet its obligations in accordance with agreed terms and conditions of an investment related contract. The failure may arise due to unwillingness of the counterparty or declining trend of overall economic condition, unanticipated legal or political constraints, etc.

### Mitigations

First Security Islami Bank PLC. believes that a key component of a disciplined investment (credit) culture is adherence to internal policies and procedures. Hence comprehensive investment policies and guidelines have been established in the bank to ensure quality and transparency of investment decisions at all times. The Board of Directors has approved the Investment Policy for the Bank where major policy guidelines, growth strategy, exposure limits (for particular sector, product, individual company, group and area) and risk management strategy have been described/stated in details. Investment policy is being regularly updated to cope up with the changing global and domestic economic scenarios.

### PREPAYMENT, CALL OR REFUNDING RISKS

The risk associated with the early unscheduled return of principal on a fixed-income security.

### Mitigations

This bond is subordinated in nature. The bond is redeemable as per Repayment Schedule as depicted in features (5.1) section.

### D. SECURITY RISKS

The risk associated with the default, authenticity or validation of the collateral used to guarantee repayment of a bond.

### Mitigation

Since this is an unsecured bond, this particular risk is not applicable here.

### E. LIQUIDITY RISKS

Liquidity Risk is the risk that the bank cannot promptly fulfill its payment obligations due to unforeseen factors or be forced to place funds on unfavorable terms. Bank might face liquidity risk due to adverse mismatch of maturities of assets and liabilities and might encounter difficulty in meeting obligation from its financial liabilities at a point of time.

### Mitigation

First Security Islami Bank Limited maintains diversified and stable funding base comprising of core retail, corporate and institutional deposits to manage liquidity risk. The prime responsibility of managing the liquidity risk of the bank lies with Treasury Division. Different key ratios including LCR and NSFR are regularly discussed in monthly meeting of ALCO of the Bank. The committee meets at least once in every month to review LCR, NSFR report and overall liquidity position of the bank. Treasury Division maintains liquidity based on current liquidity position anticipated future funding requirement, sources of fund, options for reducing funding needs, present and anticipated asset quality, present and future earning capacity, present and planned capital position, etc.

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## F. MANAGEMENT RISKS

The risk associated with ineffective, unprofessional, non-discreet or underperforming management impedes the growth of the organization as well as hurts the shareholders and the company.

### Mitigations

First Security Islami Bank Limited is one of the leading Islamic banking institutions in Bangladesh with a track record of consistent performance achieved through effective leadership and corporate governance. First Security Islami Bank Limited has a sound management system that is not only efficient but also dynamic in taking appropriate decisions to make the organization more effective, vibrant and result oriented. Therefore, with the strong leaderships and structured corporate set-up the management risk is not a matter of concern at all for the steady and sustainable growth of First Security Islami Bank Limited.

## G. OPERATIONAL RISKS

Operational risk refers to the risk of loss due to inadequate or failed internal processes, people and systems, or from external events. Capability to carry out a large number of transactions effectively and accurately while complying with applicable laws and regulations constitute operational risk management activities of the bank.

### Mitigation

The policy for operational risks including internal control and compliance risk is approved by the Board taking into account the relevant guidelines of Bangladesh Bank. In order to review the operation and compliance of statutory requirements, Internal Control & Compliance Division undertakes various measures including periodical and special audits on the affairs of the branches and departments at head office. Audit Committee of the Board directly oversees the activities of Internal Control and Compliance Division of the bank to protect and safeguard the interest of all stakeholders.

## H. BUSINESS RISKS

This risk is First Security Islami Bank Limited earn lower than anticipated profit, or that it will experience a loss rather than a profit. Business risk is influenced by a lot of factors, including revenue, costs, competition and overall economic climate and government regulations.

### Mitigations

The Bank has a robust risk management system to counter any adverse business risk. Most business risks have been covered in investment, Liquidity and profit rate Risk. To counter and mitigate business risk, the following mitigation measures are in place:

- Regular review of impact of global & domestic economic changes and meltdown and taking appropriate measures
- Innovative and convenient financial products and services;
- Taking prompt action on customer complaints;
- Frequent assessment of clients satisfaction;
- Regular review of performance against budget and targets;
- Review and analysis of competitors' performance;
- Regular review on different government regulations & make prompt action to cope up with those regulations.

Prevention of risk by forecasting future market condition gives First Security Islami Bank Limited competitive edge over other competitors in the local market. In order to mitigate prospective risks of the market, the ALCO team regularly assesses the market information. This assessment updates the Management about the current market situation, growth of certain industries, current global phenomena, price index of raw materials, refinance scheme taken by central bank and regulatory steps taken by various regulatory bodies. This also helps to make future prediction on any industry and the market as a whole.

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## I. INDUSTRY RISKS

Industry Risk arises when a specific industry does not perform up to the expected level or at par. When problems plague one industry, they affect the individual organization of that particular industry. Industry risk also refers to the risk of increased competition from foreign and domestic sources leading to lower revenues, profit margins, loss of market share etc. which could have an adverse impact on the business, financial condition and result of operation.

### Mitigation

First Security Islami Bank Limited constantly keeps watch on ever changing economic and business environment which sometimes leads some industry risk as well as opportunity and banks has taken prompt & proactive action for avoiding probable risk and grabbing the opportunity. First Security Islami Bank Limited has always been careful in offering Innovative, convenient and cost effective financial products and services which are flexibility in nature and thereby minimizes its industry risk exposure. Since its inception the bank contributes significantly to in harnessing deposits by launching different attractive schemes befitting the requirement of different segment of customers. The bank actively encourages feedback from the customers and regard complaints as constructive comments that helps to build customer relationships and improve business situation. The Bank has also succeeded in diversifying its business portfolio across the thrust sectors of the economy and always takes special care for utmost value addition in clientele services.

## J. MARKET RISKS

Market risk is defined as the potential impact of adverse price movements such as benchmark rates, foreign exchange rates, and equity prices of the economic value of an asset i.e. the current or prospective threat to the Bank's earnings due to movements in market prices, i.e. prices of securities, commodities, profit rates and foreign exchange rates. Market risk exposure of First Security Islami Bank Limited is explicit in portfolios of securities/equities and instruments that are actively traded.

### Mitigation

The Treasury Division manages market risk covering liquidity, profit rate and foreign exchange with oversight from Asset Liability Management Management Committee (ALCO) comprising Senior Executives of the Bank. ALCO is headed by the Managing Director.

## K. TECHNOLOGY-RELATED RISKS

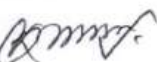
Risk that customers may suffer service disruptions, or that customers or the group may incur losses arising from system defect such as failures, faults, or incompleteness in computer operations, or illegal or unauthorized use of computer system. Bank's business is highly dependent on ability to process a large number of transactions on a daily basis. Financial, accounting or other data processing systems may fail to operate adequately or may become disabled as a result of events that are wholly or partially beyond the control, including a disruption of electrical or communications services. These circumstances could affect bank's operations and may result in financial loss, disruption of businesses or may damage to bank's reputation.

### Mitigation

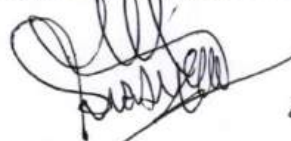
The Bank has set system and processes to protect its IT systems and network infrastructure from physical break-ins as well as security breaches and other disruptions caused by increased use of technology. Computer break-ins could affect the security of information stored in and transmitted through these computer systems and network infrastructure. The Bank continues to implement secured technology and establish operational procedures to prevent break-ins. Clear policies and procedures have been formulated, training programs have been arranged, roles and responsibilities of all relevant officials have been defined with a view to maintain IT risk effectively.

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#### L. RISK RELATED TO POTENTIAL OR EXISTING GOVERNMENT REGULATIONS

Excessive growth of Risk Weighted Assets against the growth of eligible regulatory capital of First Security Islami Bank Limited might breach the Bangladesh Bank's criteria of minimum capital requirement. Also, the Bank might fail to comply with the laws, regulations or codes applicable to the financial services industry.

##### Mitigations

Internal Control and Compliance of First Security Islami Bank Limited works to achieve effectiveness and efficiency of operations, reliable financial reporting and compliance with laws and regulations. Pillar 1 and Pillar 2 of Basel-III Accord also focused on operational risk and supervisory review respectively attaching considerable importance to internal control & compliance and on supervision & monitoring. As prescribed in the Bangladesh Bank core risk guideline on Internal Control & Compliance, Management Committee of First Security Islami Bank Limited reviews the overall effectiveness of internal control system.

#### M. RISK RELATED TO POTENTIAL CHANGES IN GLOBAL OR NATIONAL POLICIES

Risk associated with any potential global issues (i.e. a global financial crisis or a massive volatility in an international currency) or a national policy change (i.e. regulatory changes made by the Bangladesh Bank or the Bangladesh Securities and Exchange Commission).

##### Mitigations

Since this security would be issued in the local market and in local currency, potential global changes are unlikely to have any impact on the security issued. Moreover, First Security Islami Bank Limited has a robust risk management team and has the capability to adapt to any local/global scenario that might affect the local market.

### SECTION 03: DETAILED DESCRIPTION AND INFORMATION

Detailed description and information as per Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021; Schedule- A (Part I) is given below:

<b>1. Particulars of the Issuer:</b>	
a) Name of the Issuer:	<b>First Security Islami Bank PLC.</b>
b) Legal Status:	Public limited company (listed), private commercial bank
c) Details of Contact Information:	<p><u>Registered Address:</u> 23, Dilkusha C/A, Dhaka-1000, Bangladesh Head Office: Rangs RD Center, Block: SE (F), Plot:03, Gulshan Avenue, Gulshan-1, Dhaka-1212</p> <p><u>Contact Person:</u> Santush Chandra Sarker FCS First Assistant Vice President (FAVP) Risk Management Division First Security Islami Bank PLC. E-mail: <a href="mailto:santush01108@fsibld.com">santush01108@fsibld.com</a> Tel: +88 02 55045700 / Ext: 383.</p>
d) Date of Incorporation:	August 29, 1999
e) Date of Commencement of Business:	August 29, 1999
f) Authorized Capital:	BDT 30,000,000,000 (as of 31 December 2023)
g) Paid up Capital:	BDT 11,506,089,330 (as of 31 December 2023)
h) Total Equity:	BDT 25,009,907,445 (as of 31 December 2023)
i) Total Liabilities:	BDT 634,728,455,976 (as of 31 December 2023)

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EVP & Company Secretary  
First Security Islami Bank PLC

Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC

Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

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j) Total Financial Obligations:	N/A										
k) Total Assets:	BDT 660,110,638,379 (as of 31 December 2023)										
l) Total Tangible Assets (Fixed assets including land, building, furniture and equipment):	BDT 6,619,187,559 (as of 31 December 2023)										
m) Net worth:	BDT 25,009,907,445 (as of 31 December 2023)										
n) Others:	N/A										
<b>2. Particulars of Issue Manager: N/A</b>											
<b>3. Particulars of the Issue:</b>											
a) Name of the Issue:	FSIB 4th Subordinated Bond										
b) Type of instruments to be issued:	Unsecured, Non-Convertible, Redeemable, Floating Rate Subordinated Bond										
c) Purpose of the Issue:	To raise Tier-2 Capital through issuance of FSIBL Subordinated Bond in order to strengthen its capital base in accordance with Bangladesh Bank's Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework in line with Basel III).										
d) Number of securities and total size of the issue to be offered:	No. of Bonds to be issued: 5,000 (five Thousand) Issue Size: BDT 5,000,000,000 (Taka five Thousand Million)										
e) Face Value and Issue Price of securities:	BDT 1,000,000 (One Million Taka) per Bond										
f) Profit Rate	Reference Rate + Profit Margin										
g) Reference Rate	The average of most recent month's published highest Term Deposit profit rates in 6 months tenor of all Islamic Banks (except foreign Islamic Banks and Z category Islamic Banks) to be applied semi-annually as published by Bangladesh Bank on the Quotation Day (*subject to market condition and regulatory approvals)										
h) Coupon Margin	3.00% p.a. (*subject to market condition and regulatory approvals)										
i) Coupon Payment:	Semi-annually beginning at the end of 6 months from subscription date. •Profit will be paid to the bondholders semi-annually. However, the first profit payment period will be from the issue date/subscription closing date up to the ensuing either 30 June or 31 December of the respective year whichever is earlier from issue date/subscription closing date •Thereafter, profit payment will be made semi-annually on June and December (i.e. profit Period will be from 01 January to 30 June and 01 July to 31 December)										
j) Tenor	7 Years										
k) Details of conversion/ exchange option features:	This Bond Non-Convertible in nature										
l) Repayment Schedule:	Face Value (principal) redemptions will be in 5 (five) equal payments commencing at the end of the 36 <sup>th</sup> month from the date of investment in the following manner: <table border="1"> <thead> <tr> <th>Period (Months)</th><th>Redemption</th></tr> </thead> <tbody> <tr> <td>36<sup>th</sup></td><td>20.0%</td></tr> <tr> <td>48<sup>th</sup></td><td>20.0%</td></tr> <tr> <td>60<sup>th</sup></td><td>20.0%</td></tr> <tr> <td>72<sup>nd</sup></td><td>20.0%</td></tr> </tbody> </table>	Period (Months)	Redemption	36 <sup>th</sup>	20.0%	48 <sup>th</sup>	20.0%	60 <sup>th</sup>	20.0%	72 <sup>nd</sup>	20.0%
Period (Months)	Redemption										
36 <sup>th</sup>	20.0%										
48 <sup>th</sup>	20.0%										
60 <sup>th</sup>	20.0%										
72 <sup>nd</sup>	20.0%										

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Community Bank Investment Limited

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		84 <sup>th</sup>	20.0%	
m) Mode of option (call or put) if any:	The Bond is non-convertible and non-callable and has no Prepayment option (No put/ call options)			
n) Rate of return:	Profit Rate			
o) Applicable Tax Rate:	According to the laws of Bangladesh and in accordance with BASEL III guidelines of Bangladesh Bank			
p) Default Protection Mechanism (details of credit enhancement) if any:	This Bond is Unsecured in nature. No credit enhancement is applicable.			
q) Type of collateral securities being offered, if any:	Unsecured			
r) Status of securities holders in case of priority of payment:	FSIB 4th Subordinated Bond is superior to the claims of investors in equity shares and Subordinated to the claims of the depositors and the other creditors as Tier II Capital (as defined in the Basel III Guidelines) of the Bank. It is neither secured nor covered by a guarantee of the issuer nor related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis bank creditors			
s) Period within which securities to be issued:	Subject to the regulatory approvals			
t) Nature of tradability or listing in stock exchange(s):	As per the Consent Letter from BSEC			
u) Others:				
i. Investors:	Institutional investors and high net-worth individual investors and as per regulatory approvals			
ii. Mode of Placement:	Private Placement on a best effort basis			
iii. Quotation Day	Five (05) business days before the first day of any period for which Coupon is to be paid			
iv. Transferability/Liquidity:	Freely transferable in accordance with the provisions of the Trust Deed			
v. Late Payment:	The Issuer shall pay a late payment penalty of 2% (two per cent) p.a. higher than the Coupon Rate and be payable on the amount not paid on the due date up till the date of actual payment			
vi. Governing Law:	The Bonds are governed by and shall be construed by the existing laws of Bangladesh. Any dispute arising thereof shall be subject to the jurisdiction of the courts of Bangladesh.			
4. Particulars of Trustee:				
a) Name of trustee:	Community Bank Investment Limited			
b) Paid Up Capital of trustee:	BDT 250 million			
c) Net Worth of the Trustee:	BDT 243.14 million			
d) Name of the Issues where performing as Trustee	nil			
e) Others	N/A			
5. Particulars of Credit Rating Company:				
a) Name of the Credit Rating Company:	Emerging Credit Rating Limited			
b) Credit rating status of the issuer:	Long Term: A+ Short Term: ST-2			

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	Outlook: Stable Validity: 15 May 2024 to 14 May 2025										
c) Credit rating status of the issue:	Long Term: A/D Outlook: Stable Validity: 25 June 2024 to 24 June 2025										
d) Latest default rate of the Credit Rating Company:	0.00% for AA grade										
e) Average time to default of the rated Category:	0.00%										
f) Rating Trigger	If the credit rating of the issue falls below the minimum investment grade i.e. 'BBB' in the long term or "ST-3" in the short term, then the Issuer shall pay an additional fee on top of the stipulated Coupon Rate as a risk premium as mentioned in the table below: <table border="1"> <thead> <tr> <th>Issue Rating</th><th>Risk Premium to be Added</th></tr> </thead> <tbody> <tr> <td>BB</td><td>0.25%</td></tr> <tr> <td>B</td><td>0.50%</td></tr> <tr> <td>C</td><td>0.75%</td></tr> <tr> <td>D</td><td>1.00%</td></tr> </tbody> </table>	Issue Rating	Risk Premium to be Added	BB	0.25%	B	0.50%	C	0.75%	D	1.00%
Issue Rating	Risk Premium to be Added										
BB	0.25%										
B	0.50%										
C	0.75%										
D	1.00%										
g) Date of audited accounts, which is included in the IM:	31 December 2023										
6. Particulars of Originators (if Any):	Not Applicable										
7. Particulars of other contractual parties:	Arranger: UCB Investment Limited Legal Counsel: Farooq & Associates										

## SECTION 04: USE OF PROCEEDS

### Purpose of Issuance of FSIB 4<sup>th</sup> Subordinated Bond

First Security Islami Bank PLC (FSIB) has decided to raise Tier-2 Capital through issuance of Unsecured, Non-Convertible, Redeemable, Floating Rate Subordinated Bond in order to strengthen its capital base in accordance with Bangladesh Bank's Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework in line with Basel III). The proposed bond issue will allow the bank to enhance its capital strength and continue to grow its balance sheet in the future years.

### Plan Regarding Use of Proceeds from FSIB 4<sup>th</sup> Subordinated Bond

The proposed bond will qualify as part of FSIB's Tier-2 capital and will help maintain healthy capital adequacy ratios in the next few years. Besides, the BDT 5,000 million fund will be used for undertaking investment and general business activities of the bank including investment in treasury, other fixed income securities and capital market and expansion of loan portfolio.

## SECTION 05: FEATURES OF THE DEBT SECURITY TO BE ISSUED

### 5.1: Basic Features of the Instrument

Table 1: Features of the Instrument

Name of the Issue	FSIB 4th Subordinated Bond
Type of the Issue	Unsecured, Non-Convertible, Redeemable, Floating Rate Subordinated Bond
Issuer	First Security Islami Bank PLC.

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Chief Executive Officer  
Community Bank Investment Limited

11 NOV 2024

Muhammad Khalid Mahmood  
EVP Head of FAD & CFO  
First Security Islami Bank PLC.  
Head Office, Gulshan-1, Dhaka

<b>Purpose</b>	To raise Tier-2 Capital through issuance of FSIBL Subordinated Bond in order to strengthen its capital base in accordance with Bangladesh Bank's Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework in line with Basel III).												
<b>Arranger</b>	UCB Investment Limited												
<b>Trustee</b>	Community Bank Investment Limited												
<b>Common Legal Counsel</b>	Farooq & Associates												
<b>Credit Rating Agency</b>	Emerging Credit Rating Limited												
<b>Issue Size</b>	BDT 5,000,000,000 (Five Thousand Million Taka) (Subject to Regulatory approvals)												
<b>Nature of Instrument</b>	Unsecured												
<b>Tenure</b>	7 years from the date of issuance												
<b>Face Value</b>	BDT 1,000,000 (One Million) Per Bond												
<b>Minimum Subscription</b>	BDT 1,000,000 (One Million Taka)												
<b>Total Bonds to be issued</b>	5,000 (Five Thousand) no.s												
<b>Investors</b>	Institutional investors, high net-worth individual investors and as per the Regulatory approval												
<b>Mode of Placement</b>	Private Placement on a best effort basis												
<b>Yield to Maturity / Rate of Return</b>	Profit Rate												
<b>Profit Rate</b>	Reference Rate + Profit Margin												
<b>Reference Rate</b>	The average of most recent month's published <b>highest</b> Term Deposit profit rates in 6 months tenor of all Islamic Banks (except foreign Islamic Banks and Z category Islamic Banks) to be applied semi-annually as published by Bangladesh Bank on the Quotation Day (*subject to market condition and regulatory approvals)												
<b>Quotation Days</b>	Five (05) business days before the first day of any period for which profit is to be paid												
<b>Profit Margin</b>	3.00% p.a. (*subject to market condition and regulatory approvals)												
<b>Profit Payment Frequency</b>	Semi-annually beginning at the end of 6 months from subscription date. •Profit will be paid to the bondholders semi-annually. However, the first profit payment period will be from the issue date/subscription closing date up to the ensuing either 30 June or 31 December of the respective year whichever is earlier from issue date/subscription closing date •Thereafter, profit payment will be made semi-annually on June and December (i.e. profit Period will be from 01 January to 30 June and 01 July to 31 December)												
<b>Repayment Schedule</b>	Face Value (principal) redemptions will be in 5 (five) annual tranches commencing at the end of 36th month from the date of drawdown in the following manner: <table> <tr> <th>Month</th><th>Redemption</th></tr> <tr> <td>36<sup>th</sup></td><td>20.0%</td></tr> <tr> <td>48<sup>th</sup></td><td>20.0%</td></tr> <tr> <td>60<sup>th</sup></td><td>20.0%</td></tr> <tr> <td>72<sup>nd</sup></td><td>20.0%</td></tr> <tr> <td>84<sup>th</sup></td><td>20.0%</td></tr> </table>	Month	Redemption	36 <sup>th</sup>	20.0%	48 <sup>th</sup>	20.0%	60 <sup>th</sup>	20.0%	72 <sup>nd</sup>	20.0%	84 <sup>th</sup>	20.0%
Month	Redemption												
36 <sup>th</sup>	20.0%												
48 <sup>th</sup>	20.0%												
60 <sup>th</sup>	20.0%												
72 <sup>nd</sup>	20.0%												
84 <sup>th</sup>	20.0%												
<b>Call Refunding, Conversion Features</b>	The Bond is non-convertible and not-callable in nature												
<b>Tax Feature</b>	According to the laws of Bangladesh												

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<b>Late Payment</b>	The Issuer shall pay a late payment penalty of 2% p.a. (two per cent) higher than the profit Rate and be payable on the amount not paid on the due date up till the date of actual payment										
<b>Description of Collateral Security and Type of Charges to be Created Against the Issue</b>	Unsecured										
<b>Listing</b>	As per the consent letter of the BSEC										
<b>Transferability/Liquidity</b>	Freely transferable in accordance with the provisions of the Trust Deed										
<b>Credit Enhancement</b>	Not Applicable										
<b>Cost Related to the issue</b>	The approximate cost related to the issue is BDT 42,982,000										
<b>Rating Trigger, if any</b>	"BBB" in long term and ST-3 in short time (*subject to regulatory approval)										
<b>Others, if any</b>	<b>Risk Premium:</b> In case of a downgrade of credit rating under surveillance rating, Risk Premium to be added as under: <table border="1"> <thead> <tr> <th>Issue Rating</th><th>Risk Premium to be added</th></tr> </thead> <tbody> <tr> <td>BB</td><td>0.25%</td></tr> <tr> <td>B</td><td>0.50%</td></tr> <tr> <td>C</td><td>0.75%</td></tr> <tr> <td>D</td><td>1.00%</td></tr> </tbody> </table> (*subject to regulatory approval)	Issue Rating	Risk Premium to be added	BB	0.25%	B	0.50%	C	0.75%	D	1.00%
Issue Rating	Risk Premium to be added										
BB	0.25%										
B	0.50%										
C	0.75%										
D	1.00%										
<b>Governing Law</b>	The Bonds are governed by and shall be construed in accordance with the existing laws of Bangladesh. Any dispute arising thereof shall be subject to the jurisdiction of courts of Bangladesh.										

## 5.2 Rate of Return, Yield to Maturity, Profit/Discount Rate

Yield to Maturity: Reference Rate + Coupon Margin (3.00% p.a.)

## 5.3 Transferability/Liquidity

Freely transferable in accordance with the provisions of the Bond Documents.

## 5.4 Prepayment, Call, Refunding, Conversion Feature

The Bond is non-convertible and non-callable in nature and the bond has no prepayment option.

## 5.5 Tax Features

The Company and any income from the Bond for the investors will be according to the Laws of Bangladesh.

## 5.6 Late Redemption:

The Issuer shall pay a late payment penalty of 2% (two per cent) p.a. higher than the Coupon Rate and be payable on the amount not paid on the due date up till the date of actual payment.

## 5.7 Credit Enhancement:

It is not applicable for the Subordinated Bond of First Security Islami Bank PLC.

## 5.8 Enforcement of Charges over securities

The Trustee shall enforce all payment obligations under the Bonds only by way of petitioning for the winding up or dissolution of the Issuer and/or by proving for the amount due and payable under the Bonds in the liquidation or administration of the Issuer. In the event of default by the Issuer in the performance or observance of any covenant, condition or provision contained in the Bond or the Trust Deed or any of the Issue Documents (save for failure to pay any amount of principal, coupon or expenses or in respect of any other payment obligation), (i) the Trustee or any Bondholder shall not be entitled to any remedy available to the Trustee or any Bondholder which in substance amounts to a remedy to recover any amounts under any payment obligation of the Issuer under the

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Bonds and (ii) any other remedy available.

#### 5.9 Repayment Schedule:

As per BASEL III guideline (Annex IV: Specific Eligibility Criteria for Subordinated Debt to Qualify as Tier 2 Capital), the Bond is Subordinate in nature as the instrument is subordinated to deposits and other liabilities of the bank. It implies that the claims of the subordinated debt holders will be junior to the claims of the depositors and the other creditors. The bond will be unsecured. The bond is redeemable as per Repayment Schedule as depicted in features (5.1) section.

No.	Year	Repayment in BDT	Balance in BDT
1	End of 1 <sup>st</sup> year	-	5,000,000,000
2	End of 2 <sup>nd</sup> year	-	5,000,000,000
3	End of 3 <sup>rd</sup> year	1,000,000,000	4,000,000,000
4	End of 4 <sup>th</sup> year	1,000,000,000	3,000,000,000
5	End of 5 <sup>th</sup> year	1,000,000,000	2,000,000,000
6	End of 6 <sup>th</sup> year	1,000,000,000	1,000,000,000
7	End of 7 <sup>th</sup> year	1,000,000,000	0

## SECTION 06: DESCRIPTION OF COLLATERAL SECURITY AND TYPE OF CHARGES TO BE CREATED AGAINST ISSUE

FSIB 4th Subordinated Bond is superior to the claims of investors in equity shares and Subordinated to the claims of the depositors and the other creditors as Tier 2 Capital (as defined in the Basel III Guidelines) of the Bank. It is neither secured nor covered by a guarantee of the issuer nor related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis bank creditors.

## SECTION 07: RIGHTS & OBLIGATIONS OF THE ISSUER

Rights and Obligations of the Issuer have been incorporated from the Trust Deed executed between the Issuer (First Security Islami Bank PLC.) and the Trustee (Community Bank Investment Limited)

#### Covenant to Repay

The Issuer covenants with the Trustee that it will, as and when the Bonds or any of them become due to be redeemed or any principal on the Bonds or any of them becomes due to be repaid in accordance with the Conditions, unconditionally pay or procure to be paid to or to the order of the Trustee in Bangladesh Taka in Dhaka in immediately available freely transferable funds the principal amount of the Bonds or any of them becoming due for redemption or repayment on that date and shall (subject to the provisions of the Conditions) until all such payments (both before and after judgment or other order) are duly made unconditionally pay or procure to be paid to or to the order of the Trustee as aforesaid on the dates provided for in the Conditions profit on the principal amount of the Bonds or any of them outstanding from time to time as set out in the Conditions *provided that*:

every payment of principal or profit in respect of the Bonds or any of them made to or to the account of the Bondholders shall satisfy, to the extent of such payment;

if any payment of principal or profit in respect of the Bonds or any of them is made after the due date, payment shall be deemed not to have been made until either the full amount is paid to the Bondholders or, if earlier, the [seventh day] after notice has been given to the Bondholders in accordance with the Conditions that the full

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amount has been received by the Trustee to the extent that there is failure in the subsequent payment to the Bondholders under the Conditions; and

in any case where payment of the whole or any part of the principal amount due in respect of any Bond is improperly withheld or refused penalty shall accrue at applicable rate of 2% p.a. for the Bond on the whole or such part of such principal amount from the date of such withholding or refusal until the date either on which such principal amount due is paid to the Bondholders or, if earlier, the seventh day after which notice is given to the Bondholders in accordance with the Conditions that the full amount payable in respect of the said principal amount is available for collection by the Bondholders provided that on further due presentation thereof such payment is in fact made.

The Trustee will hold the benefit of this covenant and the covenants in Clause 12.3 (*Covenant to comply with Trust Deed, Conditions and Schedules and applicable law*) and Clause 12.4 (*Covenants by the Issuer*) on trust for the Bondholders.

#### Following an Event of Default

At any time after any Event of Default shall have occurred, the Trustee may:

by notice in writing to the Issuer, require it to make all subsequent payments in respect of Bonds to or to the order of the Trustee and with effect from the issue of any such notice until such notice is withdrawn, sub-clause 12.1.1 of Clause 12.1 (*Covenant to Repay*) and (so far as it concerns payments by the Issuer) Clause (*Payment to Bondholders*) shall cease to have effect.

#### Covenant to comply with Trust Deed, conditions, Schedules and applicable law

The Issuer hereby covenants with the Trustee to comply with, perform and observe all those provisions of this Trust Deed, the Conditions (including, without limitation, Condition 5 (*Covenants*)) and the other Schedules which are expressed to be binding on it and to perform and observe the same. The Bonds are subject to the provisions contained in this Trust Deed, all of which shall be binding upon the Issuer and the Bondholders and all persons claiming through or under them respectively. The Bondholders and all persons claiming under or through them respectively will also be entitled to the benefit of, and will be bound by, this Trust Deed and the other Bond Documents and will be deemed to have notice of all of the provisions of the Bond Documents applicable to them.

The Issuer hereby covenants with the Trustee to comply with, perform and observe all those provisions of the applicable law including but is not limited to Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021. The Issuer agrees that Bondholders and all persons claiming under or through them respectively will also be entitled to the benefit of, and will be bound by, the applicable law and will be deemed to have notice of all of the provisions of the applicable law applicable to them.

The Trustee shall itself be entitled to enforce the obligations of the Issuer under the Bonds and the Conditions and the applicable law as if the same were set out and contained in this Trust Deed which shall be read and construed as one document with the Bonds.

#### Covenants by the Issuer:

The Issuer hereby covenants with the Trustee that, so long as any of the Bonds remain outstanding, it will:

#### Books of account:

At all times keep and procure that all its Subsidiaries keep such books of account as may be necessary to comply with all applicable laws and so as to enable the financial statements of the Issuer to be prepared and allow, subject to confidentiality obligations under applicable law, the Trustee and any person appointed by it free access to the same at all reasonable times and to discuss the same with responsible officers of the Issuer;

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#### Event of Default:

Give notice in writing to the Trustee forthwith upon becoming aware of any Event of Default and without waiting for the Trustee to take any further action;

#### Corporate Governance

Comply (and shall ensure that each member of the Group will) in all material respects with the corporate governance guidelines set out by the Bangladesh Bank and the BSEC.

#### Information

So far as permitted by applicable law, at all times give to the Trustee such information, opinions, certificates and other evidence as it shall require and in such form as it shall require in relation to Issuer for the performance of its obligations under the Bond Documents;

#### Execution of further Documents

So far as permitted by applicable law, at all times execute all such further documents and do all such further acts and things as may be necessary at any time or times in the opinion of the Trustee to give effect to the provisions of this Trust Deed;

#### Notices to Bondholders

Send or procure to be sent to the Trustee not less than 5 (five) business days prior to the date of publication, one copy of each notice to be given to the Bondholders in accordance with the Conditions and, upon publication, send to the Trustee two copies of such notice;

#### Notification of non-payment

Notify the Trustee forthwith in the event that it does not, on or before the due date for payment in respect of the Bonds or any of them, pay unconditionally the full amount in the relevant currency of the moneys payable on such due date on all such Bonds;

#### Notification of late payment

In the event of the unconditional payment to the Trustee of any sum due in respect of the Bonds or any of them being made after the due date for payment thereof, forthwith give notice to the Bondholders that such payment has been made;

#### Notification of redemption or repayment

14 (Fourteen) days prior to the Redemption Dates or purchase in respect of any Bond, give to the Trustee notice in writing of the amount of such redemption or purchase pursuant to the Conditions and duly proceed to redeem or purchase such Bonds accordingly;

#### Authorized Signatories

Upon the execution hereof and thereafter forthwith upon any change of the same, deliver to the Trustee a list of the Authorised Signatories of the Issuer, together with certified specimen signatures of the same; and

Pay moneys payable by it to the Trustee hereunder without set off, counterclaim, deduction or withholding, unless otherwise compelled by law and in the event of any deduction or withholding compelled by law will pay such additional amount as will result in the payment to the Trustee of the amount which would otherwise have been payable by it to the Trustee hereunder.

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### Risk Premium

In case where the credit rating of the Issue falls below the minimum investment grade i.e. "BBB" in the long term or "ST-3" in the short term, the Issuer shall pay an additional interest on top of the stipulated Profit Rate as a Risk Premium as mentioned in the below table:

Issue Rating	Risk Premium to be Added
BB	0.25%
B	0.50%
C	0.75%
D	1.00%

## SECTION 08: RIGHTS & OBLIGATIONS OF THE TRUSTEE

Rights and Obligations of the Trustee have been incorporated from the Trust Deed executed between the Issuer (First Security Islami Bank PLC.) and the Trustee (Community Bank Investment Limited).

### Trustee's Rights

Applicable Law: Notwithstanding anything contained in this Trust Deed the Trustee shall have all such rights and powers granted to it under the applicable law including but is not limited to the Rules.

Advice: The Trustee may in relation to this Trust Deed act on the opinion or advice of or a certificate or any information obtained from any lawyer, banker, valuer, surveyor, broker, auctioneer, accountant or other expert (whether obtained by the Trustee, the Issuer, or any Subsidiary) and which advice or opinion may be provided on such terms (including as to limitations on liability) as the Trustee may consider in its sole discretion to be consistent with prevailing market practice with regard to advice or opinions of that nature and shall not be responsible for any Liability occasioned by so acting; any such opinion, advice, certificate or information may be sent or obtained by letter, telegram, telex, cablegram or facsimile transmission;

Resolution or direction of Bondholders: the Trustee shall not be responsible for acting upon any resolution purporting to be a Written Resolution or to have been passed at any meeting of the Bondholders in respect whereof minutes have been made and signed or a direction of a specified percentage of Bondholders, even though it may subsequently be found that there was some defect in the constitution of the meeting or the passing of the resolution or the making of the directions or that for any reason the resolution purporting to be a Written Resolution or to have been passed at any Meeting or the making of the directions was not valid or binding upon the Bondholders;

Trustee not responsible for investigations: save as otherwise provided by applicable law, the Trustee shall not be responsible for, or for investigating any matter which is the subject of, any recital, statement, representation, warranty or covenant of any person contained in this Trust Deed, the Bonds, or any other agreement or document relating to the transactions herein or therein contemplated or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof;

Entry on the Register: the Trustee shall not be liable to the Issuer or any Bondholder by reason of having accepted as valid or not having rejected any entry on the Register later found to be forged or not authentic and can assume for all purposes in relation hereto that any entry on the Register is correct;

Events of Default: save as otherwise provided by applicable law, until it shall have actual knowledge or express notice to the contrary, the Trustee shall be entitled to assume that no such Event of Default has happened and that the Issuer is observing and performing all the obligations on its part contained in the Bonds and under this Trust Deed and no event has happened as a consequence of which any of the Bonds may become repayable; and

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Chief Executive Officer  
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**Right to Deduct or Withhold:** notwithstanding anything contained in this Trust Deed, to the extent required by any applicable law, if the Trustee is or will be required to make any deduction or withholding from any distribution or payment made by it hereunder or if the Trustee is or will be otherwise charged to, or is or may become liable to, tax as a consequence of performing its duties hereunder whether as principal, agent or otherwise, and whether by reason of any assessment, prospective assessment or other imposition of liability to taxation of whatsoever nature and whenever made upon the Trustee, and whether in connection with or arising from any sums received or distributed by it or to which it may be entitled under this Trust Deed (other than in connection with its remuneration as provided for herein) or any investments or deposits from time to time representing the same, including any income or gains arising therefrom or any action of the Trustee in connection with the trusts of this Trust Deed (other than the remuneration herein specified) or otherwise, then the Trustee shall be entitled to make such deduction or withholding or, as the case may be, to retain out of sums received by it an amount sufficient to discharge any liability to tax which relates to sums so received or distributed or to discharge any such other liability of the Trustee to tax from the funds held by the Trustee upon the trusts of this Trust Deed.

**Liability:** The Trustee shall not be liable to any person for any matter or thing done or omitted in any way in connection with or in relation to this Trust Deed or the Bonds save in relation to its own gross negligence, wilful default or fraud. This Clause 6.1.8 shall survive the termination or expiry of this Trust Deed or the removal or termination of the Trustee.

**Force Majeure:** The Trustee shall not be liable for any failure or delay in the performance of its obligations under this Trust Deed or any other Bond Document because of circumstances beyond such Trustee's control, including, without limitation, acts of God, flood, war (whether declared or undeclared), terrorism, fire, riot, embargo, labour disputes, any laws, ordinances, regulations or the like which restrict or prohibit the performance of the obligations contemplated by this Trust Deed or any other Bond Document, inability to obtain or the failure of equipment, or interruption of communications or computer facilities, and other causes beyond such Trustee's control whether or not of the same class or kind as specifically named above. However, the Trustee shall use commercially reasonable efforts consistent with accepted practice in its industry to resume performance as soon as practicable under the circumstances.

**Immunities:** The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Trust Deed shall extend to the Trustee's officers, directors and employees. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the defeasance or discharge of this Trust Deed and final payment of the Bonds. The Issuer acknowledges that in any proceedings taken in relation to this Trust Deed, it will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process.

**Professional charges:** any trustee being a banker, lawyer, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by him or his partner or firm on matters arising in connection with the trusts of this Trust Deed and also his properly incurred charges in addition to disbursements for all other work and business done and all time spent by him or his partner or firm on matters arising in connection with this Trust Deed, in each case as agreed pursuant to the Fee Letter (including matters which might or should have been attended to in person by a trustee not being a banker, lawyer, broker or other professional person);

**Expenditure by the Trustee:** nothing contained in this Trust Deed shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it; and

**Trustee may enter into financial transactions with the Issuer:** no Trustee and no director or officer of any corporation being a Trustee hereof shall by reason of the fiduciary position of such Trustee be in any way precluded from making any contracts or entering into any transactions in the ordinary course of business with the Issuer or any Subsidiary, or any person or body corporate directly or indirectly associated with the Issuer or any Subsidiary, or from accepting the trusteeship of any other debenture stock, debentures or securities of the Issuer

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Muhammad Khalid Mahmud FCS  
EVP Head of F&A & CFO  
First Security Islami Bank PLC  
Head Office, Gulshan-1, Dhaka

or any Subsidiary or any person or body corporate directly or indirectly associated with the Issuer or any Subsidiary, and neither the Trustee nor any such director or officer shall be accountable to the Bondholders or the Issuer or any Subsidiary, or any person or body corporate directly or indirectly associated with the Issuer or any Subsidiary, for any profit, fees, commissions, discounts or share of brokerage earned, arising or resulting from any such contracts or transactions and the Trustee and any such director or officer shall also be at liberty to retain the same for its or his own benefit.

**Trustee Liability:** The Trustee shall not be liable to any person for any matter or thing done or omitted in any way in connection with or in relation to this Trust Deed or the Bonds save in relation to its own gross negligence, wilful default or fraud.

**Right to Sue:** The Trustee may sue and may be sued on behalf of the Bondholders.

### Trustee's powers and duties

**Applicable Law:** Notwithstanding anything contained in this Trust Deed the Trustee shall have all such responsibility as set out in the applicable law including but is not limited to the Rules.

**Act for Bondholders:** Subject to applicable law and terms and conditions of this Trust Deed, the Trustee shall act on behalf and for the exclusive interest of the Bondholders;

**Monitoring:** Trustee shall ensure that Issuer is observing the applicable law for the Bonds and the terms and conditions of the Bond Documents. As soon as the Trustee is aware of any breach by the Issuer it shall immediately inform the Bondholders and the Issuer of such breach;

**Report to BSEC:** Trustee shall submit an annual compliance report to the BSEC on the activities of the Issuer including repayment of dues to the Bondholders. When Trustee shall submit such report to the BSEC it shall provide copy to the Issuer and the Bondholders;

**Grievances of the Bondholders:** Upon receipt of a complaint from the Bondholders Trustee shall take necessary steps for redress of grievances of the Bondholders within one month of the date of receipt of the complaints and he shall keep the BSEC and the Issuer informed about the number, nature and other particulars of the complaints received and the manner in which such complaints have been redressed;

**Trustee's determination:** The Trustee may determine whether or not a default in the performance or observance by the Issuer of any obligation under the provisions of this Trust Deed or contained in the Bonds is capable of remedy and/or not materially prejudicial to the interest of the Bondholders and if the Trustee shall certify that any such default is, in its opinion, not capable of remedy and/or /or materially prejudicial to the interest of the Bondholders, such certificate shall be conclusive and binding upon the Issuer and the Bondholders;

**Determination of questions:** the Trustee as between itself and the Bondholders shall have full power to determine all questions and doubts arising in relation to any of the provisions of this Trust Deed and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Trustee, shall be conclusive and shall bind the Trustee and the Bondholders;

**Trustee's discretion:** the Trustee shall (save as expressly otherwise provided herein) as regards all the trusts, powers, authorities and discretions vested in it by this Trust Deed or by operation of law, on reasonable ground have absolute and uncontrolled discretion as to the exercise or non exercise thereof and the Trustee shall not be responsible for any Liability that may result from the exercise or non exercise thereof (save as otherwise provided by applicable law) but whenever the Trustee is under the provisions of this Trust Deed bound to act at the request or direction of the Bondholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing;

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Trustee's consent: any consent given by the Trustee for the purposes of this Trust Deed may be given on such terms and subject to such conditions (if any) as the Trustee may require;

Application of proceeds: the Trustee shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Subordinated Bonds;

Error of judgment: the Trustee shall not be liable for any error of judgment made in good faith applying due diligence and without negligence by any officer or employee of the Trustee assigned by the Trustee to administer its corporate trust matters, save in relation to its own gross negligence, willful default or fraud;

Agents: Subject to the provisions of the Trust Act 1882 and the Rules, the Trustee may, in the conduct of the trusts of this Trust Deed instead of acting personally, employ and pay an agent on any terms, whether or not a lawyer or other professional person, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Trustee (including the receipt and payment of money) with the consent of Issuer and the Trustee shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of any such person provided that the Trustee had exercised reasonable care in the appointment of such person;

Confidential information: the Trustee shall not (unless required by law or ordered so to do by a court of competent jurisdiction) be required to disclose to any Bondholder confidential information or other information made available to the Trustee by the Issuer in connection with this Trust Deed and no Bondholder shall be entitled to take any action to obtain from the Trustee any such information.

Determination of Profit Rate: the Trustee shall determine Profit Rate in accordance with Conditions of the Bond.

#### Exercise of Discretion

Notwithstanding anything in this Trust Deed to the contrary, the Trustee shall not be obliged to exercise or consider exercising any discretion or consider making or make any determination (including, without limitation, any determination as to whether any fact or circumstance or activity or thing is material or substantial or complies with some such similar quantitative standard) or to consider taking or take any action whatsoever in connection with or under or pursuant to the Bonds unless directed to do so by the Bondholders of not less than 66 2/3 percent in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of Bondholders (subject in all cases to the Trustee having been indemnified or provided with security to its satisfaction and otherwise being satisfied that it is lawful for it to so exercise discretion, make a determination or otherwise take any action). Such direction shall specify the way in which the Trustee shall exercise such discretion or, as the case may be, make the determination or take the action to be taken by the Trustee.

The Trustee will not be responsible for any loss, expense, damage, claim, cost, charge or liability which may be suffered as a result of any reasonable exercise or non-exercise of a discretion or the making or failure to make any determination or the taking or failure to take any action by the Trustee, acting on the directions of the Bondholders as aforesaid or pending the provision of such a direction.

#### TRUSTEE FEE

Remuneration: The Issuer shall pay fees of to the Trustee remuneration as set out in the Fee Letter for its services as trustee as from the date of this Trust Deed. Such remuneration shall be payable in advance on the anniversary of the date hereof in each year and the first payment shall be made on the date hereof. Such remuneration shall accrue from day to day and be payable (in priority to payments to the Bondholders) up to and including the date when, all the Bonds having become due for redemption, the redemption moneys and interest thereon to the date of redemption have been paid to the Trustee, provided that, if any cheque, payment of the moneys due in respect thereof is improperly withheld or refused, remuneration will commence again to accrue;

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**Expenses:** The Issuer shall also pay or discharge all costs, charges and expenses incurred by the Trustee with prior consent from Issuer in relation to the preparation and execution of, the exercise of its powers and the performance of its duties under, and in any other manner in relation to, this Trust Deed, including but not limited to any stamp, issue, registration, documentary and other taxes or duties paid or payable by the Trustee in connection with any action taken or contemplated by or on behalf of the Trustee for enforcing, or resolving any doubt concerning, or for any other purpose in relation to, this Trust Deed;

**Payment of amounts due:** All amounts due and payable pursuant to sub-clauses 6.2.1 (Expenses of the Trustee) and 6.2.2 (Indemnity to the Trustee) shall be payable by the Issuer on the date specified in a demand by the Trustee;

**Discharges:** Unless otherwise specifically stated in any discharge of this Trust Deed the provisions of this Clause 8.1 (Remuneration) shall continue in full force and effect notwithstanding such discharge.

**Tax:** All payments in respect of the obligations of the Issuer under this Trust Deed shall be made free and clear of, and without withholding or deduction for or on account of, any Taxes, unless such withholding or deduction is required by law.

**Value Added Tax:** The Issuer shall in addition to pay an amount equal to the amount of any value added tax or similar tax chargeable to the extent required by law in respect of its remuneration under this Trust Deed.

The Trustee shall be entitled to get a total fee as agreed between the Issuer and the Trustee in the Engagement Letter for its services as trustee as from the date of this Trust Deed. The first payment shall be made within 7 working days from the date of signing of the Trust Deed and other relevant agreements or issuance of relevant invoice as the case may be.

## SECTION 09: RIGHTS & OBLIGATIONS OF THE ELIGIBLE INVESTORS

**Rights and Obligations of the Eligible Investors have been incorporated from the Trust Deed executed between the Issuer (First Security Islami Bank PLC.) and the Trustee (Community Bank Investment Limited)**

Each Bondholder has the right to demand information from the Issuer as set out in this Trust Deed and the Condition attached in Schedule 1 Part B (*Terms and Conditions of the Bonds*).

Each Bondholder has the right to receive payment of principal amount of the Bond on the Redemption Date as set out in the Condition attached in Schedule 1 Part B (*Terms and Conditions of the Bonds*).

Each Bondholder has the right to receive profit on the Bond on the Profit Payment Date as set out in the Condition attached in Schedule 1 Part B (*Terms and Conditions of the Bonds*).

Each Bondholder has the right to attend meeting of the Bondholders and vote there in accordance with Condition 12 (*Meetings of Bondholders, Modification, Waiver and Substitution*).

## SECTION 10: RIGHTS & OBLIGATIONS OF THE OTHER CONTRACTUAL PARTY

**Rights and Obligations of the Other Contractual Parties have been incorporated from the Trust Deed executed between the Issuer (First Security Islami Bank PLC.) and the Trustee (Community Bank Investment Limited)**

**Arranger:**

Pursuant to the Mandate Letter Reference No: \_\_\_\_\_ dated \_\_\_\_\_, UCB Investment Limited has been appointed as the Arranger & Advisor for the issuance of Bonds having an aggregated issue price of BDT 5,000,000,000 (Taka Five Thousand Million) (only, setting out the terms and conditions of the

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Amjad Khalid Mahmud  
VP Head of FAD & CFO  
First Security Islami Bank PLC.  
Head Office, Gulshan-1

appointment as stated therein for the purpose of the private issuance of the Bonds the terms of which is detailed under the Information Memorandum (as defined below) and subjected to the approval of BSEC.

Legal Counsel:

Pursuant to the Letter issued under Ref. \_\_\_\_\_ dated \_\_\_\_\_ the Issuer agrees to appoint Farooq & Associates as the Legal Counsel of the Bonds in order to provide legal advice and legal assistance or any other legal services deliverables to the Issuer in relation to the issuance as per the following scope:

- Draft, negotiate and finalize Trust Deed, Subscription Agreements and other ancillary documents in relation to the issuance of Bonds;
- Review of applications to be made by the Issuer to relevant Regulators;
- Provide necessary legal opinion on various issues as required upon execution of the Bond Documents;
- Assist with registering the required agreements, documents and related forms with the respective authorities and entities and
- Attend meetings, telephone calls, discussions, correspondences, perusals and any other services incidental to the completion of the transaction in various stages for the issuance of Bond.

Credit Rating Agency:

For the purpose of conducting the Bond Rating Service for the Bonds having total issue size of BDT 5,000,000,000 (Taka Five Thousand Million) only (which shall be referred to as "Rated Subject") the Issuer has appointed Emerging Credit Rating Limited (the "Credit Rating Agency" or "CRA") under the terms and covenants as detailed under Credit Rating Agency Agreement dated \_\_\_\_\_ executed by and between the Issuer and the CRA to be conducted as per the Bangladesh Securities and Exchange Commission (Credit Rating Companies) Rules, 2022 issued by the BSEC and the Standard Methodology and Ethical Code of the CRA etc.

Moreover, for providing the requested rating services for the Rated Subject, the Issuer agrees to make payment to the CRA as per the payment schedule mentioned under Credit Rating Agency Agreement dated \_\_\_\_\_, up to end of bond maturity for any debt instrument as per requirements of the Bangladesh Securities and Exchange Commission (Credit Rating Companies) Rules, 2022.

Any Other Contractual Party:

The rights and obligations of any other contractual party should be governed by the respective contract or agreement entered into by the parties therein.

## SECTION 11: DESCRIPTION OF THE ISSUER: FIRST SECURITY ISLAMI BANK PLC.

First Security Islami Bank PLC (FSIB), a public limited company, was incorporated as a banking company on August 29, 1999; obtaining Bangladesh Bank's permission on September 22, initially it started its operation as a conventional bank on October 25 in the same year. Followed by the Initial Public Offering of 11.50 million ordinary shares of BDT 1,150.00 million in 2008, the bank listed with both the national bourses. Obtaining the approval from High Court, Finance Ministry and Bangladesh Bank, the bank transformed into an Islamic bank based on Islamic Shari'ah in 2009.

The capital position of the Bank is detailed below:

Authorized capital	: BDT 30,000,000,000/- (as of 31 December 2023)
Paid-up capital	: BDT 11,506,089,330/- (as of 31 December 2023)

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## I. CAPITAL STRUCTURE

Table 1: Sources of Issuer's Capital Structure

LIABILITIES AND CAPITAL		
Liabilities	Amount in BDT	% of Total Asset
Placement from Banks & Other Financial Institutions	135,036,478,452	20.46%
Deposits and Other Accounts	455,151,173,849	68.95%
Al-Wadia Current Deposits and Other Deposit Accounts	40,204,502,106	6.09%
Bills Payable	3,358,829,216	0.51%
Mudaraba Savings Deposits	74,392,816,865	11.27%
Mudaraba Term Deposits	291,955,086,665	44.23%
Other Mudaraba Deposits	45,239,938,997	6.85%
Mudaraba Subordinated Bond	5,100,000,000	0.77%
Mudaraba Perpetual Bond	6,000,000,000	0.91%
Other Liabilities	33,440,803,675	5.07%
Total Liabilities	634,728,455,976	96.15%
Capital/Shareholders' equity		
Paid-up Capital	11,506,089,330	1.74%
Statutory Reserve	8,743,756,230	1.32%
Other Reserve	3,529,279,371	0.53%
Assets Revaluation Reserve	182,356,960	0.03%
Retained Earnings	1,048,425,554	0.16%
Total Shareholders' Equity	25,009,907,445	3.79%
Non-controlling Interest	372,274,958	0.06%
Total Liabilities and Shareholders' Equity	660,110,638,379	100.00%

## Minimum Capital Requirement & Capital adequacy Ratio:

Table 2: Description of Issuer's Total Capital (consolidated)

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
Statutory Reserve	8,743,756,230
Other Reserve	3,529,279,371
Retained Earnings	1,048,425,554
Non-controlling Interest	372,274,958
Regulatory Adjustment	(734,996,065)
Others (5% of Deferred Tax Assets)	31,220,057
	24,496,049,435

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Additional Tier-1 Capital (AT-1)	5,286,365,549
	29,782,414,984
Tier –2 Capital:	
General Provision	6,014,019,610
Assets Revaluation Reserves	-
Subordinated Debt	5,100,000,000
Adjustment (Assets Revaluation Reserves @ 100%)	-
	11,114,019,610
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
A. Total Regulatory Capital	40,896,434,594
B. Total Risk Weighted Assets	345,476,860,786
C. Capital to Risk Weighted Assets Ratio (CRAR) (A/B)*100	11.8%
D. Common Equity Tier-1 To RWA (A -CET/B)*100	7.1%
Requirement of Minimum CET-1 plus Capital Conservation Buffer	7.0%
E. Tier-1 Capital to RWA (A -CET/B)*100	8.6%
Requirement of Minimum Tier-1 Capital Ratio	8.5%
F. Tier-2 Capital to RWA (A- AT/B)*100	3.2%
G. Minimum Capital Requirement (MCR)	34,547,686,079

### Shareholding Structure:

Table 3: Shareholding Structure of the Issuer

Category of shareholding as of 31 December 2023		
	31 December 2023	31 December 2022
Name of Category	Percentage (%)	Percentage (%)
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	100.0

### III. Business of the Issuer

#### Company Background

First Security Islamic Bank PLC (FSIB), a public limited company, was incorporated as a banking company on August 29, 1999, obtaining Bangladesh Bank's permission on September 22, initially it started its operation as a conventional bank on October 25 in the same year. Followed by the Initial Public Offering of 11.50 million ordinary shares of BDT 1,150.00 million in 2008, the bank listed with both the national bourses. Obtaining the approval from High Court, Finance Ministry and Bangladesh Bank, the bank transformed into an Islamic bank based on Islamic Shari'ah in 2009.

The commercial banking activities of the bank encompasses a wide range of services including mobilizing deposits, providing investment facilities, discounting bills, conducting money transfer and foreign exchange transaction safe

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keeping, collecting and issuing guarantees, acceptances and Letter of Credit - which are offered through a network of 205 branches.

### Subsidiaries of FSIB

FSIB has two subsidiaries - First Security Islami Capital & Investment Limited (FSICIL) and First Security Islami Exchange Italy S.R.L (FSIEI). FSICIL is a fully fledged merchant bank while FSIEI is engaged in remittance business and also in undertaking and participating in transactions, activities and operations commonly carried on or undertaken by remittance and exchange houses. FSIB has a 51% stake on FSICIL.

### Operational Network

The bank has been operating its business through country wide network of 205 branches. In FY2023, the bank has also established 172 sub-branches and 100 Agent Banking Booth excluding 205 branches. It has been observed most of the branches of the bank are situated at Dhaka and Chittagong division around. In addition, to facilitate withdrawal of money with ease by the customers, the bank has improved its ATM booths services by installing 246 ATM and CRM booths in total.

### Market Share

The market share of First Security Islami Bank PLC in terms of both deposits and advances (investments) has been showing an increasing trend. FSIB's investment and deposit position was BDT 458,627.94 million and BDT 539,151.34 million respectively at the end of June 2023 whereas aggregated investment and deposit of the industry were BDT 16,870,246.10 million and 14,460,727.60 million respectively. FSIB represents 2.72% of market share in terms of investment and 3.73% of market share in term of deposit at the end of June 2023.

### Products and Services

Very much like the other shari'ah compliant private commercial banks, FSIB provides all kinds of commercial banking services as well as various deposit and investment schemes. Differentiating it as an Islamic bank followed by the approval on 1st January 2009, the bank now offers all its products and services based absolutely on Islamic Shari'ah. Along with the basic Islamic banking products and services, to keep pace with the competition, it also has Online banking, SMS banking, Mobile banking, Remittance services, ATM banking, Locker service, Utility bills payment facilities under its product portfolio. Bid bond/bid security is also issued at the customers' request. It is also posed to extend L/C facilities to its importers/exporters through establishment of correspondent relations and Nostro Accounts with leading banks all over the world.

## IV. BOARD OF DIRECTORS AND MANAGEMENT

### Board of Directors

Sr. No.	Name of the Directors	Designation
01	Mr. Mohammad Abdul Mannan	Chairman & Independent Director
02	Mr. Md. Azizur Rahman	Vice Chairman & Independent Director
03	Mr. Md. Abdul Quddus	Independent Director
04	Mr. Md. Saiful Alam, PhD, FCMA	Independent Director
05	Mr. Md. Raghieb Ahsan FCA	Independent Director
06	Syed Waseque Md Ali	Managing Director

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## Profile of Board of Directors:

### Mr. Mohammad Abdul Mannan

Independent Director & Chairman

Mr. Mohammad Abdul Mannan was born in the year 1952 in a prestigious muslim family. He joined as the Chairman of the reformed Board of Directors of First Security Islami Bank PLC. He is also the Chairman of Islamic Banks' Consultative Forum (IBCF) and Vice-Chairman of Bangladesh Association of Banks (BAB). He obtained his Master of Social Sciences (MSS) from University of Dhaka. Mr. Mohammad Abdul Mannan served as the Managing Director of Islami Bank Bangladesh PLC. for a long time. He received the best award among the selected CEOs in the Asia Pacific and Mediterranean region 'The Asian Banker CEO Leadership Achievement Award-2016'. He also achieved, Sarder Patel Award 2016, Islamic Banking Award 2013, Remittance Ambassador of Bangladesh-2012. He attended as guest speaker at different international conferences of IDB Group (2010, 2011, 2012, 2016), Asian Development Bank (2013), Islamic Financial Services Board (2013), World Islamic Economic Forum (WIEF) (2014), Fleming Gulf FZE (2010) and also attended different international conference and seminars hosted by IDB, Bank Negara, IFSB, AAOIFI, CIBAFI etc., He also participated in the CEO Leadership development programs at INSEAD Business School, France, UC Berkley, San Francisco, USA, University of Oxford, UK, Columbia University, New York, USA, Judge Business School, University of Cambridge, UK.

His distinct knowledge and wide vision in banking sector make him renowned. Apart from these, Mr. Mannan has a good number of publications pertaining to Islamic Banking and others.

### Mr. Md. Azizur Rahman

Independent Director & Vice-Chairman

Mr. Md. Azizur Rahman was born in Mymensingh in the year 1960. He passed B. Sc. (Hons) and M. Sc in Statistics from University of Dhaka. He was a prominent official in the Central Bank of Bangladesh with pleasant personality and amiable disposition. He served 31 years in Bangladesh Bank with professional excellence and finally as the Executive Director with responsibility to oversee Human Resources Department, Financial Integrity and Customer Service Department and Account & Budgeting Department. During his prolonged & colorful banking career, he also served as the Head of Human Resources Department, Forex Reserve and Treasury Management Department and Khulna Office of the Central Bank. He acquired commercial banking experience in Janata Bank Ltd. in earlier life before joining in Bangladesh Bank.

Mr. Rahman has traveled many countries around the world for acquiring knowledge by participating various trainings, workshops and seminars.

### Mr. Md. Abdul Quddus

Independent Director

Mr. Md. Abdul Quddus was born in Cumilla in the year 1963. He passed B. Com (Hons), M. Com in Management from University of Dhaka and ACBA (Marketing, Accounting & Finance) from IBA, University of Dhaka. He started banking career in the year 1990 at Uttara Bank PLC. and retired as Deputy Managing Director. Being a senior banking executive, he possesses proven leadership skills and expertise in refining investment, returns on investment and capital, cross-marketing, analysis of risk adjusted returns on investment. He has successfully orchestrated business, risk management, compliance etc. His valuable blending of leadership, creativity and analytical abilities that combine efficiency with imagination made him to produce high quality work. He also possesses strong managerial and senior level experience with proven ability to develop, strengthen and lead management teams in order to achieve company objective.

Oli Kamal FCS  
EVP & Company Secretary  
First Security Islami Bank PLC

Syed Waseque Md Ali  
Managing Director  
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Shibly Amran  
Chief Executive Officer  
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He has participated a good number of training courses, seminars, conference, etc. in home and abroad to enrich his pertinent knowledge. In addition to his expertise in banking, he is a person of wide vision. His epoch-making decision in the business of banking makes him renowned.

**Mr. Md. Saiful Alam, PhD, FCMA**  
Independent Director

Mr. Md. Saiful Alam, PhD, FCMA is an Associate Professor in the Department of Accounting & Information System at the University of Dhaka. He is also a Fellow Member of the Institute of Cost & Management Accountant of Bangladesh. He served as the Lecturer in Accounting at the University of Hull, UK and has been serving as Adjunct Faculty member of several private universities and professional institutes. He has participated a good number of Training and Consultancy programs as Trainer and Consultant respectively. He published quality research works in national and international academic journals and professional magazines. He acquired his PhD from University of Glasgow, UK in Accounting, MSc from University of Manchester, UK in Accounting & Finance and BBA & MBA from University of Dhaka in Accounting & Information System.

He has been awarded the ASBS PhD Scholarship, Adam Smith Business School (ASBS), University of Glasgow, UK, Commonwealth Masters Scholarship, University of Manchester, UK and Deans Award, University of Dhaka, Bangladesh.

In addition to above, Mr. Alam is involved in various philanthropic and social activities in the country.

**Mr. Md. Raghieb Ahsan FCA**  
Independent Director

Mr. Ahsan is serving as the Managing Partner of Ahsan Manzur & Co, Chartered Accountants. Born in Mymensingh Mr. Ahsan went to Mymensingh Zilla School and Ananda Mohon College Mymensingh and completed Bachelor of Commerce in the year 1986 from Nasirabad College, Mymensingh under Dhaka University. He became Chartered Accountant from the Institute of Chartered Accountants of Bangladesh in 1995.

He started his carrier as the Assistant Director of Bangladesh Power Development Board. After that he joined KPMG Rahman Rahman Huq as Senior Manager and spent more than a decade. He then joined Octokhan, and UHY Syful Shamsul Alam & Co Chartered Accountants as Partner. During his 30 years carrier as practicing Chartered Accountant he performed external audits of many Banking and Non-banking financial institutions, national, multinational, private companies and NGOs in various capacities including engagement partner. He also conducted special financial evaluation of Agrani Bank Limited, First Security Bank Limited and some City Corporations and Paurashavs during his carrier with KPMG Rahman Rahman Huq.

Mr. Ahsan served as the Chairman of Dhaka Regional Committee of the Institute of Chartered Accountants of Bangladesh in 2006.

Muhammad Khalid Mahmud FCMA  
EVP Head of Operations & CFO  
First Security Islami Bank PLC  
Head Office, Gulshan-1, Dhaka

Mr. Syed Waseque Md Ali has been appointed as the Managing Director of First Security Islami Bank PLC. in March 2015 and performing his prestigious role. Prior to this, he was contributing as Managing Director (Current Charge) of the Bank. Mr. Ali, a seasoned banker with more than 37 years of extensive and versatile banking experiences on diversified, welfare and next generation banking business, began his banking career as an Officer with IFIC Bank Ltd. and performed there till 1996. Afterwards, he served Dutch-Bangla Bank Ltd. for about a decade till 2008. In the same year he joined First Security Islami Bank PLC. as Senior Executive Vice President and was promoted to

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Deputy Managing Director in October 2011. Mr. Ali has obtained his Bachelor Degree in commerce and accomplished the MBA.

During his rich and eventful Banking Career, Mr. Ali has attended numerous local and international banking workshops concentrates on product marketing, deposit mobilization, credit portfolio management, leadership, foreign trade, rules and guidelines of foreign trade organized by Bangladesh Institute of Bank Management (BIBM), various trade chambers, international banks, regulatory bodies etc. of which below are highly regarded.

- Attended "Breakthrough Leadership" program on November 3rd & 4th, 2015 in Malaysia, jointly organized by Bangladesh Institute of Bank Management (BIBM) & The iclif Leadership and Governance Centre.
- Attended FCI Factoring Workshop from 16th to 18th January, 2017 in Amsterdam, Netherlands.
- Attended Dun & Breadstreet-CEO Conclave from February 16 to 26, 2018 in the United Kingdom.
- Attended SIBOS 2019 conference in the UK from 20th September to 2nd October on 2019.
- Attended 5th Annual Bilateral US-Bangladesh CFT Banking Dialogue under OPDAT program of the US Department of Justice held in North Carolina, USA from 25.10.2019 to 03.11.2019.
- Member, Rotary Club of Dhaka North: President 2002-3; served in Rotary District 3281 as LT Governor, Deputy Governor, Assistant Governor & Committee Chairman.

#### Senior Management:

Sl. No	Name	Designation
01	Syed Waseque Md Ali,	Managing Director
02	Mr. Abu Reza Md. Yeahia	Additional Managing Director
03	Mr. Md. Masudur Rahman Shah	Deputy Managing Director
04	Mr. Md. Sirajul Islam	Deputy Managing Director
05	Md. Akmal Hossain	Deputy Managing Director

#### V. Description of encumbered and unencumbered assets with value thereof

##### Encumbered Assets:

As of 31 December 2023, there is no encumbered assets of First Security Islami Bank PLC.

##### Unencumbered Assets:

As of 31 December 2023, total unencumbered assets of First Security Islami Bank PLC. are of BDT 660,110,638,379.

#### VI. Description of Assets and Liabilities

##### Description of Assets and Liabilities (as of 31 December 2023) – Consolidated

##### Description of Assets:

Particulars	31 December 2023
	Amount in BDT
<b>PROPERTY AND ASSETS</b>	
<b>Cash</b>	<b>33,748,531,711</b>
In hand (including foreign currencies)	4,154,881,434
Balance with Bangladesh Bank and its Agent Bank(s)	29,593,650,277
(including foreign currencies)	

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<b>Balance with other Banks and Financial Institutions</b>	<b>1,423,012,220</b>
In Bangladesh	1,128,287,388
Outside Bangladesh	294,724,832
<b>Placement with Banks &amp; Other Financial Institutions</b>	<b>13,034,942,323</b>
<b>Investments in Shares &amp; Securities</b>	<b>27,495,089,418</b>
Government	23,674,689,450
Others	3,820,399,968
<b>Investments</b>	<b>569,324,144,273</b>
General Investment etc.	566,968,148,337
Bills Purchased and Negotiated	2,355,995,936
<b>Fixed Assets Including Premises, Furniture &amp; Fixtures and Intangible Assets</b>	<b>6,729,782,478</b>
<b>Other Assets</b>	<b>8,329,990,676</b>
<b>Non-Banking Assets</b>	<b>25,145,280</b>
<b>Total Assets</b>	<b>660,110,638,379</b>

Description of Liabilities and Capital:

Particulars	31 December 2023
	Amount in BDT
<b>LIABILITIES AND CAPITAL</b>	
<b>Liabilities</b>	
<b>Placement from Banks &amp; Other Financial Institutions</b>	<b>135,036,478,452</b>
<b>Deposits and Other Accounts</b>	<b>455,151,173,849</b>
Al-Wadia Current Deposits and Other Deposit Accounts	40,204,502,106
Bills Payable	3,358,829,216
Mudaraba Savings Deposits	74,392,816,865
Mudaraba Term Deposits	291,955,086,665
Other Mudaraba Deposits	45,239,938,997
<b>Mudaraba Subordinated Bond</b>	<b>5,100,000,000</b>
<b>Mudaraba Perpetual Bond</b>	<b>6,000,000,000</b>
<b>Other Liabilities</b>	<b>33,440,803,675</b>
<b>Total Liabilities</b>	<b>634,728,455,976</b>
<b>Capital/Shareholders' equity</b>	
Paid-up Capital	11,506,089,330
Statutory Reserve	8,743,756,230
Other Reserve	3,529,279,371
Assets Revaluation Reserve	182,356,960
Retained Earnings	1,048,425,554

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Muhammad Khalid  
EVP Head of F&C  
First Security Islami Bank PLC  
Head Office, Gulshan-1, Dhaka

Total Shareholders' Equity	25,009,907,445
Non-controlling Interest	372,274,958
Total Liabilities and Shareholders' Equity	660,110,638,379

## VII. Description of Previously Issued Debt or Securities

Details of previously issued debt or securities are as below:

Year of Issue	Types of Issue	Redemption	Issue Size	Subscribers	Amount Invested (in BDT Crore)	Outstanding Amount as on 31.12.2023			
2012	1st Mudaraba Subordinated Bond	Redeemed in 5 equal annual Instalments starting from end of 2nd year and each 12 months	BDT 250 Crore	Northern General Insurance Co. Ltd.	50,000,000	BDT 0.00			
				Pragati Life Insurance Limited-PF	10,000,000				
				Pragati Life Insurance Limited	10,000,000				
				Square Pharmaceuticals Employee's Provident Fund	20,000,000				
				Islami Bank Bangladesh PLC	500,000,000				
				Social Islami Bank Limited	150,000,000				
				National Bank Limited	500,000,000				
				Square Pharmaceuticals Worker's Profit Participation Fund	30,000,000				
				Prime Islami Life Insurance Ltd.	50,000,000				
				BRAC Bank Limited	100,000,000				
				National Bank Limited	500,000,000				
				Dutch-Bangla Bank Limited	200,000,000				
				Premier Bank Limited	100,000,000				
				Mercantile Bank Ltd.	180,000,000				
				Fareast Islami Life Insurance Co. Ltd.	100,000,000				
Total:				2,500,000,000	-				
2017	2nd Mudaraba Subordinated Bond	Redeemed in 5 equal annual Instalments starting from end of 3rd year and each 12 months	BDT 450 Crore	Social Islami Bank Limited	500,000,000	100,000,000			
				Dutch-Bangla Bank Limited	200,000,000	40,000,000			
				Northern Islami Insurance Ltd.	30,000,000	6,000,000			
				Northern Islami Insurance Ltd.	20,000,000	4,000,000			
				Rupali Bank Ltd.	1,000,000,000	200,000,000			
				Sadharan Bima Corporation	50,000,000	10,000,000			
				Agrani Bank PLC.	300,000,000	60,000,000			
				Mercantile Bank PLC.	200,000,000	40,000,000			
				Islami Bank Bangladesh PLC	1,200,000,000	240,000,000			
				Janata Bank PLC.	1,000,000,000	200,000,000			
				Total:				4,500,000,000	900,000,000
				2019	3rd Mudaraba Subordinated Bond	Redeemed in 5 equal annual Installments starting from end of 3rd year and each 12 months	BDT 700 Crore	Mercantile Bank Ltd.	250,000,000
Dutch-Bangla Bank Limited	200,000,000	120,000,000							
Agrani Bank Ltd.	300,000,000	180,000,000							
Islami Bank Bangladesh PLC	3,000,000,000	1,800,000,000							
Social Islami Bank Limited	1,000,000,000	600,000,000							
Rupali Bank Limited	1,000,000,000	600,000,000							
Islami Bank Bangladesh PLC	250,000,000	150,000,000							

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FSIB 4<sup>th</sup> Subordinated Bond of BDT 5,000 Million

				Janata Bank Ltd.	500,000,000	300,000,000
				Sonali Bank PLC	500,000,000	300,000,000
				Total:	7,000,000,000	4,200,000,000
2020	Mudaraba Perpetual Bond	N/A	BDT 600 Crore	Islami Bank Bangladesh PLC	1,800,000,000	1,800,000,000
				Janata Bank Ltd.	2,000,000,000	2,000,000,000
				Social Islami Bank Ltd.	500,000,000	500,000,000
				Social Islami Bank Ltd.	500,000,000	500,000,000
				Social Islami Bank Ltd.	600,000,000	600,000,000
				Exim Bank Limited	600,000,000	600,000,000
				Total:	6,000,000,000	6,000,000,000
Total Amount (in BDT Crore)					20,000,000,000	11,100,000,000

Description of Paid-Up capital:

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 & Articles of Association) at the time of Incorporation	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
<b>Total</b>		<b>11,506,089,330</b>	

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## SECTION 12: AUDITED FINANCIAL STATEMENTS OF THE ISSUER: FIRST SECURITY ISLAMI BANK PLC.

Auditor's Report along with audited financial statements of FSIB is also annexed with this Information Memorandum. Kindly check **Annexure – 1**

### 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 for 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.

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.

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Description of key audit matters	Our response to key audit matters
<b>1. Investments</b>	
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>
<b>2. Recognition of Investment Income</b>	
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>

Muhammad Khalid Mahmud FCMA  
EVP Head of FAD & CFO  
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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"> <li>➤ Future business performance of the investment client;</li> <li>➤ Key assumptions relating to further business performance of the client;</li> <li>➤ Market value of the collateral;</li> <li>➤ Ability to repossess collateral; and</li> <li>➤ Recovery rates.</li> </ul> <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"> <li>➤ Tested the investment appraisal, investments disbursement procedures, monitoring and provisioning process;</li> <li>➤ Reviewed identification of loss events, including early warning and default warning indicators; and</li> <li>➤ Reviewed quarterly Classification of Investments (CL).</li> </ul> <p>Our substantive procedure in relation to the provisions for investments portfolio comprised the following:</p> <ul style="list-style-type: none"> <li>➤ Reviewed the adequacy of the Group and the Bank's general and specific provisions;</li> <li>➤ Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; and</li> <li>➤ Finally, assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</li> </ul> <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-6/5121/2024-280 dated April 16, 2024.</p>

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Chief Executive Officer  
Community Bank Investment Limiter

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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.</p> <p>However, the bank increased its placement from Bangladesh Bank and other financial institutions by 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 and 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>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>
5. Liquidity concern and significant increase in Borrowing from Bangladesh Bank	
Refer to note no. 12(a) to the financial statements	
<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"> <li>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.</li> <li>Assessed whether the borrowing has been appropriately disclosed in the financial statements.</li> <li>Checked ledger and other documents provided by regulator on sample basis as part of audit procedure.</li> </ul>

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 Head Office, Gulshan-1, Dhaka

Oli Kamal FCS  
 EVP & Company Secretary  
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Syed Waseque Md Ali  
 Managing Director  
 First Security Islami Bank PLC

Shibly Amran  
 Chief Executive Officer  
 Community Bank Investment Limited

11 NOV 2024

6. Measurement of deferred tax assets (DTA) net-off liabilities	
Refer to note no. 10.4 to the financial statements	
<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>

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Chief Executive Officer  
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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

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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.

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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:

- 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;
- 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's responsibility for the financial statements and internal control:
  - 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;
  - 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);

Financial statements for the year ended December 31, 2023 of Subsidiaries namely First Security Islami Capital and Investment Limited audited by Shafiq Basak and Co. Chartered Accountants.

Muhammad Khalid Mahmud FCMA  
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Oli Kamal FCS  
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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 April, 2024

Muhammad Khalid Mahmud FCMA  
EVP Head of FAD & CFO  
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Oli Kamal FCS  
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Syed Waseque Md Ali  
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Mohammad Shaheed FCA, FCMA  
Senior Partner  
Enrolment no: 1016  
Khan Wahab Shafique Rahman & Co.  
Chartered Accountants  
DVC No: 2404291016AS140747

Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limi

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

	Notes	31.12.2023 BDT	31.12.2022 BDT
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>		<b>33,748,531,711</b>	<b>37,274,813,884</b>
In hand (including foreign currencies)	4.1	4,154,881,434	3,954,792,300
Balance with Bangladesh Bank and its Agent Banks (including foreign currencies)	4.2	29,593,650,277	33,320,021,584
<b>Balance with other Banks and Financial Institutions</b>	5	<b>1,423,012,220</b>	<b>1,464,651,461</b>
In Bangladesh		1,128,287,388	414,301,251
Outside Bangladesh		294,724,832	1,050,350,210
<b>Placement with Banks &amp; Other Financial Institutions</b>	6	<b>13,034,942,323</b>	<b>13,839,485,000</b>
<b>Investments in Shares &amp; Securities</b>	7	<b>27,495,089,418</b>	<b>26,862,627,383</b>
Government		23,674,689,450	22,774,689,450
Others		3,820,399,968	3,787,937,833
<b>Investments</b>		<b>589,324,144,273</b>	<b>573,944,389,645</b>
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
<b>Fixed Assets including Premises, Furniture &amp; Fixtures and Intangible Assets</b>	9	<b>6,729,782,478</b>	<b>6,887,649,571</b>
<b>Other Assets</b>	10	<b>8,329,990,676</b>	<b>6,454,845,654</b>
<b>Non Banking Assets</b>	11	<b>25,145,280</b>	<b>25,145,280</b>
<b>Total Assets</b>		<b>660,110,638,379</b>	<b>616,483,578,077</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Placement from Banks &amp; Other Financial Institutions</b>	12	<b>135,036,478,452</b>	<b>80,954,939,324</b>
<b>Deposits and Other Accounts</b>		<b>455,151,173,849</b>	<b>473,025,031,130</b>
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
<b>Mudaraba Subordinated Bond</b>	14	<b>5,100,000,000</b>	<b>7,400,000,000</b>
<b>Mudaraba Perpetual Bond</b>	15	<b>6,000,000,000</b>	<b>6,000,000,000</b>
<b>Other Liabilities</b>	16	<b>33,440,803,675</b>	<b>26,472,779,484</b>
<b>Total Liabilities</b>		<b>634,728,455,976</b>	<b>593,792,709,838</b>
<b>Capital/Shareholders' equity</b>			
Paid-up Capital	17.1	11,506,089,330	10,460,081,210
Statutory Reserve	18	8,743,756,230	7,550,143,181
Reserve	19	3,529,279,371	3,173,390,980
Assets Revaluation Reserve	20	182,356,960	188,645,132
Accumulated Earnings	21	1,048,425,554	929,849,625
<b>Total Shareholders' Equity</b>		<b>25,009,907,445</b>	<b>22,302,110,128</b>
Non-controlling Interest	22	372,274,958	358,758,111
<b>Total Liabilities and Shareholders' Equity</b>		<b>660,110,638,379</b>	<b>616,483,578,077</b>

Mamud Khalid Mahmud  
EVP Head of FAD & CFO  
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Managing Director  
First Security Islamic Bank PLC

Shibly Amran  
Chief Executive Officer  
First Security Islamic Bank Investment Limited

11 NOV 2024

**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
<b>Contingent Liabilities</b>			
Acceptances and Endorsements		8,440,339,360	18,537,397,519
Letters of Guarantee	23	6,751,775,666	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		-	-
<b>Total</b>		<b>23,655,873,387</b>	<b>42,861,994,461</b>
<b>Other Commitments</b>			
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		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>Total Off -Balance Sheet Items Including Contingent Liabilities</b>		<b>23,655,873,387</b>	<b>42,861,994,461</b>

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: April 29, 2024**

Signed in terms of our separate report of even date

  
Muhammad Khalid Mahmud FCMA  
EVP Head of FAD & CFO  
First Security Islami Bank PLC.  
Head Office, Gulshan-1, Dhaka  
Date: 29 April, 2024

  
**Oli Kamal FCS**  
EVP & Company Secretary  
First Security Islami Bank PLC

  
**Syed Waseque Md Ali**  
Managing Director  
First Security Islami Bank PLC.

  
**Mohammad Shaheed FCA, FCMA**  
Senior Partner  
Enrolment No.: 1016  
**Khan Wahab Shafique Rahman & Co.**  
Chartered Accountants  
DVC 240429106AS140747

  
**Shibly Amran**  
Chief Executive Officer

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Bank Investment Limited

11 NOV 2024

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

Operating Income	Notes	2023 BDT	2022 BDT
Investments Income	26	52,090,599,971	40,404,498,794
Profit Paid on Deposits	27	137,947,332,680	126,700,047,345
<b>Net Investment Income</b>		<b>14,149,877,391</b>	<b>18,708,881,449</b>
Income from Investment in shares and securities	28	972,127,452	815,456,086
Commissions, Exchange and Brokerage	29	840,929,172	1,526,752,596
Other Operating Income	30	1,857,519,350	797,238,868
<b>Total Operating Income</b>		<b>3,670,499,974</b>	<b>3,294,467,470</b>
<b>Less Operating Expenses</b>		<b>17,818,807,368</b>	<b>16,915,388,918</b>
Salary and Allowances	31	5,941,263,420	5,396,934,850
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	14,245,186	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	1,889,000
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	883,590,243	885,772,928
Zakat Expenses		258,371,758	223,591,701
Other Expenses	41	1,391,277,250	1,511,595,220
<b>Total Operating Expenses</b>		<b>9,738,043,010</b>	<b>9,889,089,788</b>
<b>Profit/(Loss) before Provision and Tax</b>		<b>4,037,748,388</b>	<b>7,337,889,184</b>
Provisions for Investments including off-B/S items	16.2	1,653,649,927	1,579,876,728
Provisions for Diminution in Value of Inv. in Shares		(5,110,318)	73,201,332
Other Provisions		327,070,908	100,000,000
Provisions for Start-up Fund	16.7	32,400,861	29,299,095
<b>Total Provisions</b>		<b>3,008,081,448</b>	<b>1,782,377,155</b>
<b>Total Profit/(Loss) before Taxes</b>		<b>4,079,719,907</b>	<b>5,544,879,969</b>
Provision for Current Tax		2,795,110,674	2,647,014,248
Prior year Tax paid		73,386,701	-
Deferred Tax (Income)/Expenses	42	(103,359,392)	(63,637,081)
<b>Total Provisions for Tax</b>		<b>2,765,147,983</b>	<b>2,683,377,167</b>
<b>Net Profit/(Loss) after Tax</b>		<b>3,314,571,924</b>	<b>2,861,502,802</b>
<b>Net profit/(Loss) after tax attributable to:</b>			
Equity holders of FSIB		3,281,499,898	2,842,941,910
Non-controlling Interest		30,169,926	18,560,892
		<b>3,311,669,824</b>	<b>2,861,502,802</b>
Retained Earnings from Previous Year		929,849,625	887,102,932
<b>Profit/(Loss) available for Appropriation</b>		<b>4,241,519,449</b>	<b>3,748,605,734</b>
<b>Appropriations:</b>			
Statutory Reserve		1,753,613,049	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
		<b>3,752,093,895</b>	<b>2,918,746,109</b>
Retained Earnings Carried Forward		<b>1,049,425,554</b>	<b>929,849,625</b>
<b>Earnings Per Share (EPS) previous year's figure re-stated</b>	43	<b>3.88</b>	<b>3.88</b>

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

Signed in terms of our separate report of even date

Muhammad Khalid Mahmud FCMA  
EVP Head of FAD & CFO  
First Security Islami Bank PLC.  
Head Office, Gulshan-1, Dhaka

Dhaka, Bangladesh  
Date: 29 April, 2024

Oli Kamal FCS  
EVP & Company Secretary  
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Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC.

Mohammad Shahed FCA, FCMA  
Senior Partner  
Enrollment No: 1016  
Iqbal Wahab Shaukat Rahman & Co.  
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**FIRST SECURITY ISLAMI BANK PLC AND ITS SUBSIDIARIES**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	2023 BDT	2022 BDT
<b>A. Cash Flows from Operating Activities</b>			
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)	(5,338,306,273)
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)
<b>Operating Profit before changes in Operating Assets &amp; Liabilities</b>		<b>7,287,763,677</b>	<b>4,940,707,802</b>
<b>Increase/(Decrease) in Operating Assets &amp; Liabilities</b>			
(Increase)/decrease in Investments to Customers		(44,654,698,242)	(67,467,113,407)
(Increase)/decrease of Other Assets	48	(1,344,511,007)	(956,448,778)
(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		54,081,579,228	65,377,310,429
Increase/(decrease) of Other Liabilities	49	3,071,024,713	104,606,011
<b>Cash Generated from Operating Assets &amp; Liabilities</b>		<b>(6,686,675,197)</b>	<b>(543,873,263)</b>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>		<b>601,088,480</b>	<b>4,397,794,539</b>
<b>B. Cash Flows from Investing Activities</b>			
(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
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>		<b>(1,343,858,950)</b>	<b>1,500,631,652</b>
<b>C. Cash Flows from Financing Activities</b>			
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)
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>		<b>(2,841,251,474)</b>	<b>(3,317,374,128)</b>
<b>D. Net Increase/(Decrease) of Cash &amp; Cash Equivalents (A+B+C)</b>		<b>(3,584,021,944)</b>	<b>2,580,452,063</b>
<b>E. Effect of Exchange Rate Change on Cash &amp; Cash Equivalents</b>		16,100,530	(4,546,589)
<b>F. Opening Cash &amp; Cash Equivalents</b>		<b>38,739,465,345</b>	<b>36,163,889,871</b>
<b>G. Closing Cash &amp; Cash Equivalents (D+E+F)</b>		<b>35,171,543,931</b>	<b>38,739,465,345</b>
<b>The above closing Cash and Cash Equivalents include:</b>			
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
		<b>35,171,543,931</b>	<b>38,739,465,345</b>

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

Muhammad Khalid Mahmud FCMA  
EVP Head of FAD & CFO  
First Security Islami Bank PLC.  
Head Office, Gulshan, Dhaka

Managing Director  
Dhaka: April 29, 2024

Oli Kamal FCMA  
EVP & Company Secretary  
First Security Islami Bank PLC

Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC

Chairman

Shibly Amran  
Chief Executive Officer<sup>48</sup>  
Community Bank Investment Limited

Strictly Private & Confidential

11 NOV 2024

**FIRST SECURITY ISLAMIC 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
<b>Balance as on 01 January 2023</b>		10,460,081,390	7,880,143,181	3,173,390,860	188,445,132	928,846,625	388,798,111	22,660,865,299
Changes in Accounting Policy								
<b>Restated Balance</b>		10,460,081,390	7,880,143,181	3,173,390,860	188,445,132	928,846,625	388,798,111	22,660,865,299
Net Profit for the Year						3,311,669,824		3,311,669,824
Bonus Share Issued		1,046,008,000				11,046,008,000		
Cash Dividend						10,332,7962	16,653,0791	13,985,8753
Profit/Coupon paid to perpetual bond holder						149,120,000,000		149,120,000,000
Transfer to Statutory Reserve			1,193,611,049			1,193,611,049		
Transfer to Other Reserve				412,770,004		412,770,004		
Revaluation Reserve to Other Reserve				10,061,074	10,061,074			
Non-controlling Interest						130,169,9263	130,169,9263	
Deferred tax impact on Revaluation Reserve								3,772,903
Foreign operation translation difference				166,942,6871				166,942,6871
<b>Total Group Shareholders' Equity as on 31 December 2023</b>		11,506,089,390	8,143,754,230	3,636,279,371	193,506,2060	1,048,428,664	572,274,989	26,383,852,408
<b>FOR THE PERIOD ENDING 31 DECEMBER 2022</b>								
<b>Balance as on 01 January 2022</b>		9,941,982,710	6,416,643,581	2,843,074,725	194,853,309	887,802,932	373,503,379	20,371,260,626
Net Profit for the Year						2,961,902,802		2,961,902,802
Bonus Share Issued		498,099,300				4,980,999,300		
Cash Dividend						15,323,364,699	13,306,153	15,666,070,850
Profit/Coupon paid to perpetual bond holder						14,12,200,000,000		14,12,200,000,000
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						118,560,8929	118,560,8929	
Deferred tax impact on Revaluation Reserve								3,772,903
Foreign operation translation difference				16,603,364				16,603,364
<b>Total Group Shareholders' Equity as on 31 December 2022</b>		10,440,081,390	7,880,143,181	3,173,390,860	188,445,132	928,846,625	388,798,111	22,660,865,299

Muhammad Khalid Mahmud FCMA  
EVP Head of FAD & CFO  
First Security Islamic Bank PLC.  
Head Office, Gulshan-1, Dhaka

Oli Kamal FCS  
EVP & Company Secretary  
First Security Islamic Bank PLC

Syed Waseque Md Ali  
Managing Director  
First Security Islamic Bank PLC

Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

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11 NOV 2024

Chairman

Director

Director

Managing Director  
Dhaka April 26, 2024

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

	Notes	31.12.2023 BDT	31.12.2022 BDT
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>		<b>33,744,825,890</b>	<b>37,254,204,252</b>
In hand (including foreign currencies)	4.1(a)	4,751,175,613	3,936,162,668
Balance with Bangladesh Bank and its Agent Banks (including foreign currencies)	4.2(a)	29,593,650,277	33,320,021,584
<b>Balance with other Banks and Financial Institutions</b>	5(a)	<b>1,310,658,053</b>	<b>1,349,723,787</b>
In Bangladesh		1,031,858,971	324,731,568
Outside Bangladesh		278,799,082	1,024,992,219
<b>Placement with Banks &amp; Other Financial Institutions</b>	6	<b>13,034,942,323</b>	<b>13,839,455,000</b>
<b>Investments in Shares &amp; Securities</b>	7(a)	<b>27,467,446,480</b>	<b>26,552,763,372</b>
Government		23,674,689,450	22,774,689,450
Others		3,792,757,030	3,778,073,922
<b>Investments</b>		<b>570,286,708,242</b>	<b>524,795,151,026</b>
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
<b>Fixed Assets including Premises, Furniture &amp; Fixtures and Intangible Assets</b>	9(a)	<b>6,725,414,524</b>	<b>6,577,634,336</b>
<b>Other Assets</b>	10(a)	<b>6,518,920,712</b>	<b>4,791,716,959</b>
<b>Non Banking Assets</b>	11	<b>25,145,280</b>	<b>25,145,280</b>
<b>Total Assets</b>		<b>659,714,061,504</b>	<b>615,487,794,012</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Placement from Banks &amp; Other Financial Institutions</b>	12(a)	<b>134,585,643,997</b>	<b>80,484,391,794</b>
<b>Deposits and Other Accounts</b>		<b>455,194,995,469</b>	<b>473,046,316,737</b>
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
<b>Mudaraba Subordinated Bond</b>	14	<b>5,100,000,000</b>	<b>7,400,000,000</b>
<b>Mudaraba Perpetual Bond</b>	15	<b>6,000,000,000</b>	<b>6,000,000,000</b>
<b>Other Liabilities</b>	16(a)	<b>33,042,552,683</b>	<b>26,116,875,125</b>
<b>Total Liabilities</b>		<b>633,923,192,149</b>	<b>593,047,583,656</b>
<b>Capital/Shareholders' equity</b>			
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	1,058,680,938
<b>Total Shareholders' Equity</b>		<b>25,190,869,355</b>	<b>22,440,210,356</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>659,714,061,504</b>	<b>615,487,794,012</b>

Muhammad Khalid Mahmud  
EVP Head of FA & CFO  
First Security Islami Bank PLC.  
Head Office, Gulshan-1, Dhaka

*[Signature]*

Oli Kamal FCS  
EVP & Company Secretary  
First Security Islami Bank PLC

*[Signature]*  
Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC

*[Signature]*  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

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11 NOV 2024

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

	Notes	31.12.2023 BDT	31.12.2022 BDT
<b>Contingent Liabilities</b>			
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		-	-
<b>Total</b>		<b>23,655,873,387</b>	<b>42,861,994,461</b>
<b>Other Commitments</b>			
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		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>Total Off -Balance Sheet Items Including Contingent Liabilities</b>		<b>23,655,873,387</b>	<b>42,861,994,461</b>


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

Signed in terms of our separate report of even date

  
Muhammad Khalid Mahmud FCMA  
EVP Head of FAD & CFO  
First Security Islami Bank PLC.  
Head Office Gulshan-1, Dhaka  
Date: 29 April, 2024

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

  
Oli Kamal FCS  
EVP & Company Secretary  
First Security Islami Bank PLC

  
Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

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

	Notes	2023 BDT	2022 BDT
<b>Operating Income:</b>			
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)
<b>Net Investment Income</b>		<b>14,009,415,986</b>	<b>13,535,275,944</b>
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
		<b>3,521,550,301</b>	<b>3,104,561,820</b>
<b>Total Operating Income</b>		<b>17,530,966,287</b>	<b>16,639,837,764</b>
<b>Less: Operating Expenses</b>			
Salary and Allowances	31(a)	5,887,533,353	5,770,201,431
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)	88,120,139	17,505,608
Directors' Fees & Expenses	37(a)	1,108,800	1,436,000
Shariah Supervisory Committee's Fees & Expenses	38(a)	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
<b>Total Operating Expenses</b>		<b>9,569,790,303</b>	<b>9,443,468,337</b>
<b>Profit/(Loss) before Provision and Tax</b>		<b>7,961,175,984</b>	<b>7,197,369,427</b>
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)	58,360,305
Other Provisions		327,070,978	100,000,000
Provisions for Start-up Fund	16.7	32,400,861	29,299,095
<b>Total Provisions</b>		<b>1,993,170,839</b>	<b>1,729,781,427</b>
<b>Total Profit/(Loss) before Taxes</b>		<b>5,968,005,145</b>	<b>5,467,588,000</b>
Provision for Current Tax		2,758,051,840	2,601,125,622
Prior year Tax paid		73,286,701	-
Deferred Tax (Income)/Expenses	42	(103,356,392)	163,632,088
<b>Total Provisions for Tax</b>		<b>2,727,979,149</b>	<b>2,837,488,541</b>
<b>Net Profit/(Loss) after Tax</b>		<b>3,240,026,097</b>	<b>2,630,099,459</b>
Retained Earnings from Previous Year		1,088,680,938	1,024,301,103
<b>Profit/(Loss) available for Appropriation</b>		<b>4,328,707,035</b>	<b>3,654,399,562</b>
<b>Appropriations:</b>			
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
		<b>3,145,591,173</b>	<b>2,865,529,624</b>
Retained Earnings Carried Forward		<b>1,183,115,862</b>	<b>1,088,869,938</b>
<b>Earnings Per Share (EPS) previous year's figure re-stated</b>	43(a)	<b>2.82</b>	<b>2.55</b>

The annexed notes 1 to 561 and Annexure A, B & C form an integral part of these financial statements.


  
**Managing Director**  
Dhaka: April 28, 2024

  
**Director**

  
**Director**

  
**Chairman**

Signed in terms of our separate report of even date

  
**Muhammad Khalid Mahmud FCMA**  
EVP Head of FAD & CFO  
First Security Islami Bank PLC.  
Head Office, Gulshan-1, Dhaka

  
**Oli Kamal FCS**  
EVP & Company Secretary  
First Security Islami Bank PLC

  
**Syed Waseque Md Ali**  
Managing Director  
First Security Islami Bank PLC.

  
**Mohammad Shahed FCA, FCHA**  
Senior Partner  
Enrollment No: 1016  
**I Khan Wahab Shafique Rahman & Co.**  
Chartered Accountants  
DNC: 2404219106/AS/40787

  
**Shibly Amran**  
Chief Executive Officer  
Community Bank Investment Limited

Strictly Private & Confidential

1 NOV 2024

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

	Notes	2023 BDT	2022 BDT
<b>A. Cash Flows from Operating Activities</b>			
Investment Income Receipt		52,308,338,836	40,079,131,874
Profit paid on Deposits		(36,957,950,765)	(26,504,817,467)
Dividend Receipts		37,513,917	51,131,142
Fees & Commission Receipt in Cash		727,075,022	1,524,665,635
Recoveries from written off investments		1,000,000	50,000
Payment to Employees		(5,905,653,492)	(5,287,707,039)
Payment to Suppliers		(462,440,076)	(894,659,846)
Income Tax Paid		(2,119,572,490)	(2,552,056,354)
Receipts from Other Operating Activities	46(a)	1,843,380,318	791,749,899
Payment for Other Operating Activities	47(a)	(2,374,913,227)	(2,465,391,122)
<b>Operating Profit before changes in Operating Assets</b>		<b>7,096,778,043</b>	<b>4,742,098,722</b>
<b>Increase/(Decrease) in Operating Assets &amp; Liabilities</b>			
Increase/decrease in Investments to Customers		(44,637,439,811)	(67,671,379,710)
Increase/decrease of Other Assets	48(a)	(1,058,571,869)	(496,274,701)
Increase/decrease of Placement with Banks & other Financial Institutions		804,512,677	(1,349,455,000)
Increase/(decrease) of Deposits Received from Customers		(18,821,986,552)	3,802,387,876
Increase/(decrease) of Placement from Banks & other Financial Institutions		54,101,252,203	65,258,342,999
Increase/(decrease) of Other Liabilities	49(a)	3,080,781,388	77,492,676
<b>Cash Generated from Operating Assets &amp; Liabilities</b>		<b>(6,531,451,965)</b>	<b>(378,885,860)</b>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>		<b>565,326,078</b>	<b>4,363,210,862</b>
<b>B. Cash Flows from Investing Activities</b>			
(Purchase)/ Sale of Shares and Securities		(914,683,108)	2,499,800,828
Purchase of Property, Plant and Equipment		(426,461,237)	(979,215,323)
Sale of Property, Plant and Equipment		15,190,272	18,659,095
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>		<b>(1,325,954,073)</b>	<b>1,539,244,600</b>
<b>C. Cash Flows from Financing Activities</b>			
Receipt/(Redemption) for Issuance of Mudaraba Subordinated Bond		(2,300,000,000)	(2,300,000,000)
Receipt/(Redemption) for Issuance of Mudaraba Perpetual Bond		-	-
Profit paid on Lease Liabilities		(12,716,631)	(13,768,865)
Dividend/Coupon Paid in Cash		(493,200,000)	(970,299,106)
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>		<b>(2,805,916,631)</b>	<b>(3,284,067,971)</b>
<b>D. Net Increase/(Decrease) of Cash &amp; Cash Equivalents (A+B+C)</b>		<b>(3,565,544,626)</b>	<b>2,618,387,491</b>
Effect of Exchange Rate Change on Cash & Cash Equivalents		16,100,530	(4,546,589)
<b>E. Opening Cash &amp; Cash Equivalents</b>		<b>38,605,928,039</b>	<b>35,992,087,137</b>
<b>F. Closing Cash &amp; Cash Equivalents (D+E)</b>		<b>35,055,483,943</b>	<b>38,605,928,039</b>
<b>The above closing Cash and Cash Equivalents include:</b>			
Cash in Hand (Including Foreign Currencies)		4,751,175,613	3,936,182,668
Balance with Bangladesh Bank and its Agent Bank(s) and Other Banks		30,304,308,330	34,669,745,371
		<b>35,055,483,943</b>	<b>38,605,928,039</b>

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

Muhammad Khalid Mahmud FCMA  
EVP Head of FAD & CFO  
First Security Islami Bank PLC.  
Head Office, Gulshan-1, Dhaka

Oli Kamal FCS  
EVP & Company Secretary  
First Security Islami Bank PLC

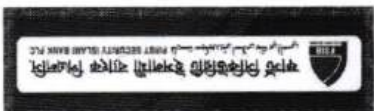
Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC.

Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

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11 NOV 2024

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Draft Information Memorandum  
FSIB 4<sup>th</sup> Subordinated Bond of BDT 5,000 Million

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

FOR THE YEAR ENDED 31 DECEMBER 2023

Particulars	Paid-up Capital BDT	Statutory Reserve BDT	Other Reserve BDT	Assets Reserve BDT	Retained Earnings BDT	Total BDT
<b>Balance as on 01 January 2023</b>	10,460,086,270	7,550,143,381	3,152,659,895	188,645,132	1,088,680,938	22,440,270,356
Changes in Accounting Policy						
<b>Revised Balance</b>	10,460,086,270	7,550,143,381	3,152,659,895	188,645,132	1,088,680,938	22,440,270,356
Net Profit for the Year	-	-	-	-	3,240,086,097	3,240,086,097
Bonus Share Issued	10,46,008,120	-	-	-	11,046,008,120	-
Cash Dividend	-	-	-	-	-	-
Profit/Coupon paid to perpetual bond holder	-	-	-	-	14,932,200,000	14,932,200,000
Transfer to Statutory Reserve	-	1,193,613,049	-	-	11,193,613,049	-
Transfer to Other Reserve	-	-	412,770,004	-	14,12,770,004	-
Revaluation Reserve transfer to Other Reserve	-	-	10,061,074	10,061,074	-	-
Deferred tax impact on Revaluation Reserve	-	-	-	3,772,902	-	3,772,902
<b>Total Group Shareholders' Equity as on 31 December 2023</b>	11,506,094,390	8,743,756,230	3,575,490,973	182,356,960	1,183,178,862	25,190,869,355
<b>FOR THE YEAR ENDED 31 DECEMBER 2022</b>						
<b>Balance as on 01 January 2022</b>	9,961,982,110	6,156,663,581	2,838,947,004	194,933,303	1,024,301,103	20,176,827,100
Net Profit for the Year	-	-	-	-	2,929,909,459	2,929,909,459
Bonus Share Issued	498,099,300	-	-	-	14,498,099,106	14,498,099,106
Cash Dividend	-	-	-	-	14,722,200,000	14,722,200,000
Profit/Coupon paid to perpetual bond holder	-	1,093,479,600	-	-	11,093,479,600	-
Transfer to Statutory Reserve	-	-	-	-	3,303,651,871	-
Transfer to Other Reserve	-	-	303,651,871	-	-	-
Revaluation Reserve transfer to Other Reserve	-	-	10,061,074	10,061,074	-	-
Deferred tax impact on Revaluation Reserve	-	-	-	3,772,903	-	3,772,903
<b>Total Group Shareholders' Equity as on 31 December 2022</b>	10,460,086,270	7,550,143,381	3,152,659,895	188,645,132	1,088,680,938	22,440,270,356

Managing Director

Dhaka: April 29, 2024

Director

Director

Chairman

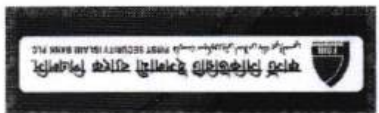
Muhammad Khalid Mahmud FCMA  
EVP Head of FAD & CFO  
First Security Islami Bank PLC.  
Head Office, Gulshan-1, Dhaka

Oii Kamal FCS  
EVP & Company Secretary  
First Security Islami Bank PLC

Syed Wasque Md Ali  
Managing Director  
First Security Islami Bank PLC

Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

Strictly Private & Confidential



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

Particulars	Up to 01 Month	01-03 Months	03-12 Months	01-05 Years	More than 05 years	Total 2023	Total 2022
	BDT	BDT	BDT	BDT	BDT	BDT	BDT
<b>Assets</b>							
Cash in Hand	4,531,175,613	-	-	-	-	4,531,175,613	3,936,182,668
Balance with Bangladesh Bank and its Agent Bank(s)	2,593,650,277	-	-	-	22,000,000,000	29,593,650,277	33,320,021,584
Balance with other Banks, Fk, and Placement	14,345,600,376	-	-	-	-	14,345,600,376	15,819,178,787
Investments in Shares and Securities	771,808,878	-	23,673,120,000	685,177,544	2,317,340,058	27,467,446,480	26,552,763,372
Investments in Fixed Assets including Preterests	14,479,408,242	64,331,900,000	264,468,700,000	76,041,700,000	23,965,000,000	520,286,708,242	524,795,151,026
Furniture and Fixtures	-	-	-	1,316,627,122	5,413,787,402	6,725,414,524	6,877,634,336
Other Assets	-	-	-	4,580,300,000	19,381,520,712	6,598,920,712	4,791,776,959
Non-banking Assets	-	-	-	25,145,280	-	25,145,280	25,145,280
<b>Total Assets</b>	<b>46,336,144,366</b>	<b>64,331,900,000</b>	<b>288,141,820,000</b>	<b>82,243,448,446</b>	<b>60,483,748,172</b>	<b>659,714,061,504</b>	<b>618,487,794,072</b>
<b>Liabilities</b>							
Placement from Banks & Other Financial Institutions	133,275,143,997	-	-	1,390,500,000	-	134,585,643,997	80,484,397,794
Deposits and Other Accounts	114,859,343,238	112,484,252,231	123,620,300,000	89,594,600,000	14,636,500,000	435,194,995,469	473,046,376,737
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	26,176,875,125
<b>Total Liabilities</b>	<b>248,094,487,235</b>	<b>122,608,104,914</b>	<b>126,340,000,000</b>	<b>95,075,300,000</b>	<b>41,865,300,000</b>	<b>633,923,792,149</b>	<b>593,047,593,656</b>
<b>Net Liquidity Gap</b>	<b>(84,758,342,869)</b>	<b>(58,276,204,914)</b>	<b>(58,198,180,000)</b>	<b>(12,831,851,554)</b>	<b>(18,765,448,172)</b>	<b>(26,190,890,345)</b>	<b>(22,440,300,384)</b>

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

Managing Director  
Dhaka April 29, 2024

Director

Director

Chairman

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Oli Kamal FCS  
EVP & Company Secretary  
First Security Islami Bank PLC

Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC

Muhammad Khalid Mahmud FCMA  
EVP Head of F&D & CFO  
First Security Islami Bank PLC  
Head Office, Gulshan-1, Dhaka

Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

## SECTION 13: COMPARATIVE FINANCIAL STATEMENTS

### Consolidated Balance Sheet:

First Security Islami Bank PLC. and Its Subsidiaries Consolidated Balance Sheet As at 31 December 2023 To 31 December 2021			
Particulars	31.12.2023	31.12.2022	31.12.2021
	BDT	BDT	BDT
<b>PROPERTY AND ASSETS</b>			
Cash	33,748,531,711	37,274,813,884	34,073,843,637
In hand (including foreign currencies)	4,154,881,434	3,954,792,300	3,318,477,065
Balance with Bangladesh Bank and its Agent Bank(s) (including foreign currencies)	29,593,650,277	33,320,021,584	30,755,366,572
<b>Balance with other Banks and Financial Institutions</b>	<b>1,423,012,220</b>	<b>1,464,651,461</b>	<b>2,089,716,234</b>
In Bangladesh	1,128,287,388	414,301,251	1,362,218,799
Outside Bangladesh	294,724,832	1,050,350,210	727,497,435
<b>Placement with Banks &amp; Other Financial Institutions</b>	<b>13,034,942,323</b>	<b>13,839,455,000</b>	<b>12,490,000,000</b>
<b>Investments in Shares &amp; Securities</b>	<b>27,495,089,418</b>	<b>26,562,627,283</b>	<b>29,023,868,756</b>
Government	23,674,689,450	22,774,689,450	25,436,220,000
Others	3,820,399,968	3,787,937,833	3,587,648,756
<b>Investments</b>	<b>569,324,144,273</b>	<b>523,944,389,645</b>	<b>455,850,137,084</b>
General Investment etc.	566,968,148,337	520,442,025,226	452,443,216,481
Bills Purchased and Negotiated	2,355,995,936	3,502,364,419	3,406,920,603
<b>Fixed Assets Including Premises, Furniture &amp; Fixtures and Intangible Assets</b>	<b>6,729,782,478</b>	<b>6,887,649,871</b>	<b>6,562,294,567</b>
<b>Other Assets</b>	<b>8,329,990,676</b>	<b>6,454,845,654</b>	<b>4,680,183,865</b>
<b>Non-Banking Assets</b>	<b>25,145,280</b>	<b>25,145,280</b>	<b>25,145,280</b>
<b>Total Assets</b>	<b>660,110,638,379</b>	<b>616,453,578,077</b>	<b>544,795,189,422</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Placement from Banks &amp; Other Financial Institutions</b>	<b>135,036,478,452</b>	<b>80,954,959,224</b>	<b>15,637,648,795</b>
<b>Deposits and Other Accounts</b>	<b>455,151,173,849</b>	<b>473,025,031,130</b>	<b>469,035,382,642</b>
Al-Wadia Current Deposits and Other Deposit Accounts	40,204,502,106	43,366,521,444	53,314,107,947
Bills Payable	3,358,829,216	5,679,725,957	3,387,782,139
Mudaraba Savings Deposits	74,392,816,865	70,179,141,772	43,329,472,074
Mudaraba Term Deposits	291,955,086,665	308,967,731,305	323,125,042,554
Other Mudaraba Deposits	45,239,938,997	44,831,910,652	45,878,977,928
<b>Mudaraba Subordinated Bond</b>	<b>5,100,000,000</b>	<b>7,400,000,000</b>	<b>9,700,000,000</b>
<b>Mudaraba Perpetual Bond</b>	<b>6,000,000,000</b>	<b>6,000,000,000</b>	<b>6,000,000,000</b>
<b>Other Liabilities</b>	<b>33,440,803,675</b>	<b>26,412,719,484</b>	<b>23,704,897,959</b>
<b>Total Liabilities</b>	<b>634,728,455,976</b>	<b>593,792,709,838</b>	<b>524,077,929,396</b>
<b>Capital/Shareholders' equity</b>			
Paid-up Capital	11,506,089,330	10,460,081,210	9,961,982,110
Statutory Reserve	8,743,756,230	7,550,143,181	6,456,663,581
Other Reserve	3,529,279,371	3,173,390,980	2,843,074,725
Assets Revaluation Reserve	182,356,960	188,645,132	194,933,303
Retained Earnings	1,048,425,554	929,849,625	887,102,932
<b>Total Shareholders' Equity</b>	<b>25,009,907,445</b>	<b>22,302,110,128</b>	<b>20,343,756,650</b>
Non-controlling Interest	372,274,958	358,758,111	373,503,376
<b>Total Liabilities and Shareholders' Equity</b>	<b>660,110,638,379</b>	<b>616,453,578,077</b>	<b>544,795,189,422</b>

Muhammad Khalid Mahmood  
EVP Head of Finance & CFO  
First Security Islami Bank PLC  
Head Office, Gulshan-1, Dhaka

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First Security Islami Bank PLC

Syed Wasique Md Ali  
Managing Director  
First Security Islami Bank PLC.

Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

11 NOV 2024

**Consolidated Profit and Loss Accounts:**

First Security Islami Bank PLC. and Its Subsidiaries Consolidated Profit and Loss Account The Period Ended 31 December 2023 to 31 December 2021			
	2023	2022	2021
	BDT	BDT	BDT
<b>Operating Income:</b>			
Investments Income	52,090,519,971	40,404,498,794	40,773,789,203
Profit Paid on Deposits	(37,941,332,680)	(26,700,647,345)	(27,608,053,114)
<b>Net Investment Income</b>	<b>14,149,187,291</b>	<b>13,703,851,449</b>	<b>13,165,736,089</b>
Income from Investment in shares and securities	972,121,452	815,456,086	439,423,090
Commission, Exchange and Brokerage	840,979,172	1,546,572,137	803,588,638
Other Operating Income	1,857,519,350	849,419,247	736,964,549
	<b>3,670,619,974</b>	<b>3,211,447,470</b>	<b>1,979,976,277</b>
<b>Total Operating Income</b>	<b>17,819,807,265</b>	<b>16,915,298,919</b>	<b>15,145,712,366</b>
<b>Less: Operating Expenses</b>			
Salary and Allowances	5,941,263,420	5,316,974,850	4,507,682,664
Rent, Taxes, Insurances, Electricity etc.	872,108,306	841,390,006	710,559,066
Legal Expenses	13,105,629	8,297,653	9,414,203
Postage, Stamps, Telecommunication etc.	142,651,868	135,237,784	117,567,557
Stationery, Printings, Advertisements etc.	204,048,062	634,843,035	170,089,674
Managing Director's Salary and Fees	22,200,205	21,331,363	19,713,122
Directors' Fees & Expenses	1,533,800	1,886,000	2,141,400
Shariah Supervisory Committee's Fees & Expenses	307,000	466,000	459,000
Audit Fees	2,604,469	1,244,013	1,652,750
Depreciation & Repair of Bank's Assets	882,590,243	885,772,928	760,915,950
Zakat Expenses	258,371,758	223,591,701	174,244,555
Other Expenses	1,391,277,250	1,517,004,462	1,256,628,649
<b>Total Operating Expenses</b>	<b>9,732,062,010</b>	<b>9,588,039,795</b>	<b>7,731,068,590</b>
<b>Profit /(Loss) before Provision and Tax</b>	<b>8,087,745,255</b>	<b>7,327,259,124</b>	<b>7,414,643,776</b>
Provisions for Investments including off-B/S items	1,653,669,927	1,579,878,728	1,146,808,638
Provisions for Diminution in Value of Investment in Shares	(5,110,318)	73,201,332	(43,715,538)
Provisions for Other Assets	327,070,978	100,000,000	376,227,389
Provisions for Start-up Fund	32,400,861	29,299,095	33,210,421
<b>Total Provisions</b>	<b>2,008,031,448</b>	<b>1,782,379,155</b>	<b>1,512,530,910</b>
<b>Total Profit/(Loss) before Taxes</b>	<b>6,079,713,807</b>	<b>5,544,879,969</b>	<b>5,902,112,866</b>
Provision for Current Tax	2,798,116,674	2,647,014,248	2,590,337,472
Prior year Tax paid	73,286,701	-	-
Deferred Tax Income	(103,359,392)	(63,637,081)	(53,424,593)
<b>Total Provisions for Tax</b>	<b>2,768,043,983</b>	<b>2,583,377,167</b>	<b>2,536,912,879</b>
<b>Net Profit/(Loss) after Tax</b>	<b>3,311,669,824</b>	<b>2,961,502,802</b>	<b>3,365,199,987</b>
<b>Net profit/(Loss) after tax attributable to:</b>			
Equity holders of FSIBL	3,281,499,898	2,942,941,910	3,344,205,832
Non-controlling Interest	30,169,926	18,560,892	20,994,155

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Managing Director  
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Chief Executive Officer  
Community Bank Investment Limited

11 NOV 2024

Draft Information Memorandum  
FSIB 4<sup>th</sup> Subordinated Bond of BDT 5,000 Million

	3,311,669,824	2,961,502,802	3,365,199,987
Retained Earnings from Previous Year	929,849,625	887,102,932	874,829,851
<b>Profit/(Loss) available for Appropriation</b>	<b>4,241,519,449</b>	<b>3,848,605,734</b>	<b>4,240,029,838</b>
<b>Appropriations:</b>			
Statutory Reserve	1,193,613,049	1,093,479,600	1,163,092,599
Other Reserve	412,770,004	303,651,817	861,340,664
Cash Dividend paid	-	-	474,380,100
Bonus Share Issued	-	-	474,380,100
Dividend (Previous year)	1,063,340,916	1,030,863,799	-
Profit/Coupon paid to perpetual bond holder	493,200,000	472,200,000	358,739,288
Non-controlling Interest	30,169,926	18,560,892	20,994,155
	<b>3,193,093,895</b>	<b>2,918,756,109</b>	<b>3,352,926,906</b>
Retained Earnings Carried Forward	<b>1,048,425,554</b>	<b>929,849,625</b>	<b>887,102,932</b>

**Consolidated Cash Flow Statement:**

First Security Islami Bank PLC. and Its Subsidiaries Consolidated Cash Flow Statement For The Period Ended 31 December 2021 to 31 December 2023			
Particulars	2023	2022	2021
	BDT	BDT	BDT
<b>Cash Flows from Operating Activities (A)</b>			
Investment Income Receipt	52,536,339,347	40,330,108,155	40,997,081,798
Profit paid on Deposits	(36,957,950,765)	(26,504,817,467)	(28,661,412,450)
Dividend Receipts	37,513,917	51,131,142	11,436,982
Fees & Commission Receipt	840,979,172	1,546,572,137	803,588,638
Recoveries from investment previously written off	1,000,000	50,000	-
Payment to Employees	(5,963,463,625)	(5,338,306,213)	(4,527,395,786)
Payment to Suppliers	(462,617,896)	(894,975,292)	(372,543,440)
Income Tax Paid	(2,162,148,472)	(2,595,988,948)	(2,304,583,961)
Receipts from Other Operating Activities	1,878,545,841	876,729,047	781,757,883
Payment for Other Operating Activities	(2,460,433,842)	(2,529,794,759)	(2,121,602,334)
<b>Operating Profit before changes in Operating Assets &amp; Liabilities</b>	<b>7,287,763,677</b>	<b>4,940,707,802</b>	<b>4,606,327,330</b>
<b>Increase/(Decrease) in Operating Assets &amp; Liabilities</b>			
(Increase)/decrease in Investments to Customers	(44,654,698,242)	(67,467,113,407)	(41,324,255,858)
(Increase)/decrease of Other Assets	(1,144,511,007)	(956,448,771)	(562,213,505)
(Increase)/decrease of Placement with Banks & other Financial Institutions	804,512,677	(1,349,455,000)	80,500,000
Increase/(decrease) of Deposits Received from Customers	(18,844,522,565)	3,807,587,475	41,362,123,867
Increase/(decrease) of Placement from Banks & other Financial Institutions	54,081,519,228	65,317,310,429	2,020,902,219
Increase/(decrease) of Other Liabilities	3,071,024,713	104,606,011	(102,781,237)
<b>Cash Generated from Operating Assets &amp; Liabilities</b>	<b>(6,686,675,197)</b>	<b>(543,513,263)</b>	<b>1,474,275,486</b>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>601,088,480</b>	<b>4,397,194,539</b>	<b>6,080,602,817</b>
<b>Cash Flows from Investing Activities (B)</b>			
(Purchase)/Sale of Shares and Securities	(932,462,135)	2,461,241,473	(5,155,727,536)
Purchase of Property, Plant and Equipment	(426,587,087)	(979,268,916)	(622,759,643)
Sale of Property, Plant and Equipment	15,190,272	18,659,095	3,069,270

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Chief Executive Officer  
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11 NOV 2024

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FSIB 4<sup>th</sup> Subordinated Bond of BDT 5,000 Million

Net Cash Inflow/(Outflow) from Investing Activities	(1,343,858,950)	1,500,631,652	(5,775,417,909)
<b>Cash Flows from Financing Activities (C)</b>			
Receipt/(Redemption) for Issuance of Mudaraba Subordinated Bond	(2,300,000,000)	(2,300,000,000)	(900,000,000)
Receipt/(Redemption) for Issuance of Mudaraba Perpetual Bond	-	-	2,200,000,000
Profit paid on Lease Liabilities	(14,065,599)	(13,768,865)	(16,323,381)
Dividend/Coupon Paid in Cash	(527,185,875)	(1,003,605,263)	(833,119,388)
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>	<b>(2,841,251,474)</b>	<b>(3,317,374,128)</b>	<b>450,557,231</b>
<b>Net Increase/(Decrease) of Cash &amp; Cash Equivalents (D=A+B+C)</b>	<b>(3,584,021,944)</b>	<b>2,580,452,063</b>	<b>755,742,138</b>
Effect of Exchange Rate Change on Cash & Cash Equivalents (E)	16,100,530	(4,546,589)	(4,682,594)
<b>Opening Cash &amp; Cash Equivalents (F)</b>	<b>38,739,465,345</b>	<b>36,163,559,871</b>	<b>35,412,500,327</b>
<b>Closing Cash &amp; Cash Equivalents (G=D+E+F)</b>	<b>35,171,543,931</b>	<b>38,739,465,345</b>	<b>36,163,559,871</b>
<b>The above closing Cash and Cash Equivalents include:</b>			
Cash in Hand (Including Foreign Currencies)	4,154,881,434	3,954,792,300	3,318,477,065
Balance with Bangladesh Bank and its Agent Bank(s) and Other Banks	31,016,662,497	34,784,673,045	32,845,082,806
	<b>35,171,543,931</b>	<b>38,739,465,345</b>	<b>36,163,559,871</b>

**Balance Sheet:**

First Security Islami Bank PLC. Balance Sheet As at 30 December 2023 to 30 December 2021			
	31.12.2023	31.12.2022	31.12.2021
	BDT	BDT	BDT
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	<b>33,744,825,890</b>	<b>37,256,204,252</b>	<b>34,059,157,124</b>
In hand (including foreign currencies)	4,151,175,613	3,936,182,668	3,303,790,552
Balance with Bangladesh Bank and its Agent Bank(s) (including foreign currencies)	29,593,650,277	33,320,021,584	30,755,366,572
<b>Balance with other Banks and Financial Institutions</b>	<b>1,310,658,053</b>	<b>1,349,723,787</b>	<b>1,932,930,013</b>
In Bangladesh	1,031,858,971	324,731,568	1,287,692,771
Outside Bangladesh	278,799,082	1,024,992,219	645,237,242
<b>Placement with Banks &amp; Other Financial Institutions</b>	<b>13,034,942,323</b>	<b>13,839,455,000</b>	<b>12,490,000,000</b>
<b>Investments in Shares &amp; Securities</b>	<b>27,467,446,480</b>	<b>26,552,763,372</b>	<b>28,735,224,142</b>
Government	23,674,689,450	22,774,689,450	25,436,220,000
Others	3,792,757,030	3,778,073,922	3,299,004,142
<b>Investments</b>	<b>570,286,708,242</b>	<b>524,795,151,026</b>	<b>456,428,535,681</b>
General Investment etc.	567,930,712,306	521,292,786,607	453,021,615,078
Bills Purchased and Negotiated	2,355,995,936	3,502,364,419	3,406,920,603
<b>Fixed Assets Including Premises, Furniture &amp; Fixtures and Intangible Assets</b>	<b>6,725,414,524</b>	<b>6,877,634,336</b>	<b>6,545,049,530</b>
<b>Other Assets</b>	<b>6,518,920,712</b>	<b>4,791,716,959</b>	<b>3,664,142,702</b>
<b>Non-Banking Assets</b>	<b>25,145,280</b>	<b>25,145,280</b>	<b>25,145,280</b>
<b>Total Assets</b>	<b>659,114,061,504</b>	<b>615,487,794,012</b>	<b>543,880,184,472</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
Placement from Banks & Other Financial Institutions	134,585,643,997	80,484,391,794	15,226,048,795
Deposits and Other Accounts	455,194,995,469	473,046,316,737	469,061,867,848

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Chief Executive Officer  
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Al-Wadia Current Deposits and Other Deposit Accounts	40,248,323,726	43,387,807,051	53,340,593,153
Bills Payable	3,358,829,216	5,679,725,957	3,387,782,139
Mudaraba Savings Deposits	74,392,816,865	70,179,141,772	43,329,472,074
Mudaraba Term Deposits	291,955,086,665	308,967,731,305	323,125,042,554
Other Mudaraba Deposits	45,239,938,997	44,831,910,652	45,878,977,928
<b>Mudaraba Subordinated Bond</b>	<b>5,100,000,000</b>	<b>7,400,000,000</b>	<b>9,700,000,000</b>
<b>Mudaraba Perpetual Bond</b>	<b>6,000,000,000</b>	<b>6,000,000,000</b>	<b>6,000,000,000</b>
<b>Other Liabilities</b>	<b>33,042,552,683</b>	<b>26,116,875,125</b>	<b>23,415,440,729</b>
<b>Total Liabilities</b>	<b>633,923,192,149</b>	<b>593,047,583,656</b>	<b>523,403,357,372</b>
<b>Capital/Shareholders' equity</b>			
Paid-up Capital	11,506,089,330	10,460,081,210	9,961,982,110
Statutory Reserve	8,743,756,230	7,550,143,181	6,456,663,581
Other Reserve	3,575,490,973	3,152,659,895	2,838,947,004
Assets Revaluation Reserve	182,356,960	188,645,132	194,933,303
Retained Earnings	1,183,175,862	1,088,680,938	1,024,301,103
<b>Total Shareholders' Equity</b>	<b>25,190,869,355</b>	<b>22,440,210,356</b>	<b>20,476,827,100</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>659,114,061,504</b>	<b>615,487,794,012</b>	<b>543,880,184,472</b>

**Profit and Loss Accounts:**

First Security Islami Bank PLC. Profit and Loss Account For The Period Ended 31 December 2023 to 31 December 2021			
	2023	2022	2021
	BDT	BDT	BDT
<b>Operating Income:</b>			
Investments Income	51,950,748,666	40,235,923,289	40,631,890,056
Profit Paid on Deposits	(37,941,332,680)	(26,700,647,345)	(27,608,053,114)
<b>Net Investment Income</b>	<b>14,009,415,986</b>	<b>13,535,275,944</b>	<b>13,023,836,942</b>
Income from Investment in Shares and Securities	951,094,961	788,146,286	394,629,756
Commission, Exchange and Brokerage	727,075,022	1,524,665,635	771,842,502
Other Operating Income	1,843,380,318	791,749,899	678,783,672
	<b>3,521,550,301</b>	<b>3,104,561,820</b>	<b>1,845,255,930</b>
<b>Total Operating Income</b>	<b>17,530,966,287</b>	<b>16,639,837,764</b>	<b>14,869,092,872</b>
<b>Less: Operating Expenses</b>			
Salary and Allowances	5,887,533,353	5,270,201,431	4,462,267,083
Rent, Taxes, Insurances, Electricity etc.	866,844,224	837,867,800	707,114,615
Legal Expenses	7,122,641	8,297,653	9,414,203
Postage, Stamps, Telecommunication etc.	141,980,582	134,505,322	116,844,275
Stationery, Printings, Advertisements etc.	203,703,685	634,527,589	169,488,898
Managing Director's Salary and Fees	18,120,139	17,505,608	16,432,439
Directors' Fees & Expenses	1,108,800	1,436,000	1,566,400
Shariah Supervisory Committee's Fees & Expenses	307,000	466,000	459,000
Audit Fees	1,610,000	1,035,000	1,380,000
Depreciation & Repair of Bank's Assets	875,894,040	878,134,842	751,863,302
Zakat Expenses	258,371,758	223,591,701	174,244,555
Other Expenses	1,307,193,980	1,435,089,391	1,178,624,196
<b>Total Operating Expenses</b>	<b>9,569,790,202</b>	<b>9,442,658,337</b>	<b>7,589,698,966</b>
<b>Profit/(Loss) before Provision and Tax</b>	<b>7,961,176,085</b>	<b>7,197,179,427</b>	<b>7,279,393,906</b>
Provisions for Investments including off-B/S items	1,642,427,652	1,542,322,027	1,118,208,638
Provisions for Diminution in Value of Inv. in Shares and Bonds	(8,788,652)	58,160,305	(63,715,538)
Provisions for Other Assets	327,070,978	100,000,000	376,227,389
Provisions for Start-up Fund	32,400,861	29,299,095	33,210,421
<b>Total Provisions</b>	<b>1,993,110,839</b>	<b>1,729,781,427</b>	<b>1,463,930,910</b>
<b>Total Profit/(Loss) before Taxes</b>	<b>5,968,065,246</b>	<b>5,467,398,000</b>	<b>5,815,462,996</b>
Provision for Current Tax	2,758,051,840	2,601,125,622	2,547,845,471

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Prior year Tax paid	73,286,701	-	-
Deferred Tax (Income)/Expenses	(103,359,392)	(63,637,081)	(53,424,593)
<b>Total Provisions for Tax</b>	<b>2,727,979,149</b>	<b>2,537,488,541</b>	<b>2,494,420,878</b>
<b>Net Profit/(Loss) after Tax</b>	<b>3,240,086,097</b>	<b>2,929,909,459</b>	<b>3,321,042,118</b>
Retained Earnings from Previous Year	1,088,680,938	1,024,301,103	1,035,191,735
<b>Profit/(Loss) available for Appropriation</b>	<b>4,328,767,035</b>	<b>3,954,210,562</b>	<b>4,356,233,853</b>
<b>Appropriations:</b>			
Statutory Reserve	1,193,613,049	1,093,479,600	1,163,092,599
Other Reserve	412,770,004	303,651,817	861,340,664
Dividend (Previous year)	493,200,000	996,198,206	948,760,200
Profit/Coupon paid to perpetual bond holder	1,046,008,120	472,200,000	358,739,288
	<b>3,145,591,173</b>	<b>2,865,529,624</b>	<b>3,331,932,751</b>
Retained Earnings Carried Forward	<b>1,183,175,862</b>	<b>1,088,680,938</b>	<b>1,024,301,103</b>

**Cash flow Statement:**

First Security Islami Bank PLC. Cash Flow Statement For The Period Ended 31 December 2023 to 31 December 2021			
	2023	2022	2021
	BDT	BDT	BDT
<b>Cash Flows from Operating Activities (A)</b>			
Investment Income Receipt	52,308,338,836	40,079,131,874	40,855,182,651
Profit paid on Deposits	(36,957,950,765)	(26,504,817,467)	(28,661,412,450)
Dividend Receipts	37,513,917	51,131,142	11,436,982
Fees & Commission Receipt	727,075,022	1,524,665,635	771,842,502
Recoveries from investment previously written off	1,000,000	50,000	-
Payment to Employees	(5,905,653,492)	(5,287,707,039)	(4,478,699,522)
Payment to Suppliers	(462,440,076)	(894,659,846)	(371,942,664)
Income Tax Paid	(2,119,572,490)	(2,552,056,354)	(2,276,240,816)
Receipts from Other Operating Activities	1,843,380,318	791,749,899	678,783,672
Payment for Other Operating Activities	(2,374,913,227)	(2,465,391,122)	(2,061,751,664)
<b>Operating Profit before changes in Operating Assets &amp; Liabilities</b>	<b>7,096,778,043</b>	<b>4,742,096,722</b>	<b>4,467,198,691</b>
<b>Increase/(Decrease) in Operating Assets &amp; Liabilities</b>			
(Increase)/decrease in Investments to Customers	(44,637,439,811)	(67,671,379,710)	(41,375,562,252)
(Increase)/decrease of Other Assets	(1,058,571,869)	(496,274,701)	(218,373,288)
(Increase)/decrease of Placement with Banks & other Financial Institutions	804,512,677	(1,349,455,000)	80,500,000
Increase/(decrease) of Deposits Received from Customers	(18,821,986,552)	3,802,387,876	41,374,305,614
Increase/(decrease) of Placement from Banks & other Financial Institutions	54,101,252,203	65,258,342,999	2,091,177,138
Increase/(decrease) of Other Liabilities	3,080,781,388	77,492,676	(113,528,693)
<b>Cash Generated from Operating Assets &amp; Liabilities</b>	<b>(6,531,451,965)</b>	<b>(378,885,860)</b>	<b>1,838,518,519</b>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>565,326,078</b>	<b>4,363,210,862</b>	<b>6,305,717,211</b>
<b>Cash Flows from Investing Activities (B)</b>			
(Purchase)/ Sale of Shares and Securities	(914,683,108)	2,499,800,828	(5,113,671,520)
Purchase of Property, Plant and Equipment	(426,461,237)	(979,215,323)	(622,170,298)
Sale of Property, Plant and Equipment	15,190,272	18,659,095	3,069,270
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>	<b>(1,325,954,073)</b>	<b>1,539,244,600</b>	<b>(5,732,772,548)</b>
<b>Cash Flows from Financing Activities (C)</b>			
Receipt/(Redemption) for Issuance of Mudaraba Subordinated Bond	(2,300,000,000)	(2,300,000,000)	(900,000,000)
Receipt/(Redemption) for Issuance of Mudaraba Perpetual Bond	-	-	2,200,000,000
Profit paid on Lease Liabilities	(12,716,631)	(13,768,865)	(15,874,143)

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Dividend/Coupon Paid in Cash	(493,200,000)	(970,299,106)	(833,119,388)
Net Cash Inflow/(Outflow) from Financing Activities	(2,805,916,631)	(3,284,067,971)	451,006,469
Net Increase/(Decrease) of Cash & Cash Equivalents (D=A+B+C)	(3,566,544,626)	2,618,387,491	1,023,951,132
Effect of Exchange Rate Change on Cash & Cash Equivalents	16,100,530	(4,546,589)	(4,682,594)
Opening Cash & Cash Equivalents (E)	38,605,928,039	35,992,087,137	34,972,818,599
Closing Cash & Cash Equivalents (F=D+E)	35,055,483,943	38,605,928,039	35,992,087,137
The above closing Cash and Cash Equivalents include:			
Cash in Hand (Including Foreign Currencies)	4,151,175,613	3,936,182,668	3,303,790,552
Balance with Bangladesh Bank and its Agent Bank(s) and Other Banks	30,904,308,330	34,669,745,371	32,688,296,585
	35,055,483,943	38,605,928,039	35,992,087,137

#### SECTION 14: RATIOS FOR THE LAST ACCOUNTING YEARS

Sl No.	Particulars	Dec'23	Dec'22	Dec'21
01.	Current Ratio	N/A	N/A	N/A
02.	Quick Ratio	N/A	N/A	N/A
03.	Break Even Point	N/A	N/A	N/A
04.	Debt to Equity Ratio (Times)	25.16	26.43	25.56
05.	Debt to Total Assets Ratio (Times)	0.96	0.96	0.96
06.	Debt to Total Assets Ratio (after issue of Subordinated Bond)	0.97	0.97	0.98
07.	Accounts Receivable Turnover Ratio	N/A	N/A	N/A
08.	Gross Margin Ratio	N/A	N/A	N/A
09.	Operating Income Ratio	N/A	N/A	N/A
10.	Net Income Ratio	N/A	N/A	N/A
11.	Return on Assets (ROA)	0.51%	0.51%	0.64%
12.	Return on Equity (ROE)	13.60%	13.65%	17.21%
13.	Earnings-Per-Share (EPS)	2.82	2.80	3.33
14.	Net Asset Value (NAV) Per Share	21.89	21.45	20.55
15.	Net Operating Cash Flow to Net Income	0.17%	1.49%	1.90%
16.	Total Debt to Tangible Assets Ratio (Times)	0.96	0.96	0.96
17.	Total Debt to Tangible Assets Ratio (after issue of Subordinated Bond) (Times)	0.97	0.98	0.98
18.	Capital to Risk Weighted Asset Ratio (CRAR) - Solo	11.91%	12.09%	12.06%
19.	Gross NPL Ratio	3.95%	4.01%	4.73%
20.	Net NPL Ratio	2.09%	2.04%	2.47%

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## SECTION 15: CREDIT RATING REPORT OF THE ISSUE

### Credit Rating of Issuer

Date of Declaration	Valid Till	Rating Action	Long Term	Short Term	Rated By	Outlook
15 May 2024	14 May 2025	Surveillance 13	A+	ST-2	ECRL	Stable

### Credit Rating of the Issue

Date of Declaration	Valid Till	Rating Action	Long Term	Short Term	Rated By	Outlook
25 June 2024	24 June 2025	Surveillance 01	A/D	-	ECRL	Stable

Credit Rating Report for FSIB 4th Subordinated Bond, issued by Emerging Credit Rating Limited is annexed to this Information Memorandum. Please check **Annexure – 2**.

## SECTION 16: LATEST DEFAULT MATRIX AND TRANSITION STATISTICS OF CRC

### BOND RATING SYMBOL

#### LONG-TERM RATINGS

ECRL's Long-Term Ratings are assigned to debt with maturities of more than one year. These debt ratings specifically assess the likelihood of timely repayment of principal and payment of interest over the term to maturity of such debts.

RATING	
AAA	Indicates that the ability to repay principal and pay interest on a timely basis is extremely high.
AA	Indicates a very strong ability to repay principal and pay interest on a timely basis, with limited increment risk compared to issues rated in the highest category.
A	Indicates the ability to repay principal and pay interest is strong. These issues could be more vulnerable to adverse developments, both internal and external, than obligations with higher ratings.
BBB	This grade indicates an adequate capacity to repay principal and pay interest. More vulnerable to adverse developments, both internal and external, than obligations with higher ratings.
BB	This rating suggests that likelihood of default is considerably less than for lower-rated issues. However, there are significant uncertainties that could affect the ability to adequately service debt obligations.
B	Indicates a higher degree of uncertainty, and therefore, greater likelihood of default. Adverse developments could negatively affect repayment of principal and payment of interest on a timely basis.
C	High likelihood of default, with little capacity to address further adverse changes in financial circumstances.
	Payment in default.

Notes: Long-Term Ratings from AA to B may be modified by the addition of a plus (+) or minus (-) suffix to show relative standing within the major rating categories. Bank-guaranteed issues will carry a suffix (bg), corporate-guaranteed issues, a (cg), issues guaranteed by a financial guarantee insurer (FGI), an (fg), bond issues will carry a suffix (B) and all other supports, an (s) when such guarantees or supports give favourable effect to the assigned rating.

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## ECRL Default Studies 2021

### Default Summary by Rating Category

Year	Issuers as of 31st December	Default count (High Grade)	Default count (High Yield)	High grade default rate	High yield default rate	All corporate default rate
2011	223	0	0	0.0%	0.0%	0.0%
2012	634	0	0	0.0%	0.2%	0.2%
2013	1136	0	2	0.0%	0.0%	0.0%
2014	1128	0	0	0.0%	0.0%	0.0%
2015	875	0	0	0.0%	0.0%	0.0%
2016	916	0	1	0.0%	0.1%	0.1%
2017	780	1	0	0.4%	0.0%	0.1%
2018	878	0	0	0.0%	0.0%	0.0%
2019	993	0	1	0.0%	0.1%	0.1%
2020	1010	0	1	0.0%	0.1%	0.1%
2021	1068	0	0	0.0%	0.0%	0.0%
Arithmetic Mean	n.a.	n.a.	n.a.	0.0%	0.1%	0.1%

### Cumulative Default Rate by Rating Band

Rating band	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
AAA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
AA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
A	0.1%	0.1%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
BBB	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%
BB	0.4%	0.5%	0.7%	0.7%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
B	0.0%	0.0%	0.0%	0.0%	0.0%	3.1%	3.1%	3.1%	3.1%	3.1%
C	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
B & Lower	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%
High Grade	0.0%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
High Yield	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%
All Corporate	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%

### Rating Transition Matrix (2011 – 2021)

#### 1-year cumulative rating transition matrix

From / To	AAA	AA	A	BBB	BB	B	C	Default
AAA	98.6%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
AA	1.3%	98.4%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
A	0.0%	1.6%	96.2%	2.1%	0.1%	0.0%	0.0%	0.1%
BBB	0.0%	0.0%	1.9%	96.6%	1.4%	0.0%	0.0%	0.0%
BB	0.0%	0.0%	0.0%	12.4%	86.4%	0.7%	0.0%	0.5%
B	0.0%	0.0%	0.0%	0.0%	14.3%	85.7%	0.0%	0.0%
C	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
D	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%

#### 2-year cumulative rating transition matrix

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From / To	AAA	AA	A	BBB	BB	B	C	Default
AAA	97.3%	2.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
AA	2.6%	96.9%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
A	0.0%	3.2%	92.6%	4.0%	0.1%	0.0%	0.0%	0.1%
BBB	0.0%	0.1%	3.6%	93.6%	2.6%	0.1%	0.0%	0.0%
BB	0.0%	0.0%	0.2%	22.7%	74.9%	1.2%	0.0%	1.0%
B	0.0%	0.0%	0.0%	1.8%	24.6%	73.6%	0.0%	0.1%
C	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
D	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%

3-year cumulative rating transition matrix

From / To	AAA	AA	A	BBB	BB	B	C	Default
AAA	96.0%	4.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
AA	3.9%	95.4%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%
A	0.1%	4.6%	89.2%	5.8%	0.2%	0.0%	0.0%	0.2%
BBB	0.0%	0.1%	5.2%	90.8%	3.6%	0.1%	0.0%	0.0%
BB	0.0%	0.0%	0.6%	31.2%	65.2%	1.5%	0.0%	1.3%
B	0.0%	0.0%	0.0%	4.8%	31.8%	63.2%	0.0%	0.2%
C	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
D	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%

4-year cumulative rating transition matrix

From / To	AAA	AA	A	BBB	BB	B	C	Default
AAA	94.7%	5.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
AA	5.1%	93.9%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%
A	0.1%	6.0%	85.9%	7.5%	0.3%	0.0%	0.0%	0.2%
BBB	0.0%	0.2%	6.7%	88.3%	4.5%	0.2%	0.0%	0.0%
BB	0.0%	0.0%	1.2%	38.2%	57.0%	1.8%	0.0%	1.7%
B	0.0%	0.0%	0.1%	8.5%	36.6%	54.4%	0.0%	0.4%
C	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
D	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%

5-year cumulative rating transition matrix

From / To	AAA	AA	A	BBB	BB	B	C	Default
AAA	93.5%	6.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
AA	6.2%	92.5%	1.2%	0.1%	0.0%	0.0%	0.0%	0.0%
A	0.2%	7.3%	82.8%	9.0%	0.4%	0.0%	0.0%	0.3%
BBB	0.0%	0.4%	8.1%	86.0%	5.2%	0.2%	0.0%	0.1%
BB	0.0%	0.1%	1.9%	44.0%	50.1%	1.9%	0.0%	2.0%
B	0.0%	0.0%	0.3%	12.8%	39.5%	46.9%	0.0%	0.6%
C	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
D	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%

## SECTION 17: DESCRIPTION OF THE TRUSTEE

**Overview of the Trustee:** Community Bank Investment Ltd. (CBIL) - a wholly owned subsidiary of Community Bank Bangladesh Limited, was incorporated on 30 December 2020. Subsequently, the company obtained Merchant Banking License from Bangladesh Securities and Exchange Commission in June 2021. Our aim at CBIL is to provide the utmost professional and reliable services to our clients and offer products that suit their best need. Besides, CBIL is dedicated in providing the highest quality services at a competitive price to meet all the capital market needs.

**Services Offered:** Portfolio Management, Issue Management, Underwriting, Trustee Service etc.

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Oli Kamal FCS  
EVP & Company Secretary  
First Security Islami Bank PLC

Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC.

Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

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**Business Strategy:** The core of CBIL's business strategy is to continuously ask how new strategies may be created to meet the needs of clients and stay ahead of the market, which is changing rapidly. The expertise that CBIL possesses in both effectively monitoring trends in customer and client behavioral changes and scanning the horizon for hazards and opportunities holds the key to the solution.

### Financial Highlights of Trustee

The following table provides a snapshot of the financial highlights of the company.  
Financial Highlights of Trustee for the year ended 31 December 2023

Particulars	Amount as of 31 December 2023 (BDT)
Total Asset	337,839,808
Paid-up Capital	250,000,000
Authorized Capital	500,000,000
Revenue	21,888,046
Net Profit	5,744,809
Total Shareholder's Equity	248,886,177

### Shareholding Structure of Trustee

The table below illustrates the shareholders structure of Community Bank Investment Limited.

Sl.	Name of Shareholder's	Nos. of Shares	%
1	Community Bank Bangladesh Ltd.	24,999,990	99.99996%
2	Bangladesh Police Kallyan Trust	10	0.00004%
<b>Total</b>		<b>25,000,000</b>	<b>100.00000%</b>

### Board of Directors of Trustee

The table below illustrates the shareholders structure of Community Bank Investment Limited.

SL.	Name	Designation
1	Md. Atiqul Islam, BPM (Bar), PPM (Bar)	Chairman
2	Abu Hasan Muhammad Tarique, BPM	Director
3	Habibur Rahman, BPM (Bar), PPM (Bar)	Director
4	Dr. Shueb Reaz Alam	Director
5	Kazi Masihur Rahman	Director
6	Masihul Huq Chowdhury	Director
7	Mohammad Abdul Qaium Khan	Director
8	Benazeer Ahmed, FCMA, CPA	Director
9	Shamsul Haque Sufyani	Director
10	Hasi Rani Bepari	Director
11	Nabadip Roy	Director

### Track Record of Trustee Services

Name of the Bond	Status
Star Adhesive Convertible Bond	Application submitted

### Due Diligence Certificate by the Trustee

Due Diligence Certificate of the Trustee is annexed to this Information Memorandum. Please check **Annexure – II**.

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## SECTION 18: MODUS OPERANDI OF THE ISSUE

**Modus Operandi of the Issue** has been incorporated from the Trust Deed executed between the Issuer (First Security Islami Bank PLC.) and the Trustee (Community Bank Investment Limited)

### Application Procedure:

Upon receiving the Consent Letter, the Information Memorandum shall be published by the Issuer on its official website, within the timeframes specified in the Consent Letter; provided further that a notice regarding the publication of Information Memorandum in the website mentioning web-addresses shall be circulated in at least one Bangla and one English language national daily newspaper. The approved Information Memorandum shall be made available in the website of the Issuer until the final date for subscription of the Bonds. The Bonds thereafter shall be distributed 100% through private placement on a best effort basis. Each Investor (Bondholder) shall enter into a separate Subscription Agreement with respect to their investment with the Issuer and shall be bound by the terms and conditions contained in the Subscription Agreement and the Trust Deed containing in details the rights and obligations of the Investor(s).

### The Issuance of Bond:

Notwithstanding anything contained anywhere in this Trust Deed, the Bonds shall be issued in dematerialised form as per the CDBL Bye Laws and the Issuer shall apply to the respective stock exchange(s) for listing in the Alternative Trading Board (ATB) immediately from the date of availing ATB facilities under the Bangladesh Securities and Exchange Commission (Alternative Trading System) Rules, 2019 and respective regulations of the stock exchange(s) in this regard.

The Bond shall be rated by the Credit Rating Agency and its periodical surveillance rating shall be done by the Credit Rating Agency in line with the provisions of the Credit Rating Companies Rules, 1996 up to the full and final redemption or conversion of the issued securities.

### Allotment:

On the Closing Date, to be determined, the Issuer shall allot and issue the Bonds to the Investor(s). The Bonds will be allotted according to the Rules.

### Refund:

Not applicable at the time of Issuance. However, subject to receiving proper consent from the regulatory authorities Refund in relation to the subscription may be possible upon mutual agreement between the Issuer and each Bondholder.

### Transfer:

Bonds are transferable subject to the Terms and Conditions set out in the Trust Deed.

### Repayment and Redemption features of the Bond:

The Profit generated on the Bonds shall be paid on semi-annually beginning at the end of 6 months from drawdown dates. The Profit Payment Dates shall be determined depending upon the Issue Date. Unless previously redeemed or purchased or cancelled, the principal of the Bonds will amortize, and paid annually on a pro rata basis to the Bondholders in instalments of 20% per year in 5 annual tranches commencing at the end of 36th, 48th, 60th, 72th and 84th month respectively from the date of drawdown. The final maturity of the Bonds will at the end of seventh year from the Issue Date of the Bonds.

### Trading and listing with the Stock Exchange:

The Issuer shall apply to the respective stock exchange(s) for listing in the Alternative Trading Board (ATB) immediately from the date of availing ATB facilities under the Bangladesh Securities and Exchange Commission

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Vice & Company Secretary  
First Security Islami Bank PLC.

**Syed Waseque Md Ali**  
Managing Director  
First Security Islami Bank PLC.

**Shibly Amran**  
Chief Executive Officer  
Community Bank Investment Limited

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(Alternative Trading System) Rules, 2019 and respective regulations of the stock exchange(s) in this regard, and comply with the regulatory requirements and guidelines relating to listing circulated from time to time.

**Details of conversion or exchange option:**

Not Applicable.

**Redemption Features:**

Each Bond shall be redeemed in accordance with Condition 8 (*Redemption, Repurchase and Cancellation*).

**TRANSFER OF BONDS:**

Bonds are transferable subject to the terms and conditions set out in the Bond Documents. Each Bond shall be transferred in accordance with Condition 4 (*Transfer of Bonds*) and the CDBL Bye Laws.

**SECTION 19: DETAILS OF FEES STRUCTURE AND EXPENSES**

Particulars	Basis of Calculation	Amount in BDT	
<b>A. Bangladesh Securities &amp; Exchange Commission (BSEC) Fees:</b>		<b>5,010,000</b>	
Application Fee	One time, fixed	10,000	10,000
Consent Fee	0.10% on the issue size	5,000,000	5,000,000
<b>B. CDBL Fees and Expenses:</b>		<b>1,434,500</b>	
Security Fee	Fixed (Refundable)	500,000	500,000
Documentation Fee	Fixed	2,500	2,500
Annual Fee (7 years)	BDT 5,000 up to BDT 5 Crore Issue Size	-	140,000
	BDT 10,000 up to BDT 20 Crore Issue Size	-	
	BDT 20,000 above BDT 20 Crore Issue Size	20,000	
Distribution Fee	0.00015 of the issue size	750,000	750,000
Connection Fee (7 years)	Tk. 500 Per Month	42,000	42,000
<b>D. Fees related to the Issue</b>		<b>36,537,500</b>	
Fund Arrangement Fee	0.50% of the issue size	25,000,000	25,000,000
VAT on Fund Arrangement Fee	15% of the Fund Arrangement Fee	3,750,000	3,750,000
Trustee Fee	Over the period (For 7 Years)	300,000	2,100,000
VAT on Trustee Fee	15% of the Trustee Fee	45,000	315,000
Trustee Regulatory Fee	Application Fee: 50,000, Registration Fee: 100,000, Annual Fee: 50,000 for 7 years	500,000	500,000
Trust Deed Registration Cost	Approximate, at actual, one time, initial	3,000,000	3,000,000
Credit Rating Fee	Over the Period (For 7 Years)	100,000	700,000
Lawyer Fee	Over the Period	150,000	150,000
VAT on Lawyer Fee	15% on Lawyer Fee	22,500	22,500
Miscellaneous	Certificates and others if applicable	1,000,000	1,000,000
<b>Grand Total</b>		<b>42,982,000</b>	

Muhammad Khalid Mahmud FCMA  
EVP Head of F&D & CFO  
First Security Islamic Bank PLC.  
Head Office - Gulshan, Dhaka

Listing expenses as Per Alternative Trading Board rules may be applicable as and when declared by the exchanges.

Regulatory cost may be subject to amendments by the respective regulators.

- Actual costs may be varied if above mentioned estimates differ and will be adjusted accordingly.

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Syed Waseque Md Ali  
Managing Director  
First Security Islamic Bank PLC

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Shibly Amran  
Executive Officer  
Bank Investment Limited

**SECTION 20: CONDITIONS IMPOSED BY THE COMMISSION IN THE CONSENT LETTER**

As per the Consent Letter by Bangladesh Securities and Exchange Commission.

  
 Muhammad Khalid Mahmud FCMA  
 EVP Head of FAD & CFO  
 First Security Islamic Bank PLC.  
 Head Office, Gulshan-1, Dhaka



Oli Kamal FCS  
 EVP & Company Secretary  
 First Security Islamic Bank PLC



Syed Waseque Md Ali  
 Managing Director  
 First Security Islamic Bank PLC.



Shibly Amran  
 Chief Executive Officer  
 Community Bank Investment Limited

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**SECTION 20: DECLARATION AND DUE DILIGENCE CERTIFICATES AS PER ANNEXURE(S)- I AND II**

Annexure- I

Declaration about the responsibility of the Managing Director & CEO of  
First Security Islami Bank PLC. in respect of the information memorandum

**[Rule 4(2)(a)]**

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

We also confirm that full and fair disclosures have been made in this information memorandum to enable the investors to make a well-informed decision for investment.

Sd/-  
Managing Director & CEO  
First Security Islami Bank PLC  
Place: Dhaka  
Date:

Muhammad Khalid Mahmud FCMA  
EVP Head of FAD & CFO  
First Security Islami Bank PLC.  
Head Office, Gulshan-1, Dhaka

Oli Kamal FCS  
EVP & Company Secretary  
First Security Islami Bank PLC

Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC.

Shibly Amran  
Chief Executive Officer  
Bank Investment Limited

11 NOV 2024

**Annexure-II**

**[Rule 3(1)(m), 4(1)(c) and 4(2) (a)]  
Due diligence certificate of the Trustee**

To

**The Bangladesh Securities and Exchange Commission**

**Sub: Issuance 5,000 numbers of Unsecured, Non-convertible, Redeemable, Floating Rate Subordinated Bond of BDT 1,000,000 (Ten Million Taka) each of First Security Islami Bank PLC.**

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

1. We, while act as trustee to the above-mentioned issue on behalf of the investors, have examined the draft Information Memorandum, legal and other documents and materials as relevant to our decision; and
2. On the basis of such examination and the discussions with the issuer, its directors and officers, and other agencies; independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer.

**WE CONFIRM THAT:**

- (a) all information and documents as are relevant to the issue have been received and examined by us and the draft IM, draft deed of trust and draft subscription agreement forwarded to the Commission has been approved by us;
- (b) we have also examined all documents of the assets to be charged with the trust and are satisfied that the assets bear the value, title and charge status as disclosed in the IM – N/A
- (c) while examining the above documents, we find that all the requirements of the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 have been complied with;
- (d) we shall act as trustee to the issue as mentioned above as per provisions of the deed of trust to be executed with the issuer or the originator, as applicable and shall assume the duties and responsibilities as described in the deed of trust and in the IM;
- (e) we shall also abide by the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 and conditions imposed by the Commission as regards of the issue; and
- (f) the above declarations are unequivocal and irrevocable.

**For Trustee**

Sd/-

Managing Director

Community Bank Bangladesh Limited

Place: Dhaka

  
Muhammad Khalid Mahmud FCMA  
EVP Head of FAD & CFO  
First Security Islami Bank PLC.  
Head Office, Gulshan-1, Dhaka

  
Oni Kamal FCS  
EVP & Company Secretary  
First Security Islami Bank PLC.

  
Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC.

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

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The Due Diligence Certificates are also annexed to this Information Memorandum as mentioned below:

- a) Declaration of the Management of the Issuer as per [Rule 4(2)(a)] of Bangladesh Securities and Exchange Commission (Debt Securities) Rule 2021. Kindly Check **Annexure-I**
- b) Due Diligence Certificate of the Trustee [Rule 3(1)(m), 4(1)(c) and 4(2) (a)], is attached with this information memorandum. Kindly check **Annexure – II**
- c) Due Diligence Certificate of the Issuer Manager is Not Applicable for the FSIB 4th Subordinated Bond.
- d) Due Diligence Certificate of the Underwriter is Not Applicable for the FSIB 4th Subordinated Bond.

  
Muhammad Khalid Mahmud FCMA  
EVP Head of FAD & CFO  
First Security Islami Bank PLC.  
Head Office, Gulshan-1, Dhaka

  
Oli Kamal FCS  
EVP & Company Secretary  
First Security Islami Bank PLC

  
Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC.

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

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## ANNEXURE – 1

(Auditor's Report along with Audited Financial Statements)

  
Muhammad Khalid Mahmud FCMA  
EVP Head of FAD & CFO  
First Security Islami Bank PLC.  
Head Office, Gulshan-1, Dhaka

  
Oli Kamal FCS  
EVP & Company Secretary  
First Security Islami Bank PLC.

  
Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC.

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

11 NOV 2024

# 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

  
Muhammad Khalid Mahmud FCMA  
EVP Head of FAD & CFO  
First Security Islami Bank PLC.  
Head Office, Gulshan-1, Dhaka

  
Oli Kamal FCS  
EVP & Company Secretary  
First Security Islami Bank PLC.

  
Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

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**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 for 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.

Muhammad Khalid Mahmud  
EVP Head of CAD & CFO  
First Security Islami Bank PLC.  
Head Office, Dhaka

  
**Oli Kamal FCS**  
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First Security Islami Bank PLC

  
**Syed Waseque Md Ali**  
Managing Director  
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Description of key audit matters	Our response to key audit matters
<b>1. Investments</b>	
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>
<b>2. Recognition of Investment income</b>	
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>

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### 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

The process for estimating provision for investments associated with investment risk is judgmental, significant and complex.

For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for Investment transactions.

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.

While estimating such provision certain judgmental factors need to be considered including:

- 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.

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.

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.

We tested the design and operating effectiveness of key controls focusing on the following:

- 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);

Our substantive procedure in relation to the provisions for investments portfolio comprised the following:

- 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.

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.

### 4. Analysis of available fund to manage performance

At the end of the year, Cash and Deposit from Customers have decreased sequentially by around 809.455 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

We have performed substantive procedures to check the ratio between available fund and investment made to customers.

We also tested the CRR and SLR calculation and compare the same with the standard rate as per Bangladesh Bank guidelines.

  
**Oli Kamal FCS**  
EVP & Company Secretary  
First Security Islamic Bank PLC.

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**Syed Waseque Md Ali**  
Managing Director  
First Security Islamic Bank PLC

  
**Shibly Amran**  
Chief Executive Officer  
Immunity Bank Investment Limited

11 NOV 2024

BDT 54.1 billion in absence of which the ID ratio, CRR and SLR could have been affected more adversely.

The matter has been considered key audit matter due to its complexity and regulatory requirement in reporting.

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).

#### 5. Liquidity concern and significant Increase in Borrowing from Bangladesh Bank

Refer to note no. 12(a) to the financial statements

At several point of time in the reporting year, the bank encountered multiple instances of liquidity challenges.

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.

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.

Our audit procedures in connection of the borrowing are as follows:

- 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.

#### 6. Measurement of deferred tax assets (DTA) net-off liabilities

Refer to note no. 10.4 to the financial statements

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.

However, Bank has considered a portion of provision for classified investment while calculating the deferred tax which impacts on EPS.

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.

Accordingly, this area has been considered as key audit matter.

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.

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.

**Oli Kamal FCS**  
EVP & Company Secretary  
First Security Islami Bank PLC

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Managing Director  
First Security Islami Bank PLC

**Shibly Amran**  
Chief Executive Officer  
Community Bank Investment Limiter

## 7. IT systems and controls

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.

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.

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.

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.

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.

## 8. Legal, regulatory matters and Contingent Liabilities

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.

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.

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.

The Bank has disclosed contingent liabilities amounting to BDT 23 billion at the year ended on December 31, 2023 (2022 BDT 42 billion).

Contingent liabilities are not required to be recognized but disclosed in the financial statements.

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.

We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.

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.

We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.

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.

Muhammad Khalid Mahmud  
EVP Head of FAO & CFO  
First Security Islami Bank PLC  
Head Office, Dhaka

Oli Kamal FCS  
EVP & Company Secretary  
First Security Islami Bank PLC

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Managing Director  
First Security Islami Bank PLC

Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited



## 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.

  
Oli Kamal FCS  
EVP & Company Secretary  
First Security Islami Bank PLC

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Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

11 NOV 2024

  
Muhammad Khalid Mahmud  
EVP Head of FAID & CFO  
First Security Islami Bank PLC  
Head Office, Gulshan-1, Dhaka

- 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:

- 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;
- 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's responsibility for the financial statements and internal control:
  - audit, internal control and risk management arrangements of the Group and the Bank as disclosed in the financial statements appeared to be materially adequate;
  - 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);

**Oli Kamal FCS**  
EVP & Company Secretary  
First Security Islami Bank PLC

**Syed Waseque Md Ali**  
Managing Director  
First Security Islami Bank PLC

**Shibly Amran**  
Chief Executive Officer  
Community Bank Investment Limited

Muhammad Khalid Mahmud FCS  
EVP Head of F&C  
First Security Islami Bank PLC  
Head Office, Gulshan-1, Dhaka

- (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

Muhammad Khalid Mahmud FCMA  
EVP Head of FAD & CFO  
First Security Islami Bank PLC.  
Head Office, Gulshan-1, Dhaka

Oli Kamal FCS  
EVP & Company Secretary  
First Security Islami Bank PLC

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

Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC

Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

11 NOV 2024

**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
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>		<b>33,748,531,711</b>	<b>37,274,813,884</b>
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
<b>Balance with other Banks and Financial Institutions</b>	5	<b>1,423,012,220</b>	<b>1,464,651,461</b>
In Bangladesh		1,128,287,388	414,301,251
Outside Bangladesh		294,724,832	1,050,350,210
<b>Placement with Banks &amp; Other Financial Institutions</b>	6	<b>13,034,942,323</b>	<b>13,839,455,000</b>
<b>Investments in Shares &amp; Securities</b>	7	<b>27,495,089,418</b>	<b>26,562,627,283</b>
Government		23,674,689,450	22,774,689,450
Others		3,820,399,968	3,787,937,833
<b>Investments</b>		<b>569,324,144,273</b>	<b>523,944,389,645</b>
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
<b>Fixed Assets Including Premises, Furniture &amp; Fixtures and Intangible Assets</b>	9	<b>6,729,782,478</b>	<b>6,887,649,871</b>
<b>Other Assets</b>	10	<b>8,329,990,676</b>	<b>6,454,845,654</b>
<b>Non Banking Assets</b>	11	<b>25,145,280</b>	<b>25,145,280</b>
<b>Total Assets</b>		<b>660,110,638,379</b>	<b>616,453,578,077</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Placement from Banks &amp; Other Financial Institutions</b>	12	<b>135,036,478,452</b>	<b>80,954,959,224</b>
<b>Deposits and Other Accounts</b>		<b>455,151,173,849</b>	<b>473,025,031,130</b>
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
<b>Mudaraba Subordinated Bond</b>	14	<b>5,100,000,000</b>	<b>7,400,000,000</b>
<b>Mudaraba Perpetual Bond</b>	15	<b>6,000,000,000</b>	<b>6,000,000,000</b>
<b>Other Liabilities</b>	16	<b>33,440,803,675</b>	<b>26,412,719,484</b>
<b>Total Liabilities</b>		<b>634,728,455,976</b>	<b>593,792,709,838</b>
<b>Capital/Shareholders' equity</b>			
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
<b>Total Shareholders' Equity</b>		<b>25,009,907,445</b>	<b>22,302,110,128</b>
<b>Non-controlling Interest</b>	22	<b>372,274,958</b>	<b>358,758,111</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>660,110,638,379</b>	<b>616,453,578,077</b>

Muhammad Khalid Mahmud  
EVP Head of FAD & CFO  
First Security Islami Bank PLC.  
Head Office, Gulshan-1, Dhaka

Oli Kamal FCS  
EVP & Company Secretary  
First Security Islami Bank PLC

Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC


Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limiter


11 NOV 2024

**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
<b>Contingent Liabilities</b>			
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		-	-
<b>Total</b>		<b>23,655,873,387</b>	<b>42,861,994,461</b>
<b>Other Commitments</b>			
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		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>Total Off -Balance Sheet Items Including Contingent Liabilities</b>		<b>23,655,873,387</b>	<b>42,861,994,461</b>

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

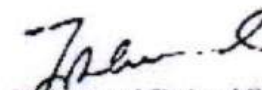
  
**Director**

  
**Director**

  
**Chairman**

Dhaka, Bangladesh  
Date: 29 APR 2024  
**Muhammad Khalid Mahmud FCMA**  
EVP Head of FAD & CFO  
First Security Islami Bank PLC.  
Head Office, Gulshan-1, Dhaka

  
**Oli Kamal FCS**  
EVP & Company Secretary  
First Security Islami Bank PLC.

  
**Muhammad Shaheed FCA, PCMA**  
Senior Partner  
Enrolment No: 1016  
**Khan Wahab Shafique Rahman & Co.**  
Chartered Accountants  
DVC: 2404291016AS1407

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**Syed Waseque Md Ali**  
Managing Director  
First Security Islami Bank PLC

  
**Shibly Amran**  
Chief Executive Officer

11 NOV 2024

First Security Investment Limited

**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
<b>Operating Income:</b>			
Investments Income	26	52,090,519,971	40,404,498,794
Profit Paid on Deposits	27	(37,941,332,680)	(26,700,647,345)
<b>Net Investment Income</b>		<b>14,149,187,291</b>	<b>13,703,851,449</b>
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
		<b>3,670,619,974</b>	<b>3,211,447,470</b>
<b>Total Operating Income</b>		<b>17,819,807,265</b>	<b>16,915,298,919</b>
<b>Less: Operating Expenses</b>			
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
<b>Total Operating Expenses</b>		<b>9,732,062,010</b>	<b>9,588,039,795</b>
<b>Profit/(Loss) before Provision and Tax</b>		<b>8,087,745,255</b>	<b>7,327,259,124</b>
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
<b>Total Provisions</b>		<b>2,008,031,448</b>	<b>1,782,379,155</b>
<b>Total Profit/(Loss) before Taxes</b>		<b>6,079,713,807</b>	<b>5,544,879,969</b>
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)
<b>Total Provisions for Tax</b>		<b>2,768,043,983</b>	<b>2,583,377,167</b>
<b>Net Profit/(loss) after Tax</b>		<b>3,311,669,824</b>	<b>2,961,502,802</b>
<b>Net profit/(Loss) after tax attributable to:</b>			
Equity holders of FSIB		3,281,499,898	2,942,941,910
Non-controlling Interest		30,169,926	18,560,892
		<b>3,311,669,824</b>	<b>2,961,502,802</b>
<b>Retained Earnings from Previous Year</b>		<b>929,849,625</b>	<b>887,102,932</b>
<b>Profit/(Loss) available for Appropriation</b>		<b>4,241,519,449</b>	<b>3,848,605,734</b>
<b>Appropriations:</b>			
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
		<b>3,193,093,895</b>	<b>2,918,756,109</b>
<b>Retained Earnings Carried Forward</b>		<b>1,048,425,554</b>	<b>929,849,625</b>
<b>Earnings Per Share (EPS) previous year's figure re-stated</b>	43	<b>2.85</b>	<b>2.56</b>

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

**Muhammad Khalid Mahmud FCMA**  
**EVP Head of FAD & CFO**  
**First Security Islami Bank PLC.**  
**Head Office, Gulshan-1, Dhaka**

**Managing Director**  
**Dhaka; April 29, 2024**

**Director**

**Officer Kamal FCS**  
**EVP & Company Secretary**  
**First Security Islami Bank PLC**

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

**Syed Waseque Md Ali**  
**Managing Director**  
**First Security Islami Bank PLC**

**Shibly Amran**  
**Chief Executive Officer**  
**First Security Bank Investment Limited**

**11 NOV 2024**

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

	Notes	2023 BDT	2022 BDT
<b>A. Cash Flows from Operating Activities</b>			
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)
<b>Operating Profit before changes in Operating Assets &amp; Liabilities</b>		<b>7,287,763,677</b>	<b>4,940,707,802</b>
<b>Increase/(Decrease) in Operating Assets &amp; Liabilities</b>			
(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
<b>Cash Generated from Operating Assets &amp; Liabilities</b>		<b>(6,686,675,197)</b>	<b>(543,513,263)</b>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>		<b>601,088,480</b>	<b>4,397,194,539</b>
<b>B. Cash Flows from Investing Activities</b>			
(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
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>		<b>(1,343,858,950)</b>	<b>1,500,631,652</b>
<b>C. Cash Flows from Financing Activities</b>			
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)
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>		<b>(2,841,251,474)</b>	<b>(3,317,374,128)</b>
<b>D. Net Increase/(Decrease) of Cash &amp; Cash Equivalents (A+B+C)</b>		<b>(3,584,021,944)</b>	<b>2,580,452,063</b>
<b>E. Effect of Exchange Rate Change on Cash &amp; Cash Equivalents</b>		<b>16,100,530</b>	<b>(4,546,589)</b>
<b>F. Opening Cash &amp; Cash Equivalents</b>		<b>38,739,465,345</b>	<b>36,163,559,871</b>
<b>G. Closing Cash &amp; Cash Equivalents (D+E+F)</b>		<b>35,171,543,931</b>	<b>38,739,465,345</b>
<b>The above closing Cash and Cash Equivalents include:</b>			
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
		<b>35,171,543,931</b>	<b>38,739,465,345</b>

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

Muhammad Khalid Mahmud FCMA  
EVP Head of FAD & CFO  
First Security Islami Bank PLC.  
Head Office, Gulshan-1, Dhaka

Managing Director  
Dhaka; April 29, 2024

Oli Kamal FCC  
EVP & Company Secretary  
First Security Islami Bank PLC

Director

12

Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC

Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

11 NOV 2024

Amir Khalid Mahmud FCMA  
EVP Head of FAD & CFO  
First Security Islami Bank PLC  
Head Office, Gulshan-1, Dhaka

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 BDT	Statutory Reserve BDT	Other Reserve BDT	Assets Reval. Reserve BDT	Retained Earnings BDT	Non-controlling Interest BDT	Total 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	-	-	-	-	-	-	-
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

Oli Kamal FCS  
EVP & Company Secretary  
First Security Islami Bank PLC

Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC

Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

Managing Director  
Director

11 NOV 2024

Dhaka; April 29, 2024

Chairman

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

	Notes	31.12.2023 BDT	31.12.2022 BDT
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>		<b>33,744,825,890</b>	<b>37,256,204,252</b>
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
<b>Balance with other Banks and Financial Institutions</b>	5(a)	<b>1,310,658,053</b>	<b>1,349,723,787</b>
In Bangladesh		1,031,858,971	324,731,568
Outside Bangladesh		278,799,082	1,024,992,219
<b>Placement with Banks &amp; Other Financial Institutions</b>	6	<b>13,034,942,323</b>	<b>13,839,455,000</b>
<b>Investments in Shares &amp; Securities</b>	7(a)	<b>27,467,446,480</b>	<b>26,552,763,372</b>
Government		23,674,689,450	22,774,689,450
Others		3,792,757,030	3,778,073,922
<b>Investments</b>		<b>570,286,708,242</b>	<b>524,795,151,026</b>
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
<b>Fixed Assets Including Premises, Furniture &amp; Fixtures and Intangible Assets</b>	9(a)	<b>6,725,414,524</b>	<b>6,877,634,336</b>
<b>Other Assets</b>	10(a)	<b>6,518,920,712</b>	<b>4,791,716,959</b>
<b>Non Banking Assets</b>	11	<b>25,145,280</b>	<b>25,145,280</b>
<b>Total Assets</b>		<b>659,114,061,504</b>	<b>615,487,794,012</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Placement from Banks &amp; Other Financial Institutions</b>	12(a)	<b>134,585,643,997</b>	<b>80,484,391,794</b>
<b>Deposits and Other Accounts</b>		<b>455,194,995,469</b>	<b>473,046,316,737</b>
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
<b>Mudaraba Subordinated Bond</b>	14	<b>5,100,000,000</b>	<b>7,400,000,000</b>
<b>Mudaraba Perpetual Bond</b>	15	<b>6,000,000,000</b>	<b>6,000,000,000</b>
<b>Other Liabilities</b>	16(a)	<b>33,042,552,683</b>	<b>26,116,875,125</b>
<b>Total Liabilities</b>		<b>633,923,192,149</b>	<b>593,047,583,656</b>
<b>Capital/Shareholders' equity</b>			
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
<b>Total Shareholders' Equity</b>		<b>25,190,869,355</b>	<b>22,440,210,356</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>659,114,061,504</b>	<b>615,487,794,012</b>

Muhammad Khalid Mahmud FCMA  
EVP Head of FAD & CFO  
First Security Islami Bank PLC.  
Head Office, Gulshan-1, Dhaka

Oli Kamal FCS  
EVP & Company Secretary  
First Security Islami Bank PLC

Syed Wasim Md Ali  
Managing Director  
First Security Islami Bank PLC

Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

11 NOV 2024

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

	Notes	31.12.2023 BDT	31.12.2022 BDT
<b>Contingent Liabilities</b>			
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		-	-
<b>Total</b>		<b>23,655,873,387</b>	<b>42,861,994,461</b>
<b>Other Commitments</b>			
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		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>Total Off-Balance Sheet Items Including Contingent Liabilities</b>		<b>23,655,873,387</b>	<b>42,861,994,461</b>

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

  
Muhammad Khalid Mahmud FCMA  
EVP Head of FAD & CFO  
First Security Islami Bank PLC.  
Head Office, Gulshan-1, Dhaka

Dhaka, Bangladesh  
Date: 29 APR 2024

  
Oli Kamal FCS  
EVP & Company Secretary  
First Security Islami Bank PLC.

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

  
Syed Wasique Md Ali  
Managing Director  
First Security Islami Bank PLC

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

11 NOV 2024

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

	Notes	2023 BDT	2022 BDT
<b>Operating Income:</b>			
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)
<b>Net Investment Income</b>		<b>14,009,415,986</b>	<b>13,535,275,944</b>
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
		<b>3,521,550,301</b>	<b>3,104,561,820</b>
<b>Total Operating Income</b>		<b>17,530,966,287</b>	<b>16,639,837,764</b>
<b>Less: Operating Expenses</b>			
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
<b>Total Operating Expenses</b>		<b>9,569,790,202</b>	<b>9,442,658,337</b>
<b>Profit/(Loss) before Provision and Tax</b>		<b>7,961,176,085</b>	<b>7,197,179,427</b>
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
<b>Total Provisions</b>		<b>1,993,110,839</b>	<b>1,729,781,427</b>
<b>Total Profit/(Loss) before Taxes</b>		<b>5,968,065,246</b>	<b>5,467,398,000</b>
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)
<b>Total Provisions for Tax</b>		<b>2,727,979,149</b>	<b>2,537,488,541</b>
<b>Net Profit/(Loss) after Tax</b>		<b>3,240,086,097</b>	<b>2,929,909,459</b>
Retained Earnings from Previous Year		1,088,680,938	1,024,301,103
<b>Profit/(Loss) available for Appropriation</b>		<b>4,328,767,035</b>	<b>3,954,210,562</b>
<b>Appropriations:</b>			
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
		<b>3,145,591,173</b>	<b>2,865,529,624</b>
Retained Earnings Carried Forward		<b>1,183,175,862</b>	<b>1,088,680,938</b>
<b>Earnings Per Share (EPS) previous year's figure re-stated</b>	43(a)	<b>2.82</b>	<b>2.55</b>

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

*Signature*  
**Managing Director**  
 Dhaka; April 29, 2024

*Signature*  
**Director**

*Signature*  
**Director**

*Signature*  
**Chairman**

*Signature*  
**Senior Partner**  
 Garment No: 1016  
 Khan Wahab Shafique Rahman & Co.  
 Chartered Accountants  
 DVC: 2404291016AS140747

*Signature*  
**Shibly Amran**  
 Chief Executive Officer  
 Community Bank Investment I

*Signature*  
**Syed Waseque Md Ali**  
**Managing Director**  
**First Security Islami Bank PLC**

*Signature*  
**Oli Kamal FCS**  
**EVP & Company Secretary**  
**First Security Islami Bank PLC**

*Signature*  
**29 APR 2024**

*Signature*  
**hammad Khalid Mahmud FCMA**  
**EVP Head of FAD & CFO**  
**First Security Islami Bank PLC.**  
**Head Office, Gulshan-1, Dhaka**

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

	Notes	2023 BDT	2022 BDT
<b>A. Cash Flows from Operating Activities</b>			
Investment Income Receipt		52,308,338,836	40,079,131,874
Profit paid on Deposits		(36,957,950,765)	(26,504,817,467)
Dividend Receipts		37,513,917	51,131,142
Fees & Commission Receipt in Cash		727,075,022	1,524,665,635
Recoveries from written off investments		1,000,000	50,000
Payment to Employees		(5,905,653,492)	(5,287,707,039)
Payment to Suppliers		(462,440,076)	(894,659,846)
Income Tax Paid		(2,119,572,490)	(2,552,056,354)
Receipts from Other Operating Activities	46(a)	1,843,380,318	791,749,899
Payment for Other Operating Activities	47(a)	(2,374,913,227)	(2,465,391,122)
<b>Operating Profit before changes in Operating Assets</b>		<b>7,096,778,043</b>	<b>4,742,096,722</b>
<b>Increase/(Decrease) in Operating Assets &amp; Liabilities</b>			
(Increase)/decrease in Investments to Customers		(44,637,439,811)	(67,671,379,710)
(Increase)/decrease of Other Assets	48(a)	(1,058,571,869)	(496,274,701)
(Increase)/decrease of Placement with Banks & other Financial Institutions		804,512,677	(1,349,455,000)
Increase/(decrease) of Deposits Received from Customers		(18,821,986,552)	3,802,387,876
Increase/(decrease) of Placement from Banks & other Financial Institutions		54,101,252,203	65,258,342,999
Increase/(decrease) of Other Liabilities	49(a)	3,080,781,388	77,492,676
<b>Cash Generated from Operating Assets &amp; Liabilities</b>		<b>(6,531,451,965)</b>	<b>(378,885,860)</b>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>		<b>565,326,078</b>	<b>4,363,210,862</b>
<b>B. Cash Flows from Investing Activities</b>			
(Purchase)/ Sale of Shares and Securities		(914,683,108)	2,499,800,828
Purchase of Property, Plant and Equipment		(426,461,237)	(979,215,323)
Sale of Property, Plant and Equipment		15,190,272	18,659,095
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>		<b>(1,325,954,073)</b>	<b>1,539,244,600</b>
<b>C. Cash Flows from Financing Activities</b>			
Receipt/(Redemption) for Issuance of Mudaraba Subordinated Bond		(2,300,000,000)	(2,300,000,000)
Receipt/(Redemption) for Issuance of Mudaraba Perpetual Bond		-	-
Profit paid on Lease Liabilities		(12,716,631)	(13,768,865)
Dividend/Coupon Paid in Cash		(493,200,000)	(970,299,106)
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>		<b>(2,805,916,631)</b>	<b>(3,284,067,971)</b>
<b>D. Net Increase/(Decrease) of Cash &amp; Cash Equivalents (A+B+C)</b>		<b>(3,566,544,626)</b>	<b>2,618,387,491</b>
Effect of Exchange Rate Change on Cash & Cash Equivalents		16,100,530	(4,546,589)
<b>E. Opening Cash &amp; Cash Equivalents</b>		<b>38,605,928,039</b>	<b>35,992,087,137</b>
<b>F. Closing Cash &amp; Cash Equivalents (D+E)</b>		<b>35,055,483,943</b>	<b>38,605,928,039</b>
<b>The above closing Cash and Cash Equivalents include:</b>			
Cash in Hand (Including Foreign Currencies)		4,151,175,613	3,936,182,668
Balance with Bangladesh Bank and its Agent Bank(s) and Other Banks		30,904,308,330	34,669,745,371
		<b>35,055,483,943</b>	<b>38,605,928,039</b>

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

Muhammad Khalid Mahmud FCMA  
EVP Head of FAD & CFO  
First Security Islami Bank PLC  
Head Office, Gulshan-1, Dhaka

Managing Director  
Dhaka, April 29, 2024

Oli Kamal FCS  
EVP & Company Secretary  
First Security Islami Bank PLC

Director

Director

Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC

Chairman

Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

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11 NOV 2024

Shahamud Khalid Mahmud FCMA  
EVP Head of FAD & CFO  
First Security Islami Bank PLC.  
Head Office, Gulshan-1, Dhaka

FOR THE YEAR ENDED 31 DECEMBER 2023

FIRST SECURITY ISLAMI BANK PLC.  
STATEMENT OF CHANGES IN EQUITY

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												
Transfer to Statutory Reserve			1,193,613,049						(493,200,000)		(493,200,000)	
Transfer to Other Reserve					412,770,004				(1,193,613,049)			
Revaluation Reserve transfer to Other Reserve					10,061,074				(412,770,004)			
Deferred tax impact on Revaluation Reserve												
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	

Oli Kamal FCS  
EVP & Company Secretary  
First Security Islami Bank PLC

Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC.

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												
Deferred tax impact on Revaluation Reserve					10,061,074				(10,061,074)			
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	

Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

11 NOV 2024

Managing Director  
Dhaka; April 29, 2024

Director

Chairman

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

Particulars	Up to 01 Month	01-03 Months	03-12 Months	01-05 Years	More than 05 years	Total 2023	Total 2022
	BDT	BDT	BDT	BDT	BDT	BDT	BDT
<b>Assets</b>							
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
<b>Total Assets</b>	<b>163,361,643,386</b>	<b>64,331,900,000</b>	<b>288,141,820,000</b>	<b>82,643,949,946</b>	<b>60,634,748,172</b>	<b>659,114,061,504</b>	<b>615,487,794,012</b>
<b>Liabilities</b>							
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
<b>Total Liabilities</b>	<b>248,094,487,235</b>	<b>122,608,104,914</b>	<b>126,260,000,000</b>	<b>95,095,300,000</b>	<b>41,865,300,000</b>	<b>633,923,192,149</b>	<b>593,047,583,656</b>
<b>Net Liquidity Gap</b>	<b>(84,732,843,849)</b>	<b>(58,276,204,914)</b>	<b>161,881,820,000</b>	<b>(12,451,350,054)</b>	<b>18,769,448,172</b>	<b>25,190,869,355</b>	<b>22,440,210,356</b>

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

**Oli Kamal FCS**  
EVP & Company Secretary  
First Security Islami Bank PLC

**Syed Waseque Md Ali**  
Managing Director  
First Security Islami Bank PLC.

**Shibly Amran**  
Chief Executive Officer  
Community Bank Investment Limited

**11 NOV 2024**

**Managing Director**  
Dhaka; April 29, 2024

**Director**

**Director**

**Chairman**

Muhammad Khalid Mahmud FCS  
EVP Head of FAD & CFO  
First Security Islami Bank PLC  
Head Office, Gulshan-1, Dhaka

**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.

  
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11 NOV 2024

  
**Hammad Khalid Mahmud**  
EVP Head of FAD & CFO  
First Security Islami Bank PLC.  
Head Office, Gulshan-1, Dhaka

### 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.

### 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.


  
Oli Kamal FCS  
EVP & Company Secretary  
First Security Islami Bank PLC.

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Syed Waseque Md Ali  
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Chief Executive Officer  
Community Bank Investment Limited

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Muhammad Khalid Mahmud  
EVP Head of F&B & CEO  
First Security Islami Bank PLC  
Head Office, Gulshan-1, Dhaka

## 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.

  
**Oli Kamal FCS**  
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Chief Executive Officer  
Bank Investment Limited

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**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.

#### 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.

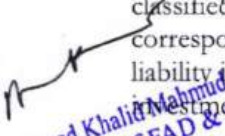
  
**Oli Kamal FCS**  
EVP & Company Secretary  
First Security Islami Bank PLC

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**Syed Waseque Md Ali**  
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11 NOV 2024

  
**Muhammad Khalid Mahmud**  
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Head Office, Gulshan-2, Dhaka

## 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

**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.

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11 NOV 2024

**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.


  
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**Muhammad Khalid Mahmud**  
EVP Head of Finance & CFO  
First Security Islami Bank PLC  
Head Office, Gulshan-1, Dhaka

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

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.

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## 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 assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

  
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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.


  
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### 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 securities.

#### 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.

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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%

**Provision for Short Term Agricultural and Micro-Credit:**

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

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#### 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.

On the occurrence of impairment loss, the Bank reviews whether a further allowance for impairment should be made. The impairment loss is recognized 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.

  
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### 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:

Category of Assets	Rate of Depreciation	Method of Depreciation
Land	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

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### 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.

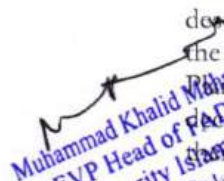
  
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### 3.1.11 Investment in subsidiary

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%.

  
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### 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 income for other operating income as prescribed in the Finance Act 2023 of the accounting profit made by the Bank. 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%

  
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### 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.

  
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### 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 19<sup>th</sup> 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.

### 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.


  
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### 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.

  
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### 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.

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 shareholder equity in the period in which the shareholders' right to receive the dividend is established.


  
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### 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:

- 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)
- 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
- 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.


  
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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, Islamic Banking has some specific risks like fiduciary risk, displaced commercial risk, liquidity risk for lack of non-structural Islamic Financial Market, Sharia'h compliance risk, etc. Risk gradation and weight changes depending on the circumstances and environment of investment.

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.

  
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### 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 level. The manager and the BAMLCO ensure overall AML & CFT activities in the branch along with the sub-branch (es) and agent banking outlet (s).

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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 31<sup>st</sup> 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 31<sup>st</sup> 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.

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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

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- 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, and storage arrays.

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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 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.

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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 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.

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### 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:

- The Bank Companies Act, 1991 as amended
- The Companies Act, 1994
- 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
- Other circulars, rules and regulations issued by Bangladesh Bank from time to time
- The Securities and Exchange Rules, 2020
- The Securities and Exchange Ordinance, 1969
- The Securities and Exchange Commission Act, 1993
- Income Tax Act, 2023
- Value Added Tax and Supplementary Duty Act, 2012 and Rule, 2016
- Standards issued by AAOIFI
- The Stamp Act-1899
- The Customs Act-1969
- The Money Laundering Prevention Act, 2012
- The Anti-Terrorism (Amendment) Act, 2009 etc.

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**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

  
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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 Economies	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

  
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### 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 (Loance)

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.

  
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	31.12.2023 BDT	31.12.2022 BDT
<b>4 CASH</b>		
<b>4(a) Consolidated Cash</b>		
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
	<b>33,748,531,711</b>	<b>37,274,813,884</b>
<b>4.1 Consolidated Cash in Hand (including foreign currencies)</b>		
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
	<b>4,154,881,434</b>	<b>3,954,792,300</b>
<b>4.1(a) Cash in Hand</b>		
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
	<b>4,151,175,613</b>	<b>3,936,182,668</b>
<b>4.1.1 In Foreign Currencies</b>		
<b>Foreign Currency</b>		
US Dollar	2,726,331	2,732,283
EURO	22,860	20,160
<b>Total</b>	<b>2,749,191</b>	<b>2,752,443</b>
<b>4.2 Consolidated Balance with Bangladesh Bank and its Agent Bank</b>		
First Security Islami Bank PLC. (Note-4.2 (a))	29,593,650,277	33,320,021,584
First Security Islami Capital & Investment Limited	-	-
	<b>29,593,650,277</b>	<b>33,320,021,584</b>
<b>4.2(a) Balance with Bangladesh Bank and its Agent Bank</b>		
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
	<b>29,593,650,277</b>	<b>33,320,021,584</b>
	<b>33,744,825,890</b>	<b>37,256,204,252</b>
<b>4.2.1 Balance with Bangladesh Bank (Including Foreign Currencies)</b>		
In Local Currency	28,024,224,002	32,524,402,513
In Foreign Currencies	252,160,277	380,527,887
	<b>28,276,384,279</b>	<b>32,904,930,400</b>
<b>4.2.2 Balance with Sonali Bank Ltd. (as Agent of Bangladesh Bank)</b>		
In Local Currency	<b>1,317,265,998</b>	<b>415,091,184</b>

**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.

**Cash Reserve Ratio (CRR): 4.00% of Average Demand and Time Liabilities:**

Required Reserve  
Actual Reserve maintained  
Surplus/(Short)

18,020,806,000	19,127,046,000
28,024,224,002	32,719,191,000
<b>10,003,418,002</b>	<b>13,592,145,000</b>

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	31.12.2023 BDT	31.12.2022 BDT
<b>4.5 Statutory Liquidity Ratio (SLR): 5.50% of Average Demand and Time Liabilities:</b>		
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
<b>Surplus/(Short)</b>	<b>2,641,421,613</b>	<b>3,760,407,000</b>
<b>4.6 Held for Statutory Liquidity Ratio</b>		
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
	<b>27,776,579,613</b>	<b>30,161,323,000</b>

## 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
	<b>1,259,586,466</b>	<b>532,432,172</b>
Less: Inter-company Transaction	131,299,078	118,130,921
	<b>1,128,287,388</b>	<b>414,301,251</b>

### 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
	<b>294,724,832</b>	<b>1,050,350,210</b>
	<b>1,423,012,220</b>	<b>1,464,651,461</b>

## 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
	<b>1,031,859,191</b>	<b>730,047,111</b>
Less: OBU balance with FSIB	220	405,315,543
<b>Total Inside Bangladesh</b>	<b>1,031,858,971</b>	<b>324,731,568</b>

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Managing Director  
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Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

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				31.12.2023	31.12.2022
				BDT	BDT
<b>B. Balance Outside Bangladesh</b>					
<b>In Deposit Account (non-profit bearing) with:</b>					
<b>Current Account:</b>	<b>Currency</b>	<b>Amount</b>	<b>Rate</b>		
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
				<b>278,799,082</b>	<b>1,024,992,219</b>
				<b>1,310,658,053</b>	<b>1,349,723,787</b>

**5.1 Maturity-wise classification balance with other Banks & Financial Institutions**

Repayable on Demand

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
-	-
-	-
-	-
-	-
-	-
<b>1,310,658,053</b>	<b>1,349,723,787</b>

**6 Placement with Banks & other Financial Institutions**

Aviva Finance Limited

Placement to Other Bank

Placement to OBU by ID, FSIB

Less: Placement to OBU by ID, FSIB

12,290,000,000	12,290,000,000
548,750,000	-
2,338,538,957	1,549,455,000
<b>15,177,288,957</b>	<b>13,839,455,000</b>
2,142,346,634	-
<b>13,034,942,323</b>	<b>13,839,455,000</b>
<b>Total Balance with other Banks &amp; Financial Institutions and Placement (Note 5+6)</b>	<b>14,345,600,376</b>
	<b>15,189,178,787</b>

**7 CONSOLIDATED INVESTMENTS IN SHARES AND SECURITIES**

**Government Securities**

First Security Islami Bank PLC. (Note- 7 (a))

First Security Islami Capital & Investment Limited

23,674,689,450	22,774,689,450
-	-
<b>23,674,689,450</b>	<b>22,774,689,450</b>

**Others**

First Security Islami Bank PLC. (Note- 7 (a))

First Security Islami Capital & Investment Limited

3,792,757,030	3,778,073,922
344,982,996	327,203,969
<b>4,137,740,026</b>	<b>4,105,277,891</b>
317,340,058	317,340,058
<b>3,820,399,968</b>	<b>3,787,937,833</b>
<b>27,495,089,418</b>	<b>26,562,627,283</b>

Inter-company Transaction

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Managing Director  
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Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

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7(a) INVESTMENTS IN SHARES AND SECURITIES

**Government Securities**

Bangladesh Govt. Islamic Investment Bond  
BDG Investment Sukuk (Ijara Sukuk)  
Central Depository Bangladesh Ltd.

31.12.2023  
BDT

31.12.2022  
BDT

12,300,000,000	11,400,000,000
11,373,120,000	11,373,120,000
1,569,450	1,569,450
<b>23,674,689,450</b>	<b>22,774,689,450</b>

**Others**

Subordinated Bond  
Investment in Beximco Green-Sukuk al Istisinaa  
Investment in Mudaraba Perpetual Bond - Al Arafah Islami Bank PLC.  
Investment in Mudaraba Perpetual Bond -Standard Bank PLC.  
Investment in FSI Capital & Investment Ltd.  
Investment in FSIE Italy S.R.L.  
Quoted/Unquoted Shares (Note - 7.1) Annexure

80,000,000	80,000,000
600,000,000	600,000,000
1,000,000,000	1,000,000,000
1,000,000,000	1,000,000,000
255,000,000	255,000,000
62,340,058	62,340,058
795,416,972	780,733,864
<b>3,792,757,030</b>	<b>3,778,073,922</b>
<b>27,467,446,480</b>	<b>26,552,763,372</b>

7.1 Quoted/Unquoted Shares

Name of Companies	Acquisition cost (Taka)	Acquisition cost (Taka)
<b>Quoted:</b>		
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	-
DSSI	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
	<b>791,808,878</b>	<b>777,580,398</b>
<b>Unquoted:</b>		
Share of SWIFT	3,608,094	3,153,466
	<b>3,608,094</b>	<b>3,153,466</b>
	<b>795,416,972</b>	<b>780,733,864</b>

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  
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

791,808,878	777,580,398
-	-
-	-
12,300,000,000	11,400,000,000
11,373,120,000	11,373,120,000
685,177,544	684,722,916
2,317,340,058	2,317,340,058
<b>27,467,446,480</b>	<b>26,552,763,372</b>

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11 NOV 2024

**8 CONSOLIDATED GENERAL INVESTMENT**

First Security Islami Bank PLC. (Note-8.1.A)  
Less: Inter-company transaction (Investment in Subsidiary)

31.12.2023 BDT	31.12.2022 BDT
567,930,712,306	521,292,786,607
962,563,969	850,761,381
<b>566,968,148,337</b>	<b>520,442,025,226</b>

**8(a) INVESTMENTS**

General Investment etc. (Note-8.1.A)  
Bills Purchased and Negotiated (Note - 8.1.B)

567,930,712,306	521,292,786,607
2,355,995,936	3,502,364,419
<b>570,286,708,242</b>	<b>524,795,151,026</b>

**8.1.A General Investment etc.**

**Inside Bangladesh (Mode wise)**

Bai-Murabaha and Quard  
Hire-Purchase Sirkatul Meelk  
Bai-Muajjal  
Bai-Salam

526,242,692,619	481,337,211,917
41,594,525,141	39,857,526,375
2,417,654	2,416,654
91,076,892	95,631,661
<b>567,930,712,306</b>	<b>521,292,786,607</b>

**Outside Bangladesh**

-	-
<b>567,930,712,306</b>	<b>521,292,786,607</b>

**8.1.B Bills Purchased and Negotiated**

Payable in Bangladesh  
Payable outside Bangladesh  
  
Payable in Bangladesh by OBU  
Payable outside Bangladesh by OBU

314,808,015	350,835,833
68,303,300	31,857,137
<b>383,111,315</b>	<b>382,692,970</b>
1,948,870,183	2,152,080,830
24,014,438	967,590,619
<b>1,972,884,621</b>	<b>3,119,671,449</b>
<b>2,355,995,936</b>	<b>3,502,364,419</b>

**8.2 Maturit-wise Classification**

Repayable on Demand  
**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

-	-
141,479,408,242	96,197,051,026
64,331,900,000	89,927,900,000
264,468,700,000	118,585,300,000
76,041,700,000	112,450,600,000
23,965,000,000	107,634,300,000
<b>570,286,708,242</b>	<b>524,795,151,026</b>

**8.3 Investments on the basis of Significant Concentration**

Investments to Directors of Other Banks  
Investments to Chief Executive and Other high Officials  
Investments to Customers Group  
Investments to Industry  
Investment to Staff

27,642,991,027	43,391,800,000
-	-
468,046,156,379	418,412,656,322
73,487,786,293	61,763,691,189
1,109,774,544	1,227,003,514
<b>570,286,708,242</b>	<b>524,795,151,026</b>

**8.4 Investments to Customers for more than 10% of FSIB's Total Eligible Capital**

Number of Clients  
Amount of Outstanding Investments

63	63
108,525,600,000	100,563,500,000
8,636,400,000	19,332,900,000
<b>117,162,000,000</b>	<b>119,896,400,000</b>

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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
<b>Total</b>	<b>7,701.10</b>	<b>5,904.36</b>	<b>6,150.00</b>

#### 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
<b>Total</b>	<b>570,286,708,242</b>	<b>524,795,151,026</b>

#### 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
Kulna	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
<b>Total</b>	<b>547,994,203,150</b>	<b>487,025,983,007</b>

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Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limiter

11 NOV 2024

**Rural**

Dhaka

Chattogram

Barishal

Rajshahi

Khulna

Rangpur

Sylhet

Mymensingh

31.12.2023

BDT

31.12.2022

BDT

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

\* 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

Special Mention Account

539,349,603,456	491,097,733,598
8,399,203,486	12,630,339,642
<b>547,748,806,943</b>	<b>503,728,073,240</b>

**Classified:**

Sub-standard

Doubtful

Bad &amp; Loss

4,338,989,642	2,678,392,573
4,247,699,865	4,776,865,379
13,951,211,792	13,611,819,834
<b>22,537,901,299</b>	<b>21,067,077,786</b>
<b>570,286,708,242</b>	<b>524,795,151,026</b>

**8.8 Sector-wise Classification of Investments****Unclassified:**

Small Enterprise Financing (SEF)

Consumer Financing (Other than HF &amp; LP)

Investments to BHs/MBs/SDs against Share

Other than SMEF, CF, BHs/ MBs/SDs

Housing Finance (HF)

Investments for professionals to set up business (LP)

Short Term Agri. Investments

Staff Investment

Others

43,419,883,843	40,971,850,660
132,663,951	213,667,839
1,186,166,315	1,100,428,108
401,776,861,354	365,665,734,074
24,144,729,507	23,379,556,858
-	-
2,649,597,535	2,745,468,999
1,109,774,544	1,227,003,514
73,329,129,894	68,424,363,188
<b>547,748,806,943</b>	<b>503,728,073,240</b>

**Classified:**

Small Enterprise Financing (SEF)

Consumer Financing (Other than HF &amp; LP)

Investments to BHs/MBs/SDs against Share

Other than SMEF, CF, BHs/ MBs/SDs

Housing Finance (HF)

Investments for professionals to set up business (LP)

Short Term Agri. Investments

3,405,366,666	2,636,266,600
7,474,518	7,462,131
114,142,311	100,692,516
9,097,137,451	8,500,523,619
1,074,586,798	1,083,312,053
-	-
113,030,662	117,018,810
8,726,162,893	8,621,802,057
<b>22,537,901,299</b>	<b>21,067,077,786</b>
<b>570,286,708,242</b>	<b>524,795,151,026</b>

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Community Bank Investment Lir

31.12.2023 BDT	31.12.2022 BDT
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#### 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%
Special Mention Account	8,371,226,458	0.25-5%
Off - Balance Sheet Exposure	18,575,970,281	1%

5,667,437,148	5,708,560,507
158,803,655	243,000,361
185,759,703	344,099,216
<b>6,012,000,506</b>	<b>6,295,660,084</b>

##### Classified:

Sub - Standard	3,336,756,426	20%
Doubtful	3,296,802,174	50%
Bad and Loss	8,542,075,674	100%

667,351,285	417,709,262
1,648,401,087	2,016,311,598
8,542,075,674	8,157,432,739
<b>10,857,828,046</b>	<b>10,591,453,599</b>
<b>16,869,828,552</b>	<b>16,887,113,683</b>

Total Required Provision against Investments as per CL

Total Provision Maintained

Provision Surplus/(Deferred)

16,869,828,552	16,887,113,683
16,871,847,656	15,228,420,004
<b>2,019,104</b>	<b>(1,658,693,679)</b>

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.	<b>570,286,708,242</b>	<b>524,795,151,026</b>
v) Investments due by directors or executives of the banking company or any of them taken either separately or jointly with any other person.	<b>27,642,991,027</b>	<b>43,391,800,000</b>
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.	-	-

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.

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Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC

Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

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	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

#### 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

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Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

	31.12.2023 BDT	31.12.2022 BDT
<b>9 Consolidated Fixed Assets including premises &amp; Intangible Assets</b>		
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
	<b>6,729,782,478</b>	<b>6,887,649,871</b>

**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
	<b>10,747,563,065</b>	<b>10,402,411,380</b>
Less: Accumulated Depreciation	4,325,631,506	3,840,176,863
	<b>6,421,931,559</b>	<b>6,562,234,517</b>
<b>Lease Assets-Premises</b>		
Right-of-use assets	380,680,952	332,468,808
Less: Accumulated Depreciation	187,792,906	139,046,906
	<b>192,888,046</b>	<b>193,421,902</b>
<b>Intangible Assets</b>		
Software -Core banking	362,480,110	349,349,564
Less: Accumulated Amortization	251,885,191	227,371,647
	<b>110,594,919</b>	<b>121,977,917</b>
	<b>6,725,414,524</b>	<b>6,877,634,336</b>

**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
	<b>8,694,785,466</b>	<b>6,881,642,577</b>
Less: Inter-company transaction	364,794,790	426,796,923
	<b>8,329,990,676</b>	<b>6,454,845,654</b>

**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
	<b>6,518,920,712</b>	<b>4,791,716,959</b>

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	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	-	-
	<u>5,508,715</u>	<u>-</u>

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	-	-
	<u>-</u>	<u>-</u>
	<u>5,508,715</u>	<u>-</u>

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
	<u>3,118,265,564</u>	<u>2,008,931,823</u>

#### 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
	<u>43,357,861</u>	<u>89,048,088</u>

#### 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
	<u>624,401,146</u>	<u>517,268,851</u>

#### 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	<u>2,781,908,916</u>	<u>2,503,872,807</u>
Tax Rate	37.50%	37.50%
Deferred Tax Assets	<u>1,043,215,844</u>	<u>938,952,303</u>
Opening Deferred Tax Assets	938,952,303	1,034,785,584
Deferred Tax Income/(Expenses) during the year	<u>104,263,541</u>	<u>(95,833,281)</u>

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#### 10.4.2 Deferred Tax Liabilities

Temporary timing difference in written down value of fixed Assets

Carrying amount

Tax base

Taxable temporary difference

Tax Rate

Deferred Tax Liabilities

Opening Deferred Tax Liabilities

Deferred Tax Expenses Charged in profit and Loss A/C during the year

Deferred Tax transfer from/(To) Asset Revaluation Reserve

Deferred Tax Expenses during the year

31.12.2023 BDT	31.12.2022 BDT
6,532,526,478	6,684,212,434
5,415,687,285	5,559,723,231
1,116,839,193	1,124,489,203
37.50%	37.50%
418,814,697	421,683,451
421,683,451	584,926,717
(2,868,754)	(159,470,362)
(3,772,903)	(3,772,903)
(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

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.

25,145,280	25,145,280
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#### 12 CONSOLIDATED PLACEMENT FROM BANK & OTHER FINANCIAL INSTITUTION

First Security Islami Bank PLC. (Note- 12(a))

First Security Islami Capital & Investment Limited

Less: Inter Company Transaction

134,585,643,997	80,484,391,794
1,413,398,424	1,321,328,811
135,999,042,421	81,805,720,605
962,563,969	850,761,381
135,036,478,452	80,954,959,224

#### 12(a) PLACEMENT FROM BANK & OTHER FINANCIAL INSTITUTION

##### a) Inside Bangladesh

Bangladesh Bank

Islami Bank Bangladesh PLC.

Sonali Bank PLC.

Janata Bank PLC.

Exim Bank PLC.

Rupali Bank PLC.

121,977,518,997	74,496,953,484
1,920,625,000	-
1,260,000,000	-
1,670,000,000	1,000,000,000
810,000,000	-
1,460,000,000	-
129,098,143,997	75,496,953,484

##### b) Outside Bangladesh-OBU

Ajman Bank, UAE

5,487,500,000	4,987,438,310
134,585,643,997	80,484,391,794

#### A. Security- wise grouping

Secured Placement

Unsecured Placement

24,850,000,000	23,250,000,000
109,735,643,997	57,234,391,794
134,585,643,997	80,484,391,794

#### Repayment Nature wise Grouping

Repayable on demand

Others

5,200,000,000	1,000,000,000
129,385,643,997	79,484,391,794
134,585,643,997	80,484,391,794

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**C. Maturity Analysis**

Repayable on Demand  
Repayable within One Month  
One Month to Six Months  
Six Month to One Year  
One Year to Five Years  
Five Years to Ten Years

31.12.2023 BDT	31.12.2022 BDT
-	-
133,235,143,997	61,895,991,794
-	10,207,000,000
-	-
1,350,500,000	8,381,400,000
-	-
<b>134,585,643,997</b>	<b>80,484,391,794</b>

**13 DEPOSITS AND OTHER ACCOUNTS**

**A. Deposits Received from Banks (Note A-1)**

<b>33,563,980,718.24</b>	<b>28,481,016,934</b>
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**B. Other than Bank**

Payable on Demand (Note B-1)  
Other Deposits (Note B-2)

19,615,779,192	20,696,630,567
402,015,235,559	423,868,669,236
<b>421,631,014,751</b>	<b>444,565,299,803</b>
<b>455,194,995,469</b>	<b>473,046,316,737</b>

**C. Maturity wise Classification of Deposits**

Repayable on Demand  
**With a residual maturity of**  
Re-payable within 1 month  
Over 1 month but within 6 months  
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  
Unclaimed Deposits For 10 years or more

19,615,779,192	20,696,630,567
95,243,564,046	56,420,486,170
166,097,855,563	90,425,600,000
70,006,696,668	96,910,400,000
89,594,600,000	122,875,200,000
14,633,796,905	85,715,367,867
2,703,095	2,632,133
<b>455,194,995,469</b>	<b>473,046,316,737</b>

**A-1 Deposits Received from Banks**

Islami Bank Bangladesh PLC.  
Exim Bank PLC.  
Union Bank PLC.  
Global Islami Bank PLC.  
Bangladesh Commerce Bank Ltd.  
Al-Arafah Islami Bank PLC.  
AB Bank PLC.  
Social Islami Bank PLC.

29,330,154,096	27,412,231,349
3,886,965	12,337,170
65,141,533	17,503,115
282,373,362	532,988,008
1,410,117,307	1,000,150
1,000,000,000	-
496,914	486,654
1,471,810,542	504,470,488
<b>33,563,980,718</b>	<b>28,481,016,934</b>

**Maturity wise Grouping of Deposits Received from Banks**

Repayable on Demand  
**With a residual maturity of**  
Re-payable within 1 month  
Over 1 month but within 6 months  
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

2,639,713,869	2,467,100,821
-	-
29,924,266,850	26,013,916,113
1,000,000,000	-
-	-
-	-
-	-
<b>33,563,980,718</b>	<b>28,481,016,934</b>

**B-1 Payable on Demand**

Al-wadiah Current Deposits  
Mudaraba Saving Deposits (9%)  
Security Deposit Receipt  
Sundry Deposits

8,908,104,973	9,326,676,136
6,695,353,518	6,316,122,759
45,579,908	66,820,512
3,966,740,793	4,987,011,160
<b>19,615,779,192</b>	<b>20,696,630,567</b>

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	31.12.2023 BDT	31.12.2022 BDT
<b>B- 2 Other Deposits</b>		
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
	<b>402,015,235,559</b>	<b>423,868,669,236</b>

<b>13.1 Consolidated Al-Wadiah Current Accounts &amp; Other Deposit Accounts</b>		
First Security Islami Bank PLC. (Note-13.1)	40,248,323,726	43,387,807,051
First Security Islami Capital & Investment Limited	-	-
	<b>40,248,323,726</b>	<b>43,387,807,051</b>
Less: Inter-company transaction	43,821,620	21,285,607
	<b>40,204,502,106</b>	<b>43,366,521,444</b>

<b>13.1(a) Al-Wadiah Current Accounts &amp; Other Deposit Accounts</b>		
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
	<b>40,248,323,726</b>	<b>43,387,807,051</b>

<b>13.1.1 Unclaimed Dividend Account</b>		
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
	<b>24,725,180</b>	<b>27,921,756</b>

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.

<b>13.2 Bills Payable</b>		
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
	<b>3,358,829,216</b>	<b>5,679,725,957</b>

<b>13.3 Mudaraba Savings Deposits</b>		
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
	<b>74,392,816,865</b>	<b>70,179,141,772</b>

<b>13.4 Mudaraba Term Deposits including other Banks - Maturity wise Grouping</b>		
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
	<b>291,955,086,665</b>	<b>308,967,731,305</b>

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31.12.2023 BDT	31.12.2022 BDT
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### 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
	<b>45,239,938,997</b>	<b>44,831,910,652</b>

### 14 MUDARABA SUBORDINATED BOND

<b>5,100,000,000</b>	<b>7,400,000,000</b>
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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

<b>6,000,000,000</b>	<b>6,000,000,000</b>
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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))  
First Security Islami Capital & Investment Limited  
First Security Islami Exchange Italy S.R.L.

33,042,552,683	26,116,875,125
360,160,659	350,022,765
449,062,581	469,463,831
<b>33,851,775,923</b>	<b>26,936,361,721</b>
410,972,248	523,642,237
<b>33,440,803,675</b>	<b>26,412,719,484</b>

Less: Inter-company transaction

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EVP & Company Secretary  
First Security Islami Bank PLC.

Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC

Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

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**16(a) OTHER LIABILITIES**

Inter - branch Transaction Account	
Current Tax Liabilities (Note-16.1)	
Accumulated Provision against Investments (Note-16.3)	
Profit/Rent/Compensation Suspense Account (Note -16.4)	
Lease Liabilities	
Accrued Profit and Expenses Payable (Note-16.5)	
Provisions for diminution in value of Investments (Note-16.6)	
Provision for Start up fund (Note-16.7)	
Provisions for Others (Note-16.8)	
Provision for Zakat	
Provident Fund	
Provision for Gratuity	
Benevolent Fund	
Compensation Realized	
Others	
Off-shore Banking Unit	

31.12.2023 BDT	31.12.2022 BDT
-	506,210
3,508,251,413	2,796,485,362
16,871,847,656	15,228,420,004
2,700,475,623	2,535,965,967
187,882,841	183,532,291
7,281,242,672	4,052,332,671
184,101,270	192,889,922
123,100,284	90,699,423
834,025,756	506,954,778
258,371,758	223,591,701
30,062	18,724
75,112,519	-
499	4,749
44,657,604	26,691,678
752,642,599	212,821,691
220,810,127	65,959,954
<b>33,042,552,683</b>	<b>26,116,875,125</b>

**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
	<b>20,672,450,598</b>	<b>17,841,112,057</b>

**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
	<b>17,164,199,185</b>	<b>15,044,626,695</b>

**Net Tax Liabilities**

	<b>3,508,251,413</b>	<b>2,796,485,362</b>
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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
	<b>1,653,669,927</b>	<b>1,579,878,728</b>

**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
	<b>1,642,427,652</b>	<b>1,542,322,027</b>

	<b>1,642,427,652</b>	<b>1,542,322,027</b>
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**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
	<b>16,871,847,656</b>	<b>15,228,420,004</b>

	<b>16,871,847,656</b>	<b>15,228,420,004</b>
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**16.3.1 Movement in Specific Provision for Classified Investments**

Provision held at the beginning of the year  
Less: Fully provided debts written off  
Add: Recoveries of amounts previously written off  
Add/(Less): Specific Provision during the year  
Add: Addition during the year as per Bangladesh Bank requirement  
Add: Transferred from General Provision during the year

31.12.2023 BDT	31.12.2022 BDT
10,591,453,599	10,556,431,245
-	-
1,000,000	50,000
(251,389,814)	(2,084,941,635)
516,764,261	-
-	2,119,913,989
<b>10,857,828,046</b>	<b>10,591,453,599</b>

**16.3.2 General Provision**

Provision held at the beginning of the year  
Add: Addition during the year as per Bangladesh Bank requirement  
Add: Addition during the year  
Less: Transferred to Specific Provision during the year  
Less: Transferred to Provision for other Assets during the year

3,183,342,096	2,134,302,174
-	520,000,000
2,035,392,718	2,748,953,911
-	(2,119,913,989)
-	(100,000,000)
<b>5,218,734,814</b>	<b>3,183,342,096</b>

**16.3.3 Off-balance sheet exposure**

Provision held at the beginning of the year  
Addition/(transfer) during the year

344,099,216	385,789,465
(158,339,513)	(41,690,249)
<b>185,759,703</b>	<b>344,099,216</b>

**16.3.4 Special General Provision-Covid-19**

Provision held at the beginning of the year  
Addition/(transfer) during the year

1,109,525,093	609,525,093
(500,000,000)	500,000,000
<b>609,525,093</b>	<b>1,109,525,093</b>

**16.4 Profit/Rent/Compensation Suspense Account**

**A) Profit Suspense (Old)**

Opening Balance  
Add: Transferred during the year

33,163,412	33,676,036
-	-
<b>33,163,412</b>	<b>33,676,036</b>

Less: Recovered during the year  
Less: Amount Written off/waived during the year  
Balance at the end of the year

-	512,624
-	-
<b>33,163,412</b>	<b>33,163,412</b>

**B) Compensation Suspense Account**

Opening Balance  
Add: Addition during the year

2,502,802,555	2,093,142,167
171,811,685	425,317,248
<b>2,674,614,240</b>	<b>2,518,459,415</b>

Less: Recovered during the year  
Less: Amount Written off/waived during the year  
Balance at the end of the year

7,302,029	15,656,860
-	-
<b>2,667,312,211</b>	<b>2,502,802,555</b>

**Total (A+B)**

<b>2,700,475,623</b>	<b>2,535,965,967</b>
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**16.5 Accrued Profit and Expenses Payable**

Profit Payable on Deposit Accounts  
Power and Electricity  
Telephone  
Office Rent  
Wages  
Insurance  
Audit Fee  
Others

4,320,870,767	3,350,205,483
2,394,458	2,297,839
139,298	147,939
16,826,157	8,013,048
12,258,372	525,098
1,203,825	1,334,773
1,035,000	1,035,000
2,926,514,795	688,773,491
<b>7,281,242,672</b>	<b>4,052,332,671</b>

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	31.12.2023 BDT	31.12.2022 BDT
<b>16.6 Provisions for diminution in value of Investments in shares</b>		
Opening Balance	192,889,922	134,729,617
Add: Addition /(Adjustment) during the year	(8,788,652)	58,160,305
	<b>184,101,270</b>	<b>192,889,922</b>
<b>16.7 Provision for Start up fund</b>		
Opening Balance	90,699,423	61,400,328
Add: Addition during the year	32,400,861	29,299,095
	<b>123,100,284</b>	<b>90,699,423</b>
As per Bangladesh Bank SME/SPD 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.		
<b>16.8 Provisions for Others</b>		
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
	<b>834,025,756</b>	<b>506,954,778</b>
<b>17 CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
3,000,000,000 Ordinary shares of Taka 10 each.	<b>30,000,000,000</b>	<b>30,000,000,000</b>
<b>17.1 Issued, Subscribed and Paid-Up Capital</b>		
1,150,608,933 Ordinary Shares of Taka 10 each issued	11,506,089,330	10,460,081,210
	<b>11,506,089,330</b>	<b>10,460,081,210</b>
<b>17.2 History of paid-up capital</b>		

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
<b>Total</b>		<b>11,506,089,330</b>	

**17.3 Category of shareholding as at 31 December 2023**

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

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	31.12.2023 BDT	31.12.2022 BDT
<b>17.4 Classification of Shareholders by holding position as at 31 December 2023</b>		
<b>Shareholding Range</b>	<b>No. of Shares</b>	<b>No. of Shares</b>
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
	<b>1,150,608,933</b>	<b>1,046,008,121</b>

**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
	<b>24,496,049,435</b>	<b>21,858,839,782</b>

**Additional Tier-1 Capital (AT-1)**

	<b>5,286,365,549</b>	<b>4,809,659,299</b>
	<b>29,782,414,984</b>	<b>26,668,499,081</b>

**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%)	-	-
	<b>11,114,019,610</b>	<b>12,036,966,405</b>

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)	<b>11,114,019,610</b>	<b>12,825,758,131</b>
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<b>A. Total Regulatory Capital</b>	<b>40,896,434,594</b>	<b>38,705,465,486</b>
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<b>B. Total Risk Weighted Assets</b>	<b>345,476,860,786</b>	<b>320,643,953,286</b>
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<b>C. Capital to Risk Weighted Assets Ratio (CRAR) (A/B)*100</b>	<b>11.84%</b>	<b>12.07%</b>
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<b>D. Common Equity Tier-1 To RWA (A -CET/B)*100</b>	<b>7.09%</b>	<b>6.82%</b>
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<b>Requirement of Minimum CET-1 plus Capital Conservation Buffer</b>	<b>7.00%</b>	<b>7.00%</b>
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<b>E. Tier-1 Capital to RWA (A -CET/B)*100</b>	<b>8.62%</b>	<b>8.32%</b>
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<b>Requirement of Minimum Tier-1 Capital Ratio</b>	<b>8.50%</b>	<b>8.50%</b>
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<b>F. Tier-2 Capital to RWA (A- AT/B)*100</b>	<b>3.22%</b>	<b>4.00%</b>
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<b>G. Minimum Capital Requirement (MCR)</b>	<b>34,547,686,079</b>	<b>32,064,395,329</b>
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<b>Capital Surplus /(Deficiency) against MCR (A-G)</b>	<b>6,348,748,516</b>	<b>6,641,070,157</b>
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<b>Required Minimum Capital Plus Capital Conservation Buffer.</b>	<b>43,184,607,598</b>	<b>40,080,494,161</b>
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	31.12.2022 BDT	31.12.2022 BDT
<b>17.5(a) Capital to Risk Weighted Assets Ratio (CRAR) Under Basel-III (Solo Basis)</b>		
<b>Tier-1 Capital:</b>		
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
	<b>24,304,736,387</b>	<b>21,638,181,898</b>
<b>Additional Tier-1 Capital (AT-1)</b>	<b>5,256,103,099</b>	<b>4,767,632,698</b>
	<b>29,560,839,486</b>	<b>26,405,814,596</b>
<b>Tier-2 Capital:</b>		
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%)	-	-
	<b>11,114,019,610</b>	<b>12,036,966,405</b>
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)	<b>11,114,019,610</b>	<b>12,713,687,196</b>
<b>A. Total Regulatory Capital</b>	<b>40,674,859,096</b>	<b>38,442,781,001</b>
<b>B. Total Risk Weighted Assets</b>	<b>341,455,472,195</b>	<b>317,842,179,891</b>
C. Capital to Risk Weighted Assets Ratio (CRAR) (A/B)*100	<b>11.91%</b>	<b>12.09%</b>
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)	<b>34,145,547,220</b>	<b>31,784,217,989</b>
<b>Capital Surplus /(Deficiency) against MCR (A-G)</b>	<b>6,529,311,877</b>	<b>6,658,563,012</b>
<b>H. Required Minimum Capital Plus Capital Conservation Buffer</b>	<b>42,681,934,024</b>	<b>39,730,272,486</b>
<b>18 STATUTORY RESERVE</b>		
Opening Balance	7,550,143,181	6,456,663,581
Add: Addition during the year	1,193,613,049	1,093,479,600
	<b>8,743,756,230</b>	<b>7,550,143,181</b>

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))  
First Security Islami Exchange Italy S.R.L.  
Translation Reserve

Less: Intercompany Transaction

3,575,490,973	3,152,659,895
41,300,000	41,300,000
(46,211,602)	20,731,085
<b>3,570,579,371</b>	<b>3,214,690,980</b>
41,300,000	41,300,000
<b>3,529,279,371</b>	<b>3,173,390,980</b>

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	31.12.2023 BDT	31.12.2022 BDT
<b>19(a) OTHER RESERVE</b>		
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
	<b>3,575,490,973</b>	<b>3,152,659,895</b>
<b>20 ASSETS REVALUATION RESERVE</b>		
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
	<b>182,356,960</b>	<b>188,645,132</b>

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.

<b>21 CONSOLIDATED RETAINED EARNINGS</b>		
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
	<b>1,048,425,554</b>	<b>929,849,625</b>

<b>21(a) RETAINED EARNINGS</b>		
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
	<b>1,183,175,862</b>	<b>1,088,680,938</b>

<b>22 NON-CONTROLLING INTEREST</b>		
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
	<b>372,274,958</b>	<b>358,758,111</b>

**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
	<b>6,151,775,666</b>	<b>6,194,871,105</b>

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	31.12.2023 BDT	31.12.2022 BDT
<b>23.1 Money for Which the Bank is Contingently Liable in respect of</b>		
Directors	-	-
Government	-	-
Banks and Other Financial Institutions	-	-
Others	6,151,775,666	6,194,871,105
	<b>6,151,775,666</b>	<b>6,194,871,105</b>
<b>24 IRREVOCABLE LETTERS OF CREDIT</b>		
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
	<b>3,983,855,256</b>	<b>9,677,652,974</b>
<b>25 BILLS FOR COLLECTION ISSUED BY THE BANK</b>		
Foreign Documentary Bills	732,152,030	1,283,675,970
Outward Bills	-	-
Inland Documentary Bills	4,347,751,075	7,168,396,893
	<b>5,079,903,105</b>	<b>8,452,072,863</b>

  
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 Managing Director  
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 Chief Executive Officer  
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26 CONSOLIDATED INVESTMENT INCOME

First Security Islami Bank PLC. (Note-26 (a))  
First Security Islami Capital & Investment Limited  
Less: Inter Company Transaction

2023 BDT	2022 BDT
51,950,748,666	40,235,923,289
228,000,511	250,976,281
<b>52,178,749,177</b>	<b>40,486,899,570</b>
88,229,206	82,400,776
<b>52,090,519,971</b>	<b>40,404,498,794</b>

26(a) INVESTMENT INCOME

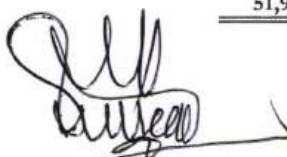
Profit Received from:

Bai Murabaha - General  
Bai Murabaha Hypothecation  
Bai Murabaha against MTD  
Bai Murabaha Post Import (LTR)  
Bai Murabaha Post Import (Pledge)  
Bai Murabaha Import Bill  
Investment in Placements  
Bai Murabaha Import  
Bai Murabaha Export  
Bai Murabaha SME Investment  
Bai-Murabaha (EMI) Investment  
Bai-Murabaha(General) Under SME Invest  
Bai-Murabaha Post Import(TR)-Under SME  
Bai-Murabaha (EQI) Investment  
Mudaraba Foreign Currency Investment (EDF)  
Inland Documentary Bills Purchased (Foreign Currency Bills)  
Pre-shipment Investment  
HPSM Transport  
HPSM Real Estate  
HPSM Consumer  
HPSM Agriculture  
HPSM SME  
HPSM HBL Commercial  
HPSM Industrial  
Rent on HPSM Scheme  
HPSM House Building - Staff  
Agriculture Investment  
Investment against Provident Fund (Staff)  
Quard against MTDR  
Wajira Bill Okalah  
SME Investment (Others)  
Bai-Murabaha Import Non-AD  
Tamin Card  
Income from Off-shore Banking Unit

1,411,480,069	831,500,826
23,338,340,988	19,846,540,879
13,657,173,675	9,140,261,856
993,455,423	474,732,947
6,883,964	6,543,703
132,840,305	263,591,014
700,780,581	1,118,240,437
614,368,240	320,010,780
25,567,785	1,570,053
2,777,267,217	2,919,866,554
1,479,729,554	965,839,495
102,185,144	86,121,857
69,016,065	70,299,711
649,882,123	1,170,370,585
693,968,871	194,129,021
36,096,952	57,827,603
65,578	1,914,674
60,998,777	57,262,644
508,285,072	320,153,338
28,890,069	30,437,144
11,687,150	11,806,522
41,206,790	32,812,092
580,903,222	553,949,729
1,205,519,844	975,173,368
-	2,678
26,486,080	32,531,425
170,899,336	153,758,448
7,401,179	6,124,789
12,021,631	12,459,626
192	132,522
976,801,412	770,064,140
-	7,102,964
1,662,445	168,262
1,628,882,933	217,559,360
<b>51,950,748,666</b>	<b>40,650,861,046</b>
-	414,937,757
<b>51,950,748,666</b>	<b>40,235,923,289</b>

Less: Regulatory Adjustment

  
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27 PROFIT PAID ON DEPOSITS/ BORROWINGS, ETC.

Profit Paid on:

Mudaraba Term Deposit
Mudaraba Double Benefit Deposits Scheme
Mudaraba Monthly Savings Scheme
Mudaraba Monthly Benefit Savings Scheme
Mudaraba Savings Deposits
Mudaraba Short Notice Deposits
MSB & Placement from Other Banks
Lease liabilities IFRS-16
Mudaraba Hajj Deposit Scheme
Mudaraba Student SB AC
Mudaraba Salary A/C
Mudaraba Senior Citizen AC
Mudaraba Marriage Scheme
Mudaraba Health Care Scheme
Mudaraba Education Deposit Scheme
Mudaraba Pension Deposit Scheme
Mudaraba Millionaire Deposit Scheme
Mudaraba Kroropoti Deposit Scheme
Mudaraba Triple Times Deposit Scheme
Mudaraba Four Times Deposit Scheme
Mudaraba Probashi Deposit Scheme
Mudaraba Money Plant Deposit Scheme
Mudaraba Griheni Deposit Scheme
Mudaraba Gift Cheque
Agent Savings A/C-Mobile Bank
Mudaraba New Generation Savings Scheme
Mudaraba New Generation Deposit Scheme
Mudaraba Shramajibi Savings
Mudaraba Cash Waqf. Deposit Scheme
Agent Banking Saving A/C
Agent Banking Float A/C
Mudaraba Monthly Profit 1 Year
Mudaraba Monthly Profit 2 Years
Mudaraba Specialized Saving Account (10 Taka)
Mudaraba Monthly Deposit Scheme GOLD
Mudaraba Mushafir Deposit Scheme
Mudaraba Monthly Profit Scheme (Morobbi) 1 Year
Mudaraba Sanchay Scheme 3 Years
Mudaraba Monthly Profit Scheme (Mahiyasi)
Mudaraba Workers Savings A/C
Mudaraba Corporate Monthly Deposit Scheme (FSIBL Merchant)
Mudaraba Pension Scheme (Sanchay Sukh)
Mudaraba Special Monthly Profit Scheme (Utshob)
Mudarabah Monthly Deposit Scheme-Durbar
Mudarabah FSIBL Smart Saving Account
Mudarabah Deposit Double Scheme-Samania
Mudarabah Term Deposit Account-FSIBL Century
Mudarabah Special Monthly Deposit Scheme-FSIBL Ehsan
Mudaraba Special Gift Monthly Profit Scheme "Utshob-24"
Mudarabah Smart Deposit Double Scheme
Mudarabah Term Deposit Account "Double Century"
Off-shore Banking Unit

2023 BDT	2022 BDT
17,654,319,551	16,351,037,960
1,285,313,724	1,204,810,200
459,988,884	477,074,267
80,659,943	244,296,420
3,291,351,557	1,970,012,892
1,832,556,129	1,067,261,351
7,300,669,276	1,208,451,264
12,716,631	13,768,865
29,488,724	26,258,614
7,609,187	7,511,222
24,312,984	24,506,425
19,743,168	19,918,655
299,194,307	256,539,667
1,468,345,964	1,240,461,628
218,638,393	183,757,375
82,645,687	73,433,381
188,775,756	165,003,922
188,128,485	146,772,641
19,647,738	26,301,451
174,776,053	151,875,060
15,305,761	16,663,369
29,000	14,000
20,604,212	18,155,912
220,592	172,188
2,405,501	2,113,162
9,977,886	9,579,076
2,434,538	2,968,989
21,117,754	18,145,637
548,357	289,604
19,073,194	11,369,318
48,174,569	39,790,134
28,123,258	103,524,049
17,900,646	29,476,507
844,090	847,644
5,541,736	4,774,235
52,174,520	28,832,564
166,408,634	408,575,609
149,146,417	330,919,624
228,559,839	549,800,772
739,769	498,455
1,739,743	240,379
3,731,159	292,335
702,977,115	94,772,340
16,489,388	-
72,362,621	-
11,567,180	-
279,349,334	-
1,780,196	-
130,753,536	-
54,100,142	-
108,609	-
1,238,161,243	169,778,183
37,941,332,680	26,700,647,345

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	2023 BDT	2022 BDT
<b>28 CONSOLIDATED INCOME FROM INVESTMENT IN SHARES &amp; SECURITIES</b>		
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
	<b>972,121,452</b>	<b>815,456,086</b>
<b>28(a) INCOME FROM INVESTMENT IN SHARES &amp; SECURITIES</b>		
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
	<b>951,094,961</b>	<b>788,498,286</b>
Less: Regulatory Adjustment dividend on Shares	-	352,000
	<b>951,094,961</b>	<b>788,146,286</b>
<b>29 CONSOLIDATED COMMISSION, EXCHANGE AND BROKERAGE</b>		
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
	<b>840,979,172</b>	<b>1,598,752,516</b>
<b>29(a) COMMISSION, EXCHANGE AND BROKERAGE</b>		
Commission	349,627,330	668,747,945
<b>Exchange Gain</b>	<b>377,447,692</b>	<b>855,917,690</b>
Exchange Earning	3,292,760,880	1,838,176,758
Less: Exchange Loss	2,915,313,188	982,259,068
	<b>727,075,022</b>	<b>1,524,665,635</b>
<b>30 CONSOLIDATED OTHER OPERATING INCOME</b>		
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	-
	<b>1,857,519,350</b>	<b>797,238,868</b>
<b>30(a) OTHER OPERATING INCOME</b>		
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
	<b>1,843,380,318</b>	<b>791,749,899</b>

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Shibly Amran  
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Community Bank Investment

### 30.1 Other Income

	2023 BDT	2022 BDT
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
	<b>813,637,583</b>	<b>745,361,917</b>

### 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
	<b>5,941,263,420</b>	<b>5,316,974,850</b>

#### 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
	<b>5,887,533,353</b>	<b>5,270,201,431</b>

### 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
	<b>872,108,306</b>	<b>841,390,006</b>

#### 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
	<b>866,844,224</b>	<b>837,867,800</b>

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

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	2023 BDT	2022 BDT
<b>33 CONSOLIDATED LEGAL EXPENSES</b>		
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
	<b>13,105,629</b>	<b>12,811,344</b>

**33(a) LEGAL EXPENSES**

Legal fee & charges	276,067	314,275
Other legal expenses	6,846,574	7,983,378
	<b>7,122,641</b>	<b>8,297,653</b>

**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
	<b>142,651,868</b>	<b>135,237,784</b>

**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
	<b>141,980,582</b>	<b>134,505,322</b>

**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
	<b>204,048,062</b>	<b>635,114,654</b>

**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
	<b>203,703,685</b>	<b>634,527,589</b>

**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
	<b>22,200,205</b>	<b>21,331,363</b>

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	2023 BDT	2022 BDT
<b>36(a) MANAGING DIRECTOR'S SALARY AND FEES</b>		
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
	<b>18,120,139</b>	<b>17,505,608</b>
<b>37 CONSOLIDATED DIRECTORS' FEES &amp; EXPENSES</b>		
First Security Islami Bank PLC. (Note-37 (a))	1,108,800	1,436,000
First Security Islami Capital & Investment Limited	425,000	450,000
	<b>1,533,800</b>	<b>1,886,000</b>
<b>37(a) DIRECTORS' FEES &amp; EXPENSES</b>		
Directors Fees	1,108,800	1,436,000
Meeting Expenses	-	-
	<b>1,108,800</b>	<b>1,436,000</b>
<b>38 SHARIAH SUPERVISORY COMMITTEE'S FEES &amp; EXPENSES</b>		
Shariah Council Meeting Expenses	307,000	466,000
	<b>307,000</b>	<b>466,000</b>
<b>39 CONSOLIDATED AUDIT FEES</b>		
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
	<b>2,604,469</b>	<b>1,867,945</b>
<b>40 CONSOLIDATED DEPRECIATION AND REPAIRS OF FIXED ASSETS</b>		
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
	<b>882,590,243</b>	<b>885,772,928</b>
<b>40(a) DEPRECIATION AND REPAIRS OF BANK'S ASSETS</b>		
Depreciation on Fixed Assets (Annexure - A)	617,157,649	618,002,585
<b>Repairs:</b>	<b>258,736,391</b>	<b>260,132,257</b>
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
	<b>875,894,040</b>	<b>878,134,842</b>

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Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC.

Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

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	2023 BDT	2022 BDT
<b>41 CONSOLIDATED OTHER EXPENSES</b>		
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
	<b>1,479,506,456</b>	<b>1,593,995,996</b>
Less: Inter Company Transaction	88,229,206	82,400,776
	<b>1,391,277,250</b>	<b>1,511,595,220</b>

**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
	<b>1,307,193,980</b>	<b>1,435,089,391</b>

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	<b>103,359,392</b>	<b>63,637,081</b>

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.

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Oli Kamal FCS  
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First Security Islami Bank PLC.

Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC

Shibly Amran  
Chief Executive Office  
Community Bank Investment Limited

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#### 43 CONSOLIDATED EARNINGS PER SHARE

	2023 BDT	2022 BDT
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	<u>3,281,499,898</u>	<u>2,942,941,910</u>
Weighted average number of shares outstanding	<u>1,150,608,933</u>	<u>1,150,608,933</u>
Earnings Per Share (EPS) (Restated)	<u>2.85</u>	<u>2.56</u>

#### 43(a) EARNINGS PER SHARE

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

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	<u>1,150,608,933</u>	<u>1,150,608,933</u>
	<u>21.74</u>	<u>19.38</u>

#### 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	<u>1,150,608,933</u>	<u>1,150,608,933</u>
	<u>21.89</u>	<u>19.50</u>

#### 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	<u>1,150,608,933</u>	<u>1,150,608,933</u>
	<u>0.52</u>	<u>3.82</u>

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Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

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
	<b>0.49</b>	<b>3.79</b>

\* 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	-
	<b>1,878,545,841</b>	<b>824,548,668</b>

**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
	<b>1,843,380,318</b>	<b>791,749,899</b>

**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
	<b>2,460,433,842</b>	<b>2,529,794,759</b>

**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
	<b>2,374,913,227</b>	<b>2,465,391,122</b>

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Chief Executive Officer  
Community Bank Investment Limited

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)
	<b>(1,144,511,007)</b>	<b>(956,448,771)</b>

**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
	<b>3,274,174,047</b>	<b>2,215,602,178</b>
(Increase)/Decrease during the year	<b>(1,058,571,869)</b>	<b>(496,274,701)</b>

**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)
	<b>3,071,024,713</b>	<b>104,606,011</b>

**49(a) INCREASE /DECREASE OF OTHER LIABILITIES**

Compensation Realized	44,657,604	26,691,678
Others	4,267,339,469	1,204,524,007
	<b>4,311,997,073</b>	<b>1,231,215,685</b>
Increase /(Decrease) during the year	<b>3,080,781,388</b>	<b>77,492,676</b>

**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)
<b>Operating profit before Changes operating assets &amp; liabilities</b>	<b>7,096,778,043</b>	<b>4,742,096,722</b>

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Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC.

Shibly Amran  
Chief Executive Officer

Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

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# **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><b>Chairman of Board of Director:</b>  First Security Islami Capital &amp; Investment Ltd.  Aviva Finance Ltd.  S. S. Power I Limited  Norinco Engineering Ltd.  C&amp;H Power Management Company Ltd.  Aviva Equity Management Ltd.  Ekushey Television Ltd.  Karnaphuli Prakritik Gas Ltd.</p> <p><b>Managing Director:</b>  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 &amp; Media Network Limited  Pavilion International Ltd.  Crest Holdings Ltd.  Virgin Assets Ltd.  Noor Islamic Holdings Ltd.  Disney Business Solution Ltd.</p> <p><b>Director:</b>  S. Alam Cold Rolled Steels Ltd.  Northern Islami Insurance Co. Ltd.</p> <p><b>Sponsor Shareholder:</b>  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><b>Shareholder:</b>  Padma Islami Life Insurance Ltd.  Global Islami Bank PLC.</p> <p><b>Proprietor:</b>  S. Alam &amp; Co.</p>

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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	<u>Chairman:</u> ABM Tower Ltd. <u>Chairman &amp; Managing Director :</u> Kharana Fish & Poultry Ltd. <u>Director :</u> First Security Islami Capital & Investment Ltd. <u>Ex-Director :</u> Chittagong Chamber of Commerce & Industry <u>Proprietor :</u> M/S. Bengal Corporation M/S. Bengal Trading M/S. Lucky Electronics
3	Mrs. Farzana Parveen	Director	<u>Chairman of Board of Director</u> Nexus Television & Media Network Limited <u>Managing Director :</u> Dewan Assets Ltd. <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 <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. <u>Proprietor:</u> Fairy Trade International

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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	<b>Chairman:</b> Marsa Aviation Ltd. M/s. Mortoza Assets Ltd. Marsa Transport Ltd. <b>Managing Director :</b> Marsa Fishing Ltd. <b>Director:</b> Marsa Food & Beverage Ltd. Parkview Hospital Limited
5	Mrs. Atikur Nessa	Director	<b>Proprietor:</b> Atikur Nisa Enterprise Ideal Filling Station <b>Partner:</b> Rafe Enterprise Khorshed Paribahan Sangstha <b>Shareholder:</b> Aviva Finance Ltd.
6	Khandkar Iftekhhar Ahmad	Nominated Director (Pusti Vegetable Ghee Ltd.)	Air Commodore ( Retired) Bangladesh Air Force.
7	Mohammed Abdullah Hasan	Nominated Director (Nowshin Steels Limited)	<b>Managing Director :</b> Hasan Abasan (Pvt.) Limited Modern Property Limited <b>Director:</b> 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 <b>Shareholder:</b> S. Alam Steels Ltd. S. Alam Vegetable Oil Ltd. S. Alam Super Edible Oil Ltd. S. Alam Cement Ltd. <b>Proprietor:</b> M/s. Abdullah Hasan M/s. Bering Sea Lines

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Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC

Shibly Amran  
Chief Executive Officer  
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Chief Executive Officer  
Community Bank Investment Limited

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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)	<u>Managing Director :</u> J.M.C. Shipping Lines (Pvt.) Ltd. J. M.C. Builders (Pvt.) Ltd. <u>Director:</u> 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

Name of the Party	Nature of Transaction	Nature of Relationship	Total Value (in Tk.)
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 rules eligible.

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First Security Islami Bank PLC.

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**Syed Waseque Md Ali**  
Managing Director  
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Chief Executive Officer  
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Head Office, Gulshan-1, Dhaka

#### 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.

**Oli Kamal FCS**  
EVP & Company Secretary  
First Security Islami Bank PLC.

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**Syed Waseque Md Ali**  
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**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
	<b>5,324</b>	<b>5,406</b>

**55 Coverage of External Audit:**

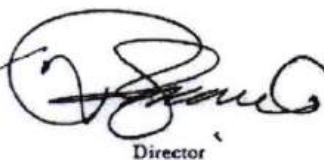
The external auditors of the Bank, M/S Khan Wahab Shafique Rahman & Co., Chartered Accountants worked about in excess of 7,600 man hours. During their audit, they audited above 80% of the Bank's risk weighted assets as on the Balance Sheet date.

**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).

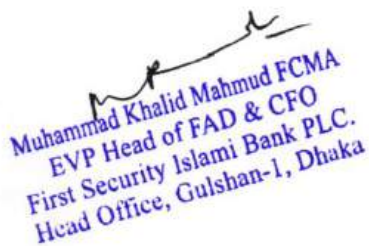
  
Managing Director

Dhaka, April 29, 2024

  
Director

  
Director

  
Chairman

  
Muhammad Khalid Mahmud FCMA  
EVP Head of FAD & CFO  
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Community Bank Investment Limited

**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
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
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
Vehicles	238,257,734	408,293	26,137,566	212,528,461	148,577,924	12,986,213	26,137,562	135,426,575
Books	672,960	-	-	672,960	586,170	16,493	-	602,663
<b>Sub-Total</b>	<b>10,402,411,380</b>	<b>413,330,691</b>	<b>68,179,006</b>	<b>10,747,563,065</b>	<b>3,840,176,863</b>	<b>543,898,105</b>	<b>58,443,462</b>	<b>4,325,631,506</b>
								<b>6,421,931,559</b>

**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
<b>Total December 2023</b>	<b>11,084,229,752</b>	<b>474,673,381</b>	<b>68,179,006</b>	<b>11,490,724,127</b>	<b>4,206,595,416</b>	<b>617,157,649</b>	<b>58,443,462</b>	<b>4,765,309,603</b>	<b>6,725,414,524</b>
<b>Total December 2022</b>	<b>10,238,152,453</b>	<b>979,215,323</b>	<b>133,138,024</b>	<b>11,084,229,752</b>	<b>3,693,102,923</b>	<b>618,002,585</b>	<b>104,510,092</b>	<b>4,206,595,416</b>	<b>6,877,634,336</b>

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 Chief Executive Officer  
 Community Bank Investment Limited

11 NOV 2024

**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
	Price Earnings Ratio (Times)	3.16	3.50

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

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Chief Executive Officer  
Community Bank Investment Limited

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

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11 NOV 2024

**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)
<b>Net Investment Income</b>		<b>432,701.09</b>	<b>47,488,945</b>	<b>371,572.00</b>	<b>38,382,273</b>
Commission, Exchange, and Brokerage	14	-	-	-	-
Other Operating Income	15	500,000.00	54,875,000	263.80	27,250
<b>Total Operating Income</b>		<b>932,701.09</b>	<b>102,363,945</b>	<b>371,835.80</b>	<b>38,409,523</b>
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
<b>Total Operating Expenses</b>		<b>558,753.26</b>	<b>61,323,170</b>	<b>65,187.80</b>	<b>6,733,704</b>
<b>Profit before provision and Taxes</b>		<b>373,947.83</b>	<b>41,040,774</b>	<b>306,648.00</b>	<b>31,675,818</b>
Provisions for Investments including off-B/S items		-	-	-	-
Provisions for Diminution in Value of Investment in Shares		-	-	-	-
<b>Total provision</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total profit before taxes</b>		<b>373,947.83</b>	<b>41,040,774</b>	<b>306,648.00</b>	<b>31,675,818</b>
Provision for Current Tax		-	-	-	-
Deferred Tax Income		-	-	-	-
<b>Net profit after taxation</b>		<b>373,947.83</b>	<b>41,040,774</b>	<b>306,648.00</b>	<b>31,675,818</b>

  
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**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
<b>A) Cash flows from Operating Activities</b>				
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)
<b>Operating Profit before changes in Operating Assets &amp; Liabilities</b>	<b>(79,690.28)</b>	<b>(8,746,008)</b>	<b>732,677.52</b>	<b>77,670,285</b>
<b>Increase / (Decrease) in operating Assets and Liabilities</b>				
(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	-	-	-	-
<b>Cash Generated from Operating Assets &amp; Liabilities</b>	<b>(3,537,447.86)</b>	<b>(388,234,903)</b>	<b>3,373,106.76</b>	<b>343,145,269</b>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>(3,617,138.14)</b>	<b>(396,980,911)</b>	<b>4,105,784.28</b>	<b>420,815,534</b>
<b>B) Cash flows from investing activities</b>				
(Purchase)/ Sale of Shares and Securities	-	-	-	-
Purchase of Property, Plant and Equipment	-	-	-	-
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C) Cash flows from financing activities</b>				
Receipt/(Payment) for Issuance of Mudaraba Bond	-	-	-	-
Profit transferred to main operation	(306,648.00)	(33,654,618)	(181,996.14)	(15,500,011)
<b>Net cash use in financing activities</b>	<b>(306,648.00)</b>	<b>(33,654,618)</b>	<b>(181,996.14)</b>	<b>(15,500,011)</b>
<b>D) Net increase / (decrease) in cash and cash equivalents (A+ B + C)</b>	<b>(3,923,786.14)</b>	<b>(430,635,529)</b>	<b>3,923,788.14</b>	<b>405,315,543</b>
<b>E) Effects of exchange rate changes on cash and cash equivalents</b>	<b>-</b>	<b>25,320,206</b>	<b>-</b>	<b>-</b>
<b>F) Cash and cash equivalent at beginning of the year</b>	<b>3,923,788.14</b>	<b>405,315,543</b>	<b>-</b>	<b>-</b>
<b>G) Cash and cash equivalent at end of the year(D+E+F)</b>	<b>2.00</b>	<b>220</b>	<b>3,923,788.14</b>	<b>405,315,543</b>
<b>The above closing Cash and Cash Equivalents include:</b>				
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
	<b>2.00</b>	<b>220</b>	<b>3,923,788.14</b>	<b>405,315,543</b>

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**11 NOV 2024**

**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 Rangs RD Center, Block #SF(17), Plot#03, Gulshan-1, Dhaka-1212.

**1.2 Principal activities**

The principal activities of the OBU are to provide all kind of Islami Shari'ah 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.

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#### 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 31<sup>st</sup> December 2023.

	31.12.2023		31.12.2022	
	USD	Taka	USD	Taka
<b>3 Balance with Other Banks and Financial Institutions</b>				
In Bangladesh (Note-3.1)	2.00	220	3,923,788.14	405,315,543
Outside Bangladesh (Note-3.2)	-	-	-	-
	<b>2.00</b>	<b>220</b>	<b>3,923,788.14</b>	<b>405,315,543</b>
<b>3.1 In Bangladesh</b>				
First Security Islami Bank PLC.	2.00	220	3,923,788.14	405,315,543
First Security Islami Capital & Investment Limited	-	-	-	-
	<b>2.00</b>	<b>220</b>	<b>3,923,788.14</b>	<b>405,315,543</b>
<b>3.2 Outside Bangladesh (Nostro accounts)</b>				
Currents accounts	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>4 Investments</b>				
<b>i) General Investment etc.</b>				
Bai-Murabaha	-	-	-	-
Others	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ii) Bills Purchased and Negotiated (note-5)</b>				
<b>Payable Inside Bangladesh</b>				
Inland bills purchased	17,757,359.30	1,948,870,183	20,833,914.15	2,152,080,830
<b>Payable Outside Bangladesh</b>				
Foreign bills purchased	218,810.37	24,014,438	9,367,073.77	967,590,619
	<b>17,976,169.67</b>	<b>1,972,884,621</b>	<b>30,200,987.92</b>	<b>3,119,671,449</b>
	<b>17,976,169.67</b>	<b>1,972,884,621</b>	<b>30,200,987.92</b>	<b>3,119,671,449</b>
<b>5 Bills purchased and discounted</b>				
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
	<b>17,976,169.67</b>	<b>1,972,884,621</b>	<b>30,200,987.92</b>	<b>3,119,671,449</b>
	<b>17,976,169.67</b>	<b>1,972,884,621</b>	<b>30,200,987.92</b>	<b>3,119,671,449</b>
<b>6 Fixed Assets including premises, Furniture &amp; Intangible Assets at cost</b>				
Furniture and fixtures	-	-	-	-
Office equipment	-	-	-	-
Vehicles	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>7 Other Assets</b>				
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	-	-	-	-
	<b>1,929,954.21</b>	<b>211,812,475</b>	<b>102,927.39</b>	<b>10,632,091</b>
<b>Placement from Banks &amp; Other Financial Institutions</b>				
-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
	<b>69,520,242.68</b>	<b>7,629,846,634</b>	<b>48,282,508.79</b>	<b>4,987,438,310</b>

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Chief Executive Officer  
Community Bank Investment

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9. Al-Wadiah Current Accounts & Other Deposit Accounts

Al-Wadia Current Deposits  
Mudaraba Short Notice Deposits  
Security Deposit Receipt  
Sundry Deposits(9.1.1)

31.12.2023		31.12.2022	
USD	Taka	USD	Taka
31.12.2023		31.12.2022	
USD	Taka	USD	Taka

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

9.1.1 Sundry deposits

Sundry Creditors  
Margin on I./C  
Others

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

10 Other liabilities

Accrued Profit and Expenses Payable  
Due to Head Office

2,011,935.37	220,809,907	638,546.66	65,959,954
-	-	-	-
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)  
Foreign 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)  
Foreign Documentary Bills Purchased (Foreign Currency Bills)  
Others

1,812,023.26	198,869,553	1,252,921.62	129,423,045
170,998.22	18,767,055	665,321.04	68,725,667
-	-	-	-
1,983,021.48	217,636,607	1,918,242.66	198,148,712

Profit on balance with other banks and financial institutions

Placement with DBU, FSIBL

Profit received from FC account

3,701,963.58	406,290,503	187,911.05	19,410,648
6,029,367.45	661,723,078	-	-
-	-	-	-
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
-	-	-	-
11,714,352.51	1,285,650,188	2,106,153.71	217,559,360

Less: Inter-Bank transaction

Total Interest income

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**13 PROFIT PAID ON DEPOSITS**

- a) Mudaraba Term Deposit  
b) Profit paid on local bank accounts  
c) Profit paid on foreign bank accounts

Less: Inter Bank transaction

31.12.2023		31.12.2022	
USD	Taka	USD	Taka
31.12.2023		31.12.2022	
USD	Taka	USD	Taka

-	-	-	-
3,288,754.64	360,940,822	105,728.12	10,921,398
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
-	-	-	-
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  
Allowances  
Bonus  
Bank's Contribution to Staff Provident Fund  
Gratuity

25,464.77	2,794,759	59,195.71	6,114,739
25,465.03	2,794,787	-	-
-	-	-	-
2,546.58	279,487	-	-
-	-	-	-
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  
Telephone - Residence

2,602.41	285,614	3,092.52	319,448
-	-	-	-
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

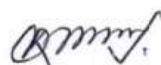
-	-	-	-
-	-	-	-
-	-	-	-

**21 Other Expenses**

- Washing and Cleaning  
Wages  
Miscellaneous Expenses

-	-	-	-
2,674.47	293,523	2,899.57	299,517
500,000.00	54,875,000	-	-
502,674.47	55,168,523	2,899.57	299,517

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Managing Director  
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Chief Executive Office  
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11 NOV 2024

## ANNEXURE – 2

(Credit Rating of the Issue)



**Oli Kamal FCS**  
EVP & Company Secretary  
First Security Islami Bank PLC



**Syed Waseque Md Ali**  
Managing Director  
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11 NOV 2024



**Shibly Amran**  
Chief Executive Officer  
Community Bank Investment





**EMERGING**  
Credit Rating Ltd  
an independent house of risk assessment

June 26, 2024

**Mr. Syed Waseque Md. Ali**  
**Managing Director**  
**First Security Islami Bank PLC.**

Rangs RD Center  
Block: SE (F), Plot: 03,  
Gulshan Avenue, Gulshan-1,  
Dhaka:1212, Bangladesh

**Subject: Credit Rating of "FSIB 4th Subordinated Bond".**

Dear Sir,

We are pleased to inform you that Emerging Credit Rating Limited (ECRL) has assigned the following ratings to **"FSIB 4th Subordinated Bond"**.


Valid From	Valid Till	Rating Action	Long Term Rating	Outlook
June 25, 2024	June 24, 2025	Surveillance-1	A <sub>ID</sub>	Stable
December 07, 2023	December 06, 2024	Initial	A <sub>ID</sub>	Stable


\* ID denotes Islamic Debt Security

The long term rating is valid up to **June 24, 2025**. The rating may be changed or revised prior to expiry, if warranted by extraordinary circumstances in the coupon payment structure, operations and/or performance of the bond rated.

We hope the rating will serve the intended purpose of your organization.

Yours Sincerely,

  
**Kazi Mohammad Saami Alam**  
Chief Rating Officer

  
Muhammad Khalid Mahmud FCMA  
EVP Head of FAD & CFO  
First Security Islami Bank PLC.  
Head Office, Gulshan-1, Dhaka

Three copies of credit rating report of **FSIB 4th Subordinated Bond**.  
i) Invoice


  
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EVP & Company Secretary  
First Security Islami Bank PLC

  
**Shibly Amran**  
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**Syed Waseque Md Ali**  
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11 NOV 2024

**Credit Rating Report**  
**Of**  
**FSIB 4th Subordinated Bond**

  
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Head Office, Gulshan-1, Dhaka

  
**Oli Kamal FCS**  
EVP & Company Secretary  
First Security Islami Bank PLC

  
**Syed Waseque Md Ali**  
Managing Director  
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**Shibly Amran**  
Chief Executive Officer  
Community Bank Investment Limited

**11 NOV 2024**





# EMERGING

## Credit Rating Ltd

### FSIB 4th Subordinated Bond

Corporate Bond Rating (Agreement No-2023-12-07-77590)

Valid From	Valid Till	Rating Action	Long Term Rating	Outlook
June 25, 2024	June 24, 2025	Surveillance-1	A <sub>ID</sub>	Stable
December 07, 2023	December 06, 2024	Initial	A <sub>ID</sub>	Stable

\* ID denotes Islamic Debt Security

**Date of Incorporation** : August 29, 1999

**Managing Director** : Mr. Syed Waseque Md. Ali

**Issue** : Unsecured, Non-convertible, Fully redeemable, Floating Rate  
FSIB 4th Subordinated Bond of BDT 5,000 Million

**Issuer** : First Security Islami Bank PLC.

**Tenure** : 7 Years

**Fund Arranger** : UCB Investment Limited

**Trustee** : Community Bank Investment Limited

**Contact Analyst** : Md. Sihab Hossain [sihab@emergingrating.com](mailto:sihab@emergingrating.com)  
Prosenjit Datta Kanongo [prosenjit@emergingrating.com](mailto:prosenjit@emergingrating.com)

**Credit  
Analysis**

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Managing Director  
First Security Islami Bank PLC

Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

11 NOV 2024

Corporate Bond

# Emerging Credit Rating Ltd

Corporate Bond

CREDIT ANALYSIS

## 2024 Surveillance Review

### FSIB 4th Subordinated Bond

#### Major Rating Factors

- Strengths**
- Expansion in operational network
  - Compliance with CRR and SLR
  - Consistent year on year growth in the asset's portfolio
  - Efficient cost management leading relatively lower cost to income ratio
- Challenge/ Risks**
- Investment to deposit ratio exceeding regulatory ceiling
  - A number of clients exceeded the regulatory ceiling for investments
  - Increase in fresh NPI
  - Unable to maintain the capital conservation buffer requirement as per the BB
  - Decrease in deposits portfolio

**Rationale** Emerging Credit Rating Limited (ECRL) has affirmed **A<sub>1D</sub>** (Pronounced as "Single A Islamic Debt") long term credit rating to FSIB 4th Subordinated Bond (hereinafter referred to as "The Subordinated Bond" or "The Issue") issuance of BDT 5,000.00 million in nominal value. The outlook on the rating is **Stable**. The rating is consistent with ECRL's rating methodology for this type of bank and bond rating. ECRL considered financial performance, capital base, asset quality, management experience and prospect of the industry while assigning the standalone rating and the possibility of likely default of the bond while assigning the bond rating. **The rating has been assigned on the basis of draft information memorandum, draft agreements between the issuer, trustee and mandated lead arranger provided by the entity in discussion and the rating may significantly change if the covenants in those agreements are altered.**

The Fourth Subordinated Bond, has received a lower rating compared to FSIB's independent rating. This lower rating is attributed to the subordinate status of the bond considering FSIB's depositors and other senior creditors.

The rating reflects the strengths of the bank which are backed by expansion in operational network, reduction in reschedule investment with lower concentration in doubtful investments along with statutory liquidity ratio (SLR) and cash reserve ratio (CRR) with a surplus amount at the year-end, and relatively lower cost to income ratio as opposed to last year as well as wide experienced of management team. However, ECRL is concerned about the insufficient capital conservation buffer in the capital to risk weighted asset ratio (CRAR) which is below the regulatory requirement of Bangladesh Bank, net liquidity gap in 1-3 months and 1-5 years liquidity bucket, significant increase in fresh Non-performing Investment (NPI), a number of clients exceeded the investments cap against the regulatory equity cap for investments and investment to deposit ratio exceeding regulatory ceiling.

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Oli Kamal FCS  
EVP & Company Secretary  
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FSIB 4th Subordinated Bond

EMER  
Credit R  
Syed Waseque Md Ali  
Managing Director  
First Security Islami Bank PLC.

Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited  
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First Security Islami Bank PLC. intends to issue an unsecured, non-convertible, fully redeemable, floating Rate subordinated Bond with a face value of BDT 5,000 Million with the purpose of strengthening its capital base in accordance with Bangladesh Bank's Guidelines on Risk Based Capital Adequacy. The bond will have a tenure of 7 years, and will be redeemed in 5 (five) annual tranches commencing at the end of 36th month from the date of drawdown. Profits on the bond will be paid semi-annually starting at the end of 6 months from the date of drawdown. UCB Investment Limited is the arranger of the bond is Community Bank Investment Limited is acting as the trustee.

The issuer performance, during the period, total capital (Tier-I and Tier-II) of the bank stood at BDT 40,674.86 million at the end of FY2023 which was BDT 38,442.78 million in FY2022 experienced a 5.91% year-on-year growth in the period. At the same time, the risk weighted asset of the bank increased by 7.43% standing at BDT 341,455.47 million in FY2023. The ratio of capital to risk-weighted assets (CRAR), as of December 31, 2023, fell to 11.91%, from 12.09% in FY2022, exhibiting the bank's unable to maintain the minimum capital requirement including capital conservation buffer of 12.50% set by Bangladesh Bank. It is to be noted that, FSIB was unable to uphold the capital conservation buffer as per the Risk Based Capital Adequacy (RBCA) Guideline of Bangladesh Bank in line with BASEL-III in the last four years.

As per the financial statements, FSIB recorded a moderate 7.09% increase in assets to BDT 659,114.06 million. In line with increase in asset base the gross investment portfolio, the largest contributor factor in the asset book sharing 86.52% (85.26% in FY 2022) also experienced a decent 8.67% growth in FY2023 compared to the previous year due to mainly increase in investment in CMSME segment and arranging capital financing and syndicated funds during the year. With the growth in gross investment book, the Non- Performing Investment (NPI) of the bank also increased by 6.98% to stand at BDT 22,537.90 million by the end of FY2023. Consequently, higher growth in gross investment book than the growth in NPI, the NPI ratio reduced to 3.95% in FY2023 of total investment book compared to 4.01% at end 2022 which is below than the industry average (6.50%) of commercial banks operating in the Bangladesh. However, it has been observed that, the fresh NPI during January-December 2023 significantly increased to BDT 2,561.95 million from BDT 259.76 million in FY2022 indicating that the bank's fresh investments performance have been weaker compared to the previous year. In FY2023, required provision against investment was BDT 16,869.83 million against which the bank has maintained provision of BDT 16,871.85 million resulting in surplus of provision of BDT 2.02 million. However, Bangladesh Bank inspection Team (DBI-6) has raised additional provision amount of BDT 650.00 million (including provision for other assets BDT 133.30 million and specific provision BDT 516.70 million) vide their letter no. DBI-06/51(2)/2024-280 dated 16/04/2024.

During the period, the bank rescheduled BDT 2,326.43 million of investments which was 0.35% of the total outstanding investments in that period whereas FY2022 the rescheduled investments was BDT 5,059.42 million (0.95% of total investments outstanding). Though, over the last three years the bank did not write off any investment amount. At the end of the FY2023, the NPIs, rescheduled investment and written-off together represented 4.36% of the investment book of the bank compared to 4.98% in FY2022. However, investments to customers for more than 10% of FSIB's total eligible capital hold 20.54% of the gross investment in FY 2023 which was 22.85% in the same period last year indicating the bank's large investments to customers for more than 10% of bank's total capital has reduced from the previous year. A total of seven (Clients) investments amount exceeded the regulatory ceiling of 15% total regulatory equity in both FY2023 and FY2022.

The bank's deposit portfolio declined by 3.77% to BDT 455,195.00 million in FY 2023 owing to mainly instability in the Islamic banking sector in the country due to a couple of adverse news stories leading to panic depositors withdrawing their funds

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from the bank. However, deposits make up 69.06% of bank's total liabilities and equity base at the end of FY2023, which was 76.86% in FY 2022. Notably, on the other hand, the bank has not been able to keep its advance to deposit ratio (ADR) ratio within the regulatory requirement of Bangladesh Bank of 92.00 % over the years. In line with this, the investment-to-deposit ratio awfully increased to 118.45% at year-end of FY2023 from 103.13% in FY2022. FSIB has been maintaining Cash Reserve Ratio (CRR) and Statutory Liquidity Requirement (SLR) in line with Bangladesh Bank requirement.

The bank experienced a notable enhancement in investment income, reaching BDT 51,950.75 million compared to BDT 40,235.92 million in 2022, marking a growth of 29.12%. On the other hand, the investment expense of the bank witnessed a substantial increase, surging by 42.10%, primarily attributable to liquidity challenges in the sector, leading to higher profit payments on deposits which mainly limit the net investment income/profit to rose merely by 3.50% to BDT 14,009.42 million in FY 2023. However, the other operating income staggeringly soared by 132.82% to BDT 1,843.38 million in FY 2023 which was BDT 791.75 million a year ago which mainly acted the key driver for the bank to grow the non-investment income of the bank decently by 13.43% to BDT 3,521.55 million in 2023. In line with this, the total operating income of the bank reached BDT 17,530.97 million in FY2023 witnessing a 5.36% rise during the year as opposed to the previous year. In FY2023, the bank increased its provision expenses by 15.22% to BDT 1,993.11 million. The bank registered an operating profit before taxes of BDT 5,968.07 million in 2023 compared to BDT 5,467.40 million in FY2022, which was 9.16% higher than preceding year. Consequently, the post-tax profit of the bank rose by 10.59% to BDT 3,240.09 million in FY2023.

ECRL views FSIB's outlook as **Stable** due to its current business position, expanded branch network, growth in asset base, and compliance with CRR, SLR.

**Exhibit 1: Financial Highlights: First Security Islami Bank PLC.**

FY 31 December	2023	2022	2021	2020
Total Assets (BDT million)	659,114.06	615,487.79	543,880.18	496,425.48
Asset Growth (%)	7.09	13.17	9.56	13.55
Gross Investment (BDT Million)	570,286.71	524,795.15	456,428.54	415,307.40
Gross Investment Growth (%)	8.67	14.98	9.90	13.94
Deposits (BDT Million)	455,195.00	473,046.32	469,061.87	428,701.52
Deposit Growth (%)	(3.77)	0.85	9.41	13.83
Gross NPI Ratio (%)	3.95	4.01	4.73	4.39
Investment/Deposit Ratio (%)	118.45	103.13	91.39	91.90
Net Investment Income (BDT million)	14,009.42	13,535.28	13,023.84	11,350.11
Net Investment Income Growth (%)	3.50	3.93	14.75	14.49
Non-Investment Income (BDT million)	3,521.55	3,104.56	1,845.26	1,973.91
Non-Investment Income Growth (%)	13.43	68.25	(6.52)	(13.97)
Pre-Tax Profit (BDT million)	5,968.07	5,467.40	5,815.46	4,767.90
Average Profit Spread (%)	1.31	2.53	3.17	3.16
Post-Tax ROAE (%)	13.60	13.65	17.22	16.70
CRAR (%)	11.91	12.09	12.06	12.11

FY2020-2023 Data Extracted from Audited Financials

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FSIB 4th Subordinated Bond

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## A. BUSINESS DESCRIPTION

### A.1. Company Background

First Security Islami Bank PLC. (FSIB), a public limited company, was incorporated as a banking company on August 29, 1999; obtaining Bangladesh Bank's permission on September 22, initially it started its operation as a conventional bank on October 25 in the same year. Followed by the Initial Public Offering of 11.50 million ordinary shares of BDT 1,150.00 million in 2008, the bank listed with both the national bourses. Obtaining the approval from High Court, Finance Ministry and Bangladesh Bank, the bank transformed into an Islamic bank based on Islamic Shari'ah in 2009. The commercial banking activities of the bank encompasses a wide range of services including mobilizing deposits, providing investment facilities, discounting bills, conducting money transfer and foreign exchange transaction safe keeping, collecting and issuing guarantees, acceptances and Letter of Credit - which are offered through a network of 205 branches.

FSIB has two subsidiaries - First Security Islami Capital & Investment Limited (FSICIL) and First Security Islami Exchange Italy S.R.L (FSIEI). FSICIL is a fully-fledged merchant bank while FSIEI is engaged in remittance business and also in undertaking and participating in transactions, activities and operations commonly carried on or undertaken by remittance and exchange houses. FSIB has a 51% stake on FSICIL.

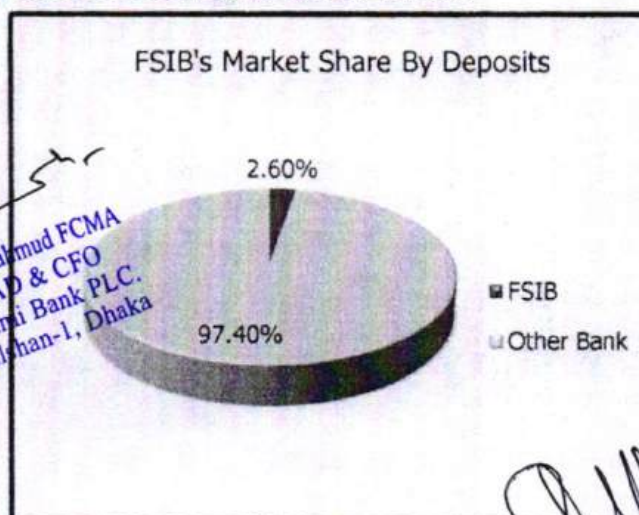
### A.2. Operational Network

The bank has been operating its business through country wide network of 205 (FY 2022: 204) branches and 174 (FY2022: 157) sub-branches and 104 (FY2022: 87) agent banking throughout the country. In FY2023, the bank has established one new branch including overall 205 branches. It has been observed most of the branches of the bank are situated at Dhaka and Chittagong division around. In addition, to facilitate withdrawal of money with ease by the customers, the bank has improved its ATM booths services by installing 246 (235 in FY2022) ATM booths in total.

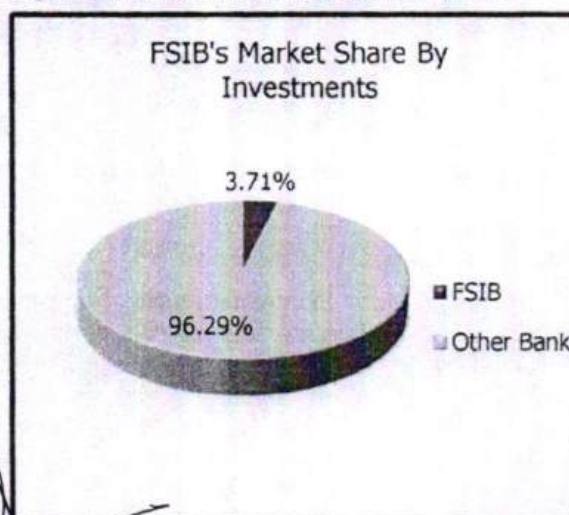
### A.3. Market Share

The market share of First Security Islami Bank PLC. in terms of loans and advances (investments) and share of deposit has in FY2023 compared to the previous year. FSIB's investment and deposit position was BDT 570,286.71 million and BDT 455,195.00 million respectively at the end of December 31, 2023 whereas Considering the banking industry as a whole, all scheduled banks' total loans & advances and deposit were BDT 15,383,429.10 million and 17,491,322.50 million respectively at the end of December 2023. FSIB represents 3.71% of market share in terms of investment and 2.06% of market share in terms of deposit December 31, 2023.

**Figure 1: FSIB's market share by deposits**



**Figure 2: FSIB's market share by investments**



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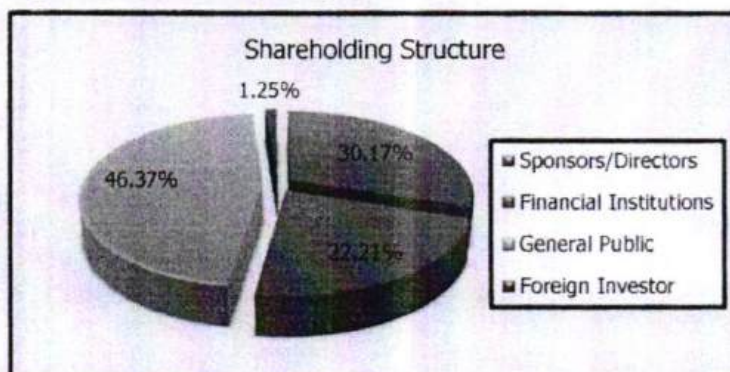
#### A.4. Products and Services

Very much like the other private commercial banks, FSIB provides all kinds of commercial banking services as well as various deposit and investment schemes. Differentiating it as an Islamic bank followed by the approval on 1st January 2009, the bank now offers all its products and services based absolutely on Islamic Shari'ah. Along with the basic Islamic banking products and services, to keep pace with the competition, it also has Online banking, SMS banking, Mobile banking, Remittance services, ATM banking, Locker service, Utility bills payment, e-Government Procurement facilities under its product portfolio. Bid bond/bid security is also issued at the customers' request. It is also posed to extend L/C facilities to its importers/exporters through establishment of correspondent relations and Nostro Accounts with leading banks all over the world.

#### A.5. Shareholding Structure

FSIB's authorized and paid up capital stood at BDT 30,000.00 million and 11,506.09 million respectively at the end of year 2023. Total number of ordinary shares outstanding as on December 31, 2023 was 1,150,608,933 of BDT 10.00 each; of which 46.37% by general public, 30.17% was held by the sponsors/directors, 22.21% by financial institutions and 1.25% of shares are hold by foreign investor. It has been observed that, foreign investments concentration have been decreasing over the last four years.

Figure 3: FSIB's Shareholding Structure



#### A.6. Subordinated Bond Issuance Objective

The proposed issue of subordinated Bond is to strengthen its capital base in accordance with Bangladesh Bank's Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework in line with Basel III). The proposed bond issue will allow the bank to enhance its capital strength and continue to grow its balance sheet in the future years. The proposed bond will qualify as part of FSIB's Tier-2 capital and will help maintain healthy capital adequacy ratios in the next few years. Besides, the BDT 5,000 million fund will be used for undertaking investment and general business activities of the bank including investment in treasury, other fixed income securities and capital market and expansion of loan portfolio.

The proposed bond will qualify as part of FSIB's Tier-2 capital and will help maintain healthy capital adequacy ratios in the next few years. Besides, the BDT 5,000 million fund will be used for undertaking investment and general business activities of the bank including investment in treasury, other fixed income securities and capital market and expansion of loan portfolio.

#### A.7. Structure of Subordinated Bond and Terms

Figure 2: Structure of Subordinated Bond and Terms

Name of the Issue	FSIB 4th Subordinated Bond
Type of the Issue	Unsecured, Non-Convertible, Redeemable, Floating Rate Subordinated Bond
Issuer	First Security Islami Bank PLC.
Purpose	To raise Tier-2 Capital through issuance of FSIB Subordinated Bond in order to strengthen its capital base in accordance with Bangladesh Bank's Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework in line with Basel III).

Signature of Syed Waseque Md Ali  
EVP Head of FAD & Finance  
First Security Islami Bank PLC.  
Head Office, Gulshan-1, Dhaka



<b>Arranger</b>	UCB Investment Limited												
<b>Trustee</b>	Community Bank Investment Limited												
<b>Common Legal Counsel</b>	Farooq & Associates												
<b>Issue Size</b>	BDT 5,000,000,000 (Five Thousand Million) (Subject to Regulatory approvals)												
<b>Nature of Instrument</b>	Unsecured												
<b>Tenure</b>	7 years from the date of issuance												
<b>Face Value</b>	BDT 1,000,000 (One Million) Per Bond												
<b>Minimum Subscription</b>	BDT 1,000,000 (One Million)												
<b>Total Bonds to be issued</b>	5,000 (Five Thousand) nos.												
<b>Investors</b>	Institutional investors, high net-worth individual investors and as per the Regulatory approval												
<b>Mode of Placement</b>	Private Placement on a best effort basis												
<b>Yield to Maturity / Rate of Return</b>	Profit Rate												
<b>Profit Rate</b>	Reference Rate + Profit Margin												
<b>Reference Rate</b>	The average of most recent month's published highest Term Deposit profit rates in 6 months tenor of all Islamic Banks (except foreign Islamic Banks and Z category Islamic Banks) to be applied semi-annually as published by Bangladesh Bank on the Quotation Day (*subject to market condition and regulatory approvals)												
<b>Quotation Days</b>	Five (05) business days before the first day of any period for which profit is to be paid												
<b>Profit Margin</b>	3.00% p.a. (*subject to market condition and regulatory approvals)												
<b>Profit Payment Frequency</b>	Semi-annual profit payment starting at the end of 6 months from the date of drawdown												
<b>Repayment Schedule</b>	Face Value (principal) redemptions will be in 5 (five) annual tranches commencing at the end of 36th month from the date of drawdown in the following manner: <table><tr><th>Month</th><th>Redemption</th></tr><tr><td>36<sup>th</sup></td><td>20.0%</td></tr><tr><td>48<sup>th</sup></td><td>20.0%</td></tr><tr><td>60<sup>th</sup></td><td>20.0%</td></tr><tr><td>72<sup>nd</sup></td><td>20.0%</td></tr><tr><td>84<sup>th</sup></td><td>20.0%</td></tr></table>	Month	Redemption	36 <sup>th</sup>	20.0%	48 <sup>th</sup>	20.0%	60 <sup>th</sup>	20.0%	72 <sup>nd</sup>	20.0%	84 <sup>th</sup>	20.0%
Month	Redemption												
36 <sup>th</sup>	20.0%												
48 <sup>th</sup>	20.0%												
60 <sup>th</sup>	20.0%												
72 <sup>nd</sup>	20.0%												
84 <sup>th</sup>	20.0%												
<b>Call Refunding, Conversion Features</b>	The Bond is non-convertible and not-callable in nature												
<b>Tax Feature</b>	According to the laws of Bangladesh												
<b>Late Payment</b>	The Issuer shall pay a late payment penalty of 2% p.a. (two per cent) higher than the profit Rate and be payable on the amount not paid												

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Managing Director  
First Security Islami Bank PLC



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Chief Executive Officer  
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	on the due date up till the date of actual payment										
<b>Description of Collateral Security and Type of Charges to be Created Against the Issue</b>	Unsecured										
<b>Listing</b>	As per the consent letter of the BSEC										
<b>Transferability/Liquidity</b>	Freely transferable in accordance with the provisions of the Trust Deed										
<b>Credit Enhancement</b>	Not Applicable										
<b>Rating Trigger, if any</b>	"BBB" in long term and ST-3 in short time (*subject to regulatory approval)										
<b>Others, if any</b>	<p>Risk Premium:</p> <p>In case of a downgrade of credit rating under surveillance rating, Risk Premium to be added as under:</p> <table border="1"> <thead> <tr> <th>Issue Rating</th><th>Risk Premium to be added</th></tr> </thead> <tbody> <tr> <td>BB</td><td>0.25%</td></tr> <tr> <td>B</td><td>0.50%</td></tr> <tr> <td>C</td><td>0.75%</td></tr> <tr> <td>D</td><td>1.00%</td></tr> </tbody> </table> <p>(*subject to regulatory approval)</p>	Issue Rating	Risk Premium to be added	BB	0.25%	B	0.50%	C	0.75%	D	1.00%
Issue Rating	Risk Premium to be added										
BB	0.25%										
B	0.50%										
C	0.75%										
D	1.00%										
<b>Governing Law</b>	The Bonds are governed by and shall be construed in accordance with the existing laws of Bangladesh. Any dispute arising thereof shall be subject to the jurisdiction of courts of Bangladesh.										

#### A.8. Repayment Schedule

As per BASEL III guideline, the Bond is Subordinate in nature as the instrument is subordinated to deposits and other liabilities of the bank. It implies that the claims of the subordinated debt holders will be junior to the claims of the depositors and the other creditors. The bond will be unsecured. The bond is redeemable as per Repayment Schedule.

**Exhibit 3: Repayment Schedule**

No.	Year	Repayment in BDT	Balance in BDT
1	End of 1 <sup>st</sup> year	-	5,000,000,000
2	End of 2 <sup>nd</sup> year	-	5,000,000,000
3	End of 3 <sup>rd</sup> year	1,000,000,000	4,000,000,000
4	End of 4 <sup>th</sup> year	1,000,000,000	3,000,000,000
5	End of 5 <sup>th</sup> year	1,000,000,000	2,000,000,000
6	End of 6 <sup>th</sup> year	1,000,000,000	1,000,000,000
7	End of 7 <sup>th</sup> year	1,000,000,000	0

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## B. FINANCIAL RISK ANALYSIS

### B.1. Capital Adequacy

**Exhibit 4:** Selected indicators of FSIB

FY 31 December	2023	2022	2021	2020
Tier-I Capital (BDT Million)	29,560.84	26,405.81	24,239.74	21,096.19
Total Capital (BDT Million)	40,674.86	38,442.78	36,262.61	34,722.92
Total Risk Weighted Assets (BDT Million)	341,455.47	317,842.18	300,571.69	286,781.50
Tier-I Ratio (%)	8.66	8.31	8.06	7.36
CRAR (%)	11.91	12.09	12.06	12.11

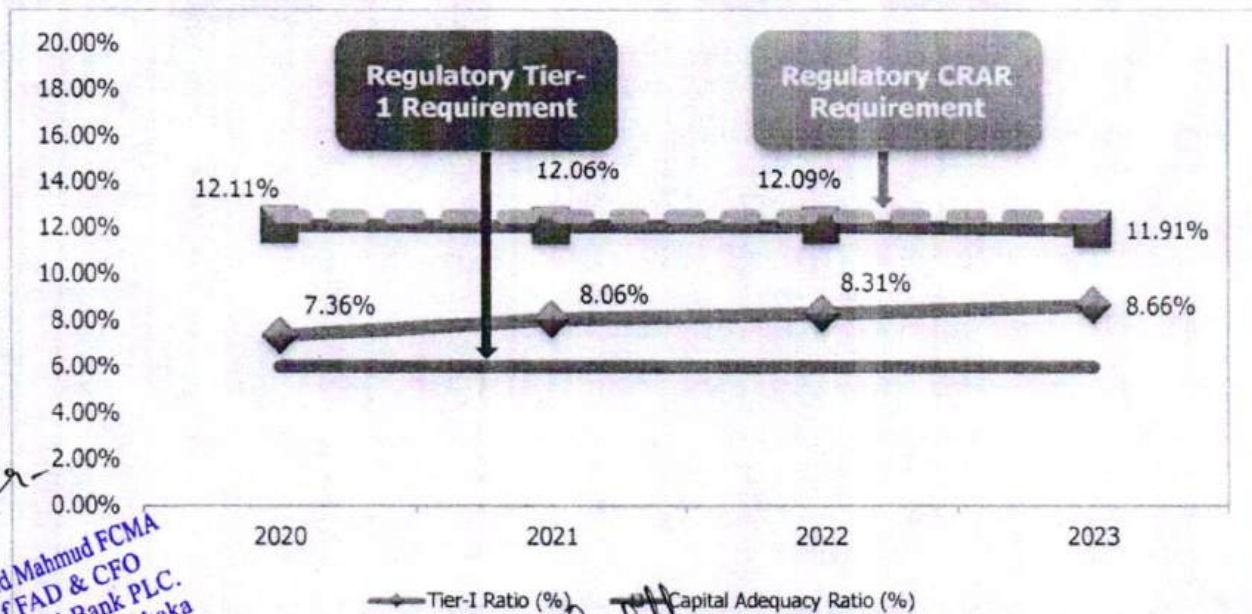
FY2020-2023 Data Extracted from Audited Financials

As per the regulatory requirement directed by the Bangladesh Bank under the Basel - III, every bank has to maintain a minimum capital requirement with capital conservation buffer of 12.50% in total from which minimum required Tier-1 capital ratio of 6.00%.

During the period, total capital (Tier-I and Tier-II) of the bank stood at BDT 40,674.86 million at the end of FY2023 which was BDT 38,442.78 million in FY2022 experienced a 5.91% year-on-year growth in the period. At the same time, the risk weighted asset of the bank has seen a growth of 7.43% standing at BDT 341,455.47 million by FY2023. The ratio of capital to risk-weighted assets (CRAR), as of December 31, 2023, was 11.91%, which forms the basis of the bank's capital. The bank's unable to maintain the minimum capital requirement including capital conservation buffer of 12.50% set by Bangladesh Bank. It is to be noted that, FSIB was unable to uphold the capital conservation buffer as per the Risk Based Capital Adequacy (RBCA) Guideline of Bangladesh Bank in line with BASEL-III in the last four years.

Though, tier-I capital increased by 11.95%, mainly due to an increase in statutory reserve, paid-up capital, and addition capital. Tier-I capital grew at a higher rate than risk weighted assets that eventually improved the tier-I ratio of the bank from previous year.

**Figure 4:** Capital Adequacy Position of FSIB



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## B.2. Asset Composition & Trends

**Exhibit 5: Selected Indicators for FSIB  
FY 31 December**

	2023	2022	2021	2020
Total Asset (BDT Million)	659,114.06	615,487.79	543,880.18	496,425.48
Asset Growth (%)	7.09	13.17	9.56	13.55
Gross Investment (BDT Million)	570,286.71	524,795.15	456,428.54	415,307.40
Gross Investment Growth (%)	8.67	14.98	9.90	13.94
Gross Investments to Total Assets (%)	86.52	85.26	83.92	83.66
Gross NPI (BDT Million)	22,537.90	21,067.08	21,571.51	18,244.78
Gross NPI Growth (%)	6.98	(2.34)	18.23	1.28
Gross NPI Ratio (%)	3.95	4.01	4.73	4.39
Net NPI Ratio (%)	0.54	0.65	1.31	1.03
Investment in Securities (BDT Million)	27,467.45	26,235.42	28,735.22	23,621.55
Investment in Securities Growth (%)	4.70	(8.70)	21.65	34.77
Investment Loss Reserve Coverage (%)	74.86	72.29	63.45	68.88
NPIs to Equity & Investment Loss Reserve (%)	53.58	55.93	63.14	59.48

FY2020-2023 Data Extracted from Audited Financials

In the period, the bank's asset book stood at BDT 659,114.06 million, representing a healthy growth of 7.09% in FY2023, while a 13.17% growth rate was experienced by the bank a year ago. In the assets portfolio, the bank's gross investments were BDT 570,286.71 million as of fiscal year end 2023, which was BDT 524,795.15 million in FY 2022. In FY 2023, the gross investment shares 86.52% (85.26% in FY 2022) of bank's total assets portfolio. Subsequently, cash in hand, including foreign currencies, along with Bangladesh Bank's balance share of the second highest (5.12% in FY 2023, which was 6.05% in FY 2022) of the bank's assets portfolio. In the recent time period, the bank's disbursed few investments in different sectors through working capital financing & syndicated financing along with increased of investment profit rate in this period pull up the gross investment of the bank. Meanwhile, investments in shares and securities contributed to 4.17% of the total assets of the bank, followed by money at call and on short notice (1.98%), fixed assets (1.02%), other assets (0.99%), and balances with other banks and FIs (0.20%).

### B.2.1. Asset Quality

The general investment of the bank stood at BDT 567,930.71 million as of December 31, 2023, with an increase of BDT 46,637.93 million, witnessing 8.95% growth over December 31, 2022. In FY 2023, the bank invested BDT 526,242.69 million in Bai-Murabaha and Quard modes, compared to BDT 481,337.21 million in FY 2022. In addition, the investment in Hire-Purchase Sirkatul Meelk has reached BDT 41,594.53 million, which was BDT 39,857.53 million a year ago, registering 4.36% growth. However, in comparison to the previous year, the bank has decreased its investment in the Bai-Salam mode.

FSIB has mostly invested in Bangladesh Govt. Islamic Investment Bond further more BDG Investment Sukuk, (Ijara Sukuk). In addition, other investment of bank e.g. investment in Mudaraba Perpetual Bond, investment in Green-Sukuk are hold major portion of investment. In FY 2023, investment in shares and securities portfolio of the bank rose to 4.70%, or BDT 1,232.02 million, to BDT 27,467.45 million where the growth rate of investment in the previous year was negative 8.70%.

**Figure 5: Selected Indicators of FSIB**

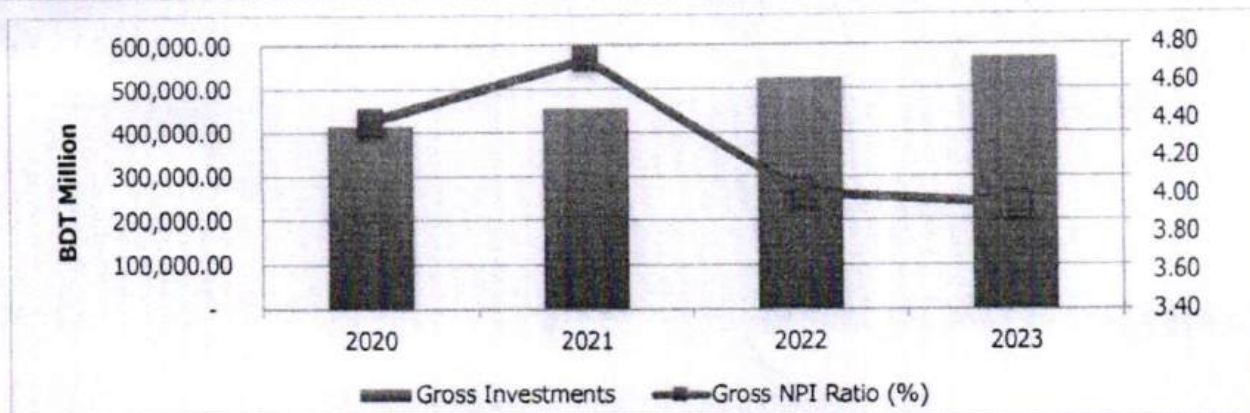
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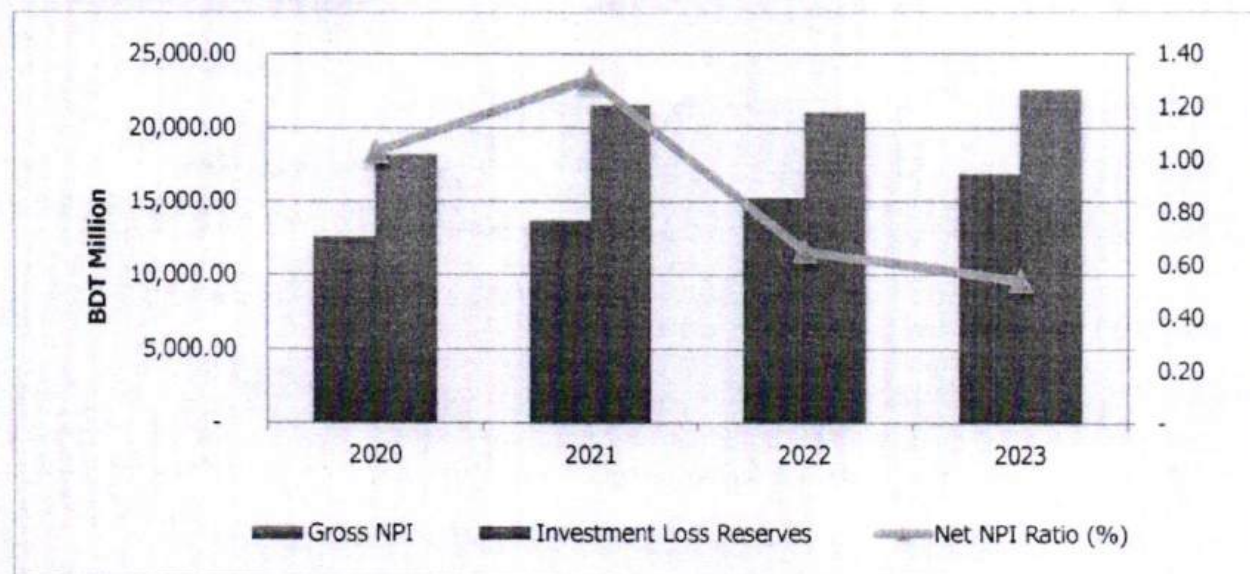
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The non-performing investment (NPI) of the bank increased by 6.98% and stood at BDT 22,537.90 million by the end of FY2023 which was BDT 21,067.08 million in the preceding year. Among the total non-performing investment 61.90% are classified as bad loss, 18.85% as doubtful and the remaining 19.25% as sub-standard. In addition, fresh NPI during January-December 2023 stood at BDT 2,561.95 million which was 8.86% higher than previous year, where the fresh NPI was BDT 259.76 million in FY2022. Trend wise, the bank has larger dependency on the bad loss investment in its non-performing investment over the years. In terms of asset quality, the Bank's impaired investment (NPI) ratio remained at 3.95% of total investment book compared to 4.01% at end 2022.

In FY2023, required provision against investment was BDT 16,869.83 million against which the bank has maintained provision of BDT 16,871.85 million resulting in surplus of provision of BDT 2.02 million.

**Figure 6: Selected Indicators of FSIB**



### B.2.2. Investment Diversification and Concentration

FSIB maintains a diversified portfolio with concentration in different sectors of the economy including wholesale trading, and import etc. reflected by its sector wise investments.

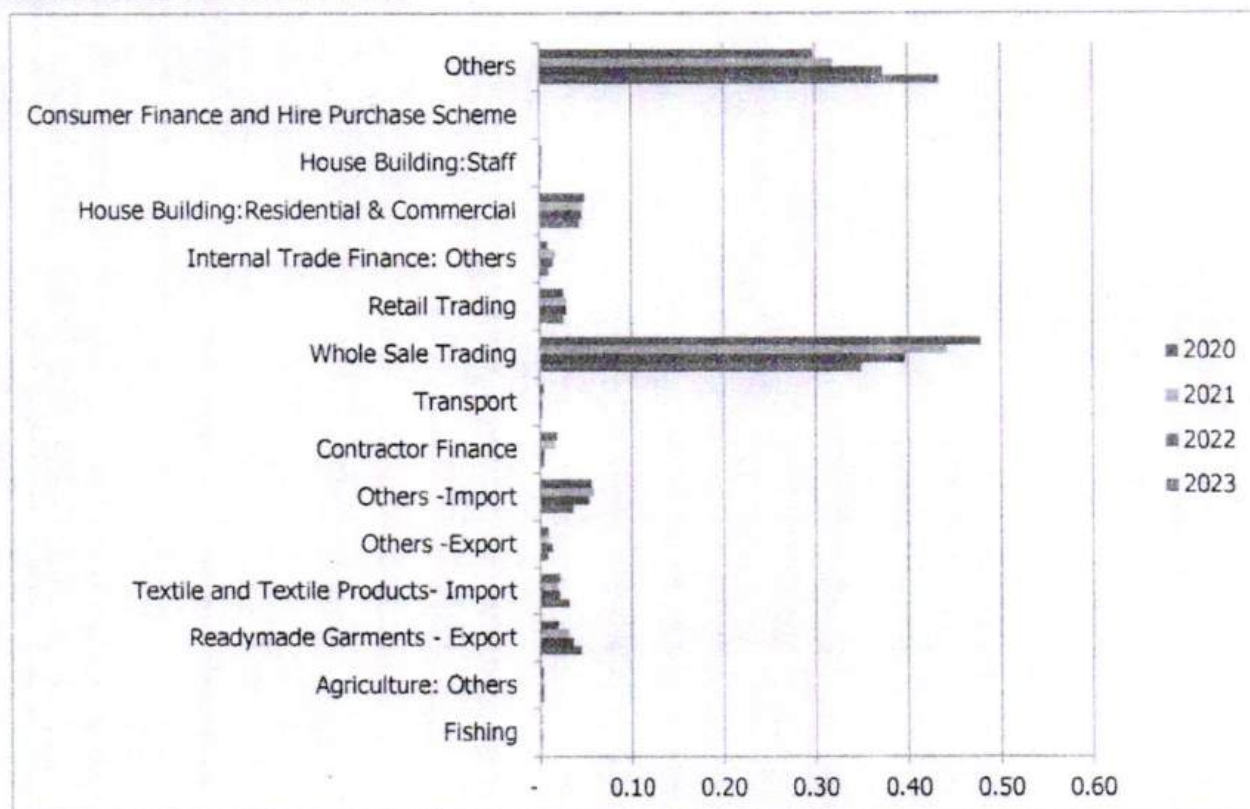
During the period, the bank's sectors wise concentration shows that investments portfolio was dominated by wholesale trading (35.06%) followed by others (43.48%) others-import (3.59%), house building-residential and commercial building (4.36% and readymade garments-Export (4.47%). Geographically, only 3.91% of the bank's investments are in rural areas and the remaining 96.09% investments are in urban areas.

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**Figure 7: Selected Indicators of FSIB**



### B.2.3. Performance of Rescheduled Investment and Written-off Investment

The rescheduling investment stood at BDT 2,326.43 million at year end 2023 which was around 0.35% of asset portfolio. In the time period (April 2023 to June 2023), bank's rescheduled BDT 1,163.13 million which was the highest growth than the rest of the quarter. Though, over the last three year the bank did not write off any investment amount. At the end of the FY2023, the NPIs, rescheduled investment and written-off together represented 4.36% of the investment book of the bank compared to 4.98% in FY2022.

### B.2.4. Large Investment Exposure

In the period, investments to customers for more than 10% of FSIB's total eligible capital hold 20.54% of the gross investment in FY 2023 which was 22.85% in the same period last year. Bank's exposure to large investments to customers for more than 10% of bank's total capital has reduces from the previous year. Notably, the sum of total investment (both funded and non-funded) to each customer exceeding 10% of total capital of the bank as at 31 December 2023 has reached BDT 117,162.00 million with 63 customers from BDT 119,896.40 million with the same customers in FY2022. Conversely, the total outstanding of top 30 investment (funded and non-funded together) has reached to BDT 150,731.00 million FY2023.

### B.2.5. Off-Balance sheet exposure

Total off-balance sheet exposure of the bank stood at BDT 23,655.87 million in FY2023, a decrease of 44.81% from BDT 42,861.99 million in the previous year. As a percentage of total assets, the off-balance sheet items were 3.59% (FY2022: 6.69%) in FY2023 representing lower exposure. FSIB's off-balance sheet items comprised 35.68% of acceptances & endorsements, 26.01% of letters of guarantee, 16.84% of irrevocable letters of credit and the rest 21.47% of bills for collection in FY2023.

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### B.3. Funding and Liquidity

**Exhibit 6: Selected indicators of FSIB**  
FY 31 December

	2023	2022	2021	2020
Deposits (BDT Million)	455,195.00	473,046.32	469,061.87	428,701.52
Deposit Growth (%)	(3.77)	0.85	9.41	13.83
Investment/Customers Deposits (%)	118.45	103.13	91.39	91.90
Net Investment/Stable Funding Base (%)	174.72	152.90	127.18	143.03
Net Investment/Customer Deposits (%)	120.98	107.18	93.94	93.58
Customer Deposits/Total Funding (%)	69.06	76.86	86.24	86.36
Interbank Liabilities/Total Funding (%)	20.42	13.08	2.80	2.65

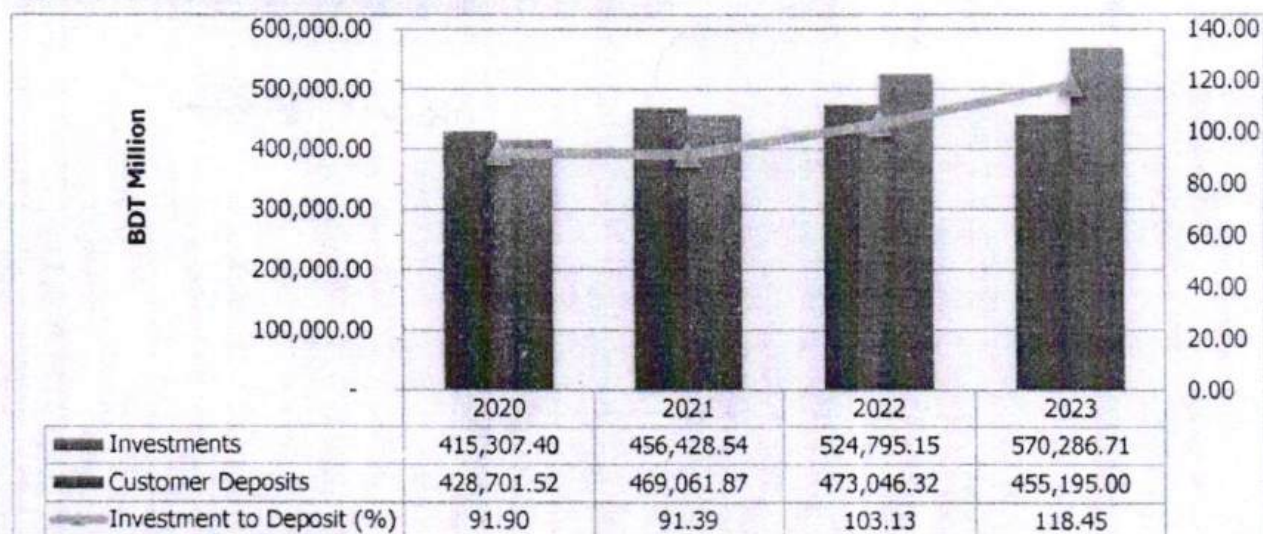
FY2020-2023 Data Extracted from Audited Financials

#### B.3.1. Fund Management

Total deposit of the bank stood at BDT 455,195.00 million as of December 31, 2023 which was BDT 473,046.32 million as of December 31, 2022. The majority of a bank's funding comes from its deposit base which is then aided with capital, financial instruments, interbank liabilities and other uncategorized liabilities. Deposits make up 69.06% of bank's total liabilities and equity base at the end of FY2023, with interbank liabilities accounting for 20.42% followed by uncategorized other liabilities (5.01%), equity (3.82%), subordinated bond (0.77%), and perpetual bond (0.91%).

The deposit base of the bank consists of 64.14% term deposits and the rest is covered by current deposit, savings deposit, and bills payable in FY2023. As at end December 2023, the bank's investment-to-deposit ratio stood at 118.45% at year-end. According to Bangladesh Bank's directive, the ceiling for investment to deposit ratio is not more than 92.00% for Islamic banks and 87% for General Banks where the bank was exceeding the ceiling for the investment-to-deposit ratio in the review period.

**Figure 8: Selected indicators of FSIB**



#### B.3.2. Liquidity Management

FSIB has been maintaining Cash Reserve Ratio (CRR) and Statutory Liquidity Requirement (SLR) in line with Bangladesh Bank requirement. As per Bangladesh Bank's regulatory requirement statutory liquidity reserve (SLR) of 13.00% and cash reserve ratio (CRR) of 4.00% are to be maintained by conventional banks operating in Bangladesh while SLR is 5.50% for Islamic Banking.

FSIB has maintained statutory liquidity reserve (SLR) and cash reserve ratio (CRR) in a satisfactory manner as per Bangladesh Bank requirement with stable reserve surplus. At the end of FY2023, the bank has reported surplus of BDT 10,003.42 million and BDT 2,641.42 million against the CRR and the SLR requirements respectively.

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FSIB 4th Subordinated Bond

Syed Waseque Md Ali  
Managing Director  
First Security Islamic Bank PLC.

EMERGING  
Credit Rating Ltd



Abdul Amran  
Executive Officer  
First Security Islamic Bank Investment Limited

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The asset and liability maturity profile of FSIB indicates deficit in net liquidity in up to one month, 1-3 month, 1-5 years bracket, and shows positive net liquidity other brackets. In the financial period, the asset and liability maturity profile of FSIB indicates net liquidity surplus of BDT 25,190.87 million.

#### B.4. Earning Trends and Profitability

**Exhibit 7: Selected Indicators of FSIB**  
**FY 31 December**

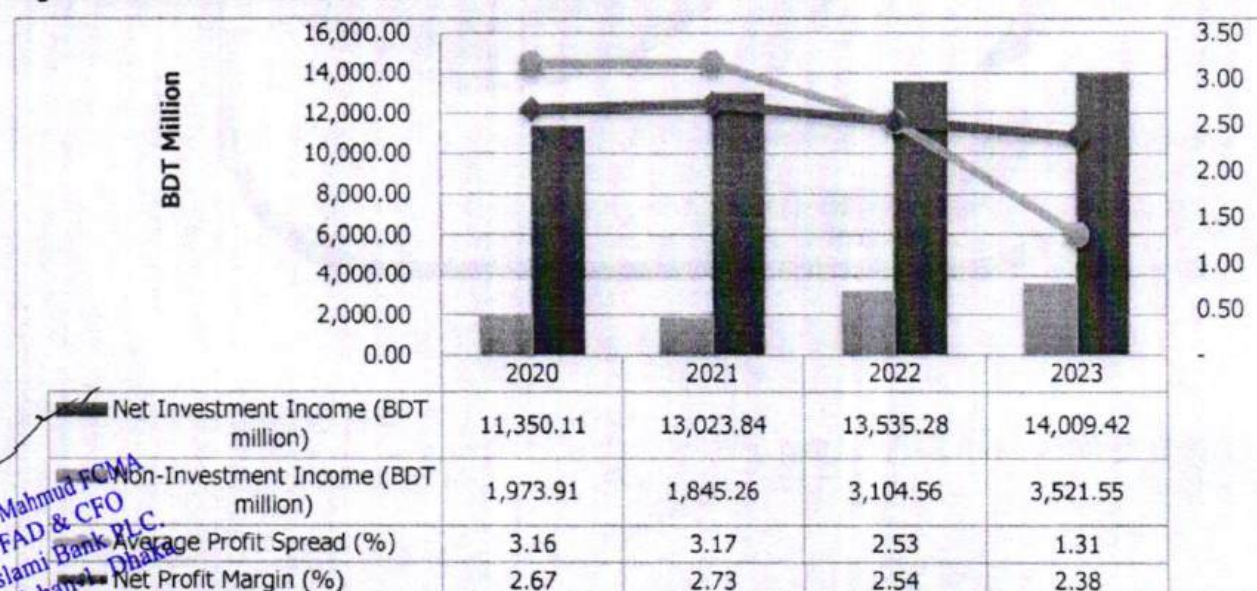
	2023	2022	2021	2020
Net Investment Income (BDT Million)	14,009.42	13,535.28	13,023.84	11,350.11
Net Investment Income Growth (%)	3.50	3.93	14.75	14.49
Non-Investment Income (BDT Million)	3,521.55	3,104.56	1,845.26	1,973.91
Non-Investment Income Growth (%)	13.43	68.25	(6.52)	(13.97)
Pre-Provision Profit (BDT Million)	7,961.18	7,197.18	7,279.39	6,130.72
Pre-Tax Profit (BDT Million)	5,968.07	5,467.40	5,815.46	4,767.90
Post - Tax Profit (BDT Million)	3,240.09	2,929.91	3,321.04	2,790.80
Post - Tax ROAE (%)	13.60	13.65	17.22	16.70
Profit Spread (%)	1.31	2.53	3.17	3.16
Net Investment Income Margin (%)	2.38	2.54	2.73	2.67
Cost Income Ratio	54.59	56.75	51.04	53.99

FY2020-2023 Data Extracted from Audited Financials

In the fiscal year 2023, the bank experienced a notable enhancement in investment income, reaching BDT 51,950.75 million compared to BDT 40,235.92 million in 2022, marking a growth of 29.12%. However, the investment expense of the bank witnessed a substantial increase, surging by 42.10%, primarily attributable to liquidity challenges in the sector, leading to higher profit payments on deposits. Consequently, the net investment income/profit demonstrated a modest improvement, rising by 3.50% to BDT 14,009.42 million in FY 2023.

In the review year, the bank's exchange gain, including gain from foreign currency and commission, along with other fees and charges, dropped to BDT 727.08 million in the period. Though, the income on investment in shares and securities, other income and bonds increased significantly, which led to BDT 2,794.48 million in investment income in FY 2023. Thus, healthy growth was achieved in the bank's non-operating income at BDT 3,521.55 million in 2023 compared to BDT 3,104.56 million in the prior year.

**Figure 9: Selected indicators of FSIB**



Provision expenses of the bank has moderately increased to BDT 1,993.11 million in the FY2023 from BDT 1,729.78 million in 2022 primarily due to increased provision requirement against classified investment and general provision with the recent growth of the portfolio. After accounting for provisioning in FY 2023, the bank registered an operating profit before taxes of BDT 5,968.07 million.

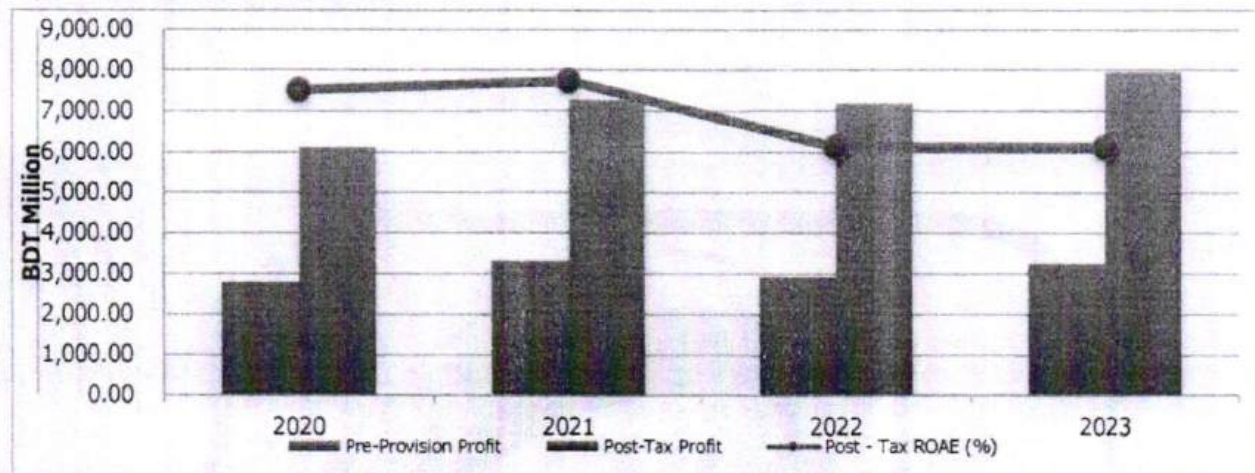
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compared to BDT 5,467.40 million in 2022, which was 9.16% higher than preceding year. In line with that, the bank's post-tax profit of the bank rose by 10.59% to BDT 3,240.09 million in FY2023 compare to BDT 2,929.91 million in FY 2022. Furthermore, cost-to-income ratio moderate as the operational income increased while controlling operating expenses. In the review period, the cost-to-income ratio reduce to 54.59% in FY 2023, compared to 56.75% in the prior year it means that costs are rising at a lower rate than income.

**Figure 10:** Selected indicators FSIB



## C. Issue Related Risks

### C.1. Market Risk

Market risk pertains to the potential for financial losses resulting from various factors that influence the overall performance of financial markets. It specifically involves the risk of losses in both on and off-balance sheet positions caused by changes in market prices. This risk arises from fluctuations in various market variables, including interest rates, exchange rates, and the availability of liquidity from lenders or depositors, and the prices of securities on the stock exchange. In the context of Islamic banking, the primary market risks are associated with profit rate risk, equity and commodity financing risk, and foreign exchange risk.

When it comes to Islamic Subordinated Bonds, market risks can be attributed to uncertainties surrounding redemption, profit rate fluctuations, and pricing. Furthermore, bonds, by their nature, are exposed to multiple sources of risk.

The Mudaraba Rate, which represents the profit rate structure, can shift and vary in different ways. Issuers might face defaults due to sector-wide challenges or individual credit issues. It's worth noting that the bond market, particularly the Islamic Bond market, is relatively new in the context of the Bangladeshi economy, and the conventional bond market is still in a developmental stage.

In the conventional financial system, fixed income securities play a significant role in capital rising. In the Islamic Capital & Money Market, bonds are expected to serve a similar purpose, offering a fixed rate of return profile while adhering to Shari'ah-compliant principles by eliminating features like uncertainty (Gharar), interest/usury (Riba), and gambling (Maisir).

Nonetheless, the debt instrument issued by FSIB is susceptible to both market-related and company-specific risks. All investments that balance risk and potential return are evaluated as higher-rated investments. The balance between risk and return varies based on the type of investment, the issuing entity, the state of the economy, and the stage of the securities markets. It's important to note that the risk associated with public trading in the secondary market is eliminated, as this particular instrument will not be publicly traded. To determine the appropriate pricing and coupon rate structure for these instruments, ECRL conducted a risk analysis that considered both market-related and instrument-specific risks.

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## C.2. Profit Rate Risk of the Bond

Profit rate risk affects bond valuation as it results from fluctuations in the absolute level of profit rates, which can lead to changes in the investment's worth. The profit rate is determined by adding an extra profit rate to the benchmark rate, where the benchmark rate is the semiannual Mudaraba Term Deposit profit rate offered by the issuer over a six-month period. If market interest rates/profit rates increase during the term deposit period, it may result in a bond yield lower than the benchmark rate, and conversely, if rates decrease, the bond yield may exceed the benchmark rate. It's important to note that there are no upper or lower limits to the profit rate, meaning that the bond's profit rate will consistently exceed the rates of deposits with similar maturities.

## D. COMPANY SPECIFIC RISK ANALYSIS

Risk is an integral part of financing business and thus every financial institution is exposed to risk of different type and magnitude. So, the prime responsibility of every financial institution is to manage its risk such that its return from business can be maximized. As a prudent and responsible financial institution, the Company attaches top priority to ensuring safety and security of the finances that are being extended.

Risk Management for FSIB is performed at various levels of the bank. By formulating policy regarding profit rate, market, liquidity, currency, operational as well as investment risk, FSIB manages its business risks and aims to mitigate them.

### D.1. Investment Risk

Investment risk refers to the risk that a borrower will default on any type of debt by failing to make required payments to the bank. The risk is primarily that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs which is a one of the major risks faced by the bank. The factors involved here may be the unwillingness of the counterparty as well as adverse economic condition. To address the risks, FSIB follows a guideline on Investment Risk Management which has been prepared in the light of broad guidelines provided by Bangladesh Bank for the banking industry.

#### D.1.1. Investment Risk Management

A systematic Investment and risk assessment should be conducted prior to granting of investments, and at least annually thereafter for all facilities. The Investment personnel define and minimize potential risks associated with an Investment so as to secure return of money together with the appropriate charges for use of the money. The Investment Risk Management system practice in FSIB depends on the following areas such as:

#### D.1.2 Investment Administration Process

The core objectives of the Investment administration are to separate documentation and disbursement activity from Investment approval process and to ensure discipline in Investment management. It is important in ensuring that proper documentation and approvals are in place prior to the disbursement of investment facilities. FSIB has segregated the officers/ executives involved in investment activities. The bank has Investment administration department which is responsible for monitoring clients' repayment track records and ensure follow up and recovery. Besides, the investment functions of the bank have been segregated in the area of Business Development/Marketing, Investment Administration, Investment Documentation and Investment Recovery.

#### D.1.3 Investment Monitoring

To minimize Investment losses, monitoring procedures and systems should be in place that provides an early indication of the deteriorating financial health of a borrower. FSIB has specific guidelines, concentration limits of exposure to industries and geographies are set through observing market trend to identify the core investment risk. The bank's internal control and compliance wing and Shari'ah Muraqibs independently verify the compliance with approved investment guidelines, Bangladesh Bank guidelines and operational procedures.

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## D.2. Market Risk

Market risk refers to the risk of losses in on and off-balance sheet positions arising from movements in market prices. It arises due to change indifferent market variables like profit (interest) rate, exchange rate, availability of liquidity with the lenders/ depositors, prices of securities in the stock exchange. The risk arising from market risk factors such as profit rates, foreign exchange rates, and equity prices have been discussed below:

### D.2.1. Investment Profit Rate Risk

Investment profit rate risk is the potential impact on the bank's earnings and net asset values due to changes in market profit rates. The Asset Liability Committee (ALCO) of FSIB is the main body which looks after and monitors investment profit rate structure. The committee also evaluates any market risk that arises from the regulatory pressure thus reducing the profit rate. Moreover, ALCO committee is always watchful to adverse movement of the different market variables.

### D.2.2. Equity Financing Risk

Equity financing risk is defined as loss due to change in market price of equity held by the bank. FSIB has significant amount of investment in equity portfolio with majority of quoted shares and very small investment in unquoted shares. To measure, identify and reduce this kind of risk, the bank practicing mark to market valuation of the share investment portfolios which was reflected through the bank's balance sheet as provisions for diminution in value of investment in shares.

### D.2.3. Foreign Exchange Risk

Foreign exchange risk is the risk current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. Managing foreign exchange risk involves prudently managing foreign currency positions in order to control, within set parameters, the impact of changes in exchange rates on the financial position of the bank. FSIB adopted foreign exchange risk manual and investment guideline of Bangladesh Bank to identify and combat the foreign exchange risk. Branch-wise target is allocated to increase the import and export volume as the bank is highly involved with export and import oriented business.

## D.3. Operational Risk

Operational risk is the potential loss arising from a breakdown in company's systems and procedures, internal control, compliance requirements or corporate governance practices that results in human error, fraud, failure, damage of reputations, delay to perform or compromise of the company's interests by employees. These may arise due to turnover of trained staff, risk of insider dealing, leakage of sensitive information, shortcoming of organizational structure, risk of falling in credit rating, money laundering, changes in statutory requirement as well as technological obsolescence. The Shari'ah council observes all the operational activities of the bank.

### D.3.1. Information & Communication Technology Risk

The banking industry over the years has consistently relied on modern technology. Increased reliance on the ICT sector has similarly spawned risk aspects as well. Data & relevant technology structure is a costly value added proposition for the bank to meet the challenges of business competency & service level excellence. Although the bank has Disaster Recovery site but it is not placed in significant geographical distance from Data Centre. Some weaknesses were detected by Bangladesh bank on ICT department of FSIB. Still the bank has no risk assessment and mitigation process for various ICT risks. The bank has no mobile banking policy for its operation.

### D.3.2. Information & Communication Technology Risk Management

In order to ensure protection of critical IT assets from unauthorized access, modification, disclosure and destruction FSIB has already taken initiatives, which safeguard the profit of customers. In the context bank is implementing a core banking software (Bank Ultimux) ensuring adequate security. To protect sensitive information of core banking software and other software in the event of any disaster, FSIB has implemented a disaster recovery site.

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### D.3.3. Internal Control and Compliance

To mitigate operational risk, money laundering & terrorist financing risk, circumvention or over-riding the internal control procedures, Internal Audit, Board Audit Division & Central Compliance and ICC Division are carrying out regular audit & inspection of the function of the branches and division of head office.

With the prime objective to perform in a better height through the use of its resources, FSIB follows "Internal Control and Compliance guidelines" which is approved by the central bank, i.e. Bangladesh Bank. Operational loss arises for the cause of errors and fraud due to lack of internal control and compliance. To ensure that sound monitoring system is placed inside the organization, Audit committee has been formed. Internal Control and Compliance Division undertakes periodical and special audit & inspection of its branches and departments of Head Office for reviewing its operation and compliance of the statutory requirement.

### D.3.4. Anti-Money Laundering Policy

Anti-Money Laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering activities. FSIB identified the money laundering as one of its core risk areas and has been making all out efforts to prevent money laundering. For mitigating the risk, the bank has a designed Chief Anti-Money Laundering Compliance Officer (CAMLCO) at Central Compliance Unit under Anti-Money Laundering Division, Head Office, who has sufficient authority to implement and enforce corporate wide AML policy and who is directly reporting to the Senior Management and Board of Directors.

### D.3.5. Litigation Risk

Litigation risk is also included in operation risk modeling. It is regarded as the individual's or company's likelihood of getting taken to court. Investment Monitoring and Recovery Division of FSIB is entrusted with handling of litigation risks. The unit's main function is to recognize potential losses from litigation risks at an early stage and to devise solutions for reducing such risks and establish necessary provisions.

## D.4. Liquidity Risk

Liquidity risk is the potential for loss to a bank arising from either its inability to meet its obligations as they fall due or to fund increases in assets without incurring unacceptable cost or losses. Liquidity risk arises when the cushion provided by the liquid assets are not sufficient enough to meet maturing obligations.

### D.4.1. Liquidity Risk Management

FSIB possesses a comprehensive and conservative set of liquidity and funding policies to address both firm-specific and broader industry/ market liquidity events. Their principal objective is to create a well-capitalized firm with a strong inherent ability of their core businesses to continue to generate revenue, even under adverse circumstances.

### D.4.2. Asset Liability Management

FSIB's Asset Liability Committee (ALCO) is entrusted with the responsibility of managing short-term and long-term assets and ensuring adequate liquidity at optimal funding cost. The primary objective of Asset Liability Committee (ALCO) is to monitor and avert significant volatility in Net Investment Income, investment value, and exchange earnings for the purpose of taking future action plan for better profit of the obligation. The treasury department of the bank is responsible for Asset Liability Management (ALM). But the overall performance of the ALM hasn't been reviewed by BoDs annually as per inspection report of Bangladesh bank in last June 2015.

### D.5. Other Risks

Stress testing is an important risk management tool that provides an indication of how much capital might be needed to absorb losses in different stressed situations. It will measure the vulnerability or exposure to the impacts of exceptional, rare but potentially occurring events like exchange rate fluctuations, changes in investment rating, interest rate changes etc. FSIB supplements their analysis

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of risk with stress testing to ascertain the reaction of the bank under a set of exceptional but plausible assumptions through a series of battery tests.

## E. MANAGEMENT AND OTHER QUALITATIVE FACTORS

### E.1. Corporate Governance

Aligned with the regulatory requirements and guidelines set by the Bangladesh Bank and Bangladesh Securities & Exchange Commission (BSEC), First Security Islami Bank PLC maintains adequate and high corporate governance standards. The corporate governance system in the bank is designed to ensure transparency and accountability at all levels in doing business. It also ensures that duties and responsibilities are appropriately segregated between the BoD and management to provide sufficient checks, balance and flexibility for smooth business operation.

#### E.1.1. Board of Directors

The Board of FSIB comprises with twelve Directors including three Independent Directors. The Board of Directors is responsible for proper governance, which includes setting out company's strategic aims, providing the necessary leadership to implement such aims, supervising the management of the business and reporting to shareholders on their stewardship. The Board is collectively accountable to the company's shareholders for good governance to facilitate efficient and effective management in order to deliver shareholder value over the long term, within appropriately established risk parameters.

The Board of Directors of FSIB is headed by Mr. Mohammed Saiful Alam, the Chairman of BoD. The BoD also has a Vice Chairman, three directors, four nominated directors and three independent directors. The members of the BoD can broadly be described as businessmen who hold directorship/ownership interest in a variety of sectors including bank, NBFI, insurance, brokerage, metal, cement, transport, power, medical service, real estate, garments & textile etc.

#### E.1.2. Board Meetings

The meetings of the Board of Directors of FSIB are normally held at the registered Corporate Head Office of the Company. The meetings are held frequently, at least once in a quarter, to discharge its responsibilities and functions as mentioned above. The meeting is scheduled well in advance and the notice of each Board meeting is given in writing to each Director by the Company Secretary. During FY2023, there were 11 meetings conducted.

#### E.1.3. Board of Directors Committees

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

**Executive Committee:** Currently the Executive Committee of the FSIB consists of 05 members of the BoD and is chaired by Mr. Mohammed Saiful Alam. However, the committee takes decision on emergency matters as and when required and assists the BoD to fulfill its responsibilities such as to set objectives, strategies and overall business plans for effective functioning of the bank. During FY2022, there were 09 meetings conducted.

**Audit Committee:** The Audit Committee of FSIB is comprised of 3 members of the BoD and is convened by Mr. Mohammad Masum Kamal Bhuiyan who is Independent Director of the BoD. This Audit Committee acts as a bridge among the BoD, Executive Authority, Depositors and Shareholders etc. The committee reviews the financial reporting process, the system of internal control, management information system, risk management, internal & external audit reports, audit process, compliance with laws and regulations and bank's own code of business conduct. During FY2023, there were 05 meetings conducted.

**Risk Management Committee:** A high-powered Risk Management Committee was formed in November, 2013 consisting of 03 members of the Board with Mr. Mohammed Abdul Maleque as the Chairman of the committee as per circular issued by the Central Bank. During FY2023, there were 04 meetings conducted.

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## E.2. Senior Management

The strategic management activities and overall business operations of FSIB are supervised and directed by the Managing Director, Mr. Syed Waseque Md. Ali, who is an eminent banking personality having extensive and immense experience in banking.

**Management Committee (MANCOM):** MANCOM of FSIB comprises of senior members of the management headed by the Managing Director of the bank. Head of HRD is the member secretary of the committee and Head of ICT division, Head of BCS, and Head of IC&CD as well as two AMDs and two DMDs are the member of the committee.

**Asset Liability Committee (ALCO):** As per treasury department is primarily responsible for Asset-Liability Management, ideally the ALCO is headed by the Managing Director and the committee consists with 13 members. This committee prime roles and responsibilities are to manage liquidity & profit rate risk of deposit and lending, understanding the market dynamics and risk elements involved within the business, assuming money market activities and last but not least complying bank's statutory obligations with the local Central Bank regulations

**Investment Committee (IC):** First Security Islami Bank PLC. also has an Investment Committee whose primary function is involved with detailed review and scrutiny of the investment proposals for onward submission to the Board of Directors.

**Shari'ah Board:** The Shari'ah Board of FSIB comprises of 8 members and is chaired by Professor Dr. Mohammad Gias Uddin Talukder. The council is mainly responsible for reviewing different operational issue, giving independent opinion based on Islamic Shari'ah, providing necessary guidelines, raising awareness about the Islamic banking among the employees and clients etc.

## E.3. Human Resource Management

FSIB has a separate policy of recruiting the best professional and implement programs to develop and retain high quality employees. As on December 31, 2023; the bank's human resources base expanded to 5,324 at the end of year. During the year FY2023, the bank recruited 70 employees, Promoted 5 employees and 3 employees retired and 107 employees resigned from the bank. Moreover, FSIB has invested a great deal in developing their talent through training programs that included managerial development and technical modules.

## E.4. Internal Control & Compliance

To mitigate operational risk, money laundering & terrorist financing risk, circumvention or over-riding the internal control procedures, Internal Audit, Board Audit Division & Central Compliance and Internal Control & Compliance Division (ICCD) carries out regular audit and inspection of the functions of the branches and division of head office. Deficiencies/lapses/irregularities detected by these audit and inspection are rectified/regularized/set right at the earliest with submission of report to the head office.

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## CORPORATE INFORMATION

### Board of Directors

Mr. Mohammed Saiful Alam  
Mr. Mohammed Abdul Maleque  
Mrs. Farzana Parveen  
Mrs. Rahima Begum  
Mrs. Atikur Nessa  
Mr. Md. Ruhul Amin  
Mr. Khandkar Iftekhar Ahmad  
Mr. Mohammad Abdullah Hassan  
Mr. Mohammad Masum Kamal Bhuiyan  
Professor Md. Kamal Uddin, PhD  
Mr. Ashralul Mostafa Chowdhury  
Mr. Syed Waseque Md. Ali

Chairman  
Vice Chairman  
Director  
Director  
Director  
Independent Director  
Nominated Director  
Nominated Director  
Independent Director  
Independent Director  
Nominated Director  
Managing Director

### Shareholders

Sponsors/Directors	30.14%
Financial Institutions	22.19%
General Public	46.32%
Foreign Investor	1.25%

### Auditors

**Khan Wahab Shafique Rahman & Co.**  
Chartered Accountants  
Head Office: Rupali Bank Bhaban, 7,  
Rajuk Avenue (5th & 6th Floor),  
Motijheel, Dhaka – 1000  
Phone: 47122785, Website: www.kwsrbd.com

### Legal Advisor

**The Legal Point**  
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### Registered Office

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### Head Office

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## BOND RATING SYMBOL

### LONG-TERM RATINGS

ECRL's Long-Term Ratings are assigned to debt with maturities of more than one year. These debt ratings specifically assess the likelihood of timely repayment of principal and payment of interest/profit over the term to maturity of such debts.

RATING	
AAA	Indicates that the ability to repay principal and pay interest/profit on a timely basis is extremely high.
AA	Indicates a very strong ability to repay principal and pay interest/profit on a timely basis, with limited increment risk compared to issues rated in the highest category.
A	Indicates the ability to repay principal and pay interest/profit is strong. These issues could be more vulnerable to adverse developments, both internal and external, than obligations with higher ratings.
BBB	This grade indicates an adequate capacity to repay principal and pay interest/profit. More vulnerable to adverse developments, both internal and external, than obligations with higher ratings.
BB	This rating suggests that likelihood of default is considerably less than for lower-rated issues. However, there are significant uncertainties that could affect the ability to adequately service debt obligations.
B	Indicates a higher degree of uncertainty, and therefore, greater likelihood of default. Adverse developments could negatively affect repayment of principal and payment of interest/profit on a timely basis.
C	High likelihood of default, with little capacity to address further adverse changes in financial circumstances.
D	Payment in default.

Notes: Long-Term Ratings from AA to B may be modified by the addition of a plus (+) or minus (-) suffix to show relative standing within the major rating categories. Bank-guaranteed issues will carry a suffix (bg), corporate-guaranteed issues, a (cg), issues guaranteed by a financial guarantee insurer (FGI), an (fg), Bond issues will carry a suffix (B) and all other supports, an (s) when such guarantees or supports give favourable effect to the assigned rating.

### Rating Outlook

ECRL's Rating Outlook assesses the potential direction of the Bond Issuers over the intermediate term (typically over a one to two-year period). The Rating Outlook may either be :

POSITIVE	which indicates that a rating may be raised;
NEGATIVE	which indicates that a rating may be lowered;
STABLE	which indicates that a rating is likely to remain unchanged; or
DEVELOPING	Which indicates that a rating may be raised, lowered or remain unchanged.

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## ANNEXURE – I

(Declaration of the Management)

  
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## ANNEXURE – II

(Due Diligence Report of the Trustee)

  
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