

A large yellow frame graphic that is open at the bottom. It consists of a thick yellow line forming a rectangle that is slightly tilted, with the top edge higher than the bottom edge. The frame is open at the bottom, where three small yellow squares are placed in a row, followed by a long horizontal yellow bar that completes the bottom edge of the frame.

**Independent Auditors' Report  
&  
Audited Financial Statements  
of  
FIRST SECURITY ISLAMI BANK LIMITED  
and its Subsidiaries**

**As at & for the year ended 31 December 2017**



**A. QASEM & Co.**  
Chartered Accountants Since 1953

Gulshan Pink City  
Suites # 01-03, Level: 7, Plot # 15, Road # 103  
Block-CEN (C), Gulshan Avenue, Dhaka-1212  
Bangladesh

Phone: 880-2-8881824-6  
Fax : 880-2-8881822  
Email : aqasem@aqcbd.com

**Hoda Vasi  
Chowdhury & Co**

**Chartered Accountants**

National Office  
BTMC Bhaban (7<sup>th</sup> & 8<sup>th</sup> Level)  
7-9 Karwan Bazar Commercial Area  
Dhaka-1212, Bangladesh

Phone: 880-2-9120090, 9140094, 8189323, 8189324  
Fax : 880-2-8119298  
Email : www.hodavasi.com

## **Independent Auditors' Report to the Shareholders of First Security Islami Bank Limited**

### **Report on the consolidated Financial Statements**

We have audited accompanying 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 2017, consolidated and separate profit and loss accounts, consolidated and separate Balance Sheets as at 31 December 2017 and consolidated and separate cash flow statements for the year then ended, and a summary significant accounting policies and other explanatory information disclosed in notes 1 to 51.

### **Management's responsibility for the Consolidated Financial Statements**

Management of the Bank is responsible for the preparation and fair representation of these consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRS) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that are free from material misstatements, whether due to fraud or error. The Bank Companies Act, 1991(as amended in the year 2013) and the local central bank (Bangladesh Bank) regulations required 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements of the Group and the separate financial statements of the Bank based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements of the Group and the separate financial statements of the Bank are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and separate financial statements of the Bank. The procedures selected depend on our judgment, including the assessment of the risk of material misstatements of the consolidated financial statements of the Group and the separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements of the Group and separate financial statements of the Bank that give a true and fair view in order to design audit procedure that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank are prepared and maintained according to Bangladesh Accounting Standards (BAS) and reported in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in Note 2 give a true and fair view of the consolidated financial position of the group and also separate financial position of the Bank as at 31 December 2017, and of its consolidated and separate financial performance of its consolidated and separate cash flows for the year then ended and comply with the Companies Act 1994 and Banking Companies Act 1991(as amended in the year 2013).

### **Report on other legal and regulatory requirements**



**A. QASEM & Co.**  
Chartered Accountants Since 1953

Gulshan Pink City  
Suites # 01-03, Level: 7, Plot # 15, Road # 103  
Block-CEN (C), Gulshan Avenue, Dhaka-1212  
Bangladesh

Phone: 880-2-8881824-6  
Fax : 880-2-8881822  
Email : aqasem@aqcbd.com

**Hoda Vasi  
Chowdhury & Co**

**Chartered Accountants**

National Office  
BTMC Bhaban (7<sup>th</sup>& 8<sup>th</sup> Level)  
7-9 Karwan Bazar Commercial Area  
Dhaka-1212, Bangladesh

Phone: 880-2-9120090, 9140094, 8189323, 8189324  
Fax : 880-2-8119298  
Email : www.hodavasi.com

In accordance with the Companies Act 1994, Securities and Exchange Rules 1987, the Bank Company Act, 1991(as amended in the year 2013) the rules and regulations issued by Bangladesh Bank, we also report the following:

- i. we have obtained all the information and explanation 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 procedure practicable for the respective job of the Group and the Bank to the financial statements appeared to be materially adequate;
  - b) nothing has come to our attention regarding material instances of forgeries or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;
- iii. financial statements of subsidiary company of the Bank namely First Security Islami Capital and Investment Limited have been audited by ShafiqBasak& Co. and First Security Islami Exchange Italy S.R.L have been audited by STEFANO SALIMEL, DOTTORE COMMERCIALISTA and have been properly reflected in the consolidated financial statements;
- iv. in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books and proper return adequate for the purpose of our audit have been received from branches not visited by us;
- v. the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank together with the annexed Notes dealt with by the report are in agreement with the books of account and returns;
- vi. the expenditure incurred was for the purposes of the Bank's business;
- vii. 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 with related guidance issued by Bangladesh Bank;
- viii. adequate provisions have been made for investments which are, in our opinion, doubtful of recovery and as per decision taken in tripartite meeting amongst Inspection Team of Bangladesh Bank, External Auditors and the Management of First Security Islami Bank Limited held on 16 th April 2018 and subsequent letter issued by Bangladesh Bank letter no. DBI-4/42(5)/2018-769, dated 18 April 2018;
- ix. the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- x. the information and explanation required by us have been received and found satisfactory;
- xi. we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 1,500 person hours during the audit;
- xii. Minimum capital to Risk Weighted Assets Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year;

**A. Qasem & Co.**  
Chartered Accountants

**HodaVasi Chowdhury & Co.**  
Chartered Accountants

Dated, Dhaka  
Wednesday, 25 April 2018

**FIRST SECURITY ISLAMI BANK LIMITED**  
**Consolidated Balance Sheet**  
**As at 31 December 2017**

	Notes	2017 BDT	2016 BDT
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	3 (a)	<b>25,177,139,774</b>	<b>32,300,518,914</b>
In hand (including foreign currencies)		1,691,479,252	1,709,030,260
Balance with Bangladesh Bank and its Agent Bank(s) (including foreign currencies)		23,485,660,522	30,591,488,654
<b>Balance with other Banks and Financial Institutions</b>	4.1(a)	<b>641,309,944</b>	<b>512,084,739</b>
In Bangladesh		82,762,601	79,825,798
Outside Bangladesh		558,547,343	432,258,941
<b>Placement with Banks &amp; Other Financial Institutions</b>	4.2	<b>13,603,700,000</b>	<b>14,509,000,000</b>
<b>Investments in Shares &amp; Securities</b>	5(a)	<b>16,099,534,554</b>	<b>14,855,836,534</b>
Government		15,000,000,000	13,900,000,000
Others		1,099,534,554	955,836,534
<b>Investments</b>		<b>273,352,470,705</b>	<b>225,889,892,521</b>
General Investment etc.	6.A(a)	272,697,811,880	225,345,248,091
Bills Purchased and Negotiated	6.B	654,658,825	544,644,430
<b>Fixed Assets Including Premises, Furniture &amp; Fixtures and Intangible Assets</b>	7(a)	<b>3,473,092,894</b>	<b>3,450,117,792</b>
<b>Other Assets</b>	8(a)	<b>12,114,221,889</b>	<b>10,126,652,594</b>
<b>Non Banking Assets</b>	9	<b>25,145,280</b>	<b>25,145,280</b>
<b>Total Assets</b>		<b>344,486,615,040</b>	<b>301,669,248,374</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Placement from Banks &amp; Other Financial Institutions</b>	10 (a)	<b>9,481,539,506</b>	<b>711,115,048</b>
<b>Deposits and Other Accounts</b>		<b>299,106,100,756</b>	<b>274,224,785,993</b>
Al-Wadia Current Deposits and Other Deposit Accounts	11.1(a)	20,638,545,972	15,946,290,541
Bills Payable	11.2	1,805,435,584	1,477,937,977
Mudaraba Savings Deposits	11.3	26,626,552,818	18,421,853,013
Mudaraba Term Deposits	11.4	197,765,021,849	188,431,972,412
Other Mudaraba Deposits	11.5	52,270,544,533	49,946,732,050
<b>Mudaraba Subordinated Bond</b>	12	<b>5,382,000,000</b>	<b>1,382,000,000</b>
<b>Other Liabilities</b>	13(a)	<b>18,406,049,243</b>	<b>14,290,910,754</b>
<b>Total Liabilities</b>		<b>332,375,689,505</b>	<b>290,608,811,795</b>
<b>Capital/Shareholders' equity</b>			
Paid-up Capital	14.1	7,128,175,820	6,788,738,880
Statutory Reserve	15	2,950,454,362	2,412,128,110
Other Reserve	16	516,507,063	402,850,965
Asset Revaluation Reserve	17	352,137,580	362,198,654
Retained Earnings	18(a)	823,468,503	793,919,776
<b>Total Shareholders' Equity</b>		<b>11,770,743,328</b>	<b>10,759,836,385</b>
Non-controlling Interest	19	340,182,207	300,600,194
<b>Total Liabilities and Shareholders' Equity</b>		<b>344,486,615,040</b>	<b>301,669,248,374</b>

**FIRST SECURITY ISLAMI BANK LIMITED**  
**Consolidated Balance Sheet**  
**As at 31 December 2017**

	Notes	2017 BDT	2016 BDT
<b>OFF- BALANCE SHEET ITEMS</b>			
<b>Contingent Liabilities</b>			
Acceptances and Endorsements		27,687,184,862	21,750,937,662
Letters of Guarantee	20	6,079,859,518	6,317,021,800
Irrevocable Letters of Credit	21	6,125,414,109	4,335,806,257
Bills for Collection	22	1,370,961,371	1,165,010,799
Other Contingent Liabilities		-	-
<b>Total</b>		<b><u>41,263,419,860</u></b>	<b><u>33,568,776,518</u></b>
<b>Other Commitments</b>			
Documentary Credits And Short Term Trade Related Transactions		-	-
Forward Assets Purchased And Forward Deposits Placed		-	-
Undrawn Note Issuance And Revolving Underwriting Facilities		-	-
Undrawn Formal Standby Facilities, Credit Lines And Other Commitments		-	-
<b>Total</b>		<b><u>-</u></b>	<b><u>-</u></b>
<b>Total Off -Balance Sheet Items Including Contingent Liabilities</b>		<b><u>41,263,419,860</u></b>	<b><u>33,568,776,518</u></b>

The annexed notes (1 to 51) form an integral part of these financial statements.

**Managing Director**

**Director**

**Director**

**Chairman**

Signed as per annexed report on even date.

**A. Qasem & Co.**  
Chartered Accountants

**Hoda Vasi Chowdhury & Co.**  
Chartered Accountants

Dated, Dhaka  
Wednesday, April 25, 2018

**FIRST SECURITY ISLAMI BANK LIMITED**  
**Consolidated Profit and Loss Account**  
**For the year ended 31 December 2017**

	Notes	2017 BDT	2016 BDT
Investments Income	23(a)	28,349,000,637	26,395,273,387
Profit Paid on Deposits	24	(19,861,215,970)	(19,070,214,244)
<b>Net Investment Income</b>		<b>8,487,784,667</b>	<b>7,325,059,143</b>
Income from Investment in shares and securities	25(a)	153,831,865	(63,638,223)
Commission, Exchange and Brokerage	26(a)	852,960,954	502,152,520
Other Operating Income	27(a)	430,660,881	374,366,872
		<b>1,437,453,700</b>	<b>812,881,169</b>
<b>Total Operating Income</b>		<b>9,925,238,367</b>	<b>8,137,940,312</b>
<b>Less: Operating Expenses</b>			
Salary and Allowances	28(a)	2,686,581,629	2,243,307,464
Rent, Taxes, Insurances, Electricity etc.	29(a)	577,123,424	517,208,547
Legal Expenses	30(a)	8,707,822	6,424,741
Postage, Stamps, Telecommunication etc.	31 (a)	87,885,846	86,564,139
Stationery, Printings, Advertisements etc.	32 (a)	183,036,565	190,250,957
Managing Director's Salary and Fees	33	10,994,714	10,395,403
Directors' Fees & Expenses	34 (a)	1,897,800	2,855,400
Shariah Supervisory Committee's Fees & Expenses	35	64,000	184,000
Auditor's Fees	36	1,006,250	874,000
Depreciation & Repair of Bank's Assets	37 (a)	455,060,772	424,306,180
Zakat Expenses		71,588,157	50,248,608
Other Expenses	38 (a)	954,194,270	876,696,467
<b>Total Operating Expenses</b>		<b>5,038,141,249</b>	<b>4,409,315,906</b>
<b>Profit before Provision and Tax</b>		<b>4,887,097,118</b>	<b>3,728,624,406</b>
Provisions for Investments including off-B/S items	13.2 (a)	2,020,390,197	1,285,643,508
Provisions for Diminution in Value of Investment in Shares		22,626,046	(112,735,890)
Provision for Other Assets		30,280,221	-
<b>Total Provisions</b>		<b>2,073,296,464</b>	<b>1,172,907,618</b>
<b>Total Profit before Taxes</b>		<b>2,813,800,654</b>	<b>2,555,716,788</b>
Provision for Current Tax		1,477,469,778	1,145,386,558
Deferred Tax Income	39	(53,595,024)	-
<b>Total Provisions for Tax</b>		<b>1,423,874,754</b>	<b>1,145,386,558</b>
<b>Net Profit after Tax</b>		<b>1,389,925,900</b>	<b>1,410,330,230</b>
Retained Earnings from Previous Year		793,919,776	555,733,247
		<b>2,183,845,676</b>	<b>1,966,063,476</b>
<b>Appropriations:</b>			
Statutory Reserve		538,326,252	509,881,316
Other Reserve		103,595,024	317,233,000
Bonus Share Issued		339,436,940	-
Cash Dividend Paid		339,436,944	342,409,037
Non-controlling Interest		39,582,013	2,620,348
		<b>1,360,377,173</b>	<b>1,172,143,701</b>
Retained Earnings Carried Forward		<b>823,468,503</b>	<b>793,919,776</b>
<b>Earnings Per Share (EPS)</b>	40 (a)	<b>1.89</b>	<b>1.97</b>

The annexed notes (1 to 51) form an integral part of these financial statements.

Managing Director

Director

Director

Chairman

Signed as per annexed report on even date.

A. Qasem & Co.  
Chartered Accountants

Hoda Vasi Chowdhury & Co.  
Chartered Accountants

Dated, Dhaka  
Wednesday, April 25, 2018

**FIRST SECURITY ISLAMI BANK LIMITED**  
**Consolidated Cash Flow Statement**  
**For the year ended 31 December 2017**

	Notes	2017 BDT	2016 BDT
<b>A. Cash Flows from Operating Activities</b>			
Investment Income Receipt		27,674,362,458	25,480,515,560
Profit paid on Deposits		(16,840,241,164)	(16,248,205,289)
Dividend Receipts		7,427,987	10,152,597
Fees & Commission Receipt		852,960,954	502,152,520
Payment to Employees		(2,697,576,343)	(2,253,702,867)
Payment to Suppliers		(267,097,749)	(266,202,449)
Income Tax Paid		(1,245,487,859)	(963,003,411)
Receipts from Other Operating Activities	41 (a)	460,378,568	372,243,570
Payment for Other Operating Activities	42 (a)	(1,632,546,936)	(1,493,453,220)
<b>Operating Profit before changes in Operating Assets &amp; Liabilities</b>		<b>6,312,179,916</b>	<b>5,140,497,011</b>
<b>Increase/(Decrease) in Operating Assets &amp; Liabilities</b>			
Investments to Customers		(46,967,711,679)	(40,601,612,469)
Other Assets	43 (a)	(702,807,215)	1,455,357,056
Deposits Received from Customers		22,126,146,702	42,548,083,074
Other Liabilities	44 (a)	560,867,269	(317,205,543)
<b>Cash Generated from Operating Assets &amp; Liabilities</b>		<b>(24,983,504,923)</b>	<b>3,084,622,119</b>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>		<b>(18,671,325,007)</b>	<b>8,225,119,130</b>
<b>B. Cash Flows from Investing Activities</b>			
Investment in Shares and Securities		(1,243,698,020)	(1,514,977,637)
Purchase of Property, Plant and Equipment		(421,621,339)	(549,609,940)
Sale of Property, Plant and Equipment		6,202,917	2,123,302
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>		<b>(1,659,116,442)</b>	<b>(2,062,464,275)</b>
<b>C. Cash Flows from Financing Activities</b>			
Receipt/(Payment) of Mudaraba Subordinated Bond		4,000,000,000	(500,000,000)
Increase/(Decrease) in Placement from Banks & FIS		8,770,424,458	(471,083,098)
Dividend Paid in Cash		(339,436,944)	(342,409,037)
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>		<b>12,430,987,514</b>	<b>(1,313,492,135)</b>
<b>D. Net Increase/(Decrease) of Cash &amp; Cash Equivalents (A+B+C)</b>		<b>(7,899,453,935)</b>	<b>4,849,162,720</b>
Effect of Exchange Rate Change on Cash & Cash Equivalents		-	-
<b>E. Opening Cash &amp; Cash Equivalents</b>		<b>47,321,603,653</b>	<b>42,472,440,933</b>
<b>F. Closing Cash &amp; Cash Equivalents (D+E)</b>		<b>39,422,149,718</b>	<b>47,321,603,653</b>
<b>The above closing Cash and Cash Equivalents include:</b>			
Cash in Hand (Including Foreign Currencies)		1,691,479,252	1,709,030,260
Balance with Bangladesh Bank and its Agent Bank(s), Other Banks, FIS and Placement		37,730,670,466	45,612,573,393
		<b>39,422,149,718</b>	<b>47,321,603,653</b>

The annexed notes (1 to 51) form an integral part of these financial statements.

Managing Director

Director

Director

Chairman

Dated, Dhaka  
Wednesday, April 25, 2018

**FIRST SECURITY ISLAMI BANK LIMITED**  
Consolidated Statement of Changes in Equity

**FOR THE YEAR ENDED 31 DECEMBER 2017**

Particulars	Paid-up Capital	Statutory Reserve	Other Reserve	Assets Reval. Reserve	Retained Earnings	Non-controlling Interest	Total
	BDT	BDT	BDT	BDT	BDT	BDT	BDT
<b>Balance as on 01 January 2017</b>	<b>6,788,738,880</b>	<b>2,412,128,110</b>	<b>402,850,965</b>	<b>362,198,654</b>	<b>793,919,776</b>	<b>300,600,194</b>	<b>11,060,436,579</b>
Changes in Accounting Policy	-	-	-	-	-	-	-
<b>Restated Balance</b>	<b>6,788,738,880</b>	<b>2,412,128,110</b>	<b>402,850,965</b>	<b>362,198,654</b>	<b>793,919,776</b>	<b>300,600,194</b>	<b>11,060,436,579</b>
Net Profit for the Year	-	-	-	-	1,389,925,900	-	1,389,925,900
Cash Dividends	-	-	-	-	(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	-
<b>Total Group Shareholders' Equity as on 31 December 2017</b>	<b>7,128,175,820</b>	<b>2,950,454,362</b>	<b>516,507,063</b>	<b>352,137,580</b>	<b>823,468,503</b>	<b>340,182,207</b>	<b>12,110,925,534</b>
<b>FOR THE YEAR ENDED 31 DECEMBER 2016</b>							
<b>Balance as on 01 January 2016</b>	<b>6,788,738,880</b>	<b>1,902,246,794</b>	<b>75,556,891</b>	<b>372,259,728</b>	<b>555,733,247</b>	<b>297,979,846</b>	<b>9,992,515,386</b>
Net Profit for the Year	-	-	-	-	1,410,330,230	-	1,410,330,230
Cash Dividends	-	-	-	-	(342,409,037)	-	(342,409,037)
Transfer to Statutory Reserve	-	509,881,316	-	-	(509,881,316)	-	-
Transfer to Other Reserve	-	-	317,233,000	-	(317,233,000)	-	-
Revaluation Reserve to Other Reserve	-	-	10,061,074	(10,061,074)	-	-	-
Capital Increase in Subsidiary	-	-	-	-	-	-	-
Non-controlling Interest	-	-	-	-	(2,620,348)	2,620,348	-
<b>Total Group Shareholders' Equity as on 31 December 2016</b>	<b>6,788,738,880</b>	<b>2,412,128,110</b>	<b>402,850,965</b>	<b>362,198,654</b>	<b>793,919,776</b>	<b>300,600,194</b>	<b>11,060,436,579</b>

The annexed notes (1 to 51) form an integral part of these financial statements

Managing Director

Director

Director

Chairman

Dated, Dhaka  
Wednesday, April 25, 2018



**FIRST SECURITY ISLAMI BANK LIMITED**  
**Balance Sheet**  
**As at 31 December 2017**

	Notes	2017 BDT	2016 BDT
<b><u>PROPERTY AND ASSETS</u></b>			
<b>Cash</b>	3	<b>25,177,115,132</b>	<b>32,300,509,774</b>
In hand (including foreign currencies)		1,691,454,610	1,709,021,120
Balance with Bangladesh Bank and its Agent Bank(s) (including foreign currencies)		23,485,660,522	30,591,488,654
<b>Balance with other Banks and Financial Institutions</b>	4.1	<b>636,314,862</b>	<b>509,768,382</b>
In Bangladesh		77,767,519	77,509,441
Outside Bangladesh		558,547,343	432,258,941
<b>Placement with Banks &amp; Other Financial Institutions</b>	4.2	<b>13,603,700,000</b>	<b>14,509,000,000</b>
<b>Investments in Shares &amp; Securities</b>	5	<b>15,908,894,701</b>	<b>14,786,490,432</b>
Government		15,000,000,000	13,900,000,000
Others		908,894,701	886,490,432
<b>Investments</b>	6	<b>273,593,618,710</b>	<b>226,065,271,502</b>
General Investment etc.	6.A	272,938,959,885	225,520,627,072
Bills Purchased and Negotiated	6.B	654,658,825	544,644,430
<b>Fixed Assets Including Premises, Furniture &amp; Fixtures and Intangible Assets</b>	7	<b>3,464,011,431</b>	<b>3,430,730,939</b>
<b>Other Assets</b>	8	<b>11,330,679,178</b>	<b>9,601,558,631</b>
<b>Non Banking Assets</b>	9	<b>25,145,280</b>	<b>25,145,280</b>
<b>Total Assets</b>		<b><u>343,739,479,294</u></b>	<b><u>301,228,474,940</u></b>
<b><u>LIABILITIES AND CAPITAL</u></b>			
<b>Liabilities</b>			
<b>Placement from Banks &amp; Other Financial Institutions</b>	10	<b>9,481,539,506</b>	<b>711,115,048</b>
<b>Deposits and Other Accounts</b>	11	<b>299,120,844,464</b>	<b>274,252,894,129</b>
Al-Wadia Current Deposits and Other Deposit Accounts	11.1	20,653,289,680	15,974,398,677
Bills Payable	11.2	1,805,435,584	1,477,937,977
Mudaraba Savings Deposits	11.3	26,626,552,818	18,421,853,013
Mudaraba Term Deposits	11.4	197,765,021,849	188,431,972,412
Other Mudaraba Deposits	11.5	52,270,544,533	49,946,732,050
<b>Mudaraba Subordinated Bond</b>	12	<b>5,382,000,000</b>	<b>1,382,000,000</b>
<b>Other Liabilities</b>	13	<b>18,083,419,191</b>	<b>14,180,498,968</b>
<b>Total Liabilities</b>		<b><u>332,067,803,161</u></b>	<b><u>290,526,508,145</u></b>
<b>Capital/Shareholders' equity</b>			
Paid-up Capital	14.1	7,128,175,820	6,788,738,880
Statutory Reserve	15	2,950,454,362	2,412,128,110
Other Reserve	16	516,507,063	402,850,965
Assets Revaluation Reserve	17	352,137,580	362,198,654
Retained Earnings	18	724,401,308	736,050,186
<b>Total Shareholders' Equity</b>		<b><u>11,671,676,133</u></b>	<b><u>10,701,966,795</u></b>
<b>Total Liabilities and Shareholders' Equity</b>		<b><u>343,739,479,294</u></b>	<b><u>301,228,474,940</u></b>

**FIRST SECURITY ISLAMI BANK LIMITED**  
**Balance Sheet**  
**As at 31 December 2017**

	Notes	2017 BDT	2016 BDT
<b>OFF- BALANCE SHEET ITEMS</b>			
<b>Contingent Liabilities</b>			
Acceptances and Endorsements		27,687,184,862	21,750,937,662
Letters of Guarantee	20	6,079,859,518	6,317,021,800
Irrevocable Letters of Credit	21	6,125,414,109	4,335,806,257
Bills for Collection	22	1,370,961,371	1,165,010,799
Other Contingent Liabilities		-	-
<b>Total</b>		<b><u>41,263,419,860</u></b>	<b><u>33,568,776,518</u></b>
<b>Other Commitments</b>			
Documentary Credits And Short Term Trade Related Transactions		-	-
Forward Assets Purchased And Forward Deposits Placed		-	-
Undrawn Note Issuance And Revolving Underwriting Facilities		-	-
Undrawn Formal Standby Facilities, Credit Lines And Other Commitments		-	-
<b>Total</b>		<b><u>-</u></b>	<b><u>-</u></b>
<b>Total Off -Balance Sheet Items Including Contingent Liabilities</b>		<b><u>41,263,419,860</u></b>	<b><u>33,568,776,518</u></b>

The annexed notes (1 to 51) form an integral part of these financial statements.

**Managing Director**

**Director**

**Director**

**Chairman**

Signed as per annexed report on even date.

**A. Qasem & Co.**  
Chartered Accountants

**Hoda Vasi Chowdhury & Co.**  
Chartered Accountants

Dated, Dhaka  
Wednesday, April 25, 2018

**FIRST SECURITY ISLAMI BANK LIMITED**  
**Profit and Loss Account**  
**For the year ended 31 December 2017**

	Notes	2017 BDT	2016 BDT
Investments Income	23	28,222,505,447	26,251,715,799
Profit Paid on Deposits	24	(19,861,215,970)	(19,070,214,244)
<b>Net Investment Income</b>		<b>8,361,289,477</b>	<b>7,181,501,555</b>
Income from Investment in Shares and Securities	25	135,607,034	27,074,196
Commission, Exchange and Brokerage	26	796,088,756	444,989,228
Other Operating Income	27	427,496,031	371,322,122
		<b>1,359,191,821</b>	<b>843,385,546</b>
<b>Total Operating Income</b>		<b>9,720,481,298</b>	<b>8,024,887,101</b>
<b>Less: Operating Expenses</b>			
Salary and Allowances	28	2,668,066,319	2,227,271,077
Rent, Taxes, Insurances, Electricity etc.	29	571,609,664	512,068,869
Legal Expenses	30	7,734,922	6,277,241
Postage, Stamps, Telecommunication etc.	31	87,507,300	86,381,890
Stationery, Printings, Advertisements etc.	32	182,646,021	189,932,230
Managing Director's Salary and Fees	33	10,994,714	10,395,403
Directors' Fees & Expenses	34	1,422,800	2,180,400
Shariah Supervisory Committee's Fees & Expenses	35	64,000	184,000
Auditor's Fees		862,500	730,250
Depreciation & Repair of Bank's Assets	37	444,388,352	411,694,970
Zakat Expenses		71,588,157	50,248,608
Other Expenses	38	909,663,916	801,464,578
<b>Total Operating Expenses</b>		<b>4,956,548,665</b>	<b>4,298,829,516</b>
<b>Profit before Provision and Tax</b>		<b>4,763,932,633</b>	<b>3,726,057,585</b>
Provisions for Investments including off-B/S items	13.2	2,015,678,593	1,276,300,000
Provisions for Diminution in Value of Investment in Shares		26,342,561	(99,648,997)
Provision for Other Assets		30,280,221	-
<b>Total Provisions</b>		<b>2,072,301,375</b>	<b>1,176,651,003</b>
<b>Total Profit before Taxes</b>		<b>2,691,631,258</b>	<b>2,549,406,582</b>
Provision for Current Tax		1,436,080,000	1,144,424,000
Deferred Tax Income	39	(53,595,024)	-
<b>Total Provisions for Tax</b>		<b>1,382,484,976</b>	<b>1,144,424,000</b>
<b>Net Profit after tax</b>		<b>1,309,146,282</b>	<b>1,404,982,582</b>
Retained Earnings from Previous Year		736,050,186	500,590,957
		<b>2,045,196,468</b>	<b>1,905,573,539</b>
<b>Appropriations:</b>			
Statutory Reserve		538,326,252	509,881,316
Other Reserve		103,595,024	317,233,000
Bonus Share Issued		339,436,940	-
Cash Dividend		339,436,944	342,409,037
		<b>1,320,795,160</b>	<b>1,169,523,353</b>
Retained Earnings Carried Forward		<b>724,401,308</b>	<b>736,050,186</b>
<b>Earnings Per Share (EPS)</b>	40	<b>1.84</b>	<b>1.97</b>

The annexed notes (1 to 51) form an integral part of these financial statements.

**Managing Director**

**Director**

**Director**

**Chairman**

Signed as per annexed report on even date.

**A. Qasem & Co.**  
Chartered Accountants

**Hoda Vasi Chowdhury & Co.**  
Chartered Accountants

Dated, Dhaka  
Wednesday, April 25, 2018

**FIRST SECURITY ISLAMI BANK LIMITED**  
**Cash Flow Statement**  
**For the year ended 31 December 2017**

	Notes	2017 BDT	2016 BDT
<b>A. Cash Flows from Operating Activities</b>			
Investment Income Receipt		27,547,867,268	25,336,957,972
Profit paid on Deposits		(16,840,241,164)	(16,248,205,289)
Dividend Receipts		7,427,987	10,152,597
Fees & Commission Receipt		796,088,756	444,989,228
Payment to Employees		(2,679,061,033)	(2,237,666,480)
Payment to Suppliers		(256,425,329)	(253,591,239)
Income Tax Paid		(1,244,525,301)	(963,003,411)
Receipts from Other Operating Activities	41	438,988,887	369,198,820
Payment for Other Operating Activities	42	(1,578,732,852)	(1,409,287,228)
<b>Operating Profit before changes in Operating Assets &amp; Liabilities</b>		<b>6,191,387,219</b>	<b>5,049,544,970</b>
<b>Increase/(Decrease) in Operating Assets &amp; Liabilities</b>			
Investments to Customers		(47,045,229,474)	(40,336,060,916)
Other Assets	43	(444,358,467)	714,794,959
Deposits Received from Customers		22,112,782,274	42,661,882,265
Other Liabilities	44	390,069,433	(287,662,400)
<b>Cash Generated from Operating Assets &amp; Liabilities</b>		<b>(24,986,736,234)</b>	<b>2,752,953,908</b>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>		<b>(18,795,349,015)</b>	<b>7,802,498,878</b>
<b>B. Cash Flows from Investing Activities</b>			
Investment in Shares and Securities		(1,122,404,269)	(1,722,428,251)
Purchase of Property, Plant and Equipment		(421,585,309)	(538,803,508)
Sale of Property, Plant and Equipment		6,202,917	2,123,302
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>		<b>(1,537,786,661)</b>	<b>(2,259,108,457)</b>
<b>C. Cash Flows from Financing Activities</b>			
Receipt/(Payment) of Mudaraba Subordinated Bond		4,000,000,000	(500,000,000)
Increase/(Decrease) in Placement from Banks & FIS		8,770,424,458	147,854,724
Dividend Paid in Cash		(339,436,944)	(342,409,037)
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>		<b>12,430,987,514</b>	<b>(694,554,313)</b>
<b>D. Net Increase/(Decrease) of Cash &amp; Cash Equivalents (A+B+C)</b>		<b>(7,902,148,162)</b>	<b>4,848,836,108</b>
Effect of Exchange Rate Change on Cash & Cash Equivalents		-	-
<b>E. Opening Cash &amp; Cash Equivalents</b>		<b>47,319,278,156</b>	<b>42,470,442,048</b>
<b>F. Closing Cash &amp; Cash Equivalents (D+E)</b>		<b>39,417,129,994</b>	<b>47,319,278,156</b>
<b>The above closing Cash and Cash Equivalents include:</b>			
Cash in Hand (Including Foreign Currencies)		1,691,454,610	1,709,021,120
Balance with Bangladesh Bank and its Agent Bank(s), Other Banks, FIS and Placement		37,725,675,384	45,610,257,036
		<b>39,417,129,994</b>	<b>47,319,278,156</b>

The annexed notes (1 to 51) form an integral part of these financial statements.

Managing Director

Director

Director

Chairman

Dated, Dhaka

Wednesday, April 25, 2018

**FIRST SECURITY ISLAMI BANK LIMITED**  
Statement of Changes In Equity

**FOR THE YEAR ENDED 31 DECEMBER 2017**

Particulars	Paid-up Capital	Statutory Reserve	Other Reserve	Assets Reval. Reserve	Retained Earnings	Total
	BDT	BDT	BDT	BDT	BDT	BDT
<b>Balance as on 01 January 2017</b>	<b>6,788,738,880</b>	<b>2,412,128,110</b>	<b>402,850,965</b>	<b>362,198,654</b>	<b>736,050,186</b>	<b>10,701,966,795</b>
Changes in Accounting Policy	-	-	-	-	-	-
<b>Restated Balance</b>	<b>6,788,738,880</b>	<b>2,412,128,110</b>	<b>402,850,965</b>	<b>362,198,654</b>	<b>736,050,186</b>	<b>10,701,966,795</b>
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)	-	-
<b>Total Shareholders' Equity as on 31 December 2017</b>	<b>7,128,175,820</b>	<b>2,950,454,362</b>	<b>516,507,063</b>	<b>352,137,580</b>	<b>724,401,308</b>	<b>11,671,676,134</b>

**FOR THE YEAR ENDED 31 DECEMBER 2016**

<b>Balance as on 01 January 2016</b>	<b>6,788,738,880</b>	<b>1,902,246,794</b>	<b>75,556,891</b>	<b>372,259,728</b>	<b>500,590,957</b>	<b>9,639,393,249</b>
Net Profit for the Year	-	-	-	-	1,404,982,582	1,404,982,582
Cash Dividends	-	-	-	-	(342,409,037)	(342,409,037)
Transfer to Statutory Reserve	-	509,881,316	-	-	(509,881,316)	-
Transfer to Other Reserve	-	-	317,233,000	-	(317,233,000)	-
Revaluation Reserve transfer to Other Reserve	-	-	10,061,074	(10,061,074)	-	-
<b>Total Shareholders' Equity as on 31 December 2016</b>	<b>6,788,738,880</b>	<b>2,412,128,110</b>	<b>402,850,965</b>	<b>362,198,654</b>	<b>736,050,186</b>	<b>10,701,966,795</b>

The annexed notes (1 to 51) form an integral part of these financial statements.

Managing Director

Director

Director

Chairman

Dated, Dhaka  
Wednesday, April 25, 2018

**FIRST SECURITY ISLAMI BANK LIMITED**  
**Liquidity Statement ( Assets and Liability Maturity Analysis)**  
**As at 31 December 2017**

Particulars	Up to 01 Month	01-03 Months	03-12 Months	01-05 Years	More than 05 years	Total 2017	Total 2016
	BDT	BDT	BDT	BDT	BDT	BDT	BDT
<b>Assets</b>							
Cash in Hand	6,234,015,132	-	-	-	18,943,100,000	25,177,115,132	32,300,509,774
Balance with other Banks & FIs and Placement	7,941,825,416	6,298,189,446	-	-	-	14,240,014,862	15,023,632,409
Investments in Shares and Securities	3,557,400,000	7,100,025,634	4,849,899,617	400,000,000	1,569,450	15,908,894,701	14,786,490,432
Investments	44,140,044,437	41,887,312,508	77,254,261,765	64,419,012,424	45,892,987,576	273,593,618,710	226,065,271,502
Fixed Assets including Premises, Furniture and Fixtures	-	-	-	1,855,012,587	1,608,998,844	3,464,011,431	3,430,730,939
Other Assets	-	3,179,221,296	2,663,600,000	3,763,245,335	1,724,612,547	11,330,679,178	9,596,694,604
Non-banking Assets	-	-	-	25,145,280	-	25,145,280	25,145,280
<b>Total Assets</b>	<b>61,873,284,985</b>	<b>58,464,748,884</b>	<b>84,767,761,382</b>	<b>70,462,415,626</b>	<b>68,171,268,417</b>	<b>343,739,479,294</b>	<b>301,228,474,940</b>
<b>Liabilities</b>							
Placement from Banks & Other Financial Institutions	7,000,000,000	1,000,000,000	-	1,481,539,506	-	9,481,539,506	711,115,048
Deposits and Other Accounts	46,717,523,846	49,501,026,451	80,631,723,125	65,030,736,589	57,239,834,453	299,120,844,464	274,252,894,129
Mudaraba Subordinated Bond	382,000,000	-	118,000,000	3,082,000,000	1,800,000,000	5,382,000,000	1,382,000,000
Other Liabilities	3,599,600,000	4,152,423,547	2,591,243,500	276,339,903	7,463,812,240	18,083,419,190	14,180,498,968
<b>Total Liabilities</b>	<b>57,699,123,846</b>	<b>54,653,449,998</b>	<b>83,340,966,625</b>	<b>69,870,615,998</b>	<b>66,503,646,693</b>	<b>332,067,803,160</b>	<b>290,526,508,145</b>
<b>Net Liquidity Gap</b>	<b>4,174,161,139</b>	<b>3,811,298,886</b>	<b>1,426,794,757</b>	<b>591,799,628</b>	<b>1,667,621,724</b>	<b>11,671,676,134</b>	<b>10,701,966,795</b>

Managing Director

Director

Director

Chairman

Dated, Dhaka  
Wednesday, April 25, 2018

**First Security Islami Bank Ltd.**  
**Notes to the Financial Statements**  
**For the year ended and as at 31 December 2017**

**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 & sixty eight (168) branches in the country. The Bank had no overseas branches as at December 31, 2017.

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, Dhaka vide certificate of incorporation no. C-88567/10 dated 02 December 2010. The Securities and Exchange Commission 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 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 Bank 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.

## 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 Bangladesh Financial Reporting Standards (BFRS) 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 Bangladesh Financial Reporting Standards (BFRS) and the requirements of the Bank Companies Act 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, 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 BFRS, 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 up to December 31, 2017 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, Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards, The Companies Act 1994, The 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 Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting standards (BFRS)

In compliance with	BAS/BFRS No.	Status
Presentation of Financial Statements	1	Applied to the context of compliance with BRPD Circular # 15, Dated November 09, 2009
Inventories	2	N/A
Statement of Cash Flows	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied



<b>In compliance with</b>	<b>BAS/BFRS No.</b>	<b>Status</b>
Events After the Reporting Period	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Leases	17	N/A
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	N/A
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	N/A
Consolidated and Separate Financial Statements	27	Applied
Investments in Associates	28	N/A
Interests In Joint Ventures	31	N/A
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
Investment Property	40	N/A
Agriculture	41	N/A
<b>In compliance with</b>		<b>Status</b>
First-time Adoption of International Financial Reporting Standards	1	N/A
Share-based Payment	2	N/A
Business Combinations	3	N/A
Insurance Contracts	4	N/A
Non-current Assets Held for Sale and Discontinued Operations	5	N/A
Exploration for and Evaluation of Mineral Assets	6	N/A

In compliance with	BAS/BFRS No.	Status
Financial Instruments: Disclosures	7	Applied to the context of compliance with core risk management guideline of Bangladesh Bank.
Operating Segments	8	Applied
Consolidated Financial Statements	10	Applied
Joint Arrangements	11	N/A
Disclosure of Interests in other Entities	12	Applied
Fair Value Measurement	13	Applied
Regulatory Deferral Accounts	14	N/A
Revenue from Contracts with Customers	15	Will be replaced of BAS 11 & 18 on or before January 01, 2018.

**\*N / A = Not Applicable**

\* In order to comply with certain specific rules and regulations of the local Central Bank (Bangladesh Bank) which are different to BAS /BFRS, some of the requirements specified in these BAS / BFRSs 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 BAS 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 BAS 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 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 2017 have been considered. However, these amendments have not material impact on the financial statements of the Bank.

In December 2017, ICAB has decided to adopt IFRS replacing BFRS effective for annual periods beginning on or after 1 January 2018. However, since currently issued BFRS have been adopted from IFRS without any major modification, such changes would not have any material impact on financial statements.

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. BFRS 9 Financial Instruments**

BFRS 9, published in July 2014, replaces the existing guidance in BAS 39 Financial Instruments: Recognition and Measurement. BFRS 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 BAS 39. BFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. As per the Bank's assessment, any material impact of BFRS 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 BFRS 9 the Bank is unable to quantify any potential impact on its financial statements.

#### **b. BFRS 15 Revenue from Contracts with Customers**

BFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing recognition guidance, including BAS 18 Revenue, BAS 11 Construction Contracts and BFRS 13 Customer Loyalty Programs. BFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Based on preliminary assessment the Bank has determined that BFRS 15 has no material impact on its financial statements.

#### **c. 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.

#### **d. 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 BFRSs in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below:

#### **Difference between BAS / BFRS 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 Bangladesh Financial Reporting Standards (BFRS) 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 Bangladesh Financial Reporting Standards (BFRS) and the requirements of the Bank Companies Act 1991, the rules and regulations issued by Bangladesh Bank, 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 BFRS, the requirements of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank shall prevail. Material deviations from the requirements of BFRS are as follows:

#### **i) Presentation of financial statements**

**BFRS:** As per BAS 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 BAS 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 Bank Company Act 1991 (amendment upto 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

**BFRS:** As per requirements of BAS 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 BFRS 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

**BFRS:** As per BAS 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 BAS 39.

## iv) Recognition of investment income in suspense

**BFRS:** Investment to customers are generally classified as Investment in General (loans and receivables) as per BAS 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

**BFRS:** As per BAS 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 BAS 39. As such full disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the financial statements.

#### **vii) Financial guarantees**

**BFRS:** As per BAS 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**

**BFRS:** Cash and cash equivalent items should be reported as cash items as per BAS 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**

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

**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**

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

**Bangladesh Bank:** As per BRPD circular no. 14 dated 25 June 2003, cash flow is the mixture of direct and indirect methods.

#### **xi) Balance with Bangladesh Bank (Cash Reserve Requirement)**

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

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

#### **xii) Presentation of intangible asset**

**BFRS:** An intangible asset must be identified and recognized, and the disclosure must be given as per BAS 38.

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

#### **xiii) Investments net off provision**

**BFRS:** 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 BAS-39 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 and BRPD Circular No.08 dated 02 August 2015 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	2%
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 31.12.2017 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 Bangladesh Accounting Standard (BAS)-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 BAS 1: 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 BAS 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 BAS 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 2017 have been shown in the Balance Sheet under Off-Balance Sheet items. Exchange rates with major foreign currencies as on 31 December 2017 were as:

Currency Name	Exchange Rate (TK)
US \$	82.7000
EURO	98.4874
ACU	82.7000
GBP	110.9751
CHF	83.9679
SAR	22.0510
CAD	65.4427

## 2.9 Cash and cash equivalent

As per BRPD Circular # 15, Dated November 09, 2009, cash and cash equivalents include notes and coins in hand, balances lying with ATM, unrestricted balances held with Bangladesh Bank and its agent Bank, balance with other Banks and Financial Institutions.

For the purpose of the cash flow statement of Banks and Similar Financial Institutions, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including: cash and balances with central banks and other eligible bills, amounts due from other banks and dealing securities other than those which are not available to finance the FSIBL day to day operations. However, presentation and reconciliation is done in line with BRPD Circular # 15 and BAS 7.

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

BAS 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 BAS 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 BAS 37, Contingent liabilities are not recognized but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated. Contingent assets are not recognized in the financial statements as this may results in the recognition of income which may never be realized. However, the amount of cash margin is recognized as liability. As per BRPD Circular # 15, 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, 2017. The consolidated financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards 10-“Consolidated Financial Statements”. The Consolidated Financial Statements are prepared for the common financial year ended 31 December 2017.

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 BAS # 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 BAS # 18: Revenue.

#### **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 BAS # 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. The proposed dividend for the year ended December 31 2017 has not been recognized as a liability in the balance sheet in accordance with the BAS-10: Events after the Balance Sheet Date.

Dividend is deducted from the shareholders' equity in the period in which the shareholders' right to receive payment is established.

## **2.17 Foreign Currency Transactions**

### **2.17.1 Foreign 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 BAS-21. Assets and liabilities in foreign currencies as at 31 December 2017 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 BAS-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 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 BAS-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 BAS-16 Property, Plant and Equipment: all property and equipment are stated at historical cost 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 BAS-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 BAS 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.

<b>Nature of Assets</b>	<b>Rate of Depreciation</b>	<b>Method of Depreciation</b>
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 when the asset is available for use and the charge of depreciation is ceased after the asset is sold out/disposed off/fully depreciated.

### **2.19.2 Revaluation**

Land and building are revalued as per Bangladesh Accounting Standard (BAS)-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-14.1.

### **2.20.3 Statutory Reserve**

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

## **2.21 Liabilities and Provision**

### **2.21.1 Taxation**

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

### **2.21.2 Current Tax**

Provision for corporate current income tax has been made @ 40.00% for business income and other applicable rate for other operating income as prescribed in the Finance Act 2017 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 BAS 12: Income Taxes.

### **2.21.3 Deferred Tax**

As per BAS 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 (40.00%) 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 BAS 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 December 31, 2017.

#### **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 BAS 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 BAS-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 BAS-33 "Earning 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 Bangladesh Taka (BDT). All values are rounded to the nearest Taka.

## **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 Investments 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 Mark-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 & Terrorist Financing are two significant financial and organized crimes which may jeopardize the total stability and integrity of the financial system of a country as well as bring serious threat of adverse impact to the socio-economic condition of the world. Keeping pace with the advancement of financial service facilities, the money laundering and financing of terrorism are getting new dimensions day by day. Money launderers always try to create a legitimate background for their money and try to filter and send their ill-gotten money to abroad. For doing these 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. is always agile and vigilant against money laundering and terrorist financing. For successful prevention of these illegal activities, a full-fledged division named "Anti Money Laundering Division (AMLDD)" has been formed under the close supervision of higher authorities. As per Bangladesh Bank's guidelines, the bank has formed a "Central Compliance Unit (CCU)" consisted of senior executives and divisional heads of the bank as well as a Deputy Managing Director has been assigned as Chief Anti Money Laundering Compliance Officer (CAMLCO) of the bank. Anti-Money Laundering Division is responsible for implementing Bangladesh Financial Intelligence Unit (BFIU), all the Bangladesh Bank's directives as well as following all the provisions of "Money Laundering Prevention Act, 2012 (Amendment in 2015)" and "Anti-Terrorism Act, 2009 (Amendment in 2012 & 2013)". Circulars and circular letters from Bangladesh Bank are instantly circulated to all the branches, divisions, zonal offices and training institutes of the bank by AMLD. At the same time, everyone is advised to strictly follow all the orders and instructions mentioned in those circulars or circular letters and then close monitoring is done for ensuring effective compliance simultaneously.

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 Manual", "Customer Acceptance Policy" and "Money Laundering and Terrorist Financing Risk Management Guidelines for FSIBL" approved by the Board of Directors of the bank. For constant observation against money laundering and terrorist financing, every branch has a "Branch Anti Money Laundering Compliance Officer

(BAMLCO)". Besides Internal Control & Compliance Division's inspection of branches for AML/CFT System Check, AMLD also inspects branches regularly under the close supervision of CCU. Moreover, CCU is also checking & submitting monthly Cash Transaction Report (CTR) to Bangladesh Financial Intelligence Unit (BFIU), Bangladesh Bank accurately in due time.

From the year of 2016 under a contract with election commission we are verifying every NID information from their database to ensure complete and accurate KYC of our new and existing clients. In this year a day long workshop for our all BAMLCOs together on the topic of "Workshop on Anti Money Laundering (AML), Combating the Financing of Terrorism (CFT) & Related Issues" was held in Dhaka to make them updated and to be more vigilant on prevention of money laundering and combating the financing of terrorism; particularly prevention of Trade Based Money Laundering got special emphasis on that workshop. Besides our own Training Institute individually as well as jointly with AMLD regularly provides training to the employees of the bank on the topic of Money Laundering Prevention and Combating Terrorist Financing.

### **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 (Bank Ultmus) 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 credit risk arising from environmental issues and applicable across all financing transactions undertaken by the Bank. The responsibilities of Credit 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 credit 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 BAS 24 "Related Party Disclosures", Bangladesh Bank and Bangladesh Securities & Exchange Commission (BSEC) guidelines. Details of Related party transactions have been disclosed in note # 45.

### **2.35 General**

Wherever considered necessary, previous year's figures have been rearranged for the purpose of comparison;



	<b>2017</b>	<b>2016</b>
	<b>BDT</b>	<b>BDT</b>
<b>3 CASH</b>		
<b>3.1 Cash in Hand</b>		
In Local Currency	1,487,820,657	1,512,239,161
In Foreign Currencies	19,558,953	17,031,559
ATM Balance	184,075,000	179,750,400
	<b>1,691,454,610</b>	<b>1,709,021,120</b>
<b>3.2 Balance with Bangladesh Bank and its Agent Bank</b>		
Balance with Bangladesh Bank (Note-3.2.1)	23,131,113,240	30,254,557,174
Balance with Sonali Bank Ltd. (Note-3.2.2)	354,547,282	336,931,480
	<b>23,485,660,522</b>	<b>30,591,488,654</b>
	<b>25,177,115,132</b>	<b>32,300,509,774</b>
<b>3.2.1 Balance with Bangladesh Bank (Including Foreign Currencies)</b>		
In Local Currency	22,916,879,311	30,172,290,535
In Foreign Currencies	214,233,929	82,266,639
	<b>23,131,113,240</b>	<b>30,254,557,174</b>
<b>3.2.2 Balance with Sonali Bank Ltd. (as Agent of Bangladesh Bank)</b>		
In Local Currency	<b>354,547,282</b>	<b>336,931,480</b>
<b>3.3 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)</b>		
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#1 dated 19/01/2014 and MPD Circular#1 dated 23/06/2014.		
<b>3.4 Cash Reserve Ratio (CRR): 6.50% of Average Demand and Time Liabilities:</b>		
Required Reserve	18,943,100,000	17,084,952,000
Actual Reserve maintained	22,906,137,000	30,159,264,000
<b>Surplus/(Short)</b>	<b>3,963,037,000</b>	<b>13,074,312,000</b>
<b>3.5 Statutory Liquidity Ratio (SLR): 5.50% of Average Demand and Time Liabilities:</b>		
Required Reserve	16,028,777,000	14,456,498,000
Actual Reserve held	21,009,039,000	29,020,265,000
<b>Surplus/(Short)</b>	<b>4,980,262,000</b>	<b>14,563,767,000</b>
<b>3.6 Held for Statutory Liquidity Ratio</b>		
Cash in Hand	1,691,455,000	1,709,022,000
Balance with Bangladesh Bank and its Agent Bank	4,317,584,000	13,411,243,000
Bangladesh Govt. Islamic Bond	15,000,000,000	13,900,000,000
	<b>21,009,039,000</b>	<b>29,020,265,000</b>

	2017 BDT	2016 BDT
<b>3 (a) CASH</b>		
<b>3.1(a) Consolidated Cash in Hand</b>		
First Security Islami Bank Limited (Note-3.1)	1,691,454,610	1,709,021,120
First Security Islami Capital & Investment Limited	24,642	9,140
	<b>1,691,479,252</b>	<b>1,709,030,260</b>
<b>3.2(b) Consolidated Balance with Bangladesh Bank and its Agent Bank</b>		
First Security Islami Bank Limited (Note-3.2)	23,485,660,522	30,591,488,654
First Security Islami Capital & Investment Limited	-	-
	<b>23,485,660,522</b>	<b>30,591,488,654</b>
	<b>25,177,139,774</b>	<b>32,300,518,914</b>
<b>4 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS AND PLACEMENT</b>		
<b>4.1 Balance With Other Banks &amp; Financial Institutions</b>		
<b>A. Balance Inside Bangladesh</b>		
<b>Al-wadiah/ Current Accounts</b>		
Agrani Bank Limited	7,039,815	14,257,794
Trust Bank Ltd.	28,821,401	20,245,555
Islami Bank Bangladesh Ltd.	4,424,877	1,341,385
Eastern Bank Ltd.	500,000	-
	<b>40,786,093</b>	<b>35,844,734</b>
<b>Mudaraba Short Notice Deposits</b>		
Southeast Bank Ltd. (Islamic Banking Branch)	3,118,169	7,034,317
Social Islami Bank Ltd.	41,138	6,426,646
Dhaka Bank Ltd. (Islamic Banking Branch)	341,445	330,446
AB Bank Ltd. (Islamic Banking Branch)	615,228	600,150
Islami Bank Bangladesh Ltd.	29,258,421	17,874,775
Pubali Bank Ltd. (Islamic Banking Branch)	3,597,568	9,398,373
Union Bank Ltd.	9,457	-
	<b>36,981,426</b>	<b>41,664,707</b>
<b>Total Inside Bangladesh</b>	<b>77,767,519</b>	<b>77,509,441</b>

				2017	2016	
				BDT	BDT	
<b>B. Balance Outside Bangladesh</b>						
<b>In Deposit Account (non-profit bearing) with:</b>						
<b>Current Account:</b>						
	<b>Current</b>	<b>Amount</b>	<b>Rate</b>			
	<b>cy</b>					
1.	Mashreq Bank, PSC, London	GBP	29,089.72	110.975	3,228,235	2,962,600
2.	Mashreq Bank, PSC, London.	EURO	83,212.12	98.487	8,195,345	1,214,667
3.	Mashreq Bank, PSC, Newyork	USD	3,608,676.10	82.700	298,437,514	309,184,713
4.	Mashreq Bank, PSC, London	USD	-	-	-	466,901
5.	MCB Bank Ltd. Karachi	ACU\$	7,690.91	82.700	636,038	605,582
6.	Commerz Bank AG, Frankfurt, Germany	EURO	61,666.35	98.487	6,073,358	5,387,533
7.	Bank of Bhutan, Thimpo, Bhutan	ACU\$	9,602.10	82.700	794,094	714,022
8.	Sonali Bank , Kolkata, India	ACU\$	17,679.79	82.700	1,462,119	3,379,040
9.	AB Bank Ltd, Mumbai, India	ACU\$	332,384.51	82.700	27,488,199	16,262,748
10.	ICICI bank Ltd, Hongkong	USD	274,605.91	82.700	22,709,909	6,520,375
11.	ICICI bank Ltd, Kolkata, India	ACU\$	161,472.30	82.700	13,353,759	10,076,072
12.	Habib Bank, Zurich, Switzerland	CHF	17,541.88	83.968	1,472,955	898,898
13.	Habib Metropolitan Bank Limited, Karachi, Pakistan	ACU\$	23,448.81	82.700	1,939,217	3,560,098
14.	Habib American Bank, N,Y	USD	962,904.25	82.700	79,632,181	64,299,487
15.	Banca UBAE SPA, Rome, Italy	USD	32,737.87	82.700	2,707,422	2,312,562
16.	Banca UBAE SPA, Rome, Italy	EURO	638,750.25	98.487	62,908,851	1,591,222
17.	Bank Al-Jazira, Jeddah	USD	251,855.60	82.700	20,828,458	2,037,791
18.	Bank Al-Jazira, Jeddah	SAR	302,920.00	22.051	6,679,689	784,630
<b>Total Outside Bangladesh</b>					<b>558,547,343</b>	<b>432,258,941</b>
<b>Total (A+B)</b>					<b>636,314,862</b>	<b>509,768,382</b>

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

##### In Bangladesh:

First Security Islami Bank Limited (Note-4.1 (A))	77,767,519	77,509,441
First Security Islami Capital & Investment Limited	19,738,790	30,424,493
Inter-company Transaction	(14,743,708)	(28,108,136)
	<b>82,762,601</b>	<b>79,825,798</b>

##### Outside Bangladesh:

First Security Islami Bank Limited (Note-4.1 (B))	558,547,343	432,258,941
First Security Islami Capital & Investment Limited	-	-
	<b>558,547,343</b>	<b>432,258,941</b>
	<b>641,309,944</b>	<b>512,084,739</b>

#### 4.2 Placement with Banks & other Financial Institutions

Reliance Finance Limited	13,603,700,000	14,509,000,000
	<b>13,603,700,000</b>	<b>14,509,000,000</b>

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

	<b>14,240,014,862</b>	<b>15,018,768,382</b>
--	-----------------------	-----------------------

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

Up to One Month	7,941,825,416	6,074,584,894
Up to Three Months	6,298,189,446	4,525,336,778
Three Months to One Year	-	4,418,846,710
One Year to Five Years	-	-
Above Five Years	-	-
	<b>14,240,014,862</b>	<b>15,018,768,382</b>

	2017 BDT	2016 BDT
<b>5 INVESTMENTS IN SHARES AND SECURITIES</b>		
<b>Government Securities</b>		
Bangladesh Govt. Islamic Bonds	15,000,000,000	13,900,000,000
	<b>15,000,000,000</b>	<b>13,900,000,000</b>
<b>Others</b>		
Subordinated Bond	400,000,000	400,000,000
Quoted/Unquoted Shares (Note - 5.1)	508,894,701	486,490,432
	<b>908,894,701</b>	<b>886,490,432</b>
	<b>15,908,894,701</b>	<b>14,786,490,432</b>
<b>5.1 Quoted/Unquoted Shares</b>		
Name of Companies	Acquisition cost (Taka)	Acquisition cost (Taka)
<b>Quoted:</b>		
Shahjalal Islami Bank Ltd.	-	1,612,625
National Tubes Ltd.	-	12,122,079
MJL Bangladesh Ltd.	34,841,861	12,910,629
Lafarge Surma Cement Ltd.	77,358,833	204,671,243
Confidence Cement Ltd.	-	18,236,370
CVO Petrochemical Refinery Limited	29,609,060	2,364,741
Saiham Cotton Mills Ltd.	-	621,853
Bangladesh Shipping Corporation	-	13,759,371
Bangladesh Submarine Cables Co. Ltd	70,102,850	27,316,307
Orion Pharma Ltd.	-	61,445
Padma Oil Company Ltd.	59,037,887	48,810,375
Usmania Glass Sheet Factory Ltd.	5,673,379	5,673,379
Paramount Textile Ltd.	-	6,536,568
Shahazibazar Power Company Ltd.	129,579,063	102,665,337
Heidelberg Cement Bd. Ltd.	2,226,521	5,618,178
ACI	-	11,449,797
Beacon Pharma	-	793,549
APEX FOOT	-	9,697,136
Singer Bangladesh Limited	44,681,523	-
BBS Cables Co. Ltd.	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.	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	-
<b>Total</b>	<b>507,325,251</b>	<b>484,920,982</b>
<b>Unquoted:</b>		
Central Depository Bangladesh Ltd.	1,569,450	1,569,450
	<b>508,894,701</b>	<b>486,490,432</b>
<b>5.2 Market Value of Quoted Shares</b>	<b>417,115,779</b>	<b>421,054,071</b>

	2017 BDT	2016 BDT
<b>5.3 Remaining Maturity Grouping of Investments in Shares and Securities</b>		
On Demand	80,742,648	24,246,049
Within One Month	3,476,657,352	2,275,753,951
One Month to three Months	7,100,025,634	7,397,451,298
Three Months to One Year	4,849,899,617	4,687,469,684
One Year to Five Years	400,000,000	400,000,000
More than Five Years	1,569,450	1,569,450
	<b>15,908,894,701</b>	<b>14,786,490,432</b>
<b>5(a) CONSOLIDATED INVESTMENTS IN SHARES AND SECURITIES</b>		
<b>Government Securities</b>		
First Security Islami Bank Limited (Note-5)	15,000,000,000	13,900,000,000
First Security Islami Capital & Investment Limited	-	-
	<b>15,000,000,000</b>	<b>13,900,000,000</b>
<b>Others</b>		
First Security Islami Bank Limited (Note-5)	908,894,701	886,490,432
First Security Islami Capital & Investment Limited	190,639,853	69,346,102
	<b>1,099,534,554</b>	<b>955,836,534</b>
	<b>16,099,534,554</b>	<b>14,855,836,534</b>
<b>6 INVESTMENTS</b>		
General Investment etc. (Note-6.A)	272,938,959,885	225,520,627,072
Bills Purchased and Negotiated (Note - 6.B)	654,658,825	544,644,430
	<b>273,593,618,710</b>	<b>226,065,271,502</b>
<b>6.A General Investment etc.</b>		
<b>Inside Bangladesh (Mode wise)</b>		
Bai-Murabaha	239,323,878,656	197,659,216,466
Hire-Purchase Sirkatul Meelk	32,881,866,153	27,188,609,204
Bai-Muajjal	4,897,251	5,155,895
Bai-Salam	325,672,509	233,375,868
Wajira Bill Okalah	27,623,154	10,453,147
Quard	375,022,162	423,816,492
	<b>272,938,959,885</b>	<b>225,520,627,072</b>
<b>Outside Bangladesh</b>	-	-
	<b>272,938,959,885</b>	<b>225,520,627,072</b>
<b>6.B Bills Purchased and Negotiated</b>		
Payable in Bangladesh	606,684,440	501,479,089
Payable outside Bangladesh	47,974,385	43,165,341
	<b>654,658,825</b>	<b>544,644,430</b>
	<b>273,593,618,710</b>	<b>226,065,271,502</b>
<b>6.1 Maturity Grouping of Investments</b>		
Payable on Demand	44,140,044,437	41,261,198,524
Up to Three Months	41,887,312,508	39,267,340,779
Three Months to One Year	77,254,261,765	48,488,880,250
One Year to Five Years	64,419,012,424	59,620,122,397
Above Five Years	45,892,987,576	37,427,729,552
	<b>273,593,618,710</b>	<b>226,065,271,502</b>
<b>6.2 Investments on the basis of Significant Concentration</b>		
Investments to Directors of Other Banks	31,183,000,000	27,897,190,000
Investments to Chief Executive and Other high Officials	-	-
Investments to Customers Group	224,012,549,407	179,100,213,527
Investments to Industry	17,447,931,239	18,427,443,000
Investment to Staff	950,138,064	640,424,975

	2017 BDT	2016 BDT
	<b>273,593,618,710</b>	<b>226,065,271,502</b>
<b>6.3 Investments to Customers for more than 10% of FSIBL's Total Eligible Capital</b>		
Number of Clients	59	54
Amount of Outstanding Investments		
Funded	82,325,500,000	79,552,800,000
Non-funded	26,876,500,000	13,991,100,000
	<b>109,202,000,000</b>	<b>93,543,900,000</b>
<b>6.4 Industry wise Investments</b>		
<b>Agriculture:</b>		
Fishing	844,400,000	189,400,000
Others	3,413,300,000	3,789,900,000
<b>Textile and Readymade Garments:</b>		
Readymade Garments - Export	3,481,200,000	2,816,300,000
Textile and Textile Products- Import	6,102,300,000	6,744,100,000
Others -Export	2,289,200,000	1,574,200,000
Others -Import	24,288,200,000	28,030,400,000
Contractor Finance	4,781,900,000	6,815,700,000
Transport	978,200,000	621,600,000
<b>Internal Trade Finance:</b>		
Whole Sale Trading	108,592,500,000	67,059,600,000
Retail Trading	9,396,800,000	16,925,900,000
Others	27,185,900,000	27,193,500,000
<b>House Building:</b>		
Residential & Commercial	18,853,700,000	20,378,300,000
Staff	950,100,000	640,400,000
<b>Special Program:</b>		
Consumer Finance and Hire Purchase Scheme	443,200,000	286,500,000
Others	61,992,718,710	42,999,471,502
	<b>273,593,618,710</b>	<b>226,065,271,502</b>
<b>6.5 Geographical Location-wise</b>		
<b>Urban</b>		
Dhaka	82,017,291,006	71,069,414,954
Chittagong	182,746,102,114	148,193,419,711
Barisal	213,427,492	219,184,582
Rajshahi	687,205,251	566,564,457
Khulna	1,315,173,204	1,074,268,916
Rangpur	369,253,972	190,598,761
Sylhet	827,817,022	812,322,231
	<b>268,176,270,061</b>	<b>222,125,773,612</b>
<b>Rural</b>		
Dhaka	1,542,330,646	1,158,971,250
Chittagong	2,507,253,883	1,860,194,155
Barisal	88,795,977	60,854,643
Rajshahi	166,276,614	100,596,755
Khulna	1,022,026,793	674,023,771
Sylhet	90,664,736	84,857,316
	<b>5,417,348,649</b>	<b>3,939,497,890</b>
	<b>273,593,618,710</b>	<b>226,065,271,502</b>

	2017 BDT	2016 BDT
<b>6.6 Classification of Investments as per Bangladesh Bank Circulars</b>		
<b><u>Unclassified:</u></b>		
Standard	250,469,454,650	206,293,974,864
Special Mention Account	14,726,419,601	13,932,053,224
	<b>265,195,874,251</b>	<b>220,226,028,088</b>
<b><u>Classified:</u></b>		
Sub-standard	1,667,239,905	1,881,233,510
Doubtful	1,477,387,516	322,208,989
Bad & Loss	5,253,117,038	3,635,800,915
	<b>8,397,744,459</b>	<b>5,839,243,414</b>
	<b>273,593,618,710</b>	<b>226,065,271,502</b>
<b>6.7 Sector-wise Classification of Investments</b>		
<b><u>Unclassified:</u></b>		
Small Enterprise Financing (SEF)	44,560,883,322	45,118,043,322
Consumer Financing (Other than HF & LP)	439,083,043	282,064,364
Investments to BHs/MBs/SDs against Share	433,559,649	484,023,192
Other than SMEF, CF, BHs/ MBs,/SDs	162,066,524,929	125,143,580,064
Housing Finance (HF)	21,533,341,403	18,219,744,445
Investments for professionals to set up business (LP)	95,739,678	1,134,942,026
Short Term Agri. Investments	2,680,314,636	2,057,174,823
Staff Investment	950,138,064	640,424,976
Others	32,436,289,527	27,146,030,876
	<b>265,195,874,250</b>	<b>220,226,028,087</b>
<b><u>Classified:</u></b>		
Small Enterprise Financing (SEF)	439,584,942	139,033,145
Consumer Financing (Other than HF & LP)	4,124,526	4,454,510
Investments to BHs/MBs/SDs against Share	106,788,579	-
Other than SMEF, CF, BHs/ MBs,/SDs	6,287,415,290	4,228,028,177
Housing Finance (HF)	165,662,331	37,896,142
Investments for professionals to set up business (LP)	3,848,681	3,848,681
Short Term Agri. Investments	18,880,810	13,220,632
Others	1,371,439,300	1,412,762,128
	<b>8,397,744,459</b>	<b>5,839,243,415</b>
	<b>273,593,618,710</b>	<b>226,065,271,502</b>
<b>6.8 Particulars of Required Provision for Investments</b>		
<b><u>Classification status</u></b>		<b><u>Required provision</u></b>
<b><u>Unclassified</u></b>		
Standard	1,837,246,617	1,893,110,376
Special Mention Account	852,723,019	343,018,063
Off -Balance Sheet Exposure	412,634,199	335,687,765
	<b>3,102,603,835</b>	<b>2,571,816,204</b>
<b><u>Classified:</u></b>		
Sub - Standard	212,389,363	251,168,475
Doubtful	555,269,535	33,275,329
Bad and Loss	3,234,145,663	2,229,089,094
	<b>4,001,804,561</b>	<b>2,513,532,898</b>
	<b>7,104,408,396</b>	<b>5,085,349,102</b>
Total Required Provision against Investments	7,104,408,396	5,085,349,102
Total Provision Maintained	7,104,408,396	5,088,729,803
<b>Provision Excess/ (Shortfall)</b>	<b>-</b>	<b>3,380,701</b>

Bangladesh Bank Audit Team (DBI-4) has raised additional provision amount of Tk. 540.65 Crore out of which the amount of Tk. 20.00 Crore has been maintained during the year 2017 and the rest of the amount i.e. Tk. 520.65 Crore has to be

maintained for next four (04) years within 2021 by equal amount of Tk. 130.16 Crore each year vide their letter no. DBI-04/42(5)/2018-769 dated 18.04.2018.

#### 6.9 Particulars of Investments

	2017 BDT	2016 BDT
i) Investments considered good in respect of which the Bank Company is fully secured.	42,679,500,000	25,825,000,000
ii) Investments considered good for which the bank holds no Security other than the debtors personal security.	161,343,800,000	24,053,000,000
iii) Investment considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	69,570,318,710	176,187,271,502
iv) Investments adversely classified; provision not maintained there against.	-	-
	<b>273,593,618,710</b>	<b>226,065,271,502</b>
v) Investments due by directors or executives of the banking company or any of them taken either separately or jointly with any other person.	<b>31,183,000,000</b>	<b>27,897,190,000</b>
vi) Investments due by companies or firms in which the directors of the bank company are interested as directors partners or managing agents or in case of private companies, as members.	-	-
vii) Maximum total amount of investments, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either separately or jointly with any other person.	-	-
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	<b>8,397,744,459</b>	<b>5,839,243,414</b>
a. Movement of classified Investments		
Opening balance	5,839,243,414	5,187,236,102
Increase/ (Decrease) during the year	2,558,501,045	652,007,312
	<b>8,397,744,459</b>	<b>5,839,243,414</b>
b. Amount of provision kept against classified investment as on the reporting date of Balance Sheet	<b>4,001,767,394</b>	<b>2,513,635,000</b>
c. Profit credited to the profit/Rent/Compensation Suspense Account	<b>371,647,708</b>	<b>228,426,381</b>
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.	-	-



	2017 BDT	2016 BDT
<b>6.10 Security against Investments including bills purchased &amp; negotiated:</b>		
Collateral of movable/immovable assets	164,806,833,589	125,750,894,795
Local banks & financial institutions guarantee	-	-
Export documents	1,573,666,000	1,574,249,000
Own MTDR	42,679,500,000	25,825,000,000
MTDR of other Banks	-	-
Government Bonds	-	-
Personal guarantee	41,691,156,544	53,969,048,191
Other security	433,559,649	1,272,885,689
Unsecured	22,408,902,928	17,673,193,827
	<b>273,593,618,710</b>	<b>226,065,271,502</b>
<b>6.11 Maturity Grouping of Bills Purchased and Negotiated</b>		
Payable within one month	5,311,884	4,419,231
Over one month but less than three months	1,418,143	11,798,269
Over three months but less than six months	228,199,650	189,851,055
Six Months and Above	419,729,148	338,575,875
	<b>654,658,825</b>	<b>544,644,430</b>
<b>6.A(a) CONSOLIDATED GENERAL INVESTMENT ETC. (All Inside Bangladesh)</b>		
First Security Islami Bank Limited (Note-6.A)	272,938,959,885	225,520,627,072
First Security Islami Capital & Investment Limited	-	-
Less: Inter-company transaction (Investment in Subsidiary)	(241,148,005)	(175,378,981)
	<b>272,697,811,880</b>	<b>225,345,248,091</b>
<b>7 Fixed Assets including premises, Furniture &amp; Intangible Assets at cost less accumulated depreciation (Annexure-A)</b>		
Land	96,546,000	96,546,000
Building	1,429,210,470	1,429,210,470
Furniture & Fixtures	1,950,734,800	1,805,533,437
Office Equipment	1,478,220,055	1,312,547,552
Vehicles	219,019,134	218,216,802
Books	614,868	613,025
	<b>5,174,345,327</b>	<b>4,862,667,286</b>
Less: Accumulated Depreciation	1,801,950,958	1,504,972,811
	<b>3,372,394,369</b>	<b>3,357,694,475</b>
<b>Intangible Assets</b>		
Software -Core banking	175,687,195	137,531,195
Less: Accumulated Amortization	84,070,133	64,494,731
	<b>91,617,062</b>	<b>73,036,464</b>
	<b>3,464,011,431</b>	<b>3,430,730,939</b>
<b>7(a) Consolidated Fixed Assets including premises, Furniture &amp; Intangible Assets at cost less accumulated depreciation</b>		
First Security Islami Bank Limited (Note-7)	3,464,011,431	3,430,730,939
First Security Islami Capital & Investment Limited	9,081,463	19,386,853
	<b>3,473,092,894</b>	<b>3,450,117,792</b>

	<b>2017</b>	<b>2016</b>
	<b>BDT</b>	<b>BDT</b>
<b>8 OTHER ASSETS</b>		
Inter - branch Transaction Account (*)	3,270,972	16,629,217
Accrued Income	802,817,226	931,679,426
Advances, Deposits and Prepayment (Note -8.1)	3,498,596,709	2,899,831,451
Advance Income Tax	6,280,075,025	5,035,549,724
Stock of Stationery	37,737,078	34,380,488
Suspense Account (Note- 8.2)	29,108,446	70,078,826
Advance Deposits	44,924,033	34,560,166
Stamps on Hand	3,225,705	3,003,832
Protested Bills	61,272,443	61,272,443
Investment in FSI Capital & Investment Ltd.(Note-1.4)	255,000,000	255,000,000
Investment in FSIEL Italy S.R.L (Note-1.5)	62,340,058	62,340,058
Deferred Tax Assets (Note- 8.3)	250,828,024	197,233,000
Agent Banking Asset	1,483,459	-
	<b>11,330,679,178</b>	<b>9,601,558,631</b>

(\*) 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 31.12.2017 have been reconciled on 22.02.2018.

#### 8.1 Advance, Deposits and Prepayment

Advance against Rent - Office	439,448,089	233,141,023
Advance against Rent - Godown	48,000	1,504,000
Clearing Adjustment Account (under BACH)	84,603,007	31,050,616
Remittance Settlement Account	319,590,927	169,731,729
Prepayment	2,640,185,985	2,449,406,819
Prepaid Insurance	550,693	652,565
Advance Against Security Deposit	13,888,997	14,063,688
Mobile Banking Receivable A/C	281,011	281,011
	<b>3,498,596,709</b>	<b>2,899,831,451</b>

#### 8.2 Suspense Account

Sundry Debtors	28,670,302	67,507,848
Advance against TA/DA	418,000	2,181,378
Encashment of PSP/BSP	5,050	364,600
Advance against New Branch	15,094	25,000
	<b>29,108,446</b>	<b>70,078,826</b>

#### 8.3 Deferred Tax Assets

Opening Balance	197,233,000	197,233,000
Add: Addition During the period	53,595,024	-
<b>Closing Balance</b>	<b>250,828,024</b>	<b>197,233,000</b>

As per Bangladesh Accounting Standard (BAS)- 12 deferred tax is recognized since December 2007. Deferred tax assets have been arrived at Tk. 250.83 million as on December 31, 2017. According to BRPD Circular No. 11 Dated 12 December 2011, the increased amount of the net income after tax due to the recognition of deferred tax will not be distributed as dividend. Deferred tax asset is recognized to the extents which are expected to recover in future.

#### 8(a) CONSOLIDATED OTHER ASSETS

First Security Islami Bank Limited (Note-8)	11,330,679,178	9,601,558,631
Less: Inter-company transaction(Investment in Subsidiary)	255,000,000	255,000,000
	<b>11,075,679,178</b>	<b>9,346,558,631</b>
First Security Islami Capital & Investment Limited	1,038,542,711	780,093,963
	<b>12,114,221,889</b>	<b>10,126,652,594</b>

	2017 BDT	2016 BDT
<b>9.0 NON-BANKING ASSETS</b>	<b>25,145,280</b>	<b>25,145,280</b>
<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>		
<b>10 PLACEMENT FROM BANK &amp; OTHER FINANCIAL INSTITUTION</b>		
<b>Inside Bangladesh</b>		
Bangladesh Bank (IMM Wings & Refinance Scheme)	8,042,480,495	35,863,797
Bangladesh Bank (EDF)	1,439,059,011	675,251,251
	<b>9,481,539,506</b>	<b>711,115,048</b>
<b>Outside Bangladesh</b>	-	-
	<b>9,481,539,506</b>	<b>711,115,048</b>
<b>A. Security- wise grouping</b>		
Secured Placement	-	-
Unsecured Placement	9,481,539,506	711,115,048
	<b>9,481,539,506</b>	<b>711,115,048</b>
<b>B. Repayment Nature wise Grouping</b>		
Repayable on demand	-	-
Others	9,481,539,506	711,115,048
	<b>9,481,539,506</b>	<b>711,115,048</b>
<b>C. Maturity Analysis</b>		
Repayable on Demand	-	-
Repayable within One Month	7,000,000,000	-
One Month to Six Months	1,000,000,000	-
Six Month to One Year	-	-
One Year to Five Years	1,481,539,506	711,115,048
Five Years to Ten Years	-	-
	<b>9,481,539,506</b>	<b>711,115,048</b>
<b>10 (a) CONSOLIDATED PLACEMENT FROM BANK &amp; OTHER FINANCIAL INSTITUTION</b>		
First Security Islami Bank Limited	9,481,539,506	711,115,048
First Security Islami Capital & Investment Limited	-	-
	<b>9,481,539,506</b>	<b>711,115,048</b>
<b>11 DEPOSITS AND OTHER ACCOUNTS</b>		
<b>A. Deposits Received from Banks (Note A-1 )</b>	<b>5,419,500,000</b>	<b>164,800,000</b>
<b>B. Other than Bank</b>		
Payable on Demand (Note B-1)	11,732,151,660	8,830,641,119
Other Deposits (Note B-2 )	281,969,192,804	265,257,453,010
	<b>293,701,344,464</b>	<b>274,088,094,129</b>
	<b>299,120,844,464</b>	<b>274,252,894,129</b>
<b>C. Maturity wise Grouping of Deposits and Other Accounts</b>		
Repayable within One Month	46,717,523,846	55,391,148,137
One Month to Three Months	49,501,026,451	54,798,044,362
Three Months to One Year	80,631,723,125	59,486,941,063
One Year to Five Years	65,030,736,589	57,531,817,115
Repayable over Five Years	57,239,834,453	47,044,943,452
	<b>299,120,844,464</b>	<b>274,252,894,129</b>

	2017 BDT	2016 BDT
<b>A-1 Deposits Received from Banks</b>		
Islami Bank Bangladesh Ltd.	5,378,700,000	22,300,000
Exim Bank Ltd.	4,900,000	11,200,000
Union Bank Ltd.	9,900,000	97,600,000
NRB Global Bank Ltd.	26,000,000	33,700,000
	<b>5,419,500,000</b>	<b>164,800,000</b>
<b>Maturity wise Grouping of Deposits Received from Banks</b>		
Repayable on Demand	3,419,500,000	164,800,000
Repayable within One Month	-	-
Repayable over One Month but within Six Months	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	-	-
	<b>5,419,500,000</b>	<b>164,800,000</b>
<b>B-1 Payable on Demand</b>		
Al-wadiah Current Deposits	6,330,698,909	5,111,969,154
Mudaraba Saving Deposits (9%) (Note-11.3)	2,396,389,754	1,657,966,771
Security Deposit Receipt	37,752,334	19,011,380
Sundry Deposits	2,967,310,663	2,041,693,814
	<b>11,732,151,660</b>	<b>8,830,641,119</b>
<b>B-2 Other Deposits</b>		
Mudaraba Saving Deposits (91%)	20,851,463,064	16,763,886,242
Mudaraba Term Deposits	195,765,021,849	188,431,972,412
Mudaraba Short Notice Deposits	10,972,314,952	8,441,322,077
Bills Payable (Note-11.2)	1,805,435,584	1,477,937,977
Bearer Certificates of Deposits	-	-
Mudaraba Deposit under Schemes (Note-11.5)	52,270,544,533	49,946,732,050
Foreign Currency Deposits	304,412,822	195,602,252
	<b>281,969,192,804</b>	<b>265,257,453,010</b>
<b>11.1 Al-Wadiah Current Accounts &amp; Other Deposit Accounts</b>		
Al-wadiah Current Deposits	6,330,698,909	5,111,969,154
Mudaraba Short Notice Deposits	11,013,114,952	8,606,122,077
Sundry Deposits	2,967,310,663	2,041,693,814
Security Deposit Receipt	37,752,334	19,011,380
Foreign Currency Deposits	304,412,822	195,602,252
	<b>20,653,289,680</b>	<b>15,974,398,677</b>
<b>11.1(a) Consolidated Al-Wadiah Current Accounts &amp; Other Deposit Accounts</b>		
First Security Islami Bank Limited (Note-11.1)	20,653,289,680	15,974,398,677
First Security Islami Capital & Investment Limited	-	-
Less: Inter-company transaction	(14,743,708)	(28,108,136)
	<b>20,638,545,972</b>	<b>15,946,290,541</b>
<b>11.2 Bills Payable</b>		
Pay Order Issued	1,803,436,447	1,467,326,541
Demand Draft Payable	1,839,383	10,441,104
Pay Slips Issued	159,754	170,332
	<b>1,805,435,584</b>	<b>1,477,937,977</b>
<b>11.3 Mudaraba Savings Deposits</b>		
As per BRPD Circular No. 06, dated 24 June 07, total saving deposits amount is bifurcated into:		
9 % of total Mudaraba Savings Deposits	2,396,389,754	1,657,966,771
91% of total Mudaraba Savings Deposits	24,230,163,064	16,763,886,242

2017	2016
BDT	BDT
<b>26,626,552,818</b>	<b>18,421,853,013</b>

#### 11.4 Mudaraba Term Deposits including other Banks - Maturity wise Grouping

Payable on Demand	2,087,374,389	1,922,181,153
Up to Three Months	83,920,667,194	77,549,721,873
From Three Months to Six Months	29,882,294,990	31,239,012,039
Above Six Months to One Year	81,738,793,340	77,598,448,218
Above One Year to Two Years	55,463,544	55,436,023
Above Two Years	80,428,392	67,173,106
	<b>197,765,021,849</b>	<b>188,431,972,412</b>

#### 11.5 Other Mudaraba Deposits

##### Mudaraba Deposit under Schemes:

Mudaraba Monthly Savings Scheme	10,825,120,703	9,778,118,259
Mudaraba Double Benefit Deposits Scheme	16,977,431,143	17,608,871,473
Mudaraba Monthly Benefit Scheme	6,213,479,979	10,134,595,799
Mudaraba Hajj Scheme	136,013,536	96,395,710
Mudaraba Marriage Scheme	1,943,342,915	1,131,827,102
Mudaraba Health Care Scheme	8,206,749,269	5,135,892,177
Mudaraba Education Deposit Scheme	1,630,643,020	1,054,168,576
Mudaraba Pension Deposit Scheme	961,749,022	762,433,840
Mudaraba Millionaire Deposit Scheme	1,448,219,097	1,057,364,020
Mudaraba Kroropoti Deposit Scheme	1,005,694,849	716,031,086
Mudaraba Triple Times Deposit Scheme	503,436,470	447,932,693
Mudaraba Four Times Deposit Scheme	1,879,396,083	1,611,281,695
Mudaraba Probashi Deposit Scheme	244,981,505	199,562,168
Mudaraba Money Plant Deposit Scheme	2,178,095	2,297,319
Mudaraba Gift Cheque	8,443,244	7,868,871
Mudaraba Griheni Deposit Scheme	222,022,826	155,392,659
Mudaraba New Generation Deposit Scheme	60,738,877	45,436,527
Mudaraba Cash Waqf. Deposit Scheme	903,900	1,262,076
	<b>52,270,544,533</b>	<b>49,946,732,050</b>

#### 12 MUDARABA SUBORDINATED BOND

**5,382,000,000**

**1,382,000,000**

The Bank issued Redeemable non-convertible FSIBL 1st Mudaraba Subordinated Bond to the tune of Taka 2,500,000,000.00 as Supplementary Capital (Tier-2) of the Bank for a term of 6 years to strengthen the capital base of the Bank under Basel-III on the consent of SEC vide their letter no. SEC/CI/CPLC-44/2003-1516 dated 05.09.2012 as well as on the approval of Bangladesh Bank Vide their letter no. BRPD(BIC)661/14B(P)/2012-241 dated 09.10.2012. The amount of Tk. 161.80 (250-88.20) crore has already been paid up to 31 December 2017, as principal redemption.

The Board of Directors of the Bank in its 181st meeting held on February 12, 2017 has decided to issue fully Redeemable non-convertible FSIBL 2nd Mudaraba Subordinated Bond (Private Placement) amounting to BDT 4,500,000,000.00 (Four hundred fifty crore) only through private placements with 7 years maturity for enhancement of Tier-II capital as per requirement of Basel –III. The Bangladesh Securities and Exchange Commission has given consent vide their letter No. BSEC/CI/DS-08/2017/435 dated August 27, 2017 and Bangladesh Bank approval letter no. BRPD(BFIS)661/14B(P)/2017-6560 dated 05.10.2017. The FSIBL 2nd Mudaraba Subordinated Bond has fully been subscribed by BDT 4,500,000,000.00 within 31 December 2017.

	<b>2017</b>	<b>2016</b>
	<b>BDT</b>	<b>BDT</b>
<b>13 OTHER LIABILITIES</b>		
Provision for Taxation (Note-13.1)	7,148,179,852	5,712,099,852
Accumulated Provision against Investments(Note-13.3)	7,104,408,396	5,088,729,803
Profit/Rent/Compensation Suspense Account (Note -13.4)	371,647,708	228,426,381
Accrued Profit and Expenses Payable (Note-13.5)	3,212,947,331	2,954,999,589
Provisions for diminution in value of Investments(Note-13.6)	90,209,472	63,866,911
Provisions for Other Assets	30,636,221	356,000
Provision for Zakat	71,588,157	67,118,741
Provident Fund	4,933	16,053
Benevolent Fund	3,233	2,483
Non-Resident Accounts	13,795,112	20,982,677
Compensation Realised	21,620,054	19,692,726
Others	18,378,722	24,207,752
<b>Total</b>	<b>18,083,419,191</b>	<b>14,180,498,968</b>
<b>13.1 Provision for Taxation during the year</b>		
Opening Balance	5,712,099,852	4,567,675,852
Add : Provision made during the year	1,436,080,000	1,144,424,000
<b>Closing Balance</b>	<b>7,148,179,852</b>	<b>5,712,099,852</b>
Assessment for the year 1999, 2002, 2005, 2006 and 2009 have been settled. Assessment order of 2000, 2001, 2003, 2004, 2007,2008, and 2010 are pending with High Court and 2011 & 2012 are pending with Appellate Tribunal, 2013 is pending with Commissioner of Taxes (Appeal), 2014, 2015 & 2016 assessment is not yet completed by DCT level and the return for the year 2017 will be submitted within 15th September 2018.		
<b>13.2 Provision for Investments during the year</b>		
Specific Provision for Classified Investments	1,488,132,394	805,700,000
General Provision	450,600,000	393,412,000
Off -Balance Sheet exposure	76,946,199	77,188,000
	<b>2,015,678,593</b>	<b>1,276,300,000</b>
<b>13.2 (a) Consolidated Provision for Investments during the year</b>		
First Security Islami Bank Limited	2,015,678,593	1,276,300,000
First Security Islami Capital & Investment Limited	4,711,604	9,343,508
	<b>2,020,390,197</b>	<b>1,285,643,508</b>
<b>13.3 Accumulated Provision for Investments</b>		
Specific Provision for Classified Investments (Note -13.3.1)	4,001,767,394	2,513,635,000
General Provision (Note -13.3.2)	2,690,006,803	2,239,406,803
Off -Balance Sheet exposure (Note -13.3.3)	412,634,199	335,688,000
	<b>7,104,408,396</b>	<b>5,088,729,803</b>
<b>13.3.1 Movement in Specific Provision for Classified Investments</b>		
Provision held at the beginning of the year	2,513,635,000	1,707,935,000
Less: Fully Provided Debts written off	-	-
Add: Recoveries of amounts previously written off	-	-
Add: Specific Provision for the year	1,488,132,394	805,700,000
<b>Provision held at the end of the year</b>	<b>4,001,767,394</b>	<b>2,513,635,000</b>
<b>13.3.2 General Provision</b>		
Provision held at the beginning of the year	2,239,406,803	1,845,994,803

	<b>2017</b>	<b>2016</b>
	<b>BDT</b>	<b>BDT</b>
Addition/(transfer) during the year	450,600,000	393,412,000
	<b>2,690,006,803</b>	<b>2,239,406,803</b>
<b>13.3.3 Off-balance sheet exposure</b>		
Provision held at the beginning of the year	335,688,000	258,500,000
Addition/(transfer) during the year	76,946,199	77,188,000
	<b>412,634,199</b>	<b>335,688,000</b>
<b>13.4 Profit/Rent/Compensation Suspense Account</b>		
<b>A) Profit Suspense (Old)</b>		
Opening Balance	33,768,518	33,768,518
Add: Transferred during the year	-	-
	<b>33,768,518</b>	<b>33,768,518</b>
Less: Recovered during the year	-	-
Less: Amount Written off/waived during the year	-	-
Balance at the end of the year	<b>33,768,518</b>	<b>33,768,518</b>
<b>B) Compensation Suspense Account</b>		
Opening Balance	194,657,863	164,988,725
Add: Addition during the year	152,648,655	49,361,864
	<b>347,306,518</b>	<b>214,350,589</b>
Less: Recovered during the year	9,427,328	19,692,726
Less: Amount Written off/waived during the year	-	-
Balance at the end of the year	<b>337,879,190</b>	<b>194,657,863</b>
<b>Total (A+B)</b>	<b>371,647,708</b>	<b>228,426,381</b>
<b>13.5 Accrued Profit and Expenses Payable</b>		
Profit Payable on MTDR	2,965,477,002	2,754,129,742
Profit Payable on Monthly Benefit Savings Scheme	1,027,305	1,027,305
Profit Payable on Money Plant Deposit	11,014	11,014
Power and Electricity	2,506,020	2,052,875
Telephone	206,274	235,953
Office Rent	672,219	2,176,077
Wages	786,987	489,314
Insurance	3,137,664	2,838,839
Audit Fees	862,500	730,250
Telex, Fax and E-mail	-	920
Printing and Stationery	-	7,060
Rates & Taxes	-	5,000
Clearing Adjustment	-	2,437
Online Clearing Parking Charges	1,004,950	1,004,950
Profit Payable on Mudaraba Subordinated Bond	54,459,485	66,840,894
Others	182,795,911	123,446,959
	<b>3,212,947,331</b>	<b>2,954,999,589</b>
<b>13.6 Provisions for diminution in value of Investments in shares</b>		
Opening Balance	63,866,911	163,515,908
Add: Addition during the year	26,342,561	-
Less: Adjustment for realized Loss during the year	-	99,648,997
	<b>90,209,472</b>	<b>63,866,911</b>
<b>13(a) CONSOLIDATED OTHER LIABILITIES</b>		
First Security Islami Bank Limited (Note-13)	18,083,419,191	15,324,922,968
First Security Islami Capital & Investment Limited	322,630,052	110,411,786
	<b>18,406,049,243</b>	<b>15,435,334,754</b>
<b>14 CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
1,000,000,000 Ordinary shares of Taka 10 each.	<b>10,000,000,000</b>	<b>10,000,000,000</b>

**14.1 Issued, Subscribed and Paid-Up Capital**  
712,817,582 Ordinary Shares of Taka 10 each issued

2017 BDT	2016 BDT
7,128,175,820	6,788,738,880
<b>7,128,175,820</b>	<b>6,788,738,880</b>

**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
<b>Total</b>		<b>7,128,175,820</b>	

**14.3 Category of shareholding as at 31 December 2017**

<u>Name of Category</u>	<u>Percentage(%)</u>	<u>Percentage(%)</u>
Sponsors/Directors	34.20	48.00
Institutes	4.96	18.27
Non-Resident Bangladeshi	14.63	0.18
General Public	46.04	30.78
Foreign Investors	0.17	2.77
	<b>100.00</b>	<b>100.00</b>

**14.4 Classification of Shareholders by holding position as at 31 December 2017**

<u>Shareholding Range</u>	<u>No. of Shares</u>	<u>No. of Shares</u>
Up to 500 Shares	3,558,605	4,049,356
501 to 5000 Shares	41,610,754	43,679,734
5001 to 10,000 Shares	19,584,230	16,634,725
10,001 to 20,000 Shares	21,973,917	17,865,624
20,001 to 30,000 Shares	13,507,821	11,049,426
30,001 to 40,000 Shares	8,248,171	6,056,139
40,001 to 50,000 Shares	8,151,156	9,407,375
50,001 to 100,000 Shares	25,523,189	22,434,362
100,001 to 1,000,000 Shares	83,962,262	81,992,796
Over 1,000,000 Shares	486,697,477	465,704,351
	<b>712,817,582</b>	<b>678,873,888</b>



2017	2016
BDT	BDT

**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	7,128,175,820	6,788,738,880
Statutory Reserve	2,950,454,362	2,412,128,110
Other Reserve	516,507,063	402,850,965
Retained Earnings	724,401,309	736,050,186
Adjustment for Deferred Tax Assets	(250,828,024)	(197,233,000)
Others (5% of Deferred Tax Assets)	12,541,401	9,861,650
	<b>11,081,251,931</b>	<b>10,152,396,791</b>

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

	-	-
	<b>11,081,251,931</b>	<b>10,152,396,791</b>

**Tier -2 Capital:**

General Provision	3,102,641,002	2,575,094,803
Assets Revaluation Reserves	191,160,401	181,099,327
Subordinated Debt	5,382,000,000	1,382,000,000
Adjustment (Assets Revaluation Reserves @ 60%)	(114,696,241)	(72,439,731)
	<b>8,561,105,162</b>	<b>4,065,754,399</b>

**A. Total Regulatory Capital**

	<b>19,642,357,093</b>	<b>14,218,151,190</b>
--	-----------------------	-----------------------

**B. Total Risk Weighted Assets**

	<b>163,609,111,704</b>	<b>135,261,058,541</b>
--	------------------------	------------------------

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

	<b>12.01</b>	<b>10.51</b>
--	--------------	--------------

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

	6.77%	7.51%
--	-------	-------

Requirement of Minimum CET-1 plus Capital Conservation Buffer

	5.75%	5.13%
--	-------	-------

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

	6.77%	7.51%
--	-------	-------

Requirement of Minimum Tier-1 Capital Ratio

	6.00%	5.50%
--	-------	-------

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

	5.23%	3.01%
--	-------	-------

**G. Minimum Capital Requirement (MCR)**

	<b>16,360,911,170</b>	<b>13,526,105,854</b>
--	-----------------------	-----------------------

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

	<b>3,281,445,923</b>	<b>692,045,336</b>
--	----------------------	--------------------

**H.Required Minimum Capital Plus Capital Conservation Buffer**

	<b>18,406,025,067</b>	<b>14,371,487,470</b>
--	-----------------------	-----------------------

**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	7,128,175,820	6,788,738,880
Statutory Reserve	2,950,454,362	2,412,128,110
Other Reserve	516,507,063	402,850,965
Retained Earnings	823,468,502	793,919,776
Non-controlling Interest	340,182,207	300,600,194
Adjustment for Deferred Tax Assets	(250,828,024)	(197,233,000)
Others (5% of Deferred Tax Assets)	12,541,401	9,861,650
	<b>11,520,501,331</b>	<b>10,510,866,575</b>

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

	-	-
	<b>11,520,501,331</b>	<b>10,510,866,575</b>

**Tier -2 Capital:**

General Provision	3,102,641,002	2,575,094,803
Assets Revaluation Reserves	191,160,401	181,099,327

	2017	2016
	BDT	BDT
Subordinated Debt	5,382,000,000	1,382,000,000
Adjustment (Assets Revaluation Reserves @ 60%)	(114,696,241)	(72,439,731)
	<b>8,561,105,162</b>	<b>4,065,754,399</b>
<b>A. Total Regulatory Capital</b>	<b>20,081,606,493</b>	<b>14,576,620,974</b>

<b>B. Total Risk Weighted Assets</b>	<b>164,510,607,824</b>	<b>135,866,716,109</b>
C. Capital to Risk Weighted Assets Ratio (CRAR) (A/B)*100	12.21%	10.73%
D. Common Equity Tier-1 To RWA (A -CET/B)*100	7.00%	7.74%
Requirement of Minimum CET-1 plus Capital Conservation Buffer	5.75%	5.13%
E. Tier-1 Capital to RWA (A -CET/B)*100	7.00%	7.74%
Requirement of Minimum Tier-1 Capital Ratio	6.00%	5.50%
F. Tier-2 Capital to RWA (A- AT/B)*100	5.20%	2.99%
<b>G. Minimum Capital Requirement (MCR)</b>	<b>16,451,060,782</b>	<b>13,586,671,611</b>

<b>Capital Surplus /(Deficiency) against MCR (A-G)</b>	<b>3,630,545,711</b>	<b>989,949,363</b>
--	----------------------	--------------------

<b>H. Required Minimum Capital Plus Capital Conservation Buffer</b>	<b>18,507,443,380</b>	<b>14,435,838,587</b>
---	-----------------------	-----------------------

**15 STATUTORY RESERVE**

Opening Balance	2,412,128,110	1,902,246,794
Add: Addition during the year	538,326,252	509,881,316
<b>Closing Balance</b>	<b>2,950,454,362</b>	<b>2,412,128,110</b>

This has been done at least @ 20% or more of the net profit before tax according to Sec. 24 of Bank Companies Act, 1991 Amendment 2013 and shall be maintained until & unless it equals to Paid-up Capital.

**16 OTHER RESERVE**

Opening Balance	402,850,965	75,556,891
Add: Addition during the year	103,595,024	317,233,000
Add: Transferred from Asset Revaluation Reserve	10,061,074	10,061,074
<b>Closing Balance</b>	<b>516,507,063</b>	<b>402,850,965</b>

**17 ASSETS REVALUATION RESERVE**

Opening Balance	362,198,654	372,259,728
Less: Transfer to Other Reserve	10,061,074	10,061,074
<b>Closing Balance</b>	<b>352,137,580</b>	<b>362,198,654</b>

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	736,050,186	500,590,957
Add: Post tax profit for the period	1,309,146,282	1,404,982,582
Less: Transfer to Statutory Reserve	538,326,252	509,881,316
Less: Transfer to Other Reserve	103,595,024	317,233,000
Less: Capitalized during the period	339,436,940	-
Less: Cash Dividend paid during the period	339,436,944	342,409,037
<b>Closing Balance</b>	<b>724,401,308</b>	<b>736,050,186</b>

**18(a) CONSOLIDATED RETAINED EARNINGS**

First Security Islami Bank Limited (Note-18)	724,401,308	736,050,186
First Security Islami Capital & Investment Limited	99,067,195	57,869,590

2017	2016
BDT	BDT
<b>823,468,503</b>	<b>793,919,776</b>

**19 NON-CONTROLLING INTEREST**

Opening Balance	300,600,194	297,979,846
Add: Capital Increase in Subsidiary	-	-
Add: Transfer during the year	39,582,013	2,620,348
<b>Closing Balance</b>	<b>340,182,207</b>	<b>300,600,194</b>

**20 LETTER OF GUARANTEES**

Money for which the Bank is contingently liable in respect of guarantees are given favoring:

Letters of Guarantee - Local	6,047,078,043	6,293,521,960
Letter of Guarantee - Foreign	32,781,475	23,499,840
	<b>6,079,859,518</b>	<b>6,317,021,800</b>

**20.1 Money for Which the Bank is Contingently Liable in respect of Guarantees:**

Directors	-	-
Government	-	-
Banks and Other Financial Institutions	-	-
Others	6,079,859,518	6,317,021,800
	<b>6,079,859,518</b>	<b>6,317,021,800</b>

**21 IRREVOCABLE LETTERS OF CREDIT**

Letters of Credit - Cash	5,759,547,020	3,570,027,615
Letter of Credit - Cash Inland	-	-
Back to Back letters of Credit - Local	227,561,868	584,876,220
Back to Back letters of Credit - Foreign	138,305,221	180,902,422
	<b>6,125,414,109</b>	<b>4,335,806,257</b>

**22 BILLS FOR COLLECTION ISSUED BY THE BANK**

Foreign Documentary Bills	363,733,466	369,864,788
Outward Bills	500,000	108,628
Inland Documentary Bills	1,006,727,905	795,037,383
	<b>1,370,961,371</b>	<b>1,165,010,799</b>

	<b>2017</b>	<b>2016</b>
	<b>BDT</b>	<b>BDT</b>
<b>23 INVESTMENT INCOME</b>		
<b>Profit Received from:</b>		
Bai Murabaha - General	1,295,259,818	1,453,367,182
Bai Murabaha Hypothecation	15,673,966,782	14,442,681,619
Bai Murabaha against MTD	1,985,896,817	1,667,877,635
Bai Murabaha Post Import (LTR)	524,653,434	730,485,765
Bai Murabaha Post Import (Pledge)	42,583,332	4,972,528
Bai Murabaha Real Estate	583,275	2,494,303
Bai Murabaha Import Bill	1,331,171,738	800,038,441
Investment in Placements	1,377,252,184	1,707,079,971
Bai Murabaha Import	151,226,661	57,170,295
Bai Murabaha Export	56,749,390	46,499,880
Bai Murabaha SME Investment	717,441,733	591,955,768
Bai-Murabaha (EMI) Investment	201,251,377	158,612,810
Bai-Murabaha(General) Under SME Invest	49,575,306	52,899,236
Bai-Murabaha Post Import(TR)-Under SME	42,017,072	16,463,000
Bai-Murabaha (EQI) Investment	1,394,731,631	1,501,753,020
Mudaraba Foreign Currency Investment (EDF)	34,568,281	8,814,885
Inland Documentary Bills Purchased (Foreign Currency Bills)	75,393,841	79,194,719
Bai Muajjal General	15	8,476,775
Pre-shipment Investment	18,917,755	12,347,784
HPSM Transport	182,524,974	178,521,277
HPSM Real Estate	820,409,554	765,771,264
HPSM Consumer	70,149,356	63,805,344
HPSM Agriculture	2,898,947	3,766,926
HPSM SME	11,553,071	14,633,951
HPSM HBL Commercial	1,133,800,844	1,003,666,381
HPSM Industrial	618,747,906	456,029,050
Rent on HPSM Scheme	130,998,640	170,912,781
HPSM House Building - Staff	24,446,971	20,415,870
Bai Muajjal	92,637	80,391
Agriculture Investment	249,549,603	227,009,007
Investment against Provident Fund (Staff)	903,738	908,141
Investment against Car Lease Scheme	468,496	1,070,397
Quard against MTDR	188,704	200,121
Wajira Bill Okalah	2,531,564	1,739,282
	<b>28,222,505,447</b>	<b>26,251,715,799</b>

**23(a) CONSOLIDATED INVESTMENT INCOME**

First Security Islami Bank Limited (Note-23)	28,222,505,447	26,251,715,799
First Security Islami Capital & Investment Limited	126,495,190	143,557,588
	<b>28,349,000,637</b>	<b>26,395,273,387</b>

2017	2016
BDT	BDT

#### 24 PROFIT PAID ON DEPOSITS

##### Profit Paid on:

Mudaraba Term Deposit	12,819,480,865	12,906,957,345
Mudaraba Double Benefit Deposits Scheme	2,008,381,007	1,993,220,000
Mudaraba Monthly Savings Scheme	1,108,099,040	932,251,236
Mudaraba Monthly Benefit Savings Scheme	781,854,554	1,299,575,832
Mudaraba Savings Deposits	681,617,374	447,797,615
Mudaraba Short Notice Deposits	515,526,408	264,234,687
MSB & Placement from Other Banks	272,455,070	144,745,362
Mudaraba Hajj Deposit Scheme	12,684,120	8,604,164
Mudaraba Student SB AC	6,055,976	5,461,468
Mudaraba Salary A/C	7,986,626	4,179,779
Mudaraba Senior Citizen AC	5,268,942	4,633,171
Mudaraba Marriage Scheme	160,219,475	86,572,011
Mudaraba Health Care Scheme	689,782,770	406,846,760
Mudaraba Education Deposit Scheme	141,848,642	83,702,507
Mudaraba Pension Deposit Scheme	94,594,954	66,749,745
Mudaraba Millionaire Deposit Scheme	135,290,298	88,775,233
Mudaraba Krropoti Deposit Scheme	95,855,296	61,237,937
Mudaraba Triple Times Deposit Scheme	58,258,362	51,140,701
Mudaraba Four Times Deposit Scheme	200,132,330	166,861,116
Mudaraba Probashi Deposit Scheme	24,989,111	18,080,525
Mudaraba Money Plant Deposit Scheme	233,746	234,814
Mudaraba Griheni Deposit Scheme	20,297,593	12,929,363
Mudaraba Gift Cheque	389,572	214,642
Agent Savings A/C-Mobile Bank	1,476,610	1,154,074
Mudaraba New Generation Savings Scheme	6,254,544	5,376,647
Mudaraba New Generation Deposit Scheme	5,743,907	3,934,890
Mudaraba Shramajibi Savings	5,437,520	4,537,833
Mudaraba Cash Waqf. Deposit Scheme	127,105	204,787
Agent Banking Saving A/C	224,224	-
Agent Banking Float A/C	649,929	-
	<b>19,861,215,970</b>	<b>19,070,214,244</b>

#### 25 INCOME FROM INVESTMENT IN SHARES & SECURITIES

Bangladesh Govt. Islamic Investment Bond	66,551,170	-
Dividend on Shares	7,427,987	10,152,597
Profit on Sale of Shares	19,627,877	22,258,351
Profit Received on MSB	42,000,000	32,420,548
Loss on Sale of Shares	-	(37,757,300)
	<b>135,607,034</b>	<b>27,074,196</b>

#### 25(a) CONSOLIDATED INCOME FROM INVESTMENT IN SHARES & SECURITIES

First Security Islami Bank Limited (Note-25)	135,607,034	27,074,196
First Security Islami Capital & Investment Limited	18,224,831	(90,712,419)
	<b>153,831,865</b>	<b>(63,638,223)</b>

#### 26 COMMISSION, EXCHANGE AND BROKERAGE

Commission	570,921,096	354,257,849
<b>Exchange Gain</b>	<b>225,167,660</b>	<b>90,731,379</b>
Exchange Earning	280,484,044	120,420,301
Less: Exchange Loss	55,316,384	29,688,922

	<b>2017</b>	<b>2016</b>
	<b>BDT</b>	<b>BDT</b>
	<b>796,088,756</b>	<b>444,989,228</b>
<b>26(a) CONSOLIDATED COMMISSION, EXCHANGE AND BROKERAGE</b>		
First Security Islami Bank Limited (Note-26)	796,088,756	444,989,228
First Security Islami Capital & Investment Limited	56,872,198	57,163,292
	<b>852,960,954</b>	<b>502,152,520</b>
<b>27 OTHER OPERATING INCOME</b>		
Charges on Account Closing	9,182,696	7,446,709
Standing Instruction Charges	6,271,125	3,805,754
Gain/(Loss) on Sale of Fixed Assets	(11,492,856)	2,123,302
Service Charge on HP	17,400	196,600
Service Charge on Quard	3,341,529	5,971,817
Other Income ( Note-27.1)	420,176,137	351,777,940
	<b>427,496,031</b>	<b>371,322,122</b>
<b>27.1 Other Income</b>		
Postage Recoveries - Local	101,154	110,041
Tel/Fax/E-mail Chg. Recoveries	16,796,550	16,227,518
Incidental Charge on Al-Wadiah CD A/C	33,041,139	29,679,579
Incidental Charge on Mudaraba SB A/C	71,788,053	60,442,354
Incidental Charge on Mudaraba SND A/C	7,582,207	6,905,889
Income from Online	22,314,071	17,358,510
Investment Processing Fee	29,944,272	29,217,487
Income from ATM	31,921,063	31,829,521
Income from SMS Banking Services	97,571,571	75,226,783
Income from Internet Banking Services	836,800	546,800
Miscellaneous Earnings	108,279,257	84,233,458
	<b>420,176,137</b>	<b>351,777,940</b>
<b>27(a) CONSOLIDATED OTHER OPERATING INCOME</b>		
First Security Islami Bank Limited (Note-27)	427,496,031	371,322,122
First Security Islami Capital & Investment Limited	3,164,850	3,044,750
	<b>430,660,881</b>	<b>374,366,872</b>
<b>28 SALARY &amp; ALLOWANCES</b>		
Basic Salary	845,585,711	719,537,459
Bonus	374,944,471	236,229,370
Allowances	1,291,821,789	1,149,840,640
Bank's Contribution to Staff Provident Fund	67,542,583	60,260,638
Gratuity	88,171,765	61,402,970
	<b>2,668,066,319</b>	<b>2,227,271,077</b>
<b>28(a) CONSOLIDATED SALARY &amp; ALLOWANCES</b>		
First Security Islami Bank Limited (Note-28)	2,668,066,319	2,227,271,077
First Security Islami Capital & Investment Limited	18,515,310	16,036,387
	<b>2,686,581,629</b>	<b>2,243,307,464</b>
<b>29 RENT, TAXES, INSURANCE, ELECTRICITY ETC.</b>		
Rent	332,504,118	283,137,068
Insurance	151,356,875	142,419,317
Rates and Taxes	9,046,778	8,216,309
Water Charges	3,761,607	3,091,995
Gas Charges	1,932,652	1,423,924
Electric Bills	73,007,634	73,780,256

	<b>2017</b>	<b>2016</b>
	<b>BDT</b>	<b>BDT</b>
	<b>571,609,664</b>	<b>512,068,869</b>
<b>29(a) CONSOLIDATED RENT, TAXES, INSURANCE,ELECTRICITY ETC.</b>		
First Security Islami Bank Limited (Note-29)	571,609,664	512,068,869
First Security Islami Capital & Investment Limited	5,513,760	5,139,678
	<b>577,123,424</b>	<b>517,208,547</b>
<b>30 LEGAL EXPENSES</b>		
Legal fee & charges	438,297	373,066
Other legal expenses	7,296,625	5,904,175
	<b>7,734,922</b>	<b>6,277,241</b>
<b>30(a) CONSOLIDATED LEGAL EXPENSES</b>		
First Security Islami Bank Limited (Note-30)	7,734,922	6,277,241
First Security Islami Capital & Investment Limited	972,900	147,500
	<b>8,707,822</b>	<b>6,424,741</b>
<b>31 POSTAGE, STAMP AND TELECOMMUNICATION ETC.</b>		
Postage	7,783,389	7,291,776
Stamp	100,792	109,860
Telephone - Office	9,806,401	9,467,582
Telex, Fax and Email	6,525,032	5,323,031
Telephone - Residence	11,353	26,576
Data Communication	63,280,333	64,163,065
	<b>87,507,300</b>	<b>86,381,890</b>
<b>31 (a) CONSOLIDATED POSTAGE, STAMP AND TELECOMMUNICATION ETC.</b>		
First Security Islami Bank Limited (Note-31)	87,507,300	86,381,890
First Security Islami Capital & Investment Limited	378,546	182,249
	<b>87,885,846</b>	<b>86,564,139</b>
<b>32 STATIONERY, PRINTING AND ADVERTISEMENT ETC.</b>		
Publicity and Advertisement	131,864,389	130,606,935
Printing and Stationery	47,477,815	53,259,009
Computer Stationery	3,303,817	6,066,286
	<b>182,646,021</b>	<b>189,932,230</b>
<b>32 (a) CONSOLIDATED STATIONERY, PRINTING AND ADVERTISEMENT ETC.</b>		
First Security Islami Bank Limited (Note-32)	182,646,021	189,932,230
First Security Islami Capital & Investment Limited	390,544	318,727
	<b>183,036,565</b>	<b>190,250,957</b>
<b>33 MANAGING DIRECTOR'S SALARY AND FEES</b>		
Basic Pay	3,867,339	3,362,903
House Rent Allowances	1,440,000	1,440,000
Leave Fare Allowances	1,200,000	1,200,000
Bonus	1,727,375	1,632,500
House Maintenance Allowances	1,500,000	1,500,000
Other Allowances	1,260,000	1,260,000

2017 BDT	2016 BDT
<b>10,994,714</b>	<b>10,395,403</b>

**34 DIRECTORS' FEES & EXPENSES**

Directors Fees	1,278,800	1,444,400
Meeting Expenses	144,000	736,000
	<b>1,422,800</b>	<b>2,180,400</b>

**34 (a) CONSOLIDATED DIRECTORS' FEES & EXPENSES**

First Security Islami Bank Limited (Note-34)	1,422,800	2,180,400
First Security Islami Capital & Investment Limited	475,000	675,000
	<b>1,897,800</b>	<b>2,855,400</b>

**35 SHARIAH SUPERVISORY COMMITTEE'S FEES & EXPENSES**

Shariah Council Meeting Expenses	64,000	184,000
	<b>64,000</b>	<b>184,000</b>

**36 CONSOLIDATED AUDITORS' FEES**

First Security Islami Bank Limited	862,500	730,250
First Security Islami Capital & Investment Limited	143,750	143,750
	<b>1,006,250</b>	<b>874,000</b>

**37 DEPRECIATION AND REPAIRS OF BANK'S ASSETS**

Depreciation on Fixed Assets (Annexure - A)	<b>370,609,044</b>	<b>348,035,961</b>
<b>Repairs:</b>	<b>73,779,308</b>	<b>63,659,009</b>
Office equipment	16,694,469	15,867,176
Renovation and Repair of Office Premises	12,239,970	11,561,743
Furniture and Fixtures	1,284,636	1,121,988
Maintenance and Services of SWIFT	366,927	631,076
Maintenance of Routers	1,855,335	1,783,421
Elect. Fitt. Rep. & Replacement	4,836,049	4,266,309
Office Maintenance Expenses	17,455,034	14,362,971
Maintenance of Software	9,392,337	8,685,096
Maintenance Expenses of ATM Machine	7,453,285	5,379,229
Maintenance of Disaster Recovery Site	2,201,266	-
	<b>444,388,352</b>	<b>411,694,970</b>

**37 (a) CONSOLIDATED DEPRECIATION AND REPAIRS OF FIXED ASSETS**

First Security Islami Bank Limited (Note-37)	444,388,352	411,694,970
First Security Islami Capital & Investment Limited	10,672,420	12,611,210
	<b>455,060,772</b>	<b>424,306,180</b>



	<b>2017</b>	<b>2016</b>
	<b>BDT</b>	<b>BDT</b>
<b>38 OTHER EXPENSES</b>		
Training, Seminar and Workshop	10,939,930	9,484,612
Entertainment	44,679,648	37,664,188
Traveling	36,406,455	24,407,523
Donation	265,086,264	266,523,319
Subscription	22,626,741	20,418,342
Newspaper and Periodicals	3,133,376	728,752
Wages	317,794,294	267,107,211
Conveyance	11,490,513	11,198,381
Business Development	75,171,141	60,471,090
Plantation	1,872,453	1,796,514
Liveries and Uniform	2,547,387	2,168,280
Photocopying	5,066,965	5,464,354
Generator Fuel	8,938,473	9,820,350
Car Expense	17,026,657	16,460,577
Cash Carrying	18,201,725	17,178,440
Washing and Cleaning	3,414,887	4,136,869
Cartage and Freight	44,520	43,035
Office Maintenance	571,801	500,100
ATM Expenses	20,779,877	20,079,579
Meeting Expenses	12,132,766	7,410,895
Recruitment Expenses	-	2,554,618
Mobile Financial Service Expense	13,569,792	12,142,638
Bank Charges	544,721	60,676
Sundry Expenses	17,623,530	3,644,235
	<b>909,663,916</b>	<b>801,464,578</b>
<b>38 (a) CONSOLIDATED OTHER EXPENSES</b>		
First Security Islami Bank Limited (Note-38)	909,663,916	801,464,578
First Security Islami Capital & Investment Limited	44,530,354	75,231,889
	<b>954,194,270</b>	<b>876,696,467</b>
<b>39 DEFERRED TAX INCOME/(EXPENSE)</b>		
Closing balance of Deferred Tax Assets	250,828,024	197,233,000
Less: Opening balance of Deferred Tax Assets	(197,233,000)	(197,233,000)
<b>Deferred Tax Income during the year</b>	<b>53,595,024</b>	<b>-</b>
<b>40 EARNINGS PER SHARE</b>		
Profit after taxation	1,309,146,282	1,404,982,582
Less: Preference dividend	-	-
Profit attributable to ordinary shareholders	<b>1,309,146,282</b>	<b>1,404,982,582</b>
Weighted average number of shares outstanding	712,817,582	712,817,582
Earnings Per Share (EPS) (Restated)	<b>1.84</b>	<b>1.97</b>

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

2017	2016
BDT	BDT

#### 40 (a) CONSOLIDATED EARNINGS PER SHARE

Profit after taxation	1,389,925,900	1,410,330,230
Less: Preference dividend	-	-
Less: Profit attributable to Minority	39,582,013	2,620,348
Profit attributable to ordinary shareholders of parent	<b>1,350,343,887</b>	<b>1,407,709,882</b>
Weighted average number of shares outstanding	712,817,582	712,817,582
Earnings Per Share (EPS) (Restated)	<b>1.89</b>	<b>1.97</b>

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 2017. Diluted earnings per share was not required to calculate as there were no dilution possibilities during the year.

#### 41 RECEIPTS FROM OTHER OPERATING ACTIVITIES

Charges on Account Closing	9,182,696	7,446,709
Standing Instruction Charges	6,271,125	3,805,754
Service Charge on HP	17,400	196,600
Service Charge on Quard	3,341,529	5,971,817
Other Income(26.1)	420,176,137	351,777,940
	<b>438,988,887</b>	<b>369,198,820</b>

#### 41 (a) CONSOLIDATED RECEIPTS FROM OTHER OPERATING ACTIVITIES

First Security Islami Bank Limited (Note-41)	438,988,887	369,198,820
First Security Islami Capital & Investment Limited	21,389,681	3,044,750
	<b>460,378,568</b>	<b>372,243,570</b>

#### 42 PAYMENT FOR OTHER OPERATING ACTIVITIES

Rent, Taxes, Insurances, Electricity etc.	571,609,664	512,068,869
Legal Expenses	7,734,922	6,277,241
Postage, Stamps, Telecommunications etc.	87,507,300	86,381,890
Auditors' Fees & Expenses	730,250	730,250
Directors' fees	1,422,800	2,180,400
Shariah Supervisory Committee's Fees & Expenses	64,000	184,000
Other Expenses	909,663,916	801,464,578
	<b>1,578,732,852</b>	<b>1,409,287,228</b>

#### 42 (a) CONSOLIDATED PAYMENT FOR OTHER OPERATING ACTIVITIES

First Security Islami Bank Limited (Note-42)	1,578,732,852	1,409,287,228
First Security Islami Capital & Investment Limited	53,814,084	84,165,992
	<b>1,632,546,936</b>	<b>1,493,453,220</b>

#### 43 INCREASE /DECREASE OF OTHER ASSETS

Accrued Income	802,817,226	931,679,426
Advances, Deposits and Prepayment	3,498,596,709	2,899,831,451
Stock of Stationery	37,737,078	34,380,488
Suspense Account	29,108,446	70,078,826
Advance Deposits	44,924,033	34,560,166
Stamps on Hand	3,225,705	3,003,832
Protested Bills	61,272,443	61,272,443
Agent Banking Asset	1,483,459	-

	<b>2017</b>	<b>2016</b>
	<b>BDT</b>	<b>BDT</b>
	<b>4,479,165,099</b>	<b>4,034,806,632</b>
(Increase)/Decrease during the year	<b>(444,358,467)</b>	<b>714,794,959</b>

**43 (a) CONSOLIDATED INCREASE /DECREASE OF OTHER ASSETS**

First Security Islami Bank Limited (Note-43)	(444,358,467)	714,794,959
First Security Islami Capital & Investment Limited	(258,448,748)	740,562,097
	<b>(702,807,215)</b>	<b>1,455,357,056</b>

**44 INCREASE /DECREASE OF OTHER LIABILITIES**

Profit/Rent/Compensation Suspense Account	371,647,708	228,426,381
Accrued profit and Expenses Payable	3,212,947,331	2,954,999,589
Provident Fund	4,933	16,053
Benevolent Fund	3,233	2,483
Non-Resident Accounts	13,795,112	20,982,677
Compensation Realized	21,620,054	19,692,726
Others	18,378,721	24,207,751
	<b>3,638,397,092</b>	<b>3,248,327,660</b>
Increase /(Decrease) during the year	<b>390,069,433</b>	<b>(287,662,400)</b>

**44 (a) CONSOLIDATED INCREASE /DECREASE OF OTHER LIABILITIES**

First Security Islami Bank Limited (Note-44)	390,069,433	(287,662,400)
First Security Islami Capital & Investment Limited	170,797,836	(29,543,143)
	<b>560,867,269</b>	<b>(317,205,543)</b>

**GENERAL DISCLOSURE:****45 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 BDT.)</u>
Northern General Insurance Company Ltd.	Insurance Premium	Common Director	9,016,825
Northern General Insurance Company Ltd.	Deposit	Common Director	30,153,561
Reliance Finance Ltd.	Deposit	Common Director	9,545,986
Reliance Finance Ltd.	Balance with NBF(MTDR)	Common Director	13,603,700,000
Reliance Finance Ltd.	Subordinated Bond	Common Director	400,000,000
First Security Islami Capital & Investment Limited	Deposit	Common Director	14,743,708
First Security Islami Capital & Investment Limited	Investment	Common Director	241,148,005

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

**45.0: Compensation of key management personnel:****MANAGING DIRECTOR'S SALARY AND FEES**

	<b>2017</b>	<b>2016</b>
Basic Pay	3,867,339	3,362,903
House Rent Allowances	1,440,000	1,440,000
Leave Fare Allowances	1,200,000	1,200,000
Bonus	1,727,375	1,632,500
House Maintenance Allowances	1,500,000	1,500,000
Other Allowances	1,260,000	1,260,000
	<b>10,994,714</b>	<b>10,395,403</b>

46 **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><b><u>Chairman/Board of Director:</u></b>            First Security Islami Capital &amp; Investment Ltd.            Reliance Finance Ltd.            S. S. Power I Limited            Reliance Brokerage Services Ltd.            Ekushey Television Ltd.            Karnaphuli Prakritik Gas Ltd.            Norinco Engineering Ltd.</p> <p><b><u>Managing Director:</u></b>            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</p> <p><b><u>Director:</u></b>            Northern General Insurance Co. Ltd.</p> <p><b><u>Sponsor Shareholder:</u></b>            Al-Arafah Islami Bank Ltd.            S. Alam Super Edible Oil Ltd.            S. Alam Vegetable Oil Ltd.</p> <p><b><u>Proprietor:</u></b>            S. Alam &amp; 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><b><u>Chairman:</u></b>  Jesco Capital Management Ltd.  ABM Tower Ltd.  Bengal Center Ltd.</p> <p><b><u>Chairman &amp; Managing Director :</u></b>  Jesco Bangladesh Ltd.  Kharana Fish &amp; Poultry Ltd.</p> <p><b><u>Managing Director :</u></b>  Chittagong Board and Paper Mills Ltd.</p> <p><b><u>Director :</u></b>  Central Hospital Ltd.  First Security Islami Capital &amp; Investment Ltd.</p> <p><b><u>Ex-Chairman &amp; Sponsor Shareholder :</u></b>  Central Insurance Co. Ltd.</p> <p><b><u>Ex-Director :</u></b>  Chittagong Chamber of Commerce &amp; Industry</p> <p><b><u>Proprietor :</u></b>  M/S. Bengal Corporation  M/S. Bengal Trading  M/S. Lucky Electronics</p>
3	Ms. Farzana Parveen	Director	<p><b><u>Chairman/Board of Director</u></b>  Rangdhanu Media Limited</p> <p><b><u>Director:</u></b>  First Security Islami Capital &amp; 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.</p> <p><b><u>Shareholder:</u></b>  S. Alam Steels Ltd.  S. Alam Cold Rolled Steels Ltd.  Union Bank Ltd.  Ekushey Television Ltd.</p> <p><b><u>Proprietor:</u></b></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	<b>Chairman:</b> Marsa Aviation Ltd. M/s. Mortoza Assets Ltd. Marsa Transport Ltd. <b>Managing Director :</b> Marsa Fishing Ltd. <b>Director:</b> Marsa Food & Beverage Ltd.
5	Ms. Atikur Nesa	Director	<b>Proprietor:</b> Atiqur Nisa Enterprise <b>Partner:</b> Rafe Enterprise Khorshed Paribahan Sangstha <b>Shareholder:</b> Reliance Finance Ltd.
6	Mohammad Ishaque	Independent Director	<b>A retired Bureaucrat.</b> <b>Independent Director</b> S. Alam Cold Rolled Steels Ltd.
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	Ms. Rakiba Nabi	Independent Director	<b>University Teacher</b> Associate Professor
10	Dr. Momtaz Uddin Ahmed	Independent Director	<b>University Teacher</b> Honorary Professor
11	Mortuza Siddique Chowdhury	Director	<b>Chairman:</b> Marsa Holdings Ltd. Marsa Fishing Ltd. <b>Vice-Chairman:</b> Park View Hospitals Ltd. <b>Managing Director:</b> M/s. Mortoza Assets Ltd. <b>Proprietor:</b> Marsa Trading

#### 47 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 05 (Five) meetings.

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

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

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

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

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

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

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

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

#### 48 APPROVAL OF FINANCIAL STATEMENTS AND EVENTS AFTER THE BALANCE SHEET DATE

The financial statements were approved by the Board of Directors in its 196 th meeting held on 25 April 2018. The Board of Directors in its 196 th meeting held on 25 April 2018 recommended 10% stock dividend for eligible shareholders for the year 2017 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.



**49 Number of Employees**

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

	<b>2017</b>	<b>2016</b>
Executives and Officers	2,993	2,653
Members of Staff (Contractual)	647	571
	<b>3,640</b>	<b>3,224</b>

**50 Coverage of External Audit:**

The external auditor of the Bank, A. Qasem & Co., Chartered Accountants and Hoda Vasi Chowdhury & Co., Chartered Accountants worked about in excess of 1,500 man hour at head office. During their audit, they audited above 80% of the Bank's risk weighted assets as on the Balance Sheet date.

**51 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 2017 was Tk. 15.30 at Dhaka Stock Exchange (DSE) and Tk. 15.20 at Chittagong Stock Exchange (CSE).

**Managing Director****Director****Director****Chairman**

Dated, Dhaka

Wednesday, April 25, 2018

**FIRST SECURITY ISLAMI BANK LIMITED**  
**Statement of Fixed Assets**  
**As at 31 December 2017**

Figure in BDT

Particulars	C O S T				D E P R E C I A T I O N				Written down value on 31 December 2017
	Balance as on 01 January 2017	Addition during the Year	Sales/Transfer during the Year	Balance as on 31 December 2017	Balance as on 01 January 2017	Charge for the Year	Adjustment on sale/transfer during the Year	Balance as on 31 December 2017	
Land	96,546,000	-	-	96,546,000	-	-	-	-	96,546,000
Building	1,429,210,470	-	-	1,429,210,470	130,952,604	35,730,262	-	166,682,866	1,262,527,604
Furniture & Fixtures	1,805,533,437	192,434,780	47,233,417	1,950,734,800	621,324,937	126,546,611	34,587,647	713,283,901	1,237,450,899
Office Equipment	1,312,547,552	178,708,018	13,035,515	1,478,220,055	643,109,204	151,560,572	9,382,040	785,287,736	692,932,319
Vehicles	218,216,802	12,284,668	11,482,336	219,019,134	109,175,827	37,157,351	10,085,808	136,247,370	82,771,764
Books	613,025	1,843	-	614,868	410,239	38,846	-	449,085	165,783
<b>Total</b>	<b>4,862,667,286</b>	<b>383,429,309</b>	<b>71,751,268</b>	<b>5,174,345,327</b>	<b>1,504,972,811</b>	<b>351,033,642</b>	<b>54,055,495</b>	<b>1,801,950,958</b>	<b>3,372,394,369</b>

**Software-Amortization**

Software -Core Banking	137,531,195	38,156,000	-	175,687,195	64,494,731	19,575,402	-	84,070,133	91,617,062
<b>Total Dec' 2017</b>	<b>5,000,198,481</b>	<b>421,585,309</b>	<b>71,751,268</b>	<b>5,350,032,522</b>	<b>1,569,467,542</b>	<b>370,609,044</b>	<b>54,055,495</b>	<b>1,886,021,091</b>	<b>3,464,011,431</b>
<b>Total Dec' 2016</b>	<b>4,464,459,044</b>	<b>538,803,508</b>	<b>3,064,071</b>	<b>5,000,198,481</b>	<b>1,224,495,649</b>	<b>348,035,961</b>	<b>3,064,068</b>	<b>1,569,467,542</b>	<b>3,430,730,939</b>

**First Security Islami Bank Limited**  
**Financial Highlights**  
**As at and for the year ended 31 December 2017**

SL #	Particulars	2017	2016
1	Paid-up Capital	7,128,175,820	6,788,738,880
2	Total Capital Fund	19,642,357,093	14,218,151,190
3	Capital Surplus/(deficit)	3,281,445,923	692,045,336
4	Total Assets	343,739,479,294	301,228,474,940
5	Total Deposits	299,120,844,464	274,252,894,129
6	Total Investments	273,593,618,710	226,065,271,502
7	Total Contingent Liabilities and Commitments	41,263,419,860	33,568,776,518
8	Investment Deposit Ratio (in %) *	87.78%	82.43%
9	Percentage of Classified Investments against total Investments(in %)	3.07%	2.58%
10	Profit after tax & provision	1,309,146,282	1,404,982,582
11	Amount of Classified Investments	8,397,744,459	5,839,243,414
12	Provision kept against Classified Investments	4,001,767,394	2,513,635,000
13	Provision Surplus/(deficit)	-	3,380,701
14	Cost of Fund	8.62%	9.21%
15	Profit Earning Assets	303,742,528,273	255,875,394,343
16	Non-profit Earning Assets	39,996,951,021	45,353,080,597
17	Return on Investment in Shares & securities(ROI)(in %)	0.88%	0.19%
18	Return on Assets (ROA)(in %)	0.41%	0.50%
19	Income from Investment in Shares and Securities	135,607,034	27,074,196
20	Earnings Per Share (Tk.)	1.84	1.97
21	Net Income Per Share (Tk.)	1.84	1.97
22	Price Earnings Ratio (Times)	8.33	7.05

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