



ফার্স্ট সিকিউরিটি ইসলামী ব্যাংক লিঃ
FIRST SECURITY ISLAMIC BANK LTD. فارست سيكيوريتي اسلامي بنك ليميتد



Financial Report -2016

AUDITOR'S REPORT
&
AUDITED FINANCIAL STATEMENTS
Of
FIRST SECURITY ISLAMIC BANK LIMITED

FOR THE YEAR ENDED 31
DECEMBER 2016

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

We have audited the accompanying consolidated financial statements of First Security Islami Bank Ltd. (FSIBL) and its subsidiary (together referred to as the "Group") as well as the separate financial statements of First Security Islami Bank Ltd. (the "Bank") which comprise the consolidated and separate Balance Sheets as at 31 December 2016, consolidated and separate profit and loss accounts, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information disclosed in notes 1 to 48.

Management's Responsibility for the Financial Statements

Management of the Bank is responsible for the preparation and fair presentation 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) as explained in Note 2 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 misstatement, 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 require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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 misstatement.

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 risks of material misstatement 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 procedures 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 the 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 the Bangladesh Accounting Standard (BAS) and reported in accordance with the Bangladesh Financial Reporting Standard (BFRS) as explained in note-2 give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2016, and of its consolidated and separate financial performance and 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

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

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii. to the extent noted during the course of our audit work performed on the basis stated under the Auditors' 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 as disclosed in Note 2 to the financial statements appeared to be materially adequate;
 - b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;
- iii. financial statements of subsidiary company of the Bank namely First Security Islami Capital & Investment Limited have been audited by us 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 returns 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 expenditures incurred were for the purpose 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 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 23rd March 2017 and subsequent letter issued by Bangladesh Bank vide no. DBI-4/42(5)/2017-528 dated 27 March 2017 and letter no. DBI-4/42(5)/2017-599 dated 05 April 2017;
- ix. the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- x. the information and explanations required by us have been received and found satisfactory;
- xi. we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 6,792 person hours during the audit;
- xii. Minimum Capital to Risk Weighted Assets Ratio (CRAR) as required by the Bangladesh Bank has been maintained adequately during the year.

FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2016

	Notes	31.12.2016 BDT	31.12.2015 BDT
<u>PROPERTY AND ASSETS</u>			
Cash	3 (a)	32,300,518,914	27,230,981,774
In hand (Including Foreign Currencies)		1,709,030,260	1,304,096,013
Balance with Bangladesh Bank and its Agent Bank(s) (Including foreign currencies)		30,591,488,654	25,926,885,761
Balance with other Banks and Financial Institutions	4.1(a)	516,948,766	346,454,159
In Bangladesh		84,689,825	85,340,676
Outside Bangladesh		432,258,941	261,113,483
Placement with Banks & Other Financial Institutions	4.2	14,509,000,000	14,895,000,000
Investments in Shares & Securities	5(a)	14,855,836,534	13,340,858,897
Government		13,900,000,000	12,200,005,000
Others		955,836,534	1,140,853,897
Investments		225,889,892,521	187,239,077,399
General Investment etc.	6.A(a)	225,345,248,091	186,884,413,142
Bills Purchased and Negotiated	6.B	544,644,430	354,664,257
Fixed Assets Including Premises, Furniture & Intangible Assets	7(a)	3,450,117,792	3,261,041,676
Other Assets	8(a)	10,121,788,567	10,266,381,443
Non Banking Assets	9	25,145,280	25,145,280
Total Assets		301,669,248,374	256,604,940,627
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Placement from Banks & Other Financial Institutions	10(a)	711,115,048	1,182,198,146
Deposits and Other Accounts		274,224,785,993	231,259,393,256
Al-Wadia Current Deposits and Other Deposit Accounts	11.1(a)	15,946,290,541	11,154,100,706
Bills Payable	11.2	1,477,937,977	881,045,753
Mudaraba Savings Deposits	11.3	18,421,853,013	13,596,802,883
Mudaraba Term Deposits	11.4	188,431,972,412	159,937,995,888
Other Mudaraba Deposits	11.5	49,946,732,050	45,689,448,026
Mudaraba Subordinated Bond	12	1,382,000,000	1,882,000,000
Other Liabilities	13(a)	14,290,910,754	12,288,833,838
Total Liabilities		290,608,811,795	246,612,425,240
Capital/Shareholders' equity			
Paid-up Capital	14.1	6,788,738,880	6,788,738,880
Statutory Reserve	15	2,412,128,110	1,902,246,794
Other Reserve	16	402,850,965	75,556,891
Asset Revaluation Reserve	17	362,198,654	372,259,728
Retained Earnings	18(a)	793,919,776	555,733,247
Total Shareholders' Equity		10,759,836,385	9,694,535,540
Non-controlling Interest	18(b)	300,600,194	297,979,846
Total Liabilities and Shareholders' Equity		301,669,248,374	256,604,940,627

FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2016

	Notes	31.12.2016 BDT	31.12.2015 BDT
OFF- BALANCE SHEET ITEMS			
Contingent Liabilities			
Acceptances and Endorsements		21,750,937,662	16,515,014,236
Letters of Guarantee	19	6,317,021,800	6,097,088,677
Irrevocable Letters of Credit	20	4,335,806,257	2,219,227,721
Bills for Collection	21	1,165,010,799	1,015,969,601
Other Contingent Liabilities		-	-
Total		33,568,776,518	25,847,300,235
Other Commitments			
Documentary Credits And Short Term Trade Related Transactions		-	-
Forward Assets Purchased And Forward Deposits Placed		-	-
Undrawn Note Issuance And Revolving Underwriting Facilities		-	-
Undrawn Formal Standby Facilities, Credit Lines And Other Commitments		-	-
Total		-	-
Total Off -Balance Sheet Items Including Contingent Liabilities		33,568,776,518	25,847,300,235

The annexed notes (1 to 48) form an integral part of these financial statements

Managing Director

Director

Director

Chairman

Signed as per annexed report on even date

Dhaka, 19 April 2017

SHAFIQ BASAK & CO.
Chartered Accountants

FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	31.12.2016 BDT	31.12.2015 BDT
Investments Income	22(a)	26,395,273,387	23,894,528,740
Profit Paid on Deposits	23	(19,070,214,244)	(18,472,881,092)
Net Investment Income		7,325,059,143	5,421,647,648
Income from Investment in shares and securities	24(a)	(63,638,223)	122,043,442
Commission, Exchange and Brokerage	25(a)	502,152,520	577,760,662
Other Operating Income	26(a)	374,366,872	281,214,050
		812,881,169	981,018,154
Total Operating Income		8,137,940,312	6,402,665,802
Less: Operating Expenses			
Salary and Allowances	27(a)	2,243,307,464	1,784,800,332
Rent, Taxes, Insurances, Electricity etc.	28(a)	517,208,547	467,213,269
Legal Expenses	29	6,277,241	2,686,617
Postage, Stamps, Telecommunication etc.	30(a)	86,564,139	82,553,727
Stationery, Printings, Advertisements etc.	31	189,932,230	215,681,711
Managing Director's Salary and Fees	32	10,395,403	8,983,675
Directors' Fees & Expenses	33(a)	2,855,400	2,806,600
Shariah Supervisory Committee's Fees & Expenses	34	184,000	109,750
Auditor's Fees	35	1,021,500	936,500
Depreciation & Repair of Bank's Assets	36(a)	424,306,180	380,192,683
Zakat Expenses		50,248,608	42,175,331
Other Expenses	37(a)	877,015,194	863,251,647
Total Operating Expenses		4,409,315,906	3,851,391,842
Profit before Provision and Tax		3,728,624,406	2,551,273,960
Provisions for Investments including off-B/S items	13.2(a)	1,285,643,508	838,333,664
Provisions for Diminution in Value of Investment in Shares		(112,735,890)	170,636,520
Provision for Other Assets		-	356,000
Total Provisions		1,172,907,618	1,009,326,184
Total Profit before Taxes		2,555,716,788	1,541,947,776
Provision for Current Tax		1,145,386,558	805,637,127
Deferred Tax Income	38	-	(117,233,000)
		1,145,386,558	688,404,127
Net Profit after tax		1,410,330,230	853,543,649
Retained Earnings from Previous Year		555,733,247	669,349,319
		1,966,063,476	1,522,892,968
Appropriations:			
Statutory Reserve		509,881,316	292,978,798
Other Reserve		317,233,000	30,000,000
Bonus Share Issued		-	617,158,080
Cash Dividend Paid		342,409,037	-
Non-controlling Interest		2,620,348	27,022,843
		1,172,143,701	967,159,721
Retained Earnings Carried Forward		793,919,776	555,733,247
Earnings Per Share (EPS)	39(a)	2.08	1.26

The annexed notes (1 to 48) form an integral part of these financial statements

Managing Director

Director

Director

Chairman

Signed as per annexed report on even date

Dhaka, 19 April 2017

SHAFIQ BASAK & CO.
Chartered Accountants

FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	31.12.2016 BDT	31.12.2015 BDT
A. Cash Flow from Operating Activities			
Investment Income Receipt		25,480,515,560	23,767,167,001
Profit paid on Deposits		(16,248,205,289)	(18,108,072,225)
Dividend Receipts		10,152,597	4,799,230
Fees & Commission Receipt		502,152,520	577,760,662
Payment to Employees		(2,253,702,867)	(1,793,784,007)
Payment to Suppliers		(266,202,449)	(261,363,590)
Income Tax Paid		(963,003,411)	(799,698,787)
Receipts from Other Operating Activities	40 (a)	372,243,570	278,382,495
Payment for Other Operating Activities	41 (a)	(1,493,453,220)	(1,421,605,511)
Operating Profit before changes in Operating Assets & Liabilities		5,140,497,011	2,243,585,268
Increase / (Decrease) in Operating Assets & Liabilities			
Investments to Customers		(40,601,612,469)	(32,291,689,695)
Other Assets	42 (a)	1,460,221,083	(1,588,608,866)
Deposits Received from Customers		42,548,083,074	46,512,389,269
Other Liabilities	43 (a)	(317,205,543)	(432,094,311)
		3,089,486,146	12,199,996,397
Net Cash Inflow/(Outflow) from Operating Activities		8,229,983,157	14,443,581,666
B. Cash Flow from Investing Activities			
Investment in Shares and Securities		(1,514,977,637)	(2,757,623,024)
Purchase of Property, Plant and Equipment		(549,609,940)	(462,468,564)
Sale of Property, Plant and Equipment		2,123,302	2,831,555
Net Cash Inflow/(Outflow) from Investing Activities		(2,062,464,275)	(3,217,260,033)
C. Cash Flow from Financing Activities			
Receipt/(Payment) of Mudaraba Subordinated Bond		(500,000,000)	(500,000,000)
Increase/(Decrease) in Placement from Banks & FIS		(471,083,098)	764,632,599
Dividend Paid in Cash		(342,409,037)	-
Net Cash Inflow/(Outflow) from Financing Activities		(1,313,492,135)	264,632,599
D. Net Increase/(Decrease) of Cash & Cash Equivalents (A+B+C)		4,854,026,747	11,490,954,231
Effect of Exchange Rate on Cash & Cash Equivalents		-	-
E. Opening Cash & Cash Equivalents		42,472,440,933	30,981,486,701
F. Closing Cash & Cash Equivalents (D+E)		47,326,467,680	42,472,440,933
The above closing Cash and Cash Equivalents include:			
Cash in Hand (Including Foreign Currencies)		1,709,030,260	1,304,096,013
Balance with Bangladesh Bank, Other Banks, FIS & Placement		45,617,437,420	41,168,339,920
Prize Bond		-	5,000
		47,326,467,680	42,472,440,933

The annexed notes (1 to 48) form an integral part of these financial statements

Managing Director
Dhaka, 19 April 2017

Director

Director

Chairman

FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

Particulars	Paid-up Capital	Statutory Reserve	Other Reserve	Assets Reval. Reserve	Retained Earnings	Non-controlling Interest	Total
	BDT	BDT	BDT	BDT	BDT	BDT	BDT
Balance as on 01 January 2016	6,788,738,880	1,902,246,794	75,556,891	372,259,728	555,733,247	297,979,846	9,992,515,386
Changes in Accounting Policy	-	-	-	-	-	-	-
Restated Balance	6,788,738,880	1,902,246,794	75,556,891	372,259,728	555,733,247	297,979,846	9,992,515,386
Surplus/(Deficit) on Account of Revaluation of Properties	-	-	-	-	-	-	-
Surplus/(Deficit) on Account of Revaluation of Investments	-	-	-	-	-	-	-
Net Gains and Losses not Recognized in the Income Statement	-	-	-	-	-	-	-
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	-
Total Group Shareholders' Equity as on 31 December 2016	6,788,738,880	2,412,128,110	402,850,965	362,198,654	793,919,776	300,600,194	11,060,436,579
Add: General Provision for Unclassified Investments							2,575,094,803
Less: 50% of Assets Revaluation reserves							(181,099,327)
Add: Mudaraba Subordinated Bond							1,382,000,000
Less: Adjustments							(259,811,081)
Total Regulatory Eligible Capital as on 31 Dec. 2016							14,576,620,974

The annexed notes (1 to 48) form an integral part of these financial statements

Managing Director

Director

Director

Chairman

Dhaka, 19 April 2017

FIRST SECURITY ISLAMI BANK LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2016

	Notes	31.12.2016 BDT	31.12.2015 BDT
<u>PROPERTY AND ASSETS</u>			
Cash	3	32,300,509,774	27,230,976,084
In hand (Including Foreign Currencies)		1,709,021,120	1,304,090,323
Balance with Bangladesh Bank and its Agent Bank(s) (Including Foreign Currencies)		30,591,488,654	25,926,885,761
Balance with other Banks and Financial Institutions	4.1	514,632,409	344,460,964
In Bangladesh		82,373,468	83,347,481
Outside Bangladesh		432,258,941	261,113,483
Placement with Banks & Other Financial Institutions	4.2	14,509,000,000	14,895,000,000
Investments in Shares & Securities	5	14,786,490,432	13,064,062,181
Government		13,900,000,000	12,200,005,000
Others		886,490,432	864,057,181
Investments	6	226,065,271,502	187,680,007,932
General Investment etc.	6.A	225,520,627,072	187,325,343,675
Bills Purchased and Negotiated	6.B	544,644,430	354,664,257
Fixed Assets Including Premises, Furniture & Intangible Assets	7	3,430,730,939	3,239,963,395
Other Assets	8	9,596,694,604	9,000,725,382
Non Banking Assets	9	25,145,280	25,145,280
Total Assets		301,228,474,940	255,480,341,218
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Placement from Banks & Other Financial Institutions	10	711,115,048	563,260,324
Deposits and Other Accounts	11	274,252,894,129	231,274,244,689
Al-Wadia Current Deposits and Other Deposit Accounts	11.1	15,974,398,677	11,168,952,139
Bills Payable	11.2	1,477,937,977	881,045,753
Mudaraba Savings Deposits	11.3	18,421,853,013	13,596,802,883
Mudaraba Term Deposits	11.4	188,431,972,412	159,937,995,888
Other Mudaraba Deposits	11.5	49,946,732,050	45,689,448,026
Mudaraba Subordinated Bond	12	1,382,000,000	1,882,000,000
Other Liabilities	13	14,180,498,968	12,121,442,955
Total Liabilities		290,526,508,145	245,840,947,968
Capital/Shareholders' equity			
Paid-up Capital	14.1	6,788,738,880	6,788,738,880
Statutory Reserve	15	2,412,128,110	1,902,246,794
Other Reserve	16	402,850,965	75,556,891
Assets Revaluation Reserve	17	362,198,654	372,259,728
Retained Earnings	18	736,050,186	500,590,957
Total Shareholders' Equity		10,701,966,795	9,639,393,250
Total Liabilities and Shareholders' Equity		301,228,474,940	255,480,341,218

FIRST SECURITY ISLAMI BANK LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2016

	Notes	31.12.2016 BDT	31.12.2015 BDT
OFF- BALANCE SHEET ITEMS			
Contingent Liabilities			
Acceptances and Endorsements		21,750,937,662	16,515,014,236
Letters of Guarantee	19	6,317,021,800	6,097,088,677
Irrevocable Letters of Credit	20	4,335,806,257	2,219,227,721
Bills for Collection	21	1,165,010,799	1,015,969,601
Other Contingent Liabilities		-	-
Total		33,568,776,518	25,847,300,235
Other Commitments			
Documentary Credits And Short Term Trade Related Transactions		-	-
Forward Assets Purchased And Forward Deposits Placed		-	-
Undrawn Note Issuance And Revolving Underwriting Facilities		-	-
Undrawn Formal Standby Facilities, Credit Lines And Other Commitments		-	-
Total		-	-
Total Off -Balance Sheet Items Including Contingent Liabilities		33,568,776,518	25,847,300,235

The annexed notes (1 to 48) form an integral part of these financial statements

Managing Director

Director

Director

Chairman

Signed as per annexed report on even date

Dhaka, 19 April 2017

SHAFIQ BASAK & CO.
Chartered Accountants

FIRST SECURITY ISLAMI BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	31.12.2016 BDT	31.12.2015 BDT
Investments Income	22	26,251,715,799	23,730,665,441
Profit Paid on Deposits	23	(19,070,214,244)	(18,472,881,092)
Net Investment Income		7,181,501,555	5,257,784,349
Income from Investment in Shares and Securities	24	27,074,196	93,221,217
Commission, Exchange and Brokerage	25	444,989,228	532,584,581
Other Operating Income	26	371,322,122	278,678,550
		843,385,546	904,484,348
Total Operating Income		8,024,887,101	6,162,268,697
Less: Operating Expenses			
Salary and Allowances	27	2,227,271,077	1,772,250,637
Rent, Taxes, Insurances, Electricity etc.	28	512,068,869	462,812,269
Legal Expenses	29	6,277,241	2,686,617
Postage, Stamps, Telecommunication etc.	30	86,381,890	82,394,123
Stationery, Printings, Advertisements etc.	31	189,932,230	215,681,711
Managing Director's Salary and Fees	32	10,395,403	8,983,675
Directors' Fees & Expenses	33	2,180,400	2,254,100
Shariah Supervisory Committee's Fees & Expenses	34	184,000	109,750
Auditor's Fees		730,250	730,250
Depreciation & Repair of Bank's Assets	36	411,694,970	368,405,532
Zakat Expenses		50,248,608	42,175,331
Other Expenses	37	801,464,578	737,884,105
		4,298,829,516	3,696,368,100
Total Operating Expenses		4,298,829,516	3,696,368,100
Profit before Provision and Tax		3,726,057,585	2,465,900,597
Provisions for Investments including off-B/S items	13.2	1,276,300,000	837,134,700
Provisions for Diminution in Value of Investment in Shares		(99,648,997)	163,515,908
Provision for Other Assets		-	356,000
Total Provisions		1,176,651,003	1,001,006,608
Total Profit before Taxes		2,549,406,582	1,464,893,989
Provision for Current Tax		1,144,424,000	783,732,000
Deferred Tax Income	38	-	(117,233,000)
		1,144,424,000	666,499,000
Net Profit after tax		1,404,982,582	798,394,989
Retained Earnings from Previous Year		500,590,957	642,332,846
		1,905,573,539	1,440,727,835
Appropriations:			
Statutory Reserve		509,881,316	292,978,798
Other Reserve		317,233,000	30,000,000
Bonus Share Issued		-	617,158,080
Cash Dividend		342,409,037	-
		1,169,523,353	940,136,878
Retained Earnings Carried Forward		736,050,186	500,590,957
Earnings Per Share (EPS)	39	2.07	1.18

The annexed notes (1 to 48) form an integral part of these financial statements

Managing Director

Director

Director

Chairman

Signed as per annexed report on even date

Dhaka, 19 April 2017

SHAFIQ BASAK & CO.
Chartered Accountants

FIRST SECURITY ISLAMI BANK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	31.12.2016 BDT	31.12.2015 BDT
A. Cash Flow from Operating Activities			
Investment Income Receipt		25,336,957,972	23,603,303,702
Profit paid on Deposits		(16,248,205,289)	(18,108,072,225)
Dividend Receipts		10,152,597	4,799,230
Fees & Commission Receipt		444,989,228	532,584,581
Payment to Employees		(2,237,666,480)	(1,781,234,312)
Payment to Suppliers		(253,591,239)	(261,363,590)
Income Tax Paid		(963,003,411)	(799,698,787)
Receipts from Other Operating Activities	40	369,198,820	275,846,995
Payment for other Operating Activities	41	(1,409,287,228)	(1,288,871,213)
Operating Profit before changes in Operating Assets & Liabilities		5,049,544,970	2,177,294,381
Increase / (Decrease) in Operating Assets & Liabilities			
Investments to Customers		(40,336,060,916)	(32,336,253,486)
Other Assets	42	719,658,986	(822,199,050)
Deposits Received from Customers		42,661,882,265	46,527,240,702
Other Liabilities	43	(287,662,400)	(528,984,950)
		2,757,817,935	12,839,803,216
Net Cash Inflow/(Outflow) from Operating Activities		7,807,362,905	15,017,097,598
B. Cash Flow from Investing Activities			
Investment in Shares and Securities		(1,722,428,251)	(2,736,588,767)
Purchase of Property, Plant and Equipment		(538,803,508)	(460,201,529)
Sale of Property, Plant and Equipment		2,123,302	2,831,555
Net Cash Inflow/(Outflow) from Investing Activities		(2,259,108,457)	(3,193,958,741)
C. Cash Flow from Financing Activities			
Receipt/(Payment) of Mudaraba Subordinated Bond		(500,000,000)	(500,000,000)
Increase/(Decrease) in Placement from Banks & Fls		147,854,724	165,881,754
Dividend Paid in Cash		(342,409,037)	-
Net Cash Inflow/(Outflow) from Financing Activities		(694,554,313)	(334,118,246)
D. Net Increase/Decrease of Cash & Cash Equivalents (A+B+C)		4,853,700,135	11,489,020,610
Effect of Exchange Rate on Cash & Cash Equivalents		-	-
E. Opening Cash & Cash Equivalents		42,470,442,048	30,981,421,438
F. Closing Cash & Cash Equivalents (D+E)		47,324,142,183	42,470,442,048
The above closing Cash and Cash Equivalents include:			
Cash in Hand (Including Foreign Currencies)		1,709,021,120	1,304,090,323
Balance with Bangladesh Bank, other banks, FIS & Placement		45,615,121,063	41,166,346,725
Prize Bond		-	5,000
		47,324,142,183	42,470,442,048

The annexed notes (1 to 48) form an integral part of these financial statements

Managing Director
Dhaka, 19 April 2017

Director

Director

Chairman

FIRST SECURITY ISLAMI BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

Particulars	Paid-up Capital	Statutory Reserve	Other Reserve	Assets Reval. Reserve	Retained Earnings	Total
	BDT	BDT	BDT	BDT	BDT	BDT
Balance as on 01 January 2016	6,788,738,880	1,902,246,794	75,556,891	372,259,728	500,590,957	9,639,393,249
Changes in Accounting Policy	-	-	-	-	-	-
Restated Balance	6,788,738,880	1,902,246,794	75,556,891	372,259,728	500,590,957	9,639,393,249
Surplus/(Deficit) on Account of Revaluation of Properties	-	-	-	-	-	-
Surplus/(Deficit) on Account of Revaluation of Investments	-	-	-	-	-	-
Net Gains and Losses not Recognized in the Income Statement	-	-	-	-	-	-
Net Gains and Losses not Recognized in the Income Statement	-	-	-	-	-	-
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)	-	-
Total Shareholders' Equity as on 31 December 2016	6,788,738,880	2,412,128,110	402,850,965	362,198,654	736,050,186	10,701,966,795
Add: General Provision for Unclassified Investments						2,575,094,803
Less: 50% of Assets Revaluation Reserves						(181,099,327)
Add: Mudaraba Subordinated Bond						1,382,000,000
Less: Adjustments						(259,811,081)
Total Regulatory Eligible Capital as on 31 Dec. 2016						14,218,151,190

The annexed notes (1 to 48) form an integral part of these financial statements

Managing Director

Dhaka, 19 April 2017

Director

Director

Chairman

FIRST SECURITY ISLAMI BANK LIMITED
LIQUIDITY STATEMENT (ASSETS AND LIABILITY MATURITY ANALYSIS)
AS AT 31 DECEMBER 2016

Particulars	Up to 01	01-03	03-12	01-05	More than	Total 2016	Total 2015
	Month	Months	Months	Years	05 years	BDT	BDT
	BDT	BDT	BDT	BDT	BDT	BDT	BDT
Assets							
Cash in Hand	15,215,509,774	-	-	-	17,085,000,000	32,300,509,774	27,230,976,084
Balance with other Banks & FIs and Placement	8,274,632,409	5,369,000,000	1,380,000,000	-	-	15,023,632,409	15,239,460,964
Investments in Shares and Securities	2,300,000,000	7,500,000,000	4,584,920,982	-	401,569,450	14,786,490,432	13,064,062,181
Investments	38,527,936,687	39,298,537,796	48,960,504,177	62,086,457,588	37,191,835,255	226,065,271,502	187,680,007,932
Fixed Assets including Premises, Furniture and Fixtures	-	-	-	1,791,330,939	1,639,400,000	3,430,730,939	3,239,963,395
Other Assets	-	2,578,800,000	5,040,300,000	1,977,594,604	-	9,596,694,604	9,000,725,382
Non-banking Assets	-	-	-	-	25,145,280	25,145,280	25,145,280
Total Assets	64,318,078,870	54,746,337,796	59,965,725,159	65,855,383,131	56,342,949,985	301,228,474,940	255,480,341,218
Liabilities							
Placement from Banks & Other Financial Institutions	-	-	-	711,115,048	-	711,115,048	563,260,324
Deposits and Other Accounts	56,154,200,000	49,646,200,000	55,424,000,000	63,493,894,129	49,534,600,000	274,252,894,129	231,274,244,689
Mudaraba Subordinated Bond	382,000,000	-	118,000,000	882,000,000	-	1,382,000,000	1,882,000,000
Other Liabilities	763,400,000	2,850,000,000	3,098,700,000	716,600,966	6,751,798,002	14,180,498,968	12,121,442,955
Total Liabilities	57,299,600,000	52,496,200,000	58,640,700,000	65,803,610,143	56,286,398,002	290,526,508,145	245,840,947,968
Net Liquidity Gap	7,018,478,870	2,250,137,796	1,325,025,159	51,772,988	56,551,983	10,701,966,795	9,639,393,250

Managing Director

Director

Director

Chairman

Dhaka, 19 April 2017

Notes to the Financial Statements
For the year ended and as at 31 December 2016

1. The Bank and its activities:

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 & fifty eight (158) branches in the country. The Bank had no overseas branches as at December 31, 2016.

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

1.2 Principal Activities

1.2.1 Commercial banking services

All kinds of commercial banking services are provided by the Bank to the customers following the principles of Islamic Shari'ah, the provisions of the 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 Mobile financial services-“ First Pay Sure Cash”

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

1.4 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.

1.5 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.

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 statements of the Bank are made up to December 31, 2016 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 No.	Status
Presentation of Financial Statements	1	Applied to the context of compliance with BRPD circular no. 15, Dated: 09.11.2009
Inventories	2	N/A
Statement of Cash Flows	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
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 no. 15, Dated: 09.11.2009, DOS Circular No. 5, Dated: 28.01.2009.
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 No.5, Dated: 05.06.2006 and BRPD circular no.14 Dated: 14.09.2012.
Intangible Assets	38	Applied
Financial Instruments: Recognition and Measurement	39	Applied to the context of compliance with BRPD Circular No.15, Dated: 09.11.2009, DOS circular no. 5, Dated: 26.05.2008 and DOS Circular No.5, Dated: 28.01.2009.
Investment Property	40	N/A
Agriculture	41	N/A
In compliance with	BFRS No.	Status
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

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

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:

i) 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.

ii) 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.

iii) 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 interest income is recognized through effective interest rate method over the term of the loan. 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..

iv) 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.

v) 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.

vi) 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.

vii) 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.

viii) 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.

ix) 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.

x) 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.

xi) 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.

xii) 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

General Provision on:

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 Agri/Micro Investment	2.5%
Special Mention Account	(Same as standard)

Specific Provision on:

Substandard Investment	20%
Doubtful Investment	50%
Bad/ Loss Investment	100%

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 2013 and BRPD Circular No: 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 are 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 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 risk exposures.

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

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

2.4 Investment in Shares and Securities

a) The bank investment in different securities has been valued on 31.12.2016 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 No. 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 as per BAS-39 and accounted for the required provision for diminution in value of shares and securities in the profit and loss account as per BRPD circular no. 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 no. 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.

Interest received from the balances held with foreign banks and foreign currency charging accounts with Bangladesh Bank are also not credited to income as per Islamic Sharia'h.

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. However, as per BRPD Circular No. 15, dated 09 November 2009, there is no statement of OCI and we follow the template for reporting as per the 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 Bangladesh Bank Circular, BRPD no.15, 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 no.15 dated 09 November 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 2016 have been shown in the Balance Sheet under Off-Balance Sheet items.

Exchange rates with major foreign currencies as on 31 December 2016 were as:

Currency Name	Exchange Rate (TK)
US \$	78.7400
EURO	82.1809
YEN	0.6744
ACU	78.7400
GBP	96.3620
CHF	76.6848
AUD	56.6534
SAR	20.9794

2.9 Cash and cash equivalent

As per BRPD circular no 15, dated 09 November 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 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 no. 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, 2016. 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 2016.

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 and deposits 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 2016 has not been recognized as a liability in the balance sheet in accordance with the BAS-10: Events After the Balance Sheet Date.

Dividend payable to the Bank's shareholders is recognized as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive 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 2016 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 furniture and fixtures, office equipments, 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.

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

Depreciation on addition 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 No. 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 2016 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 Benefit, 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, 2016.

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 a 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 Bangladesh Accounting Standard (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 AMLDD. 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, AMLDD 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 (BankUltimus) 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.

2.31.07 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 General

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

	31.12.2016	31.12.2015
	BDT	BDT
3 CASH		
3.1 Cash in Hand		
In Local Currency	1,512,239,161	1,172,728,898
In Foreign Currencies	17,031,559	5,087,625
ATM Balance	179,750,400	126,273,800
	1,709,021,120	1,304,090,323
3.2 Balance with Bangladesh Bank and its Agent Bank		
Balance with Bangladesh Bank (Note-3.2.1)	30,254,557,174	25,741,336,868
Balance with Sonali Bank Ltd. (Note-3.2.2)	336,931,480	185,548,893
	30,591,488,654	25,926,885,761
	32,300,509,774	27,230,976,084
3.2.1 Balance with Bangladesh Bank (Including Foreign Currencies)		
In Local Currency	30,172,290,535	25,585,653,336
In Foreign Currencies	82,266,639	155,683,532
	30,254,557,174	25,741,336,868
3.2.2 Balance with Sonali Bank Ltd. (as Agent of Bangladesh Bank)		
In Local Currency	336,931,480	185,548,893
3.3 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)		
Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the Section 25 & 33 of the Bank Companies Act. 1991 and subsequent BCD Circular No. 13 dated May 24, 1992; BRPD Circular No. 12 dated September 06, 1998, BRPD Circular No.12, dated September 20, 1999, BRPD Circular No. 22 dated November 06, 2003, BRPD Circular No. 03 dated 17 February, 2005 and BRPD Circular No. 11 & 12 dated 25 August 2005, Bangladesh Bank Letter # DOS (SR) 1153/120-A/2009-46 dated 22 March 2009, MPD circular # 01 dated 04 May 2010 , MPD circular # 04 & 05 dated 01 December 2010 , DOS Circular#1 dated 19/01/2014 and MPD Circular#1 dated 23/06/2014.		
3.4 Cash Reserve Ratio (CRR): 6.50% of Average Demand and Time Liabilities:		
Required Reserve	17,084,952,000	14,437,509,000
Actual Reserve maintained	30,159,264,000	25,579,475,000
Surplus/(Short)	13,074,312,000	11,141,966,000
3.5 Statutory Liquidity Ratio (SLR): 5.50% of Average Demand and Time Liabilities:		
Required Reserve	14,456,498,000	12,216,354,000
Actual Reserve held	29,020,265,000	24,831,610,000
Surplus/(Short)	14,563,767,000	12,615,256,000
3.6 Field for Statutory Liquidity Ratio		
Cash in Hand	1,709,022,000	1,304,090,000
Balance with Bangladesh Bank and its Agent Bank	13,411,243,000	11,327,520,000
Bangladesh Govt. Islamic Bond	13,900,000,000	12,200,000,000
	29,020,265,000	24,831,610,000

	31.12.2016	31.12.2015
	BDT	BDT
3 (a) CASH		
3.1(a) Cash in Hand		
First Security Islami Bank Limited (Note-3.1)	1,709,021,120	1,304,090,323
First Security Islami Capital & Investment Limited	9,140	5,690
	1,709,030,260	1,304,096,013
3.2(b) Balance with Bangladesh Bank and its Agent Bank		
First Security Islami Bank Limited (Note-3.2)	30,591,488,654	25,926,885,761
First Security Islami Capital & Investment Limited	-	-
	30,591,488,654	25,926,885,761
	32,300,518,914	27,230,981,774
4 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS AND PLACEMENT		
4.1 Balance With Other Banks & Financial Institutions		
A. Inside Bangladesh		
Al-wadiah Current Accounts		
Agrani Bank Limited	14,257,794	10,723,966
Brac Bank Ltd.	4,864,027	9,992,545
Trust Bank Ltd.	20,245,555	1,207,015
Islami Bank Bangladesh Ltd.	1,341,385	-
	40,708,761	21,923,526
Mudaraba Short Notice Deposits		
Southeast Bank Ltd. (Islamic Banking Branch)	7,034,317	8,804,011
Social Islami Bank Ltd.	6,426,646	6,217,520
Dhaka Bank Ltd. (Islamic Banking Branch)	330,446	319,389
AB Bank Ltd. (Islamic Banking Branch)	600,150	586,821
Islami Bank Bangladesh Ltd.	17,874,775	45,228,307
Pubali Bank Ltd. (Islamic Banking Branch)	9,398,373	267,907
	41,664,707	61,423,955
Total Inside Bangladesh	82,373,468	83,347,481

				31.12.2016	31.12.2015
				BDT	BDT
B. Outside Bangladesh					
Current Account:	Currency	Amount	Rate		
1. Mashreq Bank, PSC, London	GBP	30,744.48	96.362	2,962,600	642,568
2. Mashreq Bank, PSC, London.	EURO	14,780.40	82.181	1,214,667	2,469,863
3. Mashreq Bank, PSC, Newyork	USD	3,926,653.71	78.740	309,184,713	124,154,524
4. Mashreq Bank, PSC, London	USD	5,929.66	78.740	466,901	1,881,994
5. National Australia Bank Ltd.	AUD	-	-	-	1,154,953
6. NIB Bank Ltd. Karachi, Pakistan	ACU\$	7,690.91	78.740	605,582	603,736
7. Commerz Bank AG, Frankfurt, Germany	EURO	65,557.00	82.181	5,387,533	9,714,780
8. Bank of Bhutan, Thimpo, Bhutan	ACU\$	9,068.10	78.740	714,022	1,021,921
9. Sonali Bank , Kolkata, India	ACU\$	42,913.90	78.740	3,379,040	2,444,843
10. Union De Banques Arabes Et Feancauses, Tokyo, Japan	J.YEN	-	-	-	1,009,687
11. AB Bank Ltd, Mumbai, India	ACU\$	206,537.31	78.740	16,262,748	4,737,562
12. ICICI bank Ltd, Hongkong	USD	82,808.93	78.740	6,520,375	8,243,754
13. ICICI bank Ltd, Kolkata, India	ACU\$	127,966.37	78.740	10,076,072	2,797,660
14. Habib Bank, Zurich, Switzerland	CHF	11,721.98	76.685	898,898	4,137,613
15. Habib Metropolitan Bank Limited, Karachi, Pakistan	ACU\$	45,213.34	78.740	3,560,098	7,530,062
16. Habib American Bank, N,Y	USD	816,605.12	78.740	64,299,487	27,314,287
17. Banca UBAE SPA, Rome, Italy	USD	29,369.60	78.740	2,312,562	2,345,019
18. Banca UBAE SPA, Rome, Italy	EURO	19,362.43	82.181	1,591,222	58,908,657
19. Bank Al-Jazira, Jeddah	USD	25,880.00	78.740	2,037,791	-
20. Bank Al-Jazira, Jeddah	SAR	37,400.00	20.979	784,630	-
Total Outside Bangladesh				432,258,941	261,113,483
Total (A+B)				514,632,409	344,460,964

	31.12.2016	31.12.2015
	BDT	BDT
4.1(a) BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS		
In Bangladesh:		
First Security Islami Bank Limited (Note-4.1 (A))	82,373,468	83,347,481
First Security Islami Capital & Investment Limited	30,424,493	16,844,628
Inter-company Transaction	(28,108,136)	(14,851,433)
	84,689,825	85,340,676
Outside Bangladesh:		
First Security Islami Bank Limited (Note-4.1 (B))	432,258,941	261,113,483
First Security Islami Capital & Investment Limited	-	-
	432,258,941	261,113,483
	516,948,766	346,454,159
4.2 Placement with Banks & other Financial Institutions		
Reliance Finance Limited	14,509,000,000	14,895,000,000
	14,509,000,000	14,895,000,000
Total Balance With Other Banks & Financial Institutions and Placement (Note 4.1+4.2)	15,023,632,409	15,239,460,964
4.3 Maturity-wise Grouping (Inside & Outside Bangladesh and Placement with Banks)		
Up to One Month	6,074,584,894	6,161,851,997
Up to Three Months	4,530,200,805	4,595,281,384
Three Months to One Year	4,418,846,710	4,482,327,583
One Year to Five Years	-	-
Above Five Years	-	-
	15,023,632,409	15,239,460,964
5 INVESTMENTS IN SHARES AND SECURITIES		
Government Securities		
Bangladesh Govt. Islamic Bonds	13,900,000,000	12,200,000,000
Prize Bonds	-	5,000
	13,900,000,000	12,200,005,000
Others		
Subordinated Bond	400,000,000	-
Quoted/Unquoted Shares (Note - 5.1)	486,490,432	864,057,181
	886,490,432	864,057,181
	14,786,490,432	13,064,062,181

	31.12.2016	31.12.2015
	BDT	BDT
5.1 Quoted/Unquoted Shares		
Name of Companies	Acquisition cost (Taka)	Acquisition cost (Taka)
Quoted:		
Power Grid Company of BD Ltd	-	13,168,272
Shahjalal Islami Bank Ltd.	1,612,625	3,144,216
National Tubes Ltd.	12,122,079	27,582,087
Maxsons Spinning Mills Ltd.	-	556,092
Beximco Pharmaceuticals Ltd.	-	1,913,082
MJL Bangladesh Ltd.	12,910,629	-
Lafarge Surma Cement Ltd.	204,671,243	157,108,119
Confidence Cement Ltd.	18,236,370	49,874,637
CVO Petrochemical Refinery Limited	2,364,741	34,076,291
Grameenphone Ltd.	-	12,423,414
Saiham Cotton Mills Ltd.	621,853	621,853
Bangladesh Shipping Corporation	13,759,371	29,964,578
Bangladesh Submarine Cables Co. Ltd	27,316,307	16,194,322
Orion Pharma Ltd.	61,445	61,445
Padma Oil Company Ltd.	48,810,375	44,544,440
Usmania Glass Sheet Factory Ltd.	5,673,379	4,790,275
Rahima Food Corporation Ltd.	-	2,610,852
Tallu Spinning Mills Ltd.	-	5,964,433
Paramount Textile Ltd.	6,536,568	6,536,568
Shahazibazar Power Company Ltd.	102,665,337	90,208,724
Emerald Oil Industries Ltd.	-	621,932
Quasem Drycells Ltd.	-	608,926
Al-Haj Textile Ltd.	-	298,960
Heidelberg Cement Bd. Ltd.	5,618,178	3,359,108
National Bank Ltd.	-	356,255,105
ACI	11,449,797	-
Beacon Pharma	793,549	-
APEX FOOT	9,697,136	-
Total	484,920,982	862,487,731
Unquoted:		
Central Depository Bangladesh Ltd.	1,569,450	1,569,450
	486,490,432	864,057,181
5.2 Market Value of Quoted Shares	421,054,071	698,971,823
5.3 Maturity Grouping of Investments in Shares and Securities		
On Demand	24,246,049	669,712
Within One Month	2,275,753,951	1,565,330,285
One Month to three Months	7,397,451,298	6,472,129,329
Three Months to One Year	4,687,469,684	5,024,363,405
One Year to Five Years	400,000,000	-
More than Five Years	1,569,450	1,569,450
	14,786,490,432	13,064,062,181

	31.12.2016	31.12.2015
	BDT	BDT
5(a) INVESTMENTS IN SHARES AND SECURITIES		
Government Securities		
First Security Islami Bank Limited (Note-5)	13,900,000,000	12,200,005,000
First Security Islami Capital & Investment Limited	-	-
	13,900,000,000	12,200,005,000
Others		
First Security Islami Bank Limited (Note-5)	886,490,432	864,057,181
First Security Islami Capital & Investment Limited	69,346,102	276,796,716
	955,836,534	1,140,853,897
	14,855,836,534	13,340,858,897
6 INVESTMENTS		
General Investment etc. (Note-6.A)	225,520,627,072	187,325,343,675
Bills Purchased and Negotiated (Note - 6.B)	544,644,430	354,664,257
	226,065,271,502	187,680,007,932
6.A General Investment etc.		
Inside Bangladesh (Mode wise)		
Bai-Murabaha	197,659,216,466	165,537,788,835
Hire-Purchase Sirkatul Meelk	27,188,609,204	21,183,831,227
Bai-Muajjal	5,155,895	5,057,598
Bai-Salam	233,375,868	217,243,884
Wajira Bill Okalah	10,453,147	21,884,933
Quard	423,816,492	359,537,198
	225,520,627,072	187,325,343,675
Outside Bangladesh	-	-
	225,520,627,072	187,325,343,675
6.B Bills Purchased and Negotiated		
Payable in Bangladesh	501,479,089	312,933,306
Payable outside Bangladesh	43,165,341	41,730,951
	544,644,430	354,664,257
	226,065,271,502	187,680,007,932
6.1 Maturity Grouping of Investments		
Payable on Demand	41,261,198,524	34,255,160,091
Up to Three Months	39,267,340,779	32,599,853,927
Three Months to One Year	48,488,880,250	40,255,601,267
One Year to Five Years	59,620,122,397	49,496,789,003
Above Five Years	37,427,729,552	31,072,603,644
	226,065,271,502	187,680,007,932
6.2 Investments on the basis of Significant Concentration		
Investments to Directors of Other Banks	27,897,190,000	22,375,776,000
Investments to Chief Executive and Other high Officials	-	-
Investments to Customers Group	179,100,213,527	151,305,775,726
Investments to Industry	18,427,443,000	13,385,000,000
Investment to Staff	640,424,975	613,456,206
	226,065,271,502	187,680,007,932

	31.12.2016	31.12.2015
	BDT	BDT
6.3 Investments to Customers for more than 10% of FSIBL's Total Eligible Capital		
Number of Clients	54	40
Amount of Outstanding Investments		
Funded	79,552,800,000	58,435,300,000
Non-funded	13,991,100,000	10,252,900,000
	93,543,900,000	68,688,200,000
6.4 Economic Sector wise Investments		
Agriculture:		
Fishing	189,400,000	427,100,000
Others	3,789,900,000	2,807,000,000
Textile and Readymade Garments:		
Readymade Garments - Export	2,816,300,000	1,347,500,000
Textile and Textile Products- Import	6,744,100,000	5,773,600,000
Others -Export	1,574,200,000	1,420,700,000
Others -Import	28,030,400,000	26,873,500,000
Contractor Finance	6,815,700,000	4,359,900,000
Transport	621,600,000	1,269,600,000
Internal Trade Finance:		
Whole Sale Trading	67,059,600,000	50,918,100,000
Retail Trading	16,925,900,000	14,663,500,000
Others	27,193,500,000	27,644,200,000
House Building:		
Residential & Commercial	20,378,300,000	15,332,800,000
Staff	640,400,000	613,500,000
Special Program:		
Consumer Finance and Hire Purchase Scheme	286,500,000	226,900,000
Others	42,999,471,502	34,002,107,932
	226,065,271,502	187,680,007,932
6.5 Geographical Location-wise		
Urban		
Dhaka	71,069,414,954	60,968,839,339
Chittagong	148,193,419,711	121,454,700,779
Barisal	219,184,582	132,495,092
Rajshahi	566,564,457	392,690,818
Khulna	1,074,268,916	772,915,125
Rangpur	190,598,761	158,643,485
Sylhet	812,322,231	815,179,234
	222,125,773,612	184,695,463,872
Rural		
Dhaka	1,158,971,250	803,273,166
Chittagong	1,860,194,155	1,584,033,360
Barisal	60,854,643	64,783,866
Rajshahi	100,596,755	52,136,290
Khulna	674,023,771	422,440,973
Sylhet	84,857,316	57,876,405
	3,939,497,890	2,984,544,060
	226,065,271,502	187,680,007,932

	31.12.2016	31.12.2015
	BDT	BDT
6.6 Classification of Investments as per Bangladesh Bank Circulars		
Unclassified		
Standard	206,293,974,864	169,992,318,796
Special Mention Account	13,932,053,224	12,500,453,033
	220,226,028,088	182,492,771,829
Classified:		
Sub-standard	1,881,233,510	1,668,450,287
Doubtful	322,208,989	525,819,512
Bad & Loss	3,635,800,915	2,992,966,304
	5,839,243,414	5,187,236,103
	226,065,271,502	187,680,007,932
6.7 Particulars of Required Provision for Investments		
Classification status		Required provision
Unclassified		
Standard	1,893,110,376	1,574,758,026
Special Mention Account	343,018,063	267,334,992
Off -Balance Sheet Exposure	335,687,765	258,473,002
	2,571,816,204	2,100,566,020
Classified:		
Sub - Standard	251,168,475	251,333,505
Doubtful	33,275,329	98,348,001
Bad and Loss	2,229,089,094	1,358,253,494
	2,513,532,898	1,707,935,000
	5,085,349,102	3,808,501,020
Total Required Provision against Investments	5,085,349,102	3,808,501,020
Total Provision Maintained	5,088,729,803	3,812,429,803
Provision Excess/ (Shortfall)	3,380,701	3,928,783
6.8 Particulars of Investments		
i) Investments considered good in respect of which the Bank Company is fully secured.	25,825,000,000	101,151,300,000
ii) Investments considered good for which the bank holds no Security other than the debtors personal security.	24,053,000,000	66,528,700,000
iii) Investment considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	176,187,271,502	20,000,007,932
iv) Investments adversely classified; provision not maintained there against.	-	-
	226,065,271,502	187,680,007,932

	31.12.2016	31.12.2015
	BDT	BDT
v) Investments due by directors or executives of the banking company or any of them taken either separately or jointly with any other person.	27,897,190,000	22,377,556,000
vi) Investments due by companies or firms in which the directors of the bank company are interested as directors partners or managing agents or in case of private companies, as members.	-	-
vii) Maximum total amount of investments, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either separately or jointly with any other person.	-	-
viii) Maximum total amount of investments, including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or in the case of private companies, as members.	-	-
ix) Investment due from other banking companies	-	-
x) Total amount of classified Investments on which profit is not credited to income	5,839,243,414	5,187,236,103
a. Movement of classified Investments		
Opening balance	5,187,236,102	3,396,898,471
Increase/ (Decrease) during the year	652,007,312	1,790,337,631
	5,839,243,414	5,187,236,102
b. Amount of provision kept against classified investment as on the reporting date of Balance Sheet	2,513,635,000	1,707,935,000
c. Profit credited to the profit/Rent/Compensation Suspense Account	228,426,381	198,757,243
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.	-	-

	31.12.2016	31.12.2015
	BDT	BDT
6.9 Security against Investments including bills purchased & negotiated:		
Collateral of movable/immovable assets	125,750,894,795	116,581,476,060
Local banks & financial institutions guarantee	-	2,071,700,000
Export documents	1,574,249,000	1,420,667,000
Own MTDR	25,825,000,000	9,034,800,000
MTDR of other Banks	-	-
Government Bonds	-	-
Personal guarantee	53,969,048,191	45,746,362,582
Other security	1,272,885,689	12,672,845,392
Unsecured	17,673,193,827	152,156,898
	226,065,271,502	187,680,007,932
6.10 Maturity Grouping of Bills Purchased and Negotiated		
Payable within one month	4,419,231	2,877,737
Over one month but less than three months	11,798,269	7,682,855
Over three months but less than six months	189,851,055	123,628,150
Six Months and Above	338,575,875	220,475,515
	544,644,430	354,664,257
6.A(a) GENERAL INVESTMENT ETC. (All Inside Bangladesh)		
First Security Islami Bank Limited (Note-6.A)	225,520,627,072	187,325,343,675
First Security Islami Capital & Investment Limited	-	-
Less: Inter-company transaction (Investment in Subsidiary)	(175,378,981)	(440,930,533)
	225,345,248,091	186,884,413,142
7 Fixed Assets including premises, Furniture & Intangible Assets at cost less accumulated depreciation (Annexure-A)		
Land	96,546,000	96,546,000
Building	1,429,210,470	1,242,651,774
Furniture & Fixtures	1,805,533,437	1,696,800,597
Office Equipment	1,312,547,552	1,098,962,167
Vehicles	218,216,802	199,713,909
Books	613,025	606,516
	4,862,667,286	4,335,280,963
Less: Accumulated Depreciation	1,504,972,811	1,177,958,421
	3,357,694,475	3,157,322,542
Intangible Assets		
Software -Core banking	137,531,195	129,178,081
Less: Accumulated amortization	64,494,731	46,537,228
	73,036,464	82,640,853
	3,430,730,939	3,239,963,395
7(a) Fixed Assets including premises, Furniture & Intangible Assets at cost less accumulated depreciation		
First Security Islami Bank Limited (Note-7)	3,430,730,939	3,239,963,395
First Security Islami Capital & Investment Limited	19,386,853	21,078,281
	3,450,117,792	3,261,041,676

	31.12.2016	31.12.2015
	BDT	BDT
8 OTHER ASSETS		
Inter - branch Transaction Account (*)	16,629,217	15,584,775
Accrued Income (Note - 8.1)	931,679,426	1,144,485,061
Advances, Deposits and Prepayment (Note -8.2)	2,894,967,424	2,841,316,112
Advance Income Tax	5,035,549,724	4,072,546,313
Stock of Stationery	34,380,488	31,892,340
Suspense Account (Note- 8.3)	70,078,826	107,590,028
Advance Deposits	95,832,609	270,357,610
Stamps on Hand	3,003,832	2,380,085
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- 8.4)	197,233,000	197,233,000
	9,596,694,604	9,000,725,382

(*) 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 31.12.2016 have been reconciled on 13.02.2017.

8.1 Accrued Income

Bangladesh Govt. Islamic Bond	182,730,251	245,745,228
Mudarabah Term Deposit	397,368,820	519,402,847
Inland Documentary Bills Purchased (Foreign currency bills)	13,169,494	13,169,494
HPSM House Building	-	1,731,971
Bai Murabaha General	97,654,488	102,340,752
Bai Murabaha (Hypo)	173,928,572	210,655,715
Bai Salam - Export	5,099,016	5,120,072
Quard against PF	82,973	82,973
HPSM (Scheme)	12,173,694	478,172
Bai-Muajjal (General)	45,757,837	45,757,837
Bai Murabaha (Post)	2,172,020	-
Pre-Shipment Inv.	252,931	-
Bai Murabaha (Import)	104,560	-
Bai Muajjal (Hypo)	1,184,770	-
	931,679,426	1,144,485,061

8.2 Advance, Deposits and Prepayment

Advance against Rent - Office	233,141,023	251,684,912
Advance against Rent - Godown	1,504,000	3,640,000
Clearing Adjustment Account (under BACH)	31,050,616	14,035,236
Remittance Settlement Account	164,867,702	124,458,251
Prepayment	2,449,406,819	2,430,323,982
Prepaid Insurance	652,565	364,551
Advance Against Security Deposit	14,063,688	16,528,169
Mobile Banking Receivable A/C	281,011	281,011
	2,894,967,424	2,841,316,112

	31.12.2016	31.12.2015
	BDT	BDT
8.3 Suspense Account		
Sundry Debtors	67,507,848	106,779,028
Advance against TA/DA	2,181,378	811,000
Encashment of PSP/BSP	364,600	-
Advance against New Branch	25,000	-
	70,078,826	107,590,028
8.4 Deferred Tax Assets		
Opening Balance	197,233,000	80,000,000
Add: Addition During the period	-	117,233,000
Closing Balance	197,233,000	197,233,000

As per Bangladesh Accounting Standard (BAS)- 12 deferred tax is recognized since December 2007. Deferred tax assets have been arrived at Tk. 197.23 million as on December 31, 2015. 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) OTHER ASSETS

First Security Islami Bank Limited (Note-8)	9,596,694,604	9,000,725,382
Less: Inter-company transaction(Investment in Subsidiary)	255,000,000	255,000,000
	9,341,694,604	8,745,725,382
First Security Islami Capital & Investment Limited	780,093,963	1,520,656,061
	10,121,788,567	10,266,381,443

9 NON-BANKING ASSETS

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.

10 PLACEMENT FROM BANK & OTHER FINANCIAL INSTITUTION

Inside Bangladesh		
Bangladesh Bank (IMM Wings & Refinance Scheme)	35,863,797	14,198,886
Bangladesh Bank (EDF)	675,251,251	549,061,438
	711,115,048	563,260,324
Outside Bangladesh	-	-
	711,115,048	563,260,324
A. Security- wise grouping		
Secured Placement	-	-
Unsecured Placement	711,115,048	563,260,324
	711,115,048	563,260,324
B. Repayment Nature wise Grouping		
Repayable on demand	-	-
Others	711,115,048	563,260,324
	711,115,048	563,260,324

	31.12.2016	31.12.2015
	BDT	BDT
C. Maturity Analysis		
Repayable on Demand	-	-
Repayable within One Month	-	-
One Month to Six Months	-	-
Six Month to One Year	-	-
One Year to Five Years	711,115,048	563,260,324
Five Years to Ten Years	-	-
Unclaimed Deposits Ten Years and Over	-	-
	711,115,048	563,260,324

10 (a) PLACEMENT FROM BANK & OTHER FINANCIAL INSTITUTION

First Security Islami Bank Limited	711,115,048	563,260,324
First Security Islami Capital & Investment Limited	-	618,937,822
	711,115,048	1,182,198,146

11 DEPOSITS AND OTHER ACCOUNTS

A. Deposits Received from Banks (Note A-1)

164,800,000

186,000,000

B. Other than Bank

Payable on Demand (Note B-1)	8,830,641,119	7,277,536,662
Other Deposits (Note B-2)	265,257,453,010	223,996,708,027
	274,088,094,129	231,274,244,690
	274,252,894,129	231,460,244,690

C. Maturity wise Grouping of Deposits and Other Accounts

Repayable within One Month	55,391,148,137	46,710,704,689
One Month to Three Months	54,798,044,362	46,210,547,242
Three Months to One Year	59,486,941,063	50,164,638,761
One Year to Five Years	57,531,817,115	48,515,905,698
Repayable over Five Years	47,044,943,452	39,672,448,299
	274,252,894,129	231,274,244,689

A-1 Deposits Received from Banks

Islami Bank Bangladesh Ltd.	22,300,000	10,500,000
Exim Bank Ltd.	11,200,000	35,600,000
Union Bank Ltd.	97,600,000	130,800,000
NRB Global Bank Ltd.	33,700,000	9,100,000
	164,800,000	186,000,000

Maturity wise Grouping of Deposits Received from Banks

Repayable on Demand	164,800,000	186,000,000
Repayable within One Month	-	-
Repayable over One Month but within Six Months	-	-
Repayable over Six Months but within one Year	-	-
Repayable over One Year but within Five Years	-	-
Repayable over Five Years but within Ten Years	-	-
Unclaimed Deposits for Ten Years and above	-	-
	164,800,000	186,000,000

	31.12.2016	31.12.2015
	BDT	BDT
B-1 Payable on Demand		
Al-wadiah Current Deposits	5,111,969,154	4,151,371,250
Mudaraba Saving Deposits (9%) (Note-11.3)	1,657,966,771	1,223,712,259
Security Deposit Receipt	19,011,380	22,818,861
Sundry Deposits	2,041,693,814	1,879,634,292
	8,830,641,119	7,277,536,662
B- 2 Other Deposits		
Mudaraba Saving Deposits (91%) (Note-11.3)	16,763,886,242	12,373,090,624
Mudaraba Term Deposits	188,431,972,412	159,937,995,888
Mudaraba Short Notice Deposits	8,441,322,077	4,991,905,142
Bills Payable (Note-11.2)	1,477,937,977	881,045,753
Bearer Certificates of Deposits	-	-
Mudaraba Deposit under Schemes (Note-11.5)	49,946,732,050	45,689,448,026
Foreign Currency Deposits	195,602,252	123,222,594
	265,257,453,010	223,996,708,027
11.1 Al-Wadiah Current Accounts & Other Deposit Accounts		
Al-wadiah Current Deposits	5,111,969,154	4,151,371,250
Mudaraba Short Notice Deposits	8,606,122,077	4,991,905,142
Sundry Deposits	2,041,693,814	1,879,634,292
Security Deposit Receipt	19,011,380	22,818,861
Foreign Currency Deposits	195,602,252	123,222,594
	15,974,398,677	11,168,952,139
11.1(a) Al-Wadiah Current Accounts & Other Deposit Accounts		
First Security Islami Bank Limited (Note-11.1)	15,974,398,677	11,168,952,139
First Security Islami Capital & Investment Limited	-	-
Less: Inter-company transaction	(28,108,136)	(14,851,433)
	15,946,290,541	11,154,100,706
11.2 Bills Payable		
Pay Order Issued	1,467,326,541	857,143,587
Demand Draft Payable	10,441,104	23,603,163
Pay Slips Issued	170,332	299,003
	1,477,937,977	881,045,753
11.3 Mudaraba Savings Deposits		
As per BRPD Circular No. 06, dated 24 June 07, total saving deposits amount is bifurcated into:		
9 % of total Mudaraba Savings Deposits	1,657,966,771	1,223,712,259
91% of total Mudaraba Savings Deposits	16,763,886,242	12,373,090,624
	18,421,853,013	13,596,802,883
11.4 Mudaraba Term Deposits including other Banks - Maturity wise Grouping		
Payable on Demand	1,922,181,153	1,890,542,489
Up to Three Months	77,549,721,873	72,372,226,337
From Three Months to Six Months	31,239,012,039	25,041,411,083
Above Six Months to One Year	77,598,448,218	60,504,149,337
Above One Year to Two Years	55,436,023	58,290,925
Above Two Years	67,173,106	71,375,717
	188,431,972,412	159,937,995,888

	31.12.2016	31.12.2015
	BDT	BDT
11.5 Other Mudaraba Deposits		
Mudaraba Deposit under Schemes:		
Mudaraba Monthly Savings Scheme	9,778,118,259	8,541,691,257
Mudaraba Double Benefit Deposits Scheme	17,608,871,473	18,231,918,605
Mudaraba Monthly Benefit Scheme	10,134,595,799	10,994,576,443
Mudaraba Hajj Scheme	96,395,710	62,792,209
Mudaraba Marriage Scheme	1,131,827,102	562,959,723
Mudaraba Health Care Scheme	5,135,892,177	2,880,742,752
Mudaraba Education Deposit Scheme	1,054,168,576	574,683,971
Mudaraba Pension Deposit Scheme	762,433,840	501,928,078
Mudaraba Millionaire Deposit Scheme	1,057,364,020	641,926,820
Mudaraba Kroropoti Deposit Scheme	716,031,086	418,027,669
Mudaraba Triple Times Deposit Scheme	447,932,693	527,668,950
Mudaraba Four Times Deposit Scheme	1,611,281,695	1,480,944,918
Mudaraba Probashi Deposit Scheme	199,562,168	138,171,900
Mudaraba Money Plant Deposit Scheme	2,297,319	2,124,299
Mudaraba Gift Cheque	7,868,871	6,857,958
Mudaraba Griheni Deposit Scheme	155,392,659	91,660,591
Mudaraba New Generation Deposit Scheme	45,436,527	1,708,127
Mudaraba Cash Waqf. Deposit Scheme	1,262,076	29,063,757
	49,946,732,050	45,689,448,026

12 MUDARABA SUBORDINATED BOND

1,382,000,000

1,882,000,000

The Bank issued Redeemable non-convertible FSIBL 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. We have received as fully paid Tk. 2,500,000,000.00 as on 02.01.2013. The amount of Tk. 500,000,000.00 has been paid during the year 2016, as principal redemption.

13 OTHER LIABILITIES

Provision for Taxation (Note-13.1)	5,712,099,852	4,567,675,852
Accumulated Provision against Investments(Note-13.3)	5,088,729,803	3,812,429,803
Profit/Rent/Compensation Suspense Account (Note -13.4)	228,426,381	198,757,243
Accrued Profit and Expenses Payable (Note-13.5)	2,954,999,589	3,294,356,731
Provisions for diminution in value of Investments(Note-13.6)	63,866,911	163,515,908
Provisions for Other Assets	356,000	356,000
Provision for Zakat	67,118,741	41,475,331
Provident Fund	16,053	12,662
Benevolent Fund	2,483	1,000
Non-Resident Accounts	20,982,677	10,616,259
Compensation Realised	19,692,726	21,228,921
Others	24,207,752	11,017,245
Total	14,180,498,968	12,121,442,955

	31.12.2016	31.12.2015
	BDT	BDT
13.1 Provision for Taxation during the year		
Opening Balance	4,567,675,852	3,783,943,852
Add : Provision made during the year	1,144,424,000	783,732,000
Closing Balance	5,712,099,852	4,567,675,852
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 is pending with Appellate Tribunal, 2012 is pending with Commissioner of Taxes (Appeal), 2013, 2014 & 2015 assessment is not yet completed by DCT level and 2016 is not yet due.		
13.2 Provision for Investments during the year		
Specific Provision for Classified Investments	805,700,000	452,935,000
General Provision	393,412,000	362,349,294
Off -Balance Sheet exposure	77,188,000	21,850,406
	1,276,300,000	837,134,700
13.2 (a) Provision for Investments during the year		
First Security Islami Bank Limited	1,276,300,000	837,134,700
First Security Islami Capital & Investment Limited	9,343,508	1,198,964
	1,285,643,508	838,333,664
13.3 Accumulated Provision for Investments		
Specific Provision for Classified Investments (Note -13.3.1)	2,513,635,000	1,707,935,000
General Provision (Note -13.3.2)	2,239,406,803	1,845,994,803
Off -Balance Sheet exposure (Note -13.3.3)	335,688,000	258,500,000
	5,088,729,803	3,812,429,803
13.3.1 Movement in Specific Provision for Classified Investments		
Provision held at the beginning of the year	1,707,935,000	1,255,000,000
Fully Provided Debts written off	-	-
Recoveries of amounts previously written off	-	-
Specific Provision for the year	805,700,000	452,935,000
Recoveries and Provisions no longer required	-	-
Net Charge to Profit and Loss Account	-	-
Provision held at the end of the year	2,513,635,000	1,707,935,000
13.3.2 General Provision		
Provision held at the beginning of the year	1,845,994,803	1,483,645,509
Addition/(transfer) during the year	393,412,000	362,349,294
	2,239,406,803	1,845,994,803
13.3.3 Off-balance sheet exposure		
Provision held at the beginning of the year	258,500,000	236,649,594
Addition/(transfer) during the year	77,188,000	21,850,406
	335,688,000	258,500,000

	31.12.2016	31.12.2015
	BDT	BDT
13.4 Profit/Rent/Compensation Suspense Account		
A) Profit Suspense (Old)		
Opening Balance	33,768,518	34,996,451
Add: Transferred during the year	-	-
	33,768,518	34,996,451
Less: Recovered during the year	-	1,227,933
Less: Amount Written off/waived during the year	-	-
Balance at the end of the year	33,768,518	33,768,518
B) Compensation Suspense Account		
Opening Balance	164,988,725	101,214,125
Add: Addition during the year	49,361,864	69,809,654
	214,350,589	171,023,779
Less: Adjustment during the year	19,692,726	6,035,054
Less: Amount Written off/waived during the year	-	-
Balance at the end of the year	194,657,863	164,988,725
Total (A+B)	228,426,381	198,757,243
13.5 Accrued Profit and Expenses Payable		
Profit Payable on MTDR	2,754,129,742	3,070,932,513
Profit Payable on Monthly Benefit Savings Scheme	1,027,305	877,904
Profit Payable on Cash Waqf Deposit Scheme	-	112,033
Profit Payable on Money Plant Deposit	11,014	12,786
Power and Electricity	2,052,875	1,722,774
Telephone	235,953	261,345
Office Rent	2,176,077	1,965,509
Wages	489,314	135,804
Insurance	2,838,839	2,834,059
Audit Fees	730,250	730,250
Telex, Fax and E-mail	920	920
Printing and Stationery	7,060	269,008
Rates & Taxes	5,000	11,450
Clearing Adjustment	2,437	959
Online Clearing Parking Charges	1,004,950	1,011,350
Profit Payable on Mudaraba Subordinated Bond	66,840,894	88,467,985
Others	123,446,959	125,010,082
	2,954,999,589	3,294,356,731
13.6 Provisions for diminution in value of Investments in shares		
Opening Balance	163,515,908	-
Add: Addition during the year	-	163,515,908
Less: Adjustment for realized Loss during the year	99,648,997	-
	63,866,911	163,515,908
13(a) OTHER LIABILITIES		
First Security Islami Bank Limited (Note-13)	14,180,498,968	12,121,442,955
First Security Islami Capital & Investment Limited	110,411,786	167,390,883
	14,290,910,754	12,288,833,838

	31.12.2016	31.12.2015
	BDT	BDT
14 CAPITAL		
AUTHORISED CAPITAL		
1,000,000,000 Ordinary shares of Taka 10 each.	10,000,000,000	10,000,000,000
14.1 Issued, Subscribed and Paid-Up Capital		
678,873,888 Ordinary Shares of Taka 10 each issued	6,788,738,880	6,788,738,880
	6,788,738,880	6,788,738,880
14.2 Category of shareholding as at 31 December 2016		
<u>Name of Category</u>	<u>Percentage(%)</u>	<u>Percentage(%)</u>
Sponsors/Directors	48.00	49.56
Institutes	18.27	19.69
Non-Resident Bangladeshi	0.18	0.23
General Public	30.78	29.35
Foreign Investors	2.77	1.17
	100.00	100.00
14.3 Classification of Shareholders by holding position as at 31 December 2016		
<u>Shareholding Range</u>	<u>No. of Shares</u>	<u>No. of Shares</u>
Up to 500 Shares	4,049,356	4,746,797
501 to 5000 Shares	43,679,734	49,377,450
5001 to 10,000 Shares	16,634,725	16,795,424
10,001 to 20,000 Shares	17,865,624	18,451,915
20,001 to 30,000 Shares	11,049,426	10,848,886
30,001 to 40,000 Shares	6,056,139	5,592,101
40,001 to 50,000 Shares	9,407,375	5,359,169
50,001 to 100,000 Shares	22,434,362	16,077,876
100,001 to 1,000,000 Shares	81,992,796	62,272,813
Over 1,000,000 Shares	465,704,351	489,351,457
	678,873,888	678,873,888
14.4 <u>Capital to Risk Weighted Assets Ratio (CRAR) Under Basel-III (Solo Basis)</u>		
<u>Tier-1 Capital:</u>		
Common Equity Tier-1 Capital (CET-1):		
Paid up Capital	6,788,738,880	6,788,738,880
Statutory Reserve	2,412,128,110	1,902,246,794
Other Reserve	402,850,965	75,556,891
Retained Earnings	736,050,186	500,590,957
Adjustment for Deferred Tax Assets	(197,233,000)	(197,233,000)
Others (5% of Deferred Tax Assets)	9,861,650	9,861,650
	10,152,396,791	9,079,762,171
Additional Tier-1 Capital (AT-1)	-	-
	10,152,396,791	9,079,762,171

	31.12.2016	31.12.2015
	BDT	BDT
<u>Tier –2 Capital:</u>		
General Provision	2,575,094,803	1,424,374,646
Assets Revaluation Reserves	181,099,327	186,129,864
Subordinated Debt	1,382,000,000	1,882,000,000
Adjustment (Assets Revaluation Reserves @ 40%)	(72,439,731)	(37,225,973)
	4,065,754,399	3,455,278,536
A. Total Regulatory Capital	14,218,151,190	12,535,040,708
B. Total Risk Weighted Assets	135,261,058,541	122,051,062,260
C. Capital to Risk Weighted Assets Ratio (CRAR) (A/B)*100	10.51	10.27
D. Common Equity Tier-1 To RWA (A -CET/B)*100	7.51%	7.44%
Requirement of Minimum CET-1 plus Capital Conservation Buffer	5.125%	4.50%
E. Tier-1 Capital to RWA (A -CET/B)*100	7.51%	7.44%
Requirement of Minimum Tier-1 Capital Ratio	5.50%	5.50%
F. Tier-1 Capital to RWA (A- AT/B)*100	3.01%	2.83%
G. Minimum Capital Requirement (MCR)	13,526,105,854	12,205,106,226
Capital Surplus /(Deficiency) against MCR (A-G)	692,045,336	329,934,482
H. Minimum Total Capital Plus Capital Conservation Buffer	14,371,487,470	12,205,106,226

14.4(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	6,788,738,880	6,788,738,880
Statutory Reserve	2,412,128,110	1,902,246,794
Other Reserve	402,850,965	75,556,891
Retained Earnings	793,919,776	555,733,247
Non-controlling Interest	300,600,194	297,979,846
Adjustment for Deferred Tax Assets	(197,233,000)	(197,233,000)
Others (5% of Deferred Tax Assets)	9,861,650	9,861,650
	10,510,866,575	9,432,884,308
Additional Tier-1 Capital (AT-1)	-	-
	10,510,866,575	9,432,884,308

Tier –2 Capital:

General Provision	2,575,094,803	1,437,320,027
Assets Revaluation Reserves	181,099,327	186,129,864
Subordinated Debt	1,382,000,000	1,882,000,000
Adjustment (Assets Revaluation Reserves @ 40%)	(72,439,731)	(37,225,973)
	4,065,754,399	3,468,223,918
A. Total Regulatory Capital	14,576,620,974	12,901,108,226

	31.12.2016	31.12.2015
	BDT	BDT
B. Total Risk Weighted Assets	135,866,716,109	123,756,629,283
C. Capital to Risk Weighted Assets Ratio (CRAR) (A/B)*100	10.73%	10.42%
D. Common Equity Tier-1 To RWA (A -CET/B)*100	7.74%	7.62%
Requirement of Minimum CET-1 plus Capital Conservation Buffer	5.125%	4.50%
E. Tier-1 Capital to RWA (A -CET/B)*100	7.74%	7.62%
Requirement of Minimum Tier-1 Capital Ratio	5.50%	5.50%
F. Tier-1 Capital to RWA (A- AT/B)*100	2.99%	2.80%
G. Minimum Capital Requirement (MCR)	13,586,671,611	12,375,662,928
Capital Surplus /(Deficiency) against MCR (A-G)	989,949,363	329,934,482
H. Minimum Total Capital Plus Capital Conservation Buffer	14,435,838,587	12,375,662,928
15 STATUTORY RESERVE		
Opening Balance	1,902,246,794	1,609,267,996
Add: Addition during the year	509,881,316	292,978,798
Closing Balance	2,412,128,110	1,902,246,794
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	75,556,891	35,495,817
Add: Addition during the year	317,233,000	30,000,000
Add: Transferred from Asset Revaluation Reserve	10,061,074	10,061,074
Closing Balance	402,850,965	75,556,891
17 ASSETS REVALUATION RESERVE		
Opening Balance	372,259,728	382,320,802
Less: Transfer to Other Reserve	10,061,074	10,061,074
Closing Balance	362,198,654	372,259,728
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	500,590,957	642,332,846
Add: Post tax profit for the period	1,404,982,582	798,394,989
Less: Transfer to Statutory Reserve	509,881,316	292,978,798
Less: Transfer to Other Reserve	317,233,000	30,000,000
Less: Capitalized during the period	-	617,158,080
Less: Cash Dividend paid during the period	342,409,037	-
Closing Balance	736,050,186	500,590,957

	31.12.2016	31.12.2015
	BDT	BDT
18(a) RETAINED EARNINGS		
First Security Islami Bank Limited (Note-18)	736,050,186	500,590,957
First Security Islami Capital & Investment Limited	57,869,590	55,142,289
	793,919,776	555,733,247
18(b) NON-CONTROLLING INTEREST		
Opening Balance	297,979,846	270,957,003
Add: Capital Increase in Subsidiary	-	-
Add: Transfer during the period	2,620,348	27,022,843
Closing Balance	300,600,194	297,979,846
19 LETTER OF GUARANTEES		
Money for which the Bank is contingently liable in respect of guarantees are given favoring:		
Letters of Guarantee - Local	6,293,521,960	6,092,697,670
Letter of Guarantee - Foreign	23,499,840	4,391,007
	6,317,021,800	6,097,088,677
19.1 Money for Which the Bank is Contingently Liable in respect of Guarantees:		
Directors	-	-
Government	-	-
Banks and Other Financial Institutions	-	-
Others	6,317,021,800	6,097,088,677
	6,317,021,800	6,097,088,677
20 IRREVOCABLE LETTERS OF CREDIT		
Letters of Credit - Cash	3,570,027,615	1,395,861,683
Letter of Credit - Cash Inland	-	-
Back to Back letters of Credit - Local	584,876,220	710,763,684
Back to Back letters of Credit - Foreign	180,902,422	112,602,354
	4,335,806,257	2,219,227,721
21 BILLS FOR COLLECTION ISSUED BY THE BANK		
Foreign Documentary Bills	369,864,788	476,661,752
Outward Bills	108,628	247,760
Inland Documentary Bills	795,037,383	539,060,089
	1,165,010,799	1,015,969,601

	<u>31.12.2016</u>	<u>31.12.2015</u>
	BDT	BDT
22 INVESTMENT INCOME		
Profit Received from:		
Deposit with Other Banks and Fls	1,707,079,971	1,985,025,505
Bai Murabaha - General	1,453,367,182	1,663,119,329
Bai Murabaha Hypothecation	14,442,681,619	12,383,631,274
Bai Murabaha against MTD	1,667,877,635	1,382,098,608
Bai Murabaha Post Import (LTR)	730,485,765	909,500,129
Bai Murabaha Post Import (Pledge)	4,972,528	30,616
Bai Murabaha Real Estate	2,494,303	4,336,111
Bai Murabaha Import Bill	800,038,441	552,449,834
Bai Murabaha Import	57,170,295	67,235,238
Bai Murabaha Export	46,499,880	32,012,634
Bai Murabaha SME Investment	591,955,768	522,527,273
Bai-Murabaha (EMI) Investment	158,612,810	511,432,321
Bai-Murabaha(General) Under SME Invest	52,899,236	41,932,610
Bai-Murabaha Post Import(TR)-Under SME	16,463,000	15,787,633
Bai-Murabaha (EQI) Investment	1,501,753,020	847,035,222
Mudaraba Foreign Currency Investment (EDF)	8,814,885	1,784,265
Inland Documentary Bills Purchased (Foreign Currency Bills)	79,194,719	46,964,627
Bai Muajjal General	8,476,775	1,498,112
Pre-shipment Investment	12,347,784	27,340,235
HPSM Transport	178,521,277	147,660,830
HPSM Real Estate	765,771,264	528,174,453
HPSM Consumer	63,805,344	51,294,771
HPSM Agriculture	3,766,926	3,888,559
HPSM SME	14,633,951	23,492,387
HPSM HBL Commercial	1,003,666,381	1,131,667,786
HPSM Industrial	456,029,050	256,361,467
Rent on HPSM Scheme	170,912,781	349,192,886
HPSM House Building - Staff	20,415,870	18,605,328
Bai Muajjal	80,391	478,037
Agriculture Investment	227,009,007	218,149,884
Investment against Provident Fund (Staff)	908,141	1,519,465
Investment against Car Lease Scheme	1,070,397	1,843,821
Quard against MTDR	200,121	1,094,415
Wajira Bill Okalah	1,739,282	1,499,775
	26,251,715,799	23,730,665,441
22(a) INVESTMENT INCOME		
First Security Islami Bank Limited (Note-22)	26,251,715,799	23,730,665,441
First Security Islami Capital & Investment Limited	143,557,588	163,863,299
	26,395,273,387	23,894,528,740

	<u>31.12.2016</u>	<u>31.12.2015</u>
	BDT	BDT
23 PROFIT PAID ON DEPOSITS		
Profit Paid on:		
Mudaraba Term Deposit	12,906,957,345	12,679,172,180
Mudaraba Double Benefit Deposits Scheme	1,993,220,000	2,087,687,758
Mudaraba Monthly Savings Scheme	932,251,236	825,631,909
Mudaraba Monthly Benefit Savings Scheme	1,299,575,832	1,386,323,106
Mudaraba Savings Deposits	447,797,615	388,475,479
Mudaraba Short Notice Deposits	264,234,687	190,451,316
MSB & Placement from Other Banks	144,745,362	222,176,223
Mudaraba Hajj Deposit Scheme	8,604,164	5,276,378
Mudaraba Student SB AC	5,461,468	5,559,400
Mudaraba Salary A/C	4,179,779	3,033,224
Mudaraba Senior Citizen AC	4,633,171	3,631,987
Mudaraba Marriage Scheme	86,572,011	41,865,542
Mudaraba Health Care Scheme	406,846,760	229,164,118
Mudaraba Education Deposit Scheme	83,702,507	44,009,426
Mudaraba Pension Deposit Scheme	66,749,745	39,486,955
Mudaraba Millionaire Deposit Scheme	88,775,233	52,473,264
Mudaraba Kroropoti Deposit Scheme	61,237,937	33,240,912
Mudaraba Triple Times Deposit Scheme	51,140,701	60,822,135
Mudaraba Four Times Deposit Scheme	166,861,116	145,229,615
Mudaraba Probashi Deposit Scheme	18,080,525	11,305,156
Mudaraba Money Plant Deposit Scheme	234,814	157,400
Mudaraba Griheni Deposit Scheme	12,929,363	7,494,470
Mudaraba Gift Cheque	214,642	155,430
Agent Savings A/C-Mobile Bank	1,154,074	431,393
Mudaraba New Generation Savings Scheme	5,376,647	4,328,747
Mudaraba New Generation Deposit Scheme	3,934,890	2,234,862
Mudaraba Shramajibi Savings	4,537,833	2,954,750
Mudaraba Cash Waqf. Deposit Scheme	204,787	107,957
	<u>19,070,214,244</u>	<u>18,472,881,092</u>

24 INCOME FROM INVESTMENT IN SHARES & SECURITIES

Bangladesh Govt. Islamic Investment Bond	-	78,532,917
Dividend on Shares	10,152,597	4,799,230
Profit on Sale of Shares	22,258,351	9,889,070
Profit Received on MSB	32,420,548	-
Loss on Sale of Shares	(37,757,300)	-
	<u>27,074,196</u>	<u>93,221,217</u>

24(a) INCOME FROM INVESTMENT IN SHARES & SECURITIES

First Security Islami Bank Limited (Note-24)	27,074,196	93,221,217
First Security Islami Capital & Investment Limited	(90,712,419)	28,822,225
	<u>(63,638,223)</u>	<u>122,043,442</u>

	<u>31.12.2016</u>	<u>31.12.2015</u>
	BDT	BDT
25 COMMISSION, EXCHANGE AND BROKERAGE		
Commission	354,257,849	430,745,984
Exchange Gain	90,731,379	101,838,597
Exchange Earning	120,420,301	129,941,372
Less: Exchange Loss	29,688,922	28,102,775
	444,989,228	532,584,581
25(a) COMMISSION, EXCHANGE AND BROKERAGE		
First Security Islami Bank Limited (Note-25)	444,989,228	532,584,581
First Security Islami Capital & Investment Limited	57,163,292	45,176,081
	502,152,520	577,760,662
26 OTHER OPERATING INCOME		
Charges on Account Closing	7,446,709	5,791,899
Standing Instruction Charges	3,805,754	179,309
Gain on Sale of Fixed Assets	2,123,302	2,831,555
Service Charge on HP	196,600	406,464
Service Charge on Quard	5,971,817	7,611,513
Other Income (Note-26.1)	351,777,940	261,857,811
	371,322,122	278,678,550
26.1 Other Income		
Postage Recoveries - Local	110,041	120,142
Tel/Fax/E-mail Chg. Recoveries	16,227,518	12,950,333
Incidental Charge on Al-Wadiah CD A/C	29,679,579	27,104,817
Incidental Charge on Mudaraba SB A/C	60,442,354	47,811,655
Incidental Charge on Mudaraba SND A/C	6,905,889	6,472,423
Income from Online	17,358,510	13,528,404
Investment Processing Fee	29,217,487	22,424,912
Income from ATM	31,829,521	21,078,619
Income from SMS Banking Services	75,226,783	52,185,540
Income from Internet Banking Services	546,800	-
Miscellaneous Earnings	84,233,458	58,180,965
	351,777,940	261,857,811
26(a) OTHER OPERATING INCOME		
First Security Islami Bank Limited (Note-26)	371,322,122	278,678,550
First Security Islami Capital & Investment Limited	3,044,750	2,535,500
	374,366,872	281,214,050
27 SALARY & ALLOWANCES		
Basic Salary	719,537,459	587,524,029
Bonus	236,229,370	245,898,555
Allowances	1,149,840,640	830,490,590
Bank's Contribution to Staff Provident Fund	60,260,638	48,313,805
Gratuity	61,402,970	60,023,658
	2,227,271,077	1,772,250,637

	<u>31.12.2016</u>	<u>31.12.2015</u>
	BDT	BDT
27(a) SALARY & ALLOWANCES		
First Security Islami Bank Limited (Note-27)	2,227,271,077	1,772,250,637
First Security Islami Capital & Investment Limited	16,036,387	12,549,695
	<u>2,243,307,464</u>	<u>1,784,800,332</u>
28 RENT, TAXES, INSURANCE, ELECTRICITY ETC.		
Rent	283,137,068	251,633,916
Insurance	142,419,317	118,242,175
Rates and Taxes	8,216,309	27,085,797
Water Charges	3,091,995	2,609,128
Gas Charges	1,423,924	1,315,265
Electric Bills	73,780,256	61,925,988
	<u>512,068,869</u>	<u>462,812,269</u>
28(a) RENT, TAXES, INSURANCE,ELECTRICITY ETC.		
First Security Islami Bank Limited (Note-28)	512,068,869	462,812,269
First Security Islami Capital & Investment Limited	5,139,678	4,401,000
	<u>517,208,547</u>	<u>467,213,269</u>
29 LEGAL EXPENSES		
Legal fee & charges	373,066	445,367
Other legal expenses	5,904,175	2,241,250
	<u>6,277,241</u>	<u>2,686,617</u>
30 POSTAGE, STAMP AND TELECOMMUNICATION ETC.		
Postage	7,291,776	7,959,895
Stamp	109,860	167,423
Telephone - Office	9,467,582	10,353,586
Telex, Fax and Email	5,323,031	2,769,766
Telephone - Residence	26,576	85,098
Data Communication	64,163,065	61,058,355
	<u>86,381,890</u>	<u>82,394,123</u>
30 (a) POSTAGE, STAMP AND TELECOMMUNICATION ETC.		
First Security Islami Bank Limited (Note-30)	86,381,890	82,394,123
First Security Islami Capital & Investment Limited	182,249	159,604
	<u>86,564,139</u>	<u>82,553,727</u>
31 STATIONERY, PRINTING AND ADVERTISEMENT ETC.		
Publicity and Advertisement	130,606,935	133,198,107
Printing and Stationery	53,259,009	75,037,456
Computer Stationery	6,066,286	7,446,148
	<u>189,932,230</u>	<u>215,681,711</u>

	<u>31.12.2016</u>	<u>31.12.2015</u>
	BDT	BDT
32 MANAGING DIRECTOR'S SALARY AND FEES		
Basic Pay	3,362,903	2,755,405
House Rent Allowances	1,440,000	1,300,283
Leave Fare Allowances	1,200,000	1,092,221
Bonus	1,632,500	1,500,000
House Maintenance Allowances	1,500,000	1,319,637
Other Allowances	1,260,000	1,016,129
	10,395,403	8,983,675
33 DIRECTORS' FEES & EXPENSES		
Directors Fees	1,444,400	1,231,650
Meeting Expenses	736,000	1,022,450
	2,180,400	2,254,100
33 (a) DIRECTORS' FEES & EXPENSES		
First Security Islami Bank Limited (Note-33)	2,180,400	2,254,100
First Security Islami Capital & Investment Limited	675,000	552,500
	2,855,400	2,806,600
34 SHARIAH SUPERVISORY COMMITTEE'S FEES & EXPENSES		
Shariah Council Meeting Expenses	184,000	109,750
	184,000	109,750
35 AUDITORS' FEES		
First Security Islami Bank Limited	730,250	730,250
First Security Islami Capital & Investment Limited	291,250	206,250
	1,021,500	936,500
36 DEPRECIATION AND REPAIRS OF BANK'S ASSETS		
Depreciation on Fixed Assets (Annexure - A)	348,035,961	322,723,653
Repairs:	63,659,009	45,681,879
Office equipment	15,867,176	10,851,623
Renovation and Repair of Office Premises	11,561,743	10,625,738
Furniture and Fixtures	1,121,988	919,617
Maintenance and Services of SWIFT	631,076	303,820
Maintenance of Routers	1,783,421	1,771,448
Elect. Fitt. Rep. & Replacement	4,266,309	4,972,885
Office Maintenance Expenses	14,362,971	12,611,022
Maintenance of Software	8,685,096	3,400,727
Maintenance Expenses of ATM Machine	5,379,229	225,000
	411,694,970	368,405,532

	<u>31.12.2016</u>	<u>31.12.2015</u>
	BDT	BDT
36 (a) DEPRECIATION AND REPAIRS OF FIXED ASSETS		
First Security Islami Bank Limited (Note-36)	411,694,970	368,405,532
First Security Islami Capital & Investment Limited	12,611,210	11,787,151
	424,306,180	380,192,683
37 OTHER EXPENSES		
Training, Seminar and Workshop	9,484,612	8,175,604
Entertainment	37,664,188	35,643,612
Traveling	24,407,523	28,732,667
Donation	266,523,319	200,280,102
Subscription	20,418,342	23,803,331
Newspaper and Periodicals	728,752	609,255
Wages	267,107,211	212,398,478
Conveyance	11,198,381	10,532,013
Business Development	60,471,090	45,686,932
Plantation	1,796,514	1,664,090
Liveries and Uniform	2,168,280	2,167,132
Photocopying	5,464,354	5,312,727
Generator Fuel	9,820,350	10,521,300
Car Expense	16,460,577	98,068,047
Cash Carrying	17,178,440	11,238,822
Washing and Cleaning	4,136,869	4,725,768
Cartage and Freight	43,035	81,725
Staff Welfare	-	283,418
Office Maintenance	500,100	930,518
ATM Expenses	20,079,579	12,183,697
Meeting Expenses	7,410,895	7,018,233
Right Issue Expense	-	6,112,224
Recruitment Expenses	2,554,618	-
Mobile Financial Service Expense	12,142,638	3,119,697
Bank Charges	60,676	20,000
Sundry Expenses	3,644,235	8,574,713
	801,464,578	737,884,105
37 (a) OTHER EXPENSES		
First Security Islami Bank Limited (Note-37)	801,464,578	737,884,105
First Security Islami Capital & Investment Limited	75,550,616	125,367,542
	877,015,194	863,251,647
38 DEFERRED TAX INCOME/(EXPENSE)		
Closing balance of Deferred Tax Assets	197,233,000	197,233,000
Less: Opening balance of Deferred Tax Assets	(197,233,000)	(80,000,000)
Deferred Tax Income	-	117,233,000

	<u>31.12.2016</u>	<u>31.12.2015</u>
	BDT	BDT
39 EARNINGS PER SHARE		
Net Profit after Tax	1,404,982,582	798,394,989
Number of Ordinary Shares	678,873,888	678,873,888
Earnings Per Share (EPS)	<u>2.07</u>	<u>1.18</u>

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

39(a) EARNINGS PER SHARE

Net Profit after Tax	1,410,330,230	853,543,649
Number of Ordinary Shares	678,873,888	678,873,888
Earnings Per Share (EPS)	<u>2.08</u>	<u>1.26</u>

40 RECEIPTS FROM OTHER OPERATING ACTIVITIES

Charges on Account Closing	7,446,709	5,791,899
Standing Instruction Charges	3,805,754	179,309
Service Charge on HP	196,600	406,464
Service Charge on Quard	5,971,817	7,611,513
Other Income(26.1)	351,777,940	261,857,811
	<u>369,198,820</u>	<u>275,846,995</u>

40 (a) RECEIPTS FROM OTHER OPERATING ACTIVITIES

First Security Islami Bank Limited (Note-40)	369,198,820	275,846,995
First Security Islami Capital & Investment Limited	3,044,750	2,535,500
	<u>372,243,570</u>	<u>278,382,495</u>

41 PAYMENT FOR OTHER OPERATING ACTIVITIES

Rent, Taxes, Insurances, Electricity etc.	512,068,869	462,812,269
Legal Expenses	6,277,241	2,686,617
Postage, Stamps, Telecommunications etc.	86,381,890	82,394,123
Auditors' Fees & Expenses	730,250	730,250
Directors' fees	2,180,400	2,254,100
Shariah Supervisory Committee's Fees & Expenses	184,000	109,750
Other Expenses	801,464,578	737,884,104
	<u>1,409,287,228</u>	<u>1,288,871,213</u>

41 (a) PAYMENT FOR OTHER OPERATING ACTIVITIES

First Security Islami Bank Limited (Note-41)	1,409,287,228	1,288,871,213
First Security Islami Capital & Investment Limited	84,165,992	132,734,298
	<u>1,493,453,220</u>	<u>1,421,605,511</u>

	<u>31.12.2016</u>	<u>31.12.2015</u>
	BDT	BDT
42 INCREASE /DECREASE OF OTHER ASSETS		
Accrued Income	580,099,071	1,144,485,061
Advances, Deposits and Prepayment	2,894,967,424	2,841,905,632
Stock of Stationery	34,380,488	31,892,340
Suspense Account	70,078,826	107,590,028
Advance Deposits	95,832,609	269,768,090
Stamps on Hand	3,003,832	2,380,085
	3,678,362,250	4,398,021,236
(Increase)/Decrease during the period	719,658,986	(822,199,050)
42 (a) INCREASE /DECREASE OF OTHER ASSETS		
First Security Islami Bank Limited (Note-42)	719,658,986	(822,199,050)
First Security Islami Capital & Investment Limited	740,562,097	(766,409,816)
	1,460,221,083	(1,588,608,866)
43 INCREASE /DECREASE OF OTHER LIABILITIES		
Profit/Rent/Compensation Suspense Account	228,426,381	198,757,243
Accrued profit and Expenses Payable	2,954,999,589	3,294,356,731
Provident Fund	16,053	12,662
Benevolent Fund	2,483	1,000
Non-Resident Accounts	20,982,677	10,616,259
Compensation Realized	19,692,726	21,228,921
Others	24,207,751	11,017,244
	3,248,327,660	3,535,990,060
Increase /(Decrease) during the period	(287,662,400)	(528,984,950)
43 (a) INCREASE /DECREASE OF OTHER LIABILITIES		
First Security Islami Bank Limited (Note-43)	(287,662,400)	(528,984,950)
First Security Islami Capital & Investment Limited	(29,543,143)	96,890,639
	(317,205,543)	(432,094,311)
44 NUMBER OF EMPLOYEES		
Executives and Officers	2,653	2,279
Members of Staff (Contractual)	571	541
	3,224	2,820

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 Tk.)</u>
Northern General Insurance Company Ltd.	Insurance Premium	Common Director	11,955,874
Northern General Insurance Company Ltd.	Deposit	Common Director	44,400,406
Reliance Finance Ltd.	Deposit	Common Director	6,960,922
Reliance Finance Ltd.	Balance with NBFi(MTDR)	Common Director	14,509,000,000
Reliance Finance Ltd.	Subordinated Bond	Common Director	400,000,000
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

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><u>Chairman/Board of Director</u> First Security Islami Capital & Investment Ltd. Reliance Finance Ltd. S. S. Power I Limited S. S. Power II Limited Reliance Brokerage Services Ltd. Ekushey Television Ltd. Karnaphuli Praktitik Gas Ltd.</p> <p><u>Managing Director</u> S. Alam Steels Ltd. S. Alam Cement Ltd. S. Alam Brothers Ltd. S. Alam Hatchery Ltd. S. Alam Trading Company (Pvt.) Ltd. S. Alam Bag Manufacturing Mills Ltd. S. Alam Soyaseed Extraction Plant Ltd. S. Alam Refined Sugar Industries Ltd. S. Alam 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><u>Director</u> Northern General Insurance Co. Ltd.</p> <p><u>Sponsor Shareholder</u> Al-Arafah Islami Bank Ltd. S. Alam Super Edible Oil Ltd. S. Alam Vegetable Oil Ltd. Shah Amanat Praktitik Gas Company Ltd.</p> <p><u>Proprietor</u> S. Alam & Co.</p>

Sl. No	Name of the Directors	Status with the Bank	Names of firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee, etc.
2	Alhaj Mohammed Abdul Maleque	Vice Chairman	<p><u>Chairman:</u> Jesco Capital Management Ltd. ABM Tower Ltd. Bengal Center Ltd.</p> <p><u>Chairman & Managing Director :</u> Jesco Bangladesh Ltd. Kharana Fish & Poultry Ltd.</p> <p><u>Managing Director :</u> Chittagong Board and Paper Mills Ltd.</p> <p><u>Director :</u> Central Hospital Ltd. First Security Islami Capital & Investment Ltd.</p> <p><u>Ex-Chairman & Sponsor Shareholder :</u> Central Insurance Co. Ltd.</p> <p><u>Ex-Director :</u> Chittagong Chamber of Commerce & Industry</p> <p><u>Proprietor :</u> M/S. Bengal Corporation M/S. Bengal Trading M/S. Lucky Electronics</p>
3	Ms. Farzana Parveen	Director	<p><u>Chairman/Board of Director</u> Rangdhanu Media Limited</p> <p><u>Director:</u> First Security Islami Capital & Investment Ltd. Reliance Finance Ltd. S. S. Power I Limited S. S. Power II 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.</p> <p><u>Shareholder:</u> S. Alam Steels Ltd. S. Alam Cold Rolled Steels Ltd. Union Bank Ltd.</p> <p><u>Proprietor:</u> Fairy Trade International</p>
4	Ms. Rahima Khatun	Director	<p><u>Chairman:</u> Marsa Aviation Ltd. M/s. Mortoza Assets Ltd.</p> <p><u>Managing Director :</u> Marsa Fishing Ltd.</p> <p><u>Proprietor:</u> R. M. Trading</p>

Sl. No	Name of the Directors	Status with the Bank	Names of firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee, etc.
5	Ms. Atiqur Nesa	Director	<u>Proprietor:</u> Atiqur Nisa Enterprise <u>Partner:</u> Rafe Enterprise Khorshed Paribahan Sangstha <u>Shareholder:</u> Reliance Finance Ltd.
6	Md. Wahidul Alam Seth	Director	<u>Director:</u> Reliance Brokerage Services Ltd. <u>Proprietor:</u> INTRA Digi Print
7	Shahidul Islam	Director	<u>Managing Director :</u> Platinum Shrimp Hatchery Ltd. <u>Director:</u> Treatment Hospital Limited. <u>Proprietor:</u> S.S. Corporation
8	Mohammad Ishaque	Independent Director	A retired Bureaucrat. <u>Independent Director</u> S. Alam Cold Rolled Steels Ltd.
9	Ahmed Muktadir Arif	Independent Director	Brigadier General (Retired) □ Bangladesh Army.
10	Khandkar Iftekhar Ahmad	Nominated Director (Pusti vegetable Ghee Ltd.)	Air Commodore (Retired) Bangladesh Air Force.

47 POST BALANCE SHEET EVENTS

The Board of Directors in its 182nd meeting held on 19 April 2017 recommended 10% dividend (5% cash and 5% stock) for eligible shareholders for the year 2016 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

48 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
Shahidul Islam	Director	Member

b) During the period 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.

Managing Director

Director

Director

Chairman

Dhaka, 19 April 2017

FIRST SECURITY ISLAMI BANK LIMITED
STATEMENT OF FIXED ASSETS
AS AT 31 DECEMBER 2016

Figure in Taka

Particulars	C O S T			D E P R E C I A T I O N				Written down value on 31 Dec 2016	
	Balance as on 01 January '16	Addition during the year	Sales/Transfer during the year	Balance as on 31 Dec '16	Balance as on 01 January '16	Charge during the year	Adjustment on sale/transfer during the year		Balance as on 31 Dec '16
Land	96,546,000	-	-	96,546,000	-	-	-	-	96,546,000
Building	1,242,651,774	186,558,696	-	1,429,210,470	95,995,326	34,957,278	-	130,952,604	1,298,257,866
Furniture & Fixtures	1,696,800,597	108,732,840	-	1,805,533,437	499,481,429	121,843,508	-	621,324,937	1,184,208,500
Office Equipment	1,098,962,167	213,702,956	117,571	1,312,547,552	504,826,852	138,399,922	117,570	643,109,204	669,438,348
Vehicles	199,713,909	21,449,393	2,946,500	218,216,802	77,293,179	34,829,146	2,946,498	109,175,827	109,040,975
Books	606,516	6,509	-	613,025	361,635	48,604	-	410,239	202,786
Total	4,335,280,963	530,450,394	3,064,071	4,862,667,286	1,177,958,421	330,078,458	3,064,068	1,504,972,811	3,357,694,475

Software-Amortization

Software -Core Banking	129,178,081	8,353,114	-	137,531,195	46,537,228	17,957,503	-	64,494,731	73,036,464
Total Dec' 2016	4,464,459,044	538,803,508	3,064,071	5,000,198,481	1,224,495,649	348,035,961	3,064,068	1,569,467,542	3,430,730,939
Total Dec' 2015	4,010,347,512	460,201,532	6,090,000	4,464,459,044	907,861,993	322,723,653	6,089,997	1,224,495,649	3,239,963,395

Annexure - B

First Security Islami Bank Limited
Financial Highlights
As at and for the year ended 31 December 2016

SL #	Particulars	31.12.2016	31.12.2015
1	Paid-up Capital	6,788,738,880	6,788,738,880
2	Total Capital Fund	14,218,151,190	12,535,040,708
3	Capital Surplus/(deficit)	692,045,336	329,934,482
4	Total Assets	301,228,474,940	255,480,341,218
5	Total Deposits	274,252,894,129	231,274,244,689
6	Total Investments	226,065,271,502	187,680,007,932
7	Total Contingent Liabilities and Commitments	33,568,776,518	25,847,300,235
8	Investment Deposit Ratio (in %)	82.43%	81.15%
9	Percentage of Classified Investments against total Investments(in %)	2.58%	2.76%
10	Profit after tax & provision	1,404,982,582	798,394,989
11	Amount of Classified Investments	5,839,243,414	5,187,236,103
12	Provision kept against Classified Investments	2,513,635,000	1,707,935,000
13	Provision Surplus/(deficit)	3,380,701	3,928,783
14	Cost of Fund	9.21%	10.81%
15	Profit Earning Assets	255,875,394,343	215,983,531,077
16	Non-profit Earning Assets	45,353,080,597	39,496,810,141
17	Return on Investment in Shares & securities(ROI)(in %)	0.19%	0.80%
18	Return on Assets (ROA)(in %)	0.50%	0.35%
19	Income from Investment in Shares and Securities	27,074,196	93,221,217
20	Earnings Per Share (Tk.)	2.07	1.18
21	Net Income Per Share (Tk.)	2.07	1.18
22	Price Earnings Ratio (Times)	6.72	7.40