

FIRST SECURITY ISLAMI BANK LTD. AND ITS SUBSIDIARIES

**AUDITOR'S REPORT
AND AUDITED FINANCIAL STATEMENTS
AS AT AND
FOR THE YEAR ENDED ON DECEMBER 31, 2022**

Shafiq Basak & Co.
Chartered Accountants
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Fakirapool, Motijheel, Dhaka

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

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of **First Security Islami Bank Ltd.** (the "**Group**") as well as the separate financial statements of First Security Islami Bank Ltd. (the "**Bank**") , which comprise the consolidated and separate Balance Sheets as at December 31, 2022, consolidated and separate profit or loss accounts, consolidated and separate statement of changes in equity, consolidated and separate cash flow statement for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank (the "financial statements") give a true and fair view of the consolidated Balance Sheets of the Group and the separate Balance Sheets of the Bank as at December 31, 2022 and its consolidated and separate profit and loss accounts, consolidated and separate statement of changes in equity and its consolidated and separate statement of cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2 and other applicable laws and regulations.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current 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.

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

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



| Description of key audit matters | Our response to key audit matters |
|---|--|
| 1. Investments | |
| Refer to note no. 08 to the consolidated and separate financial statements | |
| <p>Investments are the main element of financial statements of the Bank. Income of the Bank is mainly dependent on the portfolio of investments. Management performance is highly dependent on the target achievement of investments. Investment disbursement requires robust documentation followed by approval from appropriate level of authority.</p> <p>We have identified investments as key audit matter because there is an inherent risk of fraud in disbursement of investments by management to meet specific targets or expectations.</p> <p>At year end the Group and the Bank reported total gross investments of BDT 52,394.44 core (2021: BDT 45,585.01 core) and BDT 52,479.51 core (2021: BDT 45,642.85 core) respectively.</p> | <p>We tested the design and operating effectiveness of key controls focusing on Investments appraisal, investment disbursement procedures and monitoring process of investments.</p> <p>We have performed procedure to check whether the Bank has ensured appropriate documentation as per Bangladesh Bank regulations and the Bank's policy before disbursement of investments. In addition, we have performed procedure to check whether the investments are recorded completely and accurately and that are existed at the reporting date.</p> <p>Furthermore, we have assessed the appropriateness of disclosure against Bangladesh Bank guidelines.</p> |
| 2. Recognition of Investment income | |
| Refer to note no. 26 to the financial statements | |
| <p>Recognition of investment income has significant influence on financial statements and performance of the Bank.</p> <p>We identify recognition of investment income as a key audit matter because this is one of the key performance indicators of the Bank and therefore there is an inherent risk of fraud and error in recognition of investment income by management to meet specific targets or expectations.</p> <p>Bangladesh Bank through BRPD circular no. 51 dated 18 December 2022, allowed banks to recognize accrued investment income on investments upon realizing 50% of dues amount from October'22 to December'22.</p> | <p>We tested the design and operating effectiveness of key controls over recognition and measurement of investment income.</p> <p>We performed test of control in place to measure and recognize investment income.</p> <p>We have also performed substantive procedure to check whether investment income is recognized completely and accurately.</p> <p>We assessed the appropriateness and presentation of disclosure against relevant accounting standards and Bangladesh Bank guidelines.</p> |



| | |
|---|--|
| <p>For the year ended the Group and the Bank reported total gross income from investments of BDT 4,040.45 core (2021: BDT 4,077.37 core) and BDT 4,023.59 core (2021: BDT 4,063.19 core) respectively.</p> | <p>Considering the current uncertainty in economic activity for ongoing Russia and Ukraine war along with COVID impact, the recognition of investment income following BRPD circular no. 51 dated 18 December 2022, there is an inherent risk that the actual recovery of accrued investment income from clients who enjoyed deferral benefit could be materially different in future.</p> |
| <p>3. Measurement of provision for investment</p> | |
| <p>Refer to note no. 08 and 16(a) to the consolidated and separate financial statements</p> | |
| <p>The process for estimating provision for investments associated with investment risk is judgmental, significant and complex.</p> <p>For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for Investment transactions.</p> <p>For the collective analysis, these provisions are manually processed that deals with voluminous data extracted from the IT system of the Bank and following the instructions of Bangladesh Bank issued time to time.</p> <p>While estimating such provision certain judgmental factors need to be considered including:</p> <ul style="list-style-type: none"> ➤ Future business performance of the investment client; ➤ Key assumptions relating to further business performance of the client; ➤ Market value of the collateral; ➤ Ability to repossess collateral; and ➤ Recovery rates. <p>Due to high level of judgment involved and using some manual process in estimating the provision for investments, we considered this to be a key audit matter.</p> <p>At year end the Group and the Bank reported total provision for investments of BDT 1,522.84 core (2021: BDT 1,368.60 core) and BDT 1,522.84 core (2021: BDT 1,368.60 core) respectively.</p> | <p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> ➤ Tested the , investment appraisal, investments disbursement procedures, monitoring and provisioning process; ➤ Reviewed identification of loss events, including early warning and default warning indicators; and ➤ Reviewed quarterly Classification of Investments (CL); <p>Our substantive procedure in relation to the provisions for investments portfolio comprised the following:</p> <ul style="list-style-type: none"> ➤ Reviewed the adequacy of the Group and the Bank's general and specific provisions; ➤ Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; and ➤ Finally, assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines. |



4. IT systems and controls

Our audit procedures have focused on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.

Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are keys to ensuring IT dependent and application-based controls are operating effectively.

We tested the design and operating effectiveness of the Group and the Bank's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.

We tested the Group and the Bank's periodic review of access rights. We also inspected requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.

Where deficiencies were identified, we tested compensating controls or performed alternate procedures. In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.

5. 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 42,861,994,461 at the year ended on December 31, 2022 (2021 BDT 44,525,606,270).

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.



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 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, 2022 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 as per Bangladesh Bank DBI letter no: DBI-6/51(2)/2022-330 dated April 06, 2023 and DOS letter no. DOS(CAMS) 1157/41(dividend)/2023-1970 dated 13/04/2023 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 5,800 person hours; and
- (xiii) the bank is required to maintain minimum capital to risk weighted assets (CRAR) 10% and 12.50% with conservation buffer, where the bank has maintained CRAR 12.09%;


Sarwar Mahmood FCA
Enrolment # 239
Partner
Shafiq Basak & Co.
Chartered Accountants

Place: Dhaka.

Date: 26 APR 2023

DVC: 2304260239AS 608363-




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

Place: Dhaka.

Date: 26 APR 2023

DVC: 2304261204AS 936516



FIRST SECURITY ISLAMI BANK LTD. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

| | Notes | 31.12.2022 BDT | 31.12.2021 BDT |
|--|-------|------------------------|------------------------|
| PROPERTY AND ASSETS | | | |
| Cash | | 37,274,813,884 | 34,073,843,637 |
| In hand (including foreign currencies) | 4.1 | 3,954,792,300 | 3,318,477,065 |
| Balance with Bangladesh Bank and its Agent Bank(s) (including foreign currencies) | 4.2 | 33,320,021,584 | 30,755,366,572 |
| Balance with other Banks and Financial Institutions | 5 | 1,464,651,461 | 2,089,716,234 |
| In Bangladesh | | 414,301,251 | 1,362,218,799 |
| Outside Bangladesh | | 1,050,350,210 | 727,497,435 |
| Placement with Banks & Other Financial Institutions | 6 | 13,839,455,000 | 12,490,000,000 |
| Investments in Shares & Securities | 7 | 26,562,627,283 | 29,023,868,756 |
| Government | | 22,773,120,000 | 25,436,220,000 |
| Others | | 3,789,507,283 | 3,587,648,756 |
| Investments | | 523,944,389,645 | 455,850,137,084 |
| General Investment etc. | 8 | 520,442,025,226 | 452,443,216,481 |
| Bills Purchased and Negotiated | 8.1.B | 3,502,364,419 | 3,406,920,603 |
| Fixed Assets Including Premises, Furniture & Fixtures and Intangible Assets | 9 | 6,887,649,871 | 6,562,294,567 |
| Other Assets | 10 | 6,454,845,654 | 4,680,183,865 |
| Non Banking Assets | 11 | 25,145,280 | 25,145,280 |
| Total Assets | | 616,453,578,077 | 544,795,189,422 |
| LIABILITIES AND CAPITAL | | | |
| Liabilities | | | |
| Placement from Banks & Other Financial Institutions | 12 | 80,954,959,224 | 15,637,648,795 |
| Deposits and Other Accounts | | 473,025,031,130 | 469,035,382,642 |
| Al-Wadia Current Deposits and Other Deposit Accounts | 13.1 | 43,366,521,444 | 53,314,107,947 |
| Bills Payable | 13.2 | 5,679,725,957 | 3,387,782,139 |
| Mudaraba Savings Deposits | 13.3 | 70,179,141,772 | 43,329,472,074 |
| Mudaraba Term Deposits | 13.4 | 308,967,731,305 | 323,125,042,554 |
| Other Mudaraba Deposits | 13.5 | 44,831,910,652 | 45,878,977,928 |
| Mudaraba Subordinated Bond | 14 | 7,400,000,000 | 9,700,000,000 |
| Mudaraba Perpetual Bond | 15 | 6,000,000,000 | 6,000,000,000 |
| Other Liabilities | 16 | 26,412,719,484 | 23,704,897,959 |
| Total Liabilities | | 593,792,709,838 | 524,077,929,396 |
| Capital/Shareholders' equity | | | |
| Paid-up Capital | 17.1 | 10,460,081,210 | 9,961,982,110 |
| Statutory Reserve | 18 | 7,550,143,181 | 6,456,663,581 |
| Other Reserve | 19 | 3,173,390,980 | 2,843,074,725 |
| Asset Revaluation Reserve | 20 | 188,645,132 | 194,933,303 |
| Retained Earnings | 21 | 929,849,625 | 887,102,932 |
| Total Shareholders' Equity | | 22,302,110,128 | 20,343,756,650 |
| Non-controlling Interest | 22 | 358,758,111 | 373,503,376 |
| Total Liabilities and Shareholders' Equity | | 616,453,578,077 | 544,795,189,422 |

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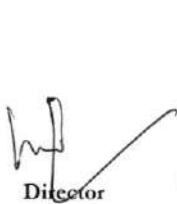
FIRST SECURITY ISLAMI BANK LTD. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

| | Notes | 31.12.2022 BDT | 31.12.2021 BDT |
|--|-------|-----------------------|-----------------------|
| OFF- BALANCE SHEET ITEMS | | | |
| Contingent Liabilities | | | |
| Acceptances and Endorsements | | 18,537,397,519 | 17,222,082,566 |
| Letters of Guarantee | 23 | 6,194,871,105 | 6,354,664,889 |
| Irrevocable Letters of Credit | 24 | 9,677,652,974 | 15,002,199,003 |
| Bills for Collection | 25 | 8,452,072,863 | 5,946,659,812 |
| Other Contingent Liabilities | | - | - |
| Total | | 42,861,994,461 | 44,525,606,270 |
| 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 | | 42,861,994,461 | 44,525,606,270 |

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


Managing Director

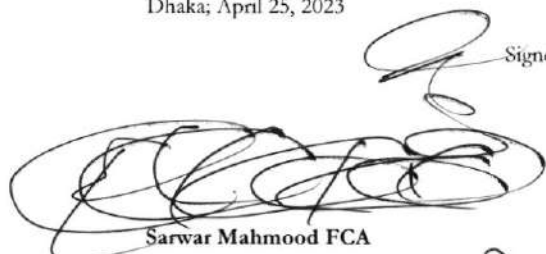
Dhaka; April 25, 2023


Director


Director


Chairman

Signed in terms of our separate report of even date



Sarwar Mahmood FCA
 Enrolment No. 0239
 Partner

Shafiq Basak & Co.
 Chartered Accountants
 Place: Dhaka.

Date: 26 APR 2023

DVC: 2304260239AS 608363-





Mohammad Mofizul Haque Rinku FCA
 Enrolment No. 1204
 Partner

Rahman Mostafa Alam & Co.
 Chartered Accountants
 Place: Dhaka.

Date: 26 APR 2023

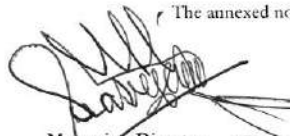
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FIRST SECURITY ISLAMI BANK LTD. AND ITS SUBSIDIARIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022

| | Notes | 2022 BDT | 2021 BDT |
|--|-------|-----------------------|-----------------------|
| Operating Income: | | | |
| Investments Income | 26 | 40,404,498,794 | 40,773,789,203 |
| Profit Paid on Deposits | 27 | (26,700,647,345) | (27,608,053,114) |
| Net Investment Income | | 13,703,851,449 | 13,165,736,089 |
| Income from Investment in shares and securities | 28 | 815,456,086 | 439,423,090 |
| Commission, Exchange and Brokerage | 29 | 1,546,572,137 | 803,588,638 |
| Other Operating Income | 30 | 849,419,247 | 736,964,549 |
| | | 3,211,447,470 | 1,979,976,277 |
| Total Operating Income | | 16,915,298,919 | 15,145,712,366 |
| Less: Operating Expenses | | | |
| Salary and Allowances | 31 | 5,316,974,850 | 4,507,682,664 |
| Rent, Taxes, Insurances, Electricity etc. | 32 | 841,390,006 | 710,559,066 |
| Legal Expenses | 33 | 8,297,653 | 9,414,203 |
| Postage, Stamps, Telecommunication etc. | 34 | 135,237,784 | 117,567,557 |
| Stationery, Printings, Advertisements etc. | 35 | 634,843,035 | 170,089,674 |
| Managing Director's Salary and Fees | 36 | 21,331,363 | 19,713,122 |
| Directors' Fees & Expenses | 37 | 1,886,000 | 2,141,400 |
| Shariah Supervisory Committee's Fees & Expenses | 38 | 466,000 | 459,000 |
| Audit Fees | | 1,244,013 | 1,652,750 |
| Depreciation & Repair of Bank's Assets | 40 | 885,772,928 | 760,915,950 |
| Zakat Expenses | | 223,591,701 | 174,244,555 |
| Other Expenses | 41 | 1,517,004,462 | 1,256,628,649 |
| Total Operating Expenses | | 9,588,039,795 | 7,731,068,590 |
| Profit / (Loss) before Provision and Tax | | 7,327,259,124 | 7,414,643,776 |
| Provisions for Investments including off-B/S items | 16.2 | 1,579,878,728 | 1,146,808,638 |
| Provisions for Diminution in Value of Investment in Shares | | 73,201,332 | (43,715,538) |
| Provisions for Other Assets | | 100,000,000 | 376,227,389 |
| Provisions for Start-up Fund | | 29,299,095 | 33,210,421 |
| Total Provisions | | 1,782,379,155 | 1,512,530,910 |
| Total Profit/ (Loss) before Taxes | | 5,544,879,969 | 5,902,112,866 |
| Provision for Current Tax | | 2,647,014,248 | 2,590,337,472 |
| Deferred Tax Income | 42 | (63,637,081) | (53,424,593) |
| Total Provisions for Tax | | 2,583,377,167 | 2,536,912,879 |
| Net Profit/ (loss) after Tax | | 2,961,502,802 | 3,365,199,987 |
| Net profit/ (Loss) after tax attributable to: | | | |
| Equity holders of FSIBL | | 2,942,941,910 | 3,344,205,832 |
| Non-controlling Interest | | 18,560,892 | 20,994,155 |
| | | 2,961,502,802 | 3,365,199,987 |
| Retained Earnings from Previous Year | | 887,102,932 | 874,829,851 |
| Profit/ (Loss) available for Appropriation | | 3,848,605,734 | 4,240,029,838 |
| Appropriations: | | | |
| Statutory Reserve | | 1,093,479,600 | 1,163,092,599 |
| Other Reserve | | 303,651,817 | 861,340,664 |
| Dividend Paid (Previous Year) | | 1,030,863,799 | 948,760,200 |
| Profit/ Coupon paid to perpetual bond holder | | 472,200,000 | 358,739,288 |
| Non-controlling Interest | | 18,560,892 | 20,994,155 |
| | | 2,918,756,109 | 3,352,926,906 |
| Retained Earnings Carried Forward | | 929,849,625 | 887,102,932 |
| Earnings Per Share (EPS) previous year's figure re-stated | 43 | 2.81 | 3.20 |

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

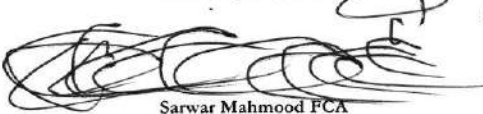

Managing Director
Dhaka; April 25, 2023


Director


Director

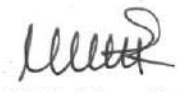

Chairman

Signed in terms of our separate report of even date


Sarwar Mahmood FCA
Enrolment No. 0239
Partner
Shafiq Basak & Co.
Chartered Accountants
Place: Dhaka.
Date: **26 APR 2023**
DVC:

2304260239AS608363-




Mohammad Mofizul Haque Rinku FCA
Enrolment No. 1204
Partner
Rahman Mostafa Alam & Co.
Chartered Accountants
Place: Dhaka.
Date: **26 APR 2023**
DVC:

2304261204AS936516




FIRST SECURITY ISLAMI BANK LTD. AND ITS SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

| | Notes | 2022 BDT | 2021 BDT |
|--|-------|------------------------|------------------------|
| A. Cash Flows from Operating Activities | | | |
| Investment Income Receipt | | 40,330,108,155 | 40,997,081,798 |
| Profit paid on Deposits | | (26,504,817,467) | (28,661,412,450) |
| Dividend Receipts | | 51,131,142 | 11,436,982 |
| Fees & Commission Receipt | | 1,546,572,137 | 803,588,638 |
| Recoveries from investment previously written off | | 50,000 | - |
| Payment to Employees | | (5,338,306,213) | (4,527,395,786) |
| Payment to Suppliers | | (894,975,292) | (372,543,440) |
| Income Tax Paid | | (2,595,988,948) | (2,304,583,961) |
| Receipts from Other Operating Activities | 46 | 876,729,047 | 781,757,883 |
| Payment for Other Operating Activities | 47 | (2,529,794,759) | (2,121,602,334) |
| Operating Profit before changes in Operating Assets & Liabilities | | 4,940,707,802 | 4,606,327,330 |
| Increase/(Decrease) in Operating Assets & Liabilities | | | |
| (Increase)/decrease in Investments to Customers | | (67,467,113,407) | (41,324,255,858) |
| (Increase)/decrease of Other Assets | 48 | (956,448,771) | (562,213,505) |
| (Increase)/decrease of Placement with Banks & other Financial Institutions | | (1,349,455,000) | 80,500,000 |
| Increase/(decrease) of Deposits Received from Customers | | 3,807,587,475 | 41,362,123,867 |
| Increase/(decrease) of Placement from Banks & other Financial Institutions | | 65,317,310,429 | 2,020,902,219 |
| Increase/(decrease) of Other Liabilities | 49 | 104,606,011 | (102,781,237) |
| Cash Generated from Operating Assets & Liabilities | | (543,513,263) | 1,474,275,486 |
| Net Cash Inflow/(Outflow) from Operating Activities | | 4,397,194,539 | 6,080,602,817 |
| B. Cash Flows from Investing Activities | | | |
| (Purchase)/ Sale of Shares and Securities | | 2,461,241,473 | (5,155,727,536) |
| Purchase of Property, Plant and Equipment | | (979,268,916) | (622,759,643) |
| Sale of Property, Plant and Equipment | | 18,659,095 | 3,069,270 |
| Net Cash Inflow/(Outflow) from Investing Activities | | 1,500,631,652 | (5,775,417,909) |
| C. Cash Flows from Financing Activities | | | |
| Receipt/(Redemption) for Issuance of Mudaraba Subordinated Bond | | (2,300,000,000) | (900,000,000) |
| Receipt/(Redemption) for Issuance of Mudaraba Perpetual Bond | | - | 2,200,000,000 |
| Profit paid on Lease Liabilities | | (13,768,865) | (16,323,381) |
| Dividend/Coupon Paid in Cash | | (1,003,605,263) | (833,119,388) |
| Net Cash Inflow/(Outflow) from Financing Activities | | (3,317,374,128) | 450,557,231 |
| D. Net Increase/(Decrease) of Cash & Cash Equivalents (A+B+C) | | 2,580,452,063 | 755,742,138 |
| E. Effect of Exchange Rate Change on Cash & Cash Equivalents | | (4,546,589) | (4,682,594) |
| F. Opening Cash & Cash Equivalents | | 36,163,559,871 | 35,412,500,327 |
| G. Closing Cash & Cash Equivalents (D+E+F) | | 38,739,465,345 | 36,163,559,871 |
| The above closing Cash and Cash Equivalents include: | | | |
| Cash in Hand (Including Foreign Currencies) | | 3,954,792,300 | 3,318,477,065 |
| Balance with Bangladesh Bank and its Agent Bank(s) and Other Banks | | 34,784,673,045 | 32,845,082,806 |
| | | 38,739,465,345 | 36,163,559,871 |

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


Managing Director


Director


Director


Chairman

Dhaka; April 25, 2023



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

FOR THE YEAR ENDED 31 DECEMBER 2022

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

FOR THE YEAR ENDED 31 DECEMBER 2021

| | | | | | | | |
|--|----------------------|----------------------|----------------------|--------------------|--------------------|--------------------|-----------------------|
| Balance as on 01 January 2021 | 9,487,602,010 | 5,293,570,982 | 1,967,545,266 | 321,954,358 | 874,829,851 | 352,509,221 | 18,298,011,687 |
| Net Profit for the Year | - | - | - | - | 3,365,199,987 | - | 3,365,199,987 |
| Bonus Share Issued | 474,380,100 | - | - | - | (474,380,100) | - | - |
| Cash Dividend | - | - | - | - | (474,380,100) | - | (474,380,100) |
| Profit/Coupon paid to perpetual bond holder | - | - | - | - | (358,739,288) | - | (358,739,288) |
| Transfer to Statutory Reserve | - | 1,163,092,599 | - | - | (1,163,092,599) | - | - |
| Transfer to Other Reserve | - | - | 861,340,664 | - | (861,340,664) | - | - |
| Revaluation Reserve to Other Reserve | - | - | 10,061,074 | (10,061,074) | - | - | - |
| Capital Increase in Subsidiary | - | - | - | - | - | - | - |
| Non-controlling Interest | - | - | - | - | (20,994,155) | 20,994,155 | - |
| Deferred tax impact on Revaluation Reserve | - | - | - | (116,959,982) | - | - | (116,959,982) |
| Foreign operation translation difference | - | - | 4,127,721 | - | - | - | 4,127,721 |
| Total Group Shareholders' Equity as on 31 December 2021 | 9,961,982,110 | 6,456,663,581 | 2,843,074,725 | 194,933,303 | 887,102,932 | 373,503,376 | 20,717,260,026 |


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


Managing Director

Dhaka, April 25, 2023


Director


Director


Chairman



FIRST SECURITY ISLAMI BANK LTD.
BALANCE SHEET
AS AT 31 DECEMBER 2022


| | Notes | 31.12.2022 BDT | 31.12.2021 BDT |
|--|---------|------------------------|------------------------|
| PROPERTY AND ASSETS | | | |
| Cash | | 37,256,204,252 | 34,059,157,124 |
| In hand (including foreign currencies) | 4.1(a) | 3,936,182,668 | 3,303,790,552 |
| Balance with Bangladesh Bank and its Agent Bank(s) (including foreign currencies) | 4.2(a) | 33,320,021,584 | 30,755,366,572 |
| Balance with other Banks and Financial Institutions | 5(a) | 1,349,723,787 | 1,932,930,013 |
| In Bangladesh | | 324,731,568 | 1,287,692,771 |
| Outside Bangladesh | | 1,024,992,219 | 645,237,242 |
| Placement with Banks & Other Financial Institutions | 6 | 13,839,455,000 | 12,490,000,000 |
| Investments in Shares & Securities | 7(a) | 26,235,423,314 | 28,735,224,142 |
| Government | | 22,773,120,000 | 25,436,220,000 |
| Others | | 3,462,303,314 | 3,299,004,142 |
| Investments | | 524,795,151,026 | 456,428,535,681 |
| General Investment etc. | 8.1.A | 521,292,786,607 | 453,021,615,078 |
| Bills Purchased and Negotiated | 8.1.B | 3,502,364,419 | 3,406,920,603 |
| Fixed Assets Including Premises, Furniture & Fixtures and Intangible Assets | 9(a) | 6,877,634,336 | 6,545,049,530 |
| Other Assets | 10(a) | 5,109,057,017 | 3,664,142,702 |
| Non Banking Assets | 11 | 25,145,280 | 25,145,280 |
| Total Assets | | 615,487,794,012 | 543,880,184,472 |
| LIABILITIES AND CAPITAL | | | |
| Liabilities | | | |
| Placement from Banks & Other Financial Institutions | 12(a) | 80,484,391,794 | 15,226,048,795 |
| Deposits and Other Accounts | | 473,046,316,737 | 469,061,867,848 |
| Al-Wadia Current Deposits and Other Deposit Accounts | 13.1(a) | 43,387,807,051 | 53,340,593,153 |
| Bills Payable | 13.2 | 5,679,725,957 | 3,387,782,139 |
| Mudaraba Savings Deposits | 13.3 | 70,179,141,772 | 43,329,472,074 |
| Mudaraba Term Deposits | 13.4 | 308,967,731,305 | 323,125,042,554 |
| Other Mudaraba Deposits | 13.5 | 44,831,910,652 | 45,878,977,928 |
| Mudaraba Subordinated Bond | 14 | 7,400,000,000 | 9,700,000,000 |
| Mudaraba Perpetual Bond | 15 | 6,000,000,000 | 6,000,000,000 |
| Other Liabilities | 16(a) | 26,116,875,125 | 23,415,440,729 |
| Total Liabilities | | 593,047,583,656 | 523,403,357,372 |
| Capital/Shareholders' equity | | | |
| Paid-up Capital | 17.1 | 10,460,081,210 | 9,961,982,110 |
| Statutory Reserve | 18 | 7,550,143,181 | 6,456,663,581 |
| Other Reserve | 19(a) | 3,152,659,895 | 2,838,947,004 |
| Assets Revaluation Reserve | 20 | 188,645,132 | 194,933,303 |
| Retained Earnings | 21(a) | 1,088,680,938 | 1,024,301,103 |
| Total Shareholders' Equity | | 22,440,210,356 | 20,476,827,100 |
| Total Liabilities and Shareholders' Equity | | 615,487,794,012 | 543,880,184,472 |



FIRST SECURITY ISLAMI BANK LTD.
BALANCE SHEET
AS AT 31 DECEMBER 2022

| | Notes | 31.12.2022 BDT | 31.12.2021 BDT |
|--|-------|-----------------------|-----------------------|
| OFF- BALANCE SHEET ITEMS | | | |
| Contingent Liabilities | | | |
| Acceptances and Endorsements | | 18,537,397,519 | 17,222,082,566 |
| Letters of Guarantee | 23 | 6,194,871,105 | 6,354,664,889 |
| Irrevocable Letters of Credit | 24 | 9,677,652,974 | 15,002,199,003 |
| Bills for Collection | 25 | 8,452,072,863 | 5,946,659,812 |
| Other Contingent Liabilities | | - | - |
| Total | | 42,861,994,461 | 44,525,606,270 |
| 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 | | 42,861,994,461 | 44,525,606,270 |

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


Managing Director

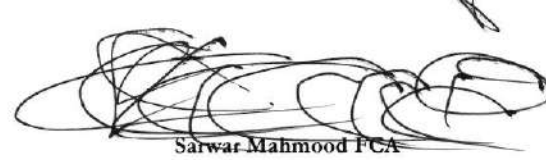
Dhaka; April 25, 2023


Director


Director


Chairman

 Signed in terms of our separate report of even date


Sarwar Mahmood FCA

Enrolment No. 0239

Partner


Shafiq Basak & Co.

Chartered Accountants

Place: Dhaka.

Date: 26 APR 2023

DVC: 2304260239AS608363-


Mohammad Mofizul Haque Rinku FCA

Enrolment No. 1204

Partner

Rahman Mostafa Alam & Co.

Chartered Accountants

Place: Dhaka.

Date: 26 APR 2023

DVC: 2304261204AS936516



FIRST SECURITY ISLAMI BANK LTD.
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022

| | Notes | 2022 BDT | 2021 BDT |
|--|---------|-----------------------|-----------------------|
| Operating Income: | | | |
| Investments Income | 26(a) | 40,235,923,289 | 40,631,890,056 |
| Profit Paid on Deposits | 27 | (26,700,647,345) | (27,608,053,114) |
| Net Investment Income | | 13,535,275,944 | 13,023,836,942 |
| Income from Investment in Shares and Securities | 28(a) | 788,146,286 | 394,629,756 |
| Commission, Exchange and Brokerage | 29(a) | 1,524,665,635 | 771,842,502 |
| Other Operating Income | 30(a) | 791,749,899 | 678,783,672 |
| | | 3,104,561,820 | 1,845,255,930 |
| Total Operating Income | | 16,639,837,764 | 14,869,092,872 |
| Less: Operating Expenses | | | |
| Salary and Allowances | 31(a) | 5,270,201,431 | 4,462,267,083 |
| Rent, Taxes, Insurances, Electricity etc. | 32(a) | 837,867,800 | 707,114,615 |
| Legal Expenses | 33(a) | 8,297,653 | 9,414,203 |
| Postage, Stamps, Telecommunication etc. | 34(a) | 134,505,322 | 116,844,275 |
| Stationery, Printings, Advertisements etc. | 35(a) | 634,527,589 | 169,488,898 |
| Managing Director's Salary and Fees | 36(a) | 17,505,608 | 16,432,439 |
| Directors' Fees & Expenses | 37(a) | 1,436,000 | 1,566,400 |
| Shariah Supervisory Committee's Fees & Expenses | 38 | 466,000 | 459,000 |
| Audit Fees | | 1,035,000 | 1,380,000 |
| Depreciation & Repair of Bank's Assets | 40(a) | 878,134,842 | 751,863,302 |
| Zakat Expenses | | 223,591,701 | 174,244,555 |
| Other Expenses | 41(a) | 1,435,089,391 | 1,178,624,196 |
| Total Operating Expenses | | 9,442,658,337 | 7,589,698,966 |
| Profit/(Loss) before Provision and Tax | | 7,197,179,427 | 7,279,393,906 |
| Provisions for Investments including off-B/S items | 16.2(a) | 1,542,322,027 | 1,118,208,638 |
| Provisions for Diminution in Value of Investment in Shares | | 58,160,305 | (63,715,538) |
| Provisions for Other Assets | | 100,000,000 | 376,227,389 |
| Provisions for Start-up Fund | | 29,299,095 | 33,210,421 |
| Total Provisions | | 1,729,781,427 | 1,463,930,910 |
| Total Profit/(Loss) before Taxes | | 5,467,398,000 | 5,815,462,996 |
| Provision for Current Tax | | 2,601,125,622 | 2,547,845,471 |
| Deferred Tax (Income)/Expenses | 42 | (63,637,081) | (53,424,593) |
| Total Provisions for Tax | | 2,537,488,541 | 2,494,420,878 |
| Net Profit/(Loss) after Tax | | 2,929,909,459 | 3,321,042,118 |
| Retained Earnings from Previous Year | | 1,024,301,103 | 1,035,191,735 |
| Profit/(Loss) available for Appropriation | | 3,954,210,562 | 4,356,233,853 |
| Appropriations: | | | |
| Statutory Reserve | | 1,093,479,600 | 1,163,092,599 |
| Other Reserve | | 303,651,817 | 861,340,664 |
| Dividend Paid (Previous Year) | | 996,198,206 | 948,760,200 |
| Profit/Coupon paid to perpetual bond holder | | 472,200,000 | 358,739,288 |
| | | 2,865,529,624 | 3,331,932,751 |
| Retained Earnings Carried Forward | | 1,088,680,938 | 1,024,301,103 |
| Earnings Per Share (EPS) previous year's figure re-stated | 43(a) | 2.80 | 3.17 |

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

Managing Director

Dhaka: April 25, 2023

Signed in terms of our separate report of even date

Director

Chairman

Sarwar Mahmood FCA

Enrolment No. 0239

Partner

Shafiq Basak & Co.

Chartered Accountants

Place: Dhaka.

Date: 26 APR 2023

DVC:

2304260239AS 608363-

Mohammad Mofizul Haque Rinku FCA

Enrolment No. 1204

Partner

Rahman Mostafa Alam & Co.

Chartered Accountants

Place: Dhaka.

Date: 26 APR 2023

DVC:

2304261204AS 936516



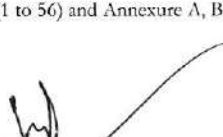
FIRST SECURITY ISLAMI BANK LTD.
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

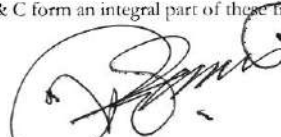
| | Notes | 2022 BDT | 2021 BDT |
|--|-------|------------------------|------------------------|
| A. Cash Flows from Operating Activities | | | |
| Investment Income Receipt | | 40,079,131,874 | 40,855,182,651 |
| Profit paid on Deposits | | (26,504,817,467) | (28,661,412,450) |
| Dividend Receipts | | 51,131,142 | 11,436,982 |
| Fees & Commission Receipt | | 1,524,665,635 | 771,842,502 |
| Recoveries from investment previously written off | | 50,000 | - |
| Payment to Employees | | (5,287,707,039) | (4,478,699,522) |
| Payment to Suppliers | | (894,659,846) | (371,942,664) |
| Income Tax Paid | | (2,552,056,354) | (2,276,240,816) |
| Receipts from Other Operating Activities | 46(a) | 791,749,899 | 678,783,672 |
| Payment for Other Operating Activities | 47(a) | (2,465,391,122) | (2,061,751,664) |
| Operating Profit before changes in Operating Assets & Liabilities | | 4,742,096,722 | 4,467,198,691 |
| Increase/(Decrease) in Operating Assets & Liabilities | | | |
| (Increase)/decrease in Investments to Customers | | (67,671,379,710) | (41,375,562,252) |
| (Increase)/decrease of Other Assets | 48(a) | (496,274,701) | (218,373,288) |
| (Increase)/decrease of Placement with Banks & other Financial Institutions | | (1,349,455,000) | 80,500,000 |
| Increase/(decrease) of Deposits Received from Customers | | 3,802,387,876 | 41,374,305,614 |
| Increase/(decrease) of Placement from Banks & other Financial Institutions | | 65,258,342,999 | 2,091,177,138 |
| Increase/(decrease) of Other Liabilities | 49(a) | 77,492,676 | (113,528,693) |
| Cash Generated from Operating Assets & Liabilities | | (378,885,860) | 1,838,518,519 |
| Net Cash Inflow/(Outflow) from Operating Activities | | 4,363,210,862 | 6,305,717,211 |
| B. Cash Flows from Investing Activities | | | |
| (Purchase)/ Sale of Shares and Securities | | 2,499,800,828 | (5,113,671,520) |
| Purchase of Property, Plant and Equipment | | (979,215,323) | (622,170,298) |
| Sale of Property, Plant and Equipment | | 18,659,095 | 3,069,270 |
| Net Cash Inflow/(Outflow) from Investing Activities | | 1,539,244,600 | (5,732,772,548) |
| C. Cash Flows from Financing Activities | | | |
| Receipt/(Redemption) for Issuance of Mudaraba Subordinated Bond | | (2,300,000,000) | (900,000,000) |
| Receipt/(Redemption) for Issuance of Mudaraba Perpetual Bond | | - | 2,200,000,000 |
| Profit paid on Lease Liabilities | | (13,768,865) | (15,874,143) |
| Dividend/Coupon Paid in Cash | | (970,299,106) | (833,119,388) |
| Net Cash Inflow/(Outflow) from Financing Activities | | (3,284,067,971) | 451,006,469 |
| D. Net Increase/(Decrease) of Cash & Cash Equivalents (A+B+C) | | 2,618,387,491 | 1,023,951,132 |
| Effect of Exchange Rate Change on Cash & Cash Equivalents | | (4,546,589) | (4,682,594) |
| E. Opening Cash & Cash Equivalents | | 35,992,087,137 | 34,972,818,599 |
| F. Closing Cash & Cash Equivalents (D+E) | | 38,605,928,039 | 35,992,087,137 |
| The above closing Cash and Cash Equivalents include: | | | |
| Cash in Hand (Including Foreign Currencies) | | 3,936,182,668 | 3,303,790,552 |
| Balance with Bangladesh Bank and its Agent Bank(s) and Other Banks | | 34,669,745,371 | 32,688,296,585 |
| | | 38,605,928,039 | 35,992,087,137 |


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


Managing Director

Dhaka; April 25, 2023


Director


Director


Chairman



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

FOR THE YEAR ENDED 31 DECEMBER 2022

| 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 2022 | 9,961,982,110 | 6,456,663,581 | 2,838,947,004 | 194,933,303 | 1,024,301,103 | 20,476,827,100 |
| Changes in Accounting Policy | - | - | - | - | - | - |
| Restated Balance | 9,961,982,110 | 6,456,663,581 | 2,838,947,004 | 194,933,303 | 1,024,301,103 | 20,476,827,100 |
| Net Profit for the Year | - | - | - | - | 2,929,909,459 | 2,929,909,459 |
| Bonus Share Issued | 498,099,100 | - | - | - | (498,099,100) | - |
| Cash Dividend | - | - | - | - | (498,099,106) | (498,099,106) |
| Profit/Coupon paid to perpetual bond holder | - | - | - | - | (472,200,000) | (472,200,000) |
| Transfer to Statutory Reserve | - | 1,093,479,600 | - | - | (1,093,479,600) | - |
| Transfer to Other Reserve | - | - | 303,651,817 | - | (303,651,817) | - |
| Revaluation Reserve transfer to Other Reserve | - | - | 10,061,074 | (10,061,074) | - | - |
| Deferred tax impact on Revaluation Reserve | - | - | - | 3,772,903 | - | 3,772,903 |
| Total Shareholders' Equity as on 31 December 2022 | 10,460,081,210 | 7,550,143,181 | 3,152,659,895 | 188,645,132 | 1,088,680,938 | 22,440,210,356 |

FOR THE YEAR ENDED 31 DECEMBER 2021

| | | | | | | |
|--|----------------------|----------------------|----------------------|--------------------|----------------------|-----------------------|
| Balance as on 01 January 2021 | 9,487,602,010 | 5,293,570,982 | 1,967,545,266 | 321,954,358 | 1,035,191,735 | 18,105,864,351 |
| Net Profit for the Year | - | - | - | - | 3,321,042,118 | 3,321,042,118 |
| Bonus Share Issued | 474,380,100 | - | - | - | (474,380,100) | - |
| Cash Dividend | - | - | - | - | (474,380,100) | (474,380,100) |
| Profit/Coupon paid to perpetual bond holder | - | - | - | - | (358,739,288) | (358,739,288) |
| Transfer to Statutory Reserve | - | 1,163,092,599 | - | - | (1,163,092,599) | - |
| Transfer to Other Reserve | - | - | 861,340,664 | - | (861,340,664) | - |
| Revaluation Reserve transfer to Other Reserve | - | - | 10,061,074 | (10,061,074) | - | - |
| Deferred tax impact on Revaluation Reserve | - | - | - | (116,959,982) | - | (116,959,982) |
| Total Shareholders' Equity as on 31 December 2021 | 9,961,982,110 | 6,456,663,581 | 2,838,947,004 | 194,933,303 | 1,024,301,103 | 20,476,827,100 |

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


Managing Director

Dhaka: April 25, 2023




Director


Director




Chairman

FIRST SECURITY ISLAMI BANK LTD.
LIQUIDITY STATEMENT (ASSETS AND LIABILITY MATURITY ANALYSIS)
AS AT 31 DECEMBER 2022

| Particulars | Up to 01 Month BDT | 01-03 Months BDT | 03-12 Months BDT | 01-05 Years BDT | More than 05 years BDT | Total 2022 BDT | Total 2021 BDT |
|---|--------------------------|------------------------|------------------------|-------------------------|------------------------------|------------------------|------------------------|
| Assets | | | | | | | |
| Cash in Hand | 3,936,182,668 | - | - | - | - | 3,936,182,668 | 3,303,790,552 |
| Balance with Bangladesh Bank and its Agent Bank(s) | 33,320,021,584 | - | - | - | - | 33,320,021,584 | 30,755,366,572 |
| Balance with other Banks & FIs and Placement | 5,979,978,787 | 6,310,000,000 | 2,899,200,000 | - | - | 15,189,178,787 | 14,422,930,013 |
| Investments in Shares and Securities | 782,303,314 | - | 11,400,000,000 | 12,053,120,000 | 2,000,000,000 | 26,235,423,314 | 28,735,224,142 |
| Investments | 96,197,051,026 | 89,927,900,000 | 118,585,300,000 | 112,450,600,000 | 107,634,300,000 | 524,795,151,026 | 456,428,535,681 |
| Fixed Assets including Premises, Furniture and Fixtures | - | - | - | 1,354,884,725 | 5,522,749,611 | 6,877,634,336 | 6,545,049,530 |
| Other Assets | - | - | - | 4,580,300,000 | 528,757,017 | 5,109,057,017 | 3,664,142,702 |
| Non-banking Assets | - | - | - | 25,145,280 | - | 25,145,280 | 25,145,280 |
| Total Assets | 140,215,537,379 | 96,237,900,000 | 132,884,500,000 | 130,464,050,005 | 115,685,806,628 | 615,487,794,012 | 543,880,184,472 |
| Liabilities | | | | | | | |
| Placement from Banks & Other Financial Institutions | 54,487,491,794 | 7,408,500,000 | 10,207,000,000 | 7,594,800,000 | 786,600,000 | 80,484,391,794 | 15,226,048,795 |
| Deposits and Other Accounts | 77,117,116,737 | 84,963,100,000 | 102,372,900,000 | 122,875,200,000 | 85,718,000,000 | 473,046,316,737 | 469,061,867,848 |
| Mudaraba Subordinated and Perpetual Bond | - | - | 2,300,000,000 | 5,100,000,000 | 6,000,000,000 | 13,400,000,000 | 15,700,000,000 |
| Other Liabilities | - | 1,801,075,125 | 6,871,100,000 | 10,803,500,000 | 6,641,200,000 | 26,116,875,125 | 23,415,440,729 |
| Total Liabilities | 131,604,608,531 | 94,172,675,125 | 121,751,000,000 | 146,373,500,000 | 99,145,800,000 | 593,047,583,656 | 523,403,357,372 |
| Net Liquidity Gap | 8,610,928,848 | 2,065,224,875 | 11,133,500,000 | (15,909,449,995) | 16,540,006,628 | 22,440,210,356 | 20,476,827,100 |

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


Managing Director

Dhaka; April 25, 2023




Director


Director




Chairman

First Security Islami Bank Ltd. and its Subsidiaries
Notes to the Financial Statements
As at and for the year ended 31 December 2022

1. Corporate Information:

1.1 Status of the Bank

First Security Islami Bank Ltd. (hereinafter referred to as “the Bank or FSIBL”) was established as a Public Limited Company in Bangladesh on 29 August 1999 under Companies Act 1994 to carry on banking business. The Bank converted its banking operation into Islamic Banking based on Islamic Shari’ah from traditional banking operation on 01 January 2009 after obtaining approval from honorable High Court, Ministry of Finance and Bangladesh Bank. It obtained permission from Bangladesh Bank on 22 September 1999 to commence its business. The Bank is one of the interest-free Shari’ah based banks in the country and its modus-operandi are substantially different from other conventional banks. The Bank went for public issue on 20 July 2008 and its shares are listed with Dhaka Stock Exchange (DSE) Ltd. and Chittagong Stock Exchange (CSE) Ltd. Presently the Bank carries out its banking activities through its 87 Agent outlets, 157 Sub-branches and 204 branches in the country. The Bank had no overseas branches as at December 31, 2022.

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

1.2 Principal Activities

1.2.1 Commercial banking services

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

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

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

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

1.2.2 Mobile financial services-“ First Cash”

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



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.

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. Due to having different functional currency the operation of OBU has been considered as “foreign operation” and accordingly relevant financial reporting standards have been applied consistently. The financial statements of the OBU are included in the separate financial statements of the bank and eventually in the consolidated financial statements. The separate financial statements of OBU are shown in the functional currency (i.e. USD) as well as the presentation currency i.e. BDT of the Bank in **Annexure-C**.

1.3.1 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.

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.

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

2.1 Statements of Compliance

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

The financial statements of the Bank are made for the year ended 31 December, 2022 and are prepared under the historical cost convention on a going concern basis and in accordance with the “First Schedule Section 38(4) of the Bank Companies Act, 1991 and Amendment 2013, BRPD Circular # 14 dated 25 June 2003, BRPD Circular # 15 dated 09 November 2009, Circulars, Rules and regulations issued by Bangladesh Bank time to time, International Accounting Standards and International Financial Reporting Standards, The Companies Act 1994, The Bangladesh Security and Exchange Rules 1987, Dhaka & Chittagong Stock Exchanges listing regulations, Income Tax Ordinance 1984, the Value Added Tax and Supplementary Duty Act-2012, and other laws and rules applicable in Bangladesh. Where the reporting guidelines issued by Bangladesh Bank and Bank Companies Act differ with those of IFRS, the requirements of the Bank company Act 1991, and provisions and circulars issued by Bangladesh Bank shall prevail. Bank has departed from those requirements of IFRS in order to comply with the rules and regulation of Bangladesh Bank which are disclosed below:

i) Presentation of financial statements

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

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

ii) Other Comprehensive Income

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

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

iii) Investment in shares and securities

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



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

iv) Provision on investments and off-balance sheet exposure

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

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

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

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

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

v) Recognition of investment income in suspense

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

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

vi) Financial Instruments – Presentation and disclosure

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



vii) Financial guarantees

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

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

viii) Balance with Bangladesh Bank (Cash Reserve Requirement)

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

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

ix) Cash flow statement

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

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

x) Presentation of intangible asset

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

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

xi) Non-banking assets

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

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

xii) Off-balance sheet items

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



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

xiii) Investments net off provision

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

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

xiv) Disclosure of appropriation of profit

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

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

xv) Revenue

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

xvi) Charges on tax on retained earnings, reserve, and surplus as per Income tax ordinance (ITO) 1984

As per section 16(G) of the income tax ordinance 1984, Listed companies should disclose proposed dividend in the balance sheet as "among to be distributed as dividend". However there is no provision for this in BRPD 14 dated: 25 June 2003 and BRPD 15 dated: 09 November 2009 and IFRS also restricts to disclose such presentation in the balance sheet.

2.2 Basis of Consolidation

The consolidated Financial Statements include the financial statements of First Security Islami Bank Limited and its subsidiaries company First Security Islami Capital & Investment Limited and First Security Islami Exchange Italy S.R.L made up to the end of the December 31, 2022. Due to Global covid-19 pandemic situation and time gape the un-audited financial statements for the year ended 31 December 2022 of First Security Islami Exchange Italy S.R.L are consolidated at closing rate. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards 10-“Consolidated Financial Statements”. The Consolidated Financial Statements are prepared for the common financial year ended 31 December 2022.

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

2.3 Investment in subsidiaries in the Bank separate financial statements

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



2.4 Functional and presentation currency

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

2.5 Use of Estimates and Judgments

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

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

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

2.6 Comparative information and re-arrangement thereof

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

2.7 Going Concern

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

2.8 Accrual basis of accounting

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

2.9 Offsetting Financial Instruments

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

2.10 Reporting period

These financial statements of the Bank and its subsidiaries cover one calendar year from 01 January 2022 to 31 December 2022.

2.11 Basis of measurement

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



2.12 Statement of Cash Flow

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

2.13 Statement of Changes in Equity

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

2.14 Liquidity Statement

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

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

2.15 Accounting for Changes in Policy, accounting estimates and errors

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

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

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

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



2.16 Leases

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

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

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

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

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

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

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

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

2.17 Accruals & Deferrals

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

2.18 Foreign currency transactions

2.18.1 Initial recognition

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

2.18.2 Subsequent measurement

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



Monetary items

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

Non-monetary items

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

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

2.18.3 Translation of foreign currency financial statement

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

3.00 Significant Accounting Policies

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

3.1 Assets and basis of their valuation

3.1.1 Cash and cash equivalent

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

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

IAS 7 requires balance with Bangladesh Bank to be treated as other assets. However, as per BRPD circular no 15, 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.

3.1.3 Investment in Shares and Securities

a) The bank investment in different securities has been valued on 31.12.2022 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.

3.1.4 Investments and provisions for investments:

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

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

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

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

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



a) General Provision: Provision on standard

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

b) Special Mention Account: (Same as standard)

c) Specific Provision on:

| | |
|-------------|------|
| Substandard | 20% |
| Doubtful | 50% |
| Bad/ Loss | 100% |

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

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

e) Provision for off-Balance sheet Exposure:

As per the referred circular, banks are required to maintain 1% general provision against the guarantees, FSIBL issues for clients of FSIBL since guarantee is an off-balance sheet expenses. As per BRPD Circular no.7 dated 07 June 2018, banks were given exemption from maintaining any provision for those guarantees against which the counter guarantee are issued only by the multilateral development banks (MDBS)/International banks having a BB rating grade-1 equivalent outline in the guidelines on risk based capital adequacy.

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

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

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

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

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

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



3.1.5 Impairment of financial assets

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

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

3.1.6 Property, Plant and Equipment

Recognition and Measurement

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

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

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

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

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

Subsequent Cost

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



De-recognition of property, plant and equipment

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

Depreciation

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

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

3.1.7 Presentation of Intangible Asset

Recognition

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

Measurement

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

Amortization

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



3.1.8 Revaluation

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

3.1.9 Impairment of fixed assets

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

3.1.10 Other assets

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

3.1.11 Investment in subsidiary

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

3.1.12 Non-banking Assets

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

3.2 Liabilities and provisions

3.2.1 Placement from bank & other financial institution

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

3.2.2 Deposits and other Accounts

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

3.2.3 Mudaraba Subordinated Bond

The bank issued 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 31/12/2022. However, the amount of Tk. 270.00 crore had already been paid up to December 2022 as principal redemption. The rate of profit will be calculated at prevailing Mudaraba Term Deposit Profit Rate (Provisional) in 6 Months tenor plus additional 1.25% (indicative/ provisional) per annum on the outstanding balance of the bond from pre-tax profit/ operating income of the Bank.



The bank issued 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 semi-annual profit has already been paid up to 31/12/2022. However, the amount of Tk. 140.00 crore had already been paid up to December 2022 as principal redemption. The rate of profit will be calculated at prevailing Mudaraba Term Deposit Profit Rate (Provisional) in 6 Months tenor plus additional 1.75% (indicative/ provisional) per annum on the outstanding balance of the bond from pre-tax profit/ operating income of the Bank.

3.2.4 Mudaraba Perpetual Bond

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

3.2.5 Provisions

3.2.5.1 Provision for investments

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

3.2.5.2 Provision for diminution of value of shares and securities

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

3.2.5.3 Provision for off balance sheet exposures

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

3.2.5.4 Provision for nostro accounts

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



3.2.6 Taxation

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

3.2.6.1 Current Tax

Provision for corporate current income tax has been made @ 37.50% for business income and other applicable rate for other operating income as prescribed in the Finance Act 2022 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 | 2022 | 2021 |
|--------------------------------|---------|---------|
| Business Income | 37.50% | 37.50% |
| Capital Gain | 10%-15% | 10%-15% |
| Other Income (Dividend income) | 20% | 20% |

3.2.6.2 Deferred Tax

Principle of recognition

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

Recognition of taxable temporary difference

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

Recognition of deductible temporary difference

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

Measurement

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

Deferred tax on revaluation

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



3.2.7 Retirement Benefits of Employees

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

3.2.7.1 Provident Fund

Provident fund benefits are given to staffs of 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.

3.2.7.2 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 Seven (07) years in accordance with prevailing service rule as on 31 December 2022.

3.2.7.3 Social Security Benevolent Fund

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

3.2.7.4 Employees Group Life Insurance Fund

The First Security Islami Bank 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.

3.2.7.5 Workers' profit Participation Fund (WPPF)

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

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

3.2.8 Profit/Rent/Compensation Suspense Account

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

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

3.2.9 Other liabilities

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



3.3 Capital/Shareholders' Equity

3.3.1 Authorized capital

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

3.3.2 Paid up Capital

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

3.3.3 Statutory Reserve

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

3.3.4 Asset Revaluation Reserve

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

3.3.5 Non-controlling (minority) interest

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

3.3.6 Regulatory capital in line with Basel-III

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

3.4 Off-balance sheet items

Contingent Liabilities

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

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



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

3.5 Memorandum items

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

3.6 Income

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

3.6.1 Income from Investments

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

3.6.2 Sharing of investment income

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

3.6.3 Income from Investments in Securities

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

3.6.4 Fees, commission and exchange income

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

3.6.5 Other Comprehensive Income

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

3.7 Expenses

3.7.1 Profit paid on Deposit

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



3.7.2 Management and other expenses

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

3.7.3 Zakat

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

3.7.4 Dividend Payments

Final dividend is recognized when it is approved by the shareholders in Annual General Meeting (AGM). The proposed dividend for the year 2022, therefore, has not been recognized as a liability however disclosed in the balance sheet in accordance with IAS-10 "Events after the Reporting Period". Dividend payable to the Bank's shareholders is recognized as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive the dividend is established.

3.8 Earnings Per Share (EPS)

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

Basic Earnings

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

Weighted average number of ordinary shares

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

Diluted earnings per share

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

3.9 Reconciliation of inter-bank/inter-branch account

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

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



3.10 Segment Reporting

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

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

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

3.11 Credit rating of the Bank

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

3.12 Risk Management

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

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 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 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.

3.12.1 Investment Risk Management

Investment Risk is one of the core risks the bank faces. This can be characterized as possible losses brought on by a counterparty's failure to perform in accordance with the terms of the bank's agreement. Failure may come from the counterparty's refusal, deterioration in his or her economic status, changes in the market, etc. Every coin of investment carries a certain amount 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, 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.



Better Investment Risk Management (IRM) gives the opportunity to greatly improve overall performance of the Bank and secure a competitive advantage. The goal of Investment Risk Management is to maintain investment risk exposure within proper and acceptable parameters. It is the practice of mitigating losses by understanding the adequacy of a bank's capital and investment loss reserves (provision) at any given time. An effective Investment Risk Management system not only manages the entire investment portfolio but also individual investments. There are five basic steps that are taken to manage risk; these steps are referred to as the risk management process. It begins with identifying risks, goes on to analyze risks, then the risk is prioritized, a solution is implemented, and finally, the risk is monitored and reviewed periodically.

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

3.12.2 Foreign Exchange Risk Management

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

Treasury Division independently conducts the transactions and the Back Office of treasury is responsible for verification of the deals and passing of their entries in the books of account. All foreign exchange transactions are revalued at Mark-to-Market rate as determined by based on industrial weighted average 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.

3.12.3 Asset Liability Management

Asset Liability Management (ALM) is an integral part of Bank Management and it is essential to have a structured and systematic process for managing the Balance Sheet. The Asset Liability committee (ALCO) of our bank consists of the senior executives chaired by the Managing Director, and the head of Treasury is the member secretary of this committee, should meet at least once every month to analyze, review and formulate strategy to manage the balance sheet and 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.

3.12.4 Anti-Money Laundering & Combating Financing of Terrorism

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



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

According to the Bangladesh Financial Intelligence Unit (BFIU) guidelines, a full-fledged division named "Anti Money Laundering (AML) & Combating Financing of Terrorism (CFT) Division" is headed by the D-CAMLCO has been working in the head office of the bank under the close supervision of CAMLCO. Zonal heads of the bank have been nominated as Zonal Anti Money Laundering Compliance Officer (ZAMLCO) to strengthen the AML & CFT activities in the branches of the respective zone. Under the instructions of BFIU, 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. The manager and the BAMLCO ensure overall AML & CFT activities in the branch along with the tagged sub-branch (es) and agent banking outlet (s).

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

- i) Issuance and regular update of board approved ML & TF Risk Assessment Guidelines for FSIBL in line with the direction of BFIU issued ML & TF Risk Assessment Guidelines for Banks.
- ii) Issuance and regular update of board approved ML & TF Risk Management Guidelines for FSIBL in line with the direction of BFIU issued ML & TF Risk Management Guidelines for Banks.
- iii) Ensuring Know your Customer (KYC), Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD) procedure for every account.
- iv) Cautious & effective monitoring of customers' transaction for submitting applicable STR/SAR to Bangladesh Financial Intelligence Unit (BFIU). It may be mentionable that total 514 STR/SARs have been submitted to BFIU throughout the year 2022.
- v) Monthly reviewing CTR and CTR analysis report and submission of this report accurately as Cash Transaction Report (CTR) in due time to BFIU.
- vi) Circulation of necessary policies, circulars & guidelines from the AML & CFT Division in line with the instructions of BFIU.
- vii) Conducting on-site & off-site supervision in the branches. AML & CFT System Check Inspection of branches by AML & CFT Division in addition to Independent Testing Procedures (ITP) audit by Internal Control & Compliance Division.
- viii) Ensuring training/workshop on AML/CFT for every employee. Zone wise training/workshop on AML & CFT related issues for different desk officers of the bank.
- ix) The bank distributes a huge number of leaflets and hangs posters & banners on the topic of Anti-Money Laundering and Combating Financing of Terrorism at every branch, sub-branch and agent banking outlet for building public awareness on these issues.
- x) For the prevention of Trade-Based Money Laundering (TBML), the bank implements Guidelines for Prevention of TBML as per BFIU's instructions.

3.12.5 Internal Control and Compliance

Background:

Safe and sound banking depends on the ample level of internal control structures along with its consistent and meticulous enforcement inside the bank. The lack of an internal control system which duty is to keep the risks under control or major breakdowns within an existing internal control system poses a threat against the success of the banking sector.



Framework of Internal Control System:

Internal control broadly involves everything that controls risk in an organization. Internal control objectives are related to the reliability of financial reporting, timely feedback on the achievement of operational or strategic goals and compliance with applicable laws and regulations. As per Bangladesh Bank (BB) and Bank for International Settlements (BIS), an internal control system (ICS) oversees the whole process in relation with the policies, processes, laws, regulations, tasks, behaviors and other aspects of a banking company to facilitate its effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks in achieving its objectives.

According to BB, the main objectives of the IC process can be categorized as-(a) operations objectives, achievement of a bank's basic mission and vision; (b) reporting objectives, timely, accurate, and comprehensive reporting-financial and non-financial, internal and external; and (c) compliance objectives, conducting activities and taking specific actions in accordance with applicable laws and regulations. To achieve the set objectives, an independent and strong ICCD is a must in every bank. For efficient operation of the ICCD, it is constituted into three interrelated units-(a) audit/inspection (b) monitoring and (c) compliance.

Functions of ICCD:

The main issue of Internal Control and Compliance Division (ICCD) is to look after, whether bank machinery is acting as vanguards of its assets, reputations and depositor's interest. ICCD oversees whether the bank is following regulatory guidelines, institutional policies and procedures set and approved by its Board of Directors (BoD) and whether there is any deficiency in internal policy and procedure. The main objective of ICCD in bank is to ensure the effectiveness of risk management, internal control and governance processes.

The head of the ICCD is responsible for both monitoring and compliance related tasks. He reports the activities and findings relating to internal control and compliance (ICC) and monitoring activities of the bank to senior management. The head of Internal Audit/inspection, although being a part of ICCD administratively, reports directly to Audit Committee of Board (ACB).

The internal audit unit doing the on-site verification, evaluation and audit/inspection independently assess the effectiveness and efficiency of the internal control, risk management and governance system and processes created by the business unit. The internal auditor's work involves identifying areas, where internal controls are not in place or where there is a risk of failure of control. The audit team prepares and submits audit report along with the audit rating of the branch. A summary of audit findings and corrective actions taken is forwarded to ACB and the senior management simultaneously. The internal audit unit is also responsible for conducting FX audit and preparing a summary report, which is submitted to BB. Monitoring is off-site supervision method. If deemed necessary, this unit instructs the audit unit to carry out an audit on the specific deviation. It is responsible for conducting effective monitoring on the proper implementation of various control tools (DCFCL, QOR, IDLC and Self-Assessment of Anti-Fraud Internal Control Checklist).

The Compliance unit of ICCD is responsible for ensuring that bank complies with all regulatory requirements while conducting its business. The head of compliance unit is ultimately accountable for ensuring compliance with all applicable regulations. The unit maintains liaison with the regulators and notifies the concerned units of bank regarding regulatory changes.

Information System (IS) Audit is also carried out under ICCD aiming to detect technological risks and recommends a practical solution to the matters. IS audit examines whether the IT processes and IT resources combine together satisfactorily to accomplish the intended objectives of the bank. For determining whether IT decisions, directions, and performance support bank's strategies and objectives, IS auditors evaluate the effectiveness of the IT governance structure.

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



3.12.6 Information & Communication Technology

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

Information assets are critical to the services provided by the Bank to its customers. Protection and maintenance of these assets are vital to its sustainability. In order to ensure protection of critical IT assets from unauthorized access, modification, disclosure and destruction the Bank has already taken initiative, which safeguard the interest of customers. In this context Bank has implemented a core banking software ensuring adequate security. The bank's core banking system has upgraded to a new version BankUltimus 4.0.0.5, and with it BankUltimus's slowness problems are fixed. ATM Transaction dispute management, Database and Grid infrastructures version up gradation, locker service and pay order payment service from the Remote branch, new module for CTPC for Inland Bill Purchases were successfully integrated with BankUltimus's latest version. A total of 25 MIS reports was successfully deployed as per the requirement of management, different division, and branches. New rules for NBR TAX 53F deduction were successfully integrated with the BankUltimus system. A user manual for the BankUltimus system was developed and New Module for CTPC for Inland Bill Purchases was deployed successfully.

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) has implemented in all branches and head office according to the Guideline of Bangladesh Bank. SentinelOne has successfully deployed as an anti-malware solution to ensure Servers security. Implementation of Reddot Servers and Integrated Mail Archiving Solution successfully done.

To ensure the information security and cyber security of the bank, ICT division has implemented Network Access Center (NAC) solution, Network Management System (NMS) solution, Privileged Access Management (PAM) Solution, Network Behavior Analyzer (NBA) solution, and VA/PT tools. The third phase of the ISO27001:2013 audit, Information Security External Audit, and SWIFT CSP audit have been completed. Implementation of updated core & security infrastructure at DC & DR has been done.

Data Center Network Upgradation and ICT Division and CARD Division LAN segregation have been done. ITCL network traffic has been bought under Firewall. FSIBL with Bangladesh Bank DC and DR logical connectivity swap for BACH & RTGS services. VPN connectivity was established with GP and ROBI for POS transactions. VPN connectivity was established with GP, Banglalink, Robi, and Teletalk for the FirsCash transaction. Furthermore, VPN connectivity was established with BREB DC for Postpaid Bill Collection, with Terrapay for bKASH Bill Collection, with BRTA head office for Bill Collection, and with Gigatech for E-KYC verification. SWIFT network segregation from branch network done to enable SWIFT environment security.

The in-house software team of ICT Division is developing various in-house software. To enhance the security of in-house software necessary steps has been taken. ICT Division has deployed "helpdesk" service to help an individual, group, or organizational function. Typically, the term refers to centralized help provided to users within an enterprise with ticketing system for specific problem identification and automation. With that keeping track of each problem & solution can be possible.



Apart from the helpdesk, ICT division has developed Card Forwarding Automation, AMLD CFTD, STR, and SAR Management System, IMRD Document Management System, FAMS (Fixed Asset Management System) Office Equipment, Agent Banking, Books, Credit Card Reporting System, Cheque Requisition System (Batch File Generation), Dispute Management System, LC Price Verification, Yellow page Modification, Automated Exchange Position, ORBIT system, SSL Payment Gateway to FSIBL, File Management System developed by its in-house development unit. The in-house software team is also responsible for various types of reporting to Bangladesh Bank and other regulatory organizations. The whole team is working on in-house development so that the Bank can reduce costs by maintaining data integrity and smooth services.

Internet banking facility has taken banking era one step ahead for future generations. Inclusion of RTGS and EFTN in i-banking platform has increased its credibility towards modernization. FSIBL launched its Internet Banking Service on the year 2014 and currently, there are 11,523 Customers on this service as on 31st December 2022. FSIBL CLOUD is an Official Mobile Application of First Security Islami Bank Limited and as on 31st Dec 2022 there are 69,862 users are using this service. In order to improve the service for the client FSIBL Internet Banking and FSIBL CLOUD have been merged into the new Web and App Based Internet Banking FSIBL CLOUDNET. FSIBL Corporate E-Banking has been implemented for Corporate Clients.

Now own bank Credit Card Bill payments can be done through Internet Banking and the client can use FSIBL CLOUD without Mobile Data. Again RTGS Payment from Bank to Bank, Bank to the client, and Bank to Multiple Clients through USD, EURO, and GBP have been implemented. FSIBL Mobile Banking is rebranded its Mobile Financial Services named "FirstCash" with having strong network coverage consisting of 112 distributors, 45,339 MFS (Mobile Financial Services) agents, and 7,47,678 customers all over the country.

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. FSIBL ICT Division arranges training at regular intervals for branch personnel and in-house personnel. In the year 2022, through Licensed ZOOM apps the bank arranged training programs: 1) HelpDesk Training for all ICT Officials, 2) Cyber Security Awareness Program for all Officials of FSIBL, and 3) ICT POC Training for Two officials of all FSIBL Branches. The bank has also provided physical training, as required, and when considered right. This year this division has brought all the executives and officials under the scope of Cyber Security Awareness training.

The Bank has been maintaining adequate physical security inside its workplace to properly protect ICT resource. The bank is strictly following the Information security standard of Bangladesh bank covering Password Control, User ID Maintenance, Input Control, Network security, Data Encryption, Virus Protection and Access Control of Internet and Emailing. The Bank is regularly conducting internal ICT audit to all its branches and Head Office Divisions to ensure proper implementation of the ICT policy. The bank has established Disaster Recovery Site and it is a complete backup of the Data Center of the bank. Customer data will be secured by the DR site if any unwanted disaster happens in Data Center. In situations like encountering a disaster, ICT Division can drive the Banking service through Disaster Recovery Site. FSIBL established the DR site and inaugurated it on 4th June 2015 and since then the bank has started operating banking services from the DR site at the periodical interval every year. In the year 2022, the bank operated a banking service from the RD site for 72 hours.



3.12.7 Environmental Risk Management (ERM)

Sustainable Development has been increasingly being recognized to the growth. New standards and codes of conduct have been developed towards ESRM within the Banking sector to promote corporate accountability on the impacts of Business on environment and society. From the perspective of banking sector, the role of ESRM is aimed to reduce the probability of default.

To reduce exposure to risk arising from the E&S risks of their clients. Banks need to ensure that their clients' financial and operational sustainability is not undermined by adverse impacts on the environment and surrounding communities. Banks need to have a clear understanding of potential E&S risks and implications for a client's operations prior to being linked to the client in the context of transactions.

Environmental risk is assessed by Environmental & Social Due Diligence (ESDD) Checklist which is divided into three sections; i) General Risks, ii) Environmental health and Safety Risks, iii) Social Risks. The checklist is integrated with the generic and the 10 environmentally sensitive sectors for investment. The investment categories for which the ESRM is applicable are agriculture finance; cottage, micro small, medium enterprises (CMSME) finance; financing in retail and trading enterprises; consumer financing; financing in all large manufacturing and service enterprises (other than CMSME, retail and trading enterprises) and infrastructure finance Banks and FIs need to refer to the ESDD checklist only for carrying out the ESDD. The ESDD checklists will auto generate the E&S risk ratings – high, medium and low based on the responses provided to the questions in the checklist

3.13 Risk Based Capital (Basel-III)

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

3.14 Stress Testing

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

3.15 Related party transactions

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



3.16 Regulatory and legal compliance

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

- The Bank Companies Act, 1991 as amended 2013
- The Companies Act, 1994
- BRPD Circular No. 14 dated 25.06.2003 and “Guidelines for Islamic Banking” issued by Bangladesh Bank through BRPD Circular No. 15 dated 09.11.2009
- Other circulars, rules and regulations issued by Bangladesh Bank from time to time
- The Securities and Exchange Rules, 1987
- The Securities and Exchange Ordinance, 1969
- The Securities and Exchange Commission Act, 1993
- Income Tax Ordinance, 1984 as amended Finance Act-2022
- Value Added Tax and Supplementary Duty Act, 2012 and Rule, 2016
- Standards issued by AAOIFI
- The Stamp Act-1899
- The Customs Act-1969
- The Money Laundering Prevention Act, 2012
- The Anti Terrorism (Amendment) Act, 2009 etc.

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

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



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

3.17 Impact of COVID 19

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



3.18 Audited Financial Statements of the Investment Client (Loanee)

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

3.19 General

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



| | 31.12.2022 BDT | 31.12.2021 BDT |
|--|-----------------------|-----------------------|
| 4 CASH | | |
| 4.1 Consolidated Cash in Hand | | |
| First Security Islami Bank Limited (Note-4.1(a)) | 3,936,182,668 | 3,303,790,552 |
| First Security Islami Capital & Investment Limited | 22,166 | 13,371 |
| First Security Islami Exchange Italy | 18,587,466 | 14,673,142 |
| | 3,954,792,300 | 3,318,477,065 |
| 4.1(a) Cash in Hand | | |
| In Local Currency | 3,458,737,225 | 2,923,523,310 |
| In Foreign Currencies | 2,752,443 | 11,052,742 |
| ATM Balance | 474,693,000 | 369,214,500 |
| | 3,936,182,668 | 3,303,790,552 |
| 4.2 Consolidated Balance with Bangladesh Bank and its Agent Bank | | |
| First Security Islami Bank Limited (Note-4.2(a)) | 33,320,021,584 | 30,755,366,572 |
| First Security Islami Capital & Investment Limited | - | - |
| | 33,320,021,584 | 30,755,366,572 |
| | 33,320,021,584 | 30,755,366,572 |
| 4.2(a) Balance with Bangladesh Bank and its Agent Bank | | |
| Balance with Bangladesh Bank (Note-4.2.1) | 32,904,930,400 | 30,291,981,033 |
| Balance with Sonali Bank Ltd. (Note-4.2.2) | 415,091,184 | 463,385,539 |
| | 33,320,021,584 | 30,755,366,572 |
| | 37,256,204,252 | 34,059,157,124 |
| 4.2.1 Balance with Bangladesh Bank (Including Foreign Currencies) | | |
| In Local Currency | 32,524,402,513 | 30,250,884,954 |
| In Foreign Currencies | 380,527,887 | 41,096,079 |
| | 32,904,930,400 | 30,291,981,033 |
| 4.2.2 Balance with Sonali Bank Ltd. (as Agent of Bangladesh Bank) | | |
| In Local Currency | 415,091,184 | 463,385,539 |
| 4.3 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) | | |
| Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the Section 25 & 33 of the Bank Companies Act. 1991 and subsequent BCD Circular No. 13 dated May 24, 1992; BRPD Circular No. 12 dated September 06, 1998, BRPD Circular No.12, dated September 20, 1999, BRPD Circular No. 22 dated November 06, 2003, BRPD Circular No. 03 dated 17 February, 2005 and BRPD Circular No. 11 & 12 dated 25 August 2005, Bangladesh Bank Letter # DOS (SR) 1153/120-A/2009-46 dated 22 March 2009, MPD circular # 01 dated 04 May 2010, MPD circular # 04 & 05 dated 01 December 2010, DOS Circular# 01 dated 19/01/2014, MPD Circular# 01 dated 23/06/2014, MPD Circular# 01 dated 03 April 2018 and DOS Circular# 26 dated 19/08/2019 and MPD Circular# 03 dated 09 April 2020. | | |
| 4.4 Cash Reserve Ratio (CRR): 4.00% of Average Demand and Time Liabilities: | | |
| Required Reserve | 19,127,046,000 | 18,766,941,000 |
| Actual Reserve maintained | 32,719,191,000 | 30,993,107,000 |
| Surplus/(Short) | 13,592,145,000 | 12,226,166,000 |



| | 31.12.2022 BDT | 31.12.2021 BDT |
|---|----------------------|-----------------------|
| 4.5 Statutory Liquidity Ratio (SLR): 5.50% of Average Demand and Time Liabilities: | | |
| Required Reserve (including CRR) | 26,400,916,000 | 25,835,897,000 |
| Actual Reserve held (including CRR) | 30,161,323,000 | 41,429,560,000 |
| Surplus/(Short) | 3,760,407,000 | 15,593,663,000 |

| | | |
|---|-----------------------|-----------------------|
| 4.6 Held for Statutory Liquidity Ratio | | |
| Cash in Hand | 3,936,182,000 | 3,303,789,000 |
| Surplus Balance with Bangladesh Bank and its Agent Bank | 13,952,021,000 | 12,689,551,000 |
| Balance of Bangladesh Govt. Islamic Bond & Other Eligible Approved Securities | 12,273,120,000 | 25,436,220,000 |
| | 30,161,323,000 | 41,429,560,000 |

5 CONSOLIDATED BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS

In Bangladesh:

| | | |
|--|--------------------|----------------------|
| First Security Islami Bank Limited (Note-5(A)) | 324,731,568 | 1,287,692,771 |
| First Security Islami Capital & Investment Limited | 31,681,897 | 26,912,479 |
| First Security Islami Exchange Italy | 176,018,707 | 147,837,273 |
| | 532,432,172 | 1,462,442,523 |
| Less: Inter-company Transaction | 118,130,921 | 100,223,724 |
| | 414,301,251 | 1,362,218,799 |

Outside Bangladesh:

| | | |
|--|----------------------|----------------------|
| First Security Islami Bank Limited (Note- 5(B)) | 1,024,992,219 | 645,237,242 |
| First Security Islami Capital & Investment Limited | - | - |
| First Security Islami Exchange Italy | 25,357,991 | 82,260,193 |
| | 1,050,350,210 | 727,497,435 |
| | 1,464,651,461 | 2,089,716,234 |

5(a) BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS

A. Balance Inside Bangladesh

| | | |
|--|--------------------|----------------------|
| Agrani Bank Limited | 10,597,850 | 5,158,607 |
| Janata Bank Ltd. | 35,897 | 1,536,572 |
| Rupali Bank Limited | 3,563,247 | 399,367 |
| Trust Bank Ltd. | 10,701,830 | 182,364,788 |
| Social Islami Bank Ltd. | 177,261 | 173,909 |
| Dhaka Bank Ltd. (Islamic Banking Branch) | 392,441 | 384,919 |
| Islami Bank Bangladesh Ltd. | 63,322,667 | 52,325,172 |
| Eastern Bank Ltd. | 18,797,533 | 12,221,201 |
| Southeast Bank Ltd. (Islamic Banking Branch) | 163,557 | 162,187 |
| AB Bank Ltd. (Islamic Banking Branch) | 703,451 | 693,112 |
| Bangladesh Commerce Bank Ltd. | 200,000,000 | - |
| Pubali Bank Ltd. (Islamic Banking Branch) | 8,902,638 | 27,994,844 |
| Union Bank Ltd. | 7,373,196 | 1,004,278,093 |
| OBU balance with FSIBL | 405,315,543 | - |
| | 730,047,111 | 1,287,692,771 |
| Less: OBU balance with FSIBL | 405,315,543 | - |
| Total Inside Bangladesh | 324,731,568 | 1,287,692,771 |



| | | | | 31.12.2022 | 31.12.2021 |
|---|-----------------|---------------|-------------|-----------------------|-----------------------|
| | | | | BDT | BDT |
| B. Balance Outside Bangladesh | | | | | |
| In Deposit Account (non-profit bearing) with: | | | | | |
| Current Account: | Currency | Amount | Rate | | |
| 1. Mashreq Bank, PSC, New York | USD | 5,553,745.20 | 103.297 | 573,685,218 | 144,222,836 |
| 2. MCB Bank Ltd. Karachi | ACUS | 7,690.91 | 103.297 | 794,448 | 659,688 |
| 3. Commerz Bank AG, Frankfurt, Germany | EURO | 116,531.65 | 109.712 | 12,784,885 | 4,216,632 |
| 4. Bank of Bhutan, Thimpo, Bhutan | ACUS | 11,526.50 | 103.297 | 1,190,653 | 988,686 |
| 5. Sonali Bank Ltd., Kolkata, India | ACUS | 19,037.88 | 103.297 | 1,966,556 | 1,627,828 |
| 6. AB Bank Ltd, Mumbai, India | ACUS | 582,498.01 | 103.297 | 60,170,297 | 73,951,151 |
| 7. ICICI Bank Ltd, Hongkong | USD | 61,013.30 | 103.297 | 6,302,491 | 4,843,901 |
| 8. ICICI Bank Ltd, Kolkata, India | ACUS | 747,678.97 | 103.297 | 77,232,995 | 66,378,939 |
| 9. Habib Metropolitan Bank Limited, Karachi, Pakistan | ACUS | - | - | - | 6,848,595 |
| 10. Habib American Bank, N.Y | USD | 1,153,378.96 | 103.297 | 119,140,586 | 201,854,441 |
| 11. Banca UBAE SPA, Rome, Italy | USD | 493,708.29 | 103.297 | 50,998,585 | 12,020,663 |
| 12. Banca UBAE SPA, Rome, Italy | EURO | 612,479.69 | 109.712 | 67,196,188 | 77,919,356 |
| 13. Bank Al-Jazira, Jeddah | USD | 215,066.26 | 103.297 | 22,215,699 | 19,211,107 |
| 14. Bank Al-Jazira, Jeddah | SAR | 454,679.33 | 27.465 | 12,487,904 | 10,621,063 |
| 15. Aktif Yatrim Bank Istambul | USD | 118,125.68 | 103.297 | 12,202,028 | 4,671,909 |
| 16. Aktif Yatrim Bank Istambul | JPY | 2,588,682.00 | 0.772 | 1,997,686 | 389,266 |
| 17. Aktif Yatrim Bank Istambul | GBP | 9,721.93 | 124.339 | 1,208,811 | 539,079 |
| 18. Sonali Bank Ltd., UK, Ltd. | GBP | 27,482.92 | 124.339 | 3,417,188 | 14,272,103 |
| | | | | 1,024,992,219 | 645,237,242 |
| | | | | 1,349,723,787 | 1,932,930,013 |
| 6 Placement with Banks & other Financial Institutions | | | | | |
| Aviva Finance Limited | | | | 12,290,000,000 | 12,490,000,000 |
| Placement to OBU by ID, FSIBL | | | | - | 587,264,735 |
| Placement to Other Bank | | | | 1,549,455,000 | - |
| | | | | 13,839,455,000 | 13,077,264,735 |
| Less: Placement to OBU by ID, FSIBL | | | | - | 587,264,735 |
| | | | | 13,839,455,000 | 12,490,000,000 |
| Total Balance with other Banks & Financial Institutions and Placement (Note 5+6) | | | | 15,189,178,787 | 14,422,930,013 |
| 6.1 Balance with other Banks & Financial Institutions and Placement (according to remaining maturity grouping) | | | | | |
| Up to One Month | | | | 8,879,178,787 | 9,112,930,013 |
| Up to Three Months | | | | 6,310,000,000 | 5,310,000,000 |
| Three Months to One Year | | | | - | - |
| One Year to Five Years | | | | - | - |
| Above Five Years | | | | - | - |
| | | | | 15,189,178,787 | 14,422,930,013 |
| 7 CONSOLIDATED INVESTMENTS IN SHARES AND SECURITIES | | | | | |
| Government Securities | | | | | |
| First Security Islami Bank Limited (Note- 7 (a)) | | | | 22,773,120,000 | 25,436,220,000 |
| First Security Islami Capital & Investment Limited | | | | - | - |
| | | | | 22,773,120,000 | 25,436,220,000 |



| | 31.12.2022 BDT | 31.12.2021 BDT |
|--|-----------------------|-----------------------|
| Others | | |
| First Security Islami Bank Limited (Note- 7 (a)) | 3,462,303,314 | 3,299,004,142 |
| First Security Islami Capital & Investment Limited | 327,203,969 | 288,644,614 |
| | 3,789,507,283 | 3,587,648,756 |
| | 26,562,627,283 | 29,023,868,756 |

7(a) INVESTMENTS IN SHARES AND SECURITIES

Government Securities

| | | |
|------------------------------------|-----------------------|-----------------------|
| Bangladesh Govt. Islamic Bond | 11,400,000,000 | 18,000,000,000 |
| BDG Investment Sukuk (Ijara Sukuk) | 11,373,120,000 | 7,436,220,000 |
| | 22,773,120,000 | 25,436,220,000 |

Others

| | | |
|---|-----------------------|-----------------------|
| Subordinated Bond | 80,000,000 | 120,000,000 |
| Investment in Beximco Green-Sukuk al Istisinaa | 600,000,000 | 600,000,000 |
| Investment in Mudaraba Perpetual Bond - Al Arafah Islami Bank | 1,000,000,000 | 1,000,000,000 |
| Investment in Mudaraba Perpetual Bond -Standard Bank Ltd. | 1,000,000,000 | 1,000,000,000 |
| Quoted/Unquoted Shares (Note - 7.01) | 782,303,314 | 579,004,142 |
| | 3,462,303,314 | 3,299,004,142 |
| | 26,235,423,314 | 28,735,224,142 |

7.1 Quoted/Unquoted Shares

| Name of Companies | Acquisition cost (Taka) | Acquisition cost (Taka) |
|--|----------------------------|----------------------------|
| Quoted: | | |
| ACI | - | 974,602 |
| BBS Cables Co. Ltd. | - | 11,558,787 |
| Bashundhara Paper Mills Limited | - | 77,277,237 |
| ICB | 119,414,541 | 48,664,351 |
| INTRACO | - | 5,137,302 |
| LEGACYFOOT | 54,150,449 | 54,150,449 |
| MJL Bangladesh Ltd. | 87,385,258 | 53,038,739 |
| Padma Oil Company Ltd. | 63,431,537 | 63,431,537 |
| SAPORTL | - | 7,100,310 |
| SPCL | 176,091,188 | 171,700,245 |
| BPPL | 88,120,245 | 5,724,802 |
| BSCCL | - | 7,888,110 |
| Heidelberg Cement Bd. Ltd. | 22,956,054 | 13,236,610 |
| RAKCERAMIC | - | 2,362,844 |
| SHASHADNIM | - | 7,504,795 |
| SINGERBD | 14,449,739 | 8,123,113 |
| SQURPHARMA | 108,848,671 | 36,407,393 |
| GP | 35,158,694 | - |
| ICICL | 87,980 | - |
| RENATA | 6,867,229 | - |
| PADMALIFE | 618,813 | - |
| | 777,580,398 | 574,281,226 |
| Unquoted: | | |
| Central Depository Bangladesh Ltd. | 1,569,450 | 1,569,450 |
| Share of SWIFT | 3,153,466 | 3,153,466 |
| | 4,722,916 | 4,722,916 |
| | 782,303,314 | 579,004,142 |
| 7.2 Market Value of Quoted Shares | 584,690,476 | 439,551,610 |



| | 31.12.2022 BDT | 31.12.2021 BDT |
|--|------------------------|------------------------|
| 7.3 Remaining Maturity Grouping of Investments in Shares and Securities | | |
| On Demand | 782,303,314 | 579,004,142 |
| Within One Month | - | - |
| One Month to three Months | - | - |
| Three Months to One Year | 11,400,000,000 | - |
| One Year to Five Years | 12,053,120,000 | 120,000,000 |
| More than Five Years | 2,000,000,000 | 28,036,220,000 |
| | 26,235,423,314 | 28,735,224,142 |
| 8 CONSOLIDATED GENERAL INVESTMENT | | |
| First Security Islami Bank Limited (Note-8.1.A) | 521,292,786,607 | 453,021,615,078 |
| Less: Inter-company transaction (Investment in Subsidiary) | 850,761,381 | 578,398,597 |
| | 520,442,025,226 | 452,443,216,481 |
| 8(a) INVESTMENTS | | |
| General Investment etc. (Note-8.1.A) | 521,292,786,607 | 453,021,615,078 |
| Bills Purchased and Negotiated (Note - 8.1.B) | 3,502,364,419 | 3,406,920,603 |
| | 524,795,151,026 | 456,428,535,681 |
| 8.1.A General Investment etc. | | |
| Inside Bangladesh (Mode wise) | | |
| Bai-Murabaha and Quard | 481,337,211,917 | 412,664,663,980 |
| Hire-Purchase under Sirkatul Meelk | 39,857,526,375 | 40,227,423,726 |
| Bai-Muajjal | 2,416,654 | 2,790,258 |
| Bai-Salam | 95,631,661 | 126,737,114 |
| | 521,292,786,607 | 453,021,615,078 |
| Outside Bangladesh | - | - |
| | 521,292,786,607 | 453,021,615,078 |
| 8.1.B Bills Purchased and Negotiated | | |
| Payable in Bangladesh | 350,835,833 | 906,052,934 |
| Payable outside Bangladesh | 31,857,137 | 11,960,693 |
| | 382,692,970 | 918,013,627 |
| Payable in Bangladesh by OBU | 2,152,080,830 | 2,488,906,976 |
| Payable outside Bangladesh by OBU | 967,590,619 | - |
| | 3,119,671,449 | 2,488,906,976 |
| | 3,502,364,419 | 3,406,920,603 |
| 8.2 Maturity Grouping of Investments | | |
| Repayable on Demand | 96,197,051,026 | 58,809,812,607 |
| Up to Three Months | 89,927,900,000 | 87,838,000,000 |
| Three Months to One Year | 118,585,300,000 | 96,920,000,000 |
| One Year to Five Years | 112,450,600,000 | 110,817,890,980 |
| Above Five Years | 107,634,300,000 | 102,042,832,094 |
| | 524,795,151,026 | 456,428,535,681 |
| 8.3 Investments on the basis of Significant Concentration | | |
| Investments to Directors of Other Banks | 43,391,800,000 | 29,846,200,000 |
| Investments to Chief Executive and Other high Officials | - | - |
| Investments to Customers Group | 418,412,656,322 | 381,937,007,311 |
| Investments to Industry | 61,763,691,189 | 43,417,786,275 |
| Investment to Staff | 1,227,003,514 | 1,227,542,095 |
| | 524,795,151,026 | 456,428,535,681 |



| | 31.12.2022 BDT | 31.12.2021 BDT |
|---|------------------------|------------------------|
| 8.4 Investments to Customers for more than 10% of FSIBL's Total Eligible Capital | | |
| Number of Clients | 63 | 46 |
| Amount of Outstanding Investments | | |
| Funded | 100,563,500,000 | 81,375,800,000 |
| Non-funded | 19,332,900,000 | 15,943,400,000 |
| | 119,896,400,000 | 97,319,200,000 |
| 8.5 Industry wise Investments | | |
| Agriculture: | | |
| Fishing | 1,051,695,979 | 712,859,872 |
| Others | 1,820,087,830 | 1,538,075,623 |
| Textile and Readymade Garments: | | |
| Readymade Garments - Export | 18,755,554,319 | 14,016,255,418 |
| Textile and Textile Products- Import | 11,266,321,218 | 8,681,278,129 |
| Others -Export | 7,316,060,538 | 4,473,124,631 |
| Others -Import | 27,888,900,918 | 26,822,319,093 |
| Contractor Finance | 2,513,053,677 | 7,415,416,841 |
| Transport | 1,407,827,508 | 1,357,130,931 |
| Internal Trade Finance: | | |
| Whole Sale Trading | 208,479,037,508 | 201,876,887,460 |
| Retail Trading | 15,104,326,157 | 13,158,546,511 |
| Others | 7,421,417,716 | 7,971,465,785 |
| House Building: | | |
| Residential & Commercial | 24,170,650,623 | 21,092,971,244 |
| Staff | 1,227,003,514 | 1,227,542,095 |
| Special Program: | | |
| Consumer Finance and Hire Purchase Scheme | 221,129,970 | 188,291,822 |
| Others | 196,152,083,550 | 145,896,370,227 |
| | 524,795,151,026 | 456,428,535,681 |
| 8.6 Division/Geographical wise Investment* | | |
| Urban | | |
| Dhaka | 155,262,698,679 | 139,172,216,069 |
| Chattogram | 327,437,418,535 | 281,418,924,369 |
| Barishal | 408,447,253 | 393,348,629 |
| Rajshahi | 942,163,260 | 861,859,884 |
| Khulna | 1,540,810,015 | 1,608,468,339 |
| Rangpur | 420,874,227 | 425,137,356 |
| Sylhet | 812,443,932 | 790,131,915 |
| Mymensingh | 201,127,106 | 137,633,369 |
| | 487,025,983,007 | 424,807,719,930 |
| Rural | | |
| Dhaka | 6,520,301,989 | 4,046,989,574 |
| Chattogram | 29,113,126,797 | 25,630,411,080 |
| Barishal | 150,233,568 | 122,341,550 |
| Rajshahi | 96,355,711 | 108,360,584 |
| Khulna | 1,481,442,156 | 1,315,872,136 |
| Rangpur | 18,058,058 | 17,247,315 |
| Sylhet | 124,001,833 | 88,800,917 |
| Mymensingh | 265,647,908 | 290,792,594 |
| | 37,769,168,019 | 31,620,815,751 |
| | 524,795,151,026 | 456,428,535,681 |

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



8.7 Classification of Investments as per Bangladesh Bank Circulars

Unclassified:

Standard
Special Mention Account

Classified:

Sub-standard
Doubtful
Bad & Loss

| 31.12.2022 BDT | 31.12.2021 BDT |
|------------------------|------------------------|
| 491,097,733,598 | 416,416,523,616 |
| 12,630,339,642 | 18,440,503,075 |
| 503,728,073,240 | 434,857,026,691 |
| 2,678,392,573 | 1,887,799,454 |
| 4,776,865,379 | 4,215,437,717 |
| 13,611,819,834 | 15,468,271,819 |
| 21,067,077,786 | 21,571,508,990 |
| 524,795,151,026 | 456,428,535,681 |

8.8 Sector-wise Classification of Investments

Unclassified:

Small Enterprise Financing (SEF)
Consumer Financing (Other than HF & LP)
Investments to BHs/MBs/SDs against Share
Other than SMEF, CF, BHs/ MBs,/SDs
Housing Finance (HF)
Investments for professionals to set up business (LP)
Short Term Agri. Investments
Staff Investment
Others

| | |
|------------------------|------------------------|
| 40,971,850,660 | 39,036,870,256 |
| 213,667,839 | 181,025,402 |
| 1,100,428,108 | 800,500,453 |
| 365,665,734,074 | 315,356,171,938 |
| 23,379,556,858 | 21,720,391,428 |
| - | 15,180,000 |
| 2,745,468,999 | 2,125,662,383 |
| 1,227,003,514 | 1,227,542,095 |
| 68,424,363,188 | 54,393,682,736 |
| 503,728,073,240 | 434,857,026,691 |

Classified:

Small Enterprise Financing (SEF)
Consumer Financing (Other than HF & LP)
Investments to BHs/MBs/SDs against Share
Other than SMEF, CF, BHs/ MBs,/SDs
Housing Finance (HF)
Investments for professionals to set up business (LP)
Short Term Agri. Investments
Others

| | |
|------------------------|------------------------|
| 2,636,266,600 | 1,868,544,443 |
| 7,462,131 | 7,266,420 |
| 100,692,516 | 100,689,516 |
| 8,500,523,619 | 8,074,763,875 |
| 1,083,312,053 | 3,481,004,999 |
| - | - |
| 117,018,810 | 125,273,111 |
| 8,621,802,057 | 7,913,966,625 |
| 21,067,077,786 | 21,571,508,990 |
| 524,795,151,026 | 456,428,535,681 |

8.9 Particulars of Required Provision for Investments as per CL

Classification status

Unclassified

| | Base for Provision | Rate |
|-----------------------------|--------------------|---------|
| Standard | 491,097,733,598 | 0.25-5% |
| Special Mention Account | 12,590,522,201 | 0.25-5% |
| Off -Balance Sheet Exposure | 42,861,994,461 | 0-1% |

| | |
|----------------------|----------------------|
| 5,708,560,507 | 4,472,761,899 |
| 243,000,361 | 360,446,772 |
| 344,099,216 | 385,789,465 |
| 6,295,660,084 | 5,218,998,136 |

Classified:

| | Base for Provision | Rate |
|----------------|--------------------|------|
| Sub - Standard | 2,088,546,310 | 20% |
| Doubtful | 4,032,623,196 | 50% |
| Bad and Loss | 8,157,432,739 | 100% |

| | |
|-----------------------|-----------------------|
| 417,709,262 | 277,264,525 |
| 2,016,311,598 | 858,490,761 |
| 8,157,432,739 | 9,420,675,958 |
| 10,591,453,599 | 10,556,431,245 |
| 16,887,113,683 | 15,775,429,380 |





| | | | |
|--|---|-----------------|-----------------|
| Total Required Provision against Investments as per CL | | 16,887,113,683 | 15,775,429,380 |
| Total Provision Maintained | | 15,228,420,004 | 13,686,047,977 |
| Deferred Provision for next year has to be maintained | | 1,658,693,679 | 2,089,381,403 |
| | | BDT | BDT |
| | | 31.12.2022 | 31.12.2021 |
| Bangladesh Bank Inspection Team (DBI-6) has raised additional provision amount of Tk. 222.00 Crore out of which specific provision Tk. 212.00 crore and provision for other assets Tk. 10.00 crore vide their letter no. DBI-06/51(2)/2022-330 dated 06/04/2023. Bank has maintained additional specific provision amount Tk. 212.00 crore and provision for other asset amount Tk. 10.00 crore from general provision. As per DOS letter no. DOS(CAMS)1157/41(Dividend)/2023-1970 dated 13/04/2023 General provision amount Tk. 52.00 crore has maintained from other reserve. However there is no shortfall provision against classified investment and other assets and the deferred general provision amount is stands of Tk. 170.00 crore which will be maintained within next year (2023). | | | |
| 8.10 | Particulars of Investments | | |
| i) | Investments considered good in respect of which the Bank Company is fully secured. | 113,804,071,449 | 86,910,700,000 |
| ii) | Investments considered good for which the bank holds no Security other than the debtors personal security. | 239,825,248,761 | 187,925,340,500 |
| iii) | Investment considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors. | 171,165,830,816 | 181,592,495,181 |
| iv) | Investments adversely classified; provision not maintained there against. | - | - |
| v) | Investments due by directors or executives of the banking company or any of them taken either separately or jointly with any other person. | 524,795,151,026 | 456,428,535,681 |
| 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 | 21,067,077,786 | 21,571,508,990 |
| a. | Movement of classified Investments | | |
| | Opening balance | 21,571,508,990 | 18,244,782,042 |
| | Increase/ (Decrease) during the year | (504,431,204) | 3,326,726,948 |
| | | 21,067,077,786 | 21,571,508,990 |
| b. | Amount of provision kept against classified investment as on the reporting date of Balance Sheet | 10,591,453,599 | 10,556,431,245 |

| | 31.12.2022 BDT | 31.12.2021 BDT |
|--|-------------------|-------------------|
| c. Profit credited to the profit/Rent/Compensation Suspense Account | 2,535,965,967 | 2,126,818,203 |
| xi) Amount of written off Investment: | | |
| a. Cumulative amount | 37,976,057 | 38,026,057 |
| b. Amount written off during the year | - | - |
| c. Total amount of written off (a+b) | 37,976,057 | 38,026,057 |
| d. Amount recovered against such written- off up to this year | 50,000 | - |
| e. Amount of investment written- off against which suit has been filled to recover the same. | - | - |

8.11 Write off Investment

Balance at the beginning of the year
Add: Write off during the year
Less: Recovery of Write off Investment
Balance at the end of the year

| | |
|-------------------|-------------------|
| 38,026,057 | 38,026,057 |
| - | - |
| 50,000 | - |
| 37,976,057 | 38,026,057 |

Investments are written-off in line with Bangladesh Bank's BRPD Circular No. 02 dated 13 January 2003, DOS Circular No. 01 dated 29 December 2004, BRPD Circular No. 13 dated 07 November 2013 and BRPD Circular No. 01 dated 02 February 2019 when prospect of recovery of such Investments become non-existent. However, such write-off does not reduce the claim against the Investment Client. Detailed records for all write-off accounts are separately maintained by the Bank to continue the recovery efforts. The total amount of written-off bad debts by banks was BDT 3.80 Crore at end of the year 2022.

8.12 Security against Investments including bills purchased & negotiated:

Collateral of movable/immovable assets
Local banks & financial institutions guarantee
Export documents
Own MTDR
MTDR of other Banks
Government Bonds
Personal guarantee
Other security
Unsecured

| | |
|------------------------|------------------------|
| 24,462,868,911 | 25,201,396,427 |
| 3,119,671,449 | 2,488,906,976 |
| 5,231,392,877 | 3,283,902,569 |
| 110,684,400,000 | 86,910,700,000 |
| - | - |
| - | - |
| 83,656,261,397 | 72,280,024,433 |
| 1,201,120,624 | 1,901,519,238 |
| 296,439,435,768 | 264,362,086,037 |
| 524,795,151,026 | 456,428,535,681 |

8.13 Maturity Grouping of Bills Purchased and Negotiated

Payable within one month
Over one month but less than three months
Over three months but less than six months
Six Months and Above

| | |
|----------------------|----------------------|
| 28,566,373 | 27,787,903 |
| 7,626,522 | 7,418,690 |
| 1,227,217,352 | 1,193,774,143 |
| 2,238,954,172 | 2,177,939,867 |
| 3,502,364,419 | 3,406,920,603 |

9 Consolidated Fixed Assets including premises & Intangible Assets

First Security Islami Bank Limited (Note-9 (a))
First Security Islami Capital & Investment Limited
First Security Islami Exchange Italy

| | |
|----------------------|----------------------|
| 6,877,634,336 | 6,545,049,530 |
| 8,497,199 | 13,867,890 |
| 1,518,336 | 3,377,147 |
| 6,887,649,871 | 6,562,294,567 |



| | 31.12.2022 BDT | 31.12.2021 BDT |
|--|-----------------------|----------------------|
| 9(a) Fixed Assets including premises & Intangible Assets (Annexure-A) | | |
| Land | 334,631,624 | 334,631,624 |
| Building | 4,068,443,511 | 4,068,443,511 |
| Furniture & Fixtures | 2,797,217,162 | 2,369,941,741 |
| Office Equipment | 2,963,188,389 | 2,607,669,117 |
| Vehicles | 238,257,734 | 202,644,613 |
| Books | 672,960 | 670,771 |
| | 10,402,411,380 | 9,584,001,377 |
| Less: Accumulated Depreciation | 3,840,176,863 | 3,402,083,201 |
| | 6,562,234,517 | 6,181,918,176 |
| Lease Assets-Premises | | |
| Right-of-use assets | 332,468,808 | 332,468,808 |
| Less: Accumulated Depreciation | 139,046,906 | 92,697,950 |
| | 193,421,902 | 239,770,858 |
| Intangible Assets | | |
| Software -Core banking | 349,349,564 | 321,682,268 |
| Less: Accumulated Amortization | 227,371,647 | 198,321,772 |
| | 121,977,917 | 123,360,496 |
| | 6,877,634,336 | 6,545,049,530 |

Right of use assets:

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

10 CONSOLIDATED OTHER ASSETS

| | | |
|--|----------------------|----------------------|
| First Security Islami Bank Limited (Note-10(a)) | 5,109,057,017 | 3,664,142,702 |
| First Security Islami Capital & Investment Limited | 2,036,105,755 | 1,749,789,079 |
| First Security Islami Exchange Italy S.R.L. | 53,819,863 | 42,129,010 |
| | 7,198,982,635 | 5,456,060,791 |
| Less: Inter-company transaction (Investment in Subsidiary) | 744,136,981 | 775,876,926 |
| | 6,454,845,654 | 4,680,183,865 |

10(a) OTHER ASSETS

i) Income generating other assets

ii) Non-income generating other assets

| | | |
|---|----------------------|----------------------|
| Inter - branch Transaction Account * | - | 12,576,929 |
| Accrued Income | 2,058,845,930 | 1,165,039,371 |
| Advances, Deposits and Prepayment (Note -10.1) | 2,008,931,823 | 1,589,845,993 |
| Stock of Stationery | 49,946,705 | 52,283,840 |
| Suspense Account (Note- 10.2) | 89,048,088 | 9,905,106 |
| Stamps on Hand | 6,220,784 | 5,837,760 |
| Protested Bills | 61,454,778 | 61,454,778 |
| Investment in FSI Capital & Investment Ltd.(Note-1.3.1) | 255,000,000 | 255,000,000 |
| Investment in FSIEL Italy S.R.L (Note-1.3.2) | 62,340,058 | 62,340,058 |
| Deferred Tax Assets (Note- 10.3) | 517,268,851 | 449,858,867 |
| | 5,109,057,017 | 3,664,142,702 |



| | 31.12.2022 BDT | 31.12.2021 BDT |
|---|----------------------|----------------------|
| 10.1 Advance, Deposits and Prepayment | | |
| Advance against Rent - Office* | 395,413,779 | 396,118,348 |
| Clearing Adjustment Account (under BACH) | 51,500,000 | 52,680,000 |
| Remittance Settlement Account | 729,860,482 | 479,345,491 |
| Prepayment | 806,645,260 | 647,913,492 |
| Prepaid Insurance | 480,668 | 492,207 |
| Advance Against Security Deposit | 6,345,567 | 5,623,528 |
| Advance Deposits | 18,686,067 | 7,672,927 |
| | 2,008,931,823 | 1,589,845,993 |
| 10.2 Suspense Account | | |
| Sundry Debtors and Others | 88,176,785 | 9,738,257 |
| Advance against TA/DA | 206,272 | 25,000 |
| Advance against petty cash | 665,031 | 141,849 |
| | 89,048,088 | 9,905,106 |
| 10.3 Deferred Tax Assets (net off liabilities) | | |
| Deferred tax asset (10.3.1) | 938,952,303 | 1,034,785,584 |
| Deferred tax liability (10.3.2) | 421,683,451 | 584,926,717 |
| | 517,268,851 | 449,858,867 |
| 10.3.1 Deferred Tax Assets | | |
| Temporary timing difference between charging Specific provision and written off B/L Investments | | |
| Cumulative provision made against bad loss Investments | 2,541,948,864 | 2,797,454,280 |
| Adjustment of corresponding provision on write off | 38,076,057 | 38,026,057 |
| Deductible temporary difference | 2,503,872,807 | 2,759,428,223 |
| Tax Rate | 37.50% | 37.50% |
| Deferred Tax Assets | 938,952,303 | 1,034,785,584 |
| Opening Deferred Tax Assets | 1,034,785,584 | 931,680,507 |
| Deferred Tax Income/(Expenses) during the year | (95,833,281) | 103,105,076 |
| 10.3.2 Deferred Tax Liabilities | | |
| Temporary timing difference in written down value of fixed Assets | | |
| Carrying amount | 6,684,212,434 | 6,305,278,672 |
| Tax base | 5,559,723,231 | 4,745,474,094 |
| Taxable temporary difference | 1,124,489,203 | 1,559,804,578 |
| Tax Rate | 37.50% | 37.50% |
| Deferred Tax Liabilities | 421,683,451 | 584,926,717 |
| Opening Deferred Tax Liabilities | 584,926,717 | 418,286,252 |
| Deferred Tax Expenses Charged in profit and Loss A/C during the year | (159,470,362) | 49,680,483 |
| Deferred Tax transfer from/(To) Asset Revaluation Reserve | (3,772,903) | 116,959,982 |
| Deferred Tax Expenses during the year | (163,243,266) | 166,640,465 |

As per International Accounting Standard (IAS)- 12 deferred tax is recognized since December 2007. Deferred tax assets have been arrived at Tk. 51.73 crore as on December 31, 2022. 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.



| | 31.12.2022 BDT | 31.12.2021 BDT |
|--|------------------------|------------------------|
| 11 NON-BANKING ASSETS | 25,145,280 | 25,145,280 |
| The Bank has been awarded ownership of the mortgage properties of M/s. Ranuka Knit Fashion (Pvt.) Ltd. according to the verdict of the Honorable Court in accordance with section 33(7) of "Artharin Adalat -2003". An amount of Tk. 25,145,280/- is reported in the financial Statements as Non-Banking Assets through the adjustment of outstanding investment against the client as on 15/10/2015. The value of Non-Banking Assets has been determined on the basis of valuation report of an Independent surveyor Company. | | |
| 12 CONSOLIDATED PLACEMENT FROM BANK & OTHER FINANCIAL INSTITUTION | | |
| First Security Islami Bank Limited (Note- 12(a)) | 80,484,391,794 | 15,226,048,795 |
| First Security Islami Capital & Investment Limited | 1,321,328,811 | 989,998,597 |
| | 81,805,720,605 | 16,216,047,392 |
| Less: Inter Company Transaction | 850,761,381 | 578,398,597 |
| | 80,954,959,224 | 15,637,648,795 |
| 12(a) PLACEMENT FROM BANK & OTHER FINANCIAL INSTITUTION | | |
| Inside Bangladesh | | |
| Bangladesh Bank | 74,496,953,484 | 13,349,239,962 |
| Janata Bank Ltd. | 1,000,000,000 | - |
| | 75,496,953,484 | 13,349,239,962 |
| Outside Bangladesh | | |
| Placement from abroad-OBU | 4,987,438,310 | 1,876,808,833 |
| | 80,484,391,794 | 15,226,048,795 |
| A. Security- wise grouping | | |
| Secured Placement | - | - |
| Unsecured Placement | 80,484,391,794 | 15,226,048,795 |
| | 80,484,391,794 | 15,226,048,795 |
| B. Repayment Nature wise Grouping | | |
| Repayable on demand | - | - |
| Others | 80,484,391,794 | 15,226,048,795 |
| | 80,484,391,794 | 15,226,048,795 |
| C. Maturity Analysis | | |
| Repayable on Demand | - | - |
| Repayable within One Month | 61,895,991,794 | 3,765,148,795 |
| One Month to Six Months | 10,207,000,000 | 2,944,700,000 |
| Six Month to One Year | - | - |
| One Year to Five Years | 8,381,400,000 | 8,516,200,000 |
| Five Years to Ten Years | - | - |
| | 80,484,391,794 | 15,226,048,795 |
| 13 DEPOSITS AND OTHER ACCOUNTS | | |
| A. Deposits Received from Banks (Note A-1) | 28,481,016,934 | 226,182,997 |
| B. Other than Bank | | |
| Payable on Demand (Note B-1) | 20,696,630,567 | 33,810,604,821 |
| Other Deposits (Note B-2) | 423,868,669,236 | 435,025,080,030 |
| | 444,565,299,803 | 468,835,684,851 |
| | 473,046,316,737 | 469,061,867,849 |



C. Maturity wise Grouping of Deposits and Other Accounts

Re-payable within 1 month
Over 1 month but within 6 months
Over 6 months but not more than 1 year
Over 1 year but not more than 5 years
Over 5 years but within for 10 years
Unclaimed Deposits For 10 years or more

| 31.12.2022 BDT | 31.12.2021 BDT |
|------------------------|------------------------|
| 77,117,116,737 | 62,576,211,338 |
| 90,425,600,000 | 87,347,100,000 |
| 96,910,400,000 | 95,891,800,000 |
| 122,875,200,000 | 91,486,700,000 |
| 85,715,367,867 | 131,750,499,999 |
| 2,632,133 | 9,556,512 |
| 473,046,316,737 | 469,061,867,849 |

A-1 Deposits Received from Banks

Islami Bank Bangladesh Ltd.
Exim Bank Ltd.
Union Bank Ltd.
Global Islami Bank Ltd.
Bangladesh Commerce Bank Ltd.
Uttara Bank Ltd.
AB Bank Ltd.
Social Islami Bank Ltd.

| | |
|-----------------------|--------------------|
| 27,412,231,349 | 67,117,618 |
| 12,337,170 | 3,260,607 |
| 17,503,115 | 24,164,896 |
| 532,988,008 | 99,876,322 |
| 1,000,150 | - |
| - | - |
| 486,654 | 478,224 |
| 504,470,488 | 31,285,330 |
| 28,481,016,934 | 226,182,997 |

Maturity wise Grouping of Deposits Received from Banks

Repayable on Demand
Repayable within One Month
Repayable over One Month but within Six Months
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

| | |
|-----------------------|--------------------|
| 2,467,100,821 | 6,040,586 |
| 26,013,916,113 | 220,142,411 |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| 28,481,016,934 | 226,182,997 |

B-1 Payable on Demand

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

| | |
|-----------------------|-----------------------|
| 9,326,676,136 | 25,943,259,563 |
| 6,316,122,759 | 3,893,611,901 |
| 66,820,512 | 57,130,324 |
| 4,987,011,160 | 3,916,603,033 |
| 20,696,630,567 | 33,810,604,821 |

B-2 Other Deposits

Mudaraba Saving Deposits 91% (excluding bank deposit)
Mudaraba Term Deposits
Mudaraba Short Notice Deposits (excluding bank deposit)
Bills Payable (Note-13.2)
Bearer Certificates of Deposits
Mudaraba Deposit under Schemes (Note-13.5)
Foreign Currency Deposits

| | |
|------------------------|------------------------|
| 36,450,787,664 | 39,368,742,555 |
| 308,967,731,305 | 323,125,042,554 |
| 27,017,107,327 | 22,772,450,673 |
| 5,679,725,957 | 3,387,782,139 |
| - | - |
| 44,831,910,652 | 45,878,977,928 |
| 921,406,331 | 492,084,181 |
| 423,868,669,236 | 435,025,080,030 |

13.1 Consolidated Al-Wadiah Current Accounts & Other Deposit Accounts

First Security Islami Bank Limited (Note-13.1)
First Security Islami Capital & Investment Limited

| | |
|-----------------------|-----------------------|
| 43,387,807,051 | 53,340,593,153 |
| - | - |
| 43,387,807,051 | 53,340,593,153 |
| 21,285,607 | 26,485,206 |
| 43,366,521,444 | 53,314,107,947 |

Less: Inter-company transaction



13.1(a) Al-Wadiah Current Accounts & Other Deposit Accounts

Al-wadiah Current Deposits
Mudaraba Short Notice Deposits
Sundry Deposits
Unclaimed Dividend Account (Note 13.1.1)
Security Deposit Receipt
Foreign Currency Deposits

| 31.12.2022 BDT | 31.12.2021 BDT |
|-----------------------|-----------------------|
| 9,298,754,380 | 25,930,539,281 |
| 28,085,892,912 | 22,931,516,052 |
| 4,987,011,160 | 3,916,603,033 |
| 27,921,756 | 12,720,282 |
| 66,820,512 | 57,130,324 |
| 921,406,331 | 492,084,181 |
| 43,387,807,051 | 53,340,593,153 |

13.1.1 Unclaimed Dividend Account

FSIBL Bonus shares Fraction
FSIBL Cash Dividend-2020
FSIBL Cash Dividend-2021

| | |
|-------------------|-------------------|
| 103,146 | 103,155 |
| 12,483,568 | 12,617,127 |
| 15,335,042 | - |
| 27,921,756 | 12,720,282 |

The BO Account Number-wise or Name-wise or Folio Number-wise Unclaimed Dividend Account contains huge number of pages which has been submitted to Bangladesh Securities and Exchange Commission.

13.2 Bills Payable

Pay Order Issued
Demand Draft Payable
Pay Slips Issued

| | |
|----------------------|----------------------|
| 5,677,916,160 | 3,385,917,723 |
| 1,710,847 | 1,716,347 |
| 98,950 | 148,069 |
| 5,679,725,957 | 3,387,782,139 |

13.3 Mudaraba Savings Deposits

As per BRPD Circular No. 06, dated 24 June 07, total saving deposits amount is bifurcated into:

9 % of total Mudaraba Savings Deposits
91% of total Mudaraba Savings Deposits

| | |
|-----------------------|-----------------------|
| 6,316,122,759 | 3,899,652,487 |
| 63,863,019,013 | 39,429,819,587 |
| 70,179,141,772 | 43,329,472,074 |

13.4 Mudaraba Term Deposits including other Banks - Maturity wise Grouping

Payable on Demand
Up to Three Months
From Three Months to Six Months
Above Six Months to One Year
Above One Year to Two Years
Above Two Years

| | |
|------------------------|------------------------|
| 2,812,405,533 | 4,795,896,198 |
| 120,207,501,624 | 117,140,240,169 |
| 54,370,684,961 | 60,288,284,423 |
| 89,250,516,552 | 107,793,816,269 |
| 458,453,401 | 539,224,912 |
| 41,868,169,234 | 32,567,580,583 |
| 308,967,731,305 | 323,125,042,554 |



13.5 Other Mudaraba Deposits

Mudaraba Deposit under Schemes:

| |
|--|
| Mudaraba Monthly Savings Scheme |
| Mudaraba Hajj Scheme |
| Mudaraba Marriage Scheme |
| Mudaraba Health Care Scheme |
| Mudaraba Education Deposit Scheme |
| Mudaraba Pension Deposit Scheme |
| Mudaraba Millionaire Deposit Scheme |
| Mudaraba Kroropoti Deposit Scheme |
| Mudaraba Probashi Deposit Scheme |
| Mudaraba Money Plant Deposit Scheme |
| Mudaraba Gift Cheque |
| Mudaraba Griheni Deposit Scheme |
| Mudaraba New Generation Deposit Scheme |
| Mudaraba Cash Waqf. Deposit Scheme |
| Mudaraba Pension Scheme (Sanchay Sukh) |
| Mudarabah Others Deposit Scheme |

| 31.12.2022 BDT | 31.12.2021 BDT |
|-----------------------|-----------------------|
| 7,738,875,065 | 9,666,970,453 |
| 318,847,965 | 260,633,794 |
| 4,389,173,718 | 4,473,642,349 |
| 21,382,173,679 | 20,903,420,688 |
| 3,169,667,086 | 3,132,643,030 |
| 1,249,704,249 | 1,265,071,618 |
| 2,765,673,784 | 2,839,020,454 |
| 2,558,335,658 | 2,294,783,947 |
| 262,085,586 | 304,976,711 |
| 192,600 | 284,200 |
| 10,742,244 | 10,996,244 |
| 304,185,756 | 319,217,878 |
| 41,096,788 | 67,386,157 |
| 5,635,903 | 1,506,567 |
| 18,246,253 | - |
| 617,274,318 | 338,423,838 |
| 44,831,910,652 | 45,878,977,928 |
| 7,400,000,000 | 9,700,000,000 |

14 MUDARABA SUBORDINATED BOND

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 31/12/2022. However, the amount of Tk. 270.00 crore had already been paid up to December 2022 as 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 semi-annual profit has already been paid up to 31/12/2022. However, the amount of Tk. 140.00 crore had already been paid up to December 2022 as principal redemption.

15 MUDARABA PERPETUAL BOND

| 6,000,000,000 | 6,000,000,000 |
|---------------|---------------|
|---------------|---------------|

The Bangladesh Securities and Exchange Commission vide their letter No. BSEC/CI/DS-135/PB/2020/291 dated December 09, 2020 and Bangladesh Bank vide their letter no. BRPD (BPIS)661/14B(P)/2020-9530 dated November 09, 2020 have given their consent for raising regulatory capital by amount of BDT 600.00 (Six hundred) crore only through issuance of Unsecured, Contingent-Convertible, Non-Cumulative FSIBL Mudaraba Perpetual Bond for enhancement of Additional Tier-1 Capital as per requirement of Basel –III. The FSIBL Mudaraba Perpetual Bond has been fully subscribed by BDT 600.00 crore on 17th October 2021. The annual profit has already been paid up to 31/12/2022.

16 CONSOLIDATED OTHER LIABILITIES

| |
|--|
| First Security Islami Bank Limited (Note-16(a)) |
| First Security Islami Capital & Investment Limited |
| First Security Islami Exchange Italy S.R.L |

| | |
|-----------------------|-----------------------|
| 26,116,875,125 | 23,415,440,729 |
| 350,022,765 | 326,977,048 |
| 469,463,831 | 454,374,648 |
| 26,936,361,721 | 24,196,792,425 |
| 523,642,237 | 491,894,466 |
| 26,412,719,484 | 23,704,897,959 |

Less: Inter-company transaction



16(a) OTHER LIABILITIES

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

| 31.12.2022 BDT | 31.12.2021 BDT |
|-----------------------|-----------------------|
| 506,210 | - |
| 2,796,485,362 | 2,747,416,094 |
| 15,228,420,004 | 13,686,047,977 |
| 2,535,965,967 | 2,126,818,203 |
| 183,532,291 | 235,509,742 |
| 4,052,332,671 | 3,701,812,067 |
| 192,889,922 | 134,729,617 |
| 90,699,423 | 61,400,328 |
| 506,954,778 | 406,954,778 |
| 223,591,701 | 171,243,555 |
| 18,724 | 16,038 |
| 4,749 | 7,749 |
| 26,691,678 | 11,034,817 |
| 212,821,691 | 123,116,367 |
| 471,275,498 | 9,730,656 |
| 26,522,190,669 | 23,415,837,988 |
| 405,315,544 | 397,259 |
| 26,116,875,125 | 23,415,440,729 |

Less: OBU balance with ID,FSIBL

* 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 31.12.2022 have been reconciled on 07/03/2023.

16.1 Current Tax Liabilities**Provision for Tax**

| |
|--------------------------------------|
| Opening Balance |
| Add : Provision made during the year |

| | |
|-----------------------|-----------------------|
| 15,239,986,435 | 12,692,140,964 |
| 2,601,125,622 | 2,547,845,471 |
| 17,841,112,057 | 15,239,986,435 |

Advance Income Tax

| |
|--------------------------------|
| Opening Balance |
| Add : Tax paid during the year |

| | |
|-----------------------|-----------------------|
| 12,492,570,341 | 10,216,329,525 |
| 2,552,056,354 | 2,276,240,816 |
| 15,044,626,695 | 12,492,570,341 |
| 2,796,485,362 | 2,747,416,094 |

Net Tax Liabilities

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 have already been heard by Taxes Appellate Tribunal, 2017 is pending with Taxes Appellate Tribunal, 2018 is pending with Commissioner Taxes Appeal (1st Appeal) and the return for the year 2019, 2020 & 2021 have already been submitted and assessment is not yet completed by DCT level.

16.2 Consolidated Provision for Investments during the year

| |
|--|
| First Security Islami Bank Limited (Note -16.2(a)) |
| First Security Islami Capital & Investment Limited |

| | |
|----------------------|----------------------|
| 1,542,322,027 | 1,118,208,638 |
| 37,556,701 | 28,600,000 |
| 1,579,878,728 | 1,146,808,638 |

16.2(a) Provision for Investments during the year

| |
|--|
| Specific Provision for Classified Investment |
| General Provision |
| Off -Balance Sheet exposure |
| Special General Provision-Covid-19 |

| | |
|----------------------|----------------------|
| 34,972,354 | 1,015,326,736 |
| 1,049,039,922 | (207,001,854) |
| (41,690,249) | (51,097,691) |
| 500,000,000 | 360,981,447 |
| 1,542,322,027 | 1,118,208,638 |



16.3 Accumulated Provision for Investments

Specific Provision for Classified Investments (Note -16.3.1)
 General Provision (Note -16.3.2)
 Off -Balance Sheet exposure (Note -16.3.3)
 Special General Provision-Covid-19 (Note -16.3.4)

| 31.12.2022 BDT | 31.12.2021 BDT |
|-----------------------|-----------------------|
| 10,591,453,599 | 10,556,431,245 |
| 3,183,342,096 | 2,134,302,174 |
| 344,099,216 | 385,789,465 |
| 1,109,525,093 | 609,525,093 |
| 15,228,420,004 | 13,686,047,977 |

16.3.1 Movement in Specific Provision for Classified Investments

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

| | |
|-----------------------|-----------------------|
| 10,556,431,245 | 9,541,104,509 |
| - | - |
| 50,000 | - |
| (2,084,941,635) | 584,313,484 |
| 2,119,913,989 | 431,013,252 |
| 10,591,453,599 | 10,556,431,245 |

16.3.2 General Provision

Provision held at the beginning of the year
 Add: Addition during the year as per B.B. Instruction
 Add: Addition during the year
 Less: Transferred to Specific Provision during the year
 Less: Transferred to Provision for other Assets during the year

| | |
|----------------------|----------------------|
| 2,134,302,174 | 2,341,304,028 |
| 520,000,000 | - |
| 2,748,953,911 | 569,511,398 |
| (2,119,913,989) | (431,013,252) |
| (100,000,000) | (345,500,000) |
| 3,183,342,096 | 2,134,302,174 |

As per Bangladesh Bank instruction additional general provision Tk. 52.00 crore has maintained from other reserve during the year vide their letter no. DOS(CAMS)1157/41(Dividend)/2023-1970 dated 13th April 2023.

16.3.3 Off-balance sheet exposure

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

| | |
|--------------------|--------------------|
| 385,789,465 | 436,887,156 |
| (41,690,249) | (51,097,691) |
| 344,099,216 | 385,789,465 |

16.3.4 Special General Provision-Covid-19

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

| | |
|----------------------|--------------------|
| 609,525,093 | 248,543,646 |
| 500,000,000 | 360,981,447 |
| 1,109,525,093 | 609,525,093 |

16.4 Profit/Rent/Compensation Suspense Account**A) Profit Suspense (Old)**

Opening Balance
 Add: Transferred during the year

| | |
|-------------------|-------------------|
| 33,676,036 | 33,676,036 |
| - | - |
| 33,676,036 | 33,676,036 |

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

| | |
|-------------------|-------------------|
| 512,624 | - |
| - | - |
| 33,163,412 | 33,676,036 |

B) Compensation Suspense Account

Opening Balance
 Add: As per B.B. Instruction
 Add: Addition during the year

| | |
|----------------------|----------------------|
| 2,093,142,167 | 1,512,100,526 |
| 415,289,757 | - |
| 10,027,491 | 584,889,153 |
| 2,518,459,415 | 2,096,989,679 |

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

| | |
|----------------------|----------------------|
| 15,656,860 | 3,847,512 |
| - | - |
| 2,502,802,555 | 2,093,142,167 |

Total (A+B)

| | |
|----------------------|----------------------|
| 2,535,965,967 | 2,126,818,203 |
|----------------------|----------------------|



| | 31.12.2022 BDT | 31.12.2021 BDT |
|---|-----------------------|-----------------------|
| 16.5 Accrued Profit and Expenses Payable | | |
| Profit Payable on Deposit Accounts | 3,350,205,483 | 3,168,144,470 |
| Power and Electricity | 2,297,839 | 2,404,060 |
| Telephone | 147,939 | 222,476 |
| Office Rent | 8,013,048 | 34,223,724 |
| Wages | 525,098 | 2,293,196 |
| Insurance | 1,334,773 | 1,128,290 |
| Audit Fee | 1,035,000 | 920,000 |
| Others | 688,773,491 | 492,475,851 |
| | 4,052,332,671 | 3,701,812,067 |
| 16.6 Provisions for diminution in value of Investments in shares | | |
| Opening Balance | 134,729,617 | 198,445,155 |
| Add: Addition / (Adjustment) during the year | 58,160,305 | (63,715,538) |
| | 192,889,922 | 134,729,617 |
| 16.7 Provision for Start up fund | | |
| Opening Balance | 61,400,328 | 28,189,907 |
| Add: Addition during the year | 29,299,095 | 33,210,421 |
| | 90,699,423 | 61,400,328 |
| 17 CAPITAL | | |
| AUTHORISED CAPITAL | | |
| 3,000,000,000 Ordinary shares of Taka 10 each. | 30,000,000,000 | 30,000,000,000 |
| 17.1 Issued, Subscribed and Paid-Up Capital | | |
| 1,046,008,121 Ordinary Shares of Taka 10 each issued | 10,460,081,210 | 9,961,982,110 |
| | 10,460,081,210 | 9,961,982,110 |

17.2 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 |
| 5% Bonus Share | 2021 | 474,380,100 | 9,961,982,110 |
| 5% Bonus Share | 2022 | 498,099,100 | 10,460,081,210 |
| Total | | 10,460,081,210 | |



17.3 Category of shareholding as at 31 December 2022

| | 31.12.2022 BDT | 31.12.2021 BDT |
|-------------------------|----------------------|----------------------|
| <u>Name of Category</u> | <u>Percentage(%)</u> | <u>Percentage(%)</u> |
| Sponsors / Directors | 33.02 | 33.35 |
| Foreign Investor | 1.25 | 1.87 |
| Institute | 19.28 | 18.34 |
| General Public | 46.45 | 46.44 |
| | 100.00 | 100.00 |

17.4 Classification of Shareholders by holding position as at 31 December 2022

| <u>Shareholding Range</u> | <u>No. of Shares</u> | <u>No. of Shares</u> |
|-----------------------------|----------------------|----------------------|
| Up to 500 Shares | 2,730,654 | 2,997,479 |
| 501 to 5000 Shares | 48,470,688 | 47,868,471 |
| 5001 to 10,000 Shares | 26,463,173 | 25,889,047 |
| 10,001 to 20,000 Shares | 31,867,267 | 31,586,853 |
| 20,001 to 30,000 Shares | 22,634,423 | 22,760,700 |
| 30,001 to 40,000 Shares | 16,138,432 | 14,839,274 |
| 40,001 to 50,000 Shares | 13,589,522 | 17,286,213 |
| 50,001 to 100,000 Shares | 41,850,213 | 41,906,881 |
| 100,001 to 1,000,000 Shares | 126,390,251 | 126,642,120 |
| Over 1,000,000 Shares | 715,873,498 | 664,421,173 |
| | 1,046,008,121 | 996,198,211 |

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

Tier-1 Capital:

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

| | | |
|------------------------------------|-----------------------|-----------------------|
| Paid up Capital | 10,460,081,210 | 9,961,982,110 |
| Statutory Reserve | 7,550,143,181 | 6,456,663,581 |
| Other Reserve | 3,173,390,980 | 2,843,074,725 |
| Retained Earnings | 929,849,625 | 887,102,932 |
| Non-controlling Interest | 358,758,111 | 373,503,376 |
| Regulatory Adjustment | (639,246,768) | (573,219,363) |
| Others (5% of Deferred Tax Assets) | 25,863,443 | 22,492,943 |
| | 21,858,839,782 | 19,971,600,304 |

Additional Tier-1 Capital (AT-1)

| | | |
|--|-----------------------|-----------------------|
| | 4,809,659,299 | 4,543,867,247 |
| | 26,668,499,081 | 24,515,467,551 |

Tier -2 Capital:

| | | |
|---|-----------------------|-----------------------|
| General Provision | 4,636,966,405 | 3,158,216,732 |
| Assets Revaluation Reserves | - | - |
| Subordinated Debt | 7,400,000,000 | 9,700,000,000 |
| Adjustment (Assets Revaluation Reserves @ 100%) | - | - |
| | 12,036,966,405 | 12,858,216,732 |

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)

| | | |
|--|-----------------------|-----------------------|
| | 12,825,758,131 | 12,116,979,324 |
| | 38,705,465,486 | 36,632,446,875 |

A. Total Regulatory Capital

| | | |
|--|------------------------|------------------------|
| | 320,643,953,286 | 302,924,483,107 |
| | 12.07% | 12.09% |

B. Total Risk Weighted Assets

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

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

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

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

G. Minimum Capital Requirement (MCR)

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

H. Required Minimum Capital Plus Capital Conservation Buffer.

| | | |
|--|-----------------------|-----------------------|
| | 6.82% | 6.59% |
| | 7.00% | 7.00% |
| | 8.32% | 8.09% |
| | 8.50% | 8.50% |
| | 3.75% | 4.00% |
| | 32,064,395,329 | 30,292,448,311 |
| | 6,641,070,157 | 6,339,998,564 |
| | 40,080,494,161 | 37,865,560,388 |



| | 31.12.2022 BDT | 31.12.2021 BDT |
|---|------------------------|------------------------|
| 17.5(a) Capital to Risk Weighted Assets Ratio (CRAR) Under Basel-III (Solo Basis) | | |
| Tier-1 Capital: | | |
| Common Equity Tier-1 Capital (CET-1): | | |
| Paid up Capital | 10,460,081,210 | 9,961,982,110 |
| Statutory Reserve | 7,550,143,181 | 6,456,663,581 |
| Other Reserve | 3,152,659,895 | 2,838,947,004 |
| Retained Earnings | 1,088,680,938 | 1,024,301,103 |
| Regulatory Adjustment | (639,246,768) | (573,219,363) |
| Others (5% of Deferred Tax Assets) | 25,863,443 | 22,492,943 |
| | 21,638,181,898 | 19,731,167,378 |
| Additional Tier-1 Capital (AT-1) | 4,767,632,698 | 4,508,575,419 |
| | 26,405,814,596 | 24,239,742,797 |
| Tier -2 Capital: | | |
| General Provision | 4,636,966,405 | 3,129,616,732 |
| Assets Revaluation Reserves | - | - |
| Subordinated Debt | 7,400,000,000 | 9,700,000,000 |
| Adjustment (Assets Revaluation Reserves @ 100%) | - | - |
| | 12,036,966,405 | 12,829,616,732 |
| 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) | 12,713,687,196 | 12,022,867,785 |
| A. Total Regulatory Capital | 38,442,781,001 | 36,262,610,582 |
| B. Total Risk Weighted Assets | 317,842,179,891 | 300,571,694,627 |
| C. Capital to Risk Weighted Assets Ratio (CRAR) (A/B)*100 | 12.09 | 12.06 |
| D. Common Equity Tier-1 To RWA (A -CET/B)*100 | 6.81% | 6.56% |
| Requirement of Minimum CET-1 plus Capital Conservation Buffer | 7.00% | 7.00% |
| E. Tier-1 Capital to RWA (A -CET/B)*100 | 8.31% | 8.06% |
| Requirement of Minimum Tier-1 Capital Ratio | 8.50% | 8.50% |
| F. Tier-2 Capital to RWA (A- AT/B)*100 | 3.79% | 4.00% |
| G. Minimum Capital Requirement (MCR) | 31,784,217,989 | 30,057,169,463 |
| Capital Surplus / (Deficiency) against MCR (A-G) | 6,658,563,012 | 6,205,441,119 |
| H. Required Minimum Capital Plus Capital Conservation Buffer | 39,730,272,486 | 37,571,461,828 |
| 18 STATUTORY RESERVE | | |
| Opening Balance | 6,456,663,581 | 5,293,570,982 |
| Add: Addition during the year | 1,093,479,600 | 1,163,092,599 |
| | 7,550,143,181 | 6,456,663,581 |
| This has been done at least @ 20% or more of the net profit before tax according to Sec. 24 of Bank Companies Act, 1991 Amendment 2013 and shall be maintained until & unless it equals to Paid-up Capital. | | |
| 19 CONSOLIDATED OTHER RESERVE | | |
| First Security Islami Bank Limited (Note 19(a)) | 3,152,659,895 | 2,838,947,004 |
| First Security Islami Exchange Italy S.R.L. | 41,300,000 | 40,380,920 |
| Translation Reserve | 20,731,085 | 4,127,721 |
| | 3,214,690,980 | 2,883,455,645 |
| Less: Intercompany Transaction | 41,300,000 | 40,380,920 |
| | 3,173,390,980 | 2,843,074,725 |



| | 31.12.2022 BDT | 31.12.2021 BDT |
|---|----------------------|----------------------|
| 19(a) OTHER RESERVE | | |
| Opening Balance | 2,838,947,004 | 1,967,545,266 |
| Add: Addition during the year | 303,651,817 | 861,340,664 |
| Add: Transferred from Asset Revaluation Reserve | 10,061,074 | 10,061,074 |
| | 3,152,659,895 | 2,838,947,004 |

Other reserve including deferred tax assets amount of Tk. 51.73 crore up to December 2022 as per Bangladesh Bank BRPD Circular no. 11/2011. In order to comply with the requirements of DOS letter no. DOS(CAMS)1157/41(dividend)/2023-1970 dated: 13/04/2023 other reserve amount is Tk. 52.00 Crore transferred to general provision of investment.

| | | |
|---|--------------------|--------------------|
| 20 ASSETS REVALUATION RESERVE | | |
| Opening Balance | 194,933,303 | 321,954,358 |
| Add: Additional made this year | - | - |
| Add: Deferred tax impact on excess depreciation | 3,772,903 | (116,959,982) |
| Less: Transfer to Other Reserve | 10,061,074 | 10,061,074 |
| | 188,645,132 | 194,933,303 |

The Bank revalued the entire land and building by an independent valuation firm according to paragraph 36 of IAS-16 as per approval of the meeting of 129th Board of Directors of the Bank. As per IAS-16, Revaluation reserve is transferred to Other Reserve in each year during the lifetime of those assets.

| | | |
|---|--------------------|--------------------|
| 21 CONSOLIDATED RETAINED EARNINGS | | |
| Opening Balance | 887,102,932 | 874,829,851 |
| Add: Post tax profit for the period | 2,961,502,802 | 3,365,199,987 |
| Less: Transfer to Statutory Reserve | 1,093,479,600 | 1,163,092,599 |
| Less: Transfer to Other Reserve | 303,651,817 | 861,340,664 |
| Less: Dividend paid during the period | 1,030,863,799 | 948,760,200 |
| Less: Dividend/Coupon Paid to Perpetual Bond Holder | 472,200,000 | 358,739,288 |
| Less: Non-controlling Interest | 18,560,892 | 20,994,155 |
| | 929,849,625 | 887,102,932 |

| | | |
|---|----------------------|----------------------|
| 21(a) RETAINED EARNINGS | | |
| Opening Balance | 1,024,301,103 | 1,035,191,735 |
| Add: Post tax profit for the period | 2,929,909,459 | 3,321,042,118 |
| Less: Transfer to Statutory Reserve | 1,093,479,600 | 1,163,092,599 |
| Less: Transfer to Other Reserve | 303,651,817 | 861,340,664 |
| Less: Dividend paid during the period | 996,198,206 | 948,760,200 |
| Less: Dividend/Coupon Paid to Perpetual Bond Holder | 472,200,000 | 358,739,288 |
| | 1,088,680,938 | 1,024,301,103 |

| | | |
|-------------------------------------|--------------------|--------------------|
| 22 NON-CONTROLLING INTEREST | | |
| Opening Balance | 373,503,376 | 352,509,221 |
| Add: Capital Increase in Subsidiary | - | - |
| Add: Transfer during the year | 18,560,892 | 20,994,155 |
| Less: Dividend paid (Previous year) | 33,306,157 | - |
| | 358,758,111 | 373,503,376 |



| | 31.12.2022 BDT | 31.12.2021 BDT |
|--|----------------------|-----------------------|
| 23 LETTER OF GUARANTEE | | |
| Money for which the Bank is contingently liable in respect of guarantees are given favoring: | | |
| Letters of Guarantee - Local | 6,193,807,705 | 6,342,449,489 |
| Letter of Guarantee - Foreign | 1,063,400 | 12,215,400 |
| | 6,194,871,105 | 6,354,664,889 |
| 23.1 Money for Which the Bank is Contingently Liable in respect of Guarantees: | | |
| Directors | - | - |
| Government | - | - |
| Banks and Other Financial Institutions | - | - |
| Others | 6,194,871,105 | 6,354,664,889 |
| | 6,194,871,105 | 6,354,664,889 |
| 24 IRREVOCABLE LETTERS OF CREDIT | | |
| Letters of Credit - Cash | 7,431,607,044 | 12,842,744,980 |
| Letter of Credit - Cash Inland | - | - |
| Back to Back letters of Credit - Local | 1,552,984,664 | 949,495,559 |
| Back to Back letters of Credit - Foreign | 693,061,266 | 1,209,958,464 |
| | 9,677,652,974 | 15,002,199,003 |
| 25 BILLS FOR COLLECTION | | |
| Foreign Documentary Bills | 1,283,675,970 | 630,112,393 |
| Outward Bills | - | - |
| Inland Documentary Bills | 7,168,396,893 | 5,316,547,419 |
| | 8,452,072,863 | 5,946,659,812 |



26 CONSOLIDATED INVESTMENT INCOME

First Security Islami Bank Limited (Note-26 (a))
First Security Islami Capital & Investment Limited

Less: Inter Company Transaction

| 2022 BDT | 2021 BDT |
|-----------------------|-----------------------|
| 40,235,923,289 | 40,631,890,056 |
| 250,976,281 | 184,633,858 |
| 40,486,899,570 | 40,816,523,914 |
| 82,400,776 | 42,734,711 |
| 40,404,498,794 | 40,773,789,203 |

26(a) INVESTMENT INCOME

Profit Received from:

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

| | |
|-----------------------|-----------------------|
| 831,500,826 | 1,294,836,716 |
| 19,846,540,879 | 18,653,412,224 |
| 9,140,261,856 | 9,688,054,126 |
| 474,732,947 | 360,960,216 |
| 6,543,703 | 4,168,015 |
| - | - |
| 263,591,014 | 34,988,960 |
| 1,118,240,437 | 1,131,101,409 |
| 320,010,780 | 460,733,390 |
| 1,570,053 | 3,722,113 |
| 2,919,866,554 | 2,359,594,877 |
| 965,839,495 | 585,498,372 |
| 86,121,857 | 74,724,329 |
| 70,299,711 | 146,858,078 |
| 1,170,370,585 | 1,521,109,523 |
| 194,129,021 | 200,913,399 |
| 57,827,603 | 46,201,509 |
| 1,914,674 | 575,256 |
| 57,262,644 | 112,318,191 |
| 320,153,338 | 659,803,470 |
| 30,437,144 | 25,534,084 |
| 11,806,522 | 13,026,510 |
| 32,812,092 | 39,440,956 |
| 553,949,729 | 1,144,919,585 |
| 975,173,368 | 883,811,088 |
| 2,678 | 63,599 |
| 32,531,425 | 37,941,943 |
| - | 19,257 |
| 153,758,448 | 115,457,338 |
| 6,124,789 | 4,681,164 |
| - | 10,676 |
| 12,459,626 | - |
| 132,522 | - |
| 770,064,140 | 977,725,966 |
| 7,102,964 | 3,573,886 |
| 168,262 | - |
| 226,958,264 | 50,312,399 |
| 40,660,259,950 | 40,636,092,624 |
| 9,398,904 | 4,202,568 |
| 414,937,757 | - |
| 40,235,923,289 | 40,631,890,056 |

Less: Intercompany Transaction (OBU)
Less: Regulatory Adjustment



27 PROFIT PAID ON DEPOSITS/ BORROWINGS, ETC.

Profit Paid on:

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

Less: Intercompany Transaction (OBU)

| 2022 BDT | 2021 BDT |
|-----------------------|-----------------------|
| 16,351,037,960 | 16,262,421,359 |
| 1,204,810,200 | 2,192,545,794 |
| 477,074,267 | 860,410,340 |
| 244,296,420 | 469,856,989 |
| 1,970,012,892 | 1,054,014,117 |
| 1,067,261,351 | 873,712,912 |
| 1,208,451,264 | 791,140,313 |
| 13,768,865 | 15,874,143 |
| 26,258,614 | 21,963,315 |
| 7,511,222 | 6,908,400 |
| 24,506,425 | 19,035,812 |
| 19,918,655 | 14,213,795 |
| 256,539,667 | 340,757,334 |
| 1,240,461,628 | 1,527,953,503 |
| 183,757,375 | 244,325,426 |
| 73,433,381 | 103,820,220 |
| 165,003,922 | 241,906,586 |
| 146,772,641 | 196,870,882 |
| 26,301,451 | 66,038,841 |
| 151,875,060 | 266,305,751 |
| 16,663,369 | 25,183,831 |
| 14,000 | 62,000 |
| 18,155,912 | 25,980,950 |
| 172,188 | 218,399 |
| 2,113,162 | 2,309,535 |
| 9,579,076 | 8,249,001 |
| 2,968,989 | 5,670,945 |
| 18,145,637 | 12,621,868 |
| 289,604 | 144,914 |
| 11,369,318 | 9,025,888 |
| 39,790,134 | 23,592,250 |
| 103,524,049 | 194,724,673 |
| 29,476,507 | 33,638,133 |
| 847,644 | 328,127 |
| 4,774,235 | 4,532,774 |
| 28,832,564 | 15,772,128 |
| 408,575,609 | 502,313,879 |
| 330,919,624 | 327,110,365 |
| 549,800,772 | 819,845,255 |
| 498,455 | 258,129 |
| 240,379 | - |
| 292,335 | - |
| 94,772,340 | - |
| 179,177,087 | 30,596,806 |
| 26,710,046,249 | 27,612,255,682 |
| 9,398,904 | 4,202,568 |
| 26,700,647,345 | 27,608,053,114 |



| | 2022 BDT | 2021 BDT |
|--|----------------------|--------------------|
| 28 CONSOLIDATED INCOME FROM INVESTMENT IN SHARES & SECURITIES | | |
| First Security Islami Bank Limited (Note-28 (a)) | 788,146,286 | 394,629,756 |
| First Security Islami Capital & Investment Limited | 27,309,800 | 44,793,334 |
| | 815,456,086 | 439,423,090 |
| 28(a) INCOME FROM INVESTMENT IN SHARES & SECURITIES | | |
| Bangladesh Govt. Islamic Investment Bond | 497,802,459 | 299,668,782 |
| Dividend on Shares | 51,131,142 | 11,436,982 |
| Profit on Sale of Shares | 16,144,822 | 48,225,362 |
| Profit Received on MSB | 8,050,000 | 16,800,000 |
| Profit Received on Muduraba Perputual Bond | 158,046,849 | 16,131,507 |
| Profit Received on Sukuk Bond | 57,323,014 | 2,367,123 |
| | 788,498,286 | 394,629,756 |
| Less: Regulatory Adjustment dividend on shares | 352,000 | - |
| | 788,146,286 | 394,629,756 |
| 29 CONSOLIDATED COMMISSION, EXCHANGE AND BROKERAGE | | |
| First Security Islami Bank Limited (Note-29 (a)) | 1,524,665,635 | 771,842,502 |
| First Security Islami Capital & Investment Limited | 21,906,502 | 31,746,136 |
| | 1,546,572,137 | 803,588,638 |
| 29(a) COMMISSION, EXCHANGE AND BROKERAGE | | |
| Commission | 668,747,945 | 551,325,522 |
| Exchange Gain | 855,917,690 | 220,516,980 |
| Exchange Earning | 1,838,176,758 | 330,620,811 |
| Less: Exchange Loss | 982,259,068 | 110,103,831 |
| | 1,524,665,635 | 771,842,502 |
| 30 CONSOLIDATED OTHER OPERATING INCOME | | |
| First Security Islami Bank Limited (Note-30 (a)) | 791,749,899 | 678,783,672 |
| First Security Islami Capital & Investment Limited | 5,488,969 | 2,784,168 |
| First Security Islami Exchange Italy | 52,180,379 | 55,396,709 |
| | 849,419,247 | 736,964,549 |
| 30(a) OTHER OPERATING INCOME | | |
| Charges on Account Closing | 4,996,969 | 11,281,848 |
| Standing Instruction Charges | 11,677,945 | 11,954,403 |
| Gain/(Loss) on Sale of Fixed Assets | 14,586,288 | 1,817,206 |
| Service Charge on Quard | 15,126,780 | 6,270,675 |
| Other Income (Note-30.1) | 745,361,917 | 647,459,540 |
| | 791,749,899 | 678,783,672 |



30.1 Other Income

| |
|---|
| Postage Recoveries - Local |
| Tel/Fax/E-mail Chg. Recoveries |
| Incidental Charge on Al-Wadiah CD A/C |
| Incidental Charge on Mudaraba SB A/C |
| Incidental Charge on Mudaraba SND A/C |
| Income from Online |
| Investment Processing Fee |
| Income from ATM |
| Income from SMS Banking Services |
| Income from Internet Banking Services |
| Other Operational Income from TAMIN Card |
| Income From Automated Challan System(ACS) |
| Miscellaneous Earnings |
| Off-shore Banking Unit |

| 2022 BDT | 2021 BDT |
|--------------------|--------------------|
| 703,641 | 745,510 |
| 23,958,879 | 20,729,757 |
| 21,253,325 | 21,004,212 |
| 85,269,699 | 47,962,937 |
| 12,452,118 | 10,928,137 |
| 51,760,043 | 40,560,498 |
| 60,599,780 | 45,769,376 |
| 78,138,804 | 61,527,677 |
| 261,425,232 | 226,972,354 |
| 1,554,300 | 1,249,800 |
| 142,169 | - |
| 4,489,512 | - |
| 143,587,165 | 170,009,282 |
| 27,250 | - |
| 745,361,917 | 647,459,540 |

31 CONSOLIDATED SALARY & ALLOWANCES

| |
|--|
| First Security Islami Bank Limited (Note-31 (a)) |
| First Security Islami Capital & Investment Limited |
| First Security Islami Exchange Italy |

| | |
|----------------------|----------------------|
| 5,270,201,431 | 4,462,267,083 |
| 19,160,932 | 16,837,520 |
| 27,612,487 | 28,578,061 |
| 5,316,974,850 | 4,507,682,664 |

31(a) SALARY & ALLOWANCES

| |
|---|
| Basic Salary |
| Bonus |
| Allowances |
| Bank's Contribution to Staff Provident Fund |
| Gratuity |
| Employees' Insurance |
| Benevolent Fund |
| Death Compensation under COVID-19 |
| Off-shore Banking Unit |

| | |
|----------------------|----------------------|
| 2,078,281,162 | 1,726,158,029 |
| 641,757,102 | 527,631,679 |
| 2,055,494,372 | 1,768,155,403 |
| 186,143,110 | 157,155,779 |
| 296,285,666 | 268,771,154 |
| 6,125,280 | 5,773,110 |
| - | 3,621,929 |
| - | 5,000,000 |
| 6,114,739 | - |
| 5,270,201,431 | 4,462,267,083 |

32 CONSOLIDATED RENT, TAXES, INSURANCE,ELECTRICITY ETC.

| |
|--|
| First Security Islami Bank Limited (Note-32 (a)) |
| First Security Islami Capital & Investment Limited |
| First Security Islami Exchange Italy |

| | |
|--------------------|--------------------|
| 837,867,800 | 707,114,615 |
| 941,900 | 963,330 |
| 2,580,306 | 2,481,121 |
| 841,390,006 | 710,559,066 |

32(a) RENT, TAXES, INSURANCE, ELECTRICITY ETC.

| |
|-----------------|
| Rent |
| Insurance |
| Rates and Taxes |
| Water Charges |
| Gas Charges |
| Electric Bills |

| | |
|--------------------|--------------------|
| 465,442,514 | 383,383,380 |
| 224,840,912 | 198,287,036 |
| 27,935,076 | 19,500,194 |
| 4,787,338 | 3,725,006 |
| 3,146,659 | 2,318,660 |
| 111,715,301 | 99,900,339 |
| 837,867,800 | 707,114,615 |



| | 2022 BDT | 2021 BDT |
|--|--------------------|--------------------|
| 33 CONSOLIDATED LEGAL EXPENSES | | |
| First Security Islami Bank Limited (Note-33 (a)) | 8,297,653 | 9,414,203 |
| First Security Islami Capital & Investment Limited | - | - |
| | <u>8,297,653</u> | <u>9,414,203</u> |
| 33(a) LEGAL EXPENSES | | |
| Legal fee & charges | 314,275 | 254,225 |
| Other legal expenses | 7,983,378 | 9,159,978 |
| | <u>8,297,653</u> | <u>9,414,203</u> |
| 34 CONSOLIDATED POSTAGE, STAMP AND TELECOMMUNICATION ETC. | | |
| First Security Islami Bank Limited (Note-34 (a)) | 134,505,322 | 116,844,275 |
| First Security Islami Capital & Investment Limited | 732,462 | 723,282 |
| | <u>135,237,784</u> | <u>117,567,557</u> |
| 34(a) POSTAGE, STAMP AND TELECOMMUNICATION ETC. | | |
| Postage | 10,335,359 | 8,552,256 |
| Stamp | 125,749 | 151,750 |
| Telephone - Office | 9,341,506 | 9,294,113 |
| Telex, Fax and Email | 15,831,476 | 12,897,592 |
| Telephone - Residence | 12,569 | 8,965 |
| Data Communication | 98,539,215 | 85,939,599 |
| Off-shore Banking Unit | 319,448 | - |
| | <u>134,505,322</u> | <u>116,844,275</u> |
| 35 CONSOLIDATED STATIONERY, PRINTING AND ADVERTISEMENT ETC. | | |
| First Security Islami Bank Limited (Note-35 (a)) | 634,527,589 | 169,488,898 |
| First Security Islami Capital & Investment Limited | 315,446 | 600,776 |
| | <u>634,843,035</u> | <u>170,089,674</u> |
| 35(a) STATIONERY, PRINTING AND ADVERTISEMENT ETC. | | |
| Publicity and Advertisement | 542,715,007 | 107,288,130 |
| Printing and Stationery | 87,581,002 | 58,326,539 |
| Computer Stationery | 4,231,580 | 3,874,229 |
| | <u>634,527,589</u> | <u>169,488,898</u> |
| 36 CONSOLIDATED MANAGING DIRECTOR'S SALARY AND FEES | | |
| First Security Islami Bank Limited (Note-36 (a)) | 17,505,608 | 16,432,439 |
| First Security Islami Capital & Investment Limited | 3,825,755 | 3,280,683 |
| | <u>21,331,363</u> | <u>19,713,122</u> |



| | 2022 BDT | 2021 BDT |
|---|--------------------|--------------------|
| 36(a) MANAGING DIRECTOR'S SALARY AND FEES | | |
| Basic Pay | 7,490,322 | 6,874,375 |
| House rent allowances | 2,100,000 | 2,018,709 |
| Leave Fare Assistance | 1,800,000 | 1,718,710 |
| Bonus | 2,010,000 | 2,070,000 |
| House Maintenance | 2,100,000 | 2,030,322 |
| Other Allowances | 2,005,286 | 1,720,323 |
| | 17,505,608 | 16,432,439 |
| 37 CONSOLIDATED DIRECTORS' FEES & EXPENSES | | |
| First Security Islami Bank Limited (Note-37 (a)) | 1,436,000 | 1,566,400 |
| First Security Islami Capital & Investment Limited | 450,000 | 575,000 |
| | 1,886,000 | 2,141,400 |
| 37(a) DIRECTORS' FEES & EXPENSES | | |
| Directors Fees | 1,436,000 | 1,566,400 |
| Meeting Expenses | - | - |
| | 1,436,000 | 1,566,400 |
| 38 SHARIAH SUPERVISORY COMMITTEE'S FEES & EXPENSES | | |
| Shariah Council Meeting Expenses | 466,000 | 459,000 |
| | 466,000 | 459,000 |
| 39 CONSOLIDATED AUDIT FEES | | |
| First Security Islami Bank Limited | 1,035,000 | 1,380,000 |
| First Security Islami Capital & Investment Limited | 209,013 | 272,750 |
| | 1,244,013 | 1,652,750 |
| 40 CONSOLIDATED DEPRECIATION AND REPAIRS OF FIXED ASSETS | | |
| First Security Islami Bank Limited (Note-40 (a)) | 878,134,842 | 751,863,302 |
| First Security Islami Capital & Investment Limited | 5,424,284 | 6,204,003 |
| First Security Islami Exchange Italy | 2,213,802 | 2,848,645 |
| | 885,772,928 | 760,915,950 |
| 40(a) DEPRECIATION AND REPAIRS OF BANK'S ASSETS | | |
| Depreciation on Fixed Assets (Annexure - A) | 618,002,585 | 549,409,536 |
| Repairs: | 260,132,257 | 202,453,766 |
| Office equipment | 44,691,704 | 66,933,172 |
| Renovation and Repair of Office Premises | 3,773,207 | 3,568,582 |
| Furniture and Fixtures | 2,665,680 | 2,133,620 |
| Maintenance and Services of SWIFT | 1,164,662 | 1,205,568 |
| Maintenance of Routers | 2,384,482 | 2,099,238 |
| Elect. Fitt. Rep. & Replacement | 14,654,087 | 37,059,842 |
| Office Maintenance Expenses | 36,514,160 | 31,792,883 |
| Maintenance of Software | 142,557,418 | 46,943,335 |
| Maintenance Expenses of ATM Machine | 6,426,857 | 6,255,026 |
| Maintenance of Disaster Recovery Site | 5,300,000 | 4,462,500 |
| | 878,134,842 | 751,863,302 |



| | 2022 BDT | 2021 BDT |
|--|----------------------|----------------------|
| 41 CONSOLIDATED OTHER EXPENSES | | |
| First Security Islami Bank Limited (Note-41 (a)) | 1,435,089,391 | 1,178,624,196 |
| First Security Islami Capital & Investment Limited | 138,256,034 | 100,562,936 |
| First Security Islami Exchange Italy | 26,059,813 | 20,176,228 |
| | 1,599,405,238 | 1,299,363,360 |
| Less: Inter Company Transaction | 82,400,776 | 42,734,711 |
| | 1,517,004,462 | 1,256,628,649 |
| 41(a) OTHER EXPENSES | | |
| Training, Seminar and Workshop | 14,383,239 | 4,454,285 |
| Entertainment | 68,268,944 | 58,237,631 |
| Traveling | 24,063,366 | 11,096,818 |
| Donation | 311,522,210 | 254,812,473 |
| Subscription | 18,042,629 | 26,277,027 |
| Newspaper and Periodicals | 833,994 | 639,754 |
| Wages | 662,410,278 | 633,456,797 |
| Conveyance | 17,098,481 | 13,324,576 |
| Business Development | 181,769,036 | 62,005,825 |
| Plantation | 1,165,963 | 1,202,328 |
| Liveries and Uniform | 4,628,009 | 5,018,261 |
| Photocopying | 7,274,483 | 5,775,790 |
| Generator Fuel | 12,120,186 | 6,075,274 |
| Car Expense | 14,413,318 | 12,308,917 |
| Cash Carrying | 23,799,439 | 21,214,105 |
| Washing and Cleaning | 3,026,880 | 3,680,429 |
| Cartage and Freight | 80,670 | 32,670 |
| ATM Expenses | 40,520,449 | 30,089,336 |
| Meeting Expenses | 15,133,405 | 9,859,563 |
| Mobile Financial Service Expense | 26,095 | 52,258 |
| Bank Charges | 13,182,600 | 4,236,481 |
| Sundry Expenses | - | 11,051,116 |
| Office Maintenance | 942,050 | 749,692 |
| Recruitment Expenses | 84,150 | 2,972,790 |
| Off-shore Banking Unit | 299,517 | - |
| | 1,435,089,391 | 1,178,624,196 |

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

| | | |
|--|-------------------|-------------------|
| 42 DEFERRED TAX INCOME/(EXPENSE) | | |
| Closing balance of Deferred Tax Assets | 517,268,851 | 449,858,867 |
| Less: Opening balance of Deferred Tax Assets | (449,858,867) | (513,394,255) |
| Deferred Tax liabilities on revaluation reserve | (3,772,903) | 116,959,982 |
| Deferred Tax Income Charged in Profit and Loss A/c during the year | 63,637,081 | 53,424,593 |

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



43 CONSOLIDATED EARNINGS PER SHARE

| | 2022 BDT | 2021 BDT |
|--|----------------------|----------------------|
| Profit after taxation | 2,961,502,802 | 3,365,199,987 |
| Less: Preference dividend | - | - |
| Less: Profit attributable to Minority | 18,560,892 | 20,994,155 |
| Profit attributable to ordinary shareholders of parent | <u>2,942,941,910</u> | <u>3,344,205,832</u> |
| Weighted average number of shares outstanding | 1,046,008,121 | 1,046,008,121 |
| Earnings Per Share (EPS) (Restated) | <u>2.81</u> | <u>3.20</u> |

43(a) EARNINGS PER SHARE

| | | |
|---|----------------------|----------------------|
| Profit after taxation | 2,929,909,459 | 3,321,042,118 |
| Less: Preference dividend | - | - |
| Profit attributable to ordinary shareholders | <u>2,929,909,459</u> | <u>3,321,042,118</u> |
| Weighted average number of shares outstanding | 1,046,008,121 | 1,046,008,121 |
| Earnings Per Share (EPS) (Restated) | <u>2.80</u> | <u>3.17</u> |

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

We calculate Earnings per share in accordance with IAS-33 "Earnings Per Share" (EPS) which has been calculated by net profit or loss attributable to the shareholder dividing by the weighted average number of ordinary shares outstanding during the period. Due to increase provision for Investment by the amount of Tk. 43.30 Crore for the year ended 31 December 2022 compared to the previous year 2021. As a result, EPS has been decreased to 2.80 for the current year 2022 from 3.17 for the previous year 2021.

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

44 CONSOLIDATED NET ASSET VALUE PER SHARE (NAV)

| | | |
|---|----------------|----------------|
| Net Asset Value | 22,302,110,128 | 20,343,756,650 |
| Weighted average number of shares outstanding | 1,046,008,121 | 1,046,008,121 |
| | <u>21.32</u> | <u>19.45</u> |

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

| | | |
|---|----------------|----------------|
| Net Asset Value | 22,440,210,356 | 20,476,827,100 |
| Weighted average number of shares outstanding | 1,046,008,121 | 1,046,008,121 |
| | <u>21.45</u> | <u>19.58</u> |

45 CONSOLIDATED NET OPERATING CASH FLOWS PER SHARE (NOCFPS)

| | | |
|---|---------------|---------------|
| Net Cash Inflow/(Outflow) from Operating Activities | 4,397,194,539 | 6,080,602,817 |
| Weighted average number of shares outstanding | 1,046,008,121 | 1,046,008,121 |
| | <u>4.20</u> | <u>5.81</u> |



| | 2022 BDT | 2021 BDT |
|--|---------------|---------------|
| 45(a) NET OPERATING CASH FLOWS PER SHARE (NOCFPS) | | |
| Net Cash Inflow/(Outflow) from Operating Activities | 4,363,210,862 | 6,305,717,211 |
| Weighted average number of shares outstanding | 1,046,008,121 | 1,046,008,121 |
| | 4.17 | 6.03 |

* Note no. 43 to 45(a) weighted average number of shares outstanding as on 31 December 2021 has been restated.

Explanation for decreasing NOCFPS:

Deposits Received from Customers has been decreased by the amount of Tk. 3,757.20 Crore compare to the previous year. As a result, the net operating cash inflows per share has been decreased to 4.17 as on 31 December 2022 compared to 6.03 on 31 December 2021.

46 CONSOLIDATED RECEIPTS FROM OTHER OPERATING ACTIVITIES

| | | |
|--|--------------------|--------------------|
| First Security Islami Bank Limited (Note-46 (a)) | 791,749,899 | 678,783,672 |
| First Security Islami Capital & Investment Limited | 32,798,769 | 47,577,502 |
| First Security Islami Exchange Italy | 52,180,379 | 55,396,709 |
| | 876,729,047 | 781,757,883 |

46(a) RECEIPTS FROM OTHER OPERATING ACTIVITIES

| | | |
|-------------------------------------|--------------------|--------------------|
| Charges on Account Closing | 4,996,969 | 11,281,848 |
| Standing Instruction Charges | 11,677,945 | 11,954,403 |
| Gain/(Loss) on Sale of Fixed Assets | 14,586,288 | 1,817,206 |
| Service Charge on Quard | 15,126,780 | 6,270,675 |
| Other Income | 745,361,917 | 647,459,540 |
| | 791,749,899 | 678,783,672 |

47 CONSOLIDATED PAYMENT FOR OTHER OPERATING ACTIVITIES

| | | |
|--|----------------------|----------------------|
| First Security Islami Bank Limited (Note-47 (a)) | 2,465,391,122 | 2,061,751,664 |
| First Security Islami Capital & Investment Limited | 38,248,431 | 39,674,442 |
| First Security Islami Exchange Italy | 26,155,206 | 20,176,228 |
| | 2,529,794,759 | 2,121,602,334 |

47(a) PAYMENT FOR OTHER OPERATING ACTIVITIES

| | | |
|---|----------------------|----------------------|
| Rent, Taxes, Insurances, Electricity etc. | 884,216,756 | 753,463,590 |
| Legal Expenses | 8,297,653 | 9,414,203 |
| Postage, Stamps, Telecommunications etc. | 134,505,322 | 116,844,275 |
| Audit Fees & Expenses | 1,380,000 | 1,380,000 |
| Directors' fees | 1,436,000 | 1,566,400 |
| Shariah Supervisory Committee's Fees & Expenses | 466,000 | 459,000 |
| Other Expenses | 1,435,089,391 | 1,178,624,196 |
| | 2,465,391,122 | 2,061,751,664 |



| | 2022 BDT | 2021 BDT |
|--|----------------------|----------------------|
| 48 CONSOLIDATED INCREASE /DECREASE OF OTHER ASSETS | | |
| First Security Islami Bank Limited (Note-48 (a)) | (496,274,701) | (218,373,288) |
| First Security Islami Capital & Investment Limited | (453,421,879) | (340,059,115) |
| First Security Islami Exchange Italy | (6,752,191) | (3,781,102) |
| | (956,448,771) | (562,213,505) |
| 48(a) INCREASE /DECREASE OF OTHER ASSETS | | |
| Advances, Deposits and Prepayment | 2,008,931,823 | 1,589,845,993 |
| Stock of Stationery | 49,946,705 | 52,283,840 |
| Suspense Account | 89,048,088 | 9,905,106 |
| Stamps on Hand | 6,220,784 | 5,837,760 |
| Protested Bills | 61,454,778 | 61,454,778 |
| | 2,215,602,178 | 1,719,327,477 |
| (Increase)/Decrease during the year | (496,274,701) | (218,373,288) |
| 49 CONSOLIDATED INCREASE /DECREASE OF OTHER LIABILITIES | | |
| First Security Islami Bank Limited (Note-49 (a)) | 77,492,676 | (113,528,693) |
| First Security Islami Capital & Investment Limited | 65,289,170 | 27,897,971 |
| First Security Islami Exchange Italy | (38,175,835) | (17,150,515) |
| | 104,606,011 | (102,781,237) |
| 49(a) INCREASE /DECREASE OF OTHER LIABILITIES | | |
| Compensation Realized | 26,691,678 | 11,034,817 |
| Others | 107,560,563 | 45,724,748 |
| | 134,252,241 | 56,759,565 |
| Increase /(Decrease) during the year | 77,492,676 | (113,528,693) |
| 50 Reconciliation of Net profit after Taxation & Operating Profit before changes in operating assets & Liabilities: | | |
| Cash flows from Operating activities: | | |
| Net profit after Taxation | 2,929,909,459 | 3,321,042,118 |
| Provision for Tax | 2,537,488,541 | 2,494,420,878 |
| Provision for Investment share & Contingent Liability | 1,729,781,427 | 1,512,530,910 |
| (Increase)/Decrease profit receivable | (717,252,455) | (159,900,179) |
| Increase/(Decrease) profit payable on Deposits | 182,061,013 | (971,198,368) |
| Depreciation & Amortization of fixed Assets | 618,002,585 | 549,409,536 |
| Recoveries from investment previously written off | 50,000 | - |
| Income tax paid | (2,552,056,354) | (2,276,240,816) |
| Profit/(Loss) on sale of Bank's Assets | 18,659,095 | 1,817,206 |
| Effect of exchange rate changes on cash & cash equivalents | (4,546,589) | (4,682,594) |
| Operating profit before Changes operating assets & liabilities | 4,742,096,722 | 4,467,198,691 |



GENERAL DISCLOSURE:

51 RELATED PARTY DISCLOSURES

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

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

51.1 DIRECTORS' INTEREST IN DIFFERENT BUSINESSES OR ENTITIES AS ON 31.12.2022:

| Sl. No. | Name of the Directors | Status with the Bank | Names of firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee, etc. |
|---------|-----------------------|----------------------|---|
| 1 | Mohammed Saiful Alam | Chairman | <p>Chairman of Board of Director: 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.</p> <p>Managing Director: 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.</p> <p>Director: S. Alam Cold Rolled Steels Ltd. Northern Islami Insurance Co. Ltd.</p> <p>Sponsor Shareholder: Al-Arafah Islami Bank Ltd. S. Alam Super Edible Oil Ltd. S. Alam Vegetable Oil Ltd. S. Alam Power Generation Ltd.</p> <p>Shareholder: Padma Islami Life Insurance Ltd.</p> <p>Proprietor: S. Alam & Co.</p> |



| Sl. No | Name of the Directors | Status with the Bank | Names of firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee, etc. |
|--------|------------------------|----------------------|---|
| 2 | Mohammed Abdul Maleque | Vice-Chairman | <p>Chairman: ABM Tower Ltd.</p> <p>Chairman & Managing Director: Kharana Fish & Poultry Ltd.</p> <p>Director: First Security Islami Capital & Investment Ltd.</p> <p>Ex-Director: Chittagong Chamber of Commerce & Industry</p> <p>Proprietor: M/S. Bengal Corporation M/S. Bengal Trading M/S. Lucky Electronics</p> |
| 3 | Mrs. Farzana Parveen | Director | <p>Chairman/Board of Director Nexus Television & Media Network Limited</p> <p>Managing Director: Dewan Assets Ltd.</p> <p>Director: 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.</p> <p>Shareholder: S. Alam Steels Ltd. S. Alam Cold Rolled Steels Ltd. Union Bank Ltd. Aviva Finance Ltd. Ekushey Television Ltd. Padma Islami Life Insurance Ltd.</p> <p>Proprietor: Fairy Trade International</p> |



| Sl. No | Name of the Directors | Status with the Bank | Names of firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee, etc. |
|--------|-------------------------|--|---|
| 4 | Mrs. Rahima Begum | Director | <p>Chairman: Marsa Aviation Ltd. M/s. Mortoza Assets Ltd. Marsa Transport Ltd.</p> <p>Managing Director: Marsa Fishing Ltd.</p> <p>Director: Marsa Food & Beverage Ltd. Parkview Hospital Limited</p> |
| 5 | Mrs. Atikur Nessa | Director | <p>Proprietor: Atikur Nisa Enterprise</p> <p>Partner: Rafe Enterprise Khorshed Paribahan Sangstha</p> <p>Shareholder: Aviva Finance Ltd.</p> |
| 6 | Khandkar Iftakhar Ahmad | Nominated Director (Pusti Vegetable Ghee Ltd.) | Air Commodore (Retired) Bangladesh Air Force. |
| 7 | Dr. Momtaz Uddin Ahmed | Independent Director | Former Professor University of Dhaka |
| 8 | Mrs. Badrun Nessa | Nominated Director (Padma Export Import & Trading Co. Ltd.) | <p>Director: Excel Dyeing & Printing Ltd.</p> <p>Proprietor: M/s. Moni Traders</p> |
| 9 | Jamal Mostafa Chowdhury | Nominated Director (Honeywell Securities Corporation Limited) | <p>Chairman: J.M.C. Builders (Pvt.) Ltd. J.M.C. Shipping Lines (Pvt.) Ltd.</p> <p>Managing Director: Moon Express (Pvt.) Ltd. Unique Investment & Securities Ltd.</p> <p>Proprietor: M/s. J.M. Chowdhury Complex M/s. J.M.C Trading.</p> |



| Sl. No | Name of the Directors | Status with the Bank | Names of firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee, etc. |
|--------|-----------------------------|--|---|
| 10 | 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 |
| 11 | Md. Ruhul Amin | Independent Director | Retired Bureaucrat |
| 12 | Mohammad Masum Kamal Bhuyan | Independent Director | Retired official of Central Bank |
| 13 | Syed Waseque Md. Ali | Managing Director | First Security Islami Bank Ltd. |

51.2 Related party balances and transactions

Nature and type of related party balance/transactions of the Bank during the year 2022 are as follows

| Name of the Party | Nature of Transaction | Nature of Relationship | Total Value (in Tk.) |
|--|-----------------------|------------------------|----------------------|
| Northern Islami Insurance Ltd. | Insurance Premium | Common Director | 18,151,527 |
| Northern Islami Insurance Ltd. | Deposit | Common Director | 101,787,421 |
| Aviva Finance Ltd. | Deposit | Common Director | 270,412 |
| Aviva Finance Ltd. | Placement | Common Director | 12,290,000,000 |
| Aviva Finance Ltd. | Sub. Bond | Common Director | 80,000,000 |
| Padma Islami Life Insurance Ltd. | Insurance Premium | Common Director | 12,250,560 |
| Ekushey Television Ltd. | Advertisement | Common Director | 17,175,000 |
| Nexus Television & Media Network Limited | Advertisement | Common Director | 16,180,000 |
| First Security Islami Capital & Investment Limited | Deposit | Common Director | 21,291,663 |
| First Security Islami Capital & Investment Limited | Capital | Common Director | 255,000,000 |
| First Security Islami Capital & Investment Limited | Investment | Common Director | 850,761,381 |
| Directors of the Bank | Meeting Fees | Director | 1,436,000 |



51.3 COMPENSATION OF KEY MANAGEMENT PERSONNEL:

Transactions with key Management personnel of the bank for the period January-December 2022 is given below:

| Particulars | 2022 | 2021 |
|-----------------------------|------------|------------|
| Short-term employee benefit | 17,505,608 | 16,432,439 |

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

51.4 Other related party disclosures

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

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

The financial statements were approved by the Board of Directors in its 254th meeting held on 25 April 2023. The Board of Directors in its 254th meeting held on 25 April 2023 recommended 10% (Ten percent) stock dividend for eligible shareholders for the year 2022 to be approved in the Annual General Meeting. The total amount of dividend is Taka 1,046,008,121.00 (One hundred four crore sixty lac eight thousand one hundred twenty 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.

53 AUDIT COMMITTEE**a) Constitution:**

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

| Name | Status with the Bank | Status with the Committee |
|------------------------------|----------------------|---------------------------|
| Mohammad Masum Kamal Bhuiyan | Independent Director | Chairman |
| 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 04 (Four) meetings.

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

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

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

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

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



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

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

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

54 Number of Employees

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

| | 2022 | 2021 |
|--------------------------------|--------------|--------------|
| Executives and Officers | 4,484 | 4,150 |
| Members of Staff (Contractual) | 922 | 936 |
| | 5,406 | 5,086 |

55 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 5,800 man hours. During their audit, they audited above 80% of the Bank's risk weighted assets as on the Balance Sheet date.

56 Share Trading

The bank traded its ordinary shares in Central Depository Bangladesh Limited (CDBL) through Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). The closing market price on 31 December 2022 was Tk. 9.80 at Dhaka Stock Exchange (DSE) and Tk. 10.00 at Chittagong Stock Exchange (CSE).


Managing Director

Dhaka; April 25, 2023


Director


Director


Chairman



FIRST SECURITY ISLAMI BANK LTD.
STATEMENT OF FIXED ASSETS
AS AT 31 DECEMBER 2022

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 2022 |
|----------------------|-------------------------------|--------------------------|--------------------------------|--------------------------------|-------------------------------|------------------------|---|--------------------------------|---|
| | Balance as on 01 January 2022 | Addition during the Year | Sales/Transfer during the Year | Balance as on 31 December 2022 | Balance as on 01 January 2022 | Charge during the year | Adjustment on sale/transfer during the Year | Balance as on 31 December 2022 | |
| Land | 334,631,624 | | | 334,631,624 | - | - | - | - | 334,631,624 |
| Building | 4,068,443,511 | | | 4,068,443,511 | 474,555,978 | 101,711,088 | | 576,267,066 | 3,492,176,445 |
| Furniture & Fixtures | 2,369,941,741 | 476,283,560 | 49,008,139 | 2,797,217,162 | 1,174,220,833 | 150,326,535 | 29,849,846 | 1,294,697,522 | 1,502,519,640 |
| Office Equipment | 2,607,669,117 | 399,898,756 | 44,379,484 | 2,963,188,389 | 1,586,921,633 | 268,036,399 | 34,909,851 | 1,820,048,181 | 1,143,140,208 |
| Vehicles | 202,644,613 | 75,363,522 | 39,750,401 | 238,257,734 | 165,818,873 | 22,509,446 | 39,750,395 | 148,577,924 | 89,679,810 |
| Books | 670,771 | 2,189 | - | 672,960 | 565,884 | 20,286 | - | 586,170 | 86,790 |
| Sub-Total | 9,584,001,377 | 951,548,027 | 133,138,024 | 10,402,411,380 | 3,402,083,201 | 542,603,754 | 104,510,092 | 3,840,176,863 | 6,562,234,517 |

Lease Assets- Premises

| | | | | | | | | | |
|-----------------------|-------------|---|---|-------------|---------------|------------|---|-------------|-------------|
| Right -of- use assets | 332,468,808 | - | - | 332,468,808 | 92,697,950.00 | 46,348,956 | - | 139,046,906 | 193,421,902 |
|-----------------------|-------------|---|---|-------------|---------------|------------|---|-------------|-------------|

Software-Amortization

| | | | | | | | | | |
|----------------------------|-----------------------|--------------------|--------------------|-----------------------|----------------------|--------------------|--------------------|----------------------|----------------------|
| Software -Core Banking | 321,682,268 | 27,667,296 | - | 349,349,564 | 198,321,772 | 29,049,875 | - | 227,371,647 | 121,977,917 |
| Total December 2022 | 10,238,152,453 | 979,215,323 | 133,138,024 | 11,084,229,752 | 3,693,102,923 | 618,002,585 | 104,510,092 | 4,206,595,416 | 6,877,634,336 |
| Total December 2021 | 9,671,033,668 | 622,170,298 | 55,051,513 | 10,238,152,453 | 3,188,350,963 | 549,409,536 | 44,657,576 | 3,693,102,923 | 6,545,049,530 |



Annexure - B

First Security Islami Bank Ltd.
Financial Highlights (Solo)
As at and for the year ended 31 December 2022

| SL # | Particulars | 31.12.2022 | 31.12.2021 |
|------|--|-----------------|-----------------|
| 1 | Paid-up Capital | 10,460,081,210 | 9,961,982,110 |
| 2 | Total Capital Fund | 38,442,781,001 | 36,262,610,582 |
| 3 | Capital Surplus/(deficit) against Minimum Capital Requirement | 6,658,563,012 | 6,205,441,119 |
| 4 | Total Assets | 615,487,794,012 | 543,880,184,472 |
| 5 | Total Deposits | 473,046,316,737 | 469,061,867,848 |
| 6 | Total Investments | 524,795,151,026 | 456,428,535,681 |
| 7 | Total Contingent Liabilities and Commitments | 42,861,994,461 | 44,525,606,270 |
| 8 | Investment Deposit Ratio (in %) * | 103.13% | 91.39% |
| 9 | Percentage of Classified Investments against total Investments(in %) | 4.01% | 4.73% |
| 10 | Profit after tax & provision | 2,929,909,459 | 3,321,042,118 |
| 11 | Amount of Classified Investments | 21,067,077,786 | 21,571,508,990 |
| 12 | Provision kept against Classified Investments | 10,591,453,599 | 10,556,431,245 |
| 13 | Provision Surplus/(deficit) against Classified Investments | - | - |
| 14 | Cost of Fund | 7.45% | 7.92% |
| 15 | Profit Earning Assets | 566,219,753,127 | 499,586,689,836 |
| 16 | Non-profit Earning Assets | 49,268,040,885 | 44,293,494,636 |
| 17 | Return on Investment in Shares & securities(ROI)(in %) | 2.87% | 1.51% |
| 18 | Return on Assets (ROA)(in %) | 0.51% | 0.64% |
| 19 | Income from Investment in Shares and Securities | 788,146,286 | 394,629,756 |
| 20 | Earnings Per Share (EPS)-Restated | 2.80 | 3.17 |
| 21 | Net Income Per Share (Tk.) | 2.80 | 3.17 |
| 22 | Price Earnings Ratio (Times) | 3.50 | 3.87 |

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



First Security Islami Bank Ltd. (Off-shore Banking Unit)
Balance Sheet
As at 31 December 2022

| Particulars | Notes | 31.12.2022 | | 31.12.2021 | |
|---|-------|---------------|---------------|---------------|---------------|
| | | USD | Taka | USD | Taka |
| PROPERTY AND ASSETS | | | | | |
| Cash | | | | | |
| In hand (including foreign currencies) | | - | - | - | - |
| Balance with Bangladesh Bank and its Agent Bank (s) (including foreign currencies) | | - | - | - | - |
| Balance with other Banks and Financial Institutions | | | | | |
| In Bangladesh | 3 | 3,923,788.14 | 405,315,543 | - | - |
| Outside Bangladesh | | - | - | - | - |
| | | 3,923,788.14 | 405,315,543 | - | - |
| Placement with Banks & other Financial Institutions | | | | | |
| | | 15,000,000.00 | 1,549,455,000 | - | - |
| Investments | | | | | |
| General Investment etc. | 4 | - | - | - | - |
| Bills Purchased and Negotiated | 5 | 30,200,987.92 | 3,119,671,449 | 29,223,945.23 | 2,488,906,976 |
| | | 30,200,987.92 | 3,119,671,449 | 29,223,945.23 | 2,488,906,976 |
| Fixed Assets Including Premises, Furniture and Fixtures and Intangible Assets | | | | | |
| Other Assets | 7 | 102,927.39 | 10,632,091 | - | - |
| Non Banking Assets | | | | | |
| Total Assets | | 49,227,703.45 | 5,085,074,083 | 29,223,945.23 | 2,488,906,976 |
| LIABILITIES AND CAPITAL | | | | | |
| Liabilities | | | | | |
| Placement from Banks & Other Financial Institutions | | | | | |
| Deposits and other Accounts | 8 | 48,282,508.79 | 4,987,438,310 | 28,932,359.34 | 2,464,073,568 |
| Al-Wadia Current Deposits and Other Deposit Accounts | | - | - | - | - |
| Mudaraba Savings Deposits | | - | - | - | - |
| Mudaraba Term Deposits | | - | - | - | - |
| Other Liabilities | | | | | |
| Total Liabilities | 9 | 638,546.66 | 65,959,954 | 109,589.75 | 9,333,397 |
| | | 48,921,055.45 | 65,959,954 | 29,041,949 | 2,473,406,966 |
| Capital / Shareholders' equity | | | | | |
| Paid up capital | | - | - | - | - |
| Statutory Reserve | | - | - | - | - |
| Retained Earnings | | 306,648.00 | 31,675,818 | 181,996.14 | 15,500,011 |
| Total Shareholders' Equity | | 306,648.00 | 31,675,818 | 181,996.14 | 15,500,011 |
| Total Liabilities and Shareholders' Equity | | 49,227,703.45 | 5,085,074,083 | 29,223,945.23 | 2,488,906,976 |
| OFF- BALANCE SHEET ITEMS | | | | | |
| Contingent Liabilities | | | | | |
| Acceptances and Endorsements | | - | - | - | - |
| 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 | | | | | |
| | | - | - | - | - |



First Security Islami Bank Ltd. (Off-shore Banking Unit)
Profit and Loss Account
For the year ended 31 December 2022

| Particulars | Notes | 2022 | | 2021 | |
|--|-------|-------------------|-------------------|-------------------|-------------------|
| | | USD | Taka | USD | Taka |
| Investments Income | 10 | 2,106,153.71 | 217,559,360 | 541,406.80 | 46,109,831 |
| Profit Paid on Deposits and Borrowing etc. | 11 | (1,734,581.71) | (179,177,087) | (359,257.85) | (30,596,806) |
| Net Investment Income | | 371,572.00 | 38,382,273 | 182,148.95 | 15,513,025 |
| Commission, Exchange, and Brokerage | 12 | - | - | - | - |
| Other Operating Income | 13 | 263.80 | 27,250 | - | - |
| Total Operating Income | | 371,835.80 | 38,409,523 | 182,148.95 | 15,513,025 |
| Salaries and Allowances | 14 | 59,195.71 | 6,114,739 | - | - |
| Rent, Taxes, Insurance, Electricity, etc. | 15 | - | - | - | - |
| Legal Expenses | | - | - | - | - |
| Postage, Stamp, Telecommunication, etc. | 16 | 3,092.52 | 319,448 | 152.81 | 13,014 |
| Stationery, Printing, Advertisements, etc. | 17 | - | - | - | - |
| Auditors' fees | | - | - | - | - |
| Depreciation & repair of Bank's Assets | 18 | - | - | - | - |
| Other Expenses | 19 | 2,899.57 | 299,517 | - | - |
| Total Operating Expenses | | 65,187.80 | 6,733,704 | 152.81 | 13,014 |
| Profit before provision and Taxes | | 306,648.00 | 31,675,818 | 181,996.14 | 15,500,011 |
| Provisions for Investments including off-B/S items | | - | - | - | - |
| Provisions for Diminution in Value of Investment in Shares | | - | - | - | - |
| Total provision | | - | - | - | - |
| Total profit before taxes | | 306,648.00 | 31,675,818 | 181,996.14 | 15,500,011 |
| Provision for Current Tax | | - | - | - | - |
| Deferred Tax Income | | - | - | - | - |
| Net profit after taxation | | 306,648.00 | 31,675,818 | 181,996.14 | 15,500,011 |



First Security Islami Bank Ltd.(Off-shore Banking Unit)
Cash Flow Statement
For the year ended 31 December 2022

| Particulars | 2022 | | 2021 | |
|--|---------------------|---------------------|---------------------|---------------------|
| | USD | Taka | USD | Taka |
| A) Cash flows from Operating Activities | | | | |
| Investment Income Receipt | 2,003,226.32 | 206,927,269 | 541,406.80 | 46,109,831 |
| Profit Paid in Deposits | (1,205,624.80) | (122,550,530) | (251,006.96) | (21,375,806) |
| Fees and commission receipt | - | - | - | - |
| Payments to Employees | (59,195.71) | (6,114,739) | - | - |
| Payments to Suppliers | (3,092.52) | (319,448) | (152.81) | (13,014) |
| Receipts from other Operating Activities | 263.80 | 27,250 | - | - |
| Payments for other Operating Activities | (2,899.57) | (299,517) | - | - |
| Operating Profit before changes in Operating Assets & Liabilities | 732,677.52 | 77,670,285 | 290,247.03 | 24,721,011 |
| Increase / (Decrease) in operating Assets and Liabilities | | | | |
| (Increase)/decrease of Placement with Banks & other Financial Institutions | (15,000,000.00) | (1,549,455,000) | - | - |
| (Increase)/decrease in Investments to Customers | (977,042.69) | (630,764,473) | (26,669,601.00) | (2,274,469,778) |
| (Increase)/decrease of Other Assets | - | - | - | - |
| Increase/(decrease) of Placement from Banks & other Financial Institutions | 19,350,149.45 | 2,523,364,742 | 26,383,003.81 | 2,250,055,171 |
| Increase/(decrease) of Deposits Received from Customers | - | - | - | - |
| Increase/(decrease) of Other Liabilities | - | - | - | - |
| Cash Generated from Operating Assets & Liabilities | 3,373,106.76 | 343,145,269 | (286,597.19) | (24,414,607) |
| Net Cash Inflow/(Outflow) from Operating Activities | 4,105,784.28 | 420,815,554 | 3,649.84 | 306,404 |
| 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 debt instruments | - | - | - | - |
| Profit transferred to main operation | (181,996.14) | (15,500,011) | (4,662.90) | (395,880) |
| Net cash use in financing activities | (181,996.14) | (15,500,011) | (4,662.90) | (395,880.00) |
| D) Net increase / (decrease) in cash and cash equivalents (A+ B + C) | 3,923,788.14 | 405,315,543 | (1,013.06) | (89,476) |
| E) Effects of exchange rate changes on cash and cash equivalents | - | - | - | 4,430 |
| F) Cash and cash equivalent at beginning of the year | - | - | 1,013.06 | 85,046 |
| G) Cash and cash equivalent at end of the year(D+E+F) | 3,923,788.14 | 405,315,543 | - | - |
| The above closing Cash and Cash Equivalents include: | | | | |
| Cash in Hand (Including Foreign Currencies) | - | - | - | - |
| Balance with Bangladesh Bank and its Agent Bank(s) and Other Banks | 3,923,788.14 | 405,315,543 | - | - |
| | 3,923,788.14 | 405,315,543 | - | - |



First Security Islami Bank Ltd. (Off-Shore Banking Unit)
Notes to the Financial Statements
As at for the year ended 31 December 2022

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 2022 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, 2022.

1.3 Assets and basis of their valuation

1.3.1 Cash and cash equivalents

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

1.3.2 Fixed assets and depreciation

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

1.4 Revenue recognition

1.4.1 Profit income

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

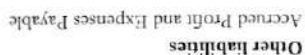
1.4.2 Fees and commission income

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

1.4.3 Profit paid and other expenses

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





First Security Islami Bank Ltd.
Other Bank & Financial Institutes

Placement from Banks & Other Financial Institutions

Other Assets
Advances, Deposits and Prepayment
Profit receivable
Stock of Stationery

Furniture and fixtures
Office equipment
Vehicles

Fixed Assets including premises, Furniture &

(ii) Bills Purchased and Negotiated (note-5)

Investments
i) General Investment etc.
Bar-Murabaha
Others

Outside Bangladesh (Nostro accounts)
Currents accounts

First Security Islami Bank Limited
First Security Islami Capital & Investment Limited

Balance with Bangladesh Bank (Note-3.1)

Balance with Other Banks and Financial Institutions

b) Assets and liabilities & income and expenses have been converted into Taka currency weighted average rate @ US\$1 = Taka 103.2970 as at 31st

been rounded off to the nearest 1 ak.

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

2.1 General

However all provisions have been accounted for in the Financial Statement of First Security Islami Bank Limited instead 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.

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

2. Common expense

| | 2022 | | 2021 | |
|---|---------------------|--------------------|-------------------|-------------------|
| | USD | Taka | USD | Taka |
| 10 Investments Income | | | | |
| Inland Documentary Bills Purchased (Foreign Currency Bills) | 1,252,921.62 | 129,423,045 | 541,406.80 | 46,109,831 |
| Foreign Documentary Bills Purchased (Foreign Currency Bills) | 665,321.04 | 68,725,667 | - | - |
| Profit on balance with other banks and financial institutions | 187,911.05 | 19,410,648 | - | - |
| Profit received from FC account | - | - | - | - |
| Others | - | - | - | - |
| | <u>2,106,153.71</u> | <u>217,559,360</u> | <u>541,406.80</u> | <u>46,109,831</u> |
| Less: Inter Bank transaction | - | - | - | - |
| Total Interest income | <u>2,106,153.71</u> | <u>217,559,360</u> | <u>541,406.80</u> | <u>46,109,831</u> |
| 11 PROFIT PAID ON DEPOSITS and BORROWING ETC. | | | | |
| Mudaraba Term Deposit | - | - | - | - |
| Profit paid on local bank accounts | 105,728.12 | 10,921,398 | 123,159.30 | 10,489,071 |
| Profit paid on foreign bank accounts | 1,628,853.59 | 168,255,689 | 236,098.55 | 20,107,734 |
| | <u>1,734,581.71</u> | <u>179,177,087</u> | <u>359,257.85</u> | <u>30,596,806</u> |
| Less: Inter Bank transaction | - | - | - | - |
| | <u>1,734,581.71</u> | <u>179,177,087</u> | <u>359,257.85</u> | <u>30,596,806</u> |
| 12 COMMISSION, EXCHANGE AND BROKERAGE | | | | |
| Commission on L/Cs | - | - | - | - |
| Other commission | - | - | - | - |
| | - | - | - | - |
| Exchange Gain | - | - | - | - |
| Brokerage | - | - | - | - |
| | - | - | - | - |
| 13 OTHER OPERATING INCOME | | | | |
| Postage Recoveries - Local | - | - | - | - |
| Miscellaneous earnings | 263.80 | 27,250 | - | - |
| | <u>263.80</u> | <u>27,250</u> | - | - |
| 14 SALARY & ALLOWANCES | | | | |
| Salary and Other Allowance | 59,195.71 | 6,114,739 | - | - |
| | <u>59,195.71</u> | <u>6,114,739</u> | - | - |
| 15 RENT, TAXES, INSURANCE, ELECTRICITY ETC. | | | | |
| Rates and Taxes | - | - | - | - |
| Electric Bills | - | - | - | - |
| | - | - | - | - |
| 16 POSTAGE, STAMP AND TELECOMMUNICATION ETC. | | | | |
| Postage | 3,092.52 | 319,448 | 152.81 | 13,014 |
| Telephone - Residence | - | - | - | - |
| | <u>3,092.52</u> | <u>319,448</u> | <u>152.81</u> | <u>13,014</u> |
| 17 STATIONERY, PRINTING AND ADVERTISEMENT ETC. | | | | |
| Publicity and Advertisement | - | - | - | - |
| Printing and Stationery | - | - | - | - |
| Computer Stationery | - | - | - | - |
| | - | - | - | - |
| 18 DEPRECIATION AND REPAIRS OF BANK'S ASSETS | | | | |
| Depreciation | | | | |
| Depreciation on Fixed Assets | - | - | - | - |
| | - | - | - | - |
| Repairs | | | | |
| Furniture and Fixtures | - | - | - | - |
| Maintenance of Software | - | - | - | - |
| | - | - | - | - |
| 19 Other Expenses | | | | |
| Washing and Cleaning | - | - | - | - |
| Wages | 2,899.57 | 299,517 | - | - |
| Misellineous Expenses | - | - | - | - |
| | <u>2,899.57</u> | <u>299,517</u> | - | - |

