

FIRST SECURITY ISLAMI BANK LIMITED

AUDITORS' REPORT AND AUDITED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED ON DECEMBER 31, 2020

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

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of **First Security Islami Bank Limited** (the "**Group**") as well as the separate financial statements of First Security Islami Bank Limited (the "**Bank**") , which comprise the consolidated and separate Balance sheets as at December 31, 2020, 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 sheet of the Group and the separate Balance Sheets of the Bank as at December 31, 2020 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 comply with the Banking Companies Act 1991 (as amended up to date), The Companies Act 1994, the rules and regulations issued by Bangladesh Bank, the rules and regulations issued by the Bangladesh Securities & Exchange Commission (BSEC) and other applicable laws and regulations.

Basis for Opinion

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

Other Matters

The financial statements of the bank for the year ended December 31, 2019, were audited by another auditor who expressed an unmodified opinion on those statements on June 18, 2020.

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 period. 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.

The Key Audit matter	How the matter was addressed in our audit
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Measurement of provision for investment (See Note no. 7 and 15.3 to the financial statements)	
The process for estimating the provision for customer loans associated with credit risk is significant and complex. For the individual analysis for large exposure, provisions calculation consider the estimates of future business performance and the market value of collateral provided for availing investment facilities. For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions and estimates. At year end the Group and the bank reported total Investment of BDT 413,927,932,291 (2019: BDT 363,321,552,186) and provision for Investment of BDT 12,567,839,339 (2019: BDT 11,193,653,438).	We tested the design and operating effectiveness of key controls focusing on the following: • Loan appraisal, disbursement and monitoring procedures, and provisioning process; • Identification of loss events, including early warning and default warning indicators; • Reviewed quarterly Classification of Investments (Investment -CL) submitted to Bangladesh Bank; Our substantive procedures in relation to the provision for investment portfolio comprised the following: • Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines and; • Assessed the methodologies on which the provision amounts are based, recalculated the provisions and tested the completeness and accuracy of the underlying information; • Evaluated the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines. Finally, compared the amount of provision requirement as determined by Bangladesh Bank Department of Banking Inspection (DBI) team to the actual amount of provision maintained.
Carrying value of investments in subsidiaries by the Bank {See Note no. 9(a) }	
The Banking Group has invested in equity shares of its two subsidiaries namely First Security Islami Capital & Investment Limited and First Security Islami Exchange Italy S.R.L. As at December 31, 2020 the carrying value of this investment is BDT 317,340,058. At the time of conducting our audit of the separate financial statements of the Bank we have considered the recoverable value of the Bank's investments in all the above subsidiaries stated at cost. Management has conducted impairment assessment and calculated recoverable value of its subsidiaries mentioned above in	We have reviewed Management's analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36 and it appeared appropriate to us. In particular, our discussions with the Management were focused on the continued appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation. We also checked mathematical accuracy of the model, recalculated discount rate used within the model, inputs used in the determination of

accordance with IAS 36.	assumptions within the model were challenged and corroborating information was obtained with reference to external market information, third-party sources.
Measurement of deferred tax assets (DTA) (See Note no. 9.3)	
The Group and the Bank reports net deferred tax assets to totaling BDT 513,394,255 as at December 31, 2020 that it believes are recoverable. 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.	We obtained an understanding, evaluated the design and tested the operational effectiveness of the Group and the Bank's key controls over the recognition and measurement of DTAs and the assumptions used in estimating the Group's and the Bank's future taxable income. We also assessed the completeness and accuracy of the data used for the estimations of future taxable income. 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.
IT systems and controls	
Our audit procedures have a focus 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 key to ensuring IT dependent and application based controls are operating effectively.	We tested the design and operating effectiveness of 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's and the Bank's periodic review of access rights. We reviewed 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 period and tested those changes that had a significant impact on financial reporting.
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 46,909,116,111 at the year ended on December 31, 2020 (2019 BDT 54,806,722,600). As per IAS 37 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.
Recognition of Investment Income (See Note no 25.a)	
Recognition of investment income has significant and wide influence on financial statements. Recognition and measurement of investment income has involvement of complex IT environment. This is one of the key performance indicators of the Group and the Bank and therefore there is an inherent risk of fraud and error in recognition of the same.	We tested the design and operating effectiveness of key control over recognition and measurement of the investment income. We performed test of operating effectiveness on automated control in place to measure and recognize the same. We also performed substantive procedure to check whether the investment income is recognized completely and accurately. We assessed the appropriateness, presentation and disclosure against relevant International Accounting Standards (IAS) and Bangladesh Bank guidelines.
Investments {See Note no. 7(a)}	

Investments are the main element of the financial statements of the Bank. Investment requires robust documentation followed by approval from appropriate level of authority. This is one of the key performance indicators of the Group and the Bank and therefore there is an inherent risk of fraud and error in recognition of the same.	We tested the design and operative effectiveness of key controls focusing on investment appraisal, disbursement and monitoring process, Bangladesh Bank regulations and overall Bank's policy. Furthermore, we have assessed the appropriateness of disclosure against Bangladesh Bank guidelines.
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Other information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the consolidated and separate financial statements and our auditors' report thereon. The Annual 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 comply with the Banking Companies Act 1991 (as amended up to date), the Companies Act 1994, the rules and regulations issued by the Bangladesh Bank, the rules and regulations issued by the Bangladesh Securities & Exchange Commission (BSEC) 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 considering the impact of the COVID-19 pandemic situation, 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 considering the impact of the COVID-19 pandemic situation and, 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 period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

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

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti- fraud internal controls and instances of fraud and forgeries as stated under the Management's;
- (iii) Responsibility for the financial statements and internal control:
 - (a) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in the financial statements appeared to be materially adequate;
 - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Group and the Bank and its related entities {other than matters disclosed in these financial statements};
- (iv) Financial statements for the year ended December 31, 2020 of Subsidiaries namely First Security Islami Capital & Investment Limited has been audited by SHAFIQ BASAK & CO. Chartered Accountants and First Security Islamic Exchange Italy S.R.L(unaudited) have been properly reflected in the consolidated financial statements under review;
- (v) 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;
- (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) adequate provisions have been made for investment and other assets which are in our opinion,

doubtful of recovery;

- (x) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (xi) the information and explanations required by us have been received and found satisfactory;
- (xii) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 5,000 person hours; and
- (xiii) Minimum Capital without capital conservation buffer has been maintained by the Bank during the year.

sd/-

Md. Shafiqul Islam FCA
Enrolment # 595
Partner
Shafiq Basak & Co.
Chartered Accountants
DVC: 2105180595AS471756

Dated: May 11, 2021

sd/-

Mohammad Mofizul Haque Rinku FCA
Enrolment # 1204
Partner
Rahman Mostafa Alam & Co.
Chartered Accountants
DVC: 2105181204AS932047

FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

	Notes	31.12.2020 BDT	31.12.2019 BDT
<u>PROPERTY AND ASSETS</u>			
Cash		33,292,252,610	30,745,828,243
In hand (including foreign currencies)	3.1	2,443,786,817	2,301,941,271
Balance with Bangladesh Bank and its Agent Bank(s) (including foreign currencies)	3.2	30,848,465,793	28,443,886,972
Balance with other Banks and Financial Institutions	4	2,170,422,328	1,158,885,959
In Bangladesh		583,212,650	368,385,293
Outside Bangladesh		1,587,209,678	790,500,667
Placement with Banks & Other Financial Institutions	5	12,570,500,000	13,603,700,000
Investments in Shares & Securities	6	23,868,141,220	17,767,314,848
Government		22,873,900,000	16,700,000,000
Others		994,241,220	1,067,314,848
Investments		414,780,693,070	364,029,962,729
General Investment etc.	7	413,927,932,291	363,321,552,186
Bills Purchased and Negotiated	7.1.B	852,760,779	708,410,543
Fixed Assets Including Premises, Furniture & Fixtures and Intangible Assets	8	6,492,528,366	6,447,312,587
Other Assets	9	4,142,809,865	3,868,477,438
Non Banking Assets	10	25,145,280	25,145,280
Total Assets		497,342,492,739	437,646,627,083
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Placement from Banks & Other Financial Institutions	11	13,616,746,576	13,290,694,832
Deposits and Other Accounts		428,687,218,277	376,609,700,186
Al-Wadia Current Deposits and Other Deposit Accounts	12.1	32,462,977,976	26,499,440,873
Bills Payable	12.2	2,597,028,530	2,500,692,222
Mudaraba Savings Deposits	12.3	36,361,246,250	38,622,550,795
Mudaraba Term Deposits	12.4	258,585,050,591	221,730,763,524
Other Mudaraba Deposits	12.5	98,680,914,930	87,256,252,772
Mudaraba Subordinated Bond	13	10,600,000,000	11,500,000,000
Mudaraba Perpetual Bond	14	3,800,000,000	-
Other Liabilities	15	22,340,516,197	20,740,800,252
Total Liabilities		479,044,481,050	422,141,195,270
Capital/Shareholders' equity			
Paid-up Capital	16.1	9,487,602,010	8,625,092,740
Statutory Reserve	17	5,293,570,982	4,339,990,406
Other Reserve	18	1,967,545,266	1,133,290,220
Asset Revaluation Reserve	19	321,954,358	332,015,432
Retained Earnings	20	874,829,851	735,152,028
Total Shareholders' Equity		17,945,502,468	15,165,540,826
Non-controlling Interest	21	352,509,221	339,890,987
Total Liabilities and Shareholders' Equity		497,342,492,739	437,646,627,083

FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

	Notes	31.12.2020 BDT	31.12.2019 BDT
OFF- BALANCE SHEET ITEMS			
Contingent Liabilities			
Acceptances and Endorsements		29,392,020,410	39,186,031,752
Letters of Guarantee	22	7,449,574,890	7,097,043,865
Irrevocable Letters of Credit	23	6,847,120,296	6,755,906,782
Bills for Collection	24	3,220,400,515	1,767,740,201
Other Contingent Liabilities		-	-
Total		46,909,116,111	54,806,722,600
Other Commitments			
Documentary Credits And Short Term Trade Related Transactions		-	-
Forward Assets Purchased And Forward Deposits Placed		-	-
Undrawn Note Issuance And Revolving Underwriting Facilities		-	-
Undrawn Formal Standby Facilities, Credit Lines And Other Commitments		-	-
Total		-	-
Total Off -Balance Sheet Items Including Contingent Liabilities		46,909,116,111	54,806,722,600

The annexed notes (1 to 57) and Annexure A, B & C form an integral part of these financial statements.

sd/-	sd/-	sd/-	sd/-
Managing Director	Director	Director	Chairman

Singed in terms of our separate report of even date

Md. Shafiqul Islam FCA
 Enrollment No. 595
 Partner
Shafiq Basak & Co.
 Chartered Accountants
 DVC: 2105180595AS471756

Dhaka, 11 May 2021

Mohammad Mofizul Haque Rinku FCA
 Enrollment No. 1204
 Partner
Rahman Mostafa Alam & Co.
 Chartered Accountants
 DVC: 2105181204AS932047

FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 BDT	2019 BDT
Investments Income	25	42,614,694,604	38,880,629,567
Profit Paid on Deposits	26	(31,175,396,288)	(28,887,423,967)
Net Investment Income		11,439,298,316	9,993,205,600
Income from Investment in shares and securities	27	535,185,902	783,363,553
Commission, Exchange and Brokerage	28	831,602,496	896,077,462
Other Operating Income	29	654,405,148	708,146,873
		2,021,193,546	2,387,587,888
Total Operating Income		13,460,491,862	12,380,793,488
Less: Operating Expenses			
Salary and Allowances	30	4,200,749,919	3,695,599,401
Rent, Taxes, Insurances, Electricity etc.	31	631,753,208	728,117,596
Legal Expenses	32	4,179,334	9,344,535
Postage, Stamps, Telecommunication etc.	33	91,617,444	93,272,436
Stationery, Printings, Advertisements etc.	34	186,625,724	180,432,242
Managing Director's Salary and Fees	35	16,833,880	15,985,009
Directors' Fees & Expenses	36	1,721,800	2,037,800
Shariah Supervisory Committee's Fees & Expenses	37	236,000	220,000
Audit Fees	38	1,082,250	1,082,250
Depreciation & Repair of Bank's Assets	39	680,918,281	592,285,832
Zakat Expenses		126,544,854	98,347,681
Other Expenses	40	1,356,319,413	999,541,385
Total Operating Expenses		7,298,582,107	6,416,266,167
Profit before Provision and Tax		6,161,909,755	5,964,527,321
Provisions for Investments including off-B/S items	15.2	1,394,515,178	1,893,080,857
Provisions for Diminution in Value of Investment in Shares		(54,692,637)	101,787,943
Provisions for Start-up Fund		28,189,907	-
Total Provisions		1,368,012,448	1,994,868,800
Total Profit before Taxes		4,793,897,307	3,969,658,521
Provision for Current Tax		2,016,697,838	1,974,158,146
Deferred Tax Income	41	(15,380,405)	(96,390,755)
Total Provisions for Tax		2,001,317,433	1,877,767,391
Net Profit after Tax		2,792,579,874	2,091,891,129
Net profit after tax attributable to:			
Equity holders of FSIBL		2,779,961,641	2,080,367,622
Non-controlling Interest		12,618,234	11,523,508
		2,792,579,874	2,091,891,129
Retained Earnings from Previous Year		735,152,028	644,695,624
		3,527,731,903	2,736,586,753
Statutory Reserve		953,580,575	783,438,514
Other Reserve		824,193,972	405,865,938
Bonus Share Issued		862,509,270	784,099,340
Cash Dividend (Subsidiary)		-	16,507,425
Non-controlling Interest		12,618,234	11,523,508
		2,652,902,051	2,001,434,725
Retained Earnings Carried Forward		874,829,851	735,152,028
Consolidated Earnings Per Share (EPS)	42	2.93	2.19

The annexed notes (1 to 57) and Annexure A, B & C form an integral part of these financial statements.

sd/-
Managing Director

sd/-
Director

sd/-
Director

sd/-
Chairman

Signed in terms of our separate report of even date

Md. Shafiqul Islam FCA
Enrollment No. 595
Partner
Shafiq Basak & Co.
Chartered Accountants
DVC: 2105180595AS471756

Mohammad Mofizul
Enrollment No. 1204
Partner
Alam & Co.
Chartered Accountants
DVC: 2105181204AS932047

Dhaka, 11 May 2021

FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 BDT	2019 BDT
A. Cash Flows from Operating Activities			
Investment Income Receipt		43,149,559,783	39,458,616,202
Profit paid on Deposits		(32,668,161,461)	(27,294,044,639)
Dividend Receipts		12,334,953	25,782,146
Fees & Commission Receipt		831,602,496	896,077,462
Payment to Employees		(4,217,583,799)	(3,711,584,410)
Payment to Suppliers		(292,469,598)	(288,160,215)
Income Tax Paid		(1,510,733,029)	(1,254,790,270)
Receipts from Other Operating Activities	45	661,406,706	724,075,141
Payment for Other Operating Activities	46	(2,134,960,869)	(1,831,627,335)
Operating Profit before changes in Operating Assets & Liabilities		3,830,995,182	6,724,344,082
Increase/(Decrease) in Operating Assets & Liabilities			
(Increase)/decrease in Investments to Customers		(51,528,365,560)	(50,635,493,199)
(Increase)/decrease of Other Assets	47	(90,096,055)	(552,309,365)
(Increase)/decrease of Placement with Banks & other Financial Institutions		1,033,200,000	-
Increase/(decrease) of Deposits Received from Customers		53,587,633,824	55,005,128,544
Increase/(decrease) of Placement from Banks & other Financial Institutions		326,051,744	(4,296,855,289)
Increase/(decrease) of Other Liabilities	48	(99,390,227)	105,524,468
Cash Generated from Operating Assets & Liabilities		3,229,033,726	(374,004,842)
Net Cash Inflow/(Outflow) from Operating Activities		7,060,028,908	6,350,339,240
B. Cash Flows from Investing Activities			
(Purchase)/ Sale of Shares and Securities		(6,100,826,372)	(1,563,334,951)
Purchase of Property, Plant and Equipment		(283,315,827)	(283,639,447)
Sale of Property, Plant and Equipment		4,594,849	8,160,099
Net Cash Inflow/(Outflow) from Investing Activities		(6,379,547,350)	(1,838,814,299)
C. Cash Flows from Financing Activities			
Receipt/(Redemption) for Issuance of Mudaraba Subordinated Bond		(900,000,000)	6,638,000,000
Receipt/(Redemption) for Issuance of Mudaraba Perpetual Bond		3,800,000,000	-
Profit paid on Lease Liabilities		(17,671,853)	
Dividend Paid in Cash		-	(15,860,075)
Net Cash Inflow/(Outflow) from Financing Activities		2,882,328,147	6,622,139,925
D. Net Increase/(Decrease) of Cash & Cash Equivalents (A+B+C)		3,562,809,705	11,133,664,865
E. Effect of Exchange Rate Change on Cash & Cash Equivalents		(4,848,969)	(2,894,519)
F. Opening Cash & Cash Equivalents		31,904,714,202	20,773,943,856
G. Closing Cash & Cash Equivalents (D+E+F)		35,462,674,938	31,904,714,202
The above closing Cash and Cash Equivalents include:			
Cash in Hand (Including Foreign Currencies)		2,443,786,817	2,301,941,271
Balance with Bangladesh Bank and its Agent Bank(s) and Other Banks		33,018,888,121	29,602,772,931
		35,462,674,938	31,904,714,202

The annexed notes (1 to 57) and Annexure A, B & C form an integral part of these financial statements.

sd/-
Managing Director

sd/-
Director

sd/-
Director

sd/-
Chairman

Dhaka, 11 May 2021

FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

Particulars	Paid-up Capital	Statutory Reserve	Other Reserve	Assets Reval. Reserve	Retained Earnings	Non-controlling Interest	Total
	BDT	BDT	BDT	BDT	BDT	BDT	BDT
Balance as on 01 January 2020	8,625,092,740	4,339,990,406	1,133,290,220	332,015,432	735,152,028	339,890,987	15,505,431,813
Changes in Accounting Policy	-	-	-	-	-	-	-
Restated Balance	8,625,092,740	4,339,990,406	1,133,290,220	332,015,432	735,152,028	339,890,987	15,505,431,813
Net Profit for the Year	-	-	-	-	2,792,579,874	-	2,792,579,874
Bonus Share Issued	862,509,270	-	-	-	(862,509,270)	-	-
Transfer to Statutory Reserve	-	953,580,575	-	-	(953,580,575)	-	-
Transfer to Other Reserve	-	-	824,193,972	-	(824,193,972)	-	-
Revaluation Reserve to Other Reserve	-	-	10,061,074	(10,061,074)	-	-	-
Capital Increase in Subsidiary	-	-	-	-	-	-	-
Non-controlling Interest	-	-	-	-	(12,618,234)	12,618,234	-
Total Group Shareholders' Equity as on 31 December 2020	9,487,602,010	5,293,570,982	1,967,545,266	321,954,358	874,829,851	352,509,221	18,298,011,689

FOR THE YEAR ENDED 31 DECEMBER 2019

Balance as on 01 January 2019	7,840,993,400	3,556,551,892	717,363,208	342,076,506	644,695,624	344,227,554	13,445,908,184
Net Profit for the Year	-	-	-	-	2,091,891,129	-	2,091,891,129
Cash Dividend (Subsidiary)	-	-	-	-	(16,507,425)	(15,860,075)	(32,367,500)
Bonus Share Issued	784,099,340	-	-	-	(784,099,340)	-	-
Transfer to Statutory Reserve	-	783,438,514	-	-	(783,438,514)	-	-
Transfer to Other Reserve	-	-	405,865,938	-	(405,865,938)	-	-
Revaluation Reserve to Other Reserve	-	-	10,061,074	(10,061,074)	-	-	-
Non-controlling Interest	-	-	-	-	(11,523,508)	11,523,508	-
Total Group Shareholders' Equity as on 31 December 2019	8,625,092,740	4,339,990,406	1,133,290,220	332,015,432	735,152,028	339,890,987	15,505,431,813

The annexed notes (1 to 57) and Annexure A, B & C form an integral part of these financial statements.

sd/-
Managing Director
Dhaka, 11 May 2021

sd/-
Director

sd/-
Director

sd/-
Chairman

FIRST SECURITY ISLAMI BANK LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2020

	Notes	31.12.2020 BDT	31.12.2019 BDT
<u>PROPERTY AND ASSETS</u>			
Cash		33,288,889,759	30,740,604,444
In hand (including foreign currencies)	3.1(a)	2,440,423,966	2,296,717,472
Balance with Bangladesh Bank and its Agent Bank(s) (including foreign currencies)	3.2(a)	30,848,465,793	28,443,886,972
Balance with other Banks and Financial Institutions	4(a)	1,683,928,840	793,301,325
In Bangladesh		182,104,201	113,706,681
Outside Bangladesh		1,501,824,639	679,594,644
Placement with Banks & Other Financial Institutions	5	12,570,500,000	13,603,700,000
Investments in Shares & Securities	6(a)	23,621,552,622	17,527,652,622
Government		22,873,900,000	16,700,000,000
Others		747,652,622	827,652,622
Investments		415,307,402,457	364,484,142,678
General Investment etc.	7.1.A	414,454,641,678	363,775,732,135
Bills Purchased and Negotiated	7.1.B	852,760,779	708,410,543
Fixed Assets Including Premises, Furniture & Fixtures and Intangible Assets	8(a)	6,482,682,705	6,435,173,130
Other Assets	9(a)	3,445,378,009	3,569,114,671
Non Banking Assets	10	25,145,280	25,145,280
Total Assets		496,425,479,672	437,178,834,150
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Placement from Banks & Other Financial Institutions	11(a)	13,134,871,657	13,208,381,804
Deposits and Other Accounts		428,701,521,736	376,621,662,451
Al-Wadia Current Deposits and Other Deposit Accounts	12.1(a)	32,477,281,435	26,511,403,138
Bills Payable	12.2	2,597,028,530	2,500,692,222
Mudaraba Savings Deposits	12.3	36,361,246,250	38,622,550,795
Mudaraba Term Deposits	12.4	258,585,050,591	221,730,763,524
Other Mudaraba Deposits	12.5	98,680,914,930	87,256,252,772
Mudaraba Subordinated Bond	13	10,600,000,000	11,500,000,000
Mudaraba Perpetual Bond	14	3,800,000,000	-
Other Liabilities	15(a)	22,083,221,928	20,533,726,345
Total Liabilities		478,319,615,321	421,863,770,600
Capital/Shareholders' equity			
Paid-up Capital	16.1	9,487,602,010	8,625,092,740
Statutory Reserve	17	5,293,570,982	4,339,990,406
Other Reserve	18(a)	1,967,545,266	1,133,290,220
Assets Revaluation Reserve	19	321,954,358	332,015,432
Retained Earnings	20(a)	1,035,191,735	884,674,751
Total Shareholders' Equity		18,105,864,351	15,315,063,550
Total Liabilities and Shareholders' Equity		496,425,479,672	437,178,834,150

FIRST SECURITY ISLAMI BANK LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2020

	Notes	31.12.2020 BDT	31.12.2019 BDT
OFF- BALANCE SHEET ITEMS			
Contingent Liabilities			
Acceptances and Endorsements		29,392,020,410	39,186,031,752
Letters of Guarantee	22	7,449,574,890	7,097,043,865
Irrevocable Letters of Credit	23	6,847,120,296	6,755,906,782
Bills for Collection	24	3,220,400,515	1,767,740,201
Other Contingent Liabilities		-	-
Total		46,909,116,111	54,806,722,600
Other Commitments			
Documentary Credits And Short Term Trade Related Transactions		-	-
Forward Assets Purchased And Forward Deposits Placed		-	-
Undrawn Note Issuance And Revolving Underwriting Facilities		-	-
Undrawn Formal Standby Facilities, Credit Lines And Other Commitments		-	-
Total		-	-
Total Off -Balance Sheet Items Including Contingent		46,909,116,111	54,806,722,600

The annexed notes (1 to 57) and Annexure A, B & C form an integral part of these financial statements.

sd/-	sd/-	sd/-	sd/-
Managing Director	Director	Director	Chairman

Singed in terms of our separate report of even date

Md. Shafiqul Islam FCA
 Enrollment No. 595
 Partner
Shafiq Basak & Co.
 Chartered Accountants
 DVC: 2105180595AS471756
Dhaka, 11 May 2021

Mohammad Mofizul Haque Rinku FCA
 Enrollment No. 1204
 Partner
Rahman Mostafa Alam & Co.
 Chartered Accountants
 DVC: 2105181204AS932047

FIRST SECURITY ISLAMI BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 BDT	2019 BDT
Investments Income	25(a)	42,525,503,892	38,801,433,096
Profit Paid on Deposits	26	(31,175,396,288)	(28,887,423,967)
Net Investment Income		11,350,107,604	9,914,009,129
Income from Investment in Shares and Securities	27(a)	528,156,344	767,435,285
Commission, Exchange and Brokerage	28(a)	820,853,873	884,760,657
Other Operating Income	29(a)	624,899,882	642,147,642
		1,973,910,099	2,294,343,584
Total Operating Income		13,324,017,703	12,208,352,713
Less: Operating Expenses			
Salary and Allowances	30(a)	4,157,276,806	3,660,058,766
Rent, Taxes, Insurances, Electricity etc.	31(a)	627,893,362	719,248,395
Legal Expenses	32(a)	4,164,334	9,217,035
Postage, Stamps, Telecommunication etc.	33(a)	91,407,051	93,055,597
Stationery, Printings, Advertisements etc.	34(a)	186,455,405	180,082,183
Managing Director's Salary and Fees	35(a)	13,672,076	12,887,342
Directors' Fees & Expenses	36(a)	1,296,800	1,562,800
Shariah Supervisory Committee's Fees & Expenses	37	236,000	220,000
Audit Fees		920,000	920,000
Depreciation & Repair of Bank's Assets	39(a)	668,937,921	583,234,840
Zakat Expenses		126,544,854	98,347,681
Other Expenses	40(a)	1,314,497,770	942,956,702
Total Operating Expenses		7,193,302,379	6,301,791,341
Profit before Provision and Tax		6,130,715,324	5,906,561,372
Provisions for Investments including off-B/S items	15.2(a)	1,391,315,178	1,887,580,857
Provisions for Diminution in Value of Investment in Shares		(56,692,637)	101,787,943
Provisions for Start-up Fund		28,189,907	-
Total Provisions		1,362,812,448	1,989,368,800
Total Profit before Taxes		4,767,902,876	3,917,192,572
Provision for Current Tax		1,992,482,480	1,956,594,583
Deferred Tax Income	41	(15,380,405)	(96,390,755)
Total Provisions for Tax		1,977,102,075	1,860,203,828
Net Profit after Tax		2,790,800,801	2,056,988,743
Retained Earnings from Previous Year		884,674,751	801,089,800
		3,675,475,552	2,858,078,543
Appropriations:			
Statutory Reserve		953,580,575	783,438,514
Other Reserve		824,193,972	405,865,938
Bonus Share Issued		862,509,270	784,099,340
		2,640,283,818	1,973,403,792
Retained Earnings Carried Forward		1,035,191,735	884,674,751
Earnings Per Share (EPS)	42(a)	2.94	2.17

The annexed notes (1 to 57) and Annexure A, B & C form an integral part of these financial statements.

sd/-	sd/-	sd/-	sd/-
Managing Director	Director	Director	Chairman

Singed in terms of our separate report of even date

Md. Shafiqul Islam FCA
Enrollment No. 595
Partner
Shafiq Basak & Co.
Chartered Accountants
DVC: 2105180595AS471756
Dhaka, 11 May 2021

Mohammad Mofizul
Enrollment No. 1204
Partner
Rahman Mostafa
Accountants
DVC: 2105181204AS932047

FIRST SECURITY ISLAMI BANK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 BDT	2019 BDT
A. Cash Flows from Operating Activities			
Investment Income Receipt		43,060,369,071	39,379,419,731
Profit paid on Deposits		(32,668,161,461)	(27,294,044,639)
Dividend Receipts		12,334,953	25,782,146
Fees & Commission Receipt		820,853,873	884,760,657
Payment to Employees		(4,170,948,882)	(3,672,946,108)
Payment to Suppliers		(300,379,658)	(290,820,634)
Income Tax Paid		(1,494,298,220)	(1,219,457,592)
Receipts from Other Operating Activities	45(a)	624,871,882	642,147,642
Payment for Other Operating Activities	46(a)	(2,086,764,292)	(1,767,180,529)
Operating Profit before changes in Operating Assets & Liabilities		3,797,877,266	6,687,660,674
Increase/(Decrease) in Operating Assets & Liabilities			
(Increase)/decrease in Investments to Customers		(50,865,039,142)	(50,807,351,729)
(Increase)/decrease of Other Assets	47(a)	205,692,747	(730,960,977)
(Increase)/decrease of Placement with Banks & other Financial Institutions		1,033,200,000	-
Increase/(decrease) of Deposits Received from Customers		52,969,005,929	55,006,484,633
Increase/(decrease) of Placement from Banks & other Financial Institutions		(73,510,147)	(4,329,316,400)
Increase/(decrease) of Other Liabilities	48(a)	(134,263,514)	291,649,788
Cash Generated from Operating Assets & Liabilities		3,135,085,873	(569,494,685)
Net Cash Inflow/(Outflow) from Operating Activities		6,932,963,139	6,118,165,988
B. Cash Flows from Investing Activities			
(Purchase)/ Sale of Shares and Securities		(6,093,900,000)	(1,545,961,599)
Purchase of Property, Plant and Equipment		(282,545,629)	(283,599,943)
Sale of Property, Plant and Equipment		4,594,849	8,160,099
Net Cash Inflow/(Outflow) from Investing Activities		(6,371,850,780)	(1,821,401,443)
C. Cash Flows from Financing Activities			
Receipt/(Redemption) for Issuance of Mudaraba Subordinated Bond		(900,000,000)	6,638,000,000
Receipt/(Redemption) for Issuance of Mudaraba Perpetual Bond		3,800,000,000	-
Profit paid on Lease Liabilities		(17,350,560)	
Net Cash Inflow/(Outflow) from Financing Activities		2,882,649,440	6,638,000,000
D. Net Increase/(Decrease) of Cash & Cash Equivalents (A+B+C)		3,443,761,799	10,934,764,545
Effect of Exchange Rate Change on Cash & Cash Equivalents		(4,848,969)	(2,894,519)
E. Opening Cash & Cash Equivalents		31,533,905,769	20,602,035,743
F. Closing Cash & Cash Equivalents (D+E)		34,972,818,599	31,533,905,769
The above closing Cash and Cash Equivalents include:			
Cash in Hand (Including Foreign Currencies)		2,440,423,966	2,296,717,472
Balance with Bangladesh Bank and its Agent Bank(s) and Other Banks		32,532,394,633	29,237,188,297
		34,972,818,599	31,533,905,769

The annexed notes (1 to 57) and Annexure A, B & C form an integral part of these financial statements.

sd/-	sd/-	sd/-	sd/-
Managing Director	Director	Director	Chairman
Dhaka, 11 May 2021			

FIRST SECURITY ISLAMI BANK LIMITED
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020	8,625,092,740	4,339,990,406	1,133,290,220	332,015,432	884,674,751	15,315,063,550
Changes in Accounting Policy	-	-	-	-	-	-
Restated Balance	8,625,092,740	4,339,990,406	1,133,290,220	332,015,432	884,674,751	15,315,063,550
Net Profit for the Year	-	-	-	-	2,790,800,801	2,790,800,801
Bonus Share Issued	862,509,270	-	-	-	(862,509,270)	-
Transfer to Statutory Reserve	-	953,580,575	-	-	(953,580,575)	-
Transfer to Other Reserve	-	-	824,193,972	-	(824,193,972)	-
Revaluation Reserve transfer to Other Reserve	-	-	10,061,074	(10,061,074)	-	-
Total Shareholders' Equity as on 31 December 2020	9,487,602,010	5,293,570,982	1,967,545,266	321,954,358	1,035,191,735	18,105,864,351

FOR THE YEAR ENDED 31 DECEMBER 2019

Balance as on 01 January 2019	7,840,993,400	3,556,551,892	717,363,208	342,076,506	801,089,800	13,258,074,806
Net Profit for the Year	-	-	-	-	2,056,988,743	2,056,988,743
Bonus Share Issued	784,099,340	-	-	-	(784,099,340)	-
Transfer to Statutory Reserve	-	783,438,514	-	-	(783,438,514)	-
Transfer to Other Reserve	-	-	405,865,938	-	(405,865,938)	-
Revaluation Reserve transfer to Other Reserve	-	-	10,061,074	(10,061,074)	-	-
Total Shareholders' Equity as on 31 December 2019	8,625,092,740	4,339,990,406	1,133,290,220	332,015,432	884,674,751	15,315,063,550

The annexed notes (1 to 57) and Annexure A, B & C form an integral part of these financial statements.

sd/-
Managing Director
Dhaka, 11 May 2021

sd/-
Director

sd/-
Director

sd/-
Chairman

FIRST SECURITY ISLAMI BANK LIMITED
LIQUIDITY STATEMENT (ASSETS AND LIABILITY MATURITY ANALYSIS)
AS AT 31 DECEMBER 2020

Particulars	Up to 01 Month BDT	01-03 Months BDT	03-12 Months BDT	01-05 Years BDT	More than 05 years BDT	Total 2020 BDT	Total 2019 BDT
Assets							
Cash in Hand	2,440,423,966	-	-	-	-	2,440,423,966	2,296,717,472
Balance with Bangladesh Bank and its Agent Bank(s)	10,443,065,793	-	-	-	20,405,400,000	30,848,465,793	28,443,886,972
Balance with other Banks & FIs and Placement	8,810,628,840	5,443,800,000	-	-	-	14,254,428,840	14,397,001,325
Investments in Shares and Securities	547,652,622	-	-	200,000,000	22,873,900,000	23,621,552,622	17,527,652,622
Investments	64,980,602,457	82,601,500,000	96,855,100,000	110,105,000,000	60,765,200,000	415,307,402,457	364,484,142,678
Fixed Assets including Premises, Furniture and Fixtures	-	-	-	4,002,000,000	2,480,682,705	6,482,682,705	6,435,173,130
Other Assets	-	-	-	180,000,000	3,265,378,010	3,445,378,009	3,569,114,671
Non-banking Assets	-	-	-	25,145,280	-	25,145,280	25,145,280
Total Assets	87,222,373,678	88,045,300,000	96,855,100,000	114,512,145,280	109,790,560,715	496,425,479,672	437,178,834,150
Liabilities							
Placement from Banks & Other Financial Institutions	4,870,871,657	2,000,000,000	-	6,264,000,000	-	13,134,871,657	13,208,381,804
Deposits and Other Accounts	74,826,611,002	80,715,700,000	93,730,000,000	90,890,800,000	88,538,410,734	428,701,521,736	376,621,662,451
Mudaraba Subordinated Bond	-	-	2,300,000,000	9,720,000,000	2,380,000,000	14,400,000,000	11,500,000,000
Other Liabilities	-	-	1,221,500,000	3,400,000,000	17,461,721,928	22,083,221,928	20,533,726,345
Total Liabilities	79,697,482,659	82,715,700,000	97,251,500,000	110,274,800,000	108,380,132,662	478,319,615,321	421,863,770,600
Net Liquidity Gap	7,524,891,019	5,329,600,000	(396,400,000)	4,237,345,280	1,410,428,053	18,105,864,351	15,315,063,550

The annexed notes (1 to 57) and Annexure A, B & C form an integral part of these financial statements.

sd/-
Managing Director
 Dhaka, 11 May 2021

sd/-
Director

sd/-
Director

sd/-
Chairman

First Security Islami Bank Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2020

1. Corporate Information:

1.1 Status of the Bank

The Bank was incorporated 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 banking activities through its one hundred ninety (190) branches in the country. The Bank had no overseas branches as at December 31, 2020.

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

1.2 Subsidiaries:

1.2.1 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 Ltd. holds 51% shares and 49% shares are held by other individuals. The company's reporting period is January to December.

1.2.2 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.

1.2.3 Off Shore Banking Unit:

Off-shore Banking Unit (OBU) is a Separate business unit of First Security Islami Bank Limited, 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.

1.3 Principal Activities

1.3.1 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 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.

1.3.2 Mobile financial services-“ First Pay Sure Cash”

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

1.3.3 FSIBL Agent Banking

First Security Islami Bank Ltd. launched its Agent Banking Operation under the brand name “FSIBL 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, FSIBL 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 FSIBL 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.

2. Significant Accounting Policies

2.1 Basis of Presentation of Financial Statements

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

2.2 Statements of Compliance

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.

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

The financial statements of the Bank are made for the year ended 31 December, 2020 and are prepared under the historical cost convention on a going concern basis and in accordance with the “ First Schedule Section 38(4) of the Bank Companies Act, 1991 and Amendment 2013, BRPD Circular # 14 dated 25 June 2003, BRPD Circular # 15 dated 09 November 2009, Other Bangladesh bank Circulars, International Accounting Standards and International Financial Reporting Standards, The Companies Act 1994, The Bangladesh Security and Exchange Rules 1987, Dhaka & Chittagong Stock Exchanges listing regulations, Income Tax Ordinance 1984 and other laws and rules applicable in Bangladesh.

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

In compliance with	IAS/IFRS No.	Status
Presentation of Financial Statements	1	Applied to the context of compliance with BRPD Circular # 15, Dated November 09, 2009
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	28	Not Applicable

In compliance with	IAS/IFRS No.	Status
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 to the context of compliance with BRPD Circular # 5, Dated June 05, 2006 and BRPD Circular # 14 Dated September 14, 2012
Intangible Assets	38	Applied
Investment Property	40	Not Applicable
Agriculture	41	Not Applicable
First-time Adoption of International Financial Reporting Standards	1	Not Applicable
Share-based Payment	2	Not Applicable
Business Combinations	3	Applied
Non-current Assets Held for Sale and Discontinued Operations	5	Not Applicable
Exploration for and Evaluation of Mineral Assets	6	Not Applicable
Financial Instruments: Disclosures	7	Applied to the context of compliance with core risk management guideline of Bangladesh Bank.
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
Insurance Contracts	17	Not Applicable

* In order to comply with certain specific rules and regulations of the local Central Bank (Bangladesh Bank) which are different to IAS /IFRS, some of the requirements specified in these IAS / IFRSs are not applied. Refer below for such recognition and measurement differences that are most relevant and material to the Bank.

** This Standard regards a retirement benefit plan as a reporting entity separate from the employers of the participants in the plan. Therefore, it is not applicable for the Bank's annual report as it is the employer and not the retirement benefit plan itself.

*** The objective of IAS 34 is to prescribe the minimum content of an interim financial report and to prescribe the principles for recognition and measurement in complete or condensed financial statements for an interim period and hence it is not applicable for annual financial statements.

Difference between IAS / IFRS and Bangladesh Bank Regulation:

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 adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable.

Accordingly, the financial statements of the Bank continue to be prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Bank Companies Act 1991, the rules and regulations issued by Bangladesh Bank and the Companies Act 1994. In case any requirement of the Bank Companies Act 1991 and provisions and circulars issued by Bangladesh Bank differ with those of IFRS, the requirements of the Bank Companies Act 1991 and provisions and circulars issued by Bangladesh Bank shall prevail. Material deviations from the requirements of IFRS are as follows:

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) Investment in shares and securities

IFRS: As per requirements of IAS 39 investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively.

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

iii) Provision on investments and off-balance sheet exposure

IFRS: As per IAS 39 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. 19 dated 27 December 2012 and BRPD circular No. 05 dated 29 May 2014 a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for Investments (loans and advances) depending on the duration of overdue. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, etc. a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by IAS 39.

iv) 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.

v) 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.

vi) Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in IAS 39. As such full disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

vii) Financial guarantees

IFRS: As per IAS 39, 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 14, 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) Cash and cash equivalent

IFRS: Cash and cash equivalent items should be reported as cash items as per IAS 7.

Bangladesh Bank: Some cash and cash equivalent items such as ‘money at call on short notice’, treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Money at call and on short notice presented on the balance sheet, and treasury bills, prize bonds are shown in investments.

ix) Non-banking assets

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

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, there must exist a face items named Non-banking asset.

x) 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 the specific format prescribed in BRPD circular no. 15 dated 09 November 2009, cash flow statements has to be prepared.

xi) 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.

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

xii) 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: There is no regulation for intangible assets in BRPD circular no. 14 dated 25 June 2003.

xiii) Investments net off provision

IFRS: Loans and advances/Investments should be presented net off provision.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 provision on loans and investments are presented separately as liability and cannot be net-off against loans and advances.

2.2.2 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 based on the audited financial statements as at and for the year ended 31 December 2019. The following ratings have been awarded:

Particulars	Periods	Long term	Short term
Entity rating	15 May 2020 to 14 May 2021	A+	ST-2
Entity rating	15 May 2019 to 14 May 2020	A+	ST-2
Entity rating	15 May 2018 to 14 May 2019	A+	ST-2
Entity rating	15 May 2017 to 14 May 2018	A+	ST-2

2.3 Investments

- a) Investments are stated in the Balance Sheet at the net amount excluding unearned income.
- b) Investments and Provisions

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 BCD Circular No.34 dated 16 November 1989, BCD Circular No.20 dated 27 December 1994, BCD Circular No. 12 dated 04 September 1995, BRPD Circular No. 16 dated 06 December 1998, BRPD Circular No.09 dated 14 May 2001, BRPD Circular Letter No.10 dated 18 September 2007, BRPD Circular No.05 dated 29 April 2008, BRPD Circular Letter No.32 dated 10 October 2010, BRPD Circular No.14 dated 23 September 2012, BRPD Circular No.19 dated 27 December 2012, BRPD Circular No.05 dated 29 May 2013, BRPD Circular No.16 dated 18 November 2014, 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 No.06 dated 19 May 2019, 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 and BRPD Circular Letter No 56, date 10 December 2020 at the following rates:

Particulars	Rate
<i>General Provision on:</i>	
Contingent Liability/ Non Funded Business	1%
Unclassified Investment (All others Investment)	1%
Investment for Small and Medium Enterprise	0.25%
Investment for Professionals	2%
Investment for House Financing	1%
Investment for Consumer Financing	2%
Investment for Short Term Agriculture/Micro Investment	1%
Special Mention Account	(Same as standard)
<i>Specific Provision on:</i>	
Substandard Investment	20%
Doubtful Investment	50%
Bad/ Loss Investment	100%

As per BRPD Circular # 14 dated 23 September 2012, BRPD Circular # 19 dated 27 December 2012, and BRPD Circular # 05 dated 29 May 2013 and BRPD Circular # 16 dated 18 November 2014 a general provision at 0.25% to 5% under different categories of unclassified investments (good/standard investments) has to be maintained regardless of objective evidence of impairment. As per same circulars mentioned above we have to maintain provision @ 20%, 50% and 100% for investments classified as sub-standard, doubtful and bad & loss category respectively depending on the duration of overdue.

As per BRPD Circular # 10 dated 18 September 2007 and BRPD Circular No: 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet risk exposures.

c) 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.

d) 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 November 07, 2013. A separate Investment Monitoring and Recovery Division (IMRD) have been set up at the Head Office, which monitors investment recovery and legal action.

2.4 Investment in Shares and Securities

- a) The bank investment in different securities has been valued on 31.12.2020 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. FSIBL 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

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

2.5 Recognition of Profit Suspense

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.

2.6 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.

2.7 Financial Instruments-Presentation and Disclosure

Financial instruments-presentation and disclosures are made in several cases as per guidelines and instructions of Bangladesh Bank in particular and respective cases.

2.8 Financial Guarantees and Commitments

Financial guarantees such as letter of credit, letter of guarantee etc. are treated as off-balance sheet items as per relevant BRPD Circular # 15, Dated November 09, 2009 whereas as per IAS 39, these should be treated as ‘Other Liability’. No liability is recognized for the guarantee except the cash margin. We account for the financial guarantees as per BRPD Circular # 15, Dated November 09, 2009 and liability for financial guarantees are not recognized initially at their fair value and the fair value amortization of the same liability is not done either as per IAS 39. So that the financial guarantees are not also 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.

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities/commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance sheet date. The outstanding balances for the same as at 31 December 2020 have been shown in the Balance Sheet under Off-Balance Sheet items. Exchange rates with major foreign currencies as 31 December 2020 were as:

Currency Name	Exchange Rate (TK)
US \$	84.8750
EURO	104.2605
ACU	84.8750
GBP	114.9123
SAR	22.6164
CAD	66.3138
JPY	0.8213

2.9 Cash and cash equivalent

As per BRPD circular no. 15 dated November 09, 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. Cash flow statement is prepared principally in accordance with IAS 7 “Cash Flow Statement” and prescribed by BRPD circular no. 15 dated November 2009. The comparative operating cash flow has been rearranged through considering the placement to other banks and Financial Institution and with other banks and Financial Institution as operating activities.

2.10 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, FSIBL 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.

2.11 Presentation of Intangible Asset

As per IAS 38: Intangible Assets, intangible assets are accounted for and amortized. Related necessary disclosures for the intangible asset; i.e. computer software is given in note 8.

2.12 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.

2.13 Basis of Consolidation

The consolidated Financial Statements include the financial statements of First Security Islami Bank Limited and its subsidiary company First Security Islami Capital & Investment Limited and First Security Islami Exchange Italy made up to the end of the December 31, 2020. Due to Global covid-19 pandemic situation and time gape

of First Security Islami Exchange Italy consolidated un-audited financial statements for the year ended 31 December 2020. 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 2020.

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.

2.14 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.

2.15 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.

2.16 Revenue Recognition

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.

2.16.1 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.

2.16.2 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. Mudaraba Bond is recognized on accrual basis.

2.16.3 Commission Income

Commission and discount on Bills Purchased and Negotiated are recognized at the time of realization. Commission charged to customers on letter of credit and guarantees are credited to income at the time of effecting the transactions.

2.16.4 Profit paid and other expenses

In terms of the provision of IAS # 1: Presentation of Financial Statements, Profit paid on deposits and other expenses are recognized on accrual basis.

2.16.5 Dividend Payments

Interim dividend is recognized when they are paid to shareholders. Final dividend is recognized when it is approved by the shareholders. Dividend is deducted from the shareholders' equity in the period in which the shareholders' right to receive payment is established.

2.17 Foreign Currency Translation

2.17.1 Functional and Presentation Currency

Items included in the financial statements of each entity of the bank are measured using the currency of the primary economic environment in which entity operates i.e. functional currency. The financial statements of the bank are presented in Taka which is bank's functional and presentation currency.

2.17.2 Foreign Currency Transaction

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 2020 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.

2.17.3 Transaction 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.

2.18 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.

2.19 Property, Plant and Equipment

All property and equipment are classified and grouped on the basis of their nature as required in as per provision of IAS-16: Property, Plant and Equipment. The major categories of property and equipment held by the bank are land and building, furniture and fixtures, office equipment, motor vehicles and books.

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

2.19.1 Depreciation on Property, Plant and Equipment

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

Nature of Assets	Rate of Depreciation	Method of Depreciation
Building	2.5%	Straight Line Method
Furniture and Fixtures	10%	Reducing Balance Method

Office Equipment	20%	Reducing Balance Method
Computer Printer & Peripheral	20%	Straight Line Method
Vehicles	20%	Straight Line Method
Books	20%	Reducing Balance Method

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 asset is sold out/disposed off/fully depreciated.

2.19.2 Leases

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

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

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

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

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

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

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.

2.19.3 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.

2.20 Capital/Shareholders’ Equity

2.20.1 Authorized capital

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

2.20.2 Paid up Capital

Paid up capital represents total amount of shareholder capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding-up of the Bank, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation. Details are shown in Note-16.1.

2.20.3 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.

2.21 Liabilities and Provision

2.21.1 Taxation

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

2.21.2 Current Tax

Provision for corporate current income tax has been made @ 37.50% for business income and other applicable rate for other operating income as prescribed in the Finance Act 2020 of the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per income tax laws in compliance with IAS 12 Income Taxes. Provision of current income tax has been made on taxable income of the Bank as per following rates:

Type of Income	2020	2019
Business Income	37.5%	37.5%
Capital Gain	10%-15%	10%-15%
Other Income (Dividend income)	20%	20%

2.21.3 Deferred Tax

As per IAS 12, deferred tax asset are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax is provided using the liability method for all temporary difference arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes. The tax rate (37.50%) prevailing at the balance sheet date is used to determine deferred tax. Deferred tax asset is recognized to the extents which are expected to recover in future.

2.21.4 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.

2.21.5 Provident Fund

Provident fund benefits are given to staffs of FSIBL 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 FSIBL and the profit on such contributions credited to the members' account. The Fund recognized by the National Board of Revenue.

2.21.6 Gratuity

The Company operates an unfunded gratuity scheme for its permanent employees, under which an employee is entitled to get the benefits if his length of service is six (06) years in accordance with prevailing service rule as on 31 December 2020.

2.21.7 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.

2.21.8 Employees Group Life Insurance Fund

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

2.22 Deposits and Other Accounts

Deposit includes Al-Wadiah Current (non-profit bearing) Deposits, Mudaraba Saving Deposits, Mudaraba Term Deposits etc. They are brought to account at the gross value of the outstanding balance. Profit paid is charged to the Income Statement.

2.23 Sharing of Investment Income

In case of investments, 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-determined ratio fixed by the bank.

2.24 Zakat

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

2.25 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. 15, dated 09 November 2009 issued by Bangladesh Bank as well as requirements of IAS 7.

2.26 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.

2.27 Statement of Changes in Equity

The statement of changes in equity reflects information about the increase or decrease in net assets or wealth.

2.28 Comparative Information

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

2.29 Earnings Per Share (EPS)

2.29.1 Basic Earnings per Share

Earnings per share have been calculated in accordance with IAS-33 “Earnings Per Share” (EPS) which has been shown on the face of profit and loss account. This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the period.

2.29.2 Diluted Earnings Per Share

No diluted earnings per share is required to calculate for the period as there was no scope for dilution during the period under review.

2.30 Functional and presentation currency

The financial statements are presented in Bangladeshi Taka which is also the functional currency of the Bank.

2.31 Risk Management

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

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

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

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

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

2.31.1 Investment Risk

Investment Risk is one of the major risks faced by the bank. This can be described as potential losses arising from the failure of counterparty to perform according to agreement with the bank. The failure may result from the unwillingness of the counterparty or decline in his/her economic condition; market situation etc. With each and every coin of investment, there is an involvement of risk. Investment Risk includes financial risk,

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

2.31.2 Foreign Exchange Risk

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

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

2.31.3 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 also if needed special ALCO meeting is arranged. The result of balance sheet analysis along with recommendation is placed in the ALCO meeting by the Treasury Division where important decisions are made to minimize risk and maximize return. ALCO mainly reviews the balance sheet of the bank such as liquidity requirement, the maturity of assets and liabilities, deposit and investment, pricing strategy and the liquidity contingency plan and also monitor Net Profit Income (NPI), return on assets, investment value and exchange earnings, Capital Adequacy Ratio, Investment Deposit Ratio, Investable Fund, Deposit Mix, Cost of Deposit, Cost of Fund, LCR, NSFR, and leverage ratios etc. as a part of regulatory compliance. ALCO is a decision-making unit responsible for balance sheet planning and management from risk-return perspective, and also responsible for the strategic management of profit rate risk and liquidity risks.

2.31.4 Prevention of Money Laundering

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

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

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

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

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

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

2.31.5 Internal Control and Compliance

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

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

supported by effective management information system to soundly and prudently manage the company's exposure to risk. (4) An independent audit mechanism to monitor the effectiveness of the organizational and procedural controls.

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

2.31.6 Guideline on 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. Its introducing global environment which will bring all nations around the world to come together to form a global networked community. Banks are increasingly using sophisticated digital technology for banking activities with a view to achieve more customer's satisfaction with less cost. In addition, it increases the efficiency of the banking and payment system, benefiting customers and merchants leading to bridging additional risks.

Information assets are critical to the services provided by the Bank to its customers. Protection and maintenance of these assets are vital to its sustainability. In order to ensure protection of critical IT assets from unauthorized access, modification, disclosure and destruction the Bank has already taken initiative, which safeguard the interest of customers. In this context Bank has implemented a core banking software ensuring adequate security. The Bank has a Data Center which is fault-tolerant, allowing us to upgrade, install patch, maintenance and any activity without downtime. The establishment enables to satisfy valued clients with sharp & better service. To protect sensitive information of core banking in the event of any disaster, the Bank has implemented a disaster Recovery Site. Up gradation of the FIRE Safety Security System for both Data Center and Disaster recovery site have been completed.

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

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

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

Training is the key component of ICT Risk Management. The Bank has been continuously conducting training sessions on sensitive ICT tasks (i.e. Operation Procedure, Business Continuity Planning, Disaster Recovery

Planning, Certification Preparation Training, etc.) for relevant employees. ICT Division has also established an IT Lab for training arrangement of ICT and non-ICT background employees of FSIBL.

The Bank has been maintaining adequate physical security inside its workplace to properly protect ICT resource. The bank is strictly following the Information security standard of Bangladesh bank covering Password Control, User ID Maintenance, Input Control, Network security, Data Encryption, Virus Protection and Access Control of Internet and Emailing. The Bank is regularly conducting internal ICT audit to all its branches and Head Office Divisions to ensure proper implementation of the ICT policy.

2.31.7 Environmental Risk Management (ERM)

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

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

2.32 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.

2.33 Stress Testing

A bank's stress test 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. FSIBL has a rigorous and comprehensive quarterly stress-testing program in place. It measures the vulnerability or exposure to the impacts of exceptional, rare but potentially occurring events like – profit/interest rate changes, exchange rate fluctuations, changes in investment rating, events which influence liquidity, etc.

2.34 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. Details of Related party transactions have been disclosed in note # 50.

2.35 General

- (i) Wherever considered necessary, previous year's phrases and figures have been rearranged to confirm to current year/periods presentation.

- (ii) All amounts in these financial statements have been recorded off to the nearest Taka.

	31.12.2020 BDT	31.12.2019 BDT
3 CASH		
3.1 Consolidated Cash in Hand		
First Security Islami Bank Limited (Note-3.1 (a))	2,440,423,966	2,296,717,472
First Security Islami Capital & Investment Limited	55,000	15,128
First Security Islami Exchange Italy	3,307,851	5,208,671
	2,443,786,817	2,301,941,271
3.1 (a) Cash in Hand		
In Local Currency	2,147,292,626	2,077,256,388
In Foreign Currencies	17,007,840	8,873,084
ATM Balance	276,123,500	210,588,000
	2,440,423,966	2,296,717,472
3.2 Consolidated Balance with Bangladesh Bank and its Agent Bank		
First Security Islami Bank Limited (Note-3.2 (a))	30,848,465,793	28,443,886,972
First Security Islami Capital & Investment Limited	-	-
	30,848,465,793	28,443,886,972
	30,848,465,793	30,740,619,572
3.2 (a) Balance with Bangladesh Bank and its Agent Bank		
Balance with Bangladesh Bank (Note-3.2.1)	30,473,616,749	28,129,041,642
Balance with Sonali Bank Ltd. (Note-3.2.2)	374,849,044	314,845,330
	30,848,465,793	28,443,886,972
	33,288,889,759	30,740,604,444
3.2.1 Balance with Bangladesh Bank (Including Foreign Currencies)		
In Local Currency	29,696,824,428	27,519,535,489
In Foreign Currencies	776,792,321	609,506,153
	30,473,616,749	28,129,041,642
3.2.2 Balance with Sonali Bank Ltd. (as Agent of Bangladesh Bank)		
In Local Currency	374,849,044	314,845,330
3.3 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, MPD Circular# 01 dated 23 March 2020 and MPD Circular# 03 dated 09 April 2020.		
3.4 Cash Reserve Ratio (CRR): 4.00% of Average Demand and Time Liabilities:		
Required Reserve	16,318,846,000	19,448,236,000
Actual Reserve maintained	30,483,753,000	27,524,974,000
Surplus/(Short)	14,164,907,000	8,076,738,000

	31.12.2020 BDT	31.12.2019 BDT
3.5 Statutory Liquidity Ratio (SLR): 5.50% of Average Demand and Time Liabilities:		
Required Reserve	22,438,413,000	19,448,236,000
Actual Reserve held	39,845,080,000	27,388,300,000
Surplus/(Short)	17,406,667,000	7,940,064,000
3.6 Held for Statutory Liquidity Ratio		
Cash in Hand	2,440,424,000	2,296,717,000
Surplus Balance with Bangladesh Bank and its Agent Bank	14,539,756,000	8,391,583,000
Balance of Bangladesh Govt. Islamic Bond & SUKUK	22,873,900,000	16,700,000,000
	39,854,080,000	27,388,300,000
4 CONSOLIDATED BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS		
In Bangladesh:		
First Security Islami Bank Limited (Note-4 (A))	182,104,201	113,706,681
First Security Islami Capital & Investment Limited	286,745,021	12,161,538
First Security Islami Exchange Italy	170,199,198	296,011,650
Inter-company Transaction	(55,835,770)	(53,494,576)
	583,212,650	368,385,293
Outside Bangladesh:		
First Security Islami Bank Limited (Note-4 (B))	1,501,824,639	679,594,644
First Security Islami Capital & Investment Limited	-	-
First Security Islami Exchange Italy	85,385,039	110,906,022
	1,587,209,678	790,500,667
	2,170,422,328	1,158,885,959
4 (a) BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS		
A. Balance Inside Bangladesh		
Al-wadiah/ Current Accounts		
Agrani Bank Limited	6,327,325	19,455,593
Trust Bank Ltd.	98,170,912	72,048,446
Social Islami Bank Ltd.	168,343	40,285
Dhaka Bank Ltd. (Islamic Banking Branch)	378,261	365,301
Islami Bank Bangladesh Ltd.	213,720	13,860,453
Eastern Bank Ltd.	8,603,698	907,650
	113,862,259	106,677,728
Mudaraba Short Notice Deposits		
Southeast Bank Ltd. (Islamic Banking Branch)	165,182	163,680
AB Bank Ltd. (Islamic Banking Branch)	676,123	646,234
Islami Bank Bangladesh Ltd.	44,667,937	4,421,227
Pubali Bank Ltd. (Islamic Banking Branch)	20,956,492	70,348
Union Bank Ltd.	1,776,208	1,727,464
	68,241,942	7,028,953
Total Inside Bangladesh	182,104,201	113,706,681

				31.12.2020 BDT	31.12.2019 BDT
B. Balance Outside Bangladesh					
In Deposit Account (non-profit bearing) with:					
Current Account:	Currency	Amount	Rate		
1. Mashreq Bank, PSC, New york	USD	12,975,561.09	84.875	1,101,300,748	435,347,293
2. MCB Bank Ltd. Karachi	ACU\$	7,690.91	84.875	652,766	652,958
3. Commerz Bank AG, Frankfurt, Germany	EURO	265,614.76	104.261	27,693,128	24,027,501
4. Bank of Bhutan, Thimpo, Bhutan	ACU\$	11,526.50	84.875	978,312	473,839
5. Sonali Bank Ltd. , Kolkata, India	ACU\$	7,747.88	84.875	657,601	357,674
6. AB Bank Ltd, Mumbai, India	ACU\$	1,654,455.97	84.875	140,421,950	19,214,807
7. ICICI Bank Ltd, Hongkong	USD	101,058.09	84.875	8,577,305	6,453,402
8. ICICI Bank Ltd,Kolkata, India	ACU\$	192,610.20	84.875	16,347,791	11,020,152
9. Habib Metropolitan Bank Limited, Karachi, Pakistan	ACU\$	30,473.72	84.875	2,586,457	4,013,709
10. Habib American Bank, N,Y	USD	1,142,451.98	84.875	96,965,612	43,833,833
11. Banca UBAE SPA, Rome, Italy	USD	119,498.39	84.875	10,142,426	9,885,868
12. Banca UBAE SPA, Rome, Italy	EURO	520,979.90	104.261	54,317,625	72,811,812
13. Bank Al-Jazira, Jeddah	USD	229,865.60	84.875	19,509,843	11,656,396
14. Bank Al-Jazira, Jeddah	SAR	477,024.33	22.616	10,788,573	10,249,211
15. Aktif Yatrim Bank Istambul	USD	62,180.36	84.875	5,277,558	4,244,406
16. Aktif Yatrim Bank Istambul	JPY	1,130,499.00	0.821	928,479	1,164,599
17. Aktif Yatrim Bank Istambul	GBP	40,713.36	114.912	4,678,466	24,187,185
				1,501,824,639	679,594,644
				1,683,928,840	793,301,325
5 Placement with Banks & other Financial Institutions					
Aviva Finance Limited (Former Reliance Finance)				12,570,500,000	13,603,700,000
Placement of Fund to OBU				48,413,848	-
				12,618,913,848	13,603,700,000
Less: Off-Shore Banking Unit				48,413,848	-
				12,570,500,000	13,603,700,000
Total Balance with other Banks & Financial Institutions and Placement (Note 4+5)				14,254,428,840	14,397,001,325
5.1 Balance with other Banks & Financial Institutions and Placement (according to remaining maturity grouping)					
Up to One Month				8,810,628,840	10,483,701,325
Up to Three Months				5,443,800,000	3,913,300,000
Three Months to One Year				-	-
One Year to Five Years				-	-
Above Five Years				-	-
				14,254,428,840	14,397,001,325
6 CONSOLIDATED INVESTMENTS IN SHARES AND SECURITIES					
Government Securities					
First Security Islami Bank Limited (Note-6(a))				22,873,900,000	16,700,000,000
First Security Islami Capital & Investment Limited				-	-
				22,873,900,000	16,700,000,000
Others					
First Security Islami Bank Limited (Note-6 (a))				747,652,622	827,652,622
First Security Islami Capital & Investment Limited				246,588,598	239,662,226
				994,241,220	1,067,314,848
				23,868,141,220	17,767,314,848

	31.12.2020 BDT	31.12.2019 BDT
6(a) INVESTMENTS IN SHARES AND SECURITIES		
Government Securities		
Bangladesh Govt. Islamic Bond	21,950,000,000	16,700,000,000
BDG Investment Sukuk (Ijara Sukuk)	923,900,000	-
	22,873,900,000	16,700,000,000
Others		
Subordinated Bond	200,000,000	280,000,000
Quoted/Unquoted Shares (Note - 6.1)	547,652,622	547,652,622
	747,652,622	827,652,622
	23,621,552,622	17,527,652,622
6.1 Quoted/Unquoted Shares		
Name of Companies	Acquisition cost (Taka)	Acquisition cost (Taka)
Quoted:		
MJL Bangladesh Ltd.	44,660,732	44,660,732
Lafarge Holcim Bangladesh Limited	150,418,369	150,418,369
CVO Petrochemical Refinery Limited	42,678,259	42,678,259
Padma Oil Company Ltd.	59,047,847	59,047,847
Heidelberg Cement Bd. Ltd.	9,858,420	9,858,420
BBS Cables Co. Ltd.	12,984,416	12,984,416
Mozaffar Hossain Spinning Mills Ltd.	14,959,379	14,959,379
Bashundhara Paper Mills Limited	30,311,635	30,311,635
SPCL	155,811,801	155,811,801
Legacyfoot	21,327,666	21,327,666
BSRMLTD	4,024,648	4,024,648
	546,083,172	546,083,172
Unquoted:		
Central Depository Bangladesh Ltd.	1,569,450	1,569,450
	547,652,622	547,652,622
6.2 Market Value of Quoted Shares	347,638,017	290,945,380
6.3 Remaining Maturity Grouping of Investments in Shares and Securities		
On Demand	547,652,622	546,083,172
Within One Month	-	-
One Month to three Months	-	-
Three Months to One Year	-	-
One Year to Five Years	200,000,000	280,000,000
More than Five Years	22,873,900,000	16,701,569,450
	23,621,552,622	17,527,652,622
7 CONSOLIDATED GENERAL INVESTMENT ETC. (All Inside Bangladesh)		
First Security Islami Bank Limited (Note-7.1 A)	414,454,641,678	363,775,732,135
Less: Inter-company transaction (Investment in Subsidiary)	(526,709,387)	(454,179,949)
	413,927,932,291	363,321,552,186
7(a) INVESTMENTS		
General Investment etc. (Note-7.1.A)	414,454,641,678	363,775,732,135
Bills Purchased and Negotiated (Note - 7.1.B)	852,760,779	708,410,543
	415,307,402,457	364,484,142,678

	31.12.2020 BDT	31.12.2019 BDT
7.1.A General Investment etc.		
Inside Bangladesh (Mode wise)		
Bai-Murabaha	371,606,032,524	329,058,642,271
Hire-Purchase Sirkatul Meelk	39,346,252,936	33,364,558,961
Bai-Muajjal	3,881,889	4,464,493
Bai-Salam	110,348,224	109,457,625
Quard	3,388,126,105	1,238,608,785
	414,454,641,678	363,775,732,135
Outside Bangladesh	-	-
	414,454,641,678	363,775,732,135
7.1.B Bills Purchased and Negotiated		
Payable in Bangladesh	625,462,584	693,612,336
Payable outside Bangladesh	12,860,997	14,798,207
	638,323,581	708,410,543
Payable in Bangladesh OBU	214,437,198	-
	852,760,779	708,410,543
	415,307,402,457	364,484,142,678
7.2 Maturity Grouping of Investments		
Payable on Demand	64,980,602,457	52,968,663,464
Up to Three Months	82,601,500,000	69,672,761,788
Three Months to One Year	96,855,100,000	81,218,032,987
One Year to Five Years	110,105,000,000	93,777,974,001
Above Five Years	60,765,200,000	66,846,710,438
	415,307,402,457	364,484,142,678
7.3 Investments on the basis of Significant Concentration		
Investments to Directors of Other Banks	32,254,342,000	28,065,087,000
Investments to Chief Executive and Other high Officials	-	-
Investments to Customers Group	347,663,281,082	309,072,303,045
Investments to Industry	34,318,862,229	26,476,454,013
Investment to Staff	1,070,917,146	870,298,620
	415,307,402,457	364,484,142,678
7.4 Investments to Customers for more than 10% of FSIBL's Total Eligible Capital		
Number of Clients	53	45
Amount of Outstanding Investments		
Funded	88,036,400,000	74,774,700,000
Non-funded	28,606,500,000	27,115,700,000
	116,642,900,000	101,890,400,000
7.5 Industry wise Investments		
Agriculture:		
Fishing	702,720,065	579,938,736
Others	1,386,675,136	1,139,787,051
Textile and Readymade Garments:		
Readymade Garments - Export	8,338,569,412	4,892,012,525
Textile and Textile Products- Import	9,209,496,003	7,481,581,351
Others -Export	3,855,204,918	1,976,636,595
Others -Import	22,997,645,937	46,693,726,114
Contractor Finance	7,915,159,857	6,350,863,378
Transport	1,910,558,797	1,929,107,163

	31.12.2020 BDT	31.12.2019 BDT
Internal Trade Finance:		
Whole Sale Trading	198,908,459,712	163,646,480,611
Retail Trading	10,802,568,713	7,202,502,560
Others	3,914,300,646	6,286,925,894
House Building:		
Residential & Commercial	20,344,259,715	18,905,849,621
Staff	1,070,917,146	870,298,620
Special Program:		
Consumer Finance and Hire Purchase Scheme	169,052,063	188,483,639
Others	123,781,814,336	96,339,948,822
	415,307,402,457	364,484,142,678

7.6 Division/Geographical wise Investment*

Urban

Dhaka	122,049,667,997	105,753,937,542
Chattogram	259,872,466,009	249,094,298,284
Barishal	344,349,471	306,581,191
Rajshahi	864,664,326	856,876,681
Khulna	1,367,854,485	1,382,286,209
Rangpur	572,221,161	403,817,950
Sylhet	778,267,656	793,402,051
Mymensingh	134,086,062	159,636,380
	385,983,577,167	358,750,836,288

Rural

Dhaka	1,310,056,740	1,176,827,453
Chattogram	26,139,085,045	2,911,292,951
Barishal	108,143,350	113,983,643
Rajshahi	125,225,579	115,324,684
Khulna	1,193,303,866	993,958,011
Rangpur	6,225,693	2,885,284
Sylhet	77,097,116	83,966,863
Mymensingh	364,687,901	335,067,501
	29,323,825,290	5,733,306,390
	415,307,402,457	364,484,142,678

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

7.7 Classification of Investments as per Bangladesh Bank Circulars

Unclassified:

Standard	379,999,877,306	330,818,029,926
Special Mention Account	17,062,743,109	15,652,074,507
	397,062,620,415	346,470,104,433

Classified:

Sub-standard	1,068,297,970	1,755,786,491
Doubtful	3,725,574,434	4,210,462,461
Bad & Loss	13,450,909,639	12,047,789,293
	18,244,782,042	18,014,038,245
	415,307,402,457	364,484,142,678

7.8 Sector-wise Classification of Investments

Unclassified:

	31.12.2020 BDT	31.12.2019 BDT
Small Enterprise Financing (SEF)	41,365,113,750	33,364,528,436
Consumer Financing (Other than HF & LP)	163,347,175	180,491,668
Investments to BHs/MBs/SDs against Share	187,754,633	642,336,374
Other than SMEF, CF, BHs/ MBs,/SDs	278,638,007,313	248,955,302,428
Housing Finance (HF)	20,738,421,506	16,320,960,868
Investments for professionals to set up business (LP)	443,243	478,469
Short Term Agri. Investments	1,974,972,071	1,607,161,158
Staff Investment	1,070,917,146	870,298,620
Others	52,923,643,578	44,528,546,413
	397,062,620,415	346,470,104,433

Classified:

Small Enterprise Financing (SEF)	1,356,747,801	1,768,742,365
Consumer Financing (Other than HF & LP)	5,704,888	7,991,972
Investments to BHs/MBs/SDs against Share	103,308,689	104,600,192
Other than SMEF, CF, BHs/ MBs,/SDs	7,484,943,164	8,313,274,990
Housing Finance (HF)	3,292,738,904	1,152,376,230
Investments for professionals to set up business (LP)	3,848,681	3,848,681
Short Term Agri. Investments	114,423,130	112,564,628
Others	5,883,066,786	6,550,639,187
	18,244,782,042	18,014,038,245
	415,307,402,457	364,484,142,678

7.9 Particulars of Required Provision for Investments as per CL

Classification status

Unclassified	Base for Provision	Rate		
Standard	379,999,877,306	0.25-5%	4,365,252,965	3,055,187,036
Special Mention Account	17,036,948,535	0.25-5%	634,770,586	305,146,993
Off -Balance Sheet Exposure	46,909,116,108	0-1%	436,887,156	530,389,824
			5,436,910,707	3,890,723,853
Classified:				
Sub - Standard	895,589,955	20%	179,117,991	229,321,352
Doubtful	3,490,008,280	50%	1,745,004,140	1,991,254,486
Bad and Loss	8,266,632,606	100%	8,266,632,606	7,232,271,068
			10,190,754,737	9,452,846,906
			15,627,665,444	13,343,570,759
Total Required Provision against Investments as per CL			15,627,665,444	13,343,570,759
Total Provision Maintained			12,567,839,339	11,193,653,438
Deferred Provision for next 2 years has to be maintained			3,059,826,105	2,149,917,321

Bangladesh Bank inspection Team (DBI-4) has raised additional provision amount of Tk. 325.95 Crore (including provision for other assets Tk. 43.92 crore) out of which the specific provision is Tk. 125.95 Crore which has been maintained during the year 2020 and the rest of the provision amount i.e. Tk. 200.00 Crore (including specific provision of Tk. 61.73 crore) has to be maintained for next two (02) years by amount of Tk. 100.00 Crore in the year 2021 and Tk. 100.00 Crore in the year 2022 vide their letter no. DBI-04/42(5)/2021-415 dated 02/05/2021. As per Bangladesh Bank instruction general provision amount of Tk. 149.90 Crore has deferred for the next two (02) years vide their letter no. DBI-04/42(5)/2020-319 dated 11 June, 2020.

	31.12.2020 BDT	31.12.2019 BDT
7.10 Particulars of Investments		
i) Investments considered good in respect of which the Bank Company is fully secured.	71,405,000,000	70,134,000,000
ii) Investments considered good for which the bank holds no Security other than the debtors personal security.	175,101,389,913	148,089,900,000
iii) Investment considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	168,801,012,544	146,260,242,678
iv) Investments adversely classified; provision not maintained there against.	-	-
	415,307,402,457	364,484,142,678
v) Investments due by directors or executives of the banking company or any of them taken either separately or jointly with any other person.	32,254,342,000	28,065,087,000
vi) Investments due by companies or firms in which the directors of the bank company are interested as directors partners or managing agents or in case of private companies, as members.	-	-
vii) Maximum total amount of investments, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either separately or jointly with any other person.	-	-
viii) Maximum total amount of investments, including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or in the case of private companies, as members.	-	-
ix) Investment due from other banking companies	-	-
x) Total amount of classified Investments on which profit is not credited to income	18,244,782,042	18,014,038,245
a. Movement of classified Investments		
Opening balance	18,014,038,245	10,421,400,286
Increase/ (Decrease) during the year	230,743,797	7,592,637,960
	18,244,782,042	18,014,038,245
b. Amount of provision kept against classified investment as on the reporting date of Balance Sheet	9,541,104,509	10,170,030,873
c. Profit credited to the profit/Rent/Compensation Suspense Account	1,545,776,562	635,151,065
xi) Amount of written off Investment:		
a. Cumulative amount	20,896,780	-
b. Amount written off during the year	17,129,277	20,896,780
c. Total amount of written off (a+b)	38,026,057	20,896,780
d. Amount recovered against such written- off up to this year	-	-
e. Amount of investment written- off against which suit has been filled to recover the same.	-	-

	31.12.2020 BDT	31.12.2019 BDT
7.11 Write off Investment		
Balance at the beginning of the year	20,896,780	-
Add: Write off during the year	17,129,277	20,896,780
Less: Recovery of Write off Investment	-	-
Balance at the end of the year	38,026,057	20,896,780

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 2.09 Crore at end of the year 2020.

7.12 Security against Investments including bills purchased & negotiated:

Collateral of movable/immovable assets	24,031,160,410	17,473,337,098
Local banks & financial institutions guarantee	-	-
Export documents	3,666,382,125	1,976,636,595
Own MTDR	71,405,000,000	70,134,000,000
MTDR of other Banks	-	-
Government Bonds	-	-
Personal guarantee	68,271,483,441	60,598,700,988
Other security	291,063,322	642,336,374
Unsecured	247,642,313,159	213,659,131,624
	415,307,402,457	364,484,142,678

7.13 Maturity Grouping of Bills Purchased and Negotiated

Payable within one month	6,919,278	5,748,024
Over one month but less than three months	1,847,278	1,534,582
Over three months but less than six months	297,253,629	246,936,315
Six Months and Above	546,740,595	454,191,622
	852,760,779	708,410,543

8 Consolidated Fixed Assets including premises, Furniture & Intangible Assets at cost less accumulated depreciation

First Security Islami Bank Limited (Note-8 (a))	6,482,682,705	6,435,173,130
First Security Islami Capital & Investment Limited	3,947,362	3,870,183
First Security Islami Exchange Italy	5,898,299	8,269,274
	6,492,528,366	6,447,312,587

8(a) Fixed Assets including premises, Furniture & Intangible Assets at cost less accumulated depreciation (Annexure-A)

Land	334,631,624	334,631,624
Building	4,068,443,511	4,068,443,511
Furniture & Fixtures	2,188,207,838	2,120,213,154
Office Equipment	2,245,035,710	2,116,473,510
Vehicles	203,124,113	194,409,508
Books	670,771	619,849
	9,040,113,567	8,834,791,156
Less: Accumulated Depreciation	2,972,657,367	2,525,492,050
	6,067,456,200	6,309,299,106

	31.12.2020 BDT	31.12.2019 BDT
Lease Assets-Premises		
Right-of-use assets	332,468,808	-
Less: Accumulated Depreciation	46,348,975	-
	286,119,833	
Intangible Assets		
Software -Core banking	298,451,293	269,836,338
Less: Accumulated Amortization	169,344,621	143,962,314
	129,106,672	125,874,024
	6,482,682,705	6,435,173,130

Right of use assets:

The bank has leases mainly for rental basis branch office premises has been recognized as a right-of -use asset according to the IFRS-16 "Leases". 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.

9 CONSOLIDATED OTHER ASSETS

First Security Islami Bank Limited (Note-9 (a))	3,445,378,009	3,569,114,671
First Security Islami Capital & Investment Limited	1,409,729,964	1,118,185,410
First Security Islami Exchange Italy	38,347,908	34,103,660
	4,893,455,881	4,721,403,741
Less: Inter-company transaction (Investment in Subsidiary)	750,646,016	852,926,303
	4,142,809,865	3,868,477,438

The amount of Inter-company transaction of pervious year has been re-stated due to consolidate of First Security Islami Exchange Italy Accounts During the year 2020.

9(a) OTHER ASSETS

Inter - branch Transaction Account *	108,550,315	14,394,408
Accrued Income	1,005,139,192	1,024,182,980
Advances, Deposits and Prepayment (Note -9.1)	1,346,941,150	1,562,454,339
Stock of Stationery	39,652,155	39,726,911
Suspense Account (Note- 9.2)	40,190,192	41,352,682
Advance Deposits	7,649,069	6,032,865
Stamps on Hand	5,066,845	4,161,800
Protested Bills	61,454,778	61,454,778
Investment in FSI Capital & Investment Ltd.(Note-1.2.1)	255,000,000	255,000,000
Investment in FSIEL Italy S.R.L (Note-1.2.2)	62,340,058	62,340,058
Deferred Tax Assets (Note- 9.3)	513,394,255	498,013,850
	3,445,378,009	3,569,114,671

* 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 31.12.2020 have been reconciled on 10/03/2021.

9.1 Advance, Deposits and Prepayment

Advance against Rent - Office*	342,462,494	365,426,661
Clearing Adjustment Account (under BACH)	22,000,000	12,178,698
Remittance Settlement Account	525,117,703	788,397,099
Prepayment	451,626,117	390,676,046
Prepaid Insurance	469,488	486,091
Advance Against Security Deposit	5,265,348	5,188,744
Mobile Banking Receivable A/C	-	101,000
	1,346,941,150	1,562,454,339

	31.12.2020 BDT	31.12.2019 BDT
9.2 Suspense Account		
Sundry Debtors and Others	39,918,374	40,464,670
Advance against TA/DA	51,000	634,000
Advance against petty cash	220,818	254,012
	40,190,192	41,352,682
9.3 Deferred Tax Assets (net off liabilities)		
Deferred tax asset (9.3.1)	931,680,507	868,849,727
Deferred tax liability (9.3.2)	418,286,252	370,835,877
	513,394,255	498,013,850
9.3.1 Deferred Tax Assets		
Temporary timing difference between charging Specific provision and written off B/L Investments		
Cumulative provision made against bad loss Investments	2,522,507,410	2,337,829,386
Adjustment of corresponding provision on write off	38,026,057	20,896,780
Deductible temporary difference	2,484,481,353	2,316,932,606
Tax Rate	37.50%	37.50%
Deferred Tax Assets	931,680,507	868,849,727
Opening Deferred Tax Assets	868,849,727	599,502,226
Deferred Tax Income during the year	62,830,780	269,347,501
9.3.2 Deferred Tax Liabilities		
Temporary timing difference in written down value of fixed Assets		
Carrying amount of Fixed Assets	6,196,562,872	6,432,836,195
Tax base	5,081,132,867	5,443,940,525
Taxable temporary difference	1,115,430,005	988,895,670
Tax Rate	37.50%	37.50%
Deferred Tax Liabilities	418,286,252	370,835,877
Opening Deferred Tax Liabilities	370,835,877	197,879,131
Deferred Tax Expenses during the year	47,450,375	172,956,747

As per International Accounting Standard (IAS)- 12 deferred tax is recognized since December 2007. Deferred tax assets have been arrived at Tk. 513.39 million as on December 31, 2020. 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.

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

11 CONSOLIDATED PLACEMENT FROM BANK & OTHER FINANCIAL INSTITUTION

First Security Islami Bank Limited (Note- 11(a))	13,134,871,657	13,208,381,804
First Security Islami Capital & Investment Limited	481,874,919	82,313,028
	13,616,746,576	13,290,694,832

	31.12.2020 BDT	31.12.2019 BDT
11(a) PLACEMENT FROM BANK & OTHER FINANCIAL INSTITUTION		
Inside Bangladesh		
Bangladesh Bank (IMM Wings & Refinance Scheme)	2,129,152,832	9,532,798,612
Bangladesh Bank (EDF)	10,840,199,322	3,675,583,192
	12,969,352,154	13,208,381,804
Outside Bangladesh		
Off-shore Banking Unit	165,519,503	-
	13,134,871,657	13,208,381,804
A. Security- wise grouping		
Secured Placement	-	-
Unsecured Placement	13,134,871,657	13,208,381,804
	13,134,871,657	13,208,381,804
B. Repayment Nature wise Grouping		
Repayable on demand	-	-
Others	13,134,871,657	13,208,381,804
	13,134,871,657	13,208,381,804
C. Maturity Analysis		
Repayable on Demand	-	-
Repayable within One Month	4,870,871,657	3,000,081,804
One Month to Six Months	2,000,000,000	6,500,000,000
Six Month to One Year	-	-
One Year to Five Years	6,264,000,000	3,708,300,000
Five Years to Ten Years	-	-
	13,134,871,657	13,208,381,804
12 DEPOSITS AND OTHER ACCOUNTS		
A. Deposits Received from Banks (Note A-1)	8,943,667,765	16,561,117,000
B. Other than Bank		
Payable on Demand (Note B-1)	15,808,441,381	13,333,716,671
Other Deposits (Note B-2)	403,949,412,591	346,726,828,780
	419,757,853,971	360,060,545,451
	428,701,521,736	376,621,662,451
C. Maturity wise Grouping of Deposits and Other Accounts		
Re-payable within 1 month	74,826,611,002	70,051,451,487
Over 1 month but within 6 months	80,715,700,000	64,835,200,000
Over 6 months but not more than 1 year	93,730,000,000	78,683,800,000
Over 1 year but not more than 5 years	90,890,800,000	86,108,600,000
Over 5 years but within for 10 years	88,533,800,000	76,942,400,000
Unclaimed Deposits For 10 years or more	4,610,734	210,964
	428,701,521,736	376,621,662,451
A-1 Deposits Received from Banks		
Islami Bank Bangladesh Ltd.	7,805,256,372	15,986,800,000
Exim Bank Ltd.	6,979,419	6,600,000
Union Bank Ltd.	48,705,561	75,700,000
NRB Global Bank Ltd.	44,625,961	23,300,000
Uttara Bank Ltd.	1,000,000,000	-
Sonali Bank Ltd.	-	452,117,000
AB Bank Ltd.	458,018	400,000
Social Islami Bank Ltd.	37,642,434	16,200,000
	8,943,667,765	16,561,117,000

	31.12.2020 BDT	31.12.2019 BDT
Maturity wise Grouping of Deposits Received from Banks		
Repayable on Demand	443,667,765	8,609,000,000
Repayable within One Month	-	-
Repayable over One Month but within Six Months	8,500,000,000	7,952,117,000
Repayable over Six Months but within one Year	-	-
Repayable over One Year but within Five Years	-	-
Repayable over Five Years but within Ten Years	-	-
Unclaimed Deposits for Ten Years and above	-	-
	8,943,667,765	16,561,117,000
B-1 Payable on Demand		
Al-wadiah Current Deposits	8,853,884,053	7,858,272,642
Mudaraba Saving Deposits (9%)	3,272,512,163	2,712,217,572
Security Deposit Receipt	38,852,106	28,364,856
Sundry Deposits	3,643,193,059	2,734,861,601
	15,808,441,381	13,333,716,671
B- 2 Other Deposits		
Mudaraba Saving Deposits (91%)	33,088,734,088	27,423,533,223
Mudaraba Term Deposits	250,085,050,591	213,778,646,522
Mudaraba Short Notice Deposits	19,064,610,077	15,425,629,912
Bills Payable (Note-12.2)	2,597,028,530	2,500,692,222
Bearer Certificates of Deposits	-	-
Mudaraba Deposit under Schemes (Note-12.5)	98,680,914,930	87,256,252,772
Foreign Currency Deposits	433,074,375	342,074,129
	403,949,412,591	346,726,828,780
12.1 Consolidated Al-Wadiah Current Accounts & Other Deposit Accounts		
First Security Islami Bank Limited (Note-12.1(a))	32,477,281,435	26,511,403,138
First Security Islami Capital & Investment Limited	-	-
Less: Inter-company transaction	(14,303,459)	(11,962,265)
	32,462,977,976	26,499,440,873
12.1(a) Al-Wadiah Current Deposit & Other Deposit Accounts		
Al-wadiah Current Deposits	9,297,551,818	7,858,272,640
Mudaraba Short Notice Deposits	19,064,610,077	15,547,829,912
Sundry Deposits	3,643,193,059	2,734,861,601
Security Deposit Receipt	38,852,106	28,364,856
Foreign Currency Deposits	433,074,375	342,074,129
	32,477,281,435	26,511,403,138
12.2 Bills Payable		
Pay Order Issued	2,595,159,052	2,498,821,634
Demand Draft Payable	1,717,797	1,717,797
Pay Slips Issued	151,681	152,791
	2,597,028,530	2,500,692,222
12.3 Mudaraba Savings Deposits		
As per BRPD Circular No. 06, dated 24 June 07, total saving deposits amount is bifurcated into:		
9 % of total Mudaraba Savings Deposits	3,272,512,163	3,476,029,572
91% of total Mudaraba Savings Deposits	33,088,734,088	35,146,521,223
	36,361,246,250	38,622,550,795

	31.12.2020 BDT	31.12.2019 BDT
12.4 Mudaraba Term Deposits including other Banks - Maturity wise Grouping		
Payable on Demand	4,528,444,979	3,269,659,303
Up to Three Months	113,741,067,500	89,283,121,990
From Three Months to Six Months	56,574,699,281	45,249,887,784
Above Six Months to One Year	81,937,658,022	82,133,522,360
Above One Year to Two Years	74,534,331	66,077,593
Above Two Years	1,728,646,478	1,728,494,494
	258,585,050,591	221,730,763,524
12.5 Other Mudaraba Deposits		
Mudaraba Deposit under Schemes:		
Mudaraba Monthly Savings Scheme	11,262,110,349	11,863,118,651
Mudaraba Double Benefit Deposits Scheme	23,931,131,881	26,660,649,085
Mudaraba Monthly Benefit Scheme	5,168,180,439	6,481,578,239
Mudaraba Hajj Scheme	222,758,344	197,541,341
Mudaraba Marriage Scheme	4,130,419,118	3,604,636,661
Mudaraba Health Care Scheme	18,559,141,186	15,529,913,725
Mudaraba Education Deposit Scheme	2,916,938,379	2,627,448,037
Mudaraba Pension Deposit Scheme	1,166,469,929	1,136,836,150
Mudaraba Millionaire Deposit Scheme	2,593,802,433	2,246,383,772
Mudaraba Kroropoti Deposit Scheme	2,040,832,832	1,724,144,697
Mudaraba Triple Times Deposit Scheme	661,545,259	611,021,259
Mudaraba Four Times Deposit Scheme	2,496,803,336	2,282,646,958
Mudaraba Probashi Deposit Scheme	300,063,298	277,043,692
Mudaraba Money Plant Deposit Scheme	883,700	825,000
Mudaraba Gift Cheque	11,316,744	11,203,744
Mudaraba Griheni Deposit Scheme	324,849,907	314,122,162
Mudaraba New Generation Deposit Scheme	71,638,666	74,234,023
Mudaraba Cash Waqf. Deposit Scheme	1,104,023	1,059,363
Mudarabah Monthly Profit Scheme -1 Year	4,297,670,419	6,041,398,918
Mudarabah Monthly Profit Scheme -2 Years	528,539,212	759,639,907
Mudarabah Others Deposit Scheme	17,994,715,476	4,810,807,388
	98,680,914,930	87,256,252,772
13 MUDARABA SUBORDINATED BOND	10,600,000,000	11,500,000,000

The bank issued FSIBL 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 31/12/2020. However, the amount of Tk. 90.00 crore had already been paid on December 2020 as 1st Installment principal redemption.

The bank issued FSIBL 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 FSIBL 3rd Mudaraba Subordinated Bond has been fully subscribed by BDT 700.00 crore on 3rd July 2019. The semi-annual profit has already been paid up to 31/12/2020.

14 MUDARABA PERPETUAL BOND	3,800,000,000	-
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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 FSIBL Mudaraba Perpetual Bond for enhancement of Additional Tier-1 Capital as per requirement of Basel –III. The FSIBL Mudaraba Perpetual Bond has been subscribed by BDT 380.00 crore up to 31 December 2020.

	31.12.2020 BDT	31.12.2019 BDT
15 CONSOLIDATED OTHER LIABILITIES		
First Security Islami Bank Limited (Note-15 (a))	22,083,221,928	20,533,726,345
First Security Islami Capital & Investment Limited	219,075,064	143,746,432
First Security Islami Exchange Italy	471,525,163	598,913,720
	22,773,822,155	21,276,386,497
Less: Inter-company transaction	433,305,958	535,586,245
	22,340,516,197	20,740,800,252

15(a) OTHER LIABILITIES

Current Tax Liabilities (Note-15.1)	2,475,811,439	1,977,627,178
Accumulated Provision against Investments(Note-15.3)	12,567,839,339	11,193,653,438
Profit/Rent/Compensation Suspense Account (Note -15.4)	1,545,776,562	635,151,065
Lease Liabilities	277,583,393	-
Accrued Profit and Expenses Payable (Note-15.5)	4,582,417,276	6,038,503,846
Provisions for diminution in value of Investments(Note-15.6)	198,445,155	255,137,792
Provisions for Start-up Fund	28,189,907	-
Provisions for Other Assets	30,727,389	30,727,389
Provision for Zakat	125,544,854	98,347,680
Provident Fund	22,569	19,465
Benevolent Fund	4,867,820	6,720
Non-Resident Accounts	43,181,281	209,893,636
Compensation Realized	27,987,507	31,452,522
Others	99,119,470	63,205,614
Gratuity	75,600,000	-
Off-shore Banking Unit	107,968	-
	22,083,221,928	20,533,726,345

15.1 Current Tax Liabilities

Provision for Tax

Opening Balance	10,699,658,483	8,743,063,900
Add : Provision made during the year	1,992,482,480	1,956,594,583
	12,692,140,964	10,699,658,483

Advance Income Tax

Opening Balance	8,722,031,305	7,502,573,714
Add : Tax paid during the year	1,494,298,220	1,219,457,591
	10,216,329,525	8,722,031,305

Net Tax Liabilities

	2,475,811,439	1,977,627,178
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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 and 2014 are pending with High Court and 2015 & 2016 are pending with Appellate Tribunal and the return for the year 2017, 2018 and 2019 have already been submitted and assessment is not yet completed by DCT level.

15.2 Consolidated Provision for Investments during the year

First Security Islami Bank Limited	1,391,315,178	1,887,580,857
First Security Islami Capital & Investment Limited	3,200,000	5,500,000
	1,394,515,178	1,893,080,857

15.2 (a) Provision for Investments during the year

Specific Provision for Classified Investment	(611,797,087)	4,260,341,458
General Provision	1,848,071,287	(2,446,532,771)
Off -Balance Sheet exposure	(93,502,668)	73,772,170
Special General Provision-Covid-19	248,543,646	-
	1,391,315,178	1,887,580,857

	31.12.2020 BDT	31.12.2019 BDT
15.3 Accumulated Provision for Investments		
Specific Provision for Classified Investments (Note -15.3.1)	9,541,104,509	10,170,030,873
General Provision (Note -15.3.2)	2,341,304,028	493,232,741
Off -Balance Sheet exposure (Note -15.3.3)	436,887,156	530,389,824
Special General Provision-Covid-19 (Note -15.3.4)	248,543,646	-
	12,567,839,339	11,193,653,438
15.3.1 Movement in Specific Provision for Classified Investments		
Provision held at the beginning of the year	10,170,030,873	5,930,586,195
Less: Fully provided debts written off	(17,129,277)	(20,896,780)
Add: Recoveries of amounts previously written off	-	-
Add: Specific Provision during the year	(611,797,087)	1,363,441,458
Add: Transferred from General Provision during the year	-	2,896,900,000
	9,541,104,509	10,170,030,873
15.3.2 General Provision		
Provision held at the beginning of the year	493,232,741	2,939,765,512
Add: Addition during the year as per Bangladesh Bank Instruction	1,390,000,000	450,367,229
Add: Addition during the year Others	458,071,287	-
Less: Transferred to Specific Provision during the year	-	(2,896,900,000)
	2,341,304,028	493,232,741
15.3.3 Off-balance sheet exposure		
Provision held at the beginning of the year	530,389,824	456,617,654
Addition/(transfer) during the year	(93,502,668)	73,772,170
	436,887,156	530,389,824
15.3.4 Special General Provision-Covid-19		
Provision held at the beginning of the year	-	-
Addition/(transfer) during the year	248,543,646	-
	248,543,646	-
15.4 Profit/Rent/Compensation Suspense Account		
A) Profit Suspense (Old)		
Opening Balance	33,676,036	33,768,518
Add: Transferred during the year	-	-
	33,676,036	33,768,518
Less: Recovered during the year	-	92,482
Less: Amount Written off/waived during the year	-	-
Balance at the end of the year	33,676,036	33,676,036
B) Compensation Suspense Account		
Opening Balance	601,475,029	505,110,408
Add: Addition during the year	927,160,482	111,352,326
	1,528,635,511	616,462,734
Less: Recovered during the year	16,534,985	14,987,705
Less: Amount Written off/waived during the year	-	-
Balance at the end of the year	1,512,100,526	601,475,029
Total (A+B)	1,545,776,562	635,151,065

	31.12.2020 BDT	31.12.2019 BDT
15.5 Accrued Profit and Expenses Payable		
Profit Payable on Deposit Accounts	4,182,103,972	5,071,250,615
Power and Electricity	2,690,964	2,327,926
Telephone	181,432	198,939
Office Rent	27,920,490	10,805,377
Wages	1,117,799	883,737
Insurance	717,873	124,485
Audit Fees	920,000	920,000
Profit Payable on Mudaraba Subordinated Bond	-	471,064,983
Profit Payable on Borrowing from Bangladesh Bank	55,273,977	205,178,083
Others	311,490,769	275,749,700
	4,582,417,276	6,038,503,846
15.6 Provisions for diminution in value of Investments in shares		
Opening Balance	255,137,792	153,349,849
Add: Addition /(Adjustment) during the year	(56,692,637)	101,787,943
Less: Adjustment for realized loss during the year	-	-
	198,445,155	255,137,792
16 CAPITAL		
AUTHORISED CAPITAL		
3,000,000,000 Ordinary shares of Taka 10 each.	30,000,000,000	10,000,000,000
16.1 Issued, Subscribed and Paid-Up Capital		
948,760,201 Ordinary Shares of Taka 10 each issued	9,487,602,010	8,625,092,740
	9,487,602,010	8,625,092,740

16.2 History of paid-up capital

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

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
Total		9,487,602,010	

	31.12.2020 BDT	31.12.2019 BDT
16.3 Category of shareholding as at 31 December 2020		
<u>Name of Category</u>	<u>Percentage(%)</u>	<u>Percentage(%)</u>
Sponsors / Directors	33.34	35.34
Foreign Investor	2.03	4.24
Institute	20.63	16.60
General Public	44.00	43.82
	100.00	100.00
16.4 Classification of Shareholders by holding position as at 31 December 2020		
<u>Shareholding Range</u>	<u>No. of Shares</u>	<u>No. of Shares</u>
Up to 500 Shares	2,760,008	2,862,061
501 to 5000 Shares	40,500,200	40,370,912
5001 to 10,000 Shares	20,761,661	19,596,371
10,001 to 20,000 Shares	27,004,409	25,927,497
20,001 to 30,000 Shares	17,827,509	16,679,471
30,001 to 40,000 Shares	13,776,685	12,574,000
40,001 to 50,000 Shares	12,179,408	8,757,154
50,001 to 100,000 Shares	31,387,127	27,777,804
100,001 to 1,000,000 Shares	112,888,143	87,988,489
Over 1,000,000 Shares	669,675,051	619,975,515
	948,760,201	862,509,274
16.5 Capital to Risk Weighted Assets Ratio (CRAR) Under Basel-III (Consolidated Basis)		
<u>Tier-1 Capital:</u>		
Common Equity Tier-1 Capital (CET-1):		
Paid up Capital	9,487,602,010	8,625,092,740
Statutory Reserve	5,293,570,982	4,339,990,406
Other Reserve	1,967,545,266	1,133,290,220
Retained Earnings	874,829,851	983,438,840
Non-controlling Interest	352,509,221	339,890,987
Adjustment for Deferred Tax Assets	(513,394,255)	(498,013,850)
Others (5% of Deferred Tax Assets)	25,669,713	24,900,693
	17,488,332,787	14,948,590,036
Additional Tier-1 Capital (AT-1)	3,800,000,000	-
	21,288,332,787	14,948,590,036
<u>Tier-2 Capital:</u>		
General Provision	3,026,734,830	1,023,622,565
Assets Revaluation Reserves	191,160,401	191,160,401
Subordinated Debt	10,600,000,000	11,500,000,000
Adjustment (Assets Revaluation Reserves @ 100%)	(191,160,401)	(191,160,401)
	13,626,734,830	12,523,622,565
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)	15,545,379,015	13,287,801,683
A. Total Regulatory Capital	34,915,067,617	27,472,212,601
B. Total Risk Weighted Assets	287,963,444,601	240,730,407,532
C. Capital to Risk Weighted Assets Ratio (CRAR) (A/B)*100	12.12%	11.41%
D. Common Equity Tier-1 To RWA (A -CET/B)*100	6.07%	6.21%
Requirement of Minimum CET-1 plus Capital Conservation Buffer	7.00%	7.00%
E. Tier-1 Capital to RWA (A -CET/B)*100	7.39%	6.21%
Requirement of Minimum Tier-1 Capital Ratio	6.00%	6.00%
F. Tier-2 Capital to RWA (A- AT/B)*100	4.73%	5.20%
G. Minimum Capital Requirement (MCR)	28,796,344,460	24,073,040,753
Capital Surplus /(Deficiency) against MCR (A-G)	6,118,723,157	3,399,171,848
H. Required Minimum Capital Plus Capital Conservation Buffer.	35,995,430,575	30,091,300,942

	31.12.2020 BDT	31.12.2019 BDT
16.5(a) Capital to Risk Weighted Assets Ratio (CRAR) Under Basel-III (Solo Basis)		
<u>Tier-1 Capital:</u>		
Common Equity Tier-1 Capital (CET-1):		
Paid up Capital	9,487,602,010	8,625,092,740
Statutory Reserve	5,293,570,982	4,339,990,406
Other Reserve	1,967,545,266	1,133,290,220
Retained Earnings	1,035,191,735	884,674,751
Adjustment for Deferred Tax Assets	(513,394,255)	(498,013,850)
Others (5% of Deferred Tax Assets)	25,669,713	24,900,693
	17,296,185,451	14,509,934,960
Additional Tier-1 Capital (AT-1)	3,800,000,000	-
	21,096,185,451	14,509,934,960
<u>Tier -2 Capital:</u>		
General Provision	3,026,734,830	1,023,622,565
Assets Revaluation Reserves	191,160,401	191,160,401
Subordinated Debt	10,600,000,000	11,500,000,000
Adjustment (Assets Revaluation Reserves @ 100%)	(191,160,401)	(191,160,401)
	13,626,734,830	12,523,622,565
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)	15,374,579,248	12,897,881,186
A. Total Regulatory Capital	34,722,920,281	27,033,557,525
B. Total Risk Weighted Assets	286,781,502,192	239,986,274,181
C. Capital to Risk Weighted Assets Ratio (CRAR) (A/B)*100	12.11	11.26
D. Common Equity Tier-1 To RWA (A -CET/B)*100	6.03%	6.05%
Requirement of Minimum CET-1 plus Capital Conservation Buffer	7.00%	7.00%
E. Tier-1 Capital to RWA (A -CET/B)*100	7.36%	6.05%
Requirement of Minimum Tier-1 Capital Ratio	6.00%	6.00%
F. Tier-2 Capital to RWA (A- AT/B)*100	4.75%	5.22%
G. Minimum Capital Requirement (MCR)	28,678,150,219	23,998,627,418
Capital Surplus /(Deficiency) against MCR (A-G)	6,044,770,062	3,034,930,107
H.Required Minimum Capital Plus Capital Conservation Buffer	35,847,687,774	29,998,284,273
17 STATUTORY RESERVE		
Opening Balance	4,339,990,406	3,556,551,892
Add: Addition during the year	953,580,575	783,438,514
	5,293,570,982	4,339,990,406
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.		
18 CONSOLIDATED OTHER RESERVE		
First Security Islami Bank Limited (Note 18(a))	1,967,545,266	1,133,290,220
First Security Islami Exchange Italy	41,532,311	41,532,311
	2,009,077,577	1,174,822,531
Less: Intercompany Transaction	41,532,311	41,532,311
	1,967,545,266	1,133,290,220
18 (a) OTHER RESERVE		
Opening Balance	1,133,290,220	717,363,208
Add: Addition during the year	824,193,972	405,865,938
Add: Transferred from Asset Revaluation Reserve	10,061,074	10,061,074
	1,967,545,266	1,133,290,220

	31.12.2020 BDT	31.12.2019 BDT
19 ASSETS REVALUATION RESERVE		
Opening Balance	332,015,432	342,076,506
Less: Transfer to Other Reserve	10,061,074	10,061,074
	321,954,358	332,015,432
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. The Bank is taking initiative to revalue of land and building as per IAS-16 "Property, Plant and Equipment" within the possible time.		
20 CONSOLIDATED RETAINED EARNINGS		
First Security Islami Bank Limited (Note-20 a)	1,035,191,735	884,674,751
First Security Islami Capital & Investment Limited	111,897,353	98,764,089
First Security Islami Exchange Italy	(272,259,237)	(248,286,812)
	874,829,851	735,152,028
20 (a) RETAINED EARNINGS		
Opening Balance	884,674,751	801,089,800
Add: Post tax profit for the period	2,790,800,801	2,056,988,743
Less: Transfer to Statutory Reserve	953,580,575	783,438,514
Less: Transfer to Other Reserve	824,193,972	405,865,938
Less: Capitalized during the period	862,509,270	784,099,340
	1,035,191,735	884,674,751
21 NON-CONTROLLING INTEREST		
Opening Balance	339,890,987	344,227,554
Add: Capital Increase in Subsidiary	-	-
Add: Transfer during the year	12,618,234	11,523,508
Less: Cash Dividend paid during the period	-	15,860,075
	352,509,221	339,890,987
22 LETTER OF GUARANTEES		
Money for which the Bank is contingently liable in respect of guarantees are given favoring:		
Letters of Guarantee - Local	7,437,536,990	7,087,826,765
Letter of Guarantee - Foreign	12,037,900	9,217,100
	7,449,574,890	7,097,043,865
22.1 Money for Which the Bank is Contingently Liable in respect of Guarantees:		
Directors	-	-
Government	-	-
Banks and Other Financial Institutions	-	-
Others	7,449,574,890	7,097,043,865
	7,449,574,890	7,097,043,865
23 IRREVOCABLE LETTERS OF CREDIT		
Letters of Credit - Cash	5,969,766,609	6,114,465,508
Letter of Credit - Cash Inland	-	-
Back to Back letters of Credit - Local	541,197,932	432,998,889
Back to Back letters of Credit - Foreign	336,155,755	208,442,385
	6,847,120,296	6,755,906,782
24 BILLS FOR COLLECTION ISSUED BY THE BANK		
Foreign Documentary Bills	437,104,580	366,862,904
Outward Bills	51,346	3,415,188
Inland Documentary Bills	2,783,244,589	1,397,462,109
	3,220,400,515	1,767,740,201

25 CONSOLIDATED INVESTMENT INCOME

First Security Islami Bank Limited (Note-25 (a))
First Security Islami Capital & Investment Limited

2020 BDT	2019 BDT
42,525,503,892	38,801,433,096
89,190,712	79,196,471
42,614,694,604	38,880,629,567

25(a) INVESTMENT INCOME

Profit Received from:

Bai Murabaha - General	1,786,156,180	1,953,190,412
Bai Murabaha Hypothecation	22,085,996,141	20,851,357,561
Bai Murabaha against MTD	5,161,147,446	2,883,675,865
Bai Murabaha Post Import (LTR)	532,902,792	422,376,624
Bai Murabaha Post Import (Pledge)	5,153,447	1,179
Bai Murabaha Real Estate	4,418	73,020
Bai Murabaha Import Bill	671,961,905	1,871,082,337
Investment in Placements	1,291,564,768	1,382,073,210
Bai Murabaha Import	701,235,247	466,449,460
Bai Murabaha Export	21,533,554	58,150,464
Bai Murabaha SME Investment	3,001,979,050	2,313,890,522
Bai-Murabaha (EMI) Investment	411,840,538	141,511,123
Bai-Murabaha(General) Under SME Invest	71,729,407	66,826,931
Bai-Murabaha Post Import(TR)-Under SME	197,346,933	141,456,393
Bai-Murabaha (EQI) Investment	1,384,870,269	1,624,755,483
Mudaraba Foreign Currency Investment (EDF)	147,622,954	120,445,342
Inland Documentary Bills Purchased (Foreign Currency Bills)	85,815,861	86,946,930
Pre-shipment Investment	172,827	2,241,963
HPSM Transport	195,742,374	98,677,725
HPSM Real Estate	768,337,403	771,264,567
HPSM Consumer	32,473,546	51,651,562
HPSM Agriculture	13,782,954	14,480,334
HPSM SME	37,467,351	55,794,379
HPSM HBL Commercial	1,327,596,653	1,171,762,773
HPSM Industrial	1,069,963,703	818,366,177
Rent on HPSM Scheme	631	6,145,081
HPSM House Building - Staff	33,533,155	28,305,213
Bai Muajjal	45,045	19,541
Agriculture Investment	125,559,827	158,697,560
Investment against Provident Fund (Staff)	3,978,578	2,323,483
Investment against Car Lease Scheme	21,587	32,843
Quard against MTDR	18,278	323,756
Wajira Bill Okalah	180	20,625
SME Investment (Others)	1,351,777,990	1,231,295,504
Bai-Murabaha Import Non-AD	5,724,058	5,767,154
Off-shore Banking Unit	446,842	-
	42,525,503,892	38,801,433,096

26 **PROFIT PAID ON DEPOSITS/ BORROWINGS, ETC.**

Profit Paid on:

	2020 BDT	2019 BDT
Mudaraba Term Deposit	18,028,422,474	17,459,328,521
Mudaraba Double Benefit Deposits Scheme	2,818,481,389	2,397,314,989
Mudaraba Monthly Savings Scheme	1,122,971,638	1,185,596,221
Mudaraba Monthly Benefit Savings Scheme	529,843,081	518,943,824
Mudaraba Savings Deposits	1,529,456,474	1,475,320,459
Mudaraba Short Notice Deposits	940,640,946	621,185,890
MSB & Placement from Other Banks	1,398,484,015	1,932,850,632
Lease liabilities IFRS-16	17,350,560	-
Mudaraba Hajj Deposit Scheme	19,898,549	17,826,769
Mudaraba Student SB AC	6,860,467	7,151,542
Mudaraba Salary A/C	18,991,183	15,935,012
Mudaraba Senior Citizen AC	10,946,531	7,504,511
Mudaraba Marriage Scheme	358,820,528	306,626,532
Mudaraba Health Care Scheme	1,550,764,577	1,273,145,322
Mudaraba Education Deposit Scheme	263,113,903	233,164,554
Mudaraba Pension Deposit Scheme	115,681,631	116,502,962
Mudaraba Millionaire Deposit Scheme	236,340,116	199,395,551
Mudaraba Kroropoti Deposit Scheme	180,307,814	156,538,025
Mudaraba Triple Times Deposit Scheme	76,884,883	69,662,169
Mudaraba Four Times Deposit Scheme	270,036,888	242,910,818
Mudaraba Probashi Deposit Scheme	29,435,006	28,352,624
Mudaraba Money Plant Deposit Scheme	66,000	84,375
Mudaraba Griheni Deposit Scheme	29,558,367	28,617,045
Mudaraba Gift Cheque	189,101	213,319
Agent Savings A/C-Mobile Bank	2,666,624	1,977,754
Mudaraba New Generation Savings Scheme	7,982,289	8,241,246
Mudaraba New Generation Deposit Scheme	7,024,974	7,101,221
Mudaraba Shramajibi Savings	9,843,822	8,612,165
Mudaraba Cash Waqf. Deposit Scheme	119,380	108,142
Agent Banking Saving A/C	5,650,922	3,002,370
Agent Banking Float A/C	14,345,788	8,325,577
Mudaraba Monthly Profit 1 Year	448,369,244	409,788,758
Mudaraba Monthly Profit 2 Years	59,449,053	56,164,129
Mudaraba Specialized Saving Account (10 Taka)	179,344	12,730
Mudaraba Monthly Deposit Scheme GOLD	2,989,433	524,723
Mudaraba Mushafir Deposit Scheme	6,417,672	706,276
Mudaraba Monthly Profit Scheme (Morobbi) 1 Year	414,191,125	37,282,680
Mudaraba Sanchay Scheme 3 Years	240,116,021	41,738,925
Mudaraba Monthly Profit Scheme (Mahiyasi)	402,421,080	9,665,605
Mudaraba Workers Savings A/C	32,434	-
Off-shore Banking Unit	50,962	-
	31,175,396,288	28,887,423,967

27 **CONSOLIDATED INCOME FROM INVESTMENT IN SHARES & SECURITIES**

First Security Islami Bank Limited (Note-27 (a))	528,156,344	767,435,285
First Security Islami Capital & Investment Limited	7,029,558	15,928,268
	535,185,902	783,363,553

	2020 BDT	2019 BDT
27(a) INCOME FROM INVESTMENT IN SHARES & SECURITIES		
Bangladesh Govt. Islamic Investment Bond	490,621,391	682,041,070
Dividend on Shares	12,334,953	25,782,146
Profit on Sale of Shares	-	26,012,069
Profit Received on MSB	25,200,000	33,600,000
	528,156,344	767,435,285
28 CONSOLIDATED COMMISSION, EXCHANGE AND BROKERAGE		
First Security Islami Bank Limited (Note-28 (a))	820,853,873	884,760,657
First Security Islami Capital & Investment Limited	10,748,623	11,316,805
	831,602,496	896,077,462
28 (a) COMMISSION, EXCHANGE AND BROKERAGE		
Commission	521,954,194	691,371,967
Exchange Gain	298,899,679	193,388,690
Exchange Earning	356,256,031	246,108,765
Less: Exchange Loss	57,356,352	52,720,075
	820,853,873	884,760,657
29 CONSOLIDATED OTHER OPERATING INCOME		
First Security Islami Bank Limited (Note-29 (a))	624,899,882	642,147,642
First Security Islami Capital & Investment Limited	1,759,758	2,705,662
First Security Islami Exchange Italy	27,745,508	63,293,569
	654,405,148	708,146,873
29 (a) OTHER OPERATING INCOME		
Charges on Account Closing	13,781,879	12,582,247
Standing Instruction Charges	4,126,451	4,081,420
Gain/(Loss) on Sale of Fixed Assets	(2,483,077)	2,039,949
Service Charge on HP	28,000	-
Service Charge on Quard	1,073,008	1,554,996
Other Income (Note-29.1)	608,373,621	621,889,030
	624,899,882	642,147,642
29.1 Other Income		
Postage Recoveries - Local	255,425	107,590
Tel/Fax/E-mail Chg. Recoveries	17,658,024	20,076,897
Incidental Charge on Al-Wadiah CD A/C	25,644,229	27,728,305
Incidental Charge on Mudaraba SB A/C	69,813,975	126,282,630
Incidental Charge on Mudaraba SND A/C	7,842,809	10,156,292
Income from Online	32,237,762	38,513,120
Investment Processing Fee	43,225,126	44,504,705
Income from ATM	52,140,488	43,367,242
Income from SMS Banking Services	217,408,959	164,995,047
Income from Internet Banking Services	1,140,120	1,152,400
Miscellaneous Earnings	141,006,704	145,004,802
	608,373,621	621,889,030
30 CONSOLIDATED SALARY & ALLOWANCES		
First Security Islami Bank Limited (Note-30 (a))	4,157,276,806	3,660,058,766
First Security Islami Capital & Investment Limited	16,907,588	15,661,512
First Security Islami Exchange Italy	26,565,525	19,879,123
	4,200,749,919	3,695,599,401

	2020 BDT	2019 BDT
30 (a) SALARY & ALLOWANCES		
Basic Salary	1,511,715,434	1,187,810,013
Bonus	501,697,040	449,970,167
Allowances	1,745,513,870	1,599,642,656
Bank's Contribution to Staff Provident Fund	135,162,715	109,000,932
Gratuity	239,030,367	308,964,808
Employees' Insurance	4,699,380	4,670,190
Benevolent Fund	19,458,000	-
	4,157,276,806	3,660,058,766
31 CONSOLIDATED RENT, TAXES, INSURANCE,ELECTRICITY ETC.		
First Security Islami Bank Limited (Note-31 (a))	627,893,362	719,248,395
First Security Islami Capital & Investment Limited	1,283,033	6,282,793
First Security Islami Exchange Italy	2,576,813	2,586,408
	631,753,208	728,117,596
31(a) RENT, TAXES, INSURANCE, ELECTRICITY ETC.		
Rent	330,121,849	419,356,443
Insurance	192,791,841	148,783,552
Rates and Taxes	17,977,003	55,233,918
Water Charges	3,094,681	3,457,196
Gas Charges	1,867,802	1,850,425
Electric Bills	82,040,186	90,566,861
	627,893,362	719,248,395
32 CONSOLIDATED LEGAL EXPENSES		
First Security Islami Bank Limited (Note-32 (a))	4,164,334	9,217,035
First Security Islami Capital & Investment Limited	15,000	127,500
	4,179,334	9,344,535
32 (a) LEGAL EXPENSES		
Legal fee & charges	321,430	151,910
Other legal expenses	3,842,904	9,065,125
	4,164,334	9,217,035
33 CONSOLIDATED POSTAGE, STAMP AND TELECOMMUNICATION ETC.		
First Security Islami Bank Limited (Note-33 (a))	91,407,051	93,055,597
First Security Islami Capital & Investment Limited	210,393	216,839
	91,617,444	93,272,436
33(a) POSTAGE, STAMP AND TELECOMMUNICATION ETC.		
Postage	6,063,335	8,508,999
Stamp	104,995	102,172
Telephone - Office	10,556,575	9,938,476
Telex, Fax and Email	8,627,582	10,488,506
Telephone - Residence	11,880	25,410
Data Communication	66,042,684	63,992,034
	91,407,051	93,055,597

	2020 BDT	2019 BDT
34 CONSOLIDATED STATIONERY, PRINTING AND ADVERTISEMENT ETC.		
First Security Islami Bank Limited (Note-34 (a))	186,455,405	180,082,183
First Security Islami Capital & Investment Limited	170,319	350,059
	186,625,724	180,432,242
34 (a) STATIONERY, PRINTING AND ADVERTISEMENT ETC.		
Publicity and Advertisement	137,959,036	121,319,691
Printing and Stationery	45,132,103	54,971,538
Computer Stationery	3,364,266	3,790,954
	186,455,405	180,082,183
35 CONSOLIDATED MANAGING DIRECTOR'S SALARY AND FEES		
First Security Islami Bank Limited (Note-35 (a))	13,672,076	12,887,342
First Security Islami Capital & Investment Limited	3,161,804	3,097,667
	16,833,880	15,985,009
35 (a) MANAGING DIRECTOR'S SALARY AND FEES		
Basic Pay	5,420,516	4,927,742
House Rent Allowances	1,680,000	1,680,000
Leave Fare Allowances	1,380,000	1,380,000
Bonus	2,011,560	1,719,600
House Maintenance Allowances	1,740,000	1,740,000
Other Allowances	1,440,000	1,440,000
	13,672,076	12,887,342
36 CONSOLIDATED DIRECTORS' FEES & EXPENSES		
First Security Islami Bank Limited (Note-36 (a))	1,296,800	1,562,800
First Security Islami Capital & Investment Limited	425,000	475,000
	1,721,800	2,037,800
36 (a) DIRECTORS' FEES & EXPENSES		
Directors Fees	1,284,800	1,562,800
Meeting Expenses	12,000	-
	1,296,800	1,562,800
37 SHARIAH SUPERVISORY COMMITTEE'S FEES & EXPENSES		
Shariah Council Meeting Expenses	236,000	220,000
	236,000	220,000
38 CONSOLIDATED AUDIT FEES		
First Security Islami Bank Limited	920,000	920,000
First Security Islami Capital & Investment Limited	162,250	162,250
	1,082,250	1,082,250
39 CONSOLIDATED DEPRECIATION AND REPAIRS OF FIXED ASSETS		
First Security Islami Bank Limited (Note-39 (a))	668,937,921	583,234,840
First Security Islami Capital & Investment Limited	7,910,060	2,660,419
First Security Islami Exchange Italy	4,070,300	6,390,573
	680,918,281	592,285,832

	2020 BDT	2019 BDT
39 (a) DEPRECIATION AND REPAIRS OF BANK'S ASSETS		
Depreciation on Fixed Assets (Annexure - A)	555,013,668	472,496,389
Repairs:	113,924,253	110,738,451
Office equipment	19,516,409	20,525,305
Renovation and Repair of Office Premises	3,550,887	13,383,558
Furniture and Fixtures	1,325,337	2,165,146
Maintenance and Services of SWIFT	1,283,317	1,140,247
Maintenance of Routers	2,033,415	1,914,688
Elect. Fitt. Rep. & Replacement	4,587,670	8,443,207
Reimbursement of Facility Management Charges	17,906,885	5,644,397
Office Maintenance Expenses	23,071,250	14,576,224
Maintenance of Software	31,849,723	36,310,862
Maintenance Expenses of ATM Machine	3,711,860	5,136,092
Maintenance of Disaster Recovery Site	5,087,500	1,498,725
	668,937,921	583,234,840
40 CONSOLIDATED OTHER EXPENSES		
First Security Islami Bank Limited (Note-40 (a))	1,314,497,770	942,956,702
First Security Islami Capital & Investment Limited	23,316,349	36,068,654
First Security Islami Exchange Italy	18,505,294	20,516,029
	1,356,319,413	999,541,385
40 (a) OTHER EXPENSES		
Training, Seminar and Workshop	7,478,024	8,634,455
Entertainment	40,400,874	65,576,823
Traveling	12,715,861	39,408,340
Donation	588,538,535	164,785,107
Subscription	18,709,439	23,458,445
Newspaper and Periodicals	614,994	953,168
Wages	438,920,689	416,275,117
Conveyance	11,865,445	16,485,361
Business Development	81,825,699	85,787,168
Plantation	1,402,265	1,772,061
Liveries and Uniform	3,257,774	3,076,317
Photocopying	5,169,255	5,824,800
Generator Fuel	5,753,723	7,509,136
Car Expense	9,616,922	11,163,104
Cash Carrying	19,160,073	20,329,171
Washing and Cleaning	4,677,223	3,917,160
Cartage and Freight	98,100	123,620
Fire Extinguisher Refill	657,152	610,360
ATM Expenses	30,258,312	35,745,016
Meeting Expenses	19,615,958	13,362,941
Mobile Financial Service Expense	2,389,341	6,450,537
Bank Charges	2,644,742	2,076,861
Agent Banking Expenses	546,513	1,938,193
Sundry Expenses	8,180,857	7,693,441
	1,314,497,770	942,956,702
41 DEFERRED TAX INCOME/(EXPENSE)		
Closing balance of Deferred Tax Assets (Note-9.3)	513,394,255	498,013,850
Less: Opening balance of Deferred Tax Assets	(498,013,850)	(401,623,095)
Deferred Tax Income during the year	15,380,405	96,390,755

	2020 BDT	2019 BDT
42 CONSOLIDATED EARNINGS PER SHARE		
Profit after taxation	2,792,579,874	2,091,891,129
Less: Preference dividend	-	-
Less: Profit attributable to Minority	12,618,234	11,523,508
Profit attributable to ordinary shareholders of parent	2,779,961,641	2,080,367,622
Weighted average number of shares outstanding	948,760,201	948,760,201
Earnings Per Share (EPS) (Restated)	2.93	2.19

42 (a) EARNINGS PER SHARE

Profit after taxation	2,790,800,801	2,056,988,743
Less: Preference dividend	-	-
Profit attributable to ordinary shareholders	2,790,800,801	2,056,988,743
Weighted average number of shares outstanding	948,760,201	948,760,201
Earnings Per Share (EPS) (Restated)	2.94	2.17

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

According to the Bangladesh Bank Circular # 17 Dated 28 September 2020 the Investment Classification status remains unchanged up to 31 December 2020 for this reason the Total Provisions for Investments is decreased for the year ended 31 December 2020 compared to the previous year. As a result, EPS has been increased to 2.94 for the current year 2020 from 2.17 for the previous year 2019.

It is noted that, as per Bangladesh Bank DOS Letter no. DOS(CAMS)1157/01(II)-A/2020-2556 dated September 07, 2020 Bank has to maintain Tier 1 Capital 8.50% including Capital Conservation Buffer. As a result to strengthen the common equity tier 1 capital the amount of Tk. 80.00 Crore has been transferred to other reserve as per Guidelines on Risk Based Capital Adequacy issued by Bangladesh Bank.

43 CONSOLIDATED NET ASSET VALUE PER SHARE (NAV)

Net Asset Value	17,945,502,468	15,165,540,826
Weighted average number of shares outstanding	948,760,201	948,760,201
	18.91	15.98

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

Net Asset Value	18,105,864,351	15,315,063,550
Weighted average number of shares outstanding	948,760,201	948,760,201
	19.08	16.14

44 CONSOLIDATED NET OPERATING CASH FLOWS PER SHARE (NOCFPS)

Net Cash Inflow/(Outflow) from Operating Activities	7,060,028,908	6,350,339,240
Weighted average number of shares outstanding	948,760,201	948,760,201
	7.44	6.69

44 (a) NET OPERATING CASH FLOWS PER SHARE (NOCFPS)

Net Cash Inflow/(Outflow) from Operating Activities	6,932,963,139	6,118,165,988
Weighted average number of shares outstanding	948,760,201	948,760,201
	7.31	6.45

* Note no. 42 to 44(a) weighted average number of shares outstanding as on 31 December 2019 has been restated.

2020 BDT	2019 BDT
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Explanation for increasing NOCFPS:

Placement with Banks & other Financial Institutions has been decreased by the amount of Tk. 103.32 Crore compare to the previous year. As a result, the net operating cash inflows per share has been increased to 7.31 as on 31 December 2020 compared to 6.45 on 31 December 2019.

45 CONSOLIDATED RECEIPTS FROM OTHER OPERATING ACTIVITIES

First Security Islami Bank Limited (Note-45 (a))	624,871,882	642,147,642
First Security Islami Capital & Investment Limited	8,789,316	18,633,930
First Security Islami Exchange Italy	27,745,508	63,293,569
	661,406,706	724,075,141

45 (a) RECEIPTS FROM OTHER OPERATING ACTIVITIES

Charges on Account Closing	13,781,879	12,582,247
Standing Instruction Charges	4,126,451	4,081,420
Gain/(Loss) on Sale of Fixed Assets	(2,483,077)	2,039,949
Service Charge on Quard	1,073,008	1,554,996
Other Income (Note-29.1)	608,373,621	621,889,030
	624,871,882	642,147,642

46 CONSOLIDATED PAYMENT FOR OTHER OPERATING ACTIVITIES

First Security Islami Bank Limited (Note-46 a)	2,086,764,292	1,767,180,529
First Security Islami Capital & Investment Limited	29,691,283	43,930,777
First Security Islami Exchange Italy	18,505,294	20,516,029
	2,134,960,869	1,831,627,335

46 (a) PAYMENT FOR OTHER OPERATING ACTIVITIES

Rent, Taxes, Insurances, Electricity etc.	674,242,337	719,248,395
Legal Expenses	4,164,334	9,217,035
Postage, Stamps, Telecommunications etc.	91,407,051	93,055,597
Auditors' Fees & Expenses	920,000	920,000
Directors' fees	1,296,800	1,562,800
Shariah Supervisory Committee's Fees & Expenses	236,000	220,000
Other Expenses	1,314,497,770	942,956,702
	2,086,764,292	1,767,180,529

47 CONSOLIDATED INCREASE /DECREASE OF OTHER ASSETS

First Security Islami Bank Limited (Note-47 (a))	205,692,747	(730,960,977)
First Security Islami Capital & Investment Limited	(291,544,554)	23,965,740
First Security Islami Exchange Italy	(4,244,248)	154,685,872
	(90,096,055)	(552,309,365)

47 (a) INCREASE /DECREASE OF OTHER ASSETS

Advances, Deposits and Prepayment	1,355,477,589	1,562,454,339
Stock of Stationery	39,652,155	39,726,911
Suspense Account	40,190,192	41,352,682
Advance Deposits	7,649,069	6,032,865
Stamps on Hand	5,066,845	4,161,800
Protested Bills	61,454,778	61,454,778
	1,509,490,628	1,715,183,375
(Increase)/Decrease during the year	205,692,747	(730,960,977)

	2020 BDT	2019 BDT
48 CONSOLIDATED INCREASE /DECREASE OF OTHER LIABILITIES		
First Security Islami Bank Limited (Note-48 (a))	(134,263,514)	291,649,788
First Security Islami Capital & Investment Limited	59,981,557	(202,233,709)
First Security Islami Exchange Italy	(25,108,270)	16,108,389
	(99,390,227)	105,524,468

48 (a) INCREASE /DECREASE OF OTHER LIABILITIES

Non-Resident Accounts	43,181,281	209,893,636
Compensation Realized	27,987,507	31,452,522
Others	99,119,470	63,205,614
	170,288,258	304,551,772
Increase /(Decrease) during the year	(134,263,514)	291,649,788

49 Reconciliation of Net profit after Taxation & Operating Profit before changes in operating assets & Liabilities:

Cash flows from Operating activities:

Net profit after Taxation	2,790,800,801	2,056,988,743
Provision for Tax	1,977,102,075	1,860,203,828
Provision for Investment share & Contingent Liability	1,362,812,448	1,989,368,800
(Increase)/Decrease profit receivable	19,043,788	(16,366,504)
Increase/(Decrease) profit payable on Deposits	(1,405,265,248)	1,545,281,579
Depreciation & Amortization of fixed Assets	555,013,668	472,496,389
Recoveries on investment previously written off	-	-
Income tax paid	(1,494,298,220)	(1,219,457,592)
Profit/(Loss) on sale of Bank's Assets	(2,483,077)	2,039,949
Effect of exchange rate changes on cash & cash equivalents	(4,848,969)	(2,894,519)
Operating profit before Changes operating assets & liabilities	3,797,877,266	6,687,660,674

GENERAL DISCLOSURE:**50 RELATED PARTY TRANSACTIONS**

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

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

<u>Name of the Party</u>	<u>Nature of Transaction</u>	<u>Nature of Relationship</u>	<u>Total Value (in Tk.)</u>
Northern Islami Insurance Company Ltd.	Insurance Premium	Common Director	9,112,429
Northern Islami Insurance Company Ltd.	Deposit	Common Director	103,549,038
Aviva Finance Ltd.	Deposit	Common Director	3,446,523
Aviva Finance Ltd.	Placement	Common Director	12,570,500,000
Aviva Finance Ltd.	Subordinated Bond	Common Director	200,000,000
First Security Islami Capital & Investment Limited	Deposit	Common Director	14,303,459
First Security Islami Capital & Investment Limited	Capital	Common Director	255,000,000
First Security Islami Capital & Investment Limited	Investment	Common Director	526,709,387
ii) Related Party Transactions			Nil
iii) Shares issued to Directors and Executives without consideration or exercisable at discount			Nil
iv) Lending to Related Parties is effected as per requirements of Section 27 (1) of the Bank Companies Act, 1991.			Nil
v) Business other than banking business with any related concern of the Directors as per Section 18(2) of the Bank Companies Act, 1991 (as amended 2013)			Nil
vi) Investment in the Securities of Directors and their related concern.			Nil

51 COMPENSATION OF KEY MANAGEMENT PERSONNEL:**MANAGING DIRECTOR'S SALARY AND FEES**

	2020	2019
Basic Pay	5,420,516	4,927,742
House Rent Allowances	1,680,000	1,680,000
Leave Fare Allowances	1,380,000	1,380,000
Bonus	2,011,560	1,719,600
House Maintenance Allowances	1,740,000	1,740,000
Other Allowances	1,440,000	1,440,000
	13,672,076	12,887,342

52 **DIRECTORS' INTEREST IN DIFFERENT BUSINESSES OR ENTITIES:**

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	<u>Chairman/Board of Director:</u> First Security Islami Capital & Investment Ltd. Aviva Finance Ltd. S. S. Power I Limited Norinco Engineering Ltd. C&H Power Management Company Ltd. Reliance Brokerage Services Ltd. Ekushey Television Ltd. Karnaphuli Prakritik Gas Ltd. <u>Managing Director:</u> S. Alam Steels Ltd. S. Alam Cement Ltd. S. Alam Brothers Ltd. S. Alam Hatchery Ltd. S. Alam Trading Company (Pvt.) Ltd. S. Alam Bag Manufacturing Mills Ltd. S. Alam Soyaseed Extraction Plant Ltd. S. Alam Refined Sugar Industries Ltd. S. Alam Luxury Chair Coach Services Ltd. S. Alam Tank Terminal Ltd. S. Alam Properties Ltd. Sonali Cargo Logistics (Pvt.) Ltd. Fatehabad Farm Ltd. Portman Cements Ltd. Nexus Television & Media Network Limited Pavilion International Ltd. Crest Holdings Ltd. Virgin Assets Ltd. Noor Islamic Holdings Ltd. Disney Business Solution Ltd. <u>Director:</u> S. Alam Cold Rolled Steels Ltd. Northern Islami Insurance Co. Ltd. <u>Sponsor Shareholder:</u> Al-Arafah Islami Bank Ltd. S. Alam Super Edible Oil Ltd. S. Alam Vegetable Oil Ltd. S. Alam Power Generation Ltd. <u>Shareholder:</u> Padma Islami Life Insurance Ltd. <u>Proprietor:</u> S. Alam & Co.

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 & Managing Director :</u> Kharana Fish & Poultry Ltd. <u>Managing Director :</u> Chittagong Board and Paper Mills 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/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. Reliance Brokerage Services 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. <u>Shareholder:</u> S. Alam Steels Ltd. S. Alam Cold Rolled Steels Ltd. Union Bank Ltd. Aviva Finance Ltd. Ekushey Television Ltd. Padma Islami Life Insurance Ltd. <u>Proprietor:</u> Fairy Trade International

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	<u>Chairman:</u> Marsa Aviation Ltd. M/s. Mortoza Assets Ltd. Marsa Transport Ltd. <u>Managing Director :</u> Marsa Fishing Ltd. <u>Director:</u> Marsa Food & Beverage Ltd. Parkview Hospital Limited
5	Mrs. Atikur Nessa	Director	<u>Proprietor:</u> Atikur Nisa Enterprise <u>Partner:</u> Rafe Enterprise Khorshed Paribahan Sangstha <u>Shareholder:</u> Aviva Finance Ltd.
6	Ahmed Muktadir Arif	Independent Director	Brigadier General (Retired) □ Bangladesh Army.
7	Khandkar Iftekhar Ahmad	Nominated Director (Pusti Vegetable Ghee Ltd.)	Air Commodore (Retired) Bangladesh Air Force.
8	Dr. Momtaz Uddin Ahmed	Independent Director	Former Professor Dhaka University
9	Mrs. Badrun Nessa	Nominated Director (Padma Export Import & Trading Co. Ltd.)	<u>Director:</u> Excel Dyeing & Printing Ltd. <u>Proprietor:</u> M/s. Moni Traders
10	Jamal Mostafa Chowdhury	Nominated Director (Honeywell Securities Corporation Limited)	<u>Chairman:</u> J.M.C. Builders (Pvt.) Ltd. J.M.C. Shipping Lines (Pvt.) Ltd. <u>Managing Director :</u> Mostafa Salt Industries (Pvt.) Ltd., Moon Express (Pvt.) Ltd. <u>Proprietor:</u> M/s. Mostafa Brothers, M/s. J.M. Chowdhury Complex, M/s. J.M.C Trading.

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.
11	Mohammad Abdullah Hassan	Nominated Director (Nowshin Steels Limited)	Managing Director : Hasan Abasan (Pvt.) Limited Modern Property Limited Director: First Security Islami Capital & Investment Ltd. S. Alam Cement Ltd. S. Alam Luxury Chair Coach Services Ltd. S. Alam Brothers Ltd. Portman Cements Ltd. S. Alam Soyaseed Extraction Plant Ltd. S. Alam Refined Sugar Industries Ltd. Sonali Cargo Logistics (Pvt.) Ltd. S. Alam Tank Terminal Ltd. Marine Empire Limited Fatehabad Farm Ltd. Karnaphuli Prakritik Gas Ltd. Shareholder: S. Alam Steels Ltd. S. Alam Vegetable Oil Ltd. S. Alam Super Edible Oil Ltd. Proprietor: M/s. Abdullah Hasan M/s. Bering Sea Lines
12	Md. Ruhul Amin	Independent Director	Retired Bureaucrat
13	Syed Waseque Md. Ali	Managing Director	

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

The financial statements were approved by the Board of Directors in its 233rd meeting held on May 11, 2021. The Board of Directors in its 233rd meeting held on May 11, 2021 recommended Stock dividend @ 5.00% and Cash dividend @ 5.00% for eligible shareholders for the year 2020 to be approved in the Annual General Meeting. The total amount of dividend is Taka 948,760,201.00 (Ninety four crore eighty seven lac sixty thousand two hundred one) 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.

54 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
Ahmed Muktadir Arif	Independent Director	Chairman
Dr. Momtaz Uddin Ahmed	Independent Director	Member
Jamal Mostafa Chowdhury	Nominated Director	Member

b) During the year under review, the Audit Committee of the Board conducted 06 (Six) 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.

55 Number of Employees

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

	2020	2019
Executives and Officers	3,063	2,946
Members of Staff (Contractual)	672	619
	3,735	3,565

56 Coverage of External Audit:

The external auditors of the Bank, Shafiq Basak & Co., Chartered Accountants and Rahman Mostafa Alam & Co., Chartered Accountants worked about in excess of 5,000 man hours. During their audit, they audited above 80% of the Bank's risk weighted assets as on the Balance Sheet date.

57 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 2020 was Tk. 9.00 at Dhaka Stock Exchange (DSE) and Tk. 9.00 at Chittagong Stock Exchange (CSE).

sd/-	sd/-	sd/-	sd/-
Managing Director	Director	Director	Chairman
Dhaka, 11 May 2021			

FIRST SECURITY ISLAMI BANK LIMITED
STATEMENT OF FIXED ASSETS
AS AT 31 DECEMBER 2020

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 2020
	Balance as on 01 January 2020	Addition during the Year	Sales/Transfer during the Year	Balance as on 31 December 2020	Balance as on 01 January 2020	Charge during the year	Adjustment on sale/transfer during the Year	Balance as on 31 December 2020	
Land	334,631,624			334,631,624	-	-		-	334,631,624
Building	4,068,443,511			4,068,443,511	271,133,802	101,711,088		372,844,890	3,695,598,621
Furniture & Fixtures	2,120,213,154	81,152,266	13,157,582	2,188,207,838	957,354,670	122,459,875	8,643,923	1,071,170,622	1,117,037,216
Office Equipment	2,116,473,510	156,612,811	28,050,611	2,245,035,710	1,156,385,305	236,119,615	20,073,078	1,372,431,842	872,603,868
Vehicles	194,409,508	16,114,675	7,400,070	203,124,113	140,109,880	22,961,425	7,400,068	155,671,237	47,452,876
Books	619,849	50,922		670,771	508,393	30,383		538,776	131,995
Sub-Total	8,834,791,156	253,930,674	48,608,263	9,040,113,567	2,525,492,050	483,282,386	36,117,069	2,972,657,367	6,067,456,200

Lease Assets- Premises

Right-of-use assets	-	332,468,808	-	332,468,808	-	46,348,975	-	46,348,975	286,119,833
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Software-Amortization

Software -Core Banking	269,836,338	28,614,955	-	298,451,293	143,962,314	25,382,307	-	169,344,621	129,106,672
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Total December 2020	9,104,627,494	615,014,437	48,608,263	9,671,033,668	2,669,454,364	555,013,668	36,117,069	3,188,350,963	6,482,682,705
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Total December 2019	5,657,031,735	3,486,456,071	38,860,312	9,104,627,494	2,230,249,258	472,496,389	33,291,283	2,669,454,364	6,435,173,130
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First Security Islami Bank Ltd. (Off-shore Banking Unit)

Balance Sheet

As at 31 December 2020

Particulars	Notes	31.12.2020		31.12.2019
		USD	Taka	Taka
PROPERTY AND ASSETS				
Cash				
In hand (including foreign currencies)		-	-	-
Balance with Bangladesh Bank and its Agent Bank (s)		-	-	-
(including foreign currencies)		-	-	-
			-	-
Balance with other Banks and Financial Institutions				
In Bangladesh	3	1,013.06	85,046	-
Outside Bangladesh		-	-	-
		1,013.06	85,046	-
Investments				
General Investment etc.	4	-	-	-
Bills Purchased and Negotiated	5	2,554,344.23	214,437,198	-
		2,554,344.23	214,437,198	-
Fixed Assets Including Premises, Furniture and Fixtures and				
Intangible Assets	6	-	-	-
Other Assets	7	-	-	-
Non Banking Assets		-	-	-
Total Assets		2,555,357.29	214,522,244	-
LIABILITIES AND CAPITAL				
Liabilities				
Placement from Banks & Other Financial Institutions				
Deposits and other Accounts	8	2,549,355.53	214,018,397	-
Al-Wadia Current Deposits and Other Deposit Accounts	9	-	-	-
Mudaraba Savings Deposits		-	-	-
Mudaraba Term Deposits		-	-	-
		-	-	-
Other Liabilities	10	6,001.76	503,848	-
Total Liabilities		2,555,357.29	214,522,244	-
Capital / Shareholders' equity				
Paid up capital		-	-	-
Statutory Reserve		-	-	-
Retained Earnings		-	-	-
Total Shareholders' Equity		-	-	-
Total Liabilities and Shareholders' Equity		2,555,357.29	214,522,244	-
OFF- BALANCE SHEET ITEMS				
Contingent Liabilities				
Acceptances and Endorsements	11	-	-	-
Letters of guarantee		-	-	-
Irrevocable letters of credit		-	-	-
Bills for collection		-	-	-
Other contingent liabilities		-	-	-
Total		-	-	-
Other commitments				
Documentary credits and short term trade Related Transactions		-	-	-
Forward Assets purchased And Forward Deposits Placed		-	-	-
Undrawn Note Issuance And Revolving Underwriting Facilities		-	-	-
Undrawn Formal Standby Facilities , Credit Lines And Other Commitments		-	-	-
Total		-	-	-
Total Off-Balance Sheet Items including contingent liabilities		-	-	-

Annexure - B
Profit and Loss Account
For the year ended 31 December 2020

Particulars	Notes	2020		2019
		USD	Taka	Taka
Investments Income	12	9,159.12	777,609	-
Profit Paid on Deposits	13	(4,496.22)	(381,729)	-
Net Investment Income		4,662.90	395,880	-
Commission, Exchange, and Brokerage	14	-	-	-
Other Operating Income	15	-	-	-
Total Operating Income		4,662.90	395,880	-
Salaries and Allowances	16	-	-	-
Rent, Taxes, Insurance, Electricity, etc.	17	-	-	-
Legal Expenses		-	-	-
Postage, Stamp, Telecommunication, etc.	18	-	-	-
Stationery, Printing, Advertisements, etc.	19	-	-	-
Auditors' fees		-	-	-
Depreciation & repair of Bank's Assets	20	-	-	-
Other Expenses	21	-	-	-
Total Operating Expenses		-	-	-
Profit before provision and Taxes		4,662.90	395,880	-
Provisions for Investments including off-B/S items		-	-	-
Provisions for Diminution in Value of Investment in Shares		-	-	-
Total provision		-	-	-
Total profit before taxes		4,662.90	395,880	-
Provision for Current Tax		-	-	-
Deferred Tax Income		-	-	-
Net profit after taxation		4,662.90	395,880	-

First Security Islami Bank Ltd.(Off-shore Banking Unit)
Cash Flow Statement
For the year ended 31 December 2020

Particulars	2020		2019
	USD	Taka	Taka
A) Cash flows from Operating Activities			
Investment Income Receipt	9,159.12	777,609	-
Profit Paid in Deposits	(3,157.36)	(255,207)	-
Fees and commission receipt	-	-	-
Payments to Employees	-	-	-
Payments to Suppliers	-	-	-
Receipts from other Operating Activities	-	-	-
Payments for other Operating Activities	-	-	-
Operating Profit before changes in Operating Assets & Liabilities	6,001.76	522,402	-
Increase / (Decrease) in operating Assets and Liabilities			
(Increase)/decrease of Placement with Banks & other Financial Institutions	-	-	-
(Increase)/decrease in Investments to Customers	(2,554,344.23)	(214,437,198)	-
(Increase)/decrease of Other Assets	-	-	-
Increase/(decrease) of Placement from Banks & other Financial Institutions	2,549,355.53	214,018,397	-
Increase/(decrease) of Deposits Received from Customers	-	-	-
Increase/(decrease) of Other Liabilities	-	-	-
Cash Generated from Operating Assets & Liabilities	(4,988.70)	(418,801)	-
Net Cash Inflow/(Outflow) from Operating Activities	1,013.06	103,601	-
B) Cash flows from investing activities			
(Purchase)/ Sale of Shares and Securities	-	-	-
Purchase of Property, Plant and Equipment	-	-	-
Net Cash Inflow/(Outflow) from Investing Activities	-	-	-
C) Cash flows from financing activities			
Receipt/(Payment) for Issuance of Mudaraba Bond	-	-	-
Dividend Paid in Cash	-	-	-
Net cash use in financing activities	-	-	-
D) Net increase / (decrease) in cash and cash equivalents (A+ B + C)	1,013.06	103,601	-
E) Effects of exchange rate changes on cash and cash equivalents	-	(18,555)	-
F) Cash and cash equivalent at beginning of the year	-	-	-
G) Cash and cash equivalent at end of the year(D+E+F)	1,013.06	85,046	-
The above closing Cash and Cash Equivalents include:			
Cash in Hand (Including Foreign Currencies)	-	-	-
Balance with Bangladesh Bank and its Agent Bank(s) and Other Banks	1,013.06	85,046	-
	1,013.06	85,046	-

First Security Islami Bank Limited
Off-Shore Banking Unit
Notes to the Financial Statements
As at for the year ended 31 December 2020

1.1 Status of the unit

Off-shore Banking Unit (OBU) is a Separate business unit of First Security Islami Bank Limited, 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.

1.2 Principal activities

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

Significant accounting policies and basis of preparation of financial statements

1.2.1 Basis of accounting

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

1.2.2 Foreign currency transaction

a) Foreign currencies translation

Foreign currency transactions are converted into equivalent Taka currency at the ruling exchange rates on the respective dates of such transactions as per IAS-21. Assets and liabilities in foreign currencies as at 31 December 2020 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, 2020.

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

a) 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.

b) Depreciation has been charged on Furniture & fixtures and office equipment at the following rate:

Category of fixed assets	Rate	Method
Furniture and fixtures	10%	Reducing Balance
Office equipment (except computer)	20%	Reducing Balance
Computer, Printer and Peripheral	20%	Straight line Balance

1.4 Revenue recognition

1.4.1 Profit income

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

1.4.2 Fees and commission income

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

1.4.3 Profit paid and other expenses

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

2. Common expense

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

2.1 General

- a) These financial statements are presented in Taka, which is the Bank's functional currency. Figures appearing in these financial statements have been rounded off to the nearest Taka.
- b) Assets and liabilities & income and expenses have been converted into Taka currency closing rate @ US\$ 1 = Taka 83.95 and weighted average rate @ US\$ 1 = Taka 84.90 respectively as at 31st December 2020.

	2020		2019
	USD	Taka	Taka
3 Balance with Other Banks and Financial Institutions			
Balance with Bangladesh Bank (Note-3.1)	1,013.06	85,046	-
Balance with Bangladesh Bank (Note-3.2)	-	-	-
	1,013.06	85,046	-
3.1 In Bangladesh			
First Security Islami Bank Limited	1,013.06	85,046	-
First Security Islami Capital & Investment Limited	-	-	-
	1,013.06	85,046	-
3.2 Outside Bangladesh (Nostro accounts)			
Currents accounts	-	-	-
	-	-	-
4 Investments			
i) General Investment etc.			
Bai-Murabaha	-	-	-
Others	-	-	-
	-	-	-
ii) Bills Purchased and Negotiated (note-5)			
Payable Inside Bangladesh			
Inland bills purchased	2,554,344.23	214,437,198	-
Payable Outside Bangladesh			
Foreign bills purchased	-	-	-
	2,554,344.23	214,437,198	-
	2,554,344.23	214,437,198	-
5 Bills purchased and discounted			
Payable in Bangladesh	2,554,344.23	214,437,198	-
Payable outside Bangladesh	-	-	-
	2,554,344.23	214,437,198	-
6 Fixed Assets including premises, Furniture & Intangible Assets at cost			
Furniture and fixtures	-	-	-
Office equipment	-	-	-
Vehicles	-	-	-
	-	-	-
7 Other Assets			
Advances, Deposits and Prepayment	-	-	-
Stock of Stationery	-	-	-
Interest receivable on deposits and other securities	-	-	-
	-	-	-
8 Placement from Banks & Other Financial Institutions			
First Security Islami Bank Ltd.	577,711.66	48,498,894	-
Other Bank & financial Institutions	1,971,643.87	165,519,503	-
	2,549,355.53	214,018,397	-
9 Al-Wadiah Current Accounts & Other Deposit Accounts			
Al-Wadia Current Deposits	-	-	-
Mudaraba Short Notice Deposits	-	-	-
Security Deposit Receipt	-	-	-
Sundry Deposits(9.1)	-	-	-
	-	-	-
9.1 Sundry deposits			
Sundry Creditors	-	-	-
Margin on L/C	-	-	-
Others	-	-	-
	-	-	-

	2020		2019
	USD	Taka	Taka
10 Other liabilities			
Accrued Profit and Expenses Payable	1,338.86	112,397	-
Due to Head Office	4,662.90	391,450	-
	6,001.76	503,848	-
11 Contingent liabilities			
11.1 Acceptance & endorsement			
Back to Back bills	-	-	-
	-	-	-
11.2 Letters of guarantee			
Letters of guarantee (Local)	-	-	-
Letters of guarantee (Foreign)	-	-	-
Foreigh counter guarantees	-	-	-
	-	-	-
11.3 Irrevocable Letters of credits			
Letters of credits-Cash	-	-	-
Back to Back letter of credit-Local	-	-	-
	-	-	-
11.4 Bills For Collection Issued By The Bank			
Foreign Documentary Bills	-	-	-
Outward Bills	-	-	-
	-	-	-
12 Investments Income			
Inland Documentary Bills Purchased (Foreign Currency Bills)	9,159.12	777,609	-
Others	-	-	-
	9,159.12	777,609	-
Profit on balance with other banks and financial institutions	-	-	-
Profit received from FC account	-	-	-
	-	-	-
	9,159.12	777,609	-
Less: Inter Bank transaction	-	-	-
Total Interest income	9,159.12	777,609	-
13 Profit Paid on Deposit			
a) Mudaraba Term Deposit	-	-	-
b) Profit paid on local bank accounts	3,895.96	330,767	-
c) Profit paid on foreign bank accounts	600.26	50,962	-
	4,496.22	381,729	-
Less: Inter Bank transaction	-	-	-
	4,496.22	381,729	-
14 Commission, Exchange and Brokerage			
Commission on L/Cs	-	-	-
Other commission	-	-	-
	-	-	-
Exchange Gain	-	-	-
Brokerage	-	-	-
	-	-	-
15 Other Operating Income			
Postage Recoveries - Local	-	-	-
Miscellaneous earnings	-	-	-
	-	-	-

	2020		2019
	USD	Taka	Taka
16 Salary and Allowance			
Basic Salary	-	-	-
Allowances	-	-	-
Bonus	-	-	-
Bank's Contribution to Staff Provident Fund	-	-	-
Gratuity	-	-	-
	-	-	-
17 Rent, Taxes, Insurance, Electricity Etc.			
Rates and Taxes	-	-	-
Electric Bills	-	-	-
	-	-	-
18 Postage, Stamp and Telecommunicatio Etc.			
Postage	-	-	-
Telephone - Residence	-	-	-
	-	-	-
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	-	-	-
Misellineous Expenses	-	-	-
	-	-	-

Annexure - C

First Security Islami Bank Limited
Financial Highlights (Solo)
As at and for the year ended 31 December 2020

SL #	Particulars	31.12.2020	31.12.2019
1	Paid-up Capital	9,487,602,010	8,625,092,740
2	Total Capital Fund	34,722,920,281	27,033,557,525
3	Capital Surplus/(deficit) against Minimum Capital Requirement	6,044,770,062	3,034,930,107
4	Total Assets	496,425,479,672	437,178,834,150
5	Total Deposits	428,701,521,736	376,621,662,451
6	Total Investments	415,307,402,457	364,484,142,678
7	Total Contingent Liabilities and Commitments	46,909,116,111	54,806,722,600
8	Investment Deposit Ratio (in %) *	91.90%	90.47%
9	Percentage of Classified Investments against total Investments(in %)	4.39%	4.94%
10	Profit after tax & provision	2,790,800,801	2,056,988,743
11	Amount of Classified Investments	18,244,782,042	18,014,038,245
12	Provision kept against Classified Investments	9,541,104,509	10,170,030,873
13	Provision Surplus/(deficit) against Classified Investments	-	-
14	Cost of Fund	7.96%	9.62%
15	Profit Earning Assets	453,183,383,919	396,408,796,625
16	Non-profit Earning Assets	43,242,095,753	40,770,037,525
17	Return on Investment in Shares & securities(ROI)(in %)	2.57%	4.58%
18	Return on Assets (ROA)(in %)	0.60%	0.51%
19	Income from Investment in Shares and Securities	528,156,344	767,435,285
20	Earnings Per Share (EPS)-Restated	2.94	2.17
21	Net Income Per Share (Tk.)	2.94	2.17
22	Price Earnings Ratio (Times)	3.06	4.07

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