



Head Office

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

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of **First Security Islami Bank Limited** (the “**Group**”) as well as the separate financial statements of First Security Islami Bank Limited (the “**Bank**”), which comprise the consolidated and separate Balance sheets as at 31 December 2019, consolidated and separate profit or loss accounts, consolidated and separate cash flow statement, consolidated and separate statement of changes in equity for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank (the “financial statements”) give a true and fair view of the consolidated Balance sheet of the Group and the separate Balance Sheets of the Bank as at 31 December 2019 and its consolidated and separate profit and loss accounts, consolidated and separate statement of changes in equity and its consolidated and separate statement of cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2 and comply with the Banking Companies Act 1991 (as amended up to date), The Companies Act (#18) 1994, the rules and regulations issued by Bangladesh Bank, the rules and regulations issued by the Bangladesh Securities & Exchange Commission (BSEC) and other applicable laws and regulations.

Basis for Opinion

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

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to those matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. These results of our audit procedures, including the performance of procedures designed to respond to our assessment of the risk of material misstatements of the 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 financial statements.

Description of key audit matters	Our response to key audit matters
Measurement of provision for investment (See Note no. 6.8 and 13.3 to the financial statements)	
The Key Audit matter	How the matter was addressed in our audit
The process of estimating the provision for investment portfolio associated with credit risk is judgmental and complex. While estimating such provision certain judgmental factors need to be considered. These are: ▪ Present and future business performance of the clients. ▪ Market value of collateral. ▪ Ability to repossess the collateral and recovery rates. ▪ Estimates of exiting values and the timing of cash flows. ▪ Industry in which clients operate business. Furthermore, provision calculation and reporting are manually processed that deals with voluminous databases involving assumptions, estimates by following guidelines/instructions of Bangladesh Bank (the central Bank of Bangladesh) issued from time to time. Due to high level of judgment involved and manual process involved in estimating the provision for investment portfolio, we considered this to be a key audit matter. At year end the Group and the bank reported total Investment of BDT 364.03 billion (2018: BDT 311.42 billion) and provision for Investment of BDT 11.19 billion (2018: BDT 9.33 billion).	We tested the design and operating effectiveness of key controls focusing on the following: ▪ Investments appraisal, Investments disbursement procedures, monitoring and provisioning process; ▪ Identification of loss events, including early warning and default warning indicators; ▪ Reviewed quarterly Classification of Loans (CL); Our substantive procedures in relation to the provision for investment portfolio comprised the following: ▪ Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines; ▪ Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

Carrying value of investments in subsidiaries by the Bank (See Note no. 8)	
The Key Audit matter	How the matter was addressed in our audit
The Banking Group has invested in equity shares of its two subsidiaries namely First Security Islami Capital & Investment Limited and First Security Islami Exchange Italy S.R.L. As at 31 December 2019 the carrying value of this investment is BDT 317 million. At the time of conducting our audit of the separate financial statements of the Bank we have considered the recoverable value of the Bank's investments in all the above subsidiaries stated at cost. Management has conducted impairment assessment and calculated recoverable value of its subsidiaries mentioned above in accordance with IAS 36.	We have reviewed Management's analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36 and it appeared appropriate to us. In particular, our discussions with the Management were focused on the continued appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation. We also checked mathematical accuracy of the model, recalculated discount rate used within the model, inputs used in the determination of assumptions within the model were challenged and corroborating information was obtained with reference to external market information, third-party sources.
Measurement of deferred tax assets (DTA) (See Note no. 8.3)	
The Key Audit matter	How the matter was addressed in our audit
The Group and the Bank reports net deferred tax assets to totaling BDT 498.01 million as at 31 December 2019 that it believes are recoverable. Significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.	We obtained an understanding, evaluated the design and tested the operational effectiveness of the Group and the Bank's key controls over the recognition and measurement of DTAs and the assumptions used in estimating the Group's and the Bank's future taxable income. We also assessed the completeness and accuracy of the data used for the estimations of future taxable income. We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTA's. Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.

IT systems and controls	
The Key Audit matter	How the matter was addressed in our audit
Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls. Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application based controls are operating effectively.	We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. We tested the Group's and the Bank's periodic review of access rights. We reviewed requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit. Where deficiencies were identified, we tested compensating controls or performed alternate procedures. In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.
Legal , regulatory matters and Contingent Liabilities	
The Key Audit matter	How the matter was addressed in our audit
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.	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.

The Bank has disclosed contingent liabilities amounting to BDT 54.81 billion at the year-end on 31 December 2019 (2018 BDT 47.10 billion). As per IAS 37 Contingent liabilities are not required to be recognized but disclosed in the financial statements.	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.
Transition to International Financial Reporting Standards (IFRS) 16: Leases from International Accounting Standards (IAS) 17: Leases (See Note no. 8.1)	
The Key Audit matter	How the matter was addressed in our audit
IFRS-16: Leases becomes effective for annual reporting beginning on or after 01 January 2019 which replaces the existing standard IAS-17: Leases. Due to the complexity in implementing the new IFRS, the bank decided to gather necessary information and implement it from the upcoming years.	We obtained the understanding of the management's view and their assurance of implementing the IFRS-16 forthwith
Provision Against Investment (See Note no. 6.8)	
The Key Audit matter	How the matter was addressed in our audit
As per Bangladesh Bank instruction the Bank has maintained Provision against Investment.	We obtained the Bangladesh Bank's approval and Bank's action upon it.
Cash in Hand	
The Key Audit matter	How the matter was addressed in our audit
Cash in hand is preserved at different branches of the Bank. Custodians of vault are responsible for security and reconciliation of cash movement at branches and alternative distribution channels.	We obtained an understanding, evaluated the design and operative effectiveness of controls over cash in hand. We visited the branches on a sample basis to perform substantive procedure on physical existence of cash in hand.
Recoverability of investment in subsidiaries	
The Key Audit matter	How the matter was addressed in our audit
The Bank has invested in equity shares of its subsidiaries namely First Security Islami Capital & Investment Limited and First Security Islami Exchange Italy S.R.L. BDT 317 million as at 31 December 2019 the carrying value of this investment is BDT 317 million (2018: BDT 317 million) The bank is required to perform impairment test of investment in subsidiary when impairment indication exists.	We have reviewed the Management's impairment assessment and recoverable value calculation in accordance with IAS-36: Impairment of Assets.

Recognition of Investment Income (See Note no 23.a)	
The Key Audit matter	How the matter was addressed in our audit
Recognition of investment income has significant and wide influence on financial statements. Recognition and measurement of investment income has involvement of complex IT environment. This is one of the key performance indicators of the Group and the Bank and therefore there is an inherent risk of fraud and error in recognition of the same.	We tested the design and operating effectiveness of key control over recognition and measurement of the investment income. We performed test of operating effectiveness on automated control in place to measure and recognize the same. We also performed substantive procedure to check whether the investment income is recognized completely and accurately. We assessed the appropriateness, presentation and disclosure against relevant International Accounting Standards (IAS) and Bangladesh Bank guidelines.
Investments (See Note no. 6A.a)	
The Key Audit matter	How the matter was addressed in our audit
Investments are the main element of the financial statements of the Bank. Investment requires robust documentation followed by approval from appropriate level of authority. This is one of the key performance indicators of the Group and the Bank and therefore there is an inherent risk of fraud and error in recognition of the same.	We tested the design and operative effectiveness of key controls focusing on investment appraisal, disbursement and monitoring process, Bangladesh Bank regulations and overall Bank's policy. Furthermore, we have assessed the appropriateness of disclosure against Bangladesh Bank guidelines.

Other information

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank in accordance with IFRSs as explained in note 2, and comply with the Banking Companies Act 1991 (as amended up to date), the Companies Act (#18) 1994, the rules and regulations issued by the Bangladesh Bank, the rules and regulations issued by the Bangladesh Securities & Exchange Commission (BSEC) and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Banking Companies Act, 1991(as amended up to date) and the Bangladesh Bank Rules and Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank.

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern considering the impact of the COVID-19 pandemic situation, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting considering the impact of the COVID-19 pandemic situation and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the bank to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group's and the Bank's audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act (#18) 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 31 December 2019 of Subsidiaries namely First Security Islami Capital & Investment Limited has been audited by Shafiq Basak & Co. Chartered Accountants and have been properly reflected in the consolidated financial statements. No financial statements were submitted by their other subsidiary namely First Security Islamic Exchange Italy S.R.L and thus this has not been incorporated in the consolidation of Bank's financial statements under review;
- (v) in our opinion, proper books of accounts as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (vi) the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vii) the expenditures incurred and payments made were for the purpose of the Group's and Bank's business for the year;
- (viii) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (ix) adequate provisions have been made for investment and other assets which are in our opinion, doubtful of recovery;
- (x) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (xi) the information and explanations required by us have been received and found satisfactory;
- (xii) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 4,000 person hours; and
- (xiii) Minimum Capital without capital conservation buffer has been maintained by the Bank during the year.

Dhaka, 18 June 2020

Hoda Vasi Chowdhury & Co
Chartered Accountants
Signed by:
Showkat Hossain, FCA
Senior Partner

FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Notes	31.12.2019 BDT	31.12.2018 BDT
<u>PROPERTY AND ASSETS</u>			
Cash	3 (a)	30,740,619,572	19,518,289,272
In hand (including foreign currencies)		2,296,732,600	1,873,800,106
Balance with Bangladesh Bank and its Agent Bank(s) (including foreign currencies)		28,443,886,972	17,644,489,166
Balance with other Banks and Financial Institutions	4.1(a)	793,500,598	1,084,074,067
In Bangladesh		113,905,954	163,998,415
Outside Bangladesh		679,594,644	920,075,652
Placement with Banks & Other Financial Institutions	4.2	13,603,700,000	13,603,700,000
Investments in Shares & Securities	5(a)	17,767,314,848	16,203,979,897
Government		16,700,000,000	15,100,000,000
Others		1,067,314,848	1,103,979,897
Investments		364,029,962,729	311,416,514,513
General Investment etc.	6.A(a)	363,321,552,186	310,801,266,944
Bills Purchased and Negotiated	6.B	708,410,543	615,247,569
Fixed Assets Including Premises, Furniture & Fixtures and Intangible Assets	7(a)	6,439,043,313	3,434,888,043
Other Assets	8(a)	4,432,300,081	6,896,728,894
Non Banking Assets	9	25,145,280	25,145,280
Total Assets		437,831,586,420	372,183,319,966
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Placement from Banks & Other Financial Institutions	10(a)	13,290,694,832	17,587,550,121
Deposits and Other Accounts		376,609,700,186	320,011,192,314
Al-Wadia Current Deposits and Other Deposit Accounts	11.1(a)	26,499,440,873	22,835,909,630
Bills Payable	11.2	2,500,692,222	1,706,699,861
Mudaraba Savings Deposits	11.3	38,622,550,795	33,974,075,620
Mudaraba Term Deposits	11.4	221,730,763,524	202,840,633,000
Other Mudaraba Deposits	11.5	87,256,252,772	58,653,874,203
Mudaraba Subordinated Bond	12	11,500,000,000	4,862,000,000
Other Liabilities	13(a)	20,677,472,777	16,016,997,512
Total Liabilities		422,077,867,795	358,477,739,947
Capital/Shareholders' equity			
Paid-up Capital	14.1	8,625,092,740	7,840,993,400
Statutory Reserve	15	4,339,990,406	3,556,551,892
Other Reserve	16	1,133,290,220	717,363,208
Asset Revaluation Reserve	17	332,015,432	342,076,506
Retained Earnings	18(a)	983,438,840	904,367,459
Total Shareholders' Equity		15,413,827,638	13,361,352,465
Non-controlling Interest	19	339,890,987	344,227,554
Total Liabilities and Shareholders' Equity		437,831,586,420	372,183,319,966

FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Notes	31.12.2019 BDT	31.12.2018 BDT
OFF- BALANCE SHEET ITEMS			
Contingent Liabilities			
Acceptances and Endorsements		39,186,031,752	33,912,435,831
Letters of Guarantee	20	7,097,043,865	6,967,881,651
Irrevocable Letters of Credit	21	6,755,906,782	4,778,147,872
Bills for Collection	22	1,767,740,201	1,438,758,345
Other Contingent Liabilities		-	-
Total		54,806,722,600	47,097,223,699
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		54,806,722,600	47,097,223,699

The annexed notes (1 to 54) and Annexure A & B form an integral part of these financial statements.

Managing Director

Director

Director

Chairman

Independent Auditors' Report
As per annexed report of same date

Dhaka, 18 June 2020

Hoda Vasi Chowdhury & Co
Chartered Accountants
Signed By : Showkat Hossain, FCA
Senior Partner

FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	31.12.2019 BDT	31.12.2018 BDT
Investments Income	23(a)	38,880,629,567	34,050,064,416
Profit Paid on Deposits	24	(28,887,423,967)	(24,746,465,350)
Net Investment Income		9,993,205,600	9,303,599,066
Income from Investment in shares and securities	25(a)	783,363,553	429,599,915
Commission, Exchange and Brokerage	26(a)	896,077,462	807,014,026
Other Operating Income	27(a)	644,853,304	667,750,503
		2,324,294,319	1,904,364,444
Total Operating Income		12,317,499,919	11,207,963,510
Less: Operating Expenses			
Salary and Allowances	28(a)	3,675,720,278	3,200,051,310
Rent, Taxes, Insurances, Electricity etc.	29(a)	725,531,188	630,085,662
Legal Expenses	30(a)	9,344,535	12,897,028
Postage, Stamps, Telecommunication etc.	31(a)	93,272,436	91,870,341
Stationery, Printings, Advertisements etc.	32(a)	180,432,242	160,817,407
Managing Director's Salary and Fees	33(a)	15,985,009	16,292,036
Directors' Fees & Expenses	34(a)	2,037,800	2,576,984
Shariah Supervisory Committee's Fees & Expenses	35	220,000	167,200
Audit Fees	36	1,082,250	1,070,000
Depreciation & Repair of Bank's Assets	37(a)	585,895,259	489,494,482
Zakat Expenses		98,347,681	88,149,726
Other Expenses	38(a)	979,025,356	1,084,313,387
Total Operating Expenses		6,366,894,034	5,777,785,563
Profit before Provision and Tax		5,950,605,885	5,430,177,947
Provisions for Investments including off-B/S items	13.2(a)	1,893,080,857	2,260,614,688
Provisions for Diminution in Value of Investment in Shares		101,787,943	95,431,320
Provision for Other Assets		-	91,168
Total Provisions		1,994,868,800	2,356,137,176
Total Profit before Taxes		3,955,737,085	3,074,040,771
Provision for Current Tax		1,971,621,733	1,630,181,358
Deferred Tax Income	39	(96,390,755)	(150,795,071)
Total Provisions for Tax		1,875,230,978	1,479,386,287
Net Profit after Tax		2,080,506,106	1,594,654,484
Net profit after tax attributable to:			
Equity holders of FSIBL		2,068,982,598	1,590,609,137
Non-controlling Interest		11,523,508	4,045,347
		2,080,506,106	1,594,654,484
Retained Earnings from Previous Year		904,367,459	823,468,503
		2,984,873,565	2,418,122,987
Statutory Reserve		783,438,514	606,097,530
Other Reserve		405,865,938	190,795,071
Bonus Share Issued		784,099,340	712,817,580
Cash Dividend (Subsidiary)		16,507,425	-
Non-controlling Interest		11,523,508	4,045,347
		2,001,434,725	1,513,755,528
Retained Earnings Carried Forward		983,438,840	904,367,459
Consolidated Earnings Per Share (EPS)	40(a)	2.40	1.84

The annexed notes (1 to 54) and Annexure A & B form an integral part of these financial statements.

Managing Director

Director

Director

Chairman

Independent Auditors' Report
As per annexed report of same date

Dhaka, 18 June 2020

Hoda Vasi Chowdhury & Co
Chartered Accountants
Signed By : Showkat Hossain, FCA
Senior Partner

FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	31.12.2019 BDT	31.12.2018 BDT
A. Cash Flows from Operating Activities			
Investment Income Receipt		39,458,616,202	33,579,534,419
Profit paid on Deposits		(27,294,044,639)	(23,874,743,758)
Dividend Receipts		25,782,146	15,840,587
Fees & Commission Receipt		896,077,462	807,014,026
Payment to Employees		(3,691,705,287)	(3,216,343,346)
Payment to Suppliers		(293,481,053)	(256,055,295)
Income Tax Paid		(1,254,790,270)	(1,263,896,601)
Receipts from Other Operating Activities	43 (a)	660,781,572	685,779,078
Payment for Other Operating Activities	44 (a)	(1,811,111,306)	(1,826,383,976)
Operating Profit before changes in Operating Assets & Liabilities		6,696,124,827	4,650,745,134
Increase/(Decrease) in Operating Assets & Liabilities			
(Increase)/decrease in Investments to Customers		(50,635,493,199)	(37,688,819,618)
(Increase)/decrease of Other Assets	45 (a)	(706,995,237)	(859,147,834)
(Increase)/decrease of Placement with Banks & other Financial Institutions		-	-
Increase/(decrease) of Deposits Received from Customers		55,005,128,544	20,393,735,592
Increase/(decrease) of Placement from Banks & other Financial Institutions		(4,296,855,289)	8,106,010,615
Increase/(decrease) of Other Liabilities	46 (a)	89,416,079	1,153,381,589
Cash Generated from Operating Assets & Liabilities		(544,799,103)	(8,894,839,656)
Net Cash Inflow/(Outflow) from Operating Activities		6,151,325,724	(4,244,094,522)
B. Cash Flows from Investing Activities			
(Purchase)/ Sale of Shares and Securities		(1,563,334,951)	(104,445,343)
Purchase of Property, Plant and Equipment		(283,639,447)	(349,032,152)
Sale of Property, Plant and Equipment		8,160,099	1,485,638
Net Cash Inflow/(Outflow) from Investing Activities		(1,838,814,299)	(451,991,857)
C. Cash Flows from Financing Activities			
Receipt/(Payment) for Issuance of Mudaraba Subordinated Bond		6,638,000,000	(520,000,000)
Dividend Paid in Cash		(15,860,075)	-
Net Cash Inflow/(Outflow) from Financing Activities		6,622,139,925	(520,000,000)
D. Net Increase/(Decrease) of Cash & Cash Equivalents (A+B+C)		10,934,651,350	(5,216,086,379)
E. Effect of Exchange Rate Change on Cash & Cash Equivalents		(2,894,519)	-
F. Opening Cash & Cash Equivalents		20,602,363,339	25,818,449,718
G. Closing Cash & Cash Equivalents (D+E+F)		31,534,120,170	20,602,363,339
The above closing Cash and Cash Equivalents include:			
Cash in Hand (Including Foreign Currencies)		2,296,732,600	1,873,800,106
Balance with Bangladesh Bank and its Agent Bank(s) and Other Banks		29,237,387,570	18,728,563,233
		31,534,120,170	20,602,363,339

The annexed notes (1 to 54) and Annexure A & B form an integral part of these financial statements.

Managing Director

Director

Director

Chairman

Dhaka, 18 June 2020

FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019	7,840,993,400	3,556,551,892	717,363,208	342,076,506	904,367,459	344,227,554	13,705,580,019
Changes in Accounting Policy	-	-	-	-	-	-	-
Restated Balance	7,840,993,400	3,556,551,892	717,363,208	342,076,506	904,367,459	344,227,554	13,705,580,019
Net Profit for the Year	-	-	-	-	2,080,506,106	-	2,080,506,106
Cash Dividend (Subsidiary)	-	-	-	-	(16,507,425)	(15,860,075)	(32,367,500)
Bonus Share Issued	784,099,340	-	-	-	(784,099,340)	-	-
Transfer to Statutory Reserve	-	783,438,514	-	-	(783,438,514)	-	-
Transfer to Other Reserve	-	-	405,865,938	-	(405,865,938)	-	-
Revaluation Reserve to Other Reserve	-	-	10,061,074	(10,061,074)	-	-	-
Capital Increase in Subsidiary	-	-	-	-	-	-	-
Non-controlling Interest	-	-	-	-	(11,523,508)	11,523,508	-
Total Group Shareholders' Equity as on 31 December 2019	8,625,092,740	4,339,990,406	1,133,290,220	332,015,432	983,438,840	339,890,987	15,753,718,625
FOR THE YEAR ENDED 31 DECEMBER 2018							
Balance as on 01 January 2018	7,128,175,820	2,950,454,362	516,507,063	352,137,580	823,468,503	340,182,207	12,110,925,534
Net Profit for the Year	-	-	-	-	1,594,654,484	-	1,594,654,484
Bonus Share Issued	712,817,580	-	-	-	(712,817,580)	-	-
Transfer to Statutory Reserve	-	606,097,530	-	-	(606,097,530)	-	-
Transfer to Other Reserve	-	-	190,795,071	-	(190,795,071)	-	-
Revaluation Reserve to Other Reserve	-	-	10,061,074	(10,061,074)	-	-	-
Non-controlling Interest	-	-	-	-	(4,045,347)	4,045,347	-
Total Group Shareholders' Equity as on 31 December 2018	7,840,993,400	3,556,551,892	717,363,208	342,076,506	904,367,459	344,227,554	13,705,580,019

The annexed notes (1 to 54) and Annexure A & B form an integral part of these financial statements.

Managing Director
Dhaka, 18 June 2020

Director

Director

Chairman

FIRST SECURITY ISLAMI BANK LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2019

	Notes	31.12.2019 BDT	31.12.2018 BDT
<u>PROPERTY AND ASSETS</u>			
Cash	3	30,740,604,444	19,518,280,311
In hand (including foreign currencies)		2,296,717,472	1,873,791,145
Balance with Bangladesh Bank and its Agent Bank(s) (including foreign currencies)		28,443,886,972	17,644,489,166
Balance with other Banks and Financial Institutions	4.1	793,301,325	1,083,755,432
In Bangladesh		113,706,681	163,679,780
Outside Bangladesh		679,594,644	920,075,652
Placement with Banks & Other Financial Institutions	4.2	13,603,700,000	13,603,700,000
Investments in Shares & Securities	5	17,527,652,622	15,981,691,023
Government		16,700,000,000	15,100,000,000
Others		827,652,622	881,691,023
Investments	6	364,484,142,678	311,684,988,928
General Investment etc.	6.A	363,775,732,135	311,069,741,359
Bills Purchased and Negotiated	6.B	708,410,543	615,247,569
Fixed Assets Including Premises, Furniture & Fixtures and Intangible Assets	7	6,435,173,130	3,428,644,625
Other Assets	8	3,569,114,671	6,009,577,745
Non Banking Assets	9	25,145,280	25,145,280
Total Assets		437,178,834,150	371,335,783,344
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Placement from Banks & Other Financial Institutions	10	13,208,381,804	17,537,698,204
Deposits and Other Accounts	11	376,621,662,451	320,021,798,490
Al-Wadia Current Deposits and Other Deposit Accounts	11.1	26,511,403,138	22,846,515,806
Bills Payable	11.2	2,500,692,222	1,706,699,861
Mudaraba Savings Deposits	11.3	38,622,550,795	33,974,075,620
Mudaraba Term Deposits	11.4	221,730,763,524	202,840,633,000
Other Mudaraba Deposits	11.5	87,256,252,772	58,653,874,203
Mudaraba Subordinated Bond	12	11,500,000,000	4,862,000,000
Other Liabilities	13	20,533,726,345	15,656,211,843
Total Liabilities		421,863,770,600	358,077,708,537
Capital/Shareholders' equity			
Paid-up Capital	14.1	8,625,092,740	7,840,993,400
Statutory Reserve	15	4,339,990,406	3,556,551,892
Other Reserve	16	1,133,290,220	717,363,208
Assets Revaluation Reserve	17	332,015,432	342,076,506
Retained Earnings	18	884,674,751	801,089,800
Total Shareholders' Equity		15,315,063,550	13,258,074,806
Total Liabilities and Shareholders' Equity		437,178,834,150	371,335,783,344

FIRST SECURITY ISLAMI BANK LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2019

	Notes	31.12.2019 BDT	31.12.2018 BDT
OFF- BALANCE SHEET ITEMS			
Contingent Liabilities			
Acceptances and Endorsements		39,186,031,752	33,912,435,831
Letters of Guarantee	20	7,097,043,865	6,967,881,651
Irrevocable Letters of Credit	21	6,755,906,782	4,778,147,872
Bills for Collection	22	1,767,740,201	1,438,758,345
Other Contingent Liabilities		-	-
Total		54,806,722,600	47,097,223,699
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		54,806,722,600	47,097,223,699

The annexed notes (1 to 54) and Annexure A & B form an integral part of these financial statements.

Managing Director

Director

Director

Chairman

Independent Auditors' Report
As per annexed report of same date

Dhaka, 18 June 2020

Hoda Vasi Chowdhury & Co
Chartered Accountants
Signed By : Showkat Hossain, FCA
Senior Partner

FIRST SECURITY ISLAMI BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	31.12.2019 BDT	31.12.2018 BDT
Investments Income	23	38,801,433,096	33,921,445,124
Profit Paid on Deposits	24	(28,887,423,967)	(24,746,465,350)
Net Investment Income		9,914,009,129	9,174,979,774
Income from Investment in Shares and Securities	25	767,435,285	401,018,728
Commission, Exchange and Brokerage	26	884,760,657	777,337,268
Other Operating Income	27	642,147,642	664,717,024
		2,294,343,584	1,843,073,020
Total Operating Income		12,208,352,713	11,018,052,794
Less: Operating Expenses			
Salary and Allowances	28	3,660,058,766	3,185,639,104
Rent, Taxes, Insurances, Electricity etc.	29	719,248,395	623,875,410
Legal Expenses	30	9,217,035	12,417,028
Postage, Stamps, Telecommunication etc.	31	93,055,597	91,600,658
Stationery, Printings, Advertisements etc.	32	180,082,183	160,431,600
Managing Director's Salary and Fees	33	12,887,342	12,358,742
Directors' Fees & Expenses	34	1,562,800	2,076,984
Shariah Supervisory Committee's Fees & Expenses	35	220,000	167,200
Audit Fees		920,000	920,000
Depreciation & Repair of Bank's Assets	37	583,234,840	486,340,037
Zakat Expenses		98,347,681	88,149,726
Other Expenses	38	942,956,702	1,037,796,145
Total Operating Expenses		6,301,791,341	5,701,772,634
Profit before Provision and Tax		5,906,561,372	5,316,280,160
Provisions for Investments including off-B/S items	13.2	1,887,580,857	2,222,560,965
Provisions for Diminution in Value of Investment in Shares		101,787,943	63,140,377
Provision for Other Assets		-	91,168
Total Provisions		1,989,368,800	2,285,792,510
Total Profit before Taxes		3,917,192,572	3,030,487,650
Provision for Current Tax		1,956,594,583	1,594,884,048
Deferred Tax Income	39	(96,390,755)	(150,795,071)
Total Provisions for Tax		1,860,203,828	1,444,088,977
Net Profit after Tax		2,056,988,743	1,586,398,673
Retained Earnings from Previous Year		801,089,800	724,401,308
		2,858,078,543	2,310,799,981
Appropriations:			
Statutory Reserve		783,438,514	606,097,530
Other Reserve		405,865,938	190,795,071
Bonus Share Issued		784,099,340	712,817,580
		1,973,403,792	1,509,710,181
Retained Earnings Carried Forward		884,674,751	801,089,800
Earnings Per Share (EPS)	40	2.38	1.84

The annexed notes (1 to 54) and Annexure A & B form an integral part of these financial statements.

Managing Director

Director

Director

Chairman

Independent Auditors' Report
As per annexed report of same date

Dhaka, 18 June 2020

Hoda Vasi Chowdhury & Co
Chartered Accountants
Signed By : Showkat Hossain, FCA
Senior Partner

FIRST SECURITY ISLAMI BANK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	31.12.2019 BDT	31.12.2018 BDT
A. Cash Flows from Operating Activities			
Investment Income Receipt		39,379,419,731	33,450,915,127
Profit paid on Deposits		(27,294,044,639)	(23,874,743,758)
Dividend Receipts		25,782,146	11,032,249
Fees & Commission Receipt		884,760,657	777,337,268
Payment to Employees		(3,672,946,108)	(3,197,997,846)
Payment to Suppliers		(290,820,634)	(252,900,850)
Income Tax Paid		(1,219,457,592)	(1,222,498,688)
Receipts from Other Operating Activities	43	642,147,642	654,164,412
Payment for Other Operating Activities	44	(1,767,180,529)	(1,768,795,925)
Operating Profit before changes in Operating Assets & Liabilities		6,687,660,674	4,576,511,989
Increase/(Decrease) in Operating Assets & Liabilities			
(Increase)/decrease in Investments to Customers		(50,807,351,729)	(37,716,030,382)
(Increase)/decrease of Other Assets	45	(730,960,977)	(755,539,396)
(Increase)/decrease of Placement with Banks & other Financial Institutions		-	-
Increase/(decrease) of Deposits Received from Customers		55,006,484,633	20,389,598,060
Increase/(decrease) of Placement from Banks & other Financial Institutions		(4,329,316,400)	8,056,158,698
Increase/(decrease) of Other Liabilities	46	291,649,788	1,178,128,241
Cash Generated from Operating Assets & Liabilities		(569,494,686)	(8,847,684,779)
Net Cash Inflow/(Outflow) from Operating Activities		6,118,165,988	(4,271,172,790)
B. Cash Flows from Investing Activities			
(Purchase)/ Sale of Shares and Securities		(1,545,961,599)	(72,796,322)
Purchase of Property, Plant and Equipment		(283,599,943)	(348,910,777)
Sale of Property, Plant and Equipment		8,160,099	1,485,638
Net Cash Inflow/(Outflow) from Investing Activities		(1,821,401,443)	(420,221,461)
C. Cash Flows from Financing Activities			
Receipt/(Payment) for Issuance of Mudaraba Subordinated Bond		6,638,000,000	(520,000,000)
Dividend Paid in Cash		-	-
Net Cash Inflow/(Outflow) from Financing Activities		6,638,000,000	(520,000,000)
D. Net Increase/(Decrease) of Cash & Cash Equivalents (A+B+C)		10,934,764,545	(5,211,394,251)
Effect of Exchange Rate Change on Cash & Cash Equivalents		(2,894,519)	-
E. Opening Cash & Cash Equivalents		20,602,035,743	25,813,429,994
F. Closing Cash & Cash Equivalents (D+E)		31,533,905,769	20,602,035,743
The above closing Cash and Cash Equivalents include:			
Cash in Hand (Including Foreign Currencies)		2,296,717,472	1,873,791,145
Balance with Bangladesh Bank and its Agent Bank(s) and Other Banks		29,237,188,297	18,728,244,598
		31,533,905,769	20,602,035,743

The annexed notes (1 to 54) and Annexure A & B form an integral part of these financial statements.

Managing Director
Dhaka, 18 June 2020

Director

Director

Chairman

FIRST SECURITY ISLAMI BANK LIMITED
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

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

FOR THE YEAR ENDED 31 DECEMBER 2018

Balance as on 01 January 2018	7,128,175,820	2,950,454,362	516,507,063	352,137,580	724,401,308	11,671,676,133
Net Profit for the Year	-	-	-	-	1,586,398,673	1,586,398,673
Cash Dividend	-	-	-	-	-	-
Bonus Share Issued	712,817,580	-	-	-	(712,817,580)	-
Transfer to Statutory Reserve	-	606,097,530	-	-	(606,097,530)	-
Transfer to Other Reserve	-	-	190,795,071	-	(190,795,071)	-
Revaluation Reserve transfer to Other Reserve	-	-	10,061,074	(10,061,074)	-	-
Total Shareholders' Equity as on 31 December 2018	7,840,993,400	3,556,551,892	717,363,208	342,076,506	801,089,800	13,258,074,806

The annexed notes (1 to 54) and Annexure A & B form an integral part of these financial statements.

Managing Director

Director

Director

Chairman

Dhaka, 18 June 2020

FIRST SECURITY ISLAMI BANK LIMITED
LIQUIDITY STATEMENT (ASSETS AND LIABILITY MATURITY ANALYSIS)
AS AT 31 DECEMBER 2019

Particulars	Up to 01 Month BDT	01-03 Months BDT	03-12 Months BDT	01-05 Years BDT	More than 05 years BDT	Total 2019 BDT	Total 2018 BDT
Assets							
Cash in Hand	2,296,717,472	-	-	-	-	2,296,717,472	1,873,791,145
Balance with Bangladesh Bank and its Agent Bank(s)	8,995,686,972				19,448,200,000	28,443,886,972	17,644,489,166
Balance with other Banks & FIs and Placement	10,483,701,325	3,913,300,000	-	-	-	14,397,001,325	14,687,455,432
Investments in Shares and Securities	546,083,172	-	-	280,000,000	16,701,569,450	17,527,652,622	15,981,691,023
Investments	52,968,663,464	69,672,761,788	81,218,032,987	93,777,974,001	66,846,710,438	364,484,142,678	311,684,988,928
Fixed Assets including Premises, Furniture and Fixtures	-	-	-	4,760,073,130	1,675,100,000	6,435,173,130	3,428,644,625
Other Assets	-	139,551,606	-	1,509,563,066	1,920,000,000	3,569,114,671	6,009,577,745
Non-banking Assets	-	-	-	25,145,280	-	25,145,280	25,145,280
Total Assets	75,290,852,405	73,725,613,394	81,218,032,987	100,352,755,477	106,591,579,888	437,178,834,150	371,335,783,344
Liabilities							
Placement from Banks & Other Financial Institutions	3,000,081,804	6,500,000,000	-	3,708,300,000	-	13,208,381,804	17,537,698,204
Deposits and Other Accounts	70,051,451,487	64,835,200,000	78,683,800,000	86,108,600,000	76,942,610,964	376,621,662,451	320,021,798,490
Mudaraba Subordinated Bond	-	-	900,000,000	7,880,000,000	2,720,000,000	11,500,000,000	4,862,000,000
Other Liabilities	1,201,254,622	831,402,641	438,451,621	1,504,613,418	16,558,004,043	20,533,726,345	15,656,211,843
Total Liabilities	74,252,787,913	72,166,602,641	80,022,251,621	99,201,513,418	96,220,615,007	421,863,770,600	358,077,708,537
Net Liquidity Gap	1,038,064,492	1,559,010,753	1,195,781,366	1,151,242,059	10,370,964,881	15,315,063,550	13,258,074,806

Managing Director

Director

Director

Chairman

Dhaka, 18 June 2020

First Security Islami Bank Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2019

1. Corporate Information:

1.1 Status of the Bank

The Bank was incorporated as a Public Limited Company in Bangladesh on 29 August 1999 under Companies Act 1994 to carry on banking business. The Bank converted its banking operation into Islamic Banking based on Islamic Shari'ah from traditional banking operation on 01 January 2009 after obtaining approval from honorable High Court, Ministry of Finance and Bangladesh Bank. It obtained permission from Bangladesh Bank on 22 September 1999 to commence its business. The Bank is one of the interest-free Shari'ah based banks in the country and its modus-operandi are substantially different from other conventional banks. The Bank went for public issue on 20 July 2008 and its shares are listed with Dhaka Stock Exchange (DSE) Ltd. and Chittagong Stock Exchange (CSE) Ltd. Presently the Bank carries banking activities through its one hundred & eighty four (184) branches in the country. The Bank had no overseas branches as at December 31, 2019.

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

1.2 Subsidiaries:

1.2.1 First Security Islami Capital & Investment Limited

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

1.2.2 First Security Islami Exchange Italy S.R.L

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

1.3 Principal Activities

1.3.1 Commercial banking services

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

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

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

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

1.3.2 Mobile financial services-“ First Pay Sure Cash”

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

1.3.3 FSIBL Agent Banking

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

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

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

2. Significant Accounting Policies

2.1 Basis of Presentation of Financial Statements

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

2.2 Statements of Compliance

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

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

The financial statements of the Bank are made for the year ended 31 December, 2019 and are prepared under the historical cost convention on a going concern basis and in accordance with the “ First Schedule Section 38(4) of the Bank Companies Act, 1991 and Amendment 2013, BRPD Circular # 14 dated 25 June 2003, BRPD Circular # 15 dated 09 November 2009, Other Bangladesh bank Circulars, International Accounting Standards and International Financial Reporting Standards, The Companies Act 1994, The Bangladesh Security and Exchange Rules 1987, Dhaka & Chittagong Stock Exchanges listing regulations, Income Tax Ordinance 1984 and other laws and rules applicable in Bangladesh.

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

In compliance with	IAS/IFRS No.	Status
Presentation of Financial Statements	1	Applied to the context of compliance with BRPD Circular # 15, Dated November 09, 2009
Inventories	2	Not Applicable
Statement of Cash Flows	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events After the Reporting Period	10	Applied
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Not Applicable
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	Not Applicable
Consolidated and Separate Financial Statements	27	Applied
Investments in Associates	28	Not Applicable
Financial Instruments: Presentation	32	Applied
Earnings Per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied to the context of compliance with BRPD Circular # 5, Dated June 05, 2006 and BRPD Circular # 14 Dated September 14, 2012
Intangible Assets	38	Applied
Investment Property	40	Not Applicable
Agriculture	41	Not Applicable

In compliance with	IAS/IFRS No.	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 Assets	6	Not Applicable
Financial Instruments: Disclosures	7	Applied to the context of compliance with core risk management guideline of Bangladesh Bank.
Operating Segments	8	Applied
Financial Instruments	9	Applied
Consolidated Financial Statements	10	Applied
Joint Arrangements	11	Not Applicable
Disclosure of Interests in other Entities	12	Applied
Fair Value Measurement	13	Applied
Regulatory Deferral Accounts	14	Not Applicable
Revenue from Contracts with Customers	15	Applied
Leases	16	Narrated in note 8.1

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

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

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

Standards issued but not yet effective

A number of standards and amendments to standards are effective for annual periods beginning on or after 1 January 2020 and earlier application is permitted. However, the Bank has not early applied the following new standards in preparing these financial statements.

IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Bank has not yet assessed in potential impact of IFRS 17 on its financial statements.

As such the Bank has departed from certain contradictory requirements of IFRSs in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below:

Difference between IAS / IFRS and Bangladesh Bank Regulation:

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

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

i) Presentation of financial statements

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

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

ii) Investment in shares and securities

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

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

iii) Provision on investments and off-balance sheet exposure

IFRS: As per IAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

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

iv) Recognition of investment income in suspense

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

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

v) Other comprehensive income

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

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

vi) Financial instruments – presentation and disclosure

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

vii) Financial guarantees

IFRS: As per IAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD 14, financial guarantees such as letter of credit, letter of guarantee will be treated as off-balance sheet items. No liability is recognized for the guarantee except the cash margin.

viii) Cash and cash equivalent

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

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

ix) Non-banking assets

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

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

x) Cash flow statement

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

Bangladesh Bank: As per the specific format prescribed in BRPD circular no. 15 dated 09 November 2009, cash flow statements has to be prepared.

xi) Balance with Bangladesh Bank (Cash Reserve Requirement)

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

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

xii) Presentation of intangible asset

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

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

xiii) Investments net off provision

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

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

2.2.2 Credit rating of the Bank

As per BRPD circular no. 6 dated 5 July 2006, the Bank has done its credit rating by Emerging Credit Rating Limited based on the audited financial statements as at and for the year ended 31 December 2018. The following ratings have been awarded:

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

2.3 Investments

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

b) Investments and Provisions

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

However, provision for classified and unclassified investment is made on the basis of year and review by the management and of instructions contained in Bangladesh Bank BCD Circular No.34 dated 16 November 1989, BCD Circular No.20 dated 27 December 1994, BCD Circular No. 12 dated 04 September 1995, BRPD Circular No. 16 dated 06 December 1998, BRPD Circular No.09 dated 14 May 2001, BRPD Circular Letter No.10 dated 18 September 2007, BRPD Circular No.05 dated 29 April 2008, BRPD Circular Letter No.32 dated 10 October 2010, BRPD Circular No.14 dated 23 September 2012, BRPD Circular No.19 dated 27 December 2012, BRPD Circular No.05 dated 29 May 2013, BRPD Circular No.16 dated 18 November 2014, BRPD Circular No.08 dated 02 August 2015, BRPD Circular No.12 dated 20 August 2017, BRPD Circular No.15 dated 27 September 2017, BRPD Circular No.01 dated 20 February 2018, BRPD Circular No.07 dated 21 June 2018, BRPD Circular No.13 dated 18 October 2018, BRPD Circular No.03 dated 21 April 2019 and BRPD Circular No.06 dated 19 May 2019 at the following rates:

Particulars	Rate
<i>General Provision on:</i>	
Contingent Liability/ Non Funded Business	1%
Unclassified Investment (All others Investment)	1%
Investment for Small and Medium Enterprise	0.25%
Investment for Professionals	2%
Investment for House Financing	1%
Investment for Consumer Financing	5%
Investment for Short Term Agriculture/Micro Investment	1%
Special Mention Account	(Same as standard)
<i>Specific Provision on:</i>	
Substandard Investment	20%
Doubtful Investment	50%
Bad/ Loss Investment	100%

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

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

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

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

General Provision against all unclassified Credit Card loans under Consumer Financing: BRPD Circular No-12 dated 20 August, 2017. Provision for Short-term Agricultural and Micro-Credits: BRPD Circular No- 15 dated 27 September, 2017. Maintenance of general provision against the liabilities of LC(s) issued in favor of fast track power plant projects: BRPD Circular Letter No. 01 dated 01 January, 2018.

2.4 Investment in Shares and Securities

a) The bank investment in different securities has been valued on 31.12.2019 as under:

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

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

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

b) Revaluation gains/losses on Government Securities

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

2.5 Recognition of Profit Suspense

Profit/Rent/Compensation Suspense Account

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

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

2.6 Other Comprehensive Income

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

2.7 Financial Instruments-Presentation and Disclosure

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

2.8 Financial Guarantees and Commitments

Financial guarantees such as letter of credit, letter of guarantee etc. are treated as off-balance sheet items as per relevant BRPD Circular # 15, Dated November 09, 2009 whereas as per IAS 39, these should be treated as 'Other Liability'. No liability is recognized for the guarantee except the cash margin. We account for the financial guarantees as per BRPD Circular # 15, Dated November 09, 2009 and liability for financial guarantees are not recognized initially at their fair value and the fair value amortization of the same liability is not done either as per IAS 39. So that the financial guarantees are not also carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable.

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities/commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance sheet date. The outstanding balances for the same as at 31 December 2019 have been shown in the Balance Sheet under Off-Balance Sheet items. Exchange rates with major foreign currencies as 31 December 2019 were as:

Currency Name	Exchange Rate (TK)
US \$	84.9000
EURO	95.0625
ACU	84.9000
GBP	111.3294
SAR	22.6249
CAD	64.9579
JPY	0.7775

2.9 Cash and cash equivalent

As per BRPD circular no. 15 dated November 09, 2009 and IAS-7, cash and cash equivalents include notes and coins in hand, balances lying with ATM, unrestricted balance held with Bangladesh Bank and its agent Bank and balance with other Banks and Financial Institutions. Cash flow statement is prepared principally in accordance with IAS 7 “Cash Flow Statement” and prescribed by BRPD circular no. 15 dated November 2009. The comparative operating cash flow has been rearranged through considering the placement to other banks and Financial Institution and with other banks and Financial Institution as operating activities.

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

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

2.11 Presentation of Intangible Asset

As per IAS 38: Intangible Assets, intangible assets are accounted for and amortized. Related necessary disclosures for the intangible asset; i.e. computer software is given in note 7.

2.12 Off-balance sheet items

Contingent Liabilities

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

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

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

2.13 Basis of Consolidation

The consolidated Financial Statements include the financial statements of First Security Islami Bank Limited and its subsidiary company First Security Islami Capital & Investment Limited made up to the end of the December 31, 2019. 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 2019.

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

2.14 Use of Estimates and Judgments

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

2.15 Accruals & Deferrals

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

2.16 Revenue Recognition

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

2.16.1 Income from Investments

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

2.16.2 Income from Investments in Securities

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

2.16.3 Commission Income

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

2.16.4 Profit paid and other expenses

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

2.16.5 Dividend Payments

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

2.17 Foreign Currency Translation

2.17.1 Functional and Presentation Currency

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

2.17.2 Foreign Currency Transaction

Foreign currency transactions are converted into equivalent Taka currency at the ruling exchange rates on the respective dates of such transactions as per IAS-21. Assets and liabilities in foreign currencies as at 31 December 2019 have been converted into Taka currency at the average of the prevailing buying and selling rates of the concerned foreign currencies at that date except "balances with other banks and financial institutions" which have been converted as per directives of Bangladesh Bank vide its circular no BRPD(R) 717/2004-959 dated 21 November 2004.

2.17.3 Transaction gains and losses

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

2.18 Offsetting Financial Instruments

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

2.19 Property, Plant and Equipment

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

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

Property, Plant and Equipment has been increased during the year 2019 by the amount of Tk. 300.61 crore. The amount of Tk. 287.73 crore was paid for purchasing of FSIBL new premises in the previous years but that amount was included in prepayment under other assets because of not completion of new building. During the year -2019 the building is ready to use. However the amount of Tk. 287.73 crore is transferred to property, plant and equipment from other assets. As a result property, plant and equipment has been increased and other assets has been decreased significantly.

2.19.1 Depreciation on Property, Plant and Equipment

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

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

Depreciation on additional to fixed assets is charged from the month when the asset is available for use and the charge of depreciation is ceased from the month when the asset is sold out/disposed off/fully depreciated.

2.19.2 Revaluation

Land and building are revalued as per International Accounting Standard (IAS)-16, 'Property, Plant and Equipment' as well as Bangladesh Bank BCD Circular Letter No. 12 & 18, dated 20 April 1993 & 15 June 1993, respectively and BRPD Circular # 10 and 09, Dated 25 November 2002 and 31 December 2008 respectively. The Bank revalued its land & building in the year 2012. Reserve is created by the sum of revaluation surplus and depreciation is charged on the revalued assets except land as per the respective rate of depreciation.

2.20 Capital/Shareholders' Equity

2.20.1 Authorized capital

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

2.20.2 Paid up Capital

Paid up capital represents total amount of shareholder capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding-up of the Bank, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation. Details are shown in Note-14.2.

2.20.3 Statutory Reserve

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

2.21 Liabilities and Provision

2.21.1 Taxation

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

2.21.2 Current Tax

Provision for corporate current income tax has been made @ 37.50% for business income and other applicable rate for other operating income as prescribed in the Finance Act 2019 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	2019	2018
Business Income	37.5%	37.5%
Capital Gain	10%-15%	10%-15%
Other Income (Dividend income)	20%	20%

2.21.3 Deferred Tax

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

2.21.4 Retirement Benefits of Employees

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

2.21.5 Provident Fund

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

2.21.6 Gratuity

The Company operates an unfunded gratuity scheme for its permanent employees, under which an employee is entitled to get the benefits if his length of service is six (06) years in accordance with prevailing service rule as on 31 December 2019.

2.21.7 Social Security Benevolent Fund

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

2.21.8 Employees Group Life Insurance Fund

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

2.22 Deposits and Other Accounts

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

2.23 Sharing of Investment Income

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

2.24 Zakat

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

2.25 Statement of Cash Flow

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

2.26 Liquidity Statement

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

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

2.27 Statement of Changes in Equity

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

2.28 Comparative Information

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

2.29 Earnings Per Share (EPS)

2.29.1 Basic Earnings per Share

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

2.29.2 Diluted Earnings Per Share

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

2.30 Functional and presentation currency

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

2.31 Risk Management

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

2.31.1 Investment Risk

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

In this context, to manage investment risk, the bank applies investment limits to its customers and obtains adequate collaterals. Investment risk in the First Security Islami Bank's portfolio is monitored, reviewed and analyzed by the Investment Risk Management (IRM). Investment Risk Management (IRM) of the bank is entrusted with the duties of maintaining asset quality, assessing risk in investment to a particular customer, appraising, sanctioning investment, formulating policy/strategy for investment operations, sectoral assessment, salvaging sick units, nursing the running units, diversification of its investment portfolio, consideration of environment impacts while financing etc. The Investment Risk Management Committee is also entrusted to comply with the IRM Guidelines, monitoring & updating the bank's investment policy. Moreover, the committee analyzes the investment portfolio on the basis of Basel Guidelines and attempts to restructure the investment portfolio.

2.31.2 Foreign Exchange Risk

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

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

2.31.3 Asset Liability Management

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

2.31.4 Prevention of Money Laundering

Keeping pace with the modern advancement of financial service facilities, money laundering and financing of terrorism are getting new dimensions day by day. As a responsible commercial bank, First Security Islami Bank Ltd. (FSIBL) is always agile and vigilant against these types of money laundering and financing of terrorism activities. Managing Director of the bank every year declares written clear commitment regarding Anti Money Laundering & Combating Financing of Terrorism for all the employees and ensures implementation of these activities. A Deputy Managing Director (DMD) as Chief Anti Money Laundering Compliance Officer (CAMLCO) and a Senior Vice President as Deputy Chief Anti Money Laundering Compliance Officer (D-CAMLCO) of the bank have been assigned for effective prevention of money laundering and terrorist financing in the bank. However, a powerful "Central Compliance Committee (CCC)" consisting of senior executives and divisional heads and chaired by the aforesaid DMD has been continuously supervising overall anti money laundering & combating financing of terrorism activities of the bank. As per Bangladesh Financial Intelligence Unit (BFIU), Bangladesh Bank's guidelines, a full-fledged division named "Anti Money Laundering (AML) & Combating Financing of Terrorism (CFT) Division" headed by the D-CAMLCO has been working in the head office of the bank under the close supervision of CAMLCO. Circulars and circular letters issued by

BFIU, Bangladesh Bank are instantly circulated to all the branches, divisions, zonal offices and training institutes of the bank. At the same time, bank issues necessary circulars in compliance with applicable laws, circulars, guidelines etc. of regulatory authorities.

The bank has its own “Anti Money Laundering & Combating Financing of Terrorism Policy” (updated in 2019), “Customer Acceptance Policy” (updated in 2019) and “Money Laundering and Terrorist Financing Risk Management Guidelines for FSIBL” approved by the Board of Directors which are prepared in the light of Money Laundering Prevention Act-2012 with amendments in 2015, Anti Terrorism Act-2009 with amendments in 2012, 2013 and circulars, guidelines issued by regulatory authorities. In accordance with the instruction of BFIU, a senior and experienced official or manager operation of every branch has been nominated as “Branch Anti Money Laundering Compliance Officer (BAMLCO)” by the CCC of the bank for preventing money laundering and terrorist financing at the branch level. Bank’s AML & CFT Division inspects branches on a random basis in addition to Internal Control & Compliance Division’s audit of the branches for overseeing the implementation of AML & CFT activities at the branch level. Moreover, AML & CFT Division checks & submits monthly Cash Transaction Report (CTR) in due time and submits Suspicious Transaction Report (STR)/Suspicious Activity Report (SAR) to BFIU, Bangladesh Bank accurately as and when applicable.

The bank conducts Customer Due Diligence (CDD) for every customer at the time of account opening and Enhanced Due Diligence (EDD) as & when required in compliance with the instruction of BFIU, Bangladesh Bank. The bank verifies every NID information of the customers by using election commission’s database to ensure complete and accurate KYC of bank’s new and existing customers. The bank has procured Politically Exposed Persons (PEPs) and Influential Persons’ (IPs) and necessary adverse media news data from Accuity Ltd.-a UK based international database provider for real time and automated identification of PEPs, IPs and suspicious persons involved with crimes by using its own Sanction Screening Software [S3]. In 2019, bank has successfully participated in Electronically Know Your Customer (e-KYC) pilot project supervised by Bangladesh Bank and bank is fully committed to use this type of modern technology in the near future for completing proper & accurate KYC. FSIBL’s own Training Institute in collaboration with AML & CFT Division regularly organizes training & workshop to the employees of the bank on the subject of Anti Money Laundering and Combating Financing of Terrorism where prevention of trade based money laundering gets special emphasis. In 2019, a day long workshop for all the BAMLCOs named BAMLCO Conference has been held at Dhaka on the topic of Anti Money Laundering and Combating Financing of Terrorism. However, bank’s officials & executives regularly get quality training on the topic of Anti Money Laundering and Combating Financing of Terrorism in home and abroad. The bank distributes adequate number of leaflets and hang posters on the topic of Anti Money Laundering and Combating Financing of Terrorism at every branch for building public awareness on these issues.

2.31.5 Internal Control and Compliance

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

ICC is affected by a bank’s BODs, management, organization and other mechanism. (1) BODs is actively concerned with sound corporate governance and that understands and diligently discharges its responsibilities by ensuring that the company is appropriately and effectively managed and controlled. (2) Management actively manages and operates the company in a sound and prudent manner. (3) Organizational and procedural controls supported by effective management information system to soundly and prudently manage the company's exposure to risk. (4) An independent audit mechanism to monitor the effectiveness of the organizational and procedural controls.

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

2.31.6 Guideline on Information & Communication Technology

Information and Communication Technology (ICT) is increasingly becoming an invaluable and powerful tool for driving development, supporting growth, promoting innovation and enhancing competitiveness. Its introducing global environment which will bring all nations around the world to come together to form a global networked community. Banks are increasingly using sophisticated digital technology for banking activities with a view to achieve more customers' satisfaction with less cost. In addition, it increases the efficiency of the banking and payment system, benefiting customers and merchants leading to bridging additional risks.

Information assets are critical to the services provided by the Bank to its customers. Protection and maintenance of these assets are vital to its sustainability. In order to ensure protection of critical IT assets from unauthorized access, modification, disclosure and destruction the Bank has already taken initiative, which safeguard the interest of customers. In this context Bank has implemented a core banking software ensuring adequate security. The Bank has a Data Center which is fault-tolerant, allowing us to upgrade, install patch, maintenance and any activity without downtime. The establishment enables to satisfy valued clients with sharp & better service. To protect sensitive information of core banking in the event of any disaster, the Bank has implemented a disaster Recovery Site. ICT Division performed DR Live operation for 64 hours after implementation of upgraded Hardware, Software and Network and Security devices. The Bank has already developed its own ICT security policy for various operation and services which are closely in line with the ICT security policy guideline of Bangladesh Bank. Active Directory Domain Controller (ADC) is implemented in all branches and head office according to the Guideline of Bangladesh Bank. ICT Division has implemented the ICT Inventory Management System Software with the help of which all ICT assets are properly monitored and secured with assigned custodians for all branches and divisions.

Training is the key component of ICT Risk Management. The Bank has been continuously conducting training sessions on sensitive ICT tasks (i.e. Operation Procedure, Business Continuity Planning, Disaster Recovery Planning, Certification Preparation Training, etc.) for relevant employees. ICT Division has also established an IT Lab for training arrangement of ICT and non-ICT background employees of FSIBL. The Bank has been maintaining adequate physical security inside its workplace to properly protect ICT resource. The bank is strictly following the Information security standard of Bangladesh bank covering Password Control, User ID Maintenance, Input Control, Network security, Data Encryption, Virus Protection and Access Control of Internet and Emailing. The Bank is regularly conducting internal ICT audit to all its branches and Head Office Divisions to ensure proper implementation of the ICT policy.

2.31.7 Environmental Risk Management (ERM)

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

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

2.32 Risk Based Capital (Basel-III)

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

2.33 Stress Testing

Stress testing is one of the sophisticated risk management techniques that have been used to determine the reactions of different financial institution under a set of exceptional, but plausible assumptions through a series of test. At institutional level, stress testing techniques provide a way to quantify the impact of change in a number of risk factors on the assets and liabilities portfolio of the institution. Presently stress testing is being done by considering five different risk factors namely profit rate, sale value of collateral, non-performing Investment, stock price and foreign exchange rate.

FSIBL supplements their analysis of risk with stress testing. They perform stress tests because value-at-risk calculations are based on relatively recent historical data and only purport to estimate risk up to a defined confidence level. Therefore, they only reflect possible losses under relatively normal market conditions.

2.34 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control or common significant influence related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged as per IAS 24 "Related Party Disclosures", Bangladesh Bank and Bangladesh Securities & Exchange Commission (BSEC) guidelines. Details of Related party transactions have been disclosed in note # 47.

2.35 General

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

	31.12.2019 BDT	31.12.2018 BDT
3 CASH		
3.1 Cash in Hand		
In Local Currency	2,077,256,388	1,629,343,324
In Foreign Currencies	8,873,084	11,233,821
ATM Balance	210,588,000	233,214,000
	2,296,717,472	1,873,791,145
3.2 Balance with Bangladesh Bank and its Agent Bank		
Balance with Bangladesh Bank (Note-3.2.1)	28,129,041,642	17,384,237,991
Balance with Sonali Bank Ltd. (Note-3.2.2)	314,845,330	260,251,175
	28,443,886,972	17,644,489,166
	30,740,604,444	19,518,280,311
3.2.1 Balance with Bangladesh Bank (Including Foreign Currencies)		
In Local Currency	27,519,535,489	17,071,549,843
In Foreign Currencies	609,506,153	312,688,148
	28,129,041,642	17,384,237,991
3.2.2 Balance with Sonali Bank Ltd. (as Agent of Bangladesh Bank)		
In Local Currency	314,845,330	260,251,175
3.3 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)		
Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the Section 25 & 33 of the Bank Companies Act. 1991 and subsequent BCD Circular No. 13 dated May 24, 1992; BRPD Circular No. 12 dated September 06, 1998, BRPD Circular No.12, dated September 20, 1999, BRPD Circular No. 22 dated November 06, 2003, BRPD Circular No. 03 dated 17 February, 2005 and BRPD Circular No. 11 & 12 dated 25 August 2005, Bangladesh Bank Letter # DOS (SR) 1153/120-A/2009-46 dated 22 March 2009, MPD circular # 01 dated 04 May 2010 , MPD circular # 04 & 05 dated 01 December 2010 , DOS Circular# 01 dated 19/01/2014, MPD Circular# 01 dated 23/06/2014, MPD Circular# 01 dated 03 April 2018 and DOS Circular# 26 dated 19/08/2019.		
3.4 Cash Reserve Ratio (CRR): 5.50% of Average Demand and Time Liabilities:		
Required Reserve	19,448,236,000	16,463,551,000
Actual Reserve maintained	27,524,974,000	17,071,374,000
Surplus/(Short)	8,076,738,000	607,823,000
3.5 Statutory Liquidity Ratio (SLR): 5.50% of Average Demand and Time Liabilities:		
Required Reserve	19,448,236,000	16,463,551,000
Actual Reserve held	27,388,300,000	17,841,865,000
Surplus/(Short)	7,940,064,000	1,378,314,000
3.6 Field for Statutory Liquidity Ratio		
Cash in Hand	2,296,717,000	1,873,791,000
Surplus Balance with Bangladesh Bank and its Agent Bank	8,391,583,000	868,074,000
Balance of Bangladesh Govt. Islamic Bond	16,700,000,000	15,100,000,000
	27,388,300,000	17,841,865,000

	31.12.2019 BDT	31.12.2018 BDT
3 (a) CASH		
3.1(a) Consolidated Cash in Hand		
First Security Islami Bank Limited (Note-3.1)	2,296,717,472	1,873,791,145
First Security Islami Capital & Investment Limited	15,128	8,961
	2,296,732,600	1,873,800,106
3.2(b) Consolidated Balance with Bangladesh Bank and its Agent Bank		
First Security Islami Bank Limited (Note-3.2)	28,443,886,972	17,644,489,166
First Security Islami Capital & Investment Limited	-	-
	28,443,886,972	17,644,489,166
	30,740,619,572	19,518,289,272
4 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS AND PLACEMENT		
4.1 Balance With Other Banks & Financial Institutions		
A. Balance Inside Bangladesh		
Al-wadiah/ Current Accounts		
Agrani Bank Limited	19,455,593	29,536,951
Trust Bank Ltd.	72,048,446	71,817,843
Social Islami Bank Ltd.	40,285	39,527
Dhaka Bank Ltd. (Islamic Banking Branch)	365,301	353,056
Islami Bank Bangladesh Ltd.	13,860,453	20,724,176
Eastern Bank Ltd.	907,650	2,116,377
	106,677,728	124,587,930
Mudaraba Short Notice Deposits		
Southeast Bank Ltd. (Islamic Banking Branch)	163,680	161,967
AB Bank Ltd. (Islamic Banking Branch)	646,234	630,520
Islami Bank Bangladesh Ltd.	4,421,227	4,421,227
Pubali Bank Ltd. (Islamic Banking Branch)	70,348	83,958
Union Bank Ltd.	1,727,464	5,484,418
NRB Global Bank Ltd.	-	28,309,760
	7,028,953	39,091,850
Total Inside Bangladesh	113,706,681	163,679,780

				31.12.2019 BDT	31.12.2018 BDT
B. Balance Outside Bangladesh					
In Deposit Account (non-profit bearing) with:					
Current Account:	Currency	Amount	Rate		
1. Mashreq Bank, PSC, London	GBP	-	111.329	-	2,207,803
2. Mashreq Bank, PSC, London	EURO	-	95.0625	-	4,031,834
3. Mashreq Bank, PSC, New york	USD	5,127,765.52	84.900	435,347,293	386,912,326
4. MCB Bank Ltd. Karachi	ACU\$	7,690.91	84.900	652,958	645,267
5. Commerz Bank AG, Frankfurt, Germany	EURO	252,754.78	95.063	24,027,501	16,892,656
6. Bank of Bhutan, Thimpo, Bhutan	ACU\$	5,581.14	84.900	473,839	927,548
7. Sonali Bank Ltd. , Kolkata, India	ACU\$	4,212.88	84.900	357,674	352,622
8. AB Bank Ltd, Mumbai, India	ACU\$	226,322.82	84.900	19,214,807	22,271,252
9. ICICI Bank Ltd, Hongkong	USD	76,011.80	84.900	6,453,402	16,396,627
10. ICICI Bank Ltd,Kolkata, India	ACU\$	129,801.56	84.900	11,020,152	6,459,412
11. Habib Metropolitan Bank Limited, Karachi, Pakistan	ACU\$	47,275.72	84.900	4,013,709	3,619,287
12. Habib American Bank, N,Y	USD	516,299.56	84.900	43,833,833	88,966,236
13. Banca UBAE SPA, Rome, Italy	USD	116,441.32	84.900	9,885,868	36,425,767
14. Banca UBAE SPA, Rome, Italy	EURO	765,936.22	95.063	72,811,812	314,153,995
15. Bank Al-Jazira, Jeddah	USD	137,295.60	84.900	11,656,396	11,519,101
16. Bank Al-Jazira, Jeddah	SAR	453,005.79	22.625	10,249,211	8,293,919
17. Aktif Yatrim Bank Istambul	USD	49,993.00	84.900	4,244,406	-
18. Aktif Yatrim Bank Istambul	JPY	1,497,876.00	0.778	1,164,599	-
19. Aktif Yatrim Bank Istambul	GBP	217,258.04	111.329	24,187,185	-
				679,594,644	920,075,652
				793,301,325	1,083,755,432

4.1(a) CONSOLIDATED BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS

In Bangladesh:

First Security Islami Bank Limited (Note-4.1 (A))
First Security Islami Capital & Investment Limited
Inter-company Transaction

113,706,681	163,679,780
12,161,538	10,924,811
(11,962,265)	(10,606,176)
113,905,954	163,998,415

Outside Bangladesh:

First Security Islami Bank Limited (Note-4.1 (B))
First Security Islami Capital & Investment Limited

679,594,644	920,075,652
-	-
679,594,644	920,075,652
793,500,598	1,084,074,067

4.2 Placement with Banks & other Financial Institutions

Reliance Finance Limited

13,603,700,000	13,603,700,000
13,603,700,000	13,603,700,000

Total Balance with other Banks & Financial Institutions and Placement (Note 4.1+4.2)

14,397,001,325	14,687,455,432
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	31.12.2019 BDT	31.12.2018 BDT
4.3 Balance with other Banks & Financial Institutions and Placement (according to remaining maturity grouping)		
Up to One Month	10,483,701,325	7,283,292,398
Up to Three Months	3,913,300,000	7,404,163,034
Three Months to One Year	-	-
One Year to Five Years	-	-
Above Five Years	-	-
	14,397,001,325	14,687,455,432
5 INVESTMENTS IN SHARES AND SECURITIES		
Government Securities		
Bangladesh Govt. Islamic Bond	16,700,000,000	15,100,000,000
	16,700,000,000	15,100,000,000
Others		
Subordinated Bond	280,000,000	360,000,000
Quoted/Unquoted Shares (Note - 5.1)	547,652,622	521,691,023
	827,652,622	881,691,023
	17,527,652,622	15,981,691,023
5.1 Quoted/Unquoted Shares		
Name of Companies	Acquisition cost (Taka)	Acquisition cost (Taka)
Quoted:		
MJL Bangladesh Ltd.	44,660,732	34,842,332
LafargeHolcim Bangladesh Limited	150,418,369	100,760,927
CVO Petrochemical Refinery Limited	42,678,259	63,004,498
Bangladesh Submarine Cables Co. Ltd.	-	86,713,495
Padma Oil Company Ltd.	59,047,847	59,038,359
Shahazibazar Power Company Ltd.	-	138,124,786
Heidelberg Cement Bd. Ltd.	9,858,420	6,515,253
BBS Cables Co. Ltd.	12,984,416	15,244,956
Mozaffar Hossain Spinning Mills Ltd.	14,959,379	14,005,609
Bashundhara Paper Mills Limited	30,311,635	1,871,358
SPCL	155,811,801	-
Legacyfoot	21,327,666	-
BSRMLTD	4,024,648	-
	546,083,172	520,121,573
Unquoted:		
Central Depository Bangladesh Ltd.	1,569,450	1,569,450
	547,652,622	521,691,023
5.2 Market Value of Quoted Shares	290,945,380	366,771,725

	31.12.2019 BDT	31.12.2018 BDT
5.3 Remaining Maturity Grouping of Investments in Shares and Securities		
On Demand	546,083,172	520,121,573
Within One Month	-	7,350,000,000
One Month to three Months	-	4,800,000,000
Three Months to One Year	-	2,950,000,000
One Year to Five Years	280,000,000	360,000,000
More than Five Years	16,701,569,450	1,569,450
	17,527,652,622	15,981,691,023
5(a) CONSOLIDATED INVESTMENTS IN SHARES AND SECURITIES		
Government Securities		
First Security Islami Bank Limited (Note-5)	16,700,000,000	15,100,000,000
First Security Islami Capital & Investment Limited	-	-
	16,700,000,000	15,100,000,000
Others		
First Security Islami Bank Limited (Note-5)	827,652,622	881,691,023
First Security Islami Capital & Investment Limited	239,662,226	222,288,874
	1,067,314,848	1,103,979,897
	17,767,314,848	16,203,979,897
6 INVESTMENTS		
General Investment etc. (Note-6.A)	363,775,732,135	311,069,741,359
Bills Purchased and Negotiated (Note - 6.B)	708,410,543	615,247,569
	364,484,142,678	311,684,988,928
6.A General Investment etc.		
Inside Bangladesh (Mode wise)		
Bai-Murabaha	329,058,642,271	274,978,985,475
Hire-Purchase Sirkatul Meelk	33,364,558,961	35,435,164,912
Bai-Muajjal	4,464,493	4,829,402
Bai-Salam	109,457,625	354,211,556
Wajira Bill Okalah	-	20,277,590
Quard	1,238,608,785	276,272,424
	363,775,732,135	311,069,741,359
Outside Bangladesh	-	-
	363,775,732,135	311,069,741,359
6.B Bills Purchased and Negotiated		
Payable in Bangladesh	693,612,336	570,993,563
Payable outside Bangladesh	14,798,207	44,254,006
	708,410,543	615,247,569
	364,484,142,678	311,684,988,928
6.1 Maturity Grouping of Investments		
Payable on Demand	52,968,663,464	47,677,466,194
Up to Three Months	69,672,761,788	57,841,995,079
Three Months to One Year	81,218,032,987	84,584,233,496
One Year to Five Years	93,777,974,001	74,837,423,415
Above Five Years	66,846,710,438	46,743,870,744
	364,484,142,678	311,684,988,928

	31.12.2019 BDT	31.12.2018 BDT
6.2 Investments on the basis of Significant Concentration		
Investments to Directors of Other Banks	28,065,087,000	33,519,333,000
Investments to Chief Executive and Other high Officials	-	-
Investments to Customers Group	309,072,303,045	255,133,526,940
Investments to Industry	26,476,454,013	22,108,627,689
Investment to Staff	870,298,620	923,501,299
	364,484,142,678	311,684,988,928
6.3 Investments to Customers for more than 10% of FSIBL's Total Eligible Capital		
Number of Clients	45	56
Amount of Outstanding Investments		
Funded	74,774,700,000	78,941,600,000
Non-funded	27,115,700,000	32,207,700,000
	101,890,400,000	111,149,300,000
6.4 Industry wise Investments		
Agriculture:		
Fishing	579,938,736	706,700,000
Others	1,139,787,051	1,849,900,000
Textile and Readymade Garments:		
Readymade Garments - Export	4,892,012,525	4,507,100,000
Textile and Textile Products- Import	7,481,581,351	7,007,600,000
Others -Export	1,976,636,595	1,755,400,000
Others -Import	46,693,726,114	32,694,500,000
Contractor Finance	6,350,863,378	5,799,500,000
Transport	1,929,107,163	896,200,000
Internal Trade Finance:		
Whole Sale Trading	163,646,480,611	133,192,600,000
Retail Trading	7,202,502,560	6,687,000,000
Others	6,286,925,894	8,250,300,000
House Building:		
Residential & Commercial	18,905,849,621	18,453,700,000
Staff	870,298,620	923,500,000
Special Program:		
Consumer Finance and Hire Purchase Scheme	188,483,639	249,700,000
Others	96,339,948,822	88,711,288,928
	364,484,142,678	311,684,988,928
6.5 Division/Geographical wise Investment*		
Urban		
Dhaka	105,753,937,542	91,621,628,244
Chattogram	249,094,298,284	210,529,763,407
Barishal	306,581,191	260,184,484
Rajshahi	856,876,681	889,221,595
Khulna	1,382,286,209	1,347,644,201
Rangpur	403,817,950	441,332,017
Sylhet	793,402,051	813,884,951
Mymensingh	159,636,380	150,803,270
	358,750,836,288	306,054,462,169

	31.12.2019 BDT	31.12.2018 BDT
<u>Rural</u>		
Dhaka	1,176,827,453	1,233,436,760
Chattogram	2,911,292,951	2,616,447,310
Barishal	113,983,643	101,455,189
Rajshahi	115,324,684	179,594,073
Khulna	993,958,011	1,070,145,721
Rangpur	2,885,284	-
Sylhet	83,966,863	86,136,487
Mymensingh	335,067,501	343,311,219
	5,733,306,390	5,630,526,759
	364,484,142,678	311,684,988,928

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

6.6 Classification of Investments as per Bangladesh Bank Circulars

Unclassified:

Standard	330,818,029,926	285,663,434,934
Special Mention Account	15,652,074,507	15,600,153,708
	346,470,104,433	301,263,588,642

Classified:

Sub-standard	1,755,786,491	127,299,288
Doubtful	4,210,462,461	598,023,951
Bad & Loss	12,047,789,293	9,696,077,046
	18,014,038,245	10,421,400,286
	364,484,142,678	311,684,988,928

6.7 Sector-wise Classification of Investments

Unclassified:

Small Enterprise Financing (SEF)	33,364,528,436	30,562,733,678
Consumer Financing (Other than HF & LP)	180,491,668	243,791,991
Investments to BHs/MBs/SDs against Share	642,336,374	451,345,114
Other than SMEF, CF, BHs/ MBs,/SDs	248,955,302,428	208,651,067,031
Housing Finance (HF)	16,320,960,868	18,149,547,010
Investments for professionals to set up business (LP)	478,469	6,507,303
Short Term Agri. Investments	1,607,161,158	2,470,943,633
Staff Investment	870,298,620	923,501,299
Others	44,528,546,413	39,804,151,585
	346,470,104,433	301,263,588,642

Classified:

Small Enterprise Financing (SEF)	1,768,742,365	555,319,038
Consumer Financing (Other than HF & LP)	7,991,972	5,953,031
Investments to BHs/MBs/SDs against Share	104,600,192	104,566,619
Other than SMEF, CF, BHs/ MBs,/SDs	8,313,274,990	7,262,110,502
Housing Finance (HF)	1,152,376,230	1,138,899,572
Investments for professionals to set up business (LP)	3,848,681	3,848,681
Short Term Agri. Investments	112,564,628	85,663,798
Others	6,550,639,187	1,265,039,046
	18,014,038,245	10,421,400,286
	364,484,142,678	311,684,988,928

			31.12.2019 BDT	31.12.2018 BDT
6.8 Particulars of Required Provision for Investments as per CL				
<u>Classification status</u>				
Unclassified	Base for Provision	Rate		
Standard	330,818,029,926	0.25-5%	3,055,187,036	2,629,373,712
Special Mention Account	15,644,775,310	0.25-5%	305,146,993	309,391,801
Off -Balance Sheet Exposure	54,806,722,600	0-1%	530,389,824	456,617,654
			3,890,723,853	3,395,383,167
Classified:				
Sub - Standard	1,146,606,759	20%	229,321,352	6,552,895
Doubtful	3,982,508,971	50%	1,991,254,486	169,727,299
Bad and Loss	7,232,271,068	100%	7,232,271,068	5,754,306,000
			9,452,846,906	5,930,586,194
			13,343,570,759	9,325,969,361
Total Required Provision against Investments as per CL			13,343,570,759	9,325,969,361
Total Provision Maintained			11,193,653,438	9,326,969,361
Deferred Provision for next 3 years has to be maintained			2,149,917,321	1,000,000

Bangladesh Bank Audit Team (DBI-4) has raised additional specific provision amount of Tk. 289.69 crore and this amount has to be maintained from general provision. Since the amount of additional specific provision of Tk. 289.69 crore against non- performing investment has to be maintained from general provision , the general provision will be reduced to Tk. 102 crore. However the deferred general provision amount of Tk. 289.69 crore has to be maintained for next three (03) years by amount of Tk. 100.00 Crore in the year 2020, Tk. 100.00 Crore in the year 2021 and Tk. 89.69 Crore in the year 2022 vide their letter no. DBI-04/42(5)/2020-319 dated 11 June, 2020.

6.9 Particulars of Investments

i)	Investments considered good in respect of which the Bank Company is fully secured.	70,134,000,000	64,620,400,000
ii)	Investments considered good for which the bank holds no Security other than the debtors personal security.	148,089,900,000	120,929,300,000
iii)	Investment considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	146,260,242,678	126,135,288,928
iv)	Investments adversely classified; provision not maintained there against.	-	-
		364,484,142,678	311,684,988,928
v)	Investments due by directors or executives of the banking company or any of them taken either separately or jointly with any other person.	28,065,087,000	33,519,333,000
vi)	Investments due by companies or firms in which the directors of the bank company are interested as directors partners or managing agents or in case of private companies, as members.	-	-

	31.12.2019 BDT	31.12.2018 BDT
vii) Maximum total amount of investments, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either separately or jointly with any other person.	-	-
viii) Maximum total amount of investments, including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or in the case of private companies, as members.	-	-
ix) Investment due from other banking companies	-	-
x) Total amount of classified Investments on which profit is not credited to income	18,014,038,245	10,421,400,286
a. Movement of classified Investments		
Opening balance	10,421,400,286	8,397,744,459
Increase/ (Decrease) during the year	7,592,637,960	2,023,655,827
	18,014,038,245	10,421,400,286
b. Amount of provision kept against classified investment as on the reporting date of Balance Sheet	10,170,030,873	5,930,586,195
c. Profit credited to the profit/Rent/Compensation Suspense Account	635,151,065	538,878,926
xi) Amount of written off Investment:		
a. Cumulative amount	-	-
b. Amount written off during the year	20,896,780	-
c. Total amount of written off (a+b)	20,896,780	-
d. Amount recovered against such written- off up to this year	-	-
e. Amount of investment written- off against which suit has been filled to recover the same.	-	-
6.10 Write off Investment		
Balance at the beginning of the year	-	-
Add: Write off during the year	20,896,780	-
Less: Recovery of Write off Investment	-	-
Balance at the end of the year	20,896,780	-

Investments are written-off in line with Bangladesh Bank's BRPD Circular No. 02 dated 13 January 2003, DOS Circular No. 01 dated 29 December 2004, BRPD Circular No. 13 dated 07 November 2013 and BRPD Circular No. 01 dated 02 February 2019 when prospect of recovery of such Investments become non-existent. However, such write-off does not reduce the claim against the Investment Client. Detailed records for all write-off accounts are separately maintained by the Bank to continue the recovery efforts. The total amount of written-off bad debts by banks was BDT 2.09 Crore at end of the year 2019.

	31.12.2019 BDT	31.12.2018 BDT
6.11 Security against Investments including bills purchased & negotiated:		
Collateral of movable/immovable assets	17,473,337,098	19,288,446,582
Local banks & financial institutions guarantee	-	-
Export documents	1,976,636,595	1,452,454,788
Own MTDR	70,134,000,000	64,620,400,000
MTDR of other Banks	-	-
Government Bonds	-	-
Personal guarantee	60,598,700,988	50,208,936,431
Other security	642,336,374	451,345,114
Unsecured	213,659,131,624	175,663,406,014
	364,484,142,678	311,684,988,928
6.12 Maturity Grouping of Bills Purchased and Negotiated		
Payable within one month	5,748,024	4,992,102
Over one month but less than three months	1,534,582	1,332,769
Over three months but less than six months	246,936,315	214,461,754
Six Months and Above	454,191,622	394,460,944
	708,410,543	615,247,569
6.A(a) CONSOLIDATED GENERAL INVESTMENT ETC. (All Inside Bangladesh)		
First Security Islami Bank Limited (Note-6.A)	363,775,732,135	311,069,741,359
Less: Inter-company transaction (Investment in Subsidiary)	(454,179,949)	(268,474,415)
	363,321,552,186	310,801,266,944
7 Fixed Assets including premises, Furniture & Intangible Assets at cost less accumulated depreciation (Annexure-A)		
Land	334,631,624	96,546,000
Building	4,068,443,511	1,429,210,470
Furniture & Fixtures	2,120,213,154	2,002,280,494
Office Equipment	2,116,473,510	1,676,208,292
Vehicles	194,409,508	200,392,321
Books	619,849	619,111
	8,834,791,156	5,405,256,688
Less: Accumulated Depreciation	2,525,492,050	2,115,503,475
	6,309,299,106	3,289,753,213
Intangible Assets		
Software -Core banking	269,836,338	253,637,195
Less: Accumulated Amortization	143,962,314	114,745,783
	125,874,024	138,891,412
	6,435,173,130	3,428,644,625

Property, Plant and Equipment has been increased during the year 2019 by the amount of Tk. 300.61 crore. The amount of Tk. 287.73 crore was paid for purchasing of FSIBL new premises in the previous years but that amount was included in prepayment under other assets because of not completion of new building. During the year -2019 the building is ready to use.

	31.12.2019 BDT	31.12.2018 BDT
7(a) Consolidated Fixed Assets including premises, Furniture & Intangible Assets at cost less accumulated depreciation		
First Security Islami Bank Limited (Note-7)	6,435,173,130	3,428,644,625
First Security Islami Capital & Investment Limited	3,870,183	6,243,418
	6,439,043,313	3,434,888,043

8 OTHER ASSETS

Inter - branch Transaction Account *	14,394,408	79,353,085
Accrued Income	1,024,182,980	860,516,476
Advances, Deposits and Prepayment (Note -8.1)**	1,562,454,339	4,225,750,519
Stock of Stationery	39,726,911	39,911,240
Suspense Account (Note- 8.2)	41,352,682	14,310,468
Advance Deposits	6,032,865	5,669,441
Stamps on Hand	4,161,800	3,648,585
Protested Bills	61,454,778	61,454,778
Investment in FSI Capital & Investment Ltd.(Note-1.2.1)	255,000,000	255,000,000
Investment in FSIEL Italy S.R.L (Note-1.2.2)	62,340,058	62,340,058
Deferred Tax Assets (Note- 8.3)	498,013,850	401,623,095
	3,569,114,671	6,009,577,745

* 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 31.12.2019 have been reconciled on 09/02/2020.

** The amount of Tk. 287.73 crore was paid for purchasing of FSIBL new premises in the previous years but that amount was included in prepayment under other assets because of not completion of new building. During the year - 2019 the building is ready to use. As a result the amount of Tk. 287.73 crore is transferred to property, plant and equipment from other assets.

8.1 Advance, Deposits and Prepayment

Advance against Rent - Office*	365,426,661	419,475,615
Advance against Rent - Godown	-	12,000
Clearing Adjustment Account (under BACH)	12,178,698	27,163,636
Remittance Settlement Account	788,397,099	400,712,944
Prepayment	390,676,046	3,363,200,099
Prepaid Insurance	486,091	520,392
Advance Against Security Deposit	5,188,744	14,384,822
Mobile Banking Receivable A/C	101,000	281,011
	1,562,454,339	4,225,750,519

*According to the paragraph 47 of International Financial Reporting Standards (IFRS)-16 a lessee shall either present in the statement of financial position, or disclose in the notes and according to the paragraph 5 (b) a lessee may elect not to apply the requirements leases for which the underlying asset is of low value .The amount of advance rent against rent agreement of various landlord is immaterial of total assets as a result IFRS-16 is not applicable for us for the year 2019.

	31.12.2019 BDT	31.12.2018 BDT
8.2 Suspense Account		
Sundry Debtors	40,464,670	14,070,468
Advance against TA/DA	634,000	240,000
Advance against petty cash	254,012	-
	41,352,682	14,310,468
8.3 Deferred Tax Assets (net off liabilities)		
Deferred tax asset (8.3.1)	868,849,727	599,502,226
Deferred tax liability (8.3.2)	370,835,877	197,879,131
	498,013,850	401,623,095
8.3.1 Deferred Tax Assets		
Temporary timing difference between charging Specific provision and written off B/L Investments		
Cumulative provision made against bad loss Investments	2,337,829,386	1,598,672,606
Adjustment of corresponding provision on write off	20,896,780	-
Deductible temporary difference	2,316,932,606	1,598,672,606
Tax Rate	37.50%	37.50%
Deferred Tax Assets	868,849,727	599,502,226
Opening Deferred Tax Assets	599,502,226	447,307,443
Deferred Tax Income during the year	269,347,501	152,194,784
8.3.2 Deferred Tax Liabilities		
Temporary timing difference in written down value of fixed Assets		
Carrying amount of Fixed Assets	6,432,836,195	3,426,782,477
Tax base	5,443,940,525	2,899,104,798
Taxable temporary difference	988,895,670	527,677,679
Tax Rate	37.50%	37.50%
Deferred Tax Liabilities	370,835,877	197,879,131
Opening Deferred Tax Liabilities	197,879,131	196,479,418
Deferred Tax Expenses during the year	172,956,747	1,399,713

As per International Accounting Standard (IAS)- 12 deferred tax is recognized since December 2007. Deferred tax assets have been arrived at Tk. 498.01 million as on December 31, 2019. 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.

8(a) CONSOLIDATED OTHER ASSETS

First Security Islami Bank Limited (Note-8)	3,569,114,671	6,009,577,745
Less: Inter-company transaction (Investment in Subsidiary)	255,000,000	255,000,000
	3,314,114,671	5,754,577,745
First Security Islami Capital & Investment Limited	1,118,185,410	1,142,151,149
	4,432,300,081	6,896,728,894

	31.12.2019 BDT	31.12.2018 BDT
9 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.		
10 PLACEMENT FROM BANK & OTHER FINANCIAL INSTITUTION		
Inside Bangladesh		
Bangladesh Bank (IMM Wings & Refinance Scheme)	9,532,798,612	16,068,152,103
Bangladesh Bank (EDF)	3,675,583,192	1,469,546,101
	13,208,381,804	17,537,698,204
Outside Bangladesh	-	-
	13,208,381,804	17,537,698,204
A. Security- wise grouping		
Secured Placement	-	-
Unsecured Placement	13,208,381,804	17,537,698,204
	13,208,381,804	17,537,698,204
B. Repayment Nature wise Grouping		
Repayable on demand	-	-
Others	13,208,381,804	17,537,698,204
	13,208,381,804	17,537,698,204
C. Maturity Analysis		
Repayable on Demand	-	-
Repayable within One Month	3,000,081,804	5,000,098,204
One Month to Six Months	6,500,000,000	2,000,000,000
Six Month to One Year	-	9,000,000,000
One Year to Five Years	3,708,300,000	1,537,600,000
Five Years to Ten Years	-	-
	13,208,381,804	17,537,698,204
10 (a) CONSOLIDATED PLACEMENT FROM BANK & OTHER FINANCIAL INSTITUTION		
First Security Islami Bank Limited	13,208,381,804	17,537,698,204
First Security Islami Capital & Investment Limited	82,313,028	49,851,917
	13,290,694,832	17,587,550,121
11 DEPOSITS AND OTHER ACCOUNTS		
A. Deposits Received from Banks (Note A-1)	16,561,117,000	23,516,200,000
B. Other than Bank		
Payable on Demand (Note B-1)	13,333,716,671	12,385,843,910
Other Deposits (Note B-2)	346,726,828,780	284,119,754,580
	360,060,545,451	296,505,598,490
	376,621,662,451	320,021,798,490

	31.12.2019 BDT	31.12.2018 BDT
C. Maturity wise Grouping of Deposits and Other Accounts		
Re-payable within 1 month	70,051,451,487	55,636,435,421
Over 1 month but within 6 months	64,835,200,000	63,781,654,268
Over 6 months but not more than 1 year	78,683,800,000	77,456,248,252
Over 1 year but not more than 5 years	86,108,600,000	69,676,521,542
Over 5 years but within for 10 years	76,942,400,000	53,470,504,245
Unclaimed Deposits For 10 years or more	210,964	434,762
	376,621,662,451	320,021,798,490
A-1 Deposits Received from Banks		
Islami Bank Bangladesh Ltd.	15,986,800,000	14,937,700,000
Exim Bank Ltd.	6,600,000	7,200,000
Union Bank Ltd.	75,700,000	36,500,000
NRB Global Bank Ltd.	23,300,000	34,800,000
Rupali Bank Ltd.	-	2,000,000,000
Uttara Bank Ltd.	-	1,000,000,000
Al Arafah Islami Bank Ltd.	-	1,000,000,000
Agrani Bank Ltd.	-	2,000,000,000
Sonali Bank Ltd.	452,117,000	2,000,000,000
Janata Bank Ltd.	-	500,000,000
AB Bank Ltd.	400,000	-
Social Islami Bank Ltd.	16,200,000	-
	16,561,117,000	23,516,200,000
Maturity wise Grouping of Deposits Received from Banks		
Repayable on Demand	8,609,000,000	7,516,200,000
Repayable within One Month	-	-
Repayable over One Month but within Six Months	7,952,117,000	16,000,000,000
Repayable over Six Months but within one Year	-	-
Repayable over One Year but within Five Years	-	-
Repayable over Five Years but within Ten Years	-	-
Unclaimed Deposits for Ten Years and above	-	-
	16,561,117,000	23,516,200,000
B-1 Payable on Demand		
Al-wadiah Current Deposits	7,858,272,642	6,666,580,847
Mudaraba Saving Deposits (9%)	2,712,217,572	2,388,273,806
Security Deposit Receipt	28,364,856	26,043,460
Sundry Deposits	2,734,861,601	3,304,945,797
	13,333,716,671	12,385,843,910

	31.12.2019 BDT	31.12.2018 BDT
B- 2 Other Deposits		
Mudaraba Saving Deposits (91%)	27,423,533,223	24,148,101,814
Mudaraba Term Deposits	213,778,646,522	186,840,633,000
Mudaraba Short Notice Deposits	15,425,629,912	12,348,478,680
Bills Payable (Note-11.2)	2,500,692,222	1,706,699,861
Bearer Certificates of Deposits	-	-
Mudaraba Deposit under Schemes (Note-11.5)	87,256,252,772	58,653,874,203
Foreign Currency Deposits	342,074,129	421,967,022
	346,726,828,780	284,119,754,580
11.1 Al-Wadiah Current Accounts & Other Deposit Accounts		
Al-wadiah Current Deposits	7,858,272,640	6,666,580,847
Mudaraba Short Notice Deposits	15,547,829,912	12,426,978,680
Sundry Deposits	2,734,861,601	3,304,945,797
Security Deposit Receipt	28,364,856	26,043,460
Foreign Currency Deposits	342,074,129	421,967,022
	26,511,403,138	22,846,515,806
11.1(a) Consolidated Al-Wadiah Current Accounts & Other Deposit Accounts		
First Security Islami Bank Limited (Note-11.1)	26,511,403,138	22,846,515,806
First Security Islami Capital & Investment Limited	-	-
Less: Inter-company transaction	(11,962,265)	(10,606,176)
	26,499,440,873	22,835,909,630
11.2 Bills Payable		
Pay Order Issued	2,498,821,634	1,704,730,927
Demand Draft Payable	1,717,797	1,810,693
Pay Slips Issued	152,791	158,241
	2,500,692,222	1,706,699,861
11.3 Mudaraba Savings Deposits		
As per BRPD Circular No. 06, dated 24 June 07, total saving deposits amount is bifurcated into:		
9 % of total Mudaraba Savings Deposits	3,476,029,572	3,057,666,806
91% of total Mudaraba Savings Deposits	35,146,521,223	30,916,408,814
	38,622,550,795	33,974,075,620
11.4 Mudaraba Term Deposits including other Banks - Maturity wise Grouping		
Payable on Demand	3,269,659,303	3,858,799,722
Up to Three Months	89,283,121,990	98,415,099,856
From Three Months to Six Months	45,249,887,784	26,751,867,941
Above Six Months to One Year	82,133,522,360	73,680,695,024
Above One Year to Two Years	66,077,593	57,201,982
Above Two Years	1,728,494,494	76,968,475
	221,730,763,524	202,840,633,000

	31.12.2019 BDT	31.12.2018 BDT
11.5 Other Mudaraba Deposits		
Mudaraba Deposit under Schemes:		
Mudaraba Monthly Savings Scheme	11,863,118,651	11,543,222,117
Mudaraba Double Benefit Deposits Scheme	26,660,649,085	15,668,541,432
Mudaraba Monthly Benefit Scheme	6,481,578,239	5,282,646,835
Mudaraba Hajj Scheme	197,541,341	171,755,349
Mudaraba Marriage Scheme	3,604,636,661	2,811,534,495
Mudaraba Health Care Scheme	15,529,913,725	11,809,053,428
Mudaraba Education Deposit Scheme	2,627,448,037	2,172,452,622
Mudaraba Pension Deposit Scheme	1,136,836,150	1,095,218,300
Mudaraba Millionaire Deposit Scheme	2,246,383,772	1,788,926,366
Mudaraba Kroropoti Deposit Scheme	1,724,144,697	1,400,451,787
Mudaraba Triple Times Deposit Scheme	611,021,259	551,719,463
Mudaraba Four Times Deposit Scheme	2,282,646,958	2,053,837,397
Mudaraba Probashi Deposit Scheme	277,043,692	258,977,398
Mudaraba Money Plant Deposit Scheme	825,000	1,028,025
Mudaraba Gift Cheque	11,203,744	10,063,244
Mudaraba Griheni Deposit Scheme	314,122,162	280,009,463
Mudaraba New Generation Deposit Scheme	74,234,023	71,708,288
Mudaraba Cash Waqf. Deposit Scheme	1,059,363	977,375
Mudarabah Monthly Profit Scheme -1 Year	6,041,398,918	1,271,450,878
Mudarabah Monthly Profit Scheme -2 Years	759,639,907	410,299,941
Mudarabah Others Deposit Scheme	4,810,807,388	-
	87,256,252,772	58,653,874,203
12 MUDARABA SUBORDINATED BOND	11,500,000,000	4,862,000,000

The Bank has already been fully redeemed non-convertible FSIBL 1st Mudaraba Subordinated Bond amount of Tk. 213.80 crore up to 31 December 2018 and remaining balance (250.00-213.80) of Tk. 36.20 crore paid on 03/01/2019 as principal redemption.

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 based up to 31/12/2019.

The Bangladesh Securities and Exchange Commission vide their letter No. BSEC/CI/DS-21/2014/96 dated February 05, 2019 and Bangladesh Bank vide their letter no. BRPD (BPIS)661/14B(P)/2098-1542 dated February 18, 2019 have given their consent for raising regulatory capital by amount of BDT 700.00 (Seven hundred) crore only through issuance of FSIBL 3rd Mudaraba Subordinated Bond (Private Placement) with 7 years maturity for enhancement of Tier-II capital as per requirement of Basel –III. The FSIBL 3rd Mudaraba Subordinated Bond has been fully subscribed by BDT 700.00 crore on 3rd July 2019. The semi-annual profit has already been paid up to 31/12/2019.

	31.12.2019 BDT	31.12.2018 BDT
13 OTHER LIABILITIES		
Current Tax Liabilities (Note-13.1)	1,977,627,178	1,240,490,186
Accumulated Provision against Investments(Note-13.3)	11,193,653,438	9,326,969,361
Profit/Rent/Compensation Suspense Account (Note -13.4)	635,151,065	538,878,926
Accrued Profit and Expenses Payable (Note-13.5)	6,038,503,846	4,133,339,850
Provisions for diminution in value of Investments(Note-13.6)	255,137,792	153,349,849
Provisions for Other Assets	30,727,389	30,727,389
Provision for Zakat	98,347,680	88,149,726
Provident Fund	19,465	12,980
Benevolent Fund	6,720	4,550
Non-Resident Accounts	209,893,636	19,461,557
Compensation Realized	31,452,522	28,964,817
Others	63,205,614	95,862,653
	20,533,726,345	15,656,211,843

13.1 Current Tax Liabilities

Provision for Tax

Opening Balance	8,743,063,900	7,148,179,852
Add : Provision made during the year	1,956,594,583	1,594,884,048
	10,699,658,483	8,743,063,900

Advance Income Tax

Opening Balance	7,502,573,714	6,280,075,026
Add : Tax paid during the year	1,219,457,591	1,222,498,688
	8,722,031,305	7,502,573,714

Net Tax Liabilities

	1,977,627,178	1,240,490,186
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Assessment for the year 1999, 2002, 2005, 2006, 2009 and 2012 have been settled. Assessment order of 2000, 2001, 2003, 2004, 2007, 2008 and 2010 are pending with High Court and 2011, 2013 and 2014 are pending with Appellate Tribunal, 2015 and 2016 are pending with Commissioner of Taxes (Appeal) and the return for the year 2017 and 2018 have already been submitted and assessment is not yet completed by DCT level.

13.2 Provision for Investments during the year

Specific Provision for Classified Investment	1,363,441,458	1,928,818,801
General Provision	450,367,229	249,758,709
Off -Balance Sheet exposure	73,772,170	43,983,455
	1,887,580,857	2,222,560,965

13.2 (a) Consolidated Provision for Investments during the year

First Security Islami Bank Limited	1,887,580,857	2,222,560,965
First Security Islami Capital & Investment Limited	5,500,000	38,053,723
	1,893,080,857	2,260,614,688

13.3 Accumulated Provision for Investments

Specific Provision for Classified Investments (Note -13.3.1)	10,170,030,873	5,930,586,195
General Provision (Note -13.3.2)	493,232,741	2,939,765,512
Off -Balance Sheet exposure (Note -13.3.3)	530,389,824	456,617,654
	11,193,653,438	9,326,969,361

	31.12.2019 BDT	31.12.2018 BDT
13.3.1 Movement in Specific Provision for Classified Investments		
Provision held at the beginning of the year	5,930,586,195	4,001,767,394
Less: Fully provided debts written off	(20,896,780)	-
Add: Recoveries of amounts previously written off	-	-
Add: Specific Provision during the year	1,363,441,458	1,928,818,801
Add: Transferred from General Provision during the year	2,896,900,000	-
	10,170,030,873	5,930,586,195
13.3.2 General Provision		
Provision held at the beginning of the year	2,939,765,512	2,690,006,803
Add: Addition during the year	450,367,229	249,758,709
Less: Transferred to Specific Provision during the year	(2,896,900,000)	-
	493,232,741	2,939,765,512
As per Bangladesh Bank instruction additional specific provision amount of Tk. 289.69 Crore has to be maintained from General Provision during the year 2019 vide their letter no. DBI-04/42(5)/2020-319 dated 11 June, 2020.		
13.3.3 Off-balance sheet exposure		
Provision held at the beginning of the year	456,617,654	412,634,199
Addition/(transfer) during the year	73,772,170	43,983,455
	530,389,824	456,617,654
13.4 Profit/Rent/Compensation Suspense Account		
A) Profit Suspense (Old)		
Opening Balance	33,768,518	33,768,518
Add: Transferred during the year	-	-
	33,768,518	33,768,518
Less: Recovered during the year	92,482	-
Less: Amount Written off/waived during the year	-	-
Balance at the end of the year	33,676,036	33,768,518
B) Compensation Suspense Account		
Opening Balance	505,110,408	337,879,190
Add: Addition during the year	111,352,326	174,575,981
	616,462,734	512,455,171
Less: Recovered during the year	14,987,705	7,344,763
Less: Amount Written off/waived during the year	-	-
Balance at the end of the year	601,475,029	505,110,408
Total (A+B)	635,151,065	538,878,926
13.5 Accrued Profit and Expenses Payable		
Profit Payable on Deposit Accounts	5,071,250,615	3,477,871,287
Power and Electricity	2,327,926	2,421,780
Telephone	198,939	264,906
Office Rent	10,805,377	6,226,584
Wages	883,737	1,295,888
Insurance	124,485	12,749,011
Audit Fees	920,000	920,000
Online Clearing Parking Charges	-	1,004,950
Profit Payable on Mudaraba Subordinated Bond	471,064,983	192,071,686
Profit Payable on Borrowing from Bangladesh Bank	205,178,083	222,753,425
Others	275,749,700	215,760,333
	6,038,503,846	4,133,339,850

	31.12.2019 BDT	31.12.2018 BDT
13.6 Provisions for diminution in value of Investments in shares		
Opening Balance	153,349,849	90,209,472
Add: Addition during the year	101,787,943	63,140,377
Less: Adjustment for realized loss during the year	-	-
	255,137,792	153,349,849
13(a) CONSOLIDATED OTHER LIABILITIES		
First Security Islami Bank Limited (Note-13)	20,533,726,345	15,656,211,843
First Security Islami Capital & Investment Limited	143,746,432	360,785,668
	20,677,472,777	16,016,997,512
14 CAPITAL		
AUTHORISED CAPITAL		
1,000,000,000 Ordinary shares of Taka 10 each.	10,000,000,000	10,000,000,000
14.1 Issued, Subscribed and Paid-Up Capital		
862,509,274 Ordinary Shares of Taka 10 each issued	8,625,092,740	7,840,993,400
	8,625,092,740	7,840,993,400

14.2 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
Total		8,625,092,740	

14.3 Category of shareholding as at 31 December 2019

<u>Name of Category</u>	<u>Percentage(%)</u>	<u>Percentage(%)</u>
Sponsors/Directors	35.34	37.60
Institutes	16.60	14.53
Non-Resident Bangladeshi	-	0.15
General Public	43.82	43.34
Foreign Investors	4.24	4.38
	100.00	100.00

	31.12.2019 BDT	31.12.2018 BDT
14.4 Classification of Shareholders by holding position as at 31 December 2019		
<u>Shareholding Range</u>	<u>No. of Shares</u>	<u>No. of Shares</u>
Up to 500 Shares	2,862,061	3,030,014
501 to 5000 Shares	40,370,912	40,811,619
5001 to 10,000 Shares	19,596,371	18,862,482
10,001 to 20,000 Shares	25,927,497	24,092,498
20,001 to 30,000 Shares	16,679,471	15,331,648
30,001 to 40,000 Shares	12,574,000	9,641,276
40,001 to 50,000 Shares	8,757,154	6,507,670
50,001 to 100,000 Shares	27,777,804	23,812,113
100,001 to 1,000,000 Shares	87,988,489	79,377,544
Over 1,000,000 Shares	619,975,515	562,632,476
	862,509,274	784,099,340
14.5 Capital to Risk Weighted Assets Ratio (CRAR) Under Basel-III (Solo Basis)		
<u>Tier-1 Capital:</u>		
Common Equity Tier-1 Capital (CET-1):		
Paid up Capital	8,625,092,740	7,840,993,400
Statutory Reserve	4,339,990,406	3,556,551,892
Other Reserve	1,133,290,220	717,363,208
Retained Earnings	884,674,751	801,089,800
Adjustment for Deferred Tax Assets	(498,013,850)	(401,623,095)
Others (5% of Deferred Tax Assets)	24,900,693	20,081,155
	14,509,934,960	12,534,456,360
Additional Tier-1 Capital (AT-1)		
	-	-
	14,509,934,960	12,534,456,360
<u>Tier -2 Capital:</u>		
General Provision	1,023,622,565	3,396,383,166
Assets Revaluation Reserves	191,160,401	191,160,401
Subordinated Debt	11,500,000,000	4,862,000,000
Adjustment (Assets Revaluation Reserves @ 100%)	(191,160,401)	(152,928,321)
	12,523,622,565	8,296,615,246
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)	12,897,881,186	8,590,357,410
A. Total Regulatory Capital	27,033,557,525	20,831,071,606
B. Total Risk Weighted Assets	239,986,274,181	204,685,888,372
C. Capital to Risk Weighted Assets Ratio (CRAR) (A/B)*100	11.26	10.18
D. Common Equity Tier-1 To RWA (A -CET/B)*100	6.05%	6.12%
Requirement of Minimum CET-1 plus Capital Conservation Buffer	7.00%	6.38%
E. Tier-1 Capital to RWA (A -CET/B)*100	6.05%	6.12%
Requirement of Minimum Tier-1 Capital Ratio	6.00%	6.00%
F. Tier-2 Capital to RWA (A- AT/B)*100	5.22%	4.05%
G. Minimum Capital Requirement (MCR)	23,998,627,418	20,468,588,837
Capital Surplus /(Deficiency) against MCR (A-G)	3,034,930,107	362,482,769
H.Required Minimum Capital Plus Capital Conservation Buffer	29,998,284,273	24,306,449,244

	31.12.2019 BDT	31.12.2018 BDT
14.5(a) Capital to Risk Weighted Assets Ratio (CRAR) Under Basel-III (Consolidated Basis)		
<u>Tier-1 Capital:</u>		
Common Equity Tier-1 Capital (CET-1):		
Paid up Capital	8,625,092,740	7,840,993,400
Statutory Reserve	4,339,990,406	3,556,551,892
Other Reserve	1,133,290,220	717,363,208
Retained Earnings	983,438,840	904,367,459
Non-controlling Interest	339,890,987	344,227,554
Adjustment for Deferred Tax Assets	(498,013,850)	(401,623,095)
Others (5% of Deferred Tax Assets)	24,900,693	20,081,155
	14,948,590,036	12,981,961,573
Additional Tier-1 Capital (AT-1)		
	-	-
	14,948,590,036	12,981,961,573
<u>Tier -2 Capital:</u>		
General Provision	1,023,622,565	3,396,383,166
Assets Revaluation Reserves	191,160,401	191,160,401
Subordinated Debt	11,500,000,000	4,862,000,000
Adjustment (Assets Revaluation Reserves @ 100%)	(191,160,401)	(152,928,321)
	12,523,622,565	8,296,615,246
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)	13,287,801,683	8,296,615,246
A. Total Regulatory Capital	27,472,212,601	21,278,576,819
B. Total Risk Weighted Assets	240,730,407,532	205,717,117,982
C. Capital to Risk Weighted Assets Ratio (CRAR) (A/B)*100	11.41%	10.34%
D. Common Equity Tier-1 To RWA (A -CET/B)*100	6.21%	6.31%
Requirement of Minimum CET-1 plus Capital Conservation Buffer	7.00%	6.38%
E. Tier-1 Capital to RWA (A -CET/B)*100	6.21%	6.31%
Requirement of Minimum Tier-1 Capital Ratio	6.00%	6.00%
F. Tier-2 Capital to RWA (A- AT/B)*100	5.20%	4.03%
G. Minimum Capital Requirement (MCR)	24,073,040,753	20,571,711,798
Capital Surplus /(Deficiency) against MCR (A-G)	3,399,171,848	706,865,021
H. Required Minimum Capital Plus Capital Conservation Buffer.	30,091,300,942	24,428,907,760
15 STATUTORY RESERVE		
Opening Balance	3,556,551,892	2,950,454,362
Add: Addition during the year	783,438,514	606,097,530
	4,339,990,406	3,556,551,892

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.

	31.12.2019 BDT	31.12.2018 BDT
16 OTHER RESERVE		
Opening Balance	717,363,208	516,507,063
Add: Addition during the year	405,865,938	190,795,071
Add: Transferred from Asset Revaluation Reserve	10,061,074	10,061,074
	1,133,290,220	717,363,208
17 ASSETS REVALUATION RESERVE		
Opening Balance	342,076,506	352,137,580
Less: Transfer to Other Reserve	10,061,074	10,061,074
	332,015,432	342,076,506
The Bank revalued the entire land and building during the year 2012 by an independent valuation firm according to paragraph 36 of IAS-16 as per approval of the meeting of 129th Board of Directors of the Bank. As per IAS-16, Revaluation reserve is transferred to Other Reserve in each year during the lifetime of those assets.		
18 RETAINED EARNINGS		
Opening Balance	801,089,800	724,401,308
Add: Post tax profit for the period	2,056,988,743	1,586,398,673
Less: Transfer to Statutory Reserve	783,438,514	606,097,530
Less: Transfer to Other Reserve	405,865,938	190,795,071
Less: Capitalized during the period	784,099,340	712,817,580
	884,674,751	801,089,800
18(a) CONSOLIDATED RETAINED EARNINGS		
First Security Islami Bank Limited (Note-18)	884,674,751	801,089,800
First Security Islami Capital & Investment Limited	98,764,089	103,277,659
	983,438,840	904,367,459
19 NON-CONTROLLING INTEREST		
Opening Balance	344,227,554	340,182,207
Add: Capital Increase in Subsidiary	-	-
Add: Transfer during the year	11,523,508	4,045,347
Less: Cash Dividend paid during the period	15,860,075	-
	339,890,987	344,227,554
20 LETTER OF GUARANTEES		
Money for which the Bank is contingently liable in respect of guarantees are given favoring:		
Letters of Guarantee - Local	7,087,826,765	6,955,807,871
Letter of Guarantee - Foreign	9,217,100	12,073,780
	7,097,043,865	6,967,881,651

	31.12.2019 BDT	31.12.2018 BDT
20.1 Money for Which the Bank is Contingently Liable in respect of Guarantees:		
Directors	-	-
Government	-	-
Banks and Other Financial Institutions	-	-
Others	7,097,043,865	6,967,881,651
	7,097,043,865	6,967,881,651
21 IRREVOCABLE LETTERS OF CREDIT		
Letters of Credit - Cash	6,114,465,508	4,171,637,189
Letter of Credit - Cash Inland	-	-
Back to Back letters of Credit - Local	432,998,889	419,757,968
Back to Back letters of Credit - Foreign	208,442,385	186,752,715
	6,755,906,782	4,778,147,872
22 BILLS FOR COLLECTION ISSUED BY THE BANK		
Foreign Documentary Bills	366,862,904	387,682,406
Outward Bills	3,415,188	3,300,000
Inland Documentary Bills	1,397,462,109	1,047,775,939
	1,767,740,201	1,438,758,345

	31.12.2019 BDT	31.12.2018 BDT
23 INVESTMENT INCOME		
Profit Received from:		
Bai Murabaha - General	1,953,190,412	1,777,609,078
Bai Murabaha Hypothecation	20,851,357,561	18,717,337,205
Bai Murabaha against MTD	2,883,675,865	2,507,693,090
Bai Murabaha Post Import (LTR)	422,376,624	474,477,868
Bai Murabaha Post Import (Pledge)	1,179	14,025,272
Bai Murabaha Real Estate	73,020	190,373
Bai Murabaha Import Bill	1,871,082,337	1,701,010,176
Investment in Placements	1,382,073,210	1,396,550,529
Bai Murabaha Import	466,449,460	351,891,759
Bai Murabaha Export	58,150,464	130,416,949
Bai Murabaha SME Investment	2,313,890,522	1,012,563,484
Bai-Murabaha (EMI) Investment	141,511,123	215,311,331
Bai-Murabaha(General) Under SME Invest	66,826,931	62,928,828
Bai-Murabaha Post Import(TR)-Under SME	141,456,393	59,777,286
Bai-Murabaha (EQI) Investment	1,624,755,483	1,740,531,410
Mudaraba Foreign Currency Investment (EDF)	120,445,342	43,364,544
Inland Documentary Bills Purchased (Foreign Currency Bills)	86,946,930	84,273,381
Bai Muajjal General	-	123,264
Pre-shipment Investment	2,241,963	23,320,650
HPSM Transport	98,677,725	145,210,426
HPSM Real Estate	771,264,567	875,170,160
HPSM Consumer	51,651,562	72,019,999
HPSM Agriculture	14,480,334	6,681,177
HPSM SME	55,794,379	18,002,697
HPSM HBL Commercial	1,171,762,773	1,289,539,993
HPSM Industrial	818,366,177	786,360,995
Rent on HPSM Scheme	6,145,081	113,781,883
HPSM House Building - Staff	28,305,213	31,228,794
Bai Muajjal	19,541	89,404
Agriculture Investment	158,697,560	263,597,204
Investment against Provident Fund (Staff)	2,323,483	1,289,249
Investment against Car Lease Scheme	32,843	102,984
Quard against MTDR	323,756	129,785
Wajira Bill Okalah	20,625	4,843,897
SME Investment (Others)	1,231,295,504	-
Bai-Murabaha Import Non-AD	5,767,154	-
	38,801,433,096	33,921,445,124

23(a) CONSOLIDATED INVESTMENT INCOME

First Security Islami Bank Limited (Note-23)	38,801,433,096	33,921,445,124
First Security Islami Capital & Investment Limited	79,196,471	128,619,292
	38,880,629,567	34,050,064,416

	31.12.2019 BDT	31.12.2018 BDT
24 PROFIT PAID ON DEPOSITS		
Profit Paid on:		
Mudaraba Term Deposit	17,459,328,521	15,854,378,450
Mudaraba Double Benefit Deposits Scheme	2,397,314,989	1,857,969,285
Mudaraba Monthly Savings Scheme	1,185,596,221	1,179,413,941
Mudaraba Monthly Benefit Savings Scheme	518,943,824	449,459,207
Mudaraba Savings Deposits	1,475,320,459	1,002,710,559
Mudaraba Short Notice Deposits	621,185,890	713,905,147
MSB & Placement from Other Banks	1,932,850,632	1,429,715,928
Mudaraba Hajj Deposit Scheme	17,826,769	15,959,326
Mudaraba Student SB AC	7,151,542	6,957,746
Mudaraba Salary A/C	15,935,012	12,196,473
Mudaraba Senior Citizen AC	7,504,511	5,634,669
Mudaraba Marriage Scheme	306,626,532	236,753,832
Mudaraba Health Care Scheme	1,273,145,322	987,314,959
Mudaraba Education Deposit Scheme	233,164,554	194,526,815
Mudaraba Pension Deposit Scheme	116,502,962	110,287,743
Mudaraba Millionaire Deposit Scheme	199,395,551	167,000,513
Mudaraba Kroropoti Deposit Scheme	156,538,025	125,463,221
Mudaraba Triple Times Deposit Scheme	69,662,169	63,240,737
Mudaraba Four Times Deposit Scheme	242,910,818	221,193,824
Mudaraba Probashi Deposit Scheme	28,352,624	26,744,765
Mudaraba Money Plant Deposit Scheme	84,375	217,152
Mudaraba Griheni Deposit Scheme	28,617,045	25,903,255
Mudaraba Gift Cheque	213,319	309,329
Agent Savings A/C-Mobile Bank	1,977,754	1,853,153
Mudaraba New Generation Savings Scheme	8,241,246	7,347,677
Mudaraba New Generation Deposit Scheme	7,101,221	6,866,700
Mudaraba Shramajibi Savings	8,612,165	6,622,363
Mudaraba Cash Waqf. Deposit Scheme	108,142	221,773
Agent Banking Saving A/C	3,002,370	1,218,095
Agent Banking Float A/C	8,325,577	3,518,957
Mudaraba Monthly Profit 1 Year	409,788,758	16,769,718
Mudaraba Monthly Profit 2 Years	56,164,129	14,790,038
Mudaraba Specialized Saving Account (10 Taka)	12,730	-
Mudaraba Monthly Deposit Scheme GOLD	524,723	-
Mudaraba Mushafir Deposit Scheme	706,276	-
Mudaraba Monthly Profit Scheme (Morobbi) 1 Year	37,282,680	-
Mudaraba Sanchay Scheme 3 Years	41,738,925	-
Mudaraba Monthly Profit Scheme (Mahiyasi)	9,665,605	-
	28,887,423,967	24,746,465,350
25 INCOME FROM INVESTMENT IN SHARES & SECURITIES		
Bangladesh Govt. Islamic Investment Bond	682,041,070	336,216,984
Dividend on Shares	25,782,146	11,032,249
Profit on Sale of Shares	26,012,069	12,819,495
Profit Received on MSB	33,600,000	40,950,000
	767,435,285	401,018,728

	31.12.2019 BDT	31.12.2018 BDT
25(a) CONSOLIDATED INCOME FROM INVESTMENT IN SHARES & SECURITIES		
First Security Islami Bank Limited (Note-25)	767,435,285	401,018,728
First Security Islami Capital & Investment Limited	15,928,268	28,581,187
	783,363,553	429,599,915
26 COMMISSION, EXCHANGE AND BROKERAGE		
Commission	691,371,967	621,839,564
Exchange Gain	193,388,690	155,497,704
Exchange Earning	246,108,765	215,970,397
Less: Exchange Loss	52,720,075	60,472,693
	884,760,657	777,337,268
26(a) CONSOLIDATED COMMISSION, EXCHANGE AND BROKERAGE		
First Security Islami Bank Limited (Note-26)	884,760,657	777,337,268
First Security Islami Capital & Investment Limited	11,316,805	29,676,758
	896,077,462	807,014,026
27 OTHER OPERATING INCOME		
Charges on Account Closing	12,582,247	10,745,985
Standing Instruction Charges	4,081,420	5,084,213
Gain/(Loss) on Sale of Fixed Assets	2,039,949	10,552,612
Service Charge on Quard	1,554,996	2,573,628
Other Income (Note-27.1)	621,889,030	635,760,586
	642,147,642	664,717,024
27.1 Other Income		
Postage Recoveries - Local	107,590	116,949
Tel/Fax/E-mail Chg. Recoveries	20,076,897	19,133,284
Incidental Charge on Al-Wadiah CD A/C	27,728,305	34,257,753
Incidental Charge on Mudaraba SB A/C	126,282,630	174,851,124
Incidental Charge on Mudaraba SND A/C	10,156,292	5,283,399
Income from Online	38,513,120	25,089,109
Investment Processing Fee	44,504,705	45,250,700
Income from ATM	43,367,242	38,629,067
Income from SMS Banking Services	164,995,047	165,062,648
Income from Internet Banking Services	1,152,400	759,800
Miscellaneous Earnings	145,004,802	127,326,753
	621,889,030	635,760,586
27(a) CONSOLIDATED OTHER OPERATING INCOME		
First Security Islami Bank Limited (Note-27)	642,147,642	664,717,024
First Security Islami Capital & Investment Limited	2,705,662	3,033,479
	644,853,304	667,750,503

	31.12.2019 BDT	31.12.2018 BDT
28 SALARY & ALLOWANCES		
Basic Salary	1,187,810,013	932,749,586
Bonus	449,970,167	433,371,558
Allowances	1,599,642,656	1,603,087,431
Bank's Contribution to Staff Provident Fund	109,000,932	82,496,259
Gratuity	308,964,808	133,934,270
Employees' Insurance	4,670,190	-
	3,660,058,766	3,185,639,104
28(a) CONSOLIDATED SALARY & ALLOWANCES		
First Security Islami Bank Limited (Note-28)	3,660,058,766	3,185,639,104
First Security Islami Capital & Investment Limited	15,661,512	14,412,206
	3,675,720,278	3,200,051,310
29 RENT, TAXES, INSURANCE, ELECTRICITY ETC.		
Rent	419,356,443	369,066,158
Insurance	148,783,552	159,255,358
Rates and Taxes	55,233,918	6,357,322
Water Charges	3,457,196	3,480,750
Gas Charges	1,850,425	1,796,893
Electric Bills	90,566,861	83,918,929
	719,248,395	623,875,410
29(a) CONSOLIDATED RENT, TAXES, INSURANCE,ELECTRICITY ETC.		
First Security Islami Bank Limited (Note-29)	719,248,395	623,875,410
First Security Islami Capital & Investment Limited	6,282,793	6,210,252
	725,531,188	630,085,662
30 LEGAL EXPENSES		
Legal fee & charges	151,910	253,848
Other legal expenses	9,065,125	12,163,180
	9,217,035	12,417,028
30(a) CONSOLIDATED LEGAL EXPENSES		
First Security Islami Bank Limited (Note-30)	9,217,035	12,417,028
First Security Islami Capital & Investment Limited	127,500	480,000
	9,344,535	12,897,028
31 POSTAGE, STAMP AND TELECOMMUNICATION ETC.		
Postage	8,508,999	8,554,880
Stamp	102,172	55,096
Telephone - Office	9,938,476	9,860,365
Telex, Fax and Email	10,488,506	8,645,182
Telephone - Residence	25,410	10,877
Data Communication	63,992,034	64,474,258
	93,055,597	91,600,658

	31.12.2019 BDT	31.12.2018 BDT
31 (a) CONSOLIDATED POSTAGE, STAMP AND TELECOMMUNICATION ETC.		
First Security Islami Bank Limited (Note-31)	93,055,597	91,600,658
First Security Islami Capital & Investment Limited	216,839	269,683
	93,272,436	91,870,341
32 STATIONERY, PRINTING AND ADVERTISEMENT ETC.		
Publicity and Advertisement	121,319,691	104,517,300
Printing and Stationery	54,971,538	51,994,770
Computer Stationery	3,790,954	3,919,530
	180,082,183	160,431,600
32 (a) CONSOLIDATED STATIONERY, PRINTING AND ADVERTISEMENT ETC.		
First Security Islami Bank Limited (Note-32)	180,082,183	160,431,600
First Security Islami Capital & Investment Limited	350,059	385,807
	180,432,242	160,817,407
33 MANAGING DIRECTOR'S SALARY AND FEES		
Basic Pay	4,927,742	4,445,322
House Rent Allowances	1,680,000	1,633,549
Leave Fare Allowances	1,380,000	1,345,161
Bonus	1,719,600	1,836,000
House Maintenance Allowances	1,740,000	1,693,549
Other Allowances	1,440,000	1,405,161
	12,887,342	12,358,742
33 (a) CONSOLIDATED MANAGING DIRECTOR'S SALARY AND FEES		
First Security Islami Bank Limited (Note-33)	12,887,342	12,358,742
First Security Islami Capital & Investment Limited	3,097,667	3,933,294
	15,985,009	16,292,036
34 DIRECTORS' FEES & EXPENSES		
Directors Fees	1,562,800	1,140,800
Meeting Expenses	-	936,184
	1,562,800	2,076,984
34 (a) CONSOLIDATED DIRECTORS' FEES & EXPENSES		
First Security Islami Bank Limited (Note-34)	1,562,800	2,076,984
First Security Islami Capital & Investment Limited	475,000	500,000
	2,037,800	2,576,984
35 SHARIAH SUPERVISORY COMMITTEE'S FEES & EXPENSES		
Shariah Council Meeting Expenses	220,000	167,200
	220,000	167,200
36 CONSOLIDATED AUDIT FEES		
First Security Islami Bank Limited	920,000	920,000
First Security Islami Capital & Investment Limited	162,250	150,000
	1,082,250	1,070,000

	31.12.2019 BDT	31.12.2018 BDT
37 DEPRECIATION AND REPAIRS OF BANK'S ASSETS		
Depreciation on Fixed Assets (Annexure - A)	472,496,389	393,870,787
Repairs:	110,738,451	92,469,250
Office equipment	20,525,305	20,184,438
Renovation and Repair of Office Premises	13,383,558	13,534,989
Furniture and Fixtures	2,165,146	1,620,393
Maintenance and Services of SWIFT	1,140,247	779,199
Maintenance of Routers	1,914,688	1,891,615
Elect. Fitt. Rep. & Replacement	8,443,207	5,890,846
Reimbursement of Facility Management Charges	5,644,397	-
Office Maintenance Expenses	14,576,224	12,530,676
Maintenance of Software	36,310,862	28,045,284
Maintenance Expenses of ATM Machine	5,136,092	6,116,810
Maintenance of Disaster Recovery Site	1,498,725	1,875,000
	583,234,840	486,340,037
37 (a) CONSOLIDATED DEPRECIATION AND REPAIRS OF FIXED ASSETS		
First Security Islami Bank Limited (Note-37)	583,234,840	486,340,037
First Security Islami Capital & Investment Limited	2,660,419	3,154,445
	585,895,259	489,494,482
38 OTHER EXPENSES		
Training, Seminar and Workshop	8,634,455	12,399,725
Entertainment	65,576,823	57,584,271
Traveling	39,408,340	32,089,930
Donation	164,785,107	330,179,681
Subscription	23,458,445	12,438,658
Newspaper and Periodicals	953,168	823,236
Wages	416,275,117	378,625,296
Conveyance	16,485,361	14,229,405
Business Development	85,787,168	58,552,462
Plantation	1,772,061	1,907,255
Liveries and Uniform	3,076,317	3,122,040
Photocopying	5,824,800	5,349,595
Generator Fuel	7,509,136	8,452,331
Car Expense	11,163,104	14,003,832
Cash Carrying	20,329,171	19,202,377
Washing and Cleaning	3,917,160	3,428,125
Cartage and Freight	123,620	64,655
Fire Extinguisher Refill	610,360	509,876
ATM Expenses	35,745,016	24,863,652
Meeting Expenses	13,362,941	8,733,866
Mobile Financial Service Expense	6,450,537	13,843,997
Bank Charges	2,076,861	654,159
Agent Banking Expenses	1,938,193	18,020,452
Sundry Expenses	7,693,441	18,717,269
	942,956,702	1,037,796,145

	31.12.2019 BDT	31.12.2018 BDT
38 (a) CONSOLIDATED OTHER EXPENSES		
First Security Islami Bank Limited (Note-38)	942,956,702	1,037,796,145
First Security Islami Capital & Investment Limited	36,068,654	46,517,242
	979,025,356	1,084,313,387
39 DEFERRED TAX INCOME/(EXPENSE)		
Closing balance of Deferred Tax Assets (Note-8.3)	498,013,850	401,623,095
Less: Opening balance of Deferred Tax Assets	(401,623,095)	(250,828,024)
Deferred Tax Income during the year	96,390,755	150,795,071
40 EARNINGS PER SHARE		
Profit after taxation	2,056,988,743	1,586,398,673
Less: Preference dividend	-	-
Profit attributable to ordinary shareholders	2,056,988,743	1,586,398,673
Weighted average number of shares outstanding	862,509,274	862,509,274
Earnings Per Share (EPS) (Restated)	2.38	1.84
40 (a) CONSOLIDATED EARNINGS PER SHARE		
Profit after taxation	2,080,506,106	1,594,654,484
Less: Preference dividend	-	-
Less: Profit attributable to Minority	11,523,508	4,045,347
Profit attributable to ordinary shareholders of parent	2,068,982,598	1,590,609,137
Weighted average number of shares outstanding	862,509,274	862,509,274
Earnings Per Share (EPS) (Restated)	2.40	1.84
Earnings Per Share (EPS) has been calculated as per IAS-33 "Earnings Per Share".		
As per IAS-33 "Earnings Per Share", has been computed by dividing the profit After Tax (PAT) by the weighted average number of ordinary share outstanding as on 31 December 2019. Diluted earnings per share was not required to calculate as there were no dilution possibilities during the year.		
The total operating income specially investment income is increased by the amount of Tk. 483.06 crore for the year ended 31 December 2019 compare to the year ended 31 December 2018. But, the total profit paid on deposits are increased only Tk. 414.10 crore for the year ended 31 December 2019. As a result EPS has been increased to 2.40 from 1.84 for the year ended 31 December 2019.		
41 NET ASSET VALUE PER SHARE (NAV)		
Net Asset Value	15,315,063,550	13,258,074,806
Weighted average number of shares outstanding	862,509,274	862,509,274
	17.76	15.37

	31.12.2019 BDT	31.12.2018 BDT
41 (a) CONSOLIDATED NET ASSET VALUE PER SHARE (NAV)		
Net Asset Value	15,413,827,638	13,361,352,465
Weighted average number of shares outstanding	862,509,274	862,509,274
	17.87	15.49

42 NET OPERATING CASH FLOWS PER SHARE (NOCFPS)

Net Cash Inflow/(Outflow) from Operating Activities	6,118,165,988	(4,271,172,790)
Weighted average number of shares outstanding	862,509,274	862,509,274
	7.09	(4.95)

42 (a) CONSOLIDATED NET OPERATING CASH FLOWS PER SHARE (NOCFPS)

Net Cash Inflow/(Outflow) from Operating Activities	6,151,325,724	(4,244,094,522)
Weighted average number of shares outstanding	862,509,274	862,509,274
	7.13	(4.92)

* Note no. 40 to 42(a) weighted average number of shares outstanding as on 31 December 2018 has been restated.

Due to increase of Deposits Received from Customers by the amount of Tk. 3,461.68 crore compare to the previous year. The net operating cash outflow per share has been increased 7.13 as on 31 December 2019 compare to (4.92) on 31 December 2018.

43 RECEIPTS FROM OTHER OPERATING ACTIVITIES

Charges on Account Closing	12,582,247	10,745,985
Standing Instruction Charges	4,081,420	5,084,213
Gain/(Loss) on Sale of Fixed Assets	2,039,949	-
Service Charge on Quard	1,554,996	2,573,628
Other Income (Note-27.1)	621,889,030	635,760,586
	642,147,642	654,164,412

43 (a) CONSOLIDATED RECEIPTS FROM OTHER OPERATING ACTIVITIES

First Security Islami Bank Limited (Note-43)	642,147,642	654,164,412
First Security Islami Capital & Investment Limited	18,633,930	31,614,666
	660,781,572	685,779,078

44 PAYMENT FOR OTHER OPERATING ACTIVITIES

Rent, Taxes, Insurances, Electricity etc.	719,248,395	623,875,410
Legal Expenses	9,217,035	12,417,028
Postage, Stamps, Telecommunications etc.	93,055,597	91,600,658
Auditors' Fees & Expenses	920,000	862,500
Directors' fees	1,562,800	2,076,984
Shariah Supervisory Committee's Fees & Expenses	220,000	167,200
Other Expenses	942,956,702	1,037,796,145
	1,767,180,529	1,768,795,925

	31.12.2019 BDT	31.12.2018 BDT
44 (a) CONSOLIDATED PAYMENT FOR OTHER OPERATING ACTIVITIES		
First Security Islami Bank Limited (Note-44)	1,767,180,529	1,768,795,925
First Security Islami Capital & Investment Limited	43,930,777	57,588,051
	1,811,111,306	1,826,383,976

45 INCREASE /DECREASE OF OTHER ASSETS

Accrued Income	1,024,182,980	860,516,476
Advances, Deposits and Prepayment *	1,562,454,339	1,022,894,390
Stock of Stationery	39,726,911	39,911,240
Suspense Account	41,352,682	14,310,468
Advance Deposits	6,032,865	5,669,441
Stamps on Hand	4,161,800	3,648,585
Protested Bills	61,454,778	61,454,778
	2,739,366,355	2,008,405,378
(Increase)/Decrease during the year	(730,960,977)	(755,539,396)

* Amount of BD Tk. 287.73 crore Land and Building and BD Tk. 32.54 crore Data Centre Equipment have been transferred from Prepayment of the year 2018 to Fixed Assetstsed during the year 2019.

45 (a) CONSOLIDATED INCREASE /DECREASE OF OTHER ASSETS

First Security Islami Bank Limited (Note-45)	(730,960,977)	(755,539,396)
First Security Islami Capital & Investment Limited	23,965,740	(103,608,438)
	(706,995,237)	(859,147,834)

46 INCREASE /DECREASE OF OTHER LIABILITIES

Profit/Rent/Compensation Suspense Account	635,151,065	538,878,926
Accrued profit and Expenses Payable	275,749,700	240,643,452
Provident Fund	19,465	12,980
Benevolent Fund	6,720	4,550
Non-Resident Accounts	209,893,636	19,461,557
Compensation Realized	31,452,522	28,964,817
Others	63,205,614	95,862,653
	1,215,478,722	923,828,935
Increase /(Decrease) during the year	291,649,788	1,178,128,241

46 (a) CONSOLIDATED INCREASE /DECREASE OF OTHER LIABILITIES

First Security Islami Bank Limited (Note-46)	291,649,788	1,178,128,241
First Security Islami Capital & Investment Limited	(202,233,709)	(24,746,652)
	89,416,079	1,153,381,589

GENERAL DISCLOSURE:**47 RELATED PARTY TRANSACTIONS**

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

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

<u>Name of the Party</u>	<u>Nature of Transaction</u>	<u>Nature of Relationship</u>	<u>Total Value (in Tk.)</u>
Northern General Insurance Company Ltd.	Insurance Premium	Common Director	9,056,449
Northern General Insurance Company Ltd.	Deposit	Common Director	74,304,064
Reliance Finance Ltd.	Deposit	Common Director	4,145,295
Reliance Finance Ltd.	Balance with NBF(MTDR)	Common Director	13,603,700,000
Reliance Finance Ltd.	Subordinated Bond	Common Director	280,000,000
First Security Islami Capital & Investment Limited	Deposit	Common Director	11,962,265
First Security Islami Capital & Investment Limited	Capital	Common Director	255,000,000
First Security Islami Capital & Investment Limited	Investment	Common Director	454,179,949
ii) Related Party Transactions			Nil
iii) Shares issued to Directors and Executives without consideration or exercisable at discount			Nil
iv) Lending to Related Parties is effected as per requirements of Section 27 (1) of the Bank Companies Act, 1991.			Nil
v) Business other than banking business with any related concern of the Directors as per Section 18(2) of the Bank Companies Act, 1991 (as amended 2013)			Nil
vi) Investment in the Securities of Directors and their related concern.			Nil

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

	2019	2018
Basic Pay	4,927,742	4,445,322
House Rent Allowances	1,680,000	1,633,549
Leave Fare Allowances	1,380,000	1,345,161
Bonus	1,719,600	1,836,000
House Maintenance Allowances	1,740,000	1,693,549
Other Allowances	1,440,000	1,405,161
	12,887,342	12,358,742

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

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

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

Sl. No	Name of the Directors	Status with the Bank	Names of firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee, etc.
4	Ms. Rahima Begum	Director	<u>Chairman:</u> Marsa Aviation Ltd. M/s. Mortoza Assets Ltd. Marsa Transport Ltd. <u>Managing Director :</u> Marsa Fishing Ltd. <u>Director:</u> Marsa Food & Beverage Ltd. Parkview Hospital Limited
5	Ms. Atikur Nessa	Director	<u>Proprietor:</u> Atikur Nisa Enterprise <u>Partner:</u> Rafe Enterprise Khorshed Paribahan Sangstha <u>Shareholder:</u> Reliance Finance Ltd.
6	Ahmed Muktadir Arif	Independent Director	Brigadier General (Retired) □ Bangladesh Army.
7	Khandkar Iftekhar Ahmad	Nominated Director (Pusti Vegetable Ghee Ltd.)	Air Commodore (Retired) Bangladesh Air Force.
8	Dr. Momtaz Uddin Ahmed	Independent Director	Former Professor Dhaka University
9	Badrun Nessa	Nominated Director (Padma Export Import & Trading Co. Ltd.)	<u>Director:</u> Excel Dyeing & Printing Ltd. <u>Proprietor:</u> M/s. Moni Traders
10	Jamal Mostafa Chowdhury	Nominated Director (Honeywell Securities Corporation Limited)	<u>Chairman:</u> J.M.C. Builders (Pvt.) Ltd. J.M.C. Shipping Lines (Pvt.) Ltd. <u>Managing Director :</u> Mostafa Salt Industries (Pvt.) Ltd., Moon Express (Pvt.) Ltd. <u>Proprietor:</u> M/s. Mostafa Brothers, M/s. J.M. Chowdhury Complex, M/s. J.M.C Trading.
11	Mollah Fazle Akbar	Nominated Director (Victor Trade & Business Ltd.)	Lieutenant General (Retired),ndc,psc,Phd. □ Bangladesh Army.

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.
12	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. 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
13	Syed Waseque Md. Ali	Managing Director	

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

A. COVID 19

Subsequent to year end on 11 March 2020, World Health Organization (WHO) declared a global pandemic due to Corona Virus related respiratory disease commonly called as COVID-19. To contain the spread of this disease, along with many other countries of the world, Government of Bangladesh has also taken a number of measures such as declaration of general holiday, enforcement of lockdown, social distancing etc. As a result of these measures all business and economic activities are adversely affected which would also impact the Group and the Bank as well. Management has considered COVID 19 as subsequent event and in accordance with IAS 10 has concluded that this is a non-adjusting event (i.e. an event after the reporting period that is indicative of a condition that arose after the end of the reporting period) because the significant changes in business activities and economic conditions as a result of COVID19 events took place well after the reporting date of 31 December 2019. Although the business operation and profitability of the Group and the Bank are impacted due to COVID19, but as the situation is constantly changing and there is no certainty at present as to how long the situation will prevail, the potential impact of COVID19 related matters on the Group's operation and financial results cannot be reasonably assessed.

B. Dividend

The financial statements were approved by the Board of Directors in its 222nd meeting held on 18 June 2020. The Board of Directors in its 222nd meeting held on 18 June 2020 recommended 10% (Ten percent) stock dividend for eligible shareholders for the year 2019 to be approved in the Annual General Meeting. Stock dividend has been declared to strengthen the capital base of the Bank. 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.

51 AUDIT COMMITTEE

a) Constitution:

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

Name	Status with the Bank	Status with the Committee
Ahmed Muktedir Arif	Independent Director	Chairman
Dr. Momtaz Uddin Ahmed	Independent Director	Member
Jamal Mostafa Chowdhury	Nominated Director	Member

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

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

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

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

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

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

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

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

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

52 Number of Employees

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

	2019	2018
Executives and Officers	2,946	3,189
Members of Staff (Contractual)	619	709
	3,565	3,898

53 Coverage of External Audit:

The external auditor of the Bank, M/s Hoda Vasi Chowdhury & Co., Chartered Accountants worked about in excess of 4,000 man hours. During their audit, they audited above 80% of the Bank's risk weighted assets as on the Balance Sheet date.

54 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 2019 was Tk. 9.70 at Dhaka Stock Exchange (DSE) and Tk. 9.80 at Chittagong Stock Exchange (CSE).

Managing Director
Dhaka, 18 June 2020

Director

Director

Chairman

FIRST SECURITY ISLAMI BANK LIMITED
STATEMENT OF FIXED ASSETS
AS AT 31 DECEMBER 2019

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 2019
	Balance as on 01 January 2019	Addition during the Year	Sales/Transfer during the Year	Balance as on 31 December 2019	Balance as on 01 January 2019	Charge during the year	Adjustment on sale/transfer during the Year	Balance as on 31 December 2019	
Land	96,546,000	238,085,624	-	334,631,624	-	-	-	-	334,631,624
Building	1,429,210,470	2,639,233,041	-	4,068,443,511	202,413,128	68,720,674	-	271,133,802	3,797,309,709
Furniture & Fixtures	2,000,418,346	127,144,175	7,349,367	2,120,213,154	838,377,674	122,897,867	3,920,871	957,354,670	1,162,858,484
Office Equipment	1,676,208,292	448,048,350	7,783,132	2,116,473,510	939,255,642	222,772,268	5,642,605	1,156,385,305	960,088,205
Vehicles	200,392,321	17,745,000	23,727,813	194,409,508	134,975,574	28,862,113	23,727,807	140,109,880	54,299,628
Books	619,111	738	-	619,849	481,457	26,936	-	508,393	111,456
Total	5,403,394,540	3,470,256,928	38,860,312	8,834,791,156	2,115,503,475	443,279,858	33,291,283	2,525,492,050	6,309,299,106

Software-Amortization

Software -Core Banking	253,637,195	16,199,143	-	269,836,338	114,745,783	29,216,531	-	143,962,314	125,874,024
Total December 2019	5,657,031,735	3,486,456,071	38,860,312	9,104,627,494	2,230,249,258	472,496,389	33,291,283	2,669,454,364	6,435,173,130
Total December 2018	5,371,613,362	350,772,925	63,492,404	5,658,893,883	1,886,021,091	393,870,787	49,642,620	2,230,249,258	3,428,644,625

Annexure - B

First Security Islami Bank Limited
Financial Highlights (Solo)
As at and for the year ended 31 December 2019

SL #	Particulars	31.12.2019	31.12.2018
1	Paid-up Capital	8,625,092,740	7,840,993,400
2	Total Capital Fund	27,033,557,525	20,831,071,606
3	Capital Surplus/(deficit) against Minimum Capital Requirement	3,034,930,107	362,482,769
4	Total Assets	437,178,834,150	371,335,783,344
5	Total Deposits	376,621,662,451	320,021,798,490
6	Total Investments	364,484,142,678	311,684,988,928
7	Total Contingent Liabilities and Commitments	54,806,722,600	47,097,223,699
8	Investment Deposit Ratio (in %) *	90.47%	93.15%
9	Percentage of Classified Investments against total Investments(in %)	4.94%	3.34%
10	Profit after tax & provision	2,056,988,743	1,586,398,673
11	Amount of Classified Investments	18,014,038,245	10,421,400,286
12	Provision kept against Classified Investments	10,170,030,873	5,930,586,195
13	Provision Surplus/(deficit) against Classified Investments	-	1,000,000
14	Cost of Fund	9.62%	9.66%
15	Profit Earning Assets	396,408,796,625	342,354,135,383
16	Non-profit Earning Assets	40,770,037,525	28,981,647,961
17	Return on Investment in Shares & securities(ROI)(in %)	4.58%	2.51%
18	Return on Assets (ROA)(in %)	0.51%	0.45%
19	Income from Investment in Shares and Securities	767,435,285	401,018,728
20	Earnings Per Share (EPS)-Restated	2.38	1.84
21	Net Income Per Share (Tk.)	2.38	1.84
22	Price Earnings Ratio (Times)	4.07	5.39

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