

**To
The Shareholders
First Security Islami Bank Limited
House # SW (I) 1/A, Road # 08
Gulshan-1, Dhaka-1212
Bangladesh**

**Independent Auditor's Report
&
Audited Financial Statements
of
First Security Islami Bank Limited
For the year ended 31 December 2018**

Hoda Vasi Chowdhury & Co

Chartered Accountants

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 (together referred to as 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 2018, consolidated and separate profit and loss accounts, consolidated and separate cash flow statement, consolidated and separate statement of changes in equity for the year then ended, and notes to 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 statement of the Bank give a true and fair view of the consolidated balance sheet of the Group and the separate balance sheet of the Bank as at 31 December 2018 and its consolidated and separate profit and loss accounts and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

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 and Separate 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 and Exchange 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 is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate 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.

Description of key audit matters	Our response to key audit matters
Measurement of provision for investment	
<p>The process for estimating the provision for investment a portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis for large exposure, provisions calculation consider the estimates of future business performance and the market value of collateral provided for credit transactions.</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Credit appraisal, loan disbursement procedures, monitoring and provisioning process; • Identification of loss events, including early warning and default warning indicators; • Reviewed quarterly Classification of Loans (CL); • Followed Bangladesh Bank's circulars and guidelines; <p>Our substantive procedures in relation to the provision for investments and advances portfolio comprised the following:</p>



Description of key audit matters	Our response to key audit matters
<p>For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions and estimates.</p> <p>At year-end the Bank reported total investment of BDT 311.68 billion (2017: BDT 273.59 billion) and provision for investment of BDT 9.33 billion (2017: BDT 7.10 billion).</p>	<ul style="list-style-type: none"> • 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.
See note no 6 and 13.3 to the financial statements	
Impairment assessment of unquoted investments	
<p>In the absence of a quoted price in an active market, the fair value of unquoted shares and bonds, especially any impairment is calculated using valuation techniques which may take into consideration direct or indirect unobservable market data and hence requires an elevated level of judgement.</p>	<p>We have assessed the processes and controls put in place by the Bank to ensure all major investment decisions are undertaken through a proper due diligence process</p> <p>We tested a sample of investments valuation as at 31 December 2018 and compared our results to the recorded value.</p> <p>Finally, we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
See note no 5 to the financial statements	
Measurement of deferred tax assets	
<p>The Bank reports net deferred tax assets to totaling BDT 401.62 million as at 31 December 2018.</p> <p>Significant judgement is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Group's key controls over the recognition and measurement of DTAs and the assumptions used in estimating the Group's future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTA's.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12: Income Tax.</p>
See note no 8.3 to the financial statements	
IT systems and controls	
<p>IT systems and controls are of pervasive nature and complex in IT environment. The large volumes of transactions are processed in numerous locations daily and are relied on automated and IT dependent manual controls.</p>	<p>We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting.</p>



Description of key audit matters	Our response to key audit matters
	<p>We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.</p> <p>We tested the Bank's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization.</p>
Contingent Liabilities	
<p>The Bank has disclosed contingent liabilities amounting to BDT 47.10 billion at the year end on 31 December 2018 (2017 BDT 41.26 billion).</p> <p>A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank. 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.</p> <p>As per IAS 37 Contingent liabilities are not required to be recognized but disclosed in the financial statements.</p>	<p>We enquired to those charged with governance to obtain their view on the status of all significant litigations and regulatory matters and inspected internal notes and reports. We also received formal confirmations from external counsel.</p> <p>We also assessed the presentation and disclosure in the financial statements as per provisions of IAS 37: Provisions, Contingent Liabilities and Contingent Assets.</p>

Reporting on other information

Management of the Bank is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of issue 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 of the Bank 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 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 Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.



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

Auditor's Responsibilities for the Audit of the 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

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

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

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Bangladesh Securities and Exchange Rules 1987, the Bank Company Act, 1991 and 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 Responsibility for the financial statements and internal control:
 - (a) internal audit, internal control and risk management arrangements of the Group 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 its related entities {other than matters disclosed in these financial statements}
- (iii) First Security Islami Capital and Investment Limited is one of the subsidiaries of the Bank who has separate auditors to audit their accounts. But no audited accounts were submitted for the purpose of consolidation by the Bank. However, Management of the Bank has accepted the un-audited financial statements of this subsidiary for the purpose of the consolidation in their financial statements. No financial statements were submitted by their other subsidiary namely First Security Islami Exchange Italy S.R.L and thus this has not been incorporated in the consolidation of Bank's financial statements under review;
- (iv) in our opinion, proper books of accounts as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (v) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (vi) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vii) the expenditures incurred were for the purpose of the 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 advance and other assets which are in our opinion, doubtful of recovery;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 3,000 person hours; and
- (xii) Minimum Capital without capital conservation buffer has been maintained by the bank during the year.

Dhaka, 28 March 2019

Hoda Vasi Chowdhury & Co
HodaVasi Chowdhury & Co
Chartered Accountants



**FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018**

	Notes	31.12.2018 BDT	31.12.2017 BDT
<u>PROPERTY AND ASSETS</u>			
Cash	3 (a)	19,518,289,272	25,177,139,774
In hand (including foreign currencies)		1,873,800,106	1,691,479,252
Balance with Bangladesh Bank and its Agent Bank(s) (including foreign currencies)		17,644,489,166	23,485,660,522
Balance with other Banks and Financial Institutions	4.1(a)	1,084,074,067	641,309,944
In Bangladesh		163,998,415	82,762,601
Outside Bangladesh		920,075,652	558,547,343
Placement with Banks & Other Financial Institutions	4.2	13,603,700,000	13,603,700,000
Investments in Shares & Securities	5(a)	16,203,979,897	16,099,534,554
Government		15,100,000,000	15,000,000,000
Others		1,103,979,897	1,099,534,554
Investments		311,416,514,513	273,352,470,705
General Investment etc.	6.A(a)	310,801,266,944	272,697,811,880
Bills Purchased and Negotiated	6.B	615,247,569	654,658,825
Fixed Assets Including Premises, Furniture & Fixtures and Intangible Assets	7(a)	3,433,025,895	3,494,673,734
Other Assets	8(a)	6,898,591,042	5,812,566,024
Non Banking Assets	9	25,145,280	25,145,280
Total Assets		372,183,319,966	338,206,540,014
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Placement from Banks & Other Financial Institutions	10(a)	17,587,550,121	9,481,539,506
Deposits and Other Accounts		320,011,192,314	299,106,100,756
Al-Wadia Current Deposits and Other Deposit Accounts	11.1(a)	22,835,909,630	20,638,545,972
Bills Payable	11.2	1,706,699,861	1,805,435,584
Mudaraba Savings Deposits	11.3	33,974,075,620	26,626,552,818
Mudaraba Term Deposits	11.4	202,840,633,000	197,765,021,849
Other Mudaraba Deposits	11.5	58,653,874,203	52,270,544,533
Mudaraba Subordinated Bond	12	4,862,000,000	5,382,000,000
Other Liabilities	13(a)	16,016,997,512	12,125,974,217
Total Liabilities		358,477,739,947	326,095,614,479
Capital/Shareholders' equity			
Paid-up Capital	14.1	7,840,993,400	7,128,175,820
Statutory Reserve	15	3,556,551,892	2,950,454,362
Other Reserve	16	717,363,208	516,507,063
Asset Revaluation Reserve	17	342,076,506	352,137,580
Retained Earnings	18(a)	904,367,459	823,468,503
Total Shareholders' Equity		13,361,352,465	11,770,743,328
Non-controlling Interest	19	344,227,554	340,182,207
Total Liabilities and Shareholders' Equity		372,183,319,966	338,206,540,014



**FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018**

	Notes	31.12.2018 BDT	31.12.2017 BDT
OFF- BALANCE SHEET ITEMS			
Contingent Liabilities			
Acceptances and Endorsements		33,912,435,831	27,687,184,862
Letters of Guarantee	20	6,967,881,651	6,079,859,518
Irrevocable Letters of Credit	21	4,778,147,872	6,125,414,109
Bills for Collection	22	1,438,758,345	1,370,961,371
Other Contingent Liabilities		-	-
Total		47,097,223,699	41,263,419,860
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		47,097,223,699	41,263,419,860

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


Managing Director


Director


Director


Vice Chairman

Independent Auditors' Report
As per annexed report of same date

Dhaka, 28 March 2019

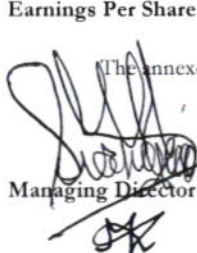
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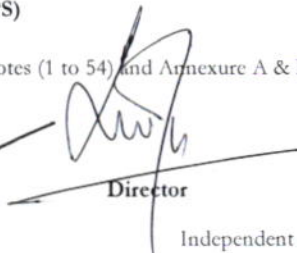


**FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	31.12.2018 BDT	31.12.2017 BDT
Investments Income	23(a)	34,050,064,416	28,349,000,637
Profit Paid on Deposits	24	(24,746,465,350)	(19,861,215,970)
Net Investment Income		9,303,599,066	8,487,784,667
Income from Investment in shares and securities	25(a)	429,599,915	153,831,865
Commission, Exchange and Brokerage	26(a)	807,014,026	852,960,954
Other Operating Income	27(a)	667,750,503	430,660,881
		1,904,364,444	1,437,453,700
Total Operating Income		11,207,963,510	9,925,238,367
Less: Operating Expenses			
Salary and Allowances	28(a)	3,200,051,310	2,683,846,868
Rent, Taxes, Insurances, Electricity etc.	29(a)	630,085,662	577,123,424
Legal Expenses	30(a)	12,897,028	8,707,822
Postage, Stamps, Telecommunication etc.	31(a)	91,870,341	87,885,846
Stationery, Printings, Advertisements etc.	32(a)	160,817,407	183,036,565
Managing Director's Salary and Fees	33(a)	16,292,036	13,729,475
Directors' Fees & Expenses	34(a)	2,576,984	1,897,800
Shariah Supervisory Committee's Fees & Expenses	35	167,200	64,000
Audit Fees	36	1,070,000	1,006,250
Depreciation & Repair of Bank's Assets	37(a)	489,494,482	455,060,772
Zakat Expenses		88,149,726	71,588,157
Other Expenses	38(a)	1,084,313,387	954,194,270
		5,777,785,563	5,038,141,249
Profit before Provision and Tax		5,430,177,947	4,887,097,118
Provisions for Investments including off-B/S items	13.2(a)	2,260,614,688	2,020,390,197
Provisions for Diminution in Value of Investment in Shares		95,431,320	22,626,046
Provision for Other Assets		91,168	30,280,221
		2,356,137,176	2,073,296,464
Total Provisions		2,356,137,176	2,073,296,464
Total Profit before Taxes		3,074,040,771	2,813,800,654
Provision for Current Tax		1,630,181,358	1,477,469,778
Deferred Tax Income	39	(150,795,071)	(53,595,024)
		1,479,386,287	1,423,874,754
Total Provisions for Tax		1,479,386,287	1,423,874,754
Net Profit after Tax		1,594,654,484	1,389,925,900
Retained Earnings from Previous Year		823,468,503	793,919,776
		2,418,122,987	2,183,845,676
Appropriations:			
Statutory Reserve		606,097,530	538,326,252
Other Reserve		190,795,071	103,595,024
Bonus Share Issued		712,817,580	339,436,940
Cash Dividend Paid		-	339,436,944
Non-controlling Interest		4,045,347	39,582,013
		1,513,755,528	1,360,377,173
Retained Earnings Carried Forward		904,367,459	823,468,503
Earnings Per Share (EPS)	40(a)	2.03	1.72

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


Managing Director


Director


Director


Vice Chairman

Independent Auditors' Report
As per annexed report of same date


Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 28 March 2019

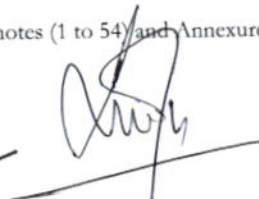


**FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	31.12.2018 BDT	31.12.2017 BDT
A. Cash Flows from Operating Activities			
Investment Income Receipt		33,579,534,419	27,674,362,458
Profit paid on Deposits		(23,874,743,758)	(16,840,241,164)
Dividend Receipts		15,840,587	7,427,987
Fees & Commission Receipt		807,014,026	852,960,954
Payment to Employees		(3,216,343,346)	(2,697,576,343)
Payment to Suppliers		(256,055,295)	(267,097,749)
Income Tax Paid		(1,263,896,601)	(1,245,487,859)
Receipts from Other Operating Activities	43 (a)	685,779,078	460,378,568
Payment for Other Operating Activities	44 (a)	(1,826,383,976)	(1,632,546,936)
Operating Profit before changes in Operating Assets & Liabilities		4,650,745,134	6,312,179,916
Increase/(Decrease) in Operating Assets & Liabilities			
(Increase)/decrease in Investments to Customers		(37,688,819,618)	(46,967,711,679)
(Increase)/decrease of Other Assets	45 (a)	(859,147,834)	(702,807,215)
(Increase)/decrease of Placement with Banks & other Financial Institutions		-	905,300,000
Increase/(decrease) of Deposits Received from Customers		20,393,735,592	22,126,146,702
Increase/(decrease) of Placement from Banks & other Financial Institutions		8,106,010,615	8,770,424,458
Increase/(decrease) of Other Liabilities	46 (a)	1,153,381,589	560,867,269
Cash Generated from Operating Assets & Liabilities		(8,894,839,656)	(15,307,780,465)
Net Cash Inflow/(Outflow) from Operating Activities		(4,244,094,522)	(8,995,600,549)
B. Cash Flows from Investing Activities			
(Purchase)/ Sale of Shares and Securities		(104,445,343)	(1,243,698,020)
Purchase of Property, Plant and Equipment		(349,032,152)	(421,621,339)
Sale of Property, Plant and Equipment		1,485,638	6,202,917
Net Cash Inflow/(Outflow) from Investing Activities		(451,991,857)	(1,659,116,442)
C. Cash Flows from Financing Activities			
Receipt/(Payment) of Mudaraba Subordinated Bond		(520,000,000)	4,000,000,000
Dividend Paid in Cash		-	(339,436,944)
Net Cash Inflow/(Outflow) from Financing Activities		(520,000,000)	3,660,563,056
D. Net Increase/(Decrease) of Cash & Cash Equivalents (A+B+C)		(5,216,086,379)	(6,994,153,935)
Effect of Exchange Rate Change on Cash & Cash Equivalents		-	-
E. Opening Cash & Cash Equivalents		25,818,449,718	32,812,603,653
F. Closing Cash & Cash Equivalents (D+E)		20,602,363,339	25,818,449,718
The above closing Cash and Cash Equivalents include:			
Cash in Hand (Including Foreign Currencies)		1,873,800,106	1,691,479,252
Balance with Bangladesh Bank and its Agent Bank(s), Other Banks and FIS		18,728,563,233	24,126,970,466
		20,602,363,339	25,818,449,718

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


Managing Director
Dhaka, 28 March 2019



Director


Director


Vice Chairman



FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

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 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
Changes in Accounting Policy	-	-	-	-	-	-	-
Restated Balance	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
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 to Other Reserve	-	-	10,061,074	(10,061,074)	-	-	-
Capital Increase in Subsidiary	-	-	-	-	-	-	-
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

FOR THE YEAR ENDED 31 DECEMBER 2017

Balance as on 01 January 2017	6,788,738,880	2,412,128,110	402,850,965	362,198,654	793,919,776	300,600,194	11,060,436,579
Net Profit for the Year	-	-	-	-	1,389,925,900	-	1,389,925,900
Cash Dividend	-	-	-	-	(339,436,944)	-	(339,436,944)
Bonus Share Issued	339,436,940	-	-	-	(339,436,940)	-	-
Transfer to Statutory Reserve	-	538,326,252	-	-	(538,326,252)	-	-
Transfer to Other Reserve	-	-	103,595,024	-	(103,595,024)	-	-
Revaluation Reserve to Other Reserve	-	-	10,061,074	(10,061,074)	-	-	-
Capital Increase in Subsidiary	-	-	-	-	-	-	-
Non-controlling Interest	-	-	-	-	(39,582,013)	39,582,013	-
Total Group Shareholders' Equity as on 31 December 2017	7,128,175,820	2,950,454,362	516,507,063	352,137,580	823,468,503	340,182,207	12,110,925,534

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


Managing Director
Dhaka, 28 March 2019


Director


Director


Vice Chairman



**Hoda Vasi
Chowdhury & Co**

**FIRST SECURITY ISLAMI BANK LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2018**

	Notes	31.12.2018 BDT	31.12.2017 BDT
PROPERTY AND ASSETS			
Cash	3	19,518,280,311	25,177,115,132
In hand (including foreign currencies)		1,873,791,145	1,691,454,610
Balance with Bangladesh Bank and its Agent Bank(s) (including foreign currencies)		17,644,489,166	23,485,660,522
Balance with other Banks and Financial Institutions	4.1	1,083,755,432	636,314,862
In Bangladesh		163,679,780	77,767,519
Outside Bangladesh		920,075,652	558,547,343
Placement with Banks & Other Financial Institutions	4.2	13,603,700,000	13,603,700,000
Investments in Shares & Securities	5	15,981,691,023	15,908,894,701
Government		15,100,000,000	15,000,000,000
Others		881,691,023	908,894,701
Investments	6	311,684,988,928	273,593,618,710
General Investment etc.	6.A	311,069,741,359	272,938,959,885
Bills Purchased and Negotiated	6.B	615,247,569	654,658,825
Fixed Assets Including Premises, Furniture & Fixtures and Intangible Assets	7	3,426,782,477	3,485,592,271
Other Assets	8	6,011,439,893	5,029,023,312
Non Banking Assets	9	25,145,280	25,145,280
Total Assets		371,335,783,344	337,459,404,268
LIABILITIES AND CAPITAL			
Liabilities			
Placement from Banks & Other Financial Institutions	10	17,537,698,204	9,481,539,506
Deposits and Other Accounts	11	320,021,798,490	299,120,844,464
Al-Wadia Current Deposits and Other Deposit Accounts	11.1	22,846,515,806	20,653,289,680
Bills Payable	11.2	1,706,699,861	1,805,435,584
Mudaraba Savings Deposits	11.3	33,974,075,620	26,626,552,818
Mudaraba Term Deposits	11.4	202,840,633,000	197,765,021,849
Other Mudaraba Deposits	11.5	58,653,874,203	52,270,544,533
Mudaraba Subordinated Bond	12	4,862,000,000	5,382,000,000
Other Liabilities	13	15,656,211,843	11,803,344,165
Total Liabilities		358,077,708,537	325,787,728,135
Capital/Shareholders' equity			
Paid-up Capital	14.1	7,840,993,400	7,128,175,820
Statutory Reserve	15	3,556,551,892	2,950,454,362
Other Reserve	16	717,363,208	516,507,063
Assets Revaluation Reserve	17	342,076,506	352,137,580
Retained Earnings	18	801,089,800	724,401,308
Total Shareholders' Equity		13,258,074,806	11,671,676,133
Total Liabilities and Shareholders' Equity		371,335,783,344	337,459,404,268



**FIRST SECURITY ISLAMI BANK LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2018**

	Notes	31.12.2018 BDT	31.12.2017 BDT
OFF- BALANCE SHEET ITEMS			
Contingent Liabilities			
Acceptances and Endorsements		33,912,435,831	27,687,184,862
Letters of Guarantee	20	6,967,881,651	6,079,859,518
Irrevocable Letters of Credit	21	4,778,147,872	6,125,414,109
Bills for Collection	22	1,438,758,345	1,370,961,371
Other Contingent Liabilities		-	-
Total		47,097,223,699	41,263,419,860
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		47,097,223,699	41,263,419,860

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


Managing Director


Director


Director


Vice Chairman

Independent Auditors' Report
As per annexed report of same date

Dhaka, 28 March 2019

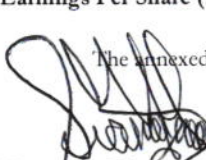
Hoda Vasi Chowdhury & Co
Hoda Vasi Chowdhury & Co
Chartered Accountants



FIRST SECURITY ISLAMI BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	31.12.2018 BDT	31.12.2017 BDT
Investments Income	23	33,921,445,124	28,222,505,447
Profit Paid on Deposits	24	(24,746,465,350)	(19,861,215,970)
Net Investment Income		9,174,979,774	8,361,289,477
Income from Investment in Shares and Securities	25	401,018,728	135,607,034
Commission, Exchange and Brokerage	26	777,337,268	796,088,756
Other Operating Income	27	664,717,024	427,496,031
		1,843,073,020	1,359,191,821
Total Operating Income		11,018,052,794	9,720,481,298
Less: Operating Expenses			
Salary and Allowances	28	3,185,639,104	2,668,066,319
Rent, Taxes, Insurances, Electricity etc.	29	623,875,410	571,609,664
Legal Expenses	30	12,417,028	7,734,922
Postage, Stamps, Telecommunication etc.	31	91,600,658	87,507,300
Stationery, Printings, Advertisements etc.	32	160,431,600	182,646,021
Managing Director's Salary and Fees	33	12,358,742	10,994,714
Directors' Fees & Expenses	34	2,076,984	1,422,800
Shariah Supervisory Committee's Fees & Expenses	35	167,200	64,000
Audit Fees		920,000	862,500
Depreciation & Repair of Bank's Assets	37	486,340,037	444,388,352
Zakat Expenses		88,149,726	71,588,157
Other Expenses	38	1,037,796,145	909,663,916
Total Operating Expenses		5,701,772,634	4,956,548,665
Profit before Provision and Tax		5,316,280,160	4,763,932,633
Provisions for Investments including off-B/S items	13.2	2,222,560,965	2,015,678,593
Provisions for Diminution in Value of Investment in Shares		63,140,377	26,342,561
Provision for Other Assets		91,168	30,280,221
Total Provisions		2,285,792,510	2,072,301,375
Total Profit before Taxes		3,030,487,650	2,691,631,258
Provision for Current Tax		1,594,884,048	1,436,080,000
Deferred Tax Income	39	(150,795,071)	(53,595,024)
Total Provisions for Tax		1,444,088,977	1,382,484,976
Net Profit after Tax		1,586,398,673	1,309,146,282
Retained Earnings from Previous Year		724,401,308	736,050,186
		2,310,799,981	2,045,196,468
Appropriations:			
Statutory Reserve		606,097,530	538,326,252
Other Reserve		190,795,071	103,595,024
Bonus Share Issued		712,817,580	339,436,940
Cash Dividend		-	339,436,944
		1,509,710,181	1,320,795,160
Retained Earnings Carried Forward		801,089,800	724,401,308
Earnings Per Share (EPS)	40	2.02	1.67

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

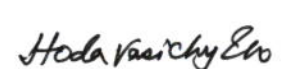

Managing Director


Director


Director


Vice Chairman

Independent Auditors' Report
As per annexed report of same date



Hoda Vasi Chowdhury & Co
Chartered Accountants


Dhaka, 28 March 2019

**FIRST SECURITY ISLAMI BANK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	31.12.2018 BDT	31.12.2017 BDT
A. Cash Flows from Operating Activities			
Investment Income Receipt		33,450,915,127	27,547,867,268
Profit paid on Deposits		(23,874,743,758)	(16,840,241,164)
Dividend Receipts		11,032,249	7,427,987
Fees & Commission Receipt		777,337,268	796,088,756
Payment to Employees		(3,197,997,846)	(2,679,061,033)
Payment to Suppliers		(252,900,850)	(256,425,329)
Income Tax Paid		(1,222,498,688)	(1,244,525,301)
Receipts from Other Operating Activities	43	654,164,412	438,988,887
Payment for Other Operating Activities	44	(1,768,795,925)	(1,578,732,852)
Operating Profit before changes in Operating Assets & Liabilities		4,576,511,989	6,191,387,219
Increase/(Decrease) in Operating Assets & Liabilities			
(Increase)/decrease in Investments to Customers		(37,716,030,382)	(47,045,229,474)
(Increase)/decrease of Other Assets	45	(755,539,396)	(444,358,467)
(Increase)/decrease of Placement with Banks & other Financial Institutions		-	905,300,000
Increase/(decrease) of Deposits Received from Customers		20,389,598,060	22,112,782,274
Increase/(decrease) of Placement from Banks & other Financial Institutions		8,056,158,698	8,770,424,458
Increase/(decrease) of Other Liabilities	46	1,178,128,241	390,069,433
Cash Generated from Operating Assets & Liabilities		(8,847,684,779)	(15,311,011,776)
Net Cash Inflow/(Outflow) from Operating Activities		(4,271,172,790)	(9,119,624,556)
B. Cash Flows from Investing Activities			
(Purchase)/ Sale of Shares and Securities		(72,796,322)	(1,122,404,269)
Purchase of Property, Plant and Equipment		(348,910,777)	(421,585,309)
Sale of Property, Plant and Equipment		1,485,638	6,202,917
Net Cash Inflow/(Outflow) from Investing Activities		(420,221,461)	(1,537,786,661)
C. Cash Flows from Financing Activities			
Receipt/(Payment) of Mudaraba Subordinated Bond		(520,000,000)	4,000,000,000
Dividend Paid in Cash		-	(339,436,944)
Net Cash Inflow/(Outflow) from Financing Activities		(520,000,000)	3,660,563,056
D. Net Increase/(Decrease) of Cash & Cash Equivalents (A+B+C)		(5,211,394,251)	(6,996,848,161)
Add: Effect of Exchange Rate Change on Cash & Cash Equivalents		-	-
E. Opening Cash & Cash Equivalents		25,813,429,994	32,810,278,155
F. Closing Cash & Cash Equivalents (D+E)		20,602,035,743	25,813,429,994
The above closing Cash and Cash Equivalents include:			
Cash in Hand (Including Foreign Currencies)		1,873,791,145	1,691,454,610
Balance with Bangladesh Bank and its Agent Bank(s), Other Banks and FIS		18,728,244,598	24,121,975,384
		20,602,035,743	25,813,429,994

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


Managing Director
Dhaka, 28 March 2019


Director


Director


Vice Chairman



FIRST SECURITY ISLAMI BANK LIMITED
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018	7,128,175,820	2,950,454,362	516,507,063	352,137,580	724,401,308	11,671,676,133
Changes in Accounting Policy	-	-	-	-	-	-
Restated Balance	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

FOR THE YEAR ENDED 31 DECEMBER 2017

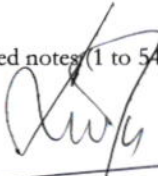
Balance as on 01 January 2017	6,788,738,880	2,412,128,110	402,850,965	362,198,654	736,050,186	10,701,966,795
Net Profit for the Year	-	-	-	-	1,309,146,282	1,309,146,282
Cash Dividend	-	-	-	-	(339,436,944)	(339,436,944)
Bonus Share Issued	339,436,940	-	-	-	(339,436,940)	-
Transfer to Statutory Reserve	-	538,326,252	-	-	(538,326,252)	-
Transfer to Other Reserve	-	-	103,595,024	-	(103,595,024)	-
Revaluation Reserve transfer to Other Reserve	-	-	10,061,074	(10,061,074)	-	-
Total Shareholders' Equity as on 31 December 2017	7,128,175,820	2,950,454,362	516,507,063	352,137,580	724,401,308	11,671,676,133

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


Managing Director

Dhaka, 28 March 2019




Director


Director


Vice Chairman



**Hoda Vasi
Chowdhury & Co**

FIRST SECURITY ISLAMI BANK LIMITED
LIQUIDITY STATEMENT (ASSETS AND LIABILITY MATURITY ANALYSIS)
AS AT 31 DECEMBER 2018

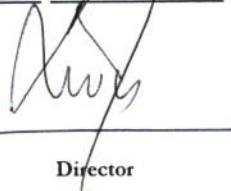
Particulars	Up to 01	01-03	03-12	01-05	More than	Total 2018	Total 2017
	Month	Months	Months	Years	05 years	BDT	BDT
	BDT	BDT	BDT	BDT	BDT	BDT	BDT
Assets							
Cash in Hand	1,873,791,145	-	-	-	-	1,873,791,145	1,691,454,610
Balance with Bangladesh Bank and its Agent Bank(s)	1,180,889,166	-	-	-	16,463,600,000	17,644,489,166	23,485,660,522
Balance with other Banks & FIs and Placement	7,283,292,398	7,404,163,034	-	-	-	14,687,455,432	14,240,014,862
Investments in Shares and Securities	7,870,121,573	4,800,000,000	2,950,000,000	360,000,000	1,569,450	15,981,691,023	15,908,894,701
Investments	47,677,466,194	57,841,995,079	84,584,233,496	74,837,423,415	46,743,870,744	311,684,988,928	273,593,618,710
Fixed Assets including Premises, Furniture and Fixtures	-	-	-	216,781,827	3,210,000,650	3,426,782,477	3,485,592,271
Other Assets	-	2,737,500,000	1,165,783,558	1,045,309,134	1,062,847,201	6,011,439,893	5,029,023,313
Non-banking Assets	-	-	-	25,145,280	-	25,145,280	25,145,280
Total Assets	65,885,560,476	72,783,658,113	88,700,017,054	76,484,659,656	67,481,888,045	371,335,783,344	337,459,404,268
Liabilities							
Placement from Banks & Other Financial Institutions	5,000,098,204	2,000,000,000	9,000,000,000	1,537,600,000	-	17,537,698,204	9,481,539,506
Deposits and Other Accounts	55,636,435,421	63,781,654,268	77,456,248,252	69,676,521,542	53,470,939,007	320,021,798,490	299,120,844,464
Mudaraba Subordinated Bond	362,000,000	-	-	2,700,000,000	1,800,000,000	4,862,000,000	5,382,000,000
Other Liabilities	3,929,463,052	2,562,425,468	2,796,825,412	1,499,025,478	4,868,472,433	15,656,211,843	11,803,344,165
Total Liabilities	64,927,996,677	68,344,079,736	89,253,073,664	75,413,147,020	60,139,411,440	358,077,708,537	325,787,728,135
Net Liquidity Gap	957,563,799	4,439,578,377	(553,056,610)	1,071,512,636	7,342,476,605	13,258,074,806	11,671,676,133



Managing Director

Dhaka, 28 March 2019





Director



Director



Vice Chairman



**Hoda Vasi
Chowdhury & Co**

First Security Islami Bank Limited
Notes to the Financial Statements
For the year ended and as at 31 December 2018

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 & seventy seven (177) branches in the country. The Bank had no overseas branches as at December 31, 2018.

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, 2018 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
Leases	17	Not Applicable
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
Interests In Joint Ventures	31	Not Applicable
Financial Instruments: Presentation	32	Applied to the context of compliance with BRPD Circular # 15, Dated November 09, 2009, DOS Circular # 5, Dated January 28, 2009
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
Financial Instruments: Recognition and Measurement	39	Applied to the context of compliance with BRPD Circular # 15, Dated November 9, 2009, DOS Circular # 5, Dated May 26, 2008 and DOS Circular # 5, Dated January 28, 2009



In compliance with	IAS/IFRS No.	Status
Investment Property	40	Not Applicable
Agriculture	41	Not Applicable
In compliance with	IFRS	Status
First-time Adoption of International Financial Reporting Standards	1	Not Applicable
Share-based Payment	2	Not Applicable
Business Combinations	3	Not Applicable
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	Not Applicable
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

* 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. However, the Bank is not a listed entity in Dhaka and Chittagong Stock Exchanges, but it is complying with IAS 34 regularly publishes the Interim Financial Report.

New and amended standards and interpretations

The Bank has consistently applied the accounting policies as set out in Note 2.2.1 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2018 have been considered. However, these amendments have not material impact on the financial statements of the Bank.

A number of standards and amendments to standards are effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. However, the Bank has not early applied the following new standards in preparing these financial statements.



a. IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of the financial instruments, a new expected credit loss model for calculating impairment of financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de recognition of financial instruments from IAS 39. As per the Bank's assessment, any material impact of IFRS 9 would be primarily on calculation of impairment provision. However, as Bangladesh Bank has not issued any circular to revise its current impairment, classification and measurement policies to align with IFRS 9 the Bank is unable to quantify any potential impact on its financial statements.

b. IFRS 16 Leases

IFRS 16, issued in January 2016 replaces existing leases guidance and effective for reporting period beginning on or after 1 January 2019. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The Bank has not yet assessed any potential impact of IFRS 16 on its financial statements.

c. 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.

2.3 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 and BRPD Circular No.13 dated 18 October 2018 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 31.12.2018 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 2018 have been shown in the Balance Sheet under Off-Balance Sheet items. Exchange rates with major foreign currencies as 31 December 2018 were as:

Currency Name	Exchange Rate (TK)
US \$	83.9000
EURO	95.4866
ACU	83.9000
GBP	106.1838
SAR	22.3566
CAD	61.7275

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 result 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, 2018. 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 2018.

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 2018 have been converted into Taka currency at the average of the prevailing buying and selling rates of the concerned foreign currencies at that date except "balances with other banks and financial institutions" which have been converted as per directives of Bangladesh Bank vide its circular no BRPD(R) 717/2004-959 dated 21 November 2004.

2.17.3 Transaction gains and losses

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

2.18 Offsetting Financial Instruments

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

2.19 Property, Plant and Equipment

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

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

2.19.1 Depreciation on Property, Plant and Equipment

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

Nature of Assets	Rate of Depreciation	Method of Depreciation
Building	2.5%	Straight Line Method
Furniture and Fixtures	10%	Reducing Balance Method
Office Equipment	20%	Reducing Balance Method
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 2018 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.

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 2018.

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.

2.22 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

Investments risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of investments risk arises when a number of counter parties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. To manage investments risk, the bank applies investment limits to its customers and obtains adequate collaterals. Investments risk in the First Security Islami Bank's portfolio is monitored, reviewed and analyzed by the Investments Risk Management (IRM).

First Security Islami Bank Ltd. established Asset-Liability Management Committee (ALCO) to screen out the banks/financial institutions and determine the maximum risk exposure on each of them. ALCO also assesses recommends and controls cross border/country risk. To manage the Non-Performing Investments (NPI), First Security Islami Bank Ltd. has in place comprehensive remedial management policy, which includes a framework of controls to identify weak investments and monitoring of these accounts.

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. For better asset liability management, the bank has formed a committee consist of higher management chaired by the Managing Director called Asset Liability Management Committee (ALCO). The committee should meet at least once every month to analysis, review and formulate strategy to manage the balance sheet. The result of balance sheet analysis along with recommendation is placed in the ALCO meeting by the Treasury Division where important decision are made to minimize risk and maximize return. ALCO also concern various issues such as maintaining liquidity requirement like LCR, NSFR, and leverage ratios, the maturity of assets and liabilities, pricing strategy and the liquidity contingency plan and also monitor Net Profit Income (NPI), return on assets, investment value and exchange earnings, Capital to Risk Weighted Assets Ratio, Investment Deposit Ratio, Investable Fund, Deposit Mix, Cost of Deposit, Cost of Fund, 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 and liquidity risks.

2.31.4 Prevention of Money Laundering

Money laundering & financing of terrorism are two major financial and organized crimes which may jeopardize the total stability and integrity of the financial system of a country as well as of the world. Keeping pace with the advancement of financial service facilities, money laundering and financing of terrorism are getting new dimensions day by day. Money launderers always try to create a legitimate background for their ill-gotten money and try to filter and send that money to abroad. To complete this process, they used to make lots of financial transactions through banks and other financial organizations by concealing their real identity and source of income. Financing of terrorism is also done worldwide through the same process that results in a hazardous situation.

As a responsible commercial bank, First Security Islami Bank Ltd. (FSIBL) is always agile and vigilant against money laundering and terrorist financing. 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 successful 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 formed in the head office of the bank under the close supervision of CAMLCO. AML & CFT Division is responsible for implementing BFIU, Bangladesh Bank's directives as well as complying all the provisions of "Money Laundering Prevention Act, 2012 (Amendment in 2015)" and "Anti Terrorism Act, 2009 (Amendment in 2012 & 2013)" in the bank. Circulars and circular letters from BFIU, Bangladesh Bank are instantly circulated to all the branches, divisions, zonal offices and training institutes of the bank by AML & CFT Division. At the same time, close monitoring of these instructions is done by the same for ensuring effective compliance.

The bank has continuous effort to comply with "Guidance Notes on Prevention of Money Laundering" issued by Bangladesh Bank. Besides, the bank has its own "Anti Money Laundering & Combating Financing of Terrorism Policy", "Customer Acceptance Policy" and "Money Laundering and Terrorist Financing Risk Management Guidelines for FSIBL" approved by the Board of Directors of the bank. 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. AML & CFT Division inspects branches on a random basis in addition to Internal Control & Compliance Division's audit of the branches for AML & CFT System Check. 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 when required.



Bank conducts Customer Due Diligence (CDD) & Enhanced Due Diligence (EDD) for every customer at the time of account opening and when required in compliance with the instruction of BFIU, Bangladesh Bank. 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. In 2018, bank has procured Politically Exposed Persons (PEPs) and Influential Persons' (IPs) necessary data from a UK based international database organization for real time and automated identification of PEPs & IPs. FSIBL's own Training Institute in cooperation with AML & CFT Division regularly organizes training & workshop to the employees of the bank on the subject of Anti Money Laundering and Combating Terrorist Financing. In these training & workshop, prevention of trade based money laundering gets special emphasis so that employees have enough knowledge to prevent under invoicing and over invoicing through our bank. However, bank distributes numerous 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 & Compliance is considered as an eye of an organization. It is a mirror of operations and keeps record of the same. The primary objectives of internal control system are to help the bank to perform in a better height through the use of its resources & under the guidance of Internal Control system; bank identifies its weakness and takes appropriate measures to overcome the same. The main objectives of Internal Control are to ascertain the efficiency and effectiveness of activities, reliability, completeness and timeliness of financial and management information, compliance with applicable laws and regulations.

Operational loss arises for the cause of errors and fraud due to lack of internal control and compliance. Internal Control & Compliance Division undertakes periodical and special audit & inspection of its branches and departments/divisions of Head Office for reviewing its operation and compliance of the statutory requirement. The Audit Committee of the Board of Directors plays a vital role in providing a bridge between the Board and Management. The committee reviews the Financial Reporting process, Audit process and the Bank's process for compliance with laws, regulations and code of conduct.

2.31.6 Guideline on Information & Communication Technology

Banks are increasingly using sophisticated digital technology for banking activities with a view to achieve more customer 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. These risk must be balanced against benefits i.e. must be controlled. Under this advanced and highly technical ICT environment banks must ensure that critical systems are not threatened by the risk exposures the banks take. For this purpose, a risk management process of assessing risk, controlling risk exposure and monitoring risk should be in place.

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 (BankUltmus) ensuring adequate security. To protect sensitive information of core banking software and other software in the event of any disaster, the bank has implemented a disaster recovery site. The Bank has already developed its own ICT security policies for various operation and services which are closely in line with the ICT security policy guideline of Bangladesh Bank.

The Bank has developed fault tolerance plan of human resources with detail job description for each ICT personnel, segregation of duties of ICT tasks and system support in respect of severity. Training is a 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 etc.) for relevant employees. The Bank management has been putting continuous efforts to improve ICT Operation Management, Problem Management, Change Management, Asset Management and Request Management to maintain maximum uptime of automated banking business. 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 to Internet and Emailing. The bank is regularly conducting internal ICT audit to all its branches and Head Office division to ensure proper implementation of the ICT policies.



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 interest rate, sale value of collateral, non-performing loans, 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.



	31.12.2018 BDT	31.12.2017 BDT
3 CASH		
3.1 Cash in Hand		
In Local Currency	1,629,343,324	1,487,820,657
In Foreign Currencies	11,233,821	19,558,953
ATM Balance	233,214,000	184,075,000
	1,873,791,145	1,691,454,610
3.2 Balance with Bangladesh Bank and its Agent Bank		
Balance with Bangladesh Bank (Note-3.2.1)	17,384,237,991	23,131,113,240
Balance with Sonali Bank Ltd. (Note-3.2.2)	260,251,175	354,547,282
	17,644,489,166	23,485,660,522
	19,518,280,311	25,177,115,132
3.2.1 Balance with Bangladesh Bank (Including Foreign Currencies)		
In Local Currency	17,071,549,843	22,916,879,311
In Foreign Currencies	312,688,148	214,233,929
	17,384,237,991	23,131,113,240
3.2.2 Balance with Sonali Bank Ltd. (as Agent of Bangladesh Bank)		
In Local Currency	260,251,175	354,547,282
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 and MPD Circular# 01 dated 03 April 2018.		
3.4 Cash Reserve Ratio (CRR): 5.50% of Average Demand and Time Liabilities:		
Required Reserve	16,463,551,000	18,943,100,000
Actual Reserve maintained	17,071,374,000	22,906,137,000
Surplus/(Short)	607,823,000	3,963,037,000
3.5 Statutory Liquidity Ratio (SLR): 5.50% of Average Demand and Time Liabilities:		
Required Reserve (including CRR)	16,463,551,000	16,028,777,000
Actual Reserve held (including CRR)	17,841,865,000	21,009,039,000
Surplus/(Short)	1,378,314,000	4,980,262,000
3.6 Held for Statutory Liquidity		
Cash in Hand	1,873,791,000	1,691,455,000
Surplus Balance with Bangladesh Bank and its Agent Bank	868,074,000	4,317,584,000
Balance of Bangladesh Govt. Islamic Bond	15,100,000,000	15,000,000,000
	17,841,865,000	21,009,039,000



	31.12.2018 BDT	31.12.2017 BDT
3 (a) CASH		
3.1(a) Consolidated Cash in Hand		
First Security Islami Bank Limited (Note-3.1)	1,873,791,145	1,691,454,610
First Security Islami Capital & Investment Limited	8,961	24,642
	1,873,800,106	1,691,479,252
3.2(b) Consolidated Balance with Bangladesh Bank and its Agent Bank		
First Security Islami Bank Limited (Note-3.2)	17,644,489,166	23,485,660,522
First Security Islami Capital & Investment Limited	-	-
	17,644,489,166	23,485,660,522
	19,518,289,272	25,177,139,774
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	29,536,951	7,039,815
Trust Bank Ltd.	71,817,843	28,821,401
Islami Bank Bangladesh Ltd.	4,421,227	4,424,877
Eastern Bank Ltd.	2,116,377	500,000
	107,892,398	40,786,093
Mudaraba Short Notice Deposits		
Southeast Bank Ltd. (Islamic Banking Branch)	161,967	3,118,169
Social Islami Bank Ltd.	39,527	41,138
Dhaka Bank Ltd. (Islamic Banking Branch)	353,056	341,445
AB Bank Ltd. (Islamic Banking Branch)	630,520	615,228
Islami Bank Bangladesh Ltd.	20,724,176	29,258,421
Pubali Bank Ltd. (Islamic Banking Branch)	83,958	3,597,568
Union Bank Ltd.	5,484,418	9,457
NRB Global Bank Ltd.	28,309,760	-
	55,787,382	36,981,426
Total Inside Bangladesh	163,679,780	77,767,519



				31.12.2018	31.12.2017
				BDT	BDT
B. Balance Outside Bangladesh					
In Deposit Account (non-profit bearing) with:					
Current Account:	Currency	Amount	Rate		
1. Mashreq Bank, PSC, London	GBP	20,792.28	106.184	2,207,803	3,228,235
2. Mashreq Bank, PSC, London	EURO	42,224.08	95.487	4,031,834	8,195,345
3. Mashreq Bank, PSC, New york	USD	4,611,589.11	83.900	386,912,326	298,437,514
4. MCB Bank Ltd. Karachi	ACU\$	7,690.91	83.900	645,267	636,038
5. Commerz Bank AG, Frankfurt, Germany	EURO	176,911.27	95.487	16,892,656	6,073,358
6. Bank of Bhutan, Thimpo, Bhutan	ACU\$	11,055.40	83.900	927,548	794,094
7. Sonali Bank Ltd. , Kolkata, India	ACU\$	4,202.88	83.900	352,622	1,462,119
8. AB Bank Ltd, Mumbai, India	ACU\$	265,449.96	83.900	22,271,252	27,488,199
9. ICICI Bank Ltd, Hongkong	USD	195,430.60	83.900	16,396,627	22,709,909
10. ICICI Bank Ltd, Kolkata, India	ACU\$	76,989.41	83.900	6,459,412	13,353,759
11. Habib Bank, Zurich, Switzerland	CHF	-	-	-	1,472,955
12. Habib Metropolitan Bank Limited, Karachi, Pakistan	ACU\$	43,138.11	83.900	3,619,287	1,939,217
13. Habib American Bank, N,Y	USD	1,060,384.22	83.900	88,966,236	79,632,181
14. Banca UBAE SPA, Rome, Italy	USD	434,156.94	83.900	36,425,767	2,707,422
15. Banca UBAE SPA, Rome, Italy	EURO	3,290,032.27	95.487	314,153,995	62,908,851
16. Bank Al-Jazira, Jeddah	USD	137,295.60	83.900	11,519,101	20,828,458
17. Bank Al-Jazira, Jeddah	SAR	370,983.00	22.357	8,293,919	6,679,689
Total Outside Bangladesh				920,075,652	558,547,343
Total (A+B)				1,083,755,432	636,314,862

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

In Bangladesh:

First Security Islami Bank Limited (Note-4.1 (A))	163,679,780	77,767,519
First Security Islami Capital & Investment Limited	10,924,811	19,738,790
Inter-company Transaction	(10,606,176)	(14,743,708)
	163,998,415	82,762,601

Outside Bangladesh:

First Security Islami Bank Limited (Note-4.1 (B))	920,075,652	558,547,343
First Security Islami Capital & Investment Limited	-	-
	920,075,652	558,547,343
	1,084,074,067	641,309,944

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)	14,687,455,432	14,240,014,862

4.3 Balance with other Banks & Financial Institutions and Placement (according to remaining maturity grouping)

Up to One Month
Up to Three Months
Three Months to One Year
One Year to Five Years
Above Five Years

31.12.2018 BDT	31.12.2017 BDT
7,283,292,398	7,941,825,416
7,404,163,034	6,298,189,446
-	-
-	-
-	-
14,687,455,432	14,240,014,862

5 INVESTMENTS IN SHARES AND SECURITIES

Government Securities

Bangladesh Govt. Islamic Bond

15,100,000,000	15,000,000,000
15,100,000,000	15,000,000,000

Others

Subordinated Bond

Quoted/Unquoted Shares (Note - 5.1)

360,000,000	400,000,000
521,691,023	508,894,701
881,691,023	908,894,701
15,981,691,023	15,908,894,701

5.1 Quoted/Unquoted Shares

Name of Companies	Acquisition cost (Taka)	Acquisition cost (Taka)
Quoted:		
MJL Bangladesh Ltd.	34,842,332	34,841,861
LafargeHolcim Bangladesh Limited	100,760,927	77,358,833
CVO Petrochemical Refinery Limited	63,004,498	29,609,060
Bangladesh Submarine Cables Co. Ltd.	86,713,495	70,102,850
Padma Oil Company Ltd.	59,038,359	59,037,887
Usmania Glass Sheet Factory Ltd.	-	5,673,379
Shahazibazar Power Company Ltd.	138,124,786	129,579,063
Heidelberg Cement Bd. Ltd.	6,515,253	2,226,521
Singer Bangladesh Limited	-	44,681,523
BBS Cables Co. Ltd.	15,244,956	8,447,529
Doreen Power Ltd.	-	5,918,062
KDS Accessories Limited	-	9,534,312
Mercantile Bank Ltd.	-	784,789
Mozaffar Hossain Spinning Mills Ltd.	14,005,609	13,919,265
Nahee Aluminum Composite Panel Ltd.	-	921,779
Navana CNG Limited	-	10,833,155
Ratanpur Steel Re-Rolling Mills Limited	-	3,855,383
Bashundhara Paper Mills Limited	1,871,358	-
	520,121,573	507,325,251
Unquoted:		
Central Depository Bangladesh Ltd.	1,569,450	1,569,450
	521,691,023	508,894,701
	366,771,725	417,115,779

5.2 Market Value of Quoted Shares

	31.12.2018 BDT	31.12.2017 BDT
5.3 Remaining Maturity Grouping of Investments in Shares and Securities		
On Demand	520,121,573	80,742,648
Within One Month	7,350,000,000	3,476,657,352
One Month to three Months	4,800,000,000	7,100,025,634
Three Months to One Year	2,950,000,000	4,849,899,617
One Year to Five Years	360,000,000	400,000,000
More than Five Years	1,569,450	1,569,450
	15,981,691,023	15,908,894,701
5(a) CONSOLIDATED INVESTMENTS IN SHARES AND SECURITIES		
Government Securities		
First Security Islami Bank Limited (Note-5)	15,100,000,000	15,000,000,000
First Security Islami Capital & Investment Limited	-	-
	15,100,000,000	15,000,000,000
Others		
First Security Islami Bank Limited (Note-5)	881,691,023	908,894,701
First Security Islami Capital & Investment Limited	222,288,874	190,639,853
	1,103,979,897	1,099,534,554
	16,203,979,897	16,099,534,554
6 INVESTMENTS		
General Investment etc. (Note-6.A)	311,069,741,359	272,938,959,885
Bills Purchased and Negotiated (Note - 6.B)	615,247,569	654,658,825
	311,684,988,928	273,593,618,710
6.A General Investment etc.		
Inside Bangladesh (Mode wise)		
Bai-Murabaha	274,978,985,475	239,323,878,656
Hire-Purchase Sirkatul Meelk	35,435,164,912	32,881,866,153
Bai-Muajjal	4,829,402	4,897,251
Bai-Salam	354,211,556	325,672,509
Wajira Bill Okalah	20,277,590	27,623,154
Quard	276,272,424	375,022,162
	311,069,741,359	272,938,959,885
Outside Bangladesh	-	-
	311,069,741,359	272,938,959,885
6.B Bills Purchased and Negotiated		
Payable in Bangladesh	570,993,563	606,684,440
Payable outside Bangladesh	44,254,006	47,974,385
	615,247,569	654,658,825
	311,684,988,928	273,593,618,710
6.1 Maturity Grouping of Investments		
Payable on Demand	47,677,466,194	44,140,044,437
Up to Three Months	57,841,995,079	41,887,312,508
Three Months to One Year	84,584,233,496	77,254,261,765
One Year to Five Years	74,837,423,415	64,419,012,424
Above Five Years	46,743,870,744	45,892,987,576
	311,684,988,928	273,593,618,710

	31.12.2018 BDT	31.12.2017 BDT
6.2 Investments on the basis of Significant Concentration		
Investments to Directors of Other Banks	33,519,333,000	31,183,000,000
Investments to Chief Executive and Other high Officials	-	-
Investments to Customers Group	255,133,526,940	224,012,549,407
Investments to Industry	22,108,627,689	17,447,931,239
Investment to Staff	923,501,299	950,138,064
	311,684,988,928	273,593,618,710
6.3 Investments to Customers for more than 10% of FSIBL's Total Eligible Capital		
Number of Clients	56	59
Amount of Outstanding Investments		
Funded	78,941,600,000	82,325,500,000
Non-funded	32,207,700,000	26,876,500,000
	111,149,300,000	109,202,000,000
6.4 Industry wise Investments		
Agriculture:		
Fishing	706,700,000	844,400,000
Others	1,849,900,000	3,413,300,000
Textile and Readymade Garments:		
Readymade Garments - Export	4,507,100,000	3,481,200,000
Textile and Textile Products- Import	7,007,600,000	6,102,300,000
Others -Export	1,755,400,000	2,289,200,000
Others -Import	32,694,500,000	24,288,200,000
Contractor Finance	5,799,500,000	4,781,900,000
Transport	896,200,000	978,200,000
Internal Trade Finance:		
Whole Sale Trading	133,192,600,000	108,592,500,000
Retail Trading	6,687,000,000	9,396,800,000
Others	8,250,300,000	27,185,900,000
House Building:		
Residential & Commercial	18,453,700,000	18,853,700,000
Staff	923,500,000	950,100,000
Special Program:		
Consumer Finance and Hire Purchase Scheme	249,700,000	443,200,000
Others	88,711,288,928	61,992,718,710
	311,684,988,928	273,593,618,710
6.5 Division/Geographical wise Investment*		
Urban		
Dhaka	91,772,431,514	82,017,291,006
Chattogram	210,529,763,407	182,746,102,114
Barishal	260,184,484	213,427,492
Rajshahi	889,221,595	687,205,251
Khulna	1,347,644,201	1,315,173,204
Rangpur	441,332,017	369,253,972
Sylhet	813,884,951	827,817,022
	306,054,462,169	268,176,270,061



	31.12.2018 BDT	31.12.2017 BDT
Rural		
Dhaka	1,576,747,978	1,542,330,646
Chattogram	2,616,447,310	2,507,253,883
Barishal	101,455,189	88,795,977
Rajshahi	179,594,073	166,276,614
Khulna	1,070,145,721	1,022,026,793
Sylhet	86,136,487	90,664,736
	5,630,526,759	5,417,348,649
	311,684,988,928	273,593,618,710

* 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	285,663,434,934	250,469,454,650
Special Mention Account	15,600,153,708	14,726,419,601
	301,263,588,642	265,195,874,251

Classified:

Sub-standard	127,299,288	1,667,239,905
Doubtful	598,023,951	1,477,387,516
Bad & Loss	9,696,077,046	5,253,117,038
	10,421,400,286	8,397,744,459
	311,684,988,928	273,593,618,710

6.7 Sector-wise Classification of Investments

Unclassified:

Small Enterprise Financing (SEF)	30,562,733,678	44,560,883,322
Consumer Financing (Other than HF & LP)	243,791,991	439,083,043
Investments to BHs/MBs/SDs against Share	451,345,114	433,559,649
Other than SMEF, CF, BHs/ MBs,/SDs	208,651,067,031	162,066,524,929
Housing Finance (HF)	18,149,547,010	21,533,341,403
Investments for professionals to set up business (LP)	6,507,303	95,739,678
Short Term Agri. Investments	2,470,943,633	2,680,314,636
Staff Investment	923,501,299	950,138,064
Others	39,804,151,585	32,436,289,527
	301,263,588,642	265,195,874,250

Classified:

Small Enterprise Financing (SEF)	555,319,038	439,584,942
Consumer Financing (Other than HF & LP)	5,953,031	4,124,526
Investments to BHs/MBs/SDs against Share	104,566,619	106,788,579
Other than SMEF, CF, BHs/ MBs,/SDs	7,262,110,502	6,287,415,290
Housing Finance (HF)	1,138,899,572	165,662,331
Investments for professionals to set up business (LP)	3,848,681	3,848,681
Short Term Agri. Investments	85,663,798	18,880,810
Others	1,265,039,046	1,371,439,300
	10,421,400,286	8,397,744,459
	311,684,988,928	273,593,618,710

6.8 Particulars of Required Provision for Investments

Classification status

Unclassified

Standard
Special Mention Account
Off -Balance Sheet Exposure

Classified:

Sub - Standard
Doubtful
Bad and Loss

Total Required Provision against Investments

Total Provision Maintained

Provision Excess/ (Shortfall)

	31.12.2018 BDT	31.12.2017 BDT
	2,629,373,712	1,837,283,784
	309,391,801	852,723,019
	456,617,654	412,634,199
	3,395,383,167	3,102,641,002
	6,552,895	212,352,196
	169,727,299	555,269,535
	5,754,306,000	3,234,145,663
	5,930,586,194	4,001,767,394
	9,325,969,361	7,104,408,396
	9,325,969,361	7,104,408,396
	9,326,969,361	7,104,408,396
	1,000,000	-

Bangladesh Bank Audit Team (DBI-4) has raised additional provision amount of Tk. 281.06 Crore out of which the amount of Tk. 21.06 Crore has been maintained during the year 2018 and the rest of the amount i.e. Tk. 260.00 Crore has to be maintained for next three (03) years by amount of Tk. 90.00 Crore in the year 2019, Tk. 90.00 Crore in the year 2020 and Tk. 80.00 Crore in the year 2021 vide their letter no. DBI-04/42(5)/2019-481 dated 27.03.2019.

6.9 Particulars of Investments

i) Investments considered good in respect of which the Bank Company is fully secured.	64,620,400,000	42,679,500,000
ii) Investments considered good for which the bank holds no Security other than the debtors personal security.	120,929,300,000	161,343,800,000
iii) Investment considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	126,135,288,928	69,570,318,710
iv) Investments adversely classified; provision not maintained there against.	-	-
	311,684,988,928	273,593,618,710
v) Investments due by directors or executives of the banking company or any of them taken either separately or jointly with any other person.	33,519,333,000	31,183,000,000
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.	-	-

	31.12.2018 BDT	31.12.2017 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	10,421,400,286	8,397,744,459
a. Movement of classified Investments		
Opening balance	8,397,744,459	5,839,243,414
Increase/ (Decrease) during the year	2,023,655,827	2,558,501,045
	10,421,400,286	8,397,744,459
b. Amount of provision kept against classified investment as on the reporting date of Balance Sheet	5,930,586,195	4,001,767,394
c. Profit credited to the profit/Rent/Compensation Suspense Account	538,878,926	371,647,708
xi) Amount of written off Investment:		
a. Cumulative amount	-	-
b. Amount written off during the period	-	-
c. Total amount of written off (a+b)	-	-
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 Security against Investments including bills purchased & negotiated:		
Collateral of movable/immovable assets	19,288,446,582	164,806,833,589
Local banks & financial institutions guarantee	-	-
Export documents	1,452,454,788	1,573,666,000
Own MTDR	64,620,400,000	42,679,500,000
MTDR of other Banks	-	-
Government Bonds	-	-
Personal guarantee	50,208,936,431	41,691,156,544
Other security	451,345,114	433,559,649
Unsecured	175,663,406,014	22,408,902,928
	311,684,988,928	273,593,618,710
6.11 Maturity Grouping of Bills Purchased and Negotiated		
Payable within one month	4,992,102	5,311,884
Over one month but less than three months	1,332,769	1,418,143
Over three months but less than six months	214,461,754	228,199,650
Six Months and Above	394,460,944	419,729,148
	615,247,569	654,658,825



	31.12.2018 BDT	31.12.2017 BDT
6.A(a) CONSOLIDATED GENERAL INVESTMENT ETC. (All Inside Bangladesh)		
First Security Islami Bank Limited (Note-6.A)	311,069,741,359	272,938,959,885
Less: Inter-company transaction (Investment in Subsidiary)	(268,474,415)	(241,148,005)
	310,801,266,944	272,697,811,880
7 Fixed Assets including premises, Furniture & Intangible Assets at cost less accumulated depreciation (Annexure-A)		
Land	96,546,000	96,546,000
Building	1,429,210,470	1,429,210,470
Furniture & Fixtures	2,000,418,346	1,950,734,800
Office Equipment	1,676,208,292	1,499,800,895
Vehicles	200,392,321	219,019,134
Books	619,111	614,868
	5,403,394,540	5,195,926,167
Less: Accumulated Depreciation	2,115,503,475	1,801,950,958
	3,287,891,065	3,393,975,209
Intangible Assets		
Software -Core banking	253,637,195	175,687,195
Less: Accumulated Amortization	114,745,783	84,070,133
	138,891,412	91,617,062
	3,426,782,477	3,485,592,271
7(a) Consolidated Fixed Assets including premises, Furniture & Intangible Assets at cost less accumulated depreciation		
First Security Islami Bank Limited (Note-7)	3,426,782,477	3,485,592,271
First Security Islami Capital & Investment Limited	6,243,418	9,081,463
	3,433,025,895	3,494,673,734
8 OTHER ASSETS		
Inter - branch Transaction Account *	79,353,085	3,270,972
Accrued Income	860,516,476	802,817,226
Advances, Deposits and Prepayment (Note -8.1)	4,225,750,519	3,498,596,709
Stock of Stationery	39,911,240	37,737,078
Suspense Account (Note- 8.2)	14,310,468	29,108,446
Advance Deposits	5,669,441	23,343,193
Stamps on Hand	3,648,585	3,225,705
Protested Bills	61,454,778	61,272,443
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)	401,623,095	250,828,024
Agent Banking Asset	1,862,148	1,483,458
	6,011,439,893	5,029,023,312

* 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 31.12.2018 have been reconciled on 17.02.2019.

** Advance Income Tax which was presented in other Assets during the year 2017. Now as per IFRS -1 Advance Income Tax is netted of against Income Tax payable and previous period is restated accordingly.

	31.12.2018 BDT	31.12.2017 BDT
8.1 Advance, Deposits and Prepayment		
Advance against Rent - Office	419,475,615	439,448,089
Advance against Rent - Godown	12,000	48,000
Clearing Adjustment Account (under BACH)	27,163,636	84,603,007
Remittance Settlement Account	400,712,944	319,590,927
Prepayment	3,363,200,099	2,640,185,985
Prepaid Insurance	520,392	550,693
Advance Against Security Deposit	14,384,822	13,888,997
Mobile Banking Receivable A/C	281,011	281,011
	4,225,750,519	3,498,596,709
8.2 Suspense Account		
Sundry Debtors	14,070,468	28,670,302
Advance against TA/DA	240,000	418,000
Encashment of PSP/BSP	-	5,050
Advance against New Branch	-	15,094
	14,310,468	29,108,446
8.3 Deferred Tax Assets (net off liabilities)		
Deferred tax asset (8.3.1)	599,502,226	447,307,443
Deferred tax liability (8.3.2)	197,879,131	196,479,418
	401,623,095	250,828,024
8.3.1 Deferred Tax Assets		
Temporary timing difference between charging Specific provision and written off B/L Investments		
Cumulative provision made against bad Investments	1,598,672,606	1,118,268,609
Adjustment of corresponding provision on write off	-	-
Deductible temporary difference	1,598,672,606	1,118,268,609
Tax Rate	37.50%	40.00%
Deferred Tax Assets	599,502,226	447,307,443
Opening Deferred Tax Assets	447,307,443	360,000,000
Deferred Tax Income during the year	152,194,784	87,307,443
8.3.2 Deferred Tax Liabilities		
Temporary timing difference in written down value of fixed Assets		
Carrying amount of Fixed Assets	3,426,782,477	3,464,011,431
Tax base	2,899,104,798	2,972,812,889
Taxable temporary difference	527,677,679	491,198,542
Tax Rate	37.50%	40.00%
Deferred Tax Liabilities	197,879,131	196,479,418
Opening Deferred Tax Liabilities	196,479,418	162,766,999
Deferred Tax Expenses during the year	1,399,713	33,712,419

As per Bangladesh Accounting Standard (BAS)- 12 deferred tax is recognized since December 2007. Deferred tax assets have been arrived at Tk. 401.62 million as on December 31, 2018. According to BRPD Circular No. 11 Dated 12 December 2011, the increased amount of the net income after tax due to the recognition of deferred tax will not be distributed as dividend. Deferred tax asset is recognized to the extents which are expected to recover in future.



	31.12.2018 BDT	31.12.2017 BDT
8(a) CONSOLIDATED OTHER ASSETS		
First Security Islami Bank Limited (Note-8)	6,011,439,893	5,029,023,312
Less: Inter-company transaction(Investment in Subsidiary)	255,000,000	255,000,000
	5,756,439,893	4,774,023,312
First Security Islami Capital & Investment Limited	1,142,151,149	1,038,542,711
	6,898,591,042	5,812,566,024
9 NON-BANKING ASSETS	25,145,280	25,145,280
<p>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. The value of Non-Banking Assets has been determined on the basis of valuation report of an Independent surveyor Company.</p>		
10 PLACEMENT FROM BANK & OTHER FINANCIAL INSTITUTION		
Inside Bangladesh		
Bangladesh Bank (IMM Wings & Refinance Scheme)	16,068,152,103	8,042,480,495
Bangladesh Bank (EDF)	1,469,546,101	1,439,059,011
	17,537,698,204	9,481,539,506
Outside Bangladesh	-	-
	17,537,698,204	9,481,539,506
A. Security- wise grouping		
Secured Placement	-	-
Unsecured Placement	17,537,698,204	9,481,539,506
	17,537,698,204	9,481,539,506
B. Repayment Nature wise Grouping		
Repayable on demand	-	-
Others	17,537,698,204	9,481,539,506
	17,537,698,204	9,481,539,506
C. Maturity Analysis		
Repayable on Demand	-	-
Repayable within One Month	5,000,098,204	7,000,000,000
One Month to Six Months	2,000,000,000	1,000,000,000
Six Month to One Year	9,000,000,000	-
One Year to Five Years	1,537,600,000	1,481,539,506
Five Years to Ten Years	-	-
	17,537,698,204	9,481,539,506
10 (a) CONSOLIDATED PLACEMENT FROM BANK & OTHER FINANCIAL INSTITUTION		
First Security Islami Bank Limited	17,537,698,204	9,481,539,506
First Security Islami Capital & Investment Limited	49,851,917	-
	17,587,550,121	9,481,539,506



	31.12.2018 BDT	31.12.2017 BDT
11 DEPOSITS AND OTHER ACCOUNTS		
A. Deposits Received from Banks (Note A-1)	23,516,200,000	5,419,500,000
B. Other than Bank		
Payable on Demand (Note B-1)	12,385,843,910	11,732,151,660
Other Deposits (Note B-2)	284,119,754,580	281,969,192,804
	296,505,598,490	293,701,344,464
	320,021,798,490	299,120,844,464
C. Maturity wise Grouping of Deposits and Other Accounts		
Re-payable within 1 month	55,636,435,421	46,717,523,846
Over 1 month but within 6 months	63,781,654,268	49,501,026,451
Over 6 months but not more than 1 year	77,456,248,252	80,631,723,125
Over 1 year but not more than 5 years	69,676,521,542	65,030,736,589
Over 5 years but within for 10 years	53,470,504,245	57,239,834,453
Unclaimed Deposits For 10 years or more	434,762	-
	320,021,798,490	299,120,844,464
A-1 Deposits Received from Banks		
Islami Bank Bangladesh Ltd.	14,937,700,000	5,378,700,000
Exim Bank Ltd.	7,200,000	4,900,000
Union Bank Ltd.	36,500,000	9,900,000
NRB Global Bank Ltd.	34,800,000	26,000,000
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.	2,000,000,000	-
Janata Bank Ltd.	500,000,000	-
	23,516,200,000	5,419,500,000
Maturity wise Grouping of Deposits Received from Banks		
Repayable on Demand	7,516,200,000	3,419,500,000
Repayable within One Month	-	-
Repayable over One Month but within Six Months	16,000,000,000	2,000,000,000
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	-	-
	23,516,200,000	5,419,500,000
B-1 Payable on Demand		
Al-wadiah Current Deposits	6,666,580,847	6,330,698,909
Mudaraba Saving Deposits (9%)	2,388,273,806	2,396,389,754
Security Deposit Receipt	26,043,460	37,752,334
Sundry Deposits	3,304,945,797	2,967,310,663
	12,385,843,910	11,732,151,660



	31.12.2018 BDT	31.12.2017 BDT
B- 2 Other Deposits		
Mudaraba Saving Deposits (91%)	24,148,101,814	20,851,463,064
Mudaraba Term Deposits	186,840,633,000	195,765,021,849
Mudaraba Short Notice Deposits	12,348,478,680	10,972,314,952
Bills Payable (Note-11.2)	1,706,699,861	1,805,435,584
Bearer Certificates of Deposits	-	-
Mudaraba Deposit under Schemes (Note-11.5)	58,653,874,203	52,270,544,533
Foreign Currency Deposits	421,967,022	304,412,822
	284,119,754,580	281,969,192,804
11.1 Al-Wadiah Current Accounts & Other Deposit Accounts		
Al-wadiah Current Deposits	6,666,580,847	6,330,698,909
Mudaraba Short Notice Deposits	12,426,978,680	11,013,114,952
Sundry Deposits	3,304,945,797	2,967,310,663
Security Deposit Receipt	26,043,460	37,752,334
Foreign Currency Deposits	421,967,022	304,412,822
	22,846,515,806	20,653,289,680
11.1(a) Consolidated Al-Wadiah Current Accounts & Other Deposit Accounts		
First Security Islami Bank Limited (Note-11.1)	22,846,515,806	20,653,289,680
First Security Islami Capital & Investment Limited	-	-
Less: Inter-company transaction	(10,606,176)	(14,743,708)
	22,835,909,630	20,638,545,972
11.2 Bills Payable		
Pay Order Issued	1,704,730,927	1,803,436,447
Demand Draft Payable	1,810,693	1,839,383
Pay Slips Issued	158,241	159,754
	1,706,699,861	1,805,435,584
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	3,057,666,806	2,396,389,754
91% of total Mudaraba Savings Deposits	30,916,408,814	24,230,163,064
	33,974,075,620	26,626,552,818
11.4 Mudaraba Term Deposits including other Banks - Maturity wise Grouping		
Payable on Demand	3,858,799,722	2,087,374,389
Up to Three Months	98,415,099,856	83,920,667,194
From Three Months to Six Months	26,751,867,941	29,882,294,990
Above Six Months to One Year	73,680,695,024	81,738,793,340
Above One Year to Two Years	57,201,982	55,463,544
Above Two Years	76,968,475	80,428,392
	202,840,633,000	197,765,021,849

	31.12.2018 BDT	31.12.2017 BDT
11.5 Other Mudaraba Deposits		
Mudaraba Deposit under Schemes:		
Mudaraba Monthly Savings Scheme	11,543,222,117	10,825,120,703
Mudaraba Double Benefit Deposits Scheme	15,668,541,432	16,977,431,143
Mudaraba Monthly Benefit Scheme	5,282,646,835	6,213,479,979
Mudaraba Hajj Scheme	171,755,349	136,013,536
Mudaraba Marriage Scheme	2,811,534,495	1,943,342,915
Mudaraba Health Care Scheme	11,809,053,428	8,206,749,269
Mudaraba Education Deposit Scheme	2,172,452,622	1,630,643,020
Mudaraba Pension Deposit Scheme	1,095,218,300	961,749,022
Mudaraba Millionaire Deposit Scheme	1,788,926,366	1,448,219,097
Mudaraba Kroropoti Deposit Scheme	1,400,451,787	1,005,694,849
Mudaraba Triple Times Deposit Scheme	551,719,463	503,436,470
Mudaraba Four Times Deposit Scheme	2,053,837,397	1,879,396,083
Mudaraba Probashi Deposit Scheme	258,977,398	244,981,505
Mudaraba Money Plant Deposit Scheme	1,028,025	2,178,095
Mudaraba Gift Cheque	10,063,244	8,443,244
Mudaraba Griheni Deposit Scheme	280,009,463	222,022,826
Mudaraba New Generation Deposit Scheme	71,708,288	60,738,877
Mudaraba Cash Waqf. Deposit Scheme	977,375	903,900
Mudarabah Monthly Profit Scheme -1 Year	1,271,450,878	-
Mudarabah Monthly Profit Scheme -2 Year	410,299,941	-
	58,653,874,203	52,270,544,533
12 MUDARABA SUBORDINATED BOND	4,862,000,000	5,382,000,000

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 on 30/06/2018 and 31/12/2018.

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. We expect that the full amount of FSIBL 3rd Mudaraba Subordinated Bond will be subscribed within 31/03/2019.



	31.12.2018 BDT	31.12.2017 BDT
13 OTHER LIABILITIES		
Current Tax Liabilities (Note-13.1)	1,240,490,186	868,104,826
Accumulated Provision against Investments(Note-13.3)	9,326,969,361	7,104,408,396
Profit/Rent/Compensation Suspense Account (Note -13.4)	538,878,926	371,647,708
Accrued Profit and Expenses Payable (Note-13.5)	4,133,339,850	3,212,947,331
Provisions for diminution in value of Investments(Note-13.6)	153,349,849	90,209,472
Provisions for Other Assets	30,727,389	30,636,221
Provision for Zakat	88,149,726	71,588,157
Provident Fund	12,980	4,933
Benevolent Fund	4,550	3,233
Non-Resident Accounts	19,461,557	13,795,112
Compensation Realized	28,964,817	21,620,054
Others	95,862,653	18,378,722
	15,656,211,843	11,803,344,165
13.1 Current Tax Liabilities		
Provision for Tax		
Opening Balance	7,148,179,852	5,712,099,852
Add : Provision made during the year	1,594,884,048	1,436,080,000
	8,743,063,900	7,148,179,852
Advance Income Tax		
Opening Balance	6,280,075,026	5,035,549,724
Add : Tax paid during the year	1,222,498,688	1,244,525,302
	7,502,573,714	6,280,075,026
Net Tax Liabilities	1,240,490,186	868,104,826
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 assessment is not yet completed by DCT level and the return for the year 2017 has already been submitted.		
13.2 Provision for Investments during the year		
Specific Provision for Classified Investment	1,928,818,801	1,488,132,394
General Provision	249,758,709	450,600,000
Off -Balance Sheet exposure	43,983,455	76,946,199
	2,222,560,965	2,015,678,593
13.2 (a) Consolidated Provision for Investments during the year		
First Security Islami Bank Limited	2,222,560,965	2,015,678,593
First Security Islami Capital & Investment Limited	38,053,723	4,711,604
	2,260,614,688	2,020,390,197
13.3 Accumulated Provision for Investments		
Specific Provision for Classified Investments (Note -13.3.1)	5,930,586,195	4,001,767,394
General Provision (Note -13.3.2)	2,939,765,512	2,690,006,803
Off -Balance Sheet exposure (Note -13.3.3)	456,617,654	412,634,199
	9,326,969,361	7,104,408,396



	31.12.2018 BDT	31.12.2017 BDT
13.3.1 Movement in Specific Provision for Classified Investments		
Provision held at the beginning of the year	4,001,767,394	2,513,635,000
Less: Fully Provided Debts written off	-	-
Add: Recoveries of amounts previously written off	-	-
Add: Specific Provision for the year	1,928,818,801	1,488,132,394
	5,930,586,195	4,001,767,394
13.3.2 General Provision		
Provision held at the beginning of the year	2,690,006,803	2,239,406,803
Addition/(transfer) during the year	249,758,709	450,600,000
	2,939,765,512	2,690,006,803
13.3.3 Off-balance sheet exposure		
Provision held at the beginning of the year	412,634,199	335,688,000
Addition/(transfer) during the year	43,983,455	76,946,199
	456,617,654	412,634,199
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	-	-
Less: Amount Written off/waived during the year	-	-
Balance at the end of the year	33,768,518	33,768,518
B) Compensation Suspense Account		
Opening Balance	337,879,190	194,657,863
Add: Addition during the year	174,575,981	152,648,655
	512,455,171	347,306,518
Less: Recovered during the year	7,344,763	9,427,328
Less: Amount Written off/waived during the year	-	-
Balance at the end of the year	505,110,408	337,879,190
Total (A+B)	538,878,926	371,647,708
13.5 Accrued Profit and Expenses Payable		
Profit Payable on Deposit Accounts	3,477,871,287	2,966,515,321
Power and Electricity	2,421,780	2,506,020
Telephone	264,906	206,274
Office Rent	6,226,584	672,219
Wages	1,295,888	786,987
Insurance	12,749,011	3,137,664
Audit Fees	920,000	862,500
Online Clearing Parking Charges	1,004,950	1,004,950
Profit Payable on Mudaraba Subordinated Bond	192,071,686	54,459,485
Profit Payable on Borrowing from Bangladesh Bank	222,753,425	-
Others	215,760,333	182,795,911
	4,133,339,850	3,212,947,331

	31.12.2018 BDT	31.12.2017 BDT
13.6 Provisions for diminution in value of Investments in shares		
Opening Balance	90,209,472	63,866,911
Add: Addition during the year	63,140,377	26,342,561
Less: Adjustment for realized loss during the year	-	-
	153,349,849	90,209,472
13(a) CONSOLIDATED OTHER LIABILITIES		
First Security Islami Bank Limited (Note-13)	15,656,211,843	11,803,344,165
First Security Islami Capital & Investment Limited	360,785,668	322,630,052
	16,016,997,512	12,125,974,217
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		
784,099,340 Ordinary Shares of Taka 10 each issued	7,840,993,400	7,128,175,820
	7,840,993,400	7,128,175,820

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
Total		7,840,993,400	



14.3 Category of shareholding as at 31 December 2018	31.12.2018	31.12.2017
	BDT	BDT
<u>Name of Category</u>	<u>Percentage(%)</u>	<u>Percentage(%)</u>
Sponsors/Directors	37.60	34.20
Institutes	14.53	14.63
Non-Resident Bangladeshi	0.15	0.17
General Public	43.34	46.04
Foreign Investors	4.38	4.96
	100.00	100.00

14.4 Classification of Shareholders by holding position as at 31 December 2018	No. of Shares	No. of Shares
<u>Shareholding Range</u>		
Up to 500 Shares	3,030,014	3,558,605
501 to 5000 Shares	40,811,619	41,610,754
5001 to 10,000 Shares	18,862,482	19,584,230
10,001 to 20,000 Shares	24,092,498	21,973,917
20,001 to 30,000 Shares	15,331,648	13,507,821
30,001 to 40,000 Shares	9,641,276	8,248,171
40,001 to 50,000 Shares	6,507,670	8,151,156
50,001 to 100,000 Shares	23,812,113	25,523,189
100,001 to 1,000,000 Shares	79,377,544	83,962,262
Over 1,000,000 Shares	562,632,476	486,697,477
	784,099,340	712,817,582

14.5 Capital to Risk Weighted Assets Ratio (CRAR) Under Basel-III (Solo Basis)

Tier-1 Capital:

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

Paid up Capital	7,840,993,400	7,128,175,820
Statutory Reserve	3,556,551,892	2,950,454,362
Other Reserve	717,363,208	516,507,063
Retained Earnings	801,089,800	724,401,309
Adjustment for Deferred Tax Assets	(401,623,095)	(250,828,024)
Others (5% of Deferred Tax Assets)	20,081,155	12,541,401
	12,534,456,360	11,081,251,931

Additional Tier-1 Capital (AT-1)

	-	-
	12,534,456,360	11,081,251,931

Tier -2 Capital:

General Provision	3,396,383,166	3,102,641,002
Assets Revaluation Reserves	191,160,401	191,160,401
Subordinated Debt	4,862,000,000	5,382,000,000
Adjustment (Assets Revaluation Reserves @ 80%)	(152,928,321)	(114,696,241)
	8,296,615,246	8,561,105,162

A. Total Regulatory Capital

	20,831,071,606	19,642,357,093
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	31.12.2018 BDT	31.12.2017 BDT
B. Total Risk Weighted Assets	204,685,888,372	163,609,111,704
C. Capital to Risk Weighted Assets Ratio (CRAR) (A/B)*100	10.18	12.01
D. Common Equity Tier-1 To RWA (A -CET/B)*100	6.12%	6.77%
Requirement of Minimum CET-1 plus Capital Conservation Buffer	6.38%	5.75%
E. Tier-1 Capital to RWA (A -CET/B)*100	6.12%	6.77%
Requirement of Minimum Tier-1 Capital Ratio	6.00%	6.00%
F. Tier-2 Capital to RWA (A- AT/B)*100	4.05%	5.23%
G. Minimum Capital Requirement (MCR)	20,468,588,837	16,360,911,170
Capital Surplus /(Deficiency) against MCR (A-G)	362,482,769	3,281,445,923
H. Required Minimum Capital Plus Capital Conservation Buffer	24,306,449,244	18,406,025,067

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

Tier-1 Capital:

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

Paid up Capital	7,840,993,400	7,128,175,820
Statutory Reserve	3,556,551,892	2,950,454,362
Other Reserve	717,363,208	516,507,063
Retained Earnings	904,367,459	823,468,502
Non-controlling Interest	344,227,554	340,182,207
Adjustment for Deferred Tax Assets	(401,623,095)	(250,828,024)
Others (5% of Deferred Tax Assets)	20,081,155	12,541,401
	12,981,961,573	11,520,501,331
Additional Tier-1 Capital (AT-1)	-	-
	12,981,961,573	11,520,501,331

Tier -2 Capital:

General Provision	3,396,383,166	3,102,641,002
Assets Revaluation Reserves	191,160,401	191,160,401
Subordinated Debt	4,862,000,000	5,382,000,000
Adjustment (Assets Revaluation Reserves @ 80%)	(152,928,321)	(114,696,241)
	8,296,615,246	8,561,105,162
A. Total Regulatory Capital	21,278,576,819	20,081,606,493

B. Total Risk Weighted Assets

C. Capital to Risk Weighted Assets Ratio (CRAR) (A/B)*100	10.34%	12.21%
D. Common Equity Tier-1 To RWA (A -CET/B)*100	6.31%	7.00%
Requirement of Minimum CET-1 plus Capital Conservation Buffer	6.38%	5.75%
E. Tier-1 Capital to RWA (A -CET/B)*100	6.31%	7.00%
Requirement of Minimum Tier-1 Capital Ratio	6.00%	6.00%
F. Tier-2 Capital to RWA (A- AT/B)*100	4.03%	5.20%
G. Minimum Capital Requirement (MCR)	20,571,711,798	16,451,060,782
Capital Surplus /(Deficiency) against MCR (A-G)	706,865,021	3,630,545,711
H. Required Minimum Capital Plus Capital Conservation Buffer	24,428,907,760	18,507,443,380

	31.12.2018 BDT	31.12.2017 BDT
15 STATUTORY RESERVE		
Opening Balance	2,950,454,362	2,412,128,110
Add: Addition during the year	606,097,530	538,326,252
	3,556,551,892	2,950,454,362

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.

16 OTHER RESERVE		
Opening Balance	516,507,063	402,850,965
Add: Addition during the year	190,795,071	103,595,024
Add: Transferred from Asset Revaluation Reserve	10,061,074	10,061,074
	717,363,208	516,507,063

17 ASSETS REVALUATION RESERVE		
Opening Balance	352,137,580	362,198,654
Less: Transfer to Other Reserve	10,061,074	10,061,074
	342,076,506	352,137,580

The Bank revalued the entire land and building during the year 2012 by an independent valuation firm according to paragraph 36 of BAS-16 as per approval of the meeting of 129th Board of Directors of the Bank. As per BAS-16, Revaluation reserve is transferred to Other Reserve in each year during the lifetime of those assets.

18 RETAINED EARNINGS		
Opening Balance	724,401,308	736,050,186
Add: Post tax profit for the period	1,586,398,673	1,309,146,282
Less: Transfer to Statutory Reserve	606,097,530	538,326,252
Less: Transfer to Other Reserve	190,795,071	103,595,024
Less: Capitalized during the period	712,817,580	339,436,940
Less: Cash Dividend paid during the period	-	339,436,944
	801,089,800	724,401,308

18(a) CONSOLIDATED RETAINED EARNINGS		
First Security Islami Bank Limited (Note-18)	801,089,800	724,401,308
First Security Islami Capital & Investment Limited	103,277,659	99,067,195
	904,367,459	823,468,503

19 NON-CONTROLLING INTEREST		
Opening Balance	340,182,207	300,600,194
Add: Capital Increase in Subsidiary	-	-
Add: Transfer during the year	4,045,347	39,582,013
	344,227,554	340,182,207



	31.12.2018 BDT	31.12.2017 BDT
20 LETTER OF GUARANTEES		
Money for which the Bank is contingently liable in respect of guarantees are given favoring:		
Letters of Guarantee - Local	6,955,807,871	6,047,078,043
Letter of Guarantee - Foreign	12,073,780	32,781,475
	<u>6,967,881,651</u>	<u>6,079,859,518</u>
20.1 Money for Which the Bank is Contingently Liable in respect of Guarantees:		
Directors	-	-
Government	-	-
Banks and Other Financial Institutions	-	-
Others	6,967,881,651	6,079,859,518
	<u>6,967,881,651</u>	<u>6,079,859,518</u>
21 IRREVOCABLE LETTERS OF CREDIT		
Letters of Credit - Cash	4,171,637,189	5,759,547,020
Letter of Credit - Cash Inland	-	-
Back to Back letters of Credit - Local	419,757,968	227,561,868
Back to Back letters of Credit - Foreign	186,752,715	138,305,221
	<u>4,778,147,872</u>	<u>6,125,414,109</u>
22 BILLS FOR COLLECTION ISSUED BY THE BANK		
Foreign Documentary Bills	387,682,406	363,733,466
Outward Bills	3,300,000	500,000
Inland Documentary Bills	1,047,775,939	1,006,727,905
	<u>1,438,758,345</u>	<u>1,370,961,371</u>



	31.12.2018 BDT	31.12.2017 BDT
23 INVESTMENT INCOME		
Profit Received from:		
Bai Murabaha - General	1,777,609,078	1,295,259,818
Bai Murabaha Hypothecation	18,717,337,205	15,673,966,782
Bai Murabaha against MTD	2,507,693,090	1,985,896,817
Bai Murabaha Post Import (LTR)	474,477,868	524,653,434
Bai Murabaha Post Import (Pledge)	14,025,272	42,583,332
Bai Murabaha Real Estate	190,373	583,275
Bai Murabaha Import Bill	1,701,010,176	1,331,171,738
Investment in Placements	1,396,550,529	1,377,252,184
Bai Murabaha Import	351,891,759	151,226,661
Bai Murabaha Export	130,416,949	56,749,390
Bai Murabaha SME Investment	1,012,563,484	717,441,733
Bai-Murabaha (EMI) Investment	215,311,331	201,251,377
Bai-Murabaha(General) Under SME Invest	62,928,828	49,575,306
Bai-Murabaha Post Import(TR)-Under SME	59,777,286	42,017,072
Bai-Murabaha (EQI) Investment	1,740,531,410	1,394,731,631
Mudaraba Foreign Currency Investment (EDF)	43,364,544	34,568,281
Inland Documentary Bills Purchased (Foreign Currency Bills)	84,273,381	75,393,841
Bai Muajjal General	123,264	15
Pre-shipment Investment	23,320,650	18,917,755
HPSM Transport	145,210,426	182,524,974
HPSM Real Estate	875,170,160	820,409,554
HPSM Consumer	72,019,999	70,149,356
HPSM Agriculture	6,681,177	2,898,947
HPSM SME	18,002,697	11,553,071
HPSM HBL Commercial	1,289,539,993	1,133,800,844
HPSM Industrial	786,360,995	618,747,906
Rent on HPSM Scheme	113,781,883	130,998,640
HPSM House Building - Staff	31,228,794	24,446,971
Bai Muajjal	89,404	92,637
Agriculture Investment	263,597,204	249,549,603
Investment against Provident Fund (Staff)	1,289,249	903,738
Investment against Car Lease Scheme	102,984	468,496
Quard against MTDR	129,785	188,704
Wajira Bill Okalah	4,843,897	2,531,564
	33,921,445,124	28,222,505,447

23(a) CONSOLIDATED INVESTMENT INCOME

First Security Islami Bank Limited (Note-23)	33,921,445,124	28,222,505,447
First Security Islami Capital & Investment Limited	128,619,292	126,495,190
	34,050,064,416	28,349,000,637



	31.12.2018 BDT	31.12.2017 BDT
24 PROFIT PAID ON DEPOSITS		
Profit Paid on:		
Mudaraba Term Deposit	15,854,378,450	12,819,480,865
Mudaraba Double Benefit Deposits Scheme	1,857,969,285	2,008,381,007
Mudaraba Monthly Savings Scheme	1,179,413,941	1,108,099,040
Mudaraba Monthly Benefit Savings Scheme	449,459,207	781,854,554
Mudaraba Savings Deposits	1,002,710,559	681,617,374
Mudaraba Short Notice Deposits	713,905,147	515,526,408
MSB & Placement from Other Banks	1,429,715,928	272,455,070
Mudaraba Hajj Deposit Scheme	15,959,326	12,684,120
Mudaraba Student SB AC	6,957,746	6,055,976
Mudaraba Salary A/C	12,196,473	7,986,626
Mudaraba Senior Citizen AC	5,634,669	5,268,942
Mudaraba Marriage Scheme	236,753,832	160,219,475
Mudaraba Health Care Scheme	987,314,959	689,782,770
Mudaraba Education Deposit Scheme	194,526,815	141,848,642
Mudaraba Pension Deposit Scheme	110,287,743	94,594,954
Mudaraba Millionaire Deposit Scheme	167,000,513	135,290,298
Mudaraba Kroropoti Deposit Scheme	125,463,221	95,855,296
Mudaraba Triple Times Deposit Scheme	63,240,737	58,258,362
Mudaraba Four Times Deposit Scheme	221,193,824	200,132,330
Mudaraba Probashi Deposit Scheme	26,744,765	24,989,111
Mudaraba Money Plant Deposit Scheme	217,152	233,746
Mudaraba Griheni Deposit Scheme	25,903,255	20,297,593
Mudaraba Gift Cheque	309,329	389,572
Agent Savings A/C-Mobile Bank	1,853,153	1,476,610
Mudaraba New Generation Savings Scheme	7,347,677	6,254,544
Mudaraba New Generation Deposit Scheme	6,866,700	5,743,907
Mudaraba Shramajibi Savings	6,622,363	5,437,520
Mudaraba Cash Waqf. Deposit Scheme	221,773	127,105
Agent Banking Saving A/C	1,218,095	224,224
Agent Banking Float A/C	3,518,957	649,929
Mudaraba Monthly Profit 1 Year	16,769,718	-
Mudaraba Monthly Profit 2 Years	14,790,038	-
	24,746,465,350	19,861,215,970

25 INCOME FROM INVESTMENT IN SHARES & SECURITIES

Bangladesh Govt. Islamic Investment Bond	336,216,984	66,551,170
Dividend on Shares	11,032,249	7,427,987
Profit on Sale of Shares	12,819,495	19,627,877
Profit Received on MSB	40,950,000	42,000,000
	401,018,728	135,607,034



	31.12.2018 BDT	31.12.2017 BDT
25(a) CONSOLIDATED INCOME FROM INVESTMENT IN SHARES & SECURITIES		
First Security Islami Bank Limited (Note-25)	401,018,728	135,607,034
First Security Islami Capital & Investment Limited	28,581,187	18,224,831
	429,599,915	153,831,865
26 COMMISSION, EXCHANGE AND BROKERAGE		
Commission	621,839,564	570,921,096
Exchange Gain	155,497,704	225,167,660
Exchange Earning	215,970,397	280,484,044
Less: Exchange Loss	60,472,693	55,316,384
	777,337,268	796,088,756
26(a) CONSOLIDATED COMMISSION, EXCHANGE AND BROKERAGE		
First Security Islami Bank Limited (Note-26)	777,337,268	796,088,756
First Security Islami Capital & Investment Limited	29,676,758	56,872,198
	807,014,026	852,960,954
27 OTHER OPERATING INCOME		
Charges on Account Closing	10,745,985	9,182,696
Standing Instruction Charges	5,084,213	6,271,125
Gain/(Loss) on Sale of Fixed Assets	10,552,612	(11,492,856)
Service Charge on HP	-	17,400
Service Charge on Quard	2,573,628	3,341,529
Other Income (Note-27.1)	635,760,586	420,176,137
	664,717,024	427,496,031
27.1 Other Income		
Postage Recoveries - Local	116,949	101,154
Tel/Fax/E-mail Chg. Recoveries	19,133,284	16,796,550
Incidental Charge on Al-Wadiah CD A/C	34,257,753	33,041,139
Incidental Charge on Mudaraba SB A/C	174,851,124	71,788,053
Incidental Charge on Mudaraba SND A/C	5,283,399	7,582,207
Income from Online	25,089,109	22,314,071
Investment Processing Fee	45,250,700	29,944,272
Income from ATM	38,629,067	31,921,063
Income from SMS Banking Services	165,062,648	97,571,571
Income from Internet Banking Services	759,800	836,800
Miscellaneous Earnings	127,326,753	108,279,257
	635,760,586	420,176,137
27(a) CONSOLIDATED OTHER OPERATING INCOME		
First Security Islami Bank Limited (Note-27)	664,717,024	427,496,031
First Security Islami Capital & Investment Limited	3,033,479	3,164,850
	667,750,503	430,660,881

	31.12.2018 BDT	31.12.2017 BDT
28 SALARY & ALLOWANCES		
Basic Salary	932,749,586	845,585,711
Bonus	433,371,558	374,944,471
Allowances	1,603,087,431	1,291,821,789
Bank's Contribution to Staff Provident Fund	82,496,259	67,542,583
Gratuity	133,934,270	88,171,765
	3,185,639,104	2,668,066,319
28(a) CONSOLIDATED SALARY & ALLOWANCES		
First Security Islami Bank Limited (Note-28)	3,185,639,104	2,668,066,319
First Security Islami Capital & Investment Limited	14,412,206	15,780,549
	3,200,051,310	2,683,846,868
29 RENT, TAXES, INSURANCE, ELECTRICITY ETC.		
Rent	369,066,158	332,504,118
Insurance	159,255,358	151,356,875
Rates and Taxes	6,357,322	9,046,778
Water Charges	3,480,750	3,761,607
Gas Charges	1,796,893	1,932,652
Electric Bills	83,918,929	73,007,634
	623,875,410	571,609,664
29(a) CONSOLIDATED RENT, TAXES, INSURANCE, ELECTRICITY ETC.		
First Security Islami Bank Limited (Note-29)	623,875,410	571,609,664
First Security Islami Capital & Investment Limited	6,210,252	5,513,760
	630,085,662	577,123,424
30 LEGAL EXPENSES		
Legal fee & charges	253,848	438,297
Other legal expenses	12,163,180	7,296,625
	12,417,028	7,734,922
30(a) CONSOLIDATED LEGAL EXPENSES		
First Security Islami Bank Limited (Note-30)	12,417,028	7,734,922
First Security Islami Capital & Investment Limited	480,000	972,900
	12,897,028	8,707,822
31 POSTAGE, STAMP AND TELECOMMUNICATION ETC.		
Postage	8,554,880	7,783,389
Stamp	55,096	100,792
Telephone - Office	9,860,365	9,806,401
Telex, Fax and Email	8,645,182	6,525,032
Telephone - Residence	10,877	11,353
Data Communication	64,474,258	63,280,333
	91,600,658	87,507,300



	31.12.2018 BDT	31.12.2017 BDT
31 (a) CONSOLIDATED POSTAGE, STAMP AND TELECOMMUNICATION ETC.		
First Security Islami Bank Limited (Note-31)	91,600,658	87,507,300
First Security Islami Capital & Investment Limited	269,683	378,546
	91,870,341	87,885,846
32 STATIONERY, PRINTING AND ADVERTISEMENT ETC.		
Publicity and Advertisement	104,517,300	131,864,389
Printing and Stationery	51,994,770	47,477,815
Computer Stationery	3,919,530	3,303,817
	160,431,600	182,646,021
32 (a) CONSOLIDATED STATIONERY, PRINTING AND ADVERTISEMENT ETC.		
First Security Islami Bank Limited (Note-32)	160,431,600	182,646,021
First Security Islami Capital & Investment Limited	385,807	390,544
	160,817,407	183,036,565
33 MANAGING DIRECTOR'S SALARY AND FEES		
Basic Pay	4,445,322	3,867,339
House Rent Allowances	1,633,549	1,440,000
Leave Fare Allowances	1,345,161	1,200,000
Bonus	1,836,000	1,727,375
House Maintenance Allowances	1,693,549	1,500,000
Other Allowances	1,405,161	1,260,000
	12,358,742	10,994,714
33 (a) CONSOLIDATED MANAGING DIRECTOR'S SALARY AND FEES		
First Security Islami Bank Limited (Note-33)	12,358,742	10,994,714
First Security Islami Capital & Investment Limited	3,933,294	2,734,761
	16,292,036	13,729,475
34 DIRECTORS' FEES & EXPENSES		
Directors Fees	1,140,800	1,278,800
Meeting Expenses	936,184	144,000
	2,076,984	1,422,800
34 (a) CONSOLIDATED DIRECTORS' FEES & EXPENSES		
First Security Islami Bank Limited (Note-34)	2,076,984	1,422,800
First Security Islami Capital & Investment Limited	500,000	475,000
	2,576,984	1,897,800
35 SHARIAH SUPERVISORY COMMITTEE'S FEES & EXPENSES		
Shariah Council Meeting Expenses	167,200	64,000
	167,200	64,000
36 CONSOLIDATED AUDIT FEES		
First Security Islami Bank Limited	920,000	862,500
First Security Islami Capital & Investment Limited	150,000	143,750
	1,070,000	1,006,250



	31.12.2018 BDT	31.12.2017 BDT
37 DEPRECIATION AND REPAIRS OF BANK'S ASSETS		
Depreciation on Fixed Assets (Annexure - A)	393,870,787	370,609,044
Repairs:	92,469,250	73,779,308
Office equipment	20,184,438	16,694,469
Renovation and Repair of Office Premises	13,534,989	12,239,970
Furniture and Fixtures	1,620,393	1,284,636
Maintenance and Services of SWIFT	779,199	366,927
Maintenance of Routers	1,891,615	1,855,335
Elect. Fitt. Rep. & Replacement	5,890,846	4,836,049
Office Maintenance Expenses	12,530,676	17,455,034
Maintenance of Software	28,045,284	9,392,337
Maintenance Expenses of ATM Machine	6,116,810	7,453,285
Maintenance of Disaster Recovery Site	1,875,000	2,201,266
	486,340,037	444,388,352
37 (a) CONSOLIDATED DEPRECIATION AND REPAIRS OF FIXED ASSETS		
First Security Islami Bank Limited (Note-37)	486,340,037	444,388,352
First Security Islami Capital & Investment Limited	3,154,445	10,672,420
	489,494,482	455,060,772
38 OTHER EXPENSES		
Training, Seminar and Workshop	12,399,725	10,939,930
Entertainment	57,584,271	44,679,648
Traveling	32,089,930	36,406,455
Donation	330,179,681	265,086,264
Subscription	12,438,658	22,626,741
Newspaper and Periodicals	823,236	3,133,376
Wages	378,625,296	317,794,294
Conveyance	14,229,405	11,490,513
Business Development	58,552,462	75,171,141
Plantation	1,907,255	1,872,453
Liveries and Uniform	3,122,040	2,547,387
Photocopying	5,349,595	5,066,965
Generator Fuel	8,452,331	8,938,473
Car Expense	14,003,832	17,026,657
Cash Carrying	19,202,377	18,201,725
Washing and Cleaning	3,428,125	3,414,887
Cartage and Freight	64,655	44,520
Fire Extinguisher Refill	509,876	571,801
ATM Expenses	24,863,652	20,779,877
Meeting Expenses	8,733,866	12,132,766
Mobile Financial Service Expense	13,843,997	13,569,792
Bank Charges	654,159	544,721
Agent Banking Expenses	18,020,452	1,202,314
Sundry Expenses	18,717,269	16,421,216
	1,037,796,145	909,663,916

	31.12.2018 BDT	31.12.2017 BDT
38 (a) CONSOLIDATED OTHER EXPENSES		
First Security Islami Bank Limited (Note-38)	1,037,796,145	909,663,916
First Security Islami Capital & Investment Limited	46,517,242	44,530,354
	1,084,313,387	954,194,270
39 DEFERRED TAX INCOME/(EXPENSE)		
Closing balance of Deferred Tax Assets (Note-8.3)	401,623,095	250,828,024
Less: Opening balance of Deferred Tax Assets	(250,828,024)	(197,233,000)
Deferred Tax Income during the year	150,795,071	53,595,024
40 EARNINGS PER SHARE		
Profit after taxation	1,586,398,673	1,309,146,282
Less: Preference dividend	-	-
Profit attributable to ordinary shareholders	1,586,398,673	1,309,146,282
Weighted average number of shares outstanding	784,099,340	784,099,340
Earnings Per Share (EPS) (Restated)	2.02	1.67

Earnings per share has been calculated as per BAS-33: "Earnings Per Share".

40 (a) CONSOLIDATED EARNINGS PER SHARE

Profit after taxation	1,594,654,484	1,389,925,900
Less: Preference dividend	-	-
Less: Profit attributable to Minority	4,045,347	39,582,013
Profit attributable to ordinary shareholders of parent	1,590,609,137	1,350,343,887
Weighted average number of shares outstanding	784,099,340	784,099,340
Earnings Per Share (EPS) (Restated)	2.03	1.72

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

As per BAS-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 2018. Diluted earnings per share was not required to calculate as there were no dilution possibilities during the year.

41 NET ASSET VALUE PER SHARE (NAV)

Net Asset Value	13,258,074,806	11,671,676,133
Weighted average number of shares outstanding	784,099,340	784,099,340
	16.91	14.89

41 (a) CONSOLIDATED NET ASSET VALUE PER SHARE (NAV)

Net Asset Value	13,361,352,465	11,770,743,328
Weighted average number of shares outstanding	784,099,340	784,099,340
	17.04	15.01



	31.12.2018 BDT	31.12.2017 BDT
42 NET OPERATING CASH FLOWS PER SHARE (NOCFPS)		
Net Cash Inflow/(Outflow) from Operating Activities	(4,271,172,790)	(9,119,624,556)
Weighted average number of shares outstanding	784,099,340	784,099,340
	(5.45)	(11.63)
42 (a) CONSOLIDATED NET OPERATING CASH FLOWS PER SHARE (NOCFPS)		
Net Cash Inflow/(Outflow) from Operating Activities	(4,244,094,522)	(8,995,600,549)
Weighted average number of shares outstanding	784,099,340	784,099,340
	(5.41)	(11.47)
* Note no. 40 to 42(a) weighted average number of shares outstanding as on 31 December 2017 has been restated.		
43 RECEIPTS FROM OTHER OPERATING ACTIVITIES		
Charges on Account Closing	10,745,985	9,182,696
Standing Instruction Charges	5,084,213	6,271,125
Service Charge on HP	-	17,400
Service Charge on Quard	2,573,628	3,341,529
Other Receipts	635,760,586	420,176,137
	654,164,412	438,988,887
43 (a) CONSOLIDATED RECEIPTS FROM OTHER OPERATING ACTIVITIES		
First Security Islami Bank Limited (Note-43)	654,164,412	438,988,887
First Security Islami Capital & Investment Limited	31,614,666	21,389,681
	685,779,078	460,378,568
44 PAYMENT FOR OTHER OPERATING ACTIVITIES		
Rent, Taxes, Insurances, Electricity etc.	623,875,410	571,609,664
Legal Expenses	12,417,028	7,734,922
Postage, Stamps, Telecommunications etc.	91,600,658	87,507,300
Auditors' Fees & Expenses	862,500	730,250
Directors' fees	2,076,984	1,422,800
Shariah Supervisory Committee's Fees & Expenses	167,200	64,000
Other Expenses	1,037,796,145	909,663,916
	1,768,795,925	1,578,732,852
44 (a) CONSOLIDATED PAYMENT FOR OTHER OPERATING ACTIVITIES		
First Security Islami Bank Limited (Note-44)	1,768,795,925	1,578,732,852
First Security Islami Capital & Investment Limited	57,588,051	53,814,084
	1,826,383,976	1,632,546,936



	31.12.2018 BDT	31.12.2017 BDT
45 INCREASE /DECREASE OF OTHER ASSETS		
Accrued Income	860,516,476	802,817,226
Advances, Deposits and Prepayment	4,225,750,519	3,498,596,709
Stock of Stationery	39,911,240	37,737,078
Suspense Account	14,310,468	29,108,446
Advance Deposits	5,669,441	23,343,193
Stamps on Hand	3,648,585	3,225,705
Protested Bills	61,454,778	61,272,443
Agent Banking Asset	1,862,148	1,483,459
	5,213,123,655	4,457,584,259
(Increase)/Decrease during the year	(755,539,396)	(444,358,467)

45 (a) CONSOLIDATED INCREASE /DECREASE OF OTHER ASSETS

First Security Islami Bank Limited (Note-45)	(755,539,396)	(444,358,467)
First Security Islami Capital & Investment Limited	(103,608,438)	(258,448,748)
	(859,147,834)	(702,807,215)

46 INCREASE /DECREASE OF OTHER LIABILITIES

Profit/Rent/Compensation Suspense Account	538,878,926	371,647,708
Accrued profit and Expenses Payable	4,133,339,850	3,212,947,331
Provident Fund	12,980	4,933
Benevolent Fund	4,550	3,233
Non-Resident Accounts	19,461,557	13,795,112
Compensation Realized	28,964,817	21,620,054
Others	95,862,653	18,378,721
	4,816,525,332	3,638,397,092
Increase /(Decrease) during the year	1,178,128,241	390,069,433

46 (a) CONSOLIDATED INCREASE /DECREASE OF OTHER LIABILITIES

First Security Islami Bank Limited (Note-46)	1,178,128,241	390,069,433
First Security Islami Capital & Investment Limited	(24,746,652)	170,797,836
	1,153,381,589	560,867,269



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 Bangladesh Accounting Standard 24 (BAS: 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	9,145,812
Northern General Insurance Company Ltd.	Deposit	Common Director	34,527,021
Reliance Finance Ltd.	Deposit	Common Director	5,059,263
Reliance Finance Ltd.	Balance with NBFi(MTDR)	Common Director	13,603,700,000
Reliance Finance Ltd.	Subordinated Bond	Common Director	360,000,000
First Security Islami Capital & Investment Limited	Deposit	Common Director	10,606,176
First Security Islami Capital & Investment Limited	Investment	Common Director	268,474,415
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

	2018	2017
Basic Pay	4,445,322	3,867,339
House Rent Allowances	1,633,549	1,440,000
Leave Fare Allowances	1,345,161	1,200,000
Bonus	1,836,000	1,727,375
House Maintenance Allowances	1,693,549	1,500,000
Other Allowances	1,405,161	1,260,000
	12,358,742	10,994,714



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	<p>Chairman/Board of Director: 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.</p> <p>Managing Director: S. Alam Steels Ltd. S. Alam Cement Ltd. S. Alam Brothers Ltd. S. Alam Hatchery Ltd. S. Alam Trading Company (Pvt.) Ltd. S. Alam Bag Manufacturing Mills Ltd. S. Alam Soyaseed Extraction Plant Ltd. S. Alam Refined Sugar Industries Ltd. S. Alam Cold Rolled Steels 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.</p> <p>Director: Northern General Insurance Co. Ltd.</p> <p>Sponsor Shareholder: Al-Arafah Islami Bank Ltd. S. Alam Super Edible Oil Ltd. S. Alam Vegetable Oil Ltd.</p> <p>Shareholder: Padma Islami Life Insurance Ltd.</p> <p>Proprietor: S. Alam & Co.</p>



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



Sl. No	Name of the Directors	Status with the Bank	Names of firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee, etc.
4	Ms. Rahima Begum	Director	Chairman: Marsa Aviation Ltd. M/s. Mortoza Assets Ltd. Marsa Transport Ltd. Managing Director : Marsa Fishing Ltd. Director: Marsa Food & Beverage Ltd. Parkview Hospitals Limited
5	Ms. Atikur Nessa	Director	Proprietor: Atiqur Nisa Enterprise Partner: Rafe Enterprise Khorshed Paribahan Sangstha Shareholder: Reliance Finance Ltd.
6	Mohammad Ishaque	Independent Director	A retired Bureaucrat.
7	Ahmed Muktadir Arif	Independent Director	Brigadier General (Retired) Bangladesh Army.
8	Khandkar Iftekhar Ahmad	Nominated Director (Pusti Vegetable Ghee Ltd.)	Air Commodore (Retired) Bangladesh Air Force.
9	Dr. Momtaz Uddin Ahmed	Independent Director	University Teacher Honorary Professor
10	Badrun Nessa	Nominated Director (Padma Export Import & Trading Co. Ltd.)	Director: Excel Dyeing & Printing Ltd. Proprietor: M/s. Moni Traders
11	Md. Wahidul Alam Seth	Director	Managing Director : Excel Dyeing & Printing Ltd. Director: Reliance Brokerage Services Ltd. Proprietor: D G Print, INTRA, Staple Food B. Nawab Real Estate (defunct.)



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	Jamal Mostafa Chowdhury	Nominated Director (Honeywell Securities Corporation Limited)	Chairman: J.M.C. Builders (Pvt.) Ltd. J.M.C.Shipping Lines (Pvt.) Ltd. Managing Director : Mostafa Salt Industries (Pvt.) Ltd., Moon Express (Pvt.) Ltd. Proprietor: M/s. Mostafa Brothers, M/s. J.M. Chowdhury Complex, M/s. J.M.C Trading.
13	Mollah Fazle Akbar	Nominated Director (Victor Trade International)	Lieutenant General (Retired),ndc,psc,Phd. Bangladesh Army.

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

The financial statements were approved by the Board of Directors in its 207th meeting held on 28 March 2019. The Board of Directors in its 207th meeting held on 28 March 2019 recommended 10% stock dividend for eligible shareholders for the year 2018 to be approved in the Annual General Meeting.

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 Muktadir Arif	Independent Director	Chairman
Mohammad Ishaque	Independent Director	Member
Dr. Momtaz Uddin Ahmed	Independent Director	Member

b) During the year under review, the Audit Committee of the Board conducted 04 (Four) meetings.

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

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



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

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

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

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

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

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

52 Number of Employees

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


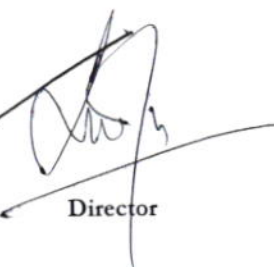
	2018	2017
Executives and Officers	3,189	2,993
Members of Staff (Contractual)	709	647
	3,898	3,640

53 Coverage of External Audit:

The external auditor of the Bank, M/s Hoda Vasi Chowdhury & Co., Chartered Accountants worked about in excess of 3,000 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 2018 was Tk. 10.90 at Dhaka Stock Exchange (DSE) and Tk. 10.90 at Chittagong Stock Exchange (CSE).


Managing Director
 Dhaka, 28 March 2019

Director


Director


Vice Chairman



FIRST SECURITY ISLAMI BANK LIMITED
STATEMENT OF FIXED ASSETS
AS AT 31 DECEMBER 2018

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 2018
	Balance as on 01 January 2018	Addition during the Year	Sales/Transfer during the Year	Balance as on 31 December 2018	Balance as on 01 January 2018	Charge for the Year	Adjustment on sale/transfer during the Year	Balance as on 31 December 2018	
Land	96,546,000	-	-	96,546,000	-	-	-	-	96,546,000
Building	1,429,210,470	-	-	1,429,210,470	166,682,866	35,730,262	-	202,413,128	1,226,797,342
Furniture & Fixtures	1,950,734,800	53,802,855	4,119,309	2,000,418,346	713,283,901	127,561,650	2,467,877	838,377,674	1,162,040,672
Office Equipment	1,499,800,895	196,819,679	20,412,282	1,676,208,292	785,287,736	165,022,392	11,054,486	939,255,642	736,952,650
Vehicles	219,019,134	20,334,000	38,960,813	200,392,321	136,247,370	34,848,461	36,120,257	134,975,574	65,416,747
Books	614,868	4,243	-	619,111	449,085	32,372	-	481,457	137,654
Total	5,195,926,167	270,960,777	63,492,404	5,403,394,540	1,801,950,958	363,195,137	49,642,620	2,115,503,475	3,287,891,065

Software-Amortization

Software -Core Banking	175,687,195	77,950,000	-	253,637,195	84,070,133	30,675,650	-	114,745,783	138,891,412
Total Dec' 2018	5,371,613,362	348,910,777	63,492,404	5,657,031,735	1,886,021,091	393,870,787	49,642,620	2,230,249,258	3,426,782,477
Total Dec' 2017	5,000,198,481	443,166,149	71,751,268	5,371,613,362	1,569,467,542	370,609,044	54,055,495	1,886,021,091	3,485,592,271



First Security Islami Bank Limited
Financial Highlights (Solo)
As at and for the year ended 31 December 2018

SL #	Particulars	31.12.2018	31.12.2017
1	Paid-up Capital	7,840,993,400	7,128,175,820
2	Total Capital Fund	20,831,071,606	19,642,357,093
3	Capital Surplus/(deficit) against Minimum Capital Requirement	362,482,769	3,281,445,923
4	Total Assets	371,335,783,344	337,459,404,268
5	Total Deposits	320,021,798,490	299,120,844,464
6	Total Investments	311,684,988,928	273,593,618,710
7	Total Contingent Liabilities and Commitments	47,097,223,699	41,263,419,860
8	Investment Deposit Ratio (in %) *	93.15%	87.78%
9	Percentage of Classified Investments against total Investments(in %)	3.34%	3.07%
10	Profit after tax & provision	1,586,398,673	1,309,146,282
11	Amount of Classified Investments	10,421,400,286	8,397,744,459
12	Provision kept against Classified Investments	5,930,586,195	4,001,767,394
13	Provision Surplus/(deficit)	1,000,000	-
14	Cost of Fund	9.66%	8.62%
15	Profit Earning Assets	342,354,135,383	303,742,528,273
16	Non-profit Earning Assets	28,981,647,961	33,716,875,995
17	Return on Investment in Shares & securities(ROI)(in %)	2.51%	0.88%
18	Return on Assets (ROA)(in %)	0.45%	0.41%
19	Income from Investment in Shares and Securities	401,018,728	135,607,034
20	Earnings Per Share (EPS)-Restated	2.02	1.67
21	Net Income Per Share (Tk.)	2.02	1.67
22	Price Earnings Ratio (Times)	5.39	8.33

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

