

Driving Digital Innovation for A Sustainable Inclusive Growth

Annual Report 2020



Growing Together...


LankaBanglaTM
FINANCE

→ DRIVING DIGITAL INNOVATION FOR A SUSTAINABLE INCLUSIVE GROWTH

Businesses ecosystem is transforming through a digital reality of innovation and new normal. We at LankaBangla are weaving a company culture that values change and metamorphosis is the order of the day for sustainability. Both the management and employees can embrace this to, make businesses effectively compete - or rise to the top of the heap in the inclusive growth trajectory. Our drive towards digitization makes us more efficient to generates value. The development of new processes, products and markets creates value by meeting a need in the business. In the ecosystem, the resulting gains in revenue and business value translate to faster business times and higher sustainability.

LankaBangla also believes that Innovation happens through a process of trial and error. It encourages its employees to experiment and adapt, incorporating the lessons it learns into the next generation of ideas. In the world of new normal innovation through digitalization would be key to sustainability.



VISION

To be the most preferred financial service provider in creating, nurturing and maximizing value to the stakeholders, thereby, Growing Together.



MISSION

- ▶ Be a growth partner for our customers, ensuring financing and superior experience
- ▶ Maintain a culture of meritocracy in the DNA of the company
- ▶ Be sustainable and ensure quality returns to our valued shareholders
- ▶ Uphold efforts to develop our community



CORE VALUES

We have strong values that are well embedded in our culture. Our values create the following goals to help us deliver our strategy:

- ▶ Cherish a sense of ownership
- ▶ Be customer centric
- ▶ Grow as a team
- ▶ Act with integrity and professionalism
- ▶ Deal with respect

Scan the QR Code by following these simple steps:



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Download the “QR Code Reader” App from Google Play (Android Market), App Store (iOS/iPhone)



Run it

Run the QR Code Reader App and point your camera at the QR Code



Access it

Get access to LankaBangla’s website



Feedback

We need your feedback to make sure we are covering the things that matter to you. For the feedback form, scan the QR Code with your smartphone. You can also email info@lankabangla.com



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Safura Tower (Level 11), 20 Kemal Ataturk Avenue, Banani, Dhaka-1213

Notice is hereby given that 24th Annual General Meeting (AGM) of LankaBangla Finance Limited will be held on 29 April 2021 (Thursday) at 11:00 a.m. The AGM will be held using digital platform (<https://lankabanglafinance.bdvirtualagm.com>) to transact the following businesses:

AGMA-01-24-21	To receive and adopt the Directors' Report, Auditors' Report and Audited Financial Statements for the year ended on December 31, 2020
AGMA-02-24-21	To declare dividend for the year 2020
AGMA-03-24-21	To elect directors in place of those who shall retire by rotation in accordance with the provision of Articles of Association of the Company
AGMA-04-24-21	To appoint Statutory Auditors of the Company for the year 2021 until conclusion of 25th AGM and to fix their remuneration
AGMA-05-24-21	To appoint Compliance Auditor as per Corporate Governance Code for the year 2021
AGMA-06-24-21	To appoint/re-appoint of Independent Director of LankaBangla Finance Limited
AGMA-07-24-21	To transact any other business with the permission of the Chair

Dated: 7 April 2021

By Order of the Board

Mostafa Kamal FCA
Company Secretary

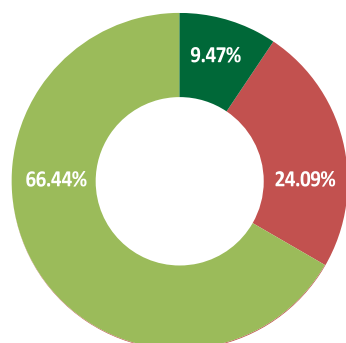
Notes:

- ▶ The record date was fixed on 5 April 2021 (Monday). The Shareholders, whose names will appear in the Share Register of the Company at the close of business on the record date, will be eligible to attend the meeting and get dividend.
- ▶ Pursuant to the Bangladesh Securities and Exchange Commission's Order No. SEC/SRMIC/94-231/91 dated 31 March 2021, the AGM will be conducted by using digital platform.
- ▶ The Board of Directors has recommended 12.00% Cash Dividend (i.e. BDT 1.20 per share of BDT 10.00 each)
- ▶ A shareholder entitled to attend and vote at the AGM may appoint a Proxy to attend and vote in his/her stead. The "Proxy Form", duly filled, signed and stamped with BDT 20.00 must be sent through email at share.lbfl@lankabangla.com no later than 48:00 hours before commencement of the AGM.
- ▶ Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018, the Company will send the Annual Report-2020 in soft format to the email of the shareholders available in their Beneficial Owner (BO) accounts maintained with the Depository. Soft copy of the Annual Report 2020 will also be available in the Company's website at www.lankabangla.com
- ▶ The shareholders will be able to submit their questions/comments and vote electronically 24 hours before commencement of the AGM and during the AGM. For logging into the system, the shareholders need to put their 16-digit Beneficial Owner (BO) ID number and other credential as proof of their identity by visiting the link <https://lankabanglafinance.bdvirtualagm.com>
- ▶ We encourage the shareholders to log in to the system prior to the meeting on 29 April 2021. Please allow ample time to login and establish your connectivity. The webcast will start at 12:01 am (Bangladesh Time) on 27 April 2021. Please contact +8801678006132 in case of technical difficulties in accessing the virtual meeting.

SHAREHOLDING STRUCTURE

As on 31 December 2020

Authorised Capital:	No. of Share	Taka
(Ordinary Shares of TK. 10.00 each)	1,000,000,000	10,000,000,000
Paid up Capital:	No. of Share	Taka
(Ordinary Shares of TK. 10.00 each)	538,838,623	5,388,386,230
Details of shareholding structure is as under:		
Sponsors and/or directors	Total Holding (No. of Share)	% of Shareholding
a) Foreign Institution:		
Sampath Bank PLC (Sri Lanka)	51,036,605	9.47%
Sub-Total	51,036,605	9.47%
b) Local Institution:		
ONE Bank Limited	20,362,737	3.78%
Sub-Total	20,362,737	3.78%
c) Individuals:		
Mr. Mohammad A Moyeen	22,842,546	4.24%
Mrs. Aneesha Mahial Kundanmal	41,503,844	7.70%
Mr. Mahbubul Anam	23,998,741	4.45%
Mr. Tahsinul Huque	20,993,703	3.90%
Mrs. Jasmine Sultana	77,883	0.01%
Sub-Total	109,416,717	20.31%
Sponsors and/or directors Total	180,816,059	33.56%
General Shareholders	358,022,564	66.44%
Grand Total	538,838,623	100.00%



- Foreign Sponsors and/or directors
- Local Sponsors and/or directors
- General Shareholders

LIST OF DIRECTORS

Sl. No.	Name	Position	Appointment Date
1	Mr. Mohammad A. Moyeen	Chairman	November 5, 1996
2	Mr. I. W. Senanayake (Representing Sampath Bank PLC)	Director	November 27, 2008
3	Mr. Nanda Fernando (Representing Sampath Bank PLC)	Director	February 13, 2018
4	Mr. B. W. Kundanma (Alternate of Mrs. Aneesha Mahial Kundanmal)	Alternate Director	November 5, 1996
5	Mr. M. Fakhru Alam (Representing ONE Bank Limited)	Director	July 30, 2013
6	Mr. Mahbubul Anam	Director	November 5, 1996
7	Mr. Dr. M. Mahbubul Huque (Alternate of Mr. Tahsinul Huque)	Alternate Director	November 5, 1996
8	Mrs. Zaitun Sayef	Independent Director	September 7, 2020
9	Mr. Abdul Malek Shamsheer	Independent Director	March 29, 2018

Notes:

- ▶ Mrs. Zaitun Sayef has been re-appointed on September 7, 2020 as Independent Director of the Company for another term of three years.

MESSAGE FROM THE CHAIRMAN



Dear Fellow Shareholders,

2020 showed us the vulnerability of the socio-economic order in our world from an unpredictable phenomenon like a global pandemic. The sudden outbreak of Covid-19 with its swift, unstoppable spread to all corners of the planet brought the fictions and movies into reality. It spared none. It created havoc across societies irrespective of cast, creed or color, across countries rich or poor, developed or under-developed. This pandemic is still showing us how vulnerable we humans are amidst all our knowledge and technological prowess, in an era when we are capable of inter-planetary travel and setting up colonies on other planets.

This unprecedented pandemic has spread so fast and with such fury that we practically locked ourselves in and shut down our activities for much of 2020. The lockdown along with the huge death toll, the fear and panic among people, inadequacy in healthcare capabilities, delays in decisions by governments and leaders has resulted in unprecedented economic disruption across the globe that led the global GDP to shrink by 4.3% in 2020, according to the latest IMF data.

Bangladesh was also not spared by this pandemic - GDP growth rate slumped to 5.24%, lowest since 2009. However, Bangladesh is one of the few economies in the world which has shown strong resilience to COVID 19 pandemic. Thanks to our strong agricultural base, uninterrupted industrial production specially

in last half of the year, record remittance, prudent and timely decision by Government and Central Bank and declaration of stimulus package by Government to help industries and SMEs to fight back.

Key measures taken

At LankaBangla, we always consider the welfare of our stakeholders over the growth and profitability as we strongly believe that we have a great responsibility towards the society. At the beginning of March 2020, when the COVID 2019 broke out, we have changed our traditional strategies and prioritized the health and safety of our employees, customers, the board of directors and shareholders which resulted in implementation of new concepts of work from home, customer service through digital ways, board meeting and AGM over digital video conference platform. Key action plans that have been executed in 2020 are highlighted below:

Employee first

We always believe that employees are our most valuable assets and thus we did not compromise over any health and safety issue of employees. We have implemented roster duty from the beginning of March 2020 which allowed employees work from home. Even when the general holidays were lifted from June 2020, we continued work from home concept throughout the

year for majority of employees. We have also taken all possible precautionary measures at workplace as recommended by WHO and Government to protect those who worked physically at office. We also tried to support all employees by every possible means who or whose family members were affected by COVID.

Uninterrupted and quality customer services

We keep continuous communications with our customers through SMS, Email and social media and encouraged them not to come to our branches for any services; rather to call our contact center or communicate with relevant RM over phone, SMS or Email for any service-related issues. We have ensured seamless connectivity with our customers and we continued our call center round the clock throughout the year including the period of general holidays by leveraging information technology. We have received 400,000 calls in 2020 and served 45,000 + customers through digitally. We have launched online application systems for credit card and deposit and got fantastic responses.

For the first time in 2020, we have conducted a satisfaction survey on our call center performance which resulted in 92% satisfaction from our customers. In 2020, we achieved ISO/IEC 27001:2013 certificate; only few bank & NBFIs in Bangladesh have this certificate. It is a validation of our information security management systems which shows our commitment to information security and our endeavor to maintain integrity and confidentiality of data and information of our valuable customers. Our customer will get superior customer services due to this initiative.

OpEx optimization

At the very beginning, we at board level decided an approach of cost optimization in administrative areas. Likewise, we could save BDT 484 million (17% less than 2019) mainly by relocating offices and branches, reducing office spaces, strong negotiations with landlord, postponement of foreign trainings, limiting travelling, employee engagement and other discretionary expenses and through strengthening human resources through job rotation, assigning new responsibilities and empowerment.

Cash and Liquidity management

From the very beginning, we had known that the crucial activity that can ensure our sustainability and make us afloat would be ensuring enough cash to meet up all obligations as they fall due. We had forecasted every possible scenario of liquidity requirement under stressed, moderate and favorable conditions and took contingency to tackle the worst-case scenario.

We worked closely with all of our borrowers irrespective of size of loan and helped them to recover from the negative effect of pandemic. We were empathetic towards all borrowers whether they could be able to pay their dues or not. Our customers were happy about it which was reflected in our collection which dropped to 15% to 25% in April to June 2021 has bounced back to normal level of 75% and above at the year end.

We ensured ample liquidity to serve all of the urgent encashment by our depositors specially those whose earnings have been impacted due to COVID 19. Our depositors have entrusted on us

which did not create any hurdle to manage liquidity thanks to our borrowers who repaid their installments.

Contribution to community

We always try to contribute to the community to which we operate in and we always stand beside our people when they really need help from us. We have made a contribution of BDT 22.70 MM in 2020 including contribution made to the Honorable Prime Minister's Relief Fund.

Performance of 2020: at a glance

I would like to share with you now the good news about our performance in 2020. Although we were mainly focused on health and safety issue of our stakeholders, we were also able to reap out a good bottom line: profit after tax soars to BDT 979 MM from 508 MM in 2019, up by 93% and EPS stands at BDT 1.81 from BDT 0.94 from last year. This growth was achieved due to successful implementation of the aforesaid measures alongside the fact that capital market rebounded in bullish form in the last two months in 2020 which helped to reverse substantial amount of provisions for capital market investment and increased income from capital market in the form of brokerage fee and capital gain.

I am highlighting here some of our performance achievement in 2020:

- ▶ All four companies of LankaBangla Group ended with a positive bottom line and had positive growth over last year.
- ▶ ROE stands at 10.00% up by 4.73%.
- ▶ ROA increases to 1.18% by 59 bps.
- ▶ Capital adequacy ratio stands at 18.31%.
- ▶ NPL stands at 4.70% down by 89 bps from 5.59%.

Celebration of 50 years of Independence of Bangladesh

I express my gratitude to all the valiant freedom fighters and immortal martyrs, whose infinite courage and self-sacrifices enabled us to achieve a sovereign land and independent nationhood.

While we are celebrating the golden jubilee of our independence, we should strive to build a prosperous society that our freedom fighters dreamt. As a Company, we always focus on doing the right thing, no matter how difficult it seems. Our faith in the resilience of our nation always inspires us to work for a brighter future.

Future outlook

We have tackled the adverse impact of COVID 19 in 2020 and were hopeful to do better in 2021. Nonetheless, while I am writing this report, the second wave of COVID 19 pandemic is going on in Bangladesh with number of affected people and death toll is increasing day by day. We were hopeful that due to starting of the vaccination process, the pandemic will have little adverse impact on economy of Bangladesh. But it proved wrong as we are living in a global village and unless 80% (so far maximum 7.5% population is vaccinated across the world) of population across the world are vaccinated, herd immunity will not be achieved, and we will not be safe from the evil attack

of the rogue virus. Thus, uncertainty exists about the outlook of 2021 which may challenge sustainability of many companies.

However, keeping goals and objectives in focus, our management team with the guidance from the Board of Directors will take the following steps to protect our company against possible adverse effects of the second wave of the pandemic:

- ▶ Initiatives to transform the Company digitally.
- ▶ Roll out of hub and spoke model.
- ▶ Ensuring medium to long term funding led growth.
- ▶ Look out for alternative funding source.
- ▶ Reaping out the most from the bullish trend of the capital market by remaining vigilant and taking calculated risks.
- ▶ Ensuring collection from borrowers by maintaining good relationships and by considering their socio-economic state.
- ▶ Be cautious over discretionary costs.
- ▶ SME business will be patronized by giving priority to lend to this segment.

We will keep strengthening our corporate governance and risk management systems so that the Company can sustain amid the worst-case scenario and combat against the negative consequences of the pandemic.

I strongly believe that the lessons learnt in combatting this pandemic in 2020 will help us do much better in 2021. It is our hope that we will continue to grow together and better benefits for the company and the shareholders.

Stay safe. Wish you all a good health and prosperous life.



Mohammad A. Moyeen

Chairman

10 March, 2021

DIRECTORS' REPORT

Dear Stakeholders,

On behalf of the Board of Directors of LankaBangla Finance Limited, I am very happy to welcome you in 24th Annual General Meeting of the Company.

The Board of Directors of LankaBangla Finance Limited have pleasure in presenting their Annual Report for the year ended 31st December 2020 which includes reports on business strategy and review, risk management, corporate governance, investor relations and a sustainability supplement. It includes Audited Financial Statements of the Organization, Consolidated Financial Statements of the Group for the year and the Auditors' Report on those Financial Statements. The Financial Statements were reviewed and approved by the Board of Directors on 10 March 2021.

In the year 2020, LankaBangla Finance Limited recorded remarkable growth on its core business. With a good penetration in loan products, LankaBangla made good profit growth in 2020. We are pleased to report that during the year 2020, LankaBangla Finance Limited earned consolidated after tax net profit of BDT 978.52 million, meeting or exceeding all financial and operational objectives.

In each quarter of 2020, we have achieved consistent result and had good performance ensuring strong organic growth and increasing contributions. This has consistently proven to be very beneficial throughout the challenging global economic conditions. These results continue to demonstrate that we have the right strategy and we are executing it well.

1. General

LankaBangla Finance Limited (LBFL) started commercial operations since 1997 obtaining license from Bangladesh Bank under the Financial Institutions Act, 1993. LBFL also obtained license from Securities and Exchange Commission vide No. MB-1.064/98-05 to transact public shares in the Capital Market as a Merchant Banker. The Company went for public issue in 2006 and its shares are listed in both Dhaka Stock Exchange and Chittagong Stock Exchange since 17 October 2006 and 31 October 2006 respectively. The corporate office of LBFL is located at Safura Tower (Level 11), 20 Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh.

2. Vision, Mission, Core Values & Code of Conduct

LBFL's Vision, mission, core values and code of conduct are given in the Annual Integrated Report. The business activities of the organization are conducted at a high level of ethical standard in achieving its Vision.

3. Principal Business Activities

3.1 LBFL

The activities of the company include services broadly classified as fee based and fund based services:

- ▶ Fee based services include Credit Card Membership Fees, Merchants Commission, Underwriting of Securities, IPOs, Portfolio Management, Corporate Financial Services etc.
- ▶ Fund based services include Lease Finance, Term Finance, Real Estate Finance, Credit Card Operation, SME, Auto Loan, Personal Loan, Factoring, Syndication Finance, Revolving Credit, Loan against Deposit, Term Deposit etc.

Organization	Principal Business Activities
LankaBangla Securities Limited	The principal activities of the company are to act as a member of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited to carry on the business of brokers or dealers in stocks, shares and securities, commercial papers, bonds, debentures, debentures stocks, treasury bills and/or any other financial instruments.
LankaBangla Investments Limited	The activities of the Company include services broadly classified as interest income and fee based services, such as underwriting of securities, issue management, register to issue, portfolio management, corporate advisory services etc.
LankaBangla Asset Management Company Limited	The principal activities of the company include: <ul style="list-style-type: none"> ▶ Manage the assets of any trusts or fund of any type and/or character and hold, acquire, sell or deal with such assets of any trust. ▶ Float, administer and manage any mutual fund, growth fund or any other allotted scheme approved by the Government for the time being. ▶ Manage and administer mutual fund, provident fund, pension fund for the purpose of investment and carry on the business or undertaking and execute trusts and also to act as executor, trustee, custodian and/or otherwise as per relevant rules and regulations.
LankaBangla Information System Limited	ERP, Consultancy & Training, Market Data Service to International Fund Manager and Exchanges, develop specialized simulation tools for trading, outsourcing, Private Cloud Computing, ITES, Project Management, Process Management, Cloud Services, Business Process Outsourcing (BPO), Registered Educational Provider (REP) affiliating with world recognized companies, System Integrator (SI), E-Commerce, M-Commerce, IT Audit, Trading of PC, Servers, Network, Security and Accessories and many more with changes of technology and business diversities.
BizBangla Media Limited	Printing and publishing of newspaper, Journals, magazines, periodicals, books any other literary and non-literary works.

4. Economic Review of 2020

4.1 World Economy

Following a collapse last year caused by the COVID-19 pandemic, global economic output is expected to expand 4 percent in 2021 but still remain more than 5 percent below pre-pandemic projections. Global growth is projected to moderate to 3.8 percent in 2022, weighed down by the pandemic's lasting damage to potential growth. In particular, the impact of the pandemic on investment and human capital is expected to erode growth prospects in emerging market and developing economies (EMDEs) and set back key development goals. The global recovery, which has been dampened in the near term by a resurgence of COVID-19 cases, is expected to strengthen over the forecast horizon as confidence, consumption, and trade gradually improve, supported by ongoing vaccination.

After an estimated 3.5 percent contraction in 2020, the global economy is projected to grow 5.5 percent in 2021 and 4.2 percent in 2022. The 2021 growth forecast is revised up 0.3 percentage point, reflecting additional policy support in a few large economies and expectations of a vaccine-powered strengthening of activity later in the year, which outweigh the drag on near-term momentum due to rising infections. The upgrade is particularly large for the advanced economy group, reflecting additional fiscal support—mostly in the United States and Japan—together with expectations of earlier widespread vaccine availability compared to the emerging market and developing economy group. Consistent with recovery in global activity, global trade volumes are forecast to grow about 8 percent in 2021, before moderating to 6 percent in 2022. Services trade is expected to recover more slowly than merchandise volumes, however, which is consistent with subdued cross-border tourism and business travel until transmission declines everywhere. Even with the anticipated recovery in 2021–22, output gaps are not expected to close until after 2022. Consistent with persistent negative output gaps, inflation is expected to remain subdued during 2021–22. In advanced economies it is projected to remain generally below central bank targets at 1.5 percent. Among emerging market and developing economies inflation is projected just over 4 percent, which is lower than the historical average of the group.

Advanced economies, in general, have been able to provide expansive fiscal support to households and firms (direct tax and spending measures as well as equity injections, loans, and guarantees), and central banks have reinforced this with expanded asset purchase programs, funding-for-lending facilities, and, for some, interest rate cuts. Reflecting the strong policy support and the anticipated widespread availability of vaccines in summer 2021, the projected output loss compared with the pre-COVID forecast is relatively smaller for advanced economies than other countries. Recovery paths vary within the group, with the US and Japan projected to regain end-2019 activity levels in the second half of 2021, while in the euro area and the United Kingdom activity is expected to remain below end-2019 levels into 2022. The wide divergence reflects to an important extent differences across countries in behavioural and public health responses to infections, flexibility and adaptability of economic activity to low mobility, pre-existing trends, and structural rigidities entering the crisis. The 2021 forecast for the United States is revised up 2 percentage reflecting carryover from the strong momentum in the second half of 2020 and additional support from the December 2020 fiscal package. Similarly, the 0.8 percentage point upward revision to Japan's 2021 forecast is largely because of the additional boost from the fiscal measures introduced at the end of 2020. These upgrades are partially offset by downward revisions to the 2021 forecast for the euro area reflecting an observed softening of activity toward the end of 2020, which is anticipated to continue into early 2021 amid rising infections and renewed lockdowns.

Emerging market and developing economies are also projected to trace diverging recovery paths. Considerable differentiation is expected between China—where effective containment measures, a forceful public investment response, and central bank liquidity support have facilitated a strong recovery—and other economies. Oil exporters and tourism-based economies within the group face particularly difficult prospects considering the expected slow normalization of cross-border travel and the subdued outlook for oil prices. As noted in the October 2020 WEO, the pandemic is expected to reverse the progress made in poverty reduction across the past two decades. Close to 90 million people are likely to fall below the extreme poverty threshold during 2020–21. Across regions, vulnerabilities, economic structure, and pre-crisis growth trends, together with the severity of the pandemic and the size of the policy response to combat the fallout, shape recovery profiles. Notable revisions to the forecast include the one for India (2.7 percentage points for 2021), reflecting carryover from a stronger-than-expected recovery in 2020 after lockdowns were eased. Scarring (persistent damage to supply potential). The projections continue to rely on economies adapting to social distancing until local transmission is brought to a low level. Although employment in some countries generally appears to have recovered more quickly from the trough of the recession than in previous downturns, large numbers of people are still unemployed and underemployed in many countries (in the United States, for example, there are 9 million fewer employed people than in February 2020). Moreover, the burden of the crisis has fallen unevenly across groups: workers with less education, women, youth, those in contact-intensive sectors, and those informally employed have suffered disproportionate livelihood and income losses. Country-specific labor market circumstances vary, implying different degrees of scarring. Economies that rely heavily on contact-intensive industries, commodity exporters, and those where school closures have inflicted large setbacks to human capital accumulation are particularly exposed to persistent damages to supply potential.

The main priority remains ensuring that health care systems are adequately resourced everywhere to beat back the pandemic globally. This means securing adequate funding for vaccine purchases and distribution, testing, therapies, personal protective equipment, and investment in health care facilities. Assistance from the international community through know-how and equipment for those with low health-care system capacity remains vital. The international community should also work closely to accelerate access to vaccines for all countries, including by bolstering funding for the COVAX facility, and by ensuring universal distribution of vaccines. Economic policies to limit persistent damage. Public health efforts should continue to be reinforced with well-designed economic policies tailored to the stage of the pandemic. Where local transmission remains high, and it is essential to slow down face-to-face interactions, lifelines should be maintained, including transfers to displaced workers and to otherwise viable firms that experience revenue losses. Where local transmission has been low and activity has begun to normalize, lifelines can be gradually rolled back by making their parameters less generous over time (for instance, under short-time work programs, a reduced government share of wages for unworked hours, complemented with hiring subsidies. Moreover, in those countries, broader stimulus should be deployed to support the recovery as needed. Priority areas include education spending to remedy the setback to human capital accumulation, digitalization to boost productivity growth, and green investment to enhance reliance on renewables and increase energy conservation.

Investment push coupled with initially moderate but steadily rising carbon prices would yield needed emissions reductions while supporting the recovery from the pandemic recession. Policies to address inequality. These efforts can be complemented with investment in retraining and reskilling programs to improve reemployment prospects for displaced

workers, strengthening social assistance as needed and expanding social insurance (relaxing eligibility criteria for unemployment benefits, extending the coverage of paid family and sick leave)—all of which would help address the uneven labor market impact of the crisis and curb rising inequality.

(Source: World Economic Outlook, January 2021, World Bank)

4.2 Regional Economy

The COVID-19 pandemic is not yet under control in South Asia, despite early containment measures. In March 2020, South Asian countries quickly imposed lockdowns and travel restrictions, but not all countries were able to contain the domestic spread of COVID-19. Due to low testing, social stigma, and a young population, the actual extent of COVID-19 infections is highly uncertain, but likely much higher than recorded numbers suggest. The crisis brought South Asia to a near standstill. Travel restrictions prevented travelers from reaching South Asia and lockdown measures triggered massive supply disruptions. Information from high frequency variables, combined in activity indicators, show an unprecedented contraction. In April 2020, activity dropped by 40% in Pakistan and by around two thirds in the other countries. Activity recovered subsequently across the region, but it remained below pre COVID-19 levels in August. High frequency approximations of GDP suggest year over year contractions during the second quarter of this year in all countries and a subsequent gradual recovery. The collapse in activity was widespread. The economic disruption is even visible from space: South Asia has darkened since March. Mobility declined strongly in nearly all districts, as a result both of national containment measures and local COVID-19 infections. Some of the observed heterogeneity across districts can be explained by voluntary reductions in mobility due to higher local prevalence of COVID-19.

During the national lockdown in India, districts with more recorded COVID-19 infections per capita experienced larger declines in mobility and nighttime lights. South Asian governments proactively stabilized economic activity through monetary easing, fiscal stimulus, and supportive financial regulation. For now, macro financial stability has been preserved. However, the situation is fragile amid weak buffers and exhausted policy tools in some countries. Regulatory adjustments to the COVID-19 pandemic have exacerbated financial sector vulnerabilities, and fiscal stimulus despite large revenue shortfalls have resulted in rising fiscal deficits. Public debt, already high in Sri Lanka and Maldives before the pandemic, has risen further.

The pandemic and related containment measures brought South Asia to a standstill. Travel restrictions prevented travelers from reaching South Asia, with immense consequences for tourism and related services. After lockdown measures were implemented mobility declined sharply, triggering unprecedented supply disruptions. These in turn impacted incomes and amplified risk aversion, which reduced demand. Services and manufacturing consequently collapsed. In countries with fiscal years ending in the summer months, official GDP growth has decelerated significantly. With travel restrictions in place across the world, visitor arrivals have fallen to almost zero since the end of March 2020, impacting significantly the smaller countries with large tourism sectors. Tourism inflows in Maldives, the country most dependent on tourism, remained anemic even after borders reopened in mid July 2020. Only 13,787 tourists visited between July 15 and September 15 2020, a 95 percent year on year decline. There are only very few international commercial flights compared to before the pandemic, and half of all resorts remain shut.

With the enactment of lockdowns, mobility declined sharply across South Asia. Presence at workplaces declined steeply as people stayed more at home. At the end of March, presence at the workplace was

between 40 percent to 80 percent lower than normal. It dropped the least in Afghanistan and the most in Sri Lanka and Nepal. It recovered subsequently across the region, but it is still around 20 percent below normal levels in most countries, and nearly 40 percent below in Nepal due to new containment measures. In April 2020, industrial production collapsed to around 40 percent of its pre-COVID-19 level in India, to 50 percent in Sri Lanka, to 60 percent in Pakistan, and to 70 percent in Bangladesh. When restrictions were eased, industrial production firmed, but it remained subdued in July in India.

Among South Asian countries, only India already published GDP data for the second quarter of this year. With a decline of 23.9% YOY, India's contraction is one of the largest among all countries in the world. In Bangladesh, Bhutan, and Pakistan, the last fiscal year ended at the end of June and in Nepal it ended July 15. In all of them the final months dragged down growth. In Bangladesh, real GDP growth fell to an estimated 2.0% in FY19/20. On the demand side, exports declined by 18.5% as external demand for readymade garments (RMG) plummeted. In Bhutan and Nepal, real GDP growth is estimated to have decelerated to 1.5% and 0.2% respectively. Tourist arrivals dried-up and reduced foreign demand; shortages in critical inputs (including foreign labor) and temporary export restrictions disrupted industrial activity. In Pakistan, real GDP growth (at factor cost) is estimated to have declined from 1.9% in FY18/19 to -1.5 percent in FY19/20, reflecting the effects of COVID-19 containment measures that followed monetary and fiscal tightening prior to the outbreak.

The pandemic highlights an important fact about South Asian economies. The informal sector dominates employment, but its productivity, and thus the incomes of workers, tends to be low. Improving these workers' human capital and access to physical capital is key to maintaining high rates of growth. Thus, policies that focus on supporting productivity in the informal sector are critical to development, as well as to improving income distribution, in the region.

(Source: South Asia Regional Update, fall 2020)

4.3 World Commodity Price

Most commodity prices rebounded in the second half of 2020; however, the pickup in oil prices lagged the broader recovery in commodity price due to the prolonged impact of the pandemic on global oil demand. Crude oil prices averaged \$41/bbl in 2020, a 34% fall from 2019. Oil demand fell 9% last year the steepest one-year decline on record as a result of pandemic control measures and the associated plunge in global demand, which was partly offset by historically large production cuts among OPEC+ (Organization of the Petroleum Exporting Countries, as well as Russia and other non-OPEC oil exporters). Oil prices are forecast to remain close to current levels and average \$44/bbl in 2021 before rising to \$50/bbl in 2022. The main risk to this forecast relates to the evolution of the pandemic, with oil demand particularly susceptible to lockdown measures and reduced mobility; however, positive vaccine news has reduced this risk somewhat. Base metal prices were, on net, broadly flat in 2020, as sharp falls in the first half of the year were followed by a strong recovery in the second half due to rising demand from China. Prices are expected to increase 5% in 2021 alongside the expected rebound in global demand. Agricultural prices rose 4% in 2020, largely driven by supply shortfalls and stronger than expected demand in edible oils and meals. Some regions experienced localized food price spikes, and a decline in household incomes particularly among the poorest populations has increased the risk of food insecurity. Agricultural prices are forecast to see a further modest increase in 2021.

(Source: World Bank Report, January 2021)

4.4 Bangladesh Economy

Over the past decade Bangladesh's economic growth has steadily increased from 6 percent to 8 percent. The global novel Coronavirus (COVID-19) pandemic has adversely affected the economy of Bangladesh. According to the provisional estimates of the Bangladesh Bureau of Statistics (BBS), GDP growth in FY2019-20 stood at 5.24 percent, compared to 8.15 percent in the previous fiscal year. Growth in export and import in FY2019-20 is negative. However, remittance inflows grew by 10.87 percent has reduced the current account deficit compared to the previous fiscal year. At the same time, the increase in capital and financial account inflows has led to a surplus in the overall balance of payments. As a result, the foreign exchange reserves have increased significantly. As of June 30, 2020 the foreign exchange reserve stood at US\$ 36.04 billion, the highest ever. During this period, a marginal depreciation in exchange rate of Taka with the US dollar is being observed. To keep the country's economy afloat in the face of the ongoing Coronavirus pandemic, extra spending on healthcare, emergency humanitarian assistance has been materialised. The government has already announced a financial package of about Tk. 1.2 lakh crore for economic recovery. Some of the notable activities of this package are: create special funds for export oriented industries; provide working capital facilities to the affected industry and service sector organisations; provide working capital facilities to small (including cottage industries) and medium industrial enterprises; increase the benefits of the Export Development Fund; increase coverage of social security; direct cash transfer to targeted people, formulate various funds for the agricultural sector. As well as financial incentives, various activities including policy support such as reduction of import duty on COVID-19 related products, policy support to increase liquidity in the banking sector has been provided. As a result of these actions taken by the government, the economy is expected to turn around.

(Source: Bangladesh Economic Review 2020, Ministry of Finance)

4.4.1 Fiscal Management

The Bangladesh economy, from the very beginning of the ongoing fiscal year, has been grappling with formidable challenges which have been exacerbated by the outbreak of COVID-19. Bangladesh is firmly on course to a higher economic growth achieving 8.20% gross domestic product (GDP) growth during the coming fiscal year of 2020/21. Budget for FY 2020-2021 is BDT 568,000 core (around USD 67 billion) which is 16.07% higher compared to previous fiscal year's budget. It has revenue target of BDT 2,962.01 billion which is 63.70% of total budget funding. For FY21, GDP growth target has been set at 8.2%. Public investment-GDP ratio in FY21 has been assumed to be same as FY20 (8.1%). Private investment has been estimated to be 25.3% of GDP in FY21. Growth of credit to private sector has been set at 14.80% for FY21, which is projected to reach 16.8% in FY23. Inflation is assumed to be stable at 5.4% in FY21. Inflationary trends have broadly remained stable in the closing months of FY20 (5.4 % in May, 2020). Growth target for export has been set at 15.0% in FY21 & growth target for import has been set at 10.0% in FY21. Remittance growth target for FY21 has been set at 15.0%. Exchange rate is expected to be stable reaching Tk. 84.0/USD on an average in FY21. Public debts share of GDP is at a reasonable state for Bangladesh (33.2% in FY19, 35.6% in the revised target of FY20). Currently, 18.3% of total revenue expenditure will be spent for debt servicing in FY21 of which 91.3% is for domestic debt. In

future, debt servicing for foreign-financed large infrastructure projects financing may put additional pressure –debt sustainability may become an issue.

4.4.2 Current Account Balance

Current account balance recorded a significantly surplus of US\$ 4,322 million during July-December 2020 against the deficit of US\$ 1,667.00 million during July-December 2019. Surplus in current account balance emerged from larger inflows of remittances and significantly lower deficit both in trade and service accounts. Despite having lower surplus in financial account balance, with the support of a handsome surplus in current account balance foreign exchange reserves of BB increased by US\$ 10.66 billion and stood at US\$ 43.29 billion as on 15 February 2021 from US\$ 32.63 billion as on 13 February 2020.

4.4.3 Import

Bangladesh Total Imports recorded 4.1 USD billion in November 2020, compared with a value of 3.80 USD billion in the previous month. Imports surged in January by 5.0-6.0 percent in terms of goods, not in value, driven by a substantial rise in commodities meant for the beginning in April 2020. Bangladesh Bank said the opening of letters of credit or LCs for imports has increased by 2.56% from last December. The BB said rice import ballooned to \$44.2 million, a rise of nearly 1,900% (in terms of LC opening). During the July-December time in 2019, rice import was valued just \$2.20 million. Fresh fruit and dry fruit, edible oil, medicine and drug imports were higher than the July-December 2019 period, according to the Bangladesh Bank data. It, however, said wheat, sugar and pulse imports were lower in the July-December 2020 period. Bangladesh has doled out aggressive stimulus to support the domestic demand in the virus-infected economy. However, import of cement clinkers and lime jumped to 10%, signalling that the construction sector is improving as fiscal stimulus boosts domestic demand.

4.4.4 Remittance Inflow

Inward Remittances increased by 34.95 % and stood at US\$ 14,907.35 million during July-January 2020-21 against the increase of 21.49% to US\$ 11,046.36 million during the same period of the last fiscal year. The inward remittances have significantly increased due mainly to allowing 2% incentives for sending it through the banking channels.

4.4.5 Foreign Exchange Reserve

Bangladesh Foreign Exchange Reserves was measured at 40.7 USD billion in January 2021, compared with 41.0 USD billion in the previous month. The reserves reached an all-time high of 41.0 USD billion in Dec 2020. In the latest reports, Bangladesh's Foreign Exchange Reserves equalled 9.4 months of Import in November 2020. Its money supply M2 increased 14.2% YoY in December 2020. Bangladesh Domestic Credit reached 160.8 USD billion in December 2020, representing an increase of 9.9% YoY. The country's non-performing loans ratio stood at 8.9% in September 2020, compared with the ratio of 9.2% in the previous quarter.

4.4.6 Inflation

Inflation on twelve-month average basis decreased to 5.64% in January 2021 from 5.69% in December 2020 due mainly to decrease in non-food inflation. The annual inflation rate in Bangladesh eased to 5.02% in January of 2021 from 5.29% in the previous month. It was the lowest inflation rate since September of 2012, amid a slowdown in prices of food (5.23 percent vs. 5.34 percent in December) and in non-food products (4.69 percent vs. 5.21 percent). On a monthly basis, consumer prices increased 0.91 percent, after falling 0.45 percent in the previous month.

4.4.7 Money Market

As the COVID-19 pandemic unfolded, central banks across the globe responded with a dramatic easing of monetary policy to provide liquidity support in the economy. The monetary policy stance and monetary program of Bangladesh Bank for FY20 was drawn-up with the dual objectives of maintaining price stability and supporting inclusive, equitable and environmentally sustainable economic growth. The Bangladesh Bank injected over Tk. 36,000 crore reserve money-considered as extra money-into the market during the pandemic situation through various methods. Towards the end of 2020 the liquidity situation of the majority of the banks started to deteriorate, which continue to affect the beginning of the year 2021. Both stock markets (Dhaka Stock Exchange and Chattogram Stock Exchange) noticed some unrest but overall both the price index and market capitalisation increased. Investors are hoping for the stable market in the year 2021.

5. Industry Outlook

In the year 2020, Non-Bank Financial Institutions (NBFIs) suffered a lot due to COVID-19 pandemic. NBFIs call for changes in regulations, practices and mass perception, and also need refinancing from the Bangladesh Bank. The NBFIs are dependent on banks and customer deposits for their funds. The lowering of the loan-deposit ratio meant banks cut back on their lending to NBFIs, leaving the latter short of funds. Pandemic situation had badly impacted a good number of NBFI clients. At the end of the third quarter of 2020, the 33 nos. of NBFIs' bad loans accounted for about 15.5% of their total outstanding loans of BDT 66,215.40 crore. Bangladesh Bank asked the NBFIs to keep classification unchanged until June to help the borrowers tide over the economic shock. The loan moratorium facility has since been extended to the end of 2020. Bangladesh Bank has already also issued number policies to support NBFIs for strengthening their position in the market. FIs in Bangladesh should take some serious initiatives to deliver short term results as well as long term vision while preparing for the coming changes. It is important to build detection, assessment and mitigation of risk. New instrument may introduce which will be emerged as an important tool and added a new dimension in the financial market.

6. Review of Operation of LankaBangla

A review of financial and operational performance of LBFL and the Group together with important events that took place during the year 2019 are contained in the Chairman's Message pages 6-7, the Managing Director's Review pages 33-36, and the CFO's Reviews pages 37-42. These reports form an integral part of the Annual Report of the Board of Directors.

7. Future Developments

Since the inception of LankaBangla Finance Limited has always prioritized the sectors that present a growth potential on a long term basis. The digital transformation has enabled the financial service industry to thrive using a superior informational advantage. LBFL is now moving towards technology-driven business solutions powered by a cultural environment that prioritizes efficiency & highest ethical standards. LBFL focuses on a business expansion drive through its existing and extended branch network, concentrating more on Retail and SME business to increase its market share and profitability. This will be further accompanied by a more vigorous drive on innovative product development, process improvements and staff development, aimed at fulfilling the rapidly changing customer needs in the challenging market conditions and maximizing the value that we create for all the stakeholders. Few more branches will be opened in the upcoming year. Further an overview of the future development of LBFL and the Group is given in the Chairman's Message, the Managing Director's Review and the CFO's Reviews. These reports form an integral part of the Annual Report of the Board of Directors.

8. Financial Statements

The Financial Statements of LBFL and the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) laid down by the Institute of Chartered Accountants of Bangladesh, and comply with the requirements of DFIM circular No # 11 dated 23 December 2009 issued by Department of Financial Institutions and Market of Bangladesh Bank and Bangladesh Bank's other circulars and guidelines or directives, the Companies Act 1994, the Securities and Exchange Rules 1987, the Listing regulations of Dhaka and Chittagong Stock Exchanges. The aforementioned Financial Statements for the year ended 31st December 2020 duly signed by the Company secretary, Chief Financial Officer, Managing Director, the Chairman of the Audit Committee and the Chairman of the Board which form and integral part of this Annual Report.

9. Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of Financial Statements of LBFL and the Group to reflect a true and fair view of its state of affairs. The Directors are of the view that these Financial Statements appearing on have been prepared in conformity with the requirements of the Bangladesh Financial Reporting Standards, Companies Act 1994, Financial Institutions Act 1993 and amendments thereto, the Listing Regulations of Dhaka Stock Exchange & Chittagong Stock Exchange, Bangladesh Bank's Guidelines and the Corporate Governance Code.

10. Auditors' Report

The Auditors of LBFL are Hussain Farhad & Co., Chartered Accountants carried out the audit on the Financial Statements of LBFL and the Group for the year ended 31st December 2020 and their report on those Financial Statements, as required by the Companies Act 1994.

11. Significant Accounting Policies

Significant Accounting policies adopted in the preparation of the Financial Statements are given which comply with provisions of IFRSs and the Companies Act 1994.

12. Financial Review

Coping with economic crisis arise from COVID-19 pandemic, LankaBangla managed to exhibit a notable progress in many of the business lines during 2021. Mentionable amounts of disbursements were made in Corporate, Retail and SME business. Furthermore, cautious investment in capital market and correct on time decisions have led to an overall success for the company. Cost of borrowing has decreased by 1.36% in 2020 compared to 2019. Total asset of the group decreased by 03% from BDT 84.36 billion in 2019 to BDT 81.84 billion in 2020.

Total Asset disbursement of LankaBangla Finance for the year 2020 reduced by 34.6% compared to 2019, due to liquidity crisis most of the year. Total disbursed amount in 2020 was BDT 22,007 million compared to BDT 33,666 million in 2019. On the deposit side, our total deposits increased by 1.4% from BDT 46,750.81 million in 2019 to BDT 47,427.81 million in 2020. NPL showed a positive picture as the percentage of classified loans for the company decreased to 4.70% in 2020 compared to 5.59% in 2019.

13. Core Business Review

13.1 Corporate Financial Services

LankaBangla focus on extending its Corporate Business portfolio has continued throughout 2020. A total of BDT 9,034 million of corporate lending has been disbursed for the year 2020 compared to BDT 16,094 million of 2019. Disbursement in Corporate Business has decreased due to the less emphasis on Corporate Business because of low margin. Disbursement in 2020 was driven mostly by Term Loan and Factoring.

13.2 Retail Financial Services

During the year 2020, the Company has continued to concentrate more in retail financial activities. Total BDT 10,653 million was disbursed during 2020 under retail financial services in the form of auto loan, home loan, personal loan, credit card and staff loan.

13.2.1 Home Loan

Total Home Loan disbursement in 2020 was BDT 164 million comprising of Mortgage Loan and Staff Home Loan. Home Loan portfolio decreased by 16.2% in 2020. At the end of 2020, Home Loan portfolio stood at BDT 11,017 million which was BDT 13,144 million in 2019.

13.2.2 Auto Loan

In 2020, BDT 262 million has been disbursed as auto loan compared to 993 million in 2019 resulting an 73.6% reduction in disbursement. Also the auto loan portfolio reduced by 21.9% in 2020 from BDT 5,781 million in 2019 to BDT 4,513 million at the end of 2020.

13.2.3 Personal Loan

Disbursement of Personal Loan has been in 2020 with a total figure of BDT 851 million. The Personal Loan portfolio is comprised of Loan against Deposit, Term Loan and Staff Loan. Portfolio for the Personal Loan in 2020 was BDT 3,697 million, which reduced by 19.8% from BDT 4,612 million in 2019.

13.2.4 Credit Card

During 2020, a total of 19,454 new credit cards were issued by LankaBangla. The card portfolio reduced by 3% in 2020 to BDT

3,995 million from BDT 4,118 million in 2019. Number of active credit card users has decreased from 109,972 in 2019 to 105,670 in 2020 resulting in a de-growth of 3.9%. Monthly average spending by all credit card users has slightly decreased in 2020 in comparison to previous year due to the impact of Covid-19 lockdowns in the middle of the year. Average monthly credit card usage in 2020 has decreased to BDT 781 million from BDT 833 million in 2019.

13.3 SME

SME, the heart of worldwide growth of economies, is emerging as the most powerful and sustainable pillars of Bangladesh economy. Our country is moving towards SME led industrial development, and as such growth of SME Financial Service in LankaBangla Finance is also remarkable. In 2020, SME loan disbursement of BDT 2,320 million has been made compared to BDT 3,892 million in 2019, thereby resulting in a 40.4% reduction. At the end of 2020, SME portfolio stood at BDT 8,005 million compared to BDT 8,115 million in 2019 resulting in 1.4% decrease in portfolio. Management has taken a series of strategies to foster more disbursement in this sector and boost the portfolio size to a sizeable amount as this sector is less rate sensitive and more profitable.

In view of the rising market risk and the Company's ambitious growth trajectory, treasury in LankaBangla assumed greater importance. Treasury is using its internal expertise successfully in reading the market, gaining market entry in a timely manner and availing itself of arbitrage opportunities thereby enabling the company to improve its revenue. It is also engaged in increasing the sources of funding, proprietary trading, as well as managing the maturity mismatches arising from short-term financing to long term lending in its attempt to sustain the Company's margins.

13.4 Liability Management

Total TDR portfolio in 2020 was BDT 47,427.81 million from BDT 46,750.81 million in 2019. TDR portfolio increased by 1.4% even among the Covid-19 crisis. In this regard, the Retail, Corporate and SME Liability units played an important role.

13.4.1 Retail Liability Management

Retail Liability's core focus on retail deposits has resulted in a portfolio of BDT 24,211 million at the end of 2020 which shows a growth of 8.8% from 2019 portfolio. Retail liability mobilization for the year was BDT 11,515 million compared to 2020 figure of BDT 11,498 million in 2019.

13.4.2 SME Liability Management

SME Liability's core focus on SME deposits has resulted in a portfolio of BDT 4,141 million at the end of 2020 which shows a growth of 48.3% from 2019 portfolio. Retail liability mobilization for the year was BDT 2,953 million in 2020. This is made possible due to strong personnel of product marketing officers.

13.4.3 Corporate Liability Management

Corporate Liability portfolio consists of a diverse deposit portfolio of corporate clients. The value of the portfolio stands at BDT 12,799 million at the end of 2020 decreasing only by 0.1% from 2019. Corporate liability mobilization for the year was BDT 7,503 million compared to BDT 5,225 million of 2019.

13.5 Treasury Operations

The Treasury Division of LankaBangla Finance Limited plays a crucial

role in managing fund, understanding the market, taking advantage of arbitrage opportunities, making profitable investments in both equity and fixed income securities. Treasury maintained optimum liquidity buffer throughout the year maintaining adequate coverage for future cash outflows. It played a pivotal role in keeping the company resilient, especially during the lockdown period, through extensive scenario analysis, prudent projection, keeping borrowing lines open, and proper implementation of liquidity contingency plan.

Treasury ensured prudent cash management by channelling all the cash flows of the company in an effective and efficient manner, which led to optimum utilization of fund. The division has also continued to play an important role in keeping the cost of fund of the company under control. During 2020, the cost of fund has been brought down significantly by taking advantage of the low interest rate regime, carefully negotiating with counterparties leveraging the strong foundation of the company and solid repayment history, and also sourcing fund from cheaper sources. Treasury remained focused on identifying, assessing, and mitigating balance sheet risk areas to ensure long-term sustainability and growth. By remaining supple and actively engaging in the money market, the division earned sizable revenue in addition to ensuring liquidity from the short-term placements of fund in the money market.

Investment portfolio of the company stood at BDT 3,026 million at the end of 2020 and grew by 26.40% year-on-year. Treasury has contributed significantly to the bottom line of the company by proactively rebalancing the portfolio and actively dealing in capital market activities. A considerable amount of provision for diminution in value of investment in equity shares has been reversed during the year which has directly augmented the profit of the company. Moreover, a better diversification has been made in the investment portfolio by making a better mix of both equity and fixed income securities, which will ultimately ensure more stable flow of income in the future.

14. Credit Rating

Credit Rating Agency of Bangladesh Limited (CRAB) has rated LankaBangla Finance Limited on July 29, 2020, with 'AA3' rating in the long term and ST-2 rating in the short term based on audited financial statements as of December 31, 2019, un-audited financial statements as of March 31, 2020 and other relevant quantitative as well as qualitative information up to the date of rating declaration. The outlook on the rating is 'Stable.'

The rating reflects the Company's strength in strong business links and considerable brand image in the FI sector which has resulted in substantial customer base. The rating emphasizes the on sound capital base with strong tier 1 capital, relatively low large loan concentration and earning generation capacity.

15. Financial Results and Appropriations

15.1 Revenue

Total Revenue of the Group for the year 2020 was BDT 9,690 million compared to BDT 11,758 million in 2019. Total revenue of LBFL for the year 2020 was BDT 8,277 million compared to BDT 10,334 million in 2019.

15.2 Profitability

The Group has reduced in operating profit 17% and increase of net profit after tax of 93% in 2020 compare to 2019. LBFL's operating profit has decreased 27% and net profit after tax increased by 12% in 2020 compare to 2019. Consolidated net profit after tax for the year 2020 was BDT 978.52 million which was BDT 508.23 million in previous year. LBFL's net profit after tax for the year 2020 was BDT 825.72 million compared to BDT 736.01 million in 2019.

Particulars	Consolidated		LBFL	
	2020	2019	2020	2019
Total Revenue	9,689.62	11,757.69	8,276.80	10,333.88
Total Expenses	8,360.31	10,148.13	7,360.51	8,738.58
Operating Profit	1,329.31	1,609.56	916.29	1,595.30
Provisions	151.03	884.81	(1.51)	739.01
Profit before Tax	1,178.28	724.76	917.80	856.29
Tax	199.77	216.53	92.08	120.28
Profit after Tax	978.52	508.23	825.72	736.01

15.3 Appropriation

Particulars	in million BDT
Net Profit After Tax for the year 2020	825.72
Retained Earnings brought forward	1,500.70
Profit available for appropriation	2,326.42
Less: Statutory Reserve	165.14
Amount available for declaration of dividend	2,161.28
Less: Dividend (Proposed 12.00% Cash)	646.61
Retained Earnings carried forward	1,514.67

15.4 Dividend

Considering the overall environment of financial market, current financial strength of the Company, and future investment prospect the Directors recommended 12.00% Cash Dividend i.e. BDT 1.20 per share BDT 10.00 each for the year 2020. The dividend is subject to approval of the shareholders at the Annual General Meeting.

The Board was satisfied that LBFL would meet the solvency test immediately after the proposed dividend, which will be paid in 2020.

No bonus shares or stock dividend was declared during the period under review as interim dividend.

16. Reserves

A summary of the consolidated reserves along with the reserves of LBFL is as follow:

Particulars	Consolidated		LBFL	
	2020	2019	2020	2019
Share premium	1,090.89	1,090.89	-	-
Statutory reserve	1,927.78	1,762.64	1,927.78	1,762.64
General reserve	45.41	49.92	-	-
Revaluation Reserve	-	-	1,018.07	1,006.98
Retained earnings	1,641.73	1,447.09	2,161.28	2,116.52
Total reserves	4,705.81	4,350.53	5,107.13	4,886.14

17. Key Operating and Financial Data

Key operating and financial data for last five years as per Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018 is shown in pages 43 to 48.

18. Plan for Utilization of Undistributed Profits

The Company requires substantial funds every year to carry out its regular business operation. The undistributed profits will be utilized to disburse fund for its new investments and will be used to meet contingencies in future as authorized under Article 100 of Schedule I of the Companies Act 1994. Additionally, with this retention a reasonable debt equity ratio would be maintained & the borrowing power of the Company would enhance.

19. Capital Expenditure

Total capital expenditure on acquisition of property, plant and equipment and intangible assets of Group and the LBFL for the year ended 31 December 2020 amounted to BDT 206.30 million and BDT 187.19 million respectively which were BDT 326.22 million and BDT 278.51 million respectively for the year 2019. Details are given in Annexure A & B of Financial Statements.

20. Capital Commitments

Capital expenditures approved and contracted for, as at the reporting date is given in note number 40 (g) of the financial statements.

21. Property, Plant & Equipment (PPE)

Details of property, plant and equipment are given on note number 8 to the Financial Statements.

22. Financial results deteriorate after Public Issue

There was no such event happened during the reporting period.

23. Significant deviations from last year operating results

There was no significant deviation from last year's operating results.

24. Share Capital and Bonds

24.1 Equity Capital

Paid-up Capital of LankaBangla Finance Limited as at 31 December 2020 amounted to BDT 5,388.39 million consisting of 538,838,623 ordinary shares as against BDT 5,131.79 million consisting of

513,179,641 ordinary shares as at 31 December 2019.

Details about share in issue are given in note number 13 of the financial statements.

24.2 Debt Capital

Foreign term loan-ICD

On 13 January 2019, LankaBangla Finance Limited received USD 19,984,730 equivalent to BDT 1,675,719,611 at the exchange rate of 83.85 against a foreign currency loan from Islamic Corporation for the Development of the private sector (ICD), a wing of Islamic Development Bank. The tenure of the foreign currency loan is 40 months. Payments will be made in 14 (fourteen) quarterly instalments starting from the end of the three months from the receipts of the loan. The mark-up rate is of the facility 5.53%.

Syndicated Term Loan

In 2019, LankaBangla Finance Limited availed a long-term syndicated loan led by Standard Chartered Bank amounting to BDT 2,600 million. The full loan amount of BDT 2,600 million has been drawn down in multiple tranches, the repayment of this loan will be made in 10 equal quarterly instalments (EQIs).

Subordinate bond

On 27 November, 2018 Bangladesh Securities & Exchange Commission has accorded its consent to issue Non-Convertible Subordinated Bond amounting to BDT 300,00,00,000 (three hundred crore) at floating interest rate of 8.00% to 11.00% p.a. to boost the capital base of the Company by increasing supplementary (Tier-II) capital, subject to compliance of the relevant laws & regulatory requirements.

Details about debt capital is given in note number 10 of the financial statements.

25. Share Information

Information relating to earnings, dividend, net assets and market value per share is given in the Financial Highlights on pages 43 to 48. Information on trading of the shares and movement in the number of shares of LankaBangla is given in the Investor Information section on page 04.

26. Shareholding

There were 19,100 nos. of registered ordinary shareholders as at 31st December 2020 (2019: 21,813). Information on distribution of shareholding and the respective percentages are given on page 04 of the Annual Report.

Details of shareholder's composition and percentage holding of the public are given in the Investor Information section on page 04.

The shareholding pattern as per Clause 2(k) of SEC Notification No. SEC/CMRRCD /2006-158/Admin/02-08 dated February 20, 2006 is shown in this report.

27. Equitable Treatments to Shareholders

LankaBangla has at all times ensured that all shareholders are treated equitably. Minority shareholders interest always looked after by the Board.

28. The Board of Directors

The Board of Directors of LBFL consists of nine Directors with wide knowledge and experience. The names of the Directors of LankaBangla during the period 1st January 2020 to 31st December 2020 are mentioned in Report on Corporate Governance.

29. List of Directors of the Subsidiaries

Names of the Directors of Subsidiary companies are as follows:

Particulars	Name of Director	Position
LankaBangla Securities Limited	1) Mr. Mohammad A. Moyeen	Chairman
	2) Mr. I.W. Senanayake (Nominated by LankaBangla Finance Limited)	Director
	3) Mr. B. W. Kundanmal	Director
	4) Mr. Mahbubul Anam	Director
	5) Mr. Al-Mamoon Md. Sanaul Huq	Independent Director
	6) Mr. Abdul Malek Shamsheer	Independent Director
	7) Mr. Mohammed Nasir Uddin Chowdhury (Nominated by LankaBangla Finance Limited)	Director
	8) Mr. Khwaja Shahriar (Nominated by LankaBangla Finance Limited)	Director
	9) Mr. S. A. R. Md. Muinul Islam (Nominated by LankaBangla Finance Limited)	Director
	10) Mr. Khandoker Saffat Reza (Nominated by LankaBangla Finance Limited)	Director
LankaBangla Investments Limited	1) Mr. Mohammad A. Moyeen	Chairman
	2) Mr. B. W. Kundanmal (Nominated by LankaBangla Finance Limited)	Director
	3) Mr. Al-Mamoon Md. Sanaul Huq	Independent Director
	4) Mr. Abdullah Al Karim	Director
	5) Mr. Abdul Malek Shamsheer	Independent Director
	6) Mr. Mohammed Nasir Uddin Chowdhury (Nominated by LankaBangla Finance Limited)	Director
	7) Mr. Khwaja Shahriar (Nominated by LankaBangla Finance Limited)	Director
LankaBangla Asset Management Company Limited	1) Mr. Abdul Malek Shamsheer	Chairman
	2) Mr. Al-Mamoon Md. Sanaul Huq (Nominated by LankaBangla Finance Limited)	Independent Director
	3) Mr. Khwaja Shahriar (Nominated by LankaBangla Finance Limited)	Director
	4) Mr. Abul Kalam Mohammad Kamruzzaman (Nominated by LankaBangla Finance Limited)	Director
	5) Mr. Quamrul Islam (Nominated by LankaBangla Finance Limited)	Director
	6) Mr. Shamim Al Mamun (Nominated by LankaBangla Finance Limited)	Director
LankaBangla Information System Limited	1) Mr. Mohammad A. Moyeen	Chairman
	1) Mr. Mahbubul Anam	Director
	3) Mr. S. A. R. Md. Muinul Islam (Nominated by LankaBangla Securities Limited)	Director
BizBangla Media Limited	1) Mr. Mohammad A. Moyeen	Chairman
	2) Mr. Mahbubul Anam	Director
	3) Mr. Dewan Hanif Mahmud	Director

30. Board Sub Committees

The Board, while assuming the overall responsibility and accountability for the management oversight of the organization, has also appointed Board Sub Committees to ensure that the activities of LankaBangla at all times are conducted with the highest ethical standards and the best interests of all its stakeholders. The Board formed two Sub Committees named Executive Committee and Audit Committee. The compositions of these Sub Committees as at 31st December 2020 were as follows:

30.1 Executive Committee

The Executive Committee of the Board of LankaBangla Finance Limited was re-constituted in the 109th Board of Directors meeting held on February 13, 2018.

30.2 Audit Committee

In Compliance with the requirement of Bangladesh Bank Notification No. DFIM-13, dated 26 October 2011 and Bangladesh Securities & Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018 the Audit Committee of LankaBangla Finance Limited was re-constituted in 128th Board of Director's meeting held on March 10, 2021.

30.3 Nomination & Remuneration Committee

In Compliance with the clause no. 6 of Corporate Governance Code dated 3 June 2018 of Bangladesh Securities & Exchange Commission (BSEC) the Nomination & Remuneration Committee of LankaBangla Finance Limited was constituted in 128th Board of Director's meeting held on March 10, 2021.

31. Directors' Meeting

The details of Directors meetings which comprise Board meetings and the Board Sub Committee meetings and the attendance of Directors at these meetings are given in the Corporate Governance Report in this report.

32. Related Party Transactions

Directors have also disclosed transactions, that could be classified as Related Party Transactions in terms of Bangladesh Accounting Standard-BAS 24 (Related Party Disclosure) which is adopted in preparation of the Financial Statements. Those transactions disclosed by the Directors are given in note number 37 to the Financial Statements which form an integral part of the Annual Report of the Board of Directors.

33. Directors' Interest in Ordinary Shares

The shareholdings of Directors are as follows:

Sl. No.	Name of Director	Number of shares as on 31 December 2020	Number of shares as on 31 December 2019
1	Mr. Mohammad A. Moyeen	22,842,546	21,754,807
2	Mr. I.W. Senanayake (Nominated by Sampath Bank PLC)	51,036,605	48,606,291
3	Mr. Nanda Fernando (Nominated by Sampath Bank PLC)		
4	Mr. M. Fakhru Alam (Nominated by ONE Bank Limited)	20,362,737	19,393,083
5	Mrs. Aneesha Mahial Kundanmal (Mr. B. W. Kundanmal- Alternate Director)	41,503,844	39,527,471
6	Mr. Mahbubul Anam	23,998,741	22,855,945
7	Mr. Tahsinul Huque (Dr. M. Mahbubul Huque-Alternate Director)	20,993,703	19,994,004
8	Mrs. Zaitun Sayef	Nil	Nil
9	Mr. Abdul Malek Shamsheer	Nil	Nil

34. Substantial Shareholdings

BSEC's Corporate Governance Notification dated June 3, 2018 requires a listed company to disclose in the Directors' Report, the list of shareholders holding ten percent or more voting interest in the Company. None of the shareholders hold ten percent or above

shares in LankaBangla Finance Limited. The shareholding status of all sponsors shareholders as on December 31, 2020 is given in page 04 of this report.

35. Directors' Interest in Ordinary Shares of Subsidiaries as on December 31, 2020

LankaBangla Securities Limited				
Sl. No.	Name of Director	Position	Shares held on 31-Dec.-2020	Shares held on 31-Dec.-2019
1	Mr. Mohammad A. Moyeen (Nominated by LankaBangla Finance Limited)	Chairman	122,290	122,290
2	Mr. I.W. Senanayake (Nominated by LankaBangla Finance Limited)	Director	Nil	Nil
3	Mr. Mahbubul Anam	Director	119,841	119,841
4	Mrs. Aneesha Mahial Kundanmal	Shareholder	2	2
5	Mr. Tahsinul Huque	Shareholder	635,884	635,884

LankaBangla Investments Limited				
Sl. No.	Name of Director	Position	Shares held on 31-Dec.-2020	Shares held on 31-Dec.-2019
1	Mr. Mohammad A. Moyeen	Director	1	1
2	Mr. Mahbubul Anam	Shareholder	1	1

LankaBangla Asset Management Company Limited				
Sl. No.	Name of Director	Position	Shares held on 31-Dec.-2020	Shares held on 31-Dec.-2019
1	Mr. Mohammad A. Moyeen	Shareholder	1	1
2	Mr. Mahbubul Anam	Shareholder	90	90

LankaBangla Information System Limited				
Sl. No.	Name of Director	Position	Shares held on 31-Dec.-2020	Shares held on 31-Dec.-2019
1	Mr. Mohammad A. Moyeen	Chairman	100	100
2	Mr. Mahbubul Anam	Director	100	100

BizBangla Media Limited				
Sl. No.	Name of Director	Position	Shares held on 31-Dec.-2020	Shares held on 31-Dec.-2019
1	Mr. Mohammad A. Moyeen	Chairman	100	100
2	Mr. Mahbubul Anam	Director	100	100

36. Directors' Remuneration

Details of directors' remunerations paid during the year are given in note number 28 to the financial statements.

37. Management discussion and analysis

Management discussion & analysis has been highlighted in the Managing Director's statement & in Directors' Report.

38. Declaration by the CEO and the CFO

Declaration by the Managing Director and Chief Financial Officer has been given in this report.

39. Team Members (Employees)

LankaBangla believes that its real potential rests on the strength and capabilities of its team members in a rapidly changing environment. All efforts are directed at having a motivated and competent team in order to grow and achieve results as projected in the Strategic Plan and the Budget.

As at 31st December 2020, the number of employees on the payroll of LankaBangla was 764 which was 923 in previous year.

40. Environmental Protection

To the best knowledge of the Board, LankaBangla has not engaged in any activity that is harmful or hazardous to the environment. The Directors also confirms that to the best of their knowledge and belief LankaBangla has complied with the relevant environmental laws and regulations.

41. Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments due to the Government, other regulatory bodies and related to the employees have been paid on a timely basis.

42. Outstanding Litigations

In the opinion of the Directors and in consultation with the LBFL's lawyers, litigation currently pending against LankaBangla will not have a material impact on the reported financial statements of future operations of LankaBangla. Details of litigation pending against LankaBangla are given in note number 2.38 to the Financial Statements.

43. Events after Reporting Period

No circumstances have arisen since the Statement of Financial Position date which would require adjustments to, or disclosure in, the accounts, except those disclosed in note number 40 (e) to the Financial Statements.

44. Going Concern

The Directors after making necessary inquiries and reviews including reviews of the budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and such other matters required to be addressed in the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Bangladesh and the Bangladesh Securities and Exchange Commission LankaBangla has adequate resources to continue operations into the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements.

45. Risk Management and Internal Control

45.1 Material Foreseeable Risk Factors

LankaBangla has an ongoing process in place to identify, evaluate and manage the risks that are faced by it. The Directors, on a regular basis review the above mentioned process.

45.2 Internal Controls

The Directors of LankaBangla have taken reasonable steps open to them to safeguard the assets of the Group and to prevent and detect frauds and any other irregularities. For this purpose, the Directors have instituted effective and comprehensive systems of internal controls for identifying, recording, evaluating and managing the risks faced by LankaBangla throughout the year and it is being regularly reviewed by the Board of Directors. This comprises internal reviews, internal audit and the whole system of financial and other controls required to carry on the operations in an orderly manner, safeguard the assets, prevent and detect frauds and other irregularities and secure, as far as practicable, the accuracy and reliability of the records.

46. Financial Risk Management

LBFL's management has overall responsibility for establishment and oversight of its risk management framework. The Company's management policies are established to identify and analyse the risk faced by the Company to set appropriate risk limit and controls and to monitor risk.

Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has exposure to the following risks from its use of financial instruments:

- ▶ Credit risk
- ▶ Liquidity risk
- ▶ Market risk

The Company has provided in a separate note to the financial statements the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks and management of its capital.

47. Corporate Governance

In the management of the Company, the Directors have placed emphasis on confirming to the best corporate governance practices and procedures. Accordingly, systems and structures have been introduced or improved from time to time to enhance risk management measures and to improve accountability and transparency.

Pursuant to Clause 9.00 of BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018 the Company's compliance status is shown in this report.

48. Additional Disclosures

The Directors, in accordance with BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018 confirm compliance with the financial reporting framework for the following;

- ▶ The financial statements prepared by the management present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity.
- ▶ Proper books of accounts of the Company have been maintained. Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- ▶ International Accounting Standards and International Financial Reporting Standards, as applicable in Bangladesh,

have been followed in preparation of the financial statements. The system of internal control is sound in design and has been effectively implemented and monitored.

- ▶ There are no significant doubts upon the Company's ability to continue as a going concern.
- ▶ There is no extraordinary gain or loss during the year.
- ▶ No significant difference occurs between quarterly financial performance and annual financial statements.
- ▶ There are no significant changes in the Company or its subsidiaries' fixed assets and the market value.
- ▶ The company had not enabled any of its directors to acquire benefits by means of acquisition of share or debentures of the company or anybody corporate.

49. Audit Information

The Directors who held office at the date of this Directors' Report confirm that:

- ▶ So far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- ▶ The Directors have taken all the steps that they themselves ought to have taken as Directors in order to make themselves aware of any relevant information and to establish that the company's Auditors are aware of that information.

50. Auditors

the Board in its 128th meeting held on 10 March 2021 has recommended to appoint Hussain Farhad & Co., Chartered Accountants at a remuneration of BDT 550,000. LBFL has also taken prior approval from Bangladesh bank to appoint Hussain Farhad & Co., Chartered Accountants, until completion of conclusion of the 25th AGM.

Based on the declaration provided by Hussain Farhad & Co., and as far as the Directors are aware, the Auditors do not have any relationship with or interest with LankaBangla that in their judgments, may reasonably be thought to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by the Institute of Chartered Accountants of Bangladesh, applicable on the date of this report.

51. Recognition

As a reward of our relentless efforts to the best practices of corporate and financial reporting, LBFL is being recognized by South Asian Federation of Accountants (SAFA), Institute of Chartered Accountants of Bangladesh (ICAB) and Institute of Cost and Management Accountant of Bangladesh (ICMAB) on a continuous basis. Some of the awards we achieved are:

- ▶ SAFA Best Presented Annual Report 2014
- ▶ SAFA Best Presented Annual Report 2015
- ▶ SAFA Best Presented Annual Report 2016
- ▶ SAFA Best Presented Annual Report 2017
- ▶ SAFA Corporate Governance Award 2017
- ▶ ICAB Best Presented Annual Report 2016
- ▶ ICAB Best Presented Annual Report 2015
- ▶ ICAB Best Presented Annual Report 2014

- ▶ ICAB Best Presented Annual Report 2017
- ▶ ICAB Corporate Governance Award 2016
- ▶ ICAB Corporate Governance Award 2017
- ▶ ICMA Best Corporate Award 2016
- ▶ ICMA Best Corporate Award 2017
- ▶ SAFA Best Presented Annual Report 2018
- ▶ ICAB Integrated Report Award 2018
- ▶ ICAB Best Presented Annual Report 2018
- ▶ SAFA Best Presented Annual Report, Integrated Reporting Award and SAARC Anniversary Award 2019
- ▶ ICAB Integrated Reporting Award 2019
- ▶ ICAB Corporation Governance Disclosures Award 2019
- ▶ ICAB Best Presented Annual Report 2019

LankaBangla Securities Limited has achieved certificate for outstanding performance for being ranked 1st in terms of turnover for consecutive fifteen years from 2006 to 2020 at Dhaka Stock Exchange (DSE) & for fifteen years from 2005 to 2020 at the Chittagong Stock Exchange (CSE).

52. Notice of Meeting

The 24th Annual General Meeting of LankaBangla Finance Limited will be held on 29 April 2021.

The Notice of Meeting is given on page number 3 of the Annual Report.

As required by Section 168 (1) (k) of the Companies Act the Board of Directors hereby acknowledge the contents of this report.

53. Acknowledgement

The Board of Directors takes this opportunity of expressing its heartfelt appreciation and gratitude to the valued clients, depositors, lenders, bankers, patrons and business partners for their continued support and cooperation. The Board also expresses its deep gratitude to Bangladesh Bank, Bangladesh Securities & Exchange

Commission (SEC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), Registrar of Joint Stock Companies and Firms, National Board of Revenue (NBR) and other regulatory bodies for their help, assistance, valuable guidance and advice being extended to the Company from time to time. The Board also thanks Hussain Farhad & Co., Chartered Accountants, the Auditors of the Company, for their efforts for timely completion of audits.

Since 2006, LankaBangla Finance Limited has recorded rapid and consistent growth, outperforming its competitors. One of the major reasons for this success was possible with a strong work ethic which has improved productivity at all levels. My high and sincere appreciation, on behalf of the Board of Directors, is due to the management and all members of staff of the Company, for their outstanding efforts, loyalty, sincere services and dedication.

I would like to take this opportunity to thank my colleagues on Board, who have extended their all sorts of cooperation, in the face of adverse internal and external conditions, and made the year 2020 another year of success for the Company. Finally, the Board of Directors thank the respected shareholders and assure them that they will continue to add value to maximize the shareholders' wealth through further strengthening and development of the Company in which they have placed their trust and confidence. Let us work together in a spirit of open and honest partnership. The Board's pledge to you is that we will listen your criticisms carefully, will at all times take those very seriously and will make clear cut decisions for the greater interest of the Company.

For and on behalf of the Board of Directors



Mohammad A. Moyeen
Chairman

STATEMENT ON CORPORATE GOVERNANCE

1. Overview

Corporate Governance is the system by which a Company is directed, controlled and managed. In LankaBangla Finance Limited (LBFL), the Corporate Governance Framework guides our drives towards progress by way of developing and implementing appropriate corporate strategies. The approach to governance is predicated on the belief that there is a link between high-quality governance and the creation of long-term stakeholder value. In pursuing the Corporate Objectives, we have committed to the highest level of governance and strive to foster a culture that values and rewards exemplary ethical standards, personal and corporate integrity and mutual respect. The Board of Directors, led by the Chairman, is responsible for the governance of LBFL, and developing effective Governance Framework to meet challenges, both in the short and long term. The Board is committed to reviewing and improving our systems to provide transparency and accountability, and initiate transformational changes whenever necessary to ensure best practices are maintained and enhanced according to the principles of Corporate Governance.

We continually review our systems and procedures to provide transparency and accountability, and update our Corporate Governance policies to keep in line with the stipulated guidelines.

2. Framework and Regulations Applied

LankaBangla has incorporated in its Governance Framework the guidelines prescribed in the Code of Best Practice on Corporate Governance issued by the Bangladesh Securities and Exchange Commission (BSEC), Bangladesh and the Bangladesh Bank on Corporate Governance for Financial Institutions in Bangladesh.

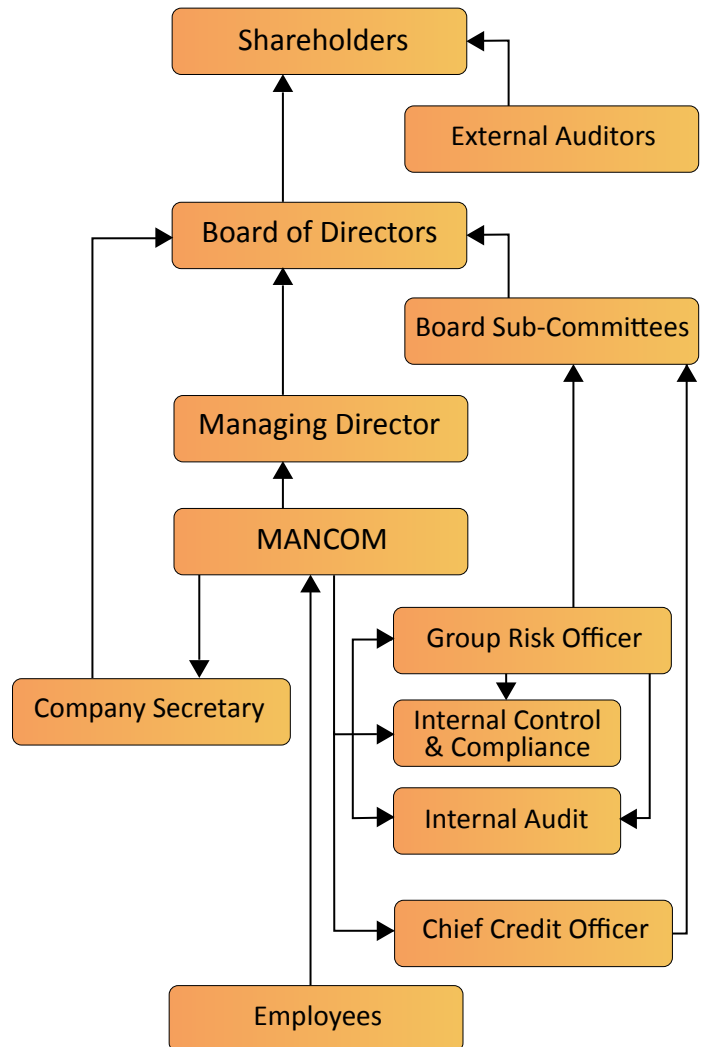
The following Acts, Regulations and Circulars have been used:

Sl. No.	Particulars
1	The Companies Act, 1994
2	The Financial Institutions Act, 1993
3	The Code of the best Practice on Corporate Governance issued by the Bangladesh Securities and Exchange Commission (SEC) vide Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated June 3, 2018.
4	Bangladesh Bank circular DFIM Circular No. 07, dated; 25 September, 2007.
5	Listing Regulations of Dhaka Stock Exchange and Chittagong Stock Exchange

The following internal principles and guidelines have been followed;

Sl. No.	Particulars
1	Vision and Values
2	Articles of Association
3	Code of Conduct
4	Code of Ethics
5	Board and Board Sub Committee Charters
6	Policies, Procedures, Directives

3. Corporate Governance Structure



4. Governance Systems



5. Key Activities of the Board in 2020

5.1 Strategy

Having considered the outlook for global, Asian and Bangladesh economies, market perceptions and expectations, the board approved the Budget and Annual strategy for LankaBangla as a whole, together with the decisions required to implement the strategy.

5.2 Operational and Financial Performance

- ▶ Considered strategic and operational updates from the Managing Director, as well as matters highlighted for the board's attention at board meetings.
- ▶ Reviewed quarterly financial Statements against the group's budget.
- ▶ Approval of the group's annual report and financial results, and agreed dividend payments.
- ▶ Appointment of Two Non-Executive Independent Director in compliance with the SEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated June 3, 2018.
- ▶ Re-Constitutions of the Board Audit Committee and Board Executive Committee.
- ▶ Strengthening the process of business operations through rearrangement of Corporate Organogram.
- ▶ Revision of the Credit Policy and incorporation of Environment Risk Management Procedure (following guidelines of Bangladesh Bank) by the Board Audit Committee and Board of Directors.
- ▶ Approval of ICT Policy of the Company by the Board of Directors.
- ▶ Approval of Green Banking Policy.
- ▶ Review of the Product Program Guidelines (PPG) on Home Loan, Auto Loan, Credit Cards, SME Loan, Personal Loan.
- ▶ Strengthening the process of identification, recording and disclosure of Related Party Transactions.
- ▶ Expansion of geographical presence to cover more customer base by opening new Branches countrywide.

5.3 Governance and Risk

- ▶ Re-Constitutions of the Board Audit Committee and Board Executive Committee.
- ▶ Reviewed Anti-Money Laundering Policy & Guidelines and Business Continuity Plan.
- ▶ Reviewed risk reports and the preparation of the financial statements on a going concern basis.
- ▶ Reviewed the Internal Audit Committee Report forwarded to the Board by Board Audit Committee.

6. Functioning of the Board and its Governance Processes

6.1 Board Composition and Frequency

The present Board comprises of nine non-executive directors of whom four are nominee directors and two are independent directors. This number is appropriate for the current scope of the company's operations. The Board meets not less than four times in any given calendar year, with at least one meeting per quarter. The Board sets its agenda for Board meetings well in advance with items proposed by the Managing Director and senior management, so that each member has time to be conversant with the issues

by timely dissemination of meeting papers, presentations and reports. The Company Secretary and the Chief Financial Officer attend all Board meetings and ensure that all relevant regulations and established procedures regarding the conduct of the Board are complied with.

The Board also delegates its authority and powers to specialized committees to undertake detailed monitoring, advisory and oversight of tasks, such as financial audit, risk management, Internal Controls, credit controls and approvals, compensation and management development for leadership. These committees confer greater quality on the stewardship and fiduciary responsibilities of the Board.

In addition, the Board constantly places emphasis that not only the Board, but the Company and its employees operate with professionalism, integrity and ethics.

6.2 Selection and Term of Appointment of New Director

The Board of Directors has the following duties and responsibilities in connection with the selection and appointment of new directors; -

- ▶ Regularly review the size and composition of the Board and the mix of expertise, skills, experience and perspectives that may be desirable to permit the Board to execute its functions;
- ▶ Identify any competencies not adequately represented and determine the process necessary to be assured that a candidate nominated by the shareholders with those competencies is selected;
- ▶ The Directors are appointed by the shareholders in the Annual General Meeting (AGM). Casual vacancies, if any, are filled by board in accordance with the stipulation of the Companies Act 1994 and the Articles of Association of LankaBangla Finance Limited.
- ▶ Any change in the members of the Board requires intimation to the Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC) and the stock exchanges

Directors usually serve three year terms, which the Board considers an appropriate length of time for directors to immerse themselves fully in the Company's affairs and gain sufficient understanding of the Company's operations so as to make an effective contribution as a director.

6.3 Independence of Directors

Pursuant to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated June 3, 2018, in LankaBangla, the Board comprises of ten non-executive members, of which two are totally independent, being 1/5th of total number of Director. The purpose of appointing non-executive and independent directors is first to provide the Board with knowledge, objectivity, and judgment and balance which may not be available if the Board consists only of full time executives; and secondly to ensure that the performance of the non-executive directors and the management of the Company are up to the standards required. Independent directors of LankaBangla bring their special expertise and knowledge to bear on the strategy and enterprise of the company. They each bring an independent judgement on issues of conformance and performance.

6.4 Role and Responsibilities of the Board

Surrounded in the principles of corporate governance is that the Board has a fiduciary role responsible for setting the strategic direction and long-term goals of the company. As elected representatives of the shareholders, the Board is expected to use its integrity and capability to vet corporate strategies, policies, plans and major decisions, and to oversee and monitor management in the interests of the shareholders of LankaBangla. Key to good governance in LankaBangla is an informed and well-functioning Board of Directors.

Broadly, the responsibilities of the Board includes the following:

- ▶ Reviewing and approving overall business strategy, as well as organization structure, developed and recommended by management;
- ▶ Ensuring that decisions and investments are consistent with long-term strategic goals;
- ▶ Ensuring that LankaBangla is operated to preserve its financial integrity and in accordance with policies approved by the Board;
- ▶ Overseeing, through the Audit Committee, the quality and integrity of the accounting and financial reporting systems, disclosure controls and procedures and internal controls; and through the Risk Management Committee, the quality of the risk management processes and systems
- ▶ Providing oversight in ensuring that LankaBangla's risk appetite and activities are consistent with the strategic intent, operating environment, effective internal controls, capital sufficiency and regulatory standards;
- ▶ Overseeing, through the Risk Management Committee, the establishment and operation of an independent risk management system for managing risks on an enterprise wide basis, the adequacy of the risk management function (including ensuring that it is sufficiently resourced to monitor risk by the various risk categories and that it has appropriate independent reporting lines), and the quality of the risk management processes and systems;
- ▶ Reviewing any transaction for the acquisition or disposal of material assets.
- ▶ Ensuring that the necessary human resources are in place to meet its objectives, as well as appointing and removing executive officers, as deemed necessary;
- ▶ Reviewing management performance and ensuring that management formulates policies and processes to promote fair practices and high standards of business conduct by staff;
- ▶ Establishing corporate values and standards, emphasizing integrity, honesty and proper conduct at all times with respect to internal dealings and external transactions, including situations where there are potential conflicts of interest;
- ▶ Providing a balanced and understandable assessment of LBFL's performance, position and prospects, and this extends to interim and other price-sensitive public reports, and reports to regulators;
- ▶ Ensuring that obligations to shareholders and others are understood and met; and
- ▶ Maintaining records of all meetings of the Board and Board Committees, in particular records of discussion on key deliberations and decisions taken

6.5 Chairman of the Board of Directors

The Chairman of the Board is elected by the directors. The Board considers that the Chairman is independent.

6.6 Role of the Chairman

The Chairman leads the Board. The Chairman serves as the primary link between the Board and management, and works with the Managing Director and the Company Secretary to set the agenda for Board meetings. It is the Chairman's responsibility to provide leadership to the board and ensure that the Board works effectively and discharges its responsibility as directors of the Company.

6.7 Separation of the role of Chairman and the Managing Director

At LankaBangla, in accordance with the DFIM Circular No. 07, dated 25-09-2007, a clear division of responsibilities between The Chairman and The Managing Director, allows the Chairman to assume the formal role of an independent leader that chairs all Board meetings and lead the Board in its oversight of management. At annual general meetings and other shareholder meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and management. Any questions from shareholders are attended to and addressed at such shareholder meetings.

6.7.1 The Chairman's responsibilities include

- ▶ Leading the board and ensuring its effective functioning.
- ▶ Setting the ethical tone for the board and company
- ▶ Setting the board's the agenda, in consultation with the Managing Director and the Group Company Secretary.
- ▶ ensuring that the board observes the highest standard of integrity and good governance
- ▶ Conveying feedback in a balanced and accurate manner between the board and Managing Director.

6.7.2 The Managing Director's responsibilities include

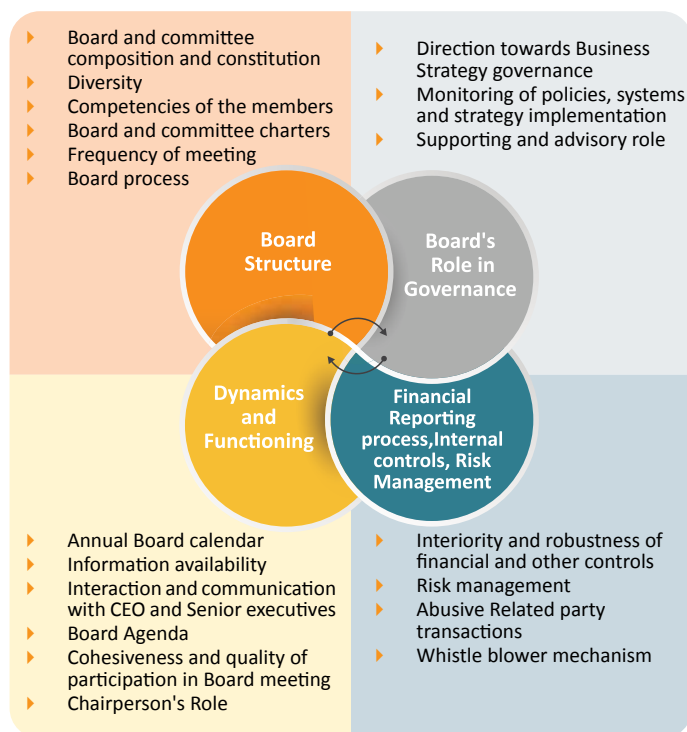
- ▶ Appointing the executive team and ensuring proper succession planning and performance appraisals
- ▶ Developing the company's strategy for consideration and approval by the board
- ▶ Developing and recommending budgets to the board that support the group's long-term strategy
- ▶ Monitoring and reporting to the board the performance of the group and its conformance with compliance laws
- ▶ Establishing an organisational structure for the group which is appropriate for the execution of its strategy
- ▶ Setting the tone for ethical leadership and creating an ethical environment
- ▶ Ensuring that the group complies with all relevant laws and corporate governance principles.

6.8 Appraisal of Performance of the Board

The Board performs three major roles in LankaBangla- it provides direction (i.e. sets the strategic direction of the company), it

controls (i.e. monitors the management), and provide support and advice. Board evaluation examines these roles of the Board and the entailing of responsibilities, and how effectively these are fulfilled by the Board. Appraisal of the performance of the Board is conducted considering the following parameters:

6.9 Annual Evaluation of Managing Director by the Board



Assessing the performance of the Managing Director is the responsibility of the entire Board. At LankaBangla, Managing Director's performance is monitored and constructive feedback is given by the Chair (after consultation with the board) on an on-going basis rather than once or twice a year only. The Board believes that this alerts him to potential issues or problem arising and provides opportunities for the Board and the Managing Director to overcome them before they escalate.

6.10 Learning and Development Program of Directors

Each and every Directors are expected to make important contributions based on industry knowledge, understanding of the Business model of the company and the key challenges faced by the Group as a whole.

The Chairman ensures that all Directors receive a complete formal induction on joining the Board, facilitated by the MANCOM members which includes:

- ▶ A detailed overview of LBFL and its subsidiaries, its strategies, operational structure and core business activities
- ▶ General and statutory duties and responsibilities of a Director
- ▶ Comprehensive discussion with senior executives and business heads of the company
- ▶ Detailed induction program on risk profile and risk appetite of the Company and the Group.

- ▶ Directors are provided with the Code of Conduct for the Board members on general aspects of their Directorship and industry-specific matters.
- ▶ In case of any new rules, regulations or changes in existing regulations the Board is immediately informed of.
- ▶ In order to assist them, the Board is always kept updated on any development and changes in the business environment, risk and industry outlook.

6.11 Financial and Accounting Knowledge, Management Skills, Experience and Diversity of Directors

The board members' collective experience provides a balanced mix of attributes to fulfil its duties and responsibilities. The board's breadth of experience includes retail and investment banking, risk management, legal and regulatory, finance and accounting, marketing, public sector, remuneration and overall business. Four out of ten directors are current or former CEO or MD of different Banks and Financial Institutions at home and abroad.

One of the Board members is a Fellow Member of Chartered Institute of Management Accountant of United Kingdom. Among others, one of the Board Members worked as Controller General of Accounts, Ministry of Finance, Government of People's Republic of Bangladesh.

6.12 Retirement and Re-election of Directors

The Articles of Association requires one-third of the Board (being the longest in office) to retire from office every year at the annual general meeting. Therefore, by rotation, every director is required to submit themselves for re-nomination and re-election by shareholders at regular intervals of at least once every three years. A retiring Director shall be eligible for re-election.

6.13 Directors' Remuneration

Other than attending the meeting of the Board and its sub-committees Directors are not entitled to any remuneration to be paid by the company.

With reference to the Bangladesh Bank's DFIM Circular No. 13 dated November 30, 2015 each Director of LankaBangla Finance Limited is entitled to receive BDT 8,000 for attending each meeting of the Board and its Committees.

The details of the attendance along with the amount of the remuneration paid to the Directors for the meetings of the Board and its committees are given in the later segment of this report.

6.14 Directors' Report on Preparation and Presentation of Financial Statements and Corporate Governance

The Companies Act, 1994, requires the Directors to prepare financial statements for each accounting year. The Board of Directors accepts the responsibility for the preparation of the financial statements, maintaining adequate records for safeguarding the assets of the Company, preventing and detecting fraud and/ or other irregularities, selecting suitable accounting policies and applying those policies consistently

and making reasonable and prudent judgments and estimates where necessary.

The Board of Directors are also responsible for the implementation of the best and the most suitable corporate governance practices.

6.15 IT Governance

Information Technology Governance forms an integral part of the NBF's Corporate Governance. It deals primarily with optimizing the linkage between Strategic Direction and Information Systems Management of the Company. In this regard, implementation of the organizational structure with well-defined roles for the responsibility of information, business processes, applications, infrastructure, etc. generates value for our stakeholders while mitigating the risks associated with incorrect deployment and use of Information Technology.

6.16 Ethics and Compliance

LankaBangla has adopted more stringent policies than the prescribed guidelines issued by BSEC and has a policy against insider trading. LankaBangla employees are prohibited from dealing in securities of LankaBangla during the period commencing from two months before the announcement of the financial statements for the financial year, and ending on the date of the announcement of the relevant results. Employees with access to price-sensitive information in the course of their duties are instructed to conduct all their personal securities transactions through the LankaBangla's stock broking subsidiary. The Board is committed to ensure highest level of Ethics and Compliance by itself and by the employees of LankaBangla.

6.17 Whistle Blowing Policy

LBFL has a Whistle Blowing Policy in place, which serves as a channel for early identification of corporate fraud or risk by ensuring that employees reporting legitimate concerns on potential wrongdoings occurring within the organization are guaranteed complete confidentiality. Such complaints are investigated and addressed through a formalised procedure and brought to the notice of the Chairman of the Board Audit Committee. The procedure is made available through the intranet to ensure awareness by all employees.

6.18 Communication and Relationship with Stakeholders

LankaBangla strongly believes that all stakeholders of the company should have reasonable access to complete information on its activities, performance and product initiatives.

LankaBangla maintains an active dialogue with shareholders. It holds in-person briefing sessions or telephone conference calls with the media and analysts when quarterly results are released. All press statements and quarterly financial statements are published on the national Daily Newspapers and DSE & CSE websites. A dedicated investor relations team supports the Company's CEO, Chief Financial Officer (CFO) and Company

Secretary in maintaining a close dialogue with institutional investors.

The Company embraces and commits to fair, transparent and timely disclosure policy and practices. All price-sensitive information or data are publicly released, prior to individual sessions held with investors or analysts.

6.18.1 Communication through Quarterly Reports

LBFL reports to the shareholders four times a year through quarterly and half yearly report and a detailed Annual Report

6.18.2 Communication through Annual General Meeting (AGM)

The shareholders are always encouraged to attend the AGM and, in case of their inability to attend the meeting, to appoint proxies. LBFL believes that all shareholders have the right to attend the AGM where they can meet and communicate with the Directors and express their views regarding the Company's business, its future prospects and other matters of interest.

6.18.3 Communication through Digital Media

The company's website www.lankabangla.com is a robust website which displays details information about its general business activities, Annual Reports, Half-yearly Reports, Quarterly Reports, product offerings, recent announcements and event updates.

Disclosures required by Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC) and listing regulations of Dhaka and Chittagong Stock Exchange are made promptly and adequately.

6.19 Environment and Social Obligation

At LankaBangla, we believe in concept of sustainable business, one that integrates good governance, environmental issues and social awareness with our business strategies to maximize value for stakeholders.

Accordingly, we has aligned our CSR initiatives to deliver on this commitment and aid community empowerment and sustainable environment management in a suitable manner.

7. LBFL's Vision, Mission and Strategies

7.1 Board approved Vision and Mission statements of the Company

The Board of Directors clearly sets the Vision, Mission and the Core Values of the Company, which is periodically reviewed by the Board.

LBFL's vision, mission and Core values are portrayed on page 01 of this Annual Report.

8. Board and Board Committees

8.1 Board

8.1.1 Members and 2020 Meeting Attendances

Members and 2020 Meeting Attendances

Sl. No.	Name	Position	Appointment Date	No. of meeting held	Entitlement to attend	Attended
1	Mr. Mohammad A. Moyeen	Chairman	November 5, 1996	8	8	8
2	Mr. I. W. Senanayake (Representing Sampath Bank PLC)	Director	November 27, 2008	8	8	6
3	Mr. Nanda Fernando (Representing Sampath Bank PLC)	Director	February 13, 2018	8	8	4
4	Mr. B. W. Kundanma (Alternate of Mrs. Aneesha Mahial Kundanmal)	Alternate Director	November 5, 1996	8	8	7
5	Mr. M. Fakhru Alam (Representing ONE Bank Limited)	Director	July 30, 2013	8	8	8
6	Mr. Mahbubul Anam	Director	November 5, 1996	8	8	8
7	Mr. Dr. M. Mahbubul Huque (Alternate of Mr. Tahsinul Huque)	Alternate Director	November 5, 1996	8	8	8
8	Mrs. Zaitun Sayef	Independent Director	September 7, 2020	8	8	8
9	Mr. Abdul Malek Shamsheer	Independent Director	March 29, 2018	8	8	8

Notes:

- ▶ Directors who could not attend meetings were granted leave of absence by the Board.
- ▶ The tenure of office of Independent Director, Mrs. Zaitun Sayef has expired on July 30, 2020. Subsequently, the Board has been re-appointed her as Independent Director of the Company for another term of 3 years.

8.1.2 Summary of Key Terms of Reference

- ▶ Provides effective leadership based on an ethical foundation
- ▶ Approves the strategy and ensures that the group's objectives take into account the need to align its strategy and risk profile, together with the performance levels and sustainability concerns of stakeholders
- ▶ Reviews the corporate governance and risk and capital management processes, and ensures that there is an effective risk management process throughout the group
- ▶ Delegate relevant authority to the Managing Director
- ▶ Determines the terms of reference and procedures of all board committees
- ▶ Reviews the board and committees' performance annually
- ▶ Reviews reports and minutes of board and committee meetings
- ▶ Ensures that the Group Audit Committee is effective and independent
- ▶ Considers and approves the audited annual financial statements and the annual integrated report, interim financial results, dividend announcements and notice to shareholders
- ▶ Monitors stakeholder relations
- ▶ Approves significant acquisitions, mergers, takeovers, divestments of operating companies, equity investments and new strategic alliances
- ▶ Assumes ultimate responsibility for financial and IT governance, operational and internal systems of control, and ensures adequate reporting on these by the respective committees.

8.2 Audit Committee

8.2.1 Appointment of members and composition of the Audit Committee

LBFL's Audit Committee is a sub-committee of the Board formed in compliance with the requirements of DFIM Circular No. 13,

dated 26 October 2011 of the Bangladesh Bank and relevant BSEC notification(s) and international best practices on corporate governance.

Composition of the Audit Committee consisting of an Independent Director and Non-Executive Directors.

In compliance with the DFIM Circular No. 13, dated 26 October 2011 of the Bangladesh Bank and Corporate Governance guidelines of BSEC, the Committee consists of five (5) non-executive members of the Board including an Independent Director who is the Chairman of the Committee. The quorum of the meeting shall not be filled until and unless the Independent Director attends the meeting. The Company Secretary acts as the secretary of the Audit Committee.

8.2.2 Members and 2020 Meeting Attendances

Sl. No.	Name	Position	No. of meeting held	Entitlement to attend	Attended
1	Mrs. Zaitun Sayef (Independent Director)	Chairperson	5	5	5
2	Mr. Nanda Fernando (Representing Sampath Bank PLC)	Member	5	5	0
3	Mr. Mahbubul Anam	Member	5	5	5
4	Mr. M. Fakhru Alam (Representing ONE Bank Limited)	Member	5	5	4
5	Mr. Abdul Malek Shamsher (Independent Director)	Member	5	5	5

Notes:

- ▶ Directors who could not attend meetings were granted leave of absence by the Board.
- ▶ The tenure of office of Independent Director, Mrs. Zaitun Sayef has expired on July 30, 2020. Subsequently, the Board has been re-appointed her as Independent Director of the Company for another term of 3 years.

8.2.3 Qualification of the members including the Chairman:

All the members of the Audit Committee including the Chairman vastly experienced with strong professional background. Details profile of Audit Committee members are provided on note 40 of the financial statements.

8.2.4 Summary of key terms of reference:

8.2.4.1 External audit

- ▶ Assesses the independence and effectiveness of the external auditors on an annual basis
- ▶ Oversees the appointment of external auditors, their terms of engagement and fees
- ▶ Reviews significant differences of opinion between external auditors and management
- ▶ Reviews the external auditors' management reports concerning deviations from and weaknesses in accounting and operational controls, and ensures that management takes appropriate action to satisfactorily resolve any issues
- ▶ Annually reviews and approves the policy setting out the nature and extent for using external auditors for non-audit work.

8.2.4.2 Internal Audit and Financial Crime

- ▶ Reviews, approves and monitors the internal audit plan
- ▶ Reviews and approves the internal audit charter as per the board's delegated authority
- ▶ Considers and reviews the internal auditors' significant findings and management's response
- ▶ Annually re-evaluates the role, independence and effectiveness of the internal audit function in the overall context of the group's risk management system
- ▶ Reviews the reports and activities of the financial crime to ensure the mitigation and control of fraud and related risks.

8.2.4.3 Compliance

- ▶ Reviews, approves and monitors the group's compliance plan
- ▶ Monitors compliance with the Companies Act, Financial Institutions Act, the BSEC Rules and Listings Requirements, and all other applicable legislation and governance codes.

8.2.4.4 Financial Reporting and Financial Controls

- ▶ Reviews the group's audited annual financial statements, interim financial results, summarised financial information, dividend announcements and all financial information in the annual report and recommends them to the board for approval
- ▶ Evaluates the adequacy and effectiveness of the group's accounting policies and all proposed changes in accounting policies and practices
- ▶ Reviews the basis for determination as a going concern
- ▶ Reviews the effectiveness of financial management, including the management of financial risks, the quality of internal accounting control systems and reports produced including financial reporting risks and internal financial controls
- ▶ Reviews the impact of new financial systems, tax and litigation matters on financial reporting
- ▶ Monitors the maintenance of proper and adequate accounting records, and the overall financial and operational environment

8.2.4.5 Risk Management

- ▶ Reviews the quarterly risk management report noting all significant financial and non-financial risks that may have an impact on the group.
- ▶ Considers any significant matters raised at RMC meetings.

8.2.4.6 Information Technology

- ▶ Considers the auditors' use of relevant technology and techniques to improve audit coverage and audit efficiency
- ▶ Considers the impact of IT on financial controls.

8.2.5 Summary of Key Focus Areas in 2020

- ▶ Reviewed the financial information published by the group, including the content of the annual report and all other financial reports such as the annual financial statements and interim reports, and recommended them to the board for approval
- ▶ Evaluated financial accounting and reporting issues that affected the group
- ▶ Reviewed, approved and monitored the external audit, internal audit and compliance plans
- ▶ Considered tax matters, including current and upcoming tax legislation
- ▶ Considered reports from internal audit, compliance and financial crime control, and monitored responses from management where required
- ▶ Considered the group's external auditors' annual assessment of internal audit against the International Standards on Auditing, which confirmed that the external auditors could place reliance on internal audit's work for the purpose of the external audit
- ▶ Considered the routine independent quality assurance review of audit execution, the results of which confirmed that internal audit had generally conformed with the International Institute of Internal Auditors Standards for the Professional Practice of Internal Auditing
- ▶ Considered the requirements of the Companies Act in terms of assessing the independence of external auditors
- ▶ Approved the audit committee report for publication in the financial statements

8.2.6 Board Audit Committee Report

Board Audit Committee Report is given in pages 94-96.

8.3 Executive Committee

8.3.1 Members and 2020 Meeting Attendances

Sl. No.	Name	Position	No. of meeting held	Entitlement to attend	Attended
1	Mr. Mohammad A. Moyeen	Chairman	6	6	6
2	Mr. Mahbubul Anam	Member	6	6	5
3	Mr. M. Fakhru Alam (Representing ONE Bank Limited)	Member	6	6	6
4	Mrs. Zaitun Sayef (Independent Director)	Member	6	6	5

Notes:

- ▶ Directors who could not attend meetings were granted leave of absence by the Board.
- ▶ The tenure of office of Independent Director, Mrs. Zaitun Sayef has expired on July 30, 2020. Subsequently, the Board has been re-appointed her as Independent Director of the Company for another term of 3 years.

8.3.2 Summary of Key Terms of Reference

The primary responsibility of the Board Executive Committee is to provide advice and support the Chief Executive Officer and the Senior Management of the Company on strategic and business decision making within the guidelines of the Board and the regulatory authorities. Delegated authority to the Board Executive Committee (BEC) includes the followings:

- ▶ To review and give approval of lease/loan proposal of the management, if deemed appropriate.
- ▶ To give approval on fixation of interest rate against the facilities.
- ▶ To review and monitor the recovery process particularly classified loan/leases.
- ▶ To address the issues that may be assigned by the Board.

If in the Committee's opinion, any matter arises in the course of exercising the delegated authority that warrants the attention of the Board, the Committee will refer that to the Board for its direction or resolution.

The Company Secretary of LankaBangla Finance Limited shall act as Secretary to the Committee and ensure the followings:

- ▶ Maintenance of the records of the Committee including the Terms of Reference as approved by the Board of the Company together with any variation to those Terms of Reference from time to time.
- ▶ Preparation of minutes of the meeting of the Committee and place the same to the following meeting of the Board on regular basis.

8.3.3 Summary of Key Focus Areas in 2020

Approval of Loans and advances amounted up to One Hundred Crore.

9. Summary of unpaid/unclaimed dividend

In compliance with directive no. BSEC/CMRRCD/2021-386/03 dated 14 January 2021 of Bangladesh Securities & Exchange Commission (BSEC) clause no. 3(vii) summary of unpaid/unclaimed cash & stock dividend as on December 31, 2020 is given below:

	Cash	Stock
More than 2 years	9,339,564	1,246
More than 5 years	22,822,365	1064
More than 7 years	16,654,473	973
Total	48,816,402	3,283



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Annexure-B

[Certificate as per condition No. 1(5)(xxvii)]

Report to the Shareholders of LankaBangla Finance Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by LankaBangla Finance Limited for the year ended on December 31, 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006.-158/207/Admin/80 dated June 3, 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- (b) The company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The governance of the company is satisfactory.

Place: Dhaka
Dated: 1st April 2021

Ahsan Manzur & Co.
Chartered Accountants

RESPONSIBILITY STATEMENT OF MD AND CFO

The financial statements of Lankabangla Finance Limited (LBFL) and the consolidated financial statements of LBFL and its subsidiaries as at 31 December 2020 are prepared and presented in compliance with the requirements of the following:

- ▶ International Financial Reporting Standards (IFRS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB);
- ▶ Companies Act 1994;
- ▶ Income Tax Ordinance 1984;
- ▶ Financial Institution Act 1993 (as amended);
- ▶ Bangladesh Securities and Exchange Rules 1987;
- ▶ Listing Rules of the Dhaka Stock Exchange;
- ▶ Bangladesh bank guidelines.

The formats used in the preparation of the financial statements and disclosures made comply with the formats prescribed by the Bangladesh Bank, the Central Bank of Bangladesh.

The Accounting Policies used in the preparation of the financial statements are appropriate and are consistently applied by the Group. There are no departures from the prescribed Accounting Standards in their adoption except for as mentioned in note number 2.5 of the Audited Financial Statements. Comparative information has been reclassified wherever necessary to comply with the current presentation.

The significant accounting policies and estimates that involved a high degree of judgment and complexity were discussed with the Audit Committee and external auditors.

The estimates and judgments relating to the financial statements were made on a prudent and reasonable basis; in order that the financial statements reflect in a true and fair manner, the form and substance of transactions and that LBFL's state of affairs is reasonably presented. To ensure this, LBFL has taken proper and sufficient care in installing a system of internal control and accounting records, for safeguarding assets and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. It is confirmed that LBFL has adequate resources to continue its operations in the foreseeable future. Therefore, LBFL will continue to adopt the 'going concern' basis in preparing these financial statements.

Our internal auditor has conducted periodic audits to provide reasonable assurance that the established policies and procedures of LBFL were consistently followed. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounting.

LBFL's External Auditors, Messrs Hussain Farhad & Co., Chartered Accountants have audited the effectiveness of the LBFL's Internal Controls Over Financial Reporting.

The Financial Statements of LBFL were audited by Hussain Farhad & Co., Chartered Accountants, the independent External Auditors. Their report is given of this Annual Report. The Board Audit Committee of LBFL meets periodically with the Internal Auditors and the independent External Auditors to review the manner in which these auditors are performing their

responsibilities and to discuss issues relating to auditing, internal to ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the Board Audit Committee to discuss any matter of substance. The Board Audit Committee approves the audit and non-audit services provided by Messrs Hussain Farhad & Co., in order to ensure that the provision of such services does not impair Messrs Hussain Farhad & Co.'s independence.

We confirm that,

- ▶ LBFL and its subsidiaries have complied with all applicable laws, regulations and prudential requirements;
- ▶ There are no material non compliances;
- ▶ There are no material litigations that are pending against the Group.
- ▶ Required and adequate provision has been made for the overdue loans and advances, marketable and non-marketable shares as per the Bangladesh Bank regulation and IFRS.



Khwaja Shahriar
Managing Director & CEO



Shamim Al Mamun, FCA
Chief Financial Officer

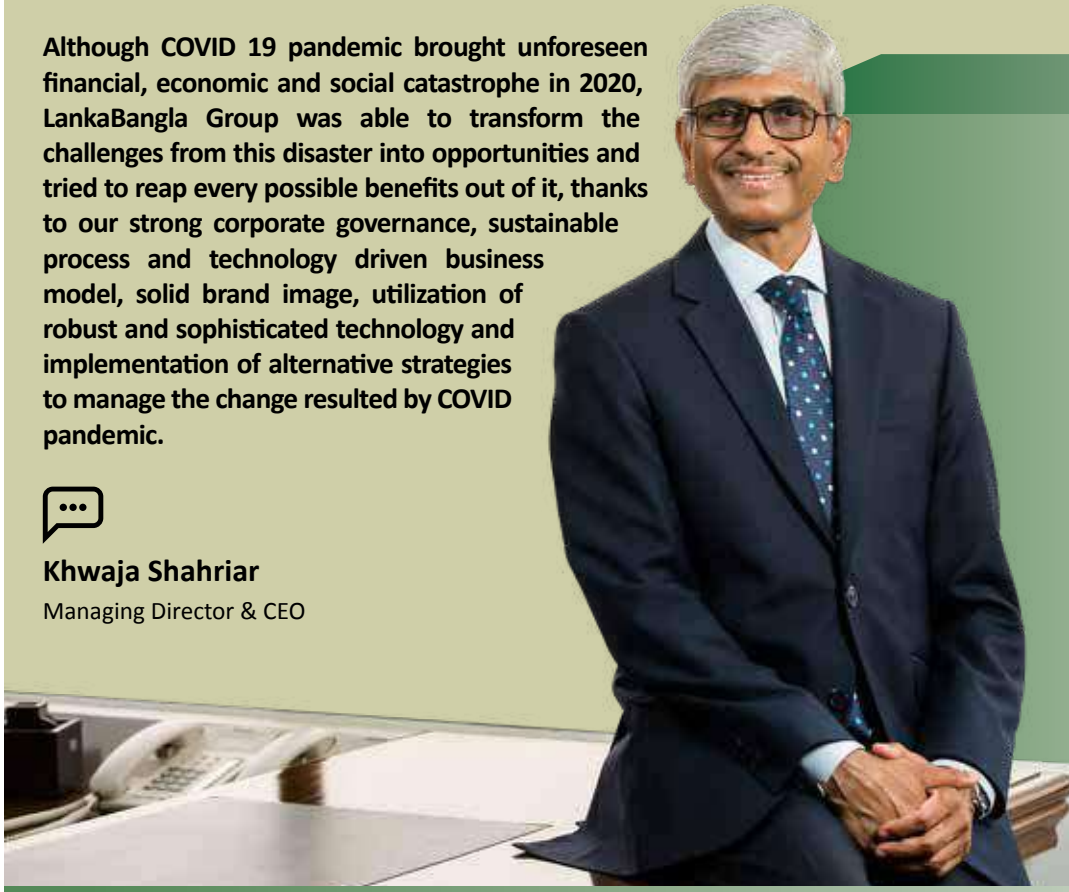
REVIEW FROM THE MANAGING DIRECTOR & CEO

Although COVID 19 pandemic brought unforeseen financial, economic and social catastrophe in 2020, LankaBangla Group was able to transform the challenges from this disaster into opportunities and tried to reap every possible benefits out of it, thanks to our strong corporate governance, sustainable process and technology driven business model, solid brand image, utilization of robust and sophisticated technology and implementation of alternative strategies to manage the change resulted by COVID pandemic.



Khwaja Shahriar

Managing Director & CEO



Dear Stakeholders,

We passed a year facing the toughest challenge in the history; unpredictable and unbelievable business and macro-economic environment with a lot of uncertainty about future economic activities caused by Covid-19 pandemic which resulted in matchless economic crisis globally in 2020, responding to which we needed to set unrivalled strategy to ensure better survival.

The economic crisis from the pandemic hit Bangladesh even before official announcement of the first infection as it started from China, which is the largest trading partner of Bangladesh, and then it spread in Europe which covers around 60% of country's export market. Nation's economy halted after general holiday was declared by the government in March 2020 after confirming maiden Covid-19 and death case. The main index of the stock market dropped drastically in the second half of March 2020 when exports hit bottom most.

In that time, the government of Bangladesh declared one of the world's largest stimulus package of BDT 120,000 crore with cooperation from multilateral banks and bilateral partners which is basically in the form of loan with subsidized interest rate. It capped bank interest rates below single digit to ensure low borrowing rate of fund. Key regulator, Bangladesh Bank, put a halt on classification status of assets for the full year of 2020. Economic recovery from Pandemic was vastly carried by farmers, expatriates, bankers when robust inflow of remittance lifted

the country's foreign exchange reserves to a new record. After sensing the situation as under control, the government withhold lockdown in June which finally proved to be a very brave step.

With all these combined efforts, uncertainty and hazardous socio-economic environment started to improve during last quarter of 2020. Combining government support programmes and regulatory support with our bit by bit analysis, strategy, devotion, Group synergy put us in a position to end the year not only as a survival year but also as another successful one.

In response to the crisis from the pandemic, we have played a timely but accurate role with precise and sensible strategy to save life, health along with financial status of our internal and external stakeholders, which includes arranging remote workspace, continuing support to customers through call centre and SMS service utilizing our strong IT backbone. We emphasized on maintenance of asset quality, continuous customer support utilizing robust and sophisticated technology. We have focused on choosing the sectors for investing with a view to utilize government stimulus packages.

Posting 93% growth of Group net profit in 2020 over 2019, keeping Group NPL at 4.4%, strengthening balance sheet with 9% growth in Group Capital Adequacy Ratio (CAR) when separate financial statements shows 12% growth in net

profit, separate NPL at 4.70%, 15% growth in separate Capital Adequacy Ratio demonstrate enormous endeavour and strategic agility of management of LankaBangla Group in dealing with unprecedented global pandemic.

Credit Rating Agency of Bangladesh (CRAB) has rated LBFL “AA3” for long term and “ST-2” for short term. Achieving SAFA Best Presented Annual Report, Integrated Reporting Award and SAARC Anniversary Award 2019, ICAB Integrated Reporting Award 2019, ICAB Corporation Governance Disclosures Award 2019, ICAB Best Presented Annual Report 2019 proved our consistent accountability to stakeholders in terms of transparency and integrity.

Year-End Highlights-2020

Covid19 Pandemic, its impact on economy, public and private sector responses to crisis, government stimulus packages, regulators’ interruptions, bulls and bears attitude of capital market wrote the whole year’s highlights for 2020.

In penultimate month of 2020, LankaBanga Finance completed issuing full value of its coupon bearing, nonconvertible, subordinated bond which increased Tier II capital and thus, strengthened the balance sheet. We have fully settled earlier issued zero coupon bond, maintained regular repayment of Foreign term loan from Islamic Corporation for the Development of the private sector (ICD) and have encashed BDT 28,241 million deposit along with settling other dues all of which reflected our strength of credit worthiness. In 2020, we have reduced bank borrowing by 20% when term deposit portfolio increased by 9% with 48% SME TDR growth from that of 2019. This shifted dependency of fund from bank borrowing to bond and term deposits which is giving strength for long term lending. In 2020 we have mobilized around 27,112 million of deposit and 42% of which came from retail deposit that signifies our depth of client base.

In pandemic situation, loan appetite reduced in the market which compelled NBFIs and Banks to combat for asset clients. In consequence, takeover of loan from NBFIs increased during the last few months of 2020, when around BDT 4,505 million loans of LBFL settled early. All these had reduced asset portfolio of LankaBangla Finance by 10% to BDT 54,709 million compared to BDT 60,663 million in 2019 when disbursement reduced by 35% to 22,007 Million in 2020 compared to that of 2019. Still we have managed to increase SME Medium business portfolio by 80% with 25% increase in its disbursement. Reduction in both asset and bank borrowing ultimately reduced Fund Under Management to BDT 134,208 million by 3.5% in 2020 compared to 2019.

After getting hit from the Pandemic, we have focused on optimization our operating cost along with ensuring regular collection. We have reviewed our space requirement both in head office and branches across the country, then reduced and where possible relocated offices, in some cases re-negotiated with existing land owner to save rental expenses. Hence, we have been able to reduce operating expenses by 13% for which value for cash approach contributed to maintain adequate profitability and liquidity of the Company, even when net interest and operating income reduced by 26% and 27% respectively in 2020 compared to 2019. Net interest income fell with the 9.8% fall of volume of loans and advances along with intense competition for rate change when rate cap was introduced.

We have run various campaigns for regularized collection which ensure maintenance of asset quality. Also we have restructured our collection and monitoring functions and held all business personnel responsible for follow up of overdue and ensure collection from overdues. There has been reduction in provision charge by 79% in 2020 compared to 2019. In the last few months after withdraw of lockdown, Capital Market turned up and thus relevant requirement of provision for diminution in value of investments reduced massively by 180% in 2020 compared to 2019.

Financial Highlights

Our stakeholders especially depositors, lending partners kept confidence on our commitment even in pandemic crisis, which is worthy as we ensured strong balance sheet and profitability. Different conditions of economy in pre and post lockdown tested our prudence, tactical agility as we needed to deal with dry and liquid industry, be tactical with bearish and bullish capital market, compete with banks and NBFIs for spread of assets, be persistent to maintain collection pace, keep asset quality and abiding to regulator.

Our standalone net profit increased to BDT 826 million in 2020 which is BDT 90 million higher than net profit of 2019 and thus, contributed to BDT 1.53 standalone EPS which was BDT 1.37 (restated) in 2019. Group EPS was BDT 1.81 in 2020 which was BDT 0.94 (restated) in 2019 with profit contribution from all of our subsidiaries.

Our endeavour reflected in the growth of returns as consolidated Return on Asset and Return on Equity was 1.18% and 10% in 2020 which was 0.59% and 5.27% in 2019 respectively. Standalone Return on Asset and Return on Equity stood to 1.06% and 8.05% in 2020 respectively which was 0.91% and 7.23% in 2019.

Separate NAV was BDT 19.48 in 2020 which was BDT 18.59 (Restated) while Consolidated NAV stood to BDT 18.73 in 2020 which was BDT 18.59 in 2019. Arduous collection strategy and regulator’s supportive rules on classification of loan enabled us to maintain group and separate NPL at 4.40% and 4.70% at the end of 2020 which was 5.20% and 5.59% respectively in 2019

Other Major Highlights are Shown Below:

Revenue

Capital market became bullish during the last two months of 2020 as volume of transaction increased, which resulted in 10% growth of the Group’s commission, exchange and brokerage income. Nevertheless, low loan appetite shrunk volume of assets which coupling with price war among competitors caused 20% reduction of group interest income which stood at BDT 8,146 million in 2020 compared to BDT 10,173 million of 2019. Overall, group revenue reduced to BDT 9,690 million which is 18% lower than 11,758 million revenues of 2019, 84% of which came from interest income, 8% from other operational income, 5% from commission brokerage and only 3% from investment.

At the Same time, standalone revenue reduced to BDT 8,277 million which is 20% lower than BDT 10,334 Million revenue of 2019.

Profitability

Central bank halt classification status of loans in 2020 to support investors after getting hit from the pandemic. With that, our strenuous collection strategy and effort improved asset quality which reduced consolidated and standalone provision charge by 79% compared to 2019. Capital market became bullish during last couple of months of 2020 which reduced provision charge for diminution in value of investments by 180% from 2019. We have sensibly exploited optimum operating capacity and reduced group operating expenses by 17% and standalone by 13% in 2020 compared to 2019. These all contributed to 93% and 12% growth in profitability of the group and the separate company respectively. Consolidated net profit after tax increased to BDT 978.52 million in 2020 whereas, standalone net profit after tax stood at BDT 825.72 million.

Portfolio

As appetite for loan reduced in the pandemic affected economy, where competition of asset clients was intense, our both consolidated and standalone asset portfolio decreased by 10% to stand at BDT 58,472 million and BDT 54,709 million respectively at the end of the year 2020 which was BDT 65,117 million and BDT 60,663 million respectively in 2019.

In standalone financials, our emerging and commercial finance under SME finance increased by 21% when total SME portfolio slightly reduced by 1% to BDT 17,678 million which was 32% of total loan portfolio. In 2020 corporate and retail portfolio reduced to BDT 16,447 million and BDT 20,584 million by 10% and 17% with contribution of 30% and 38% to total loan portfolio respectively.

Credit Quality and NPL

We have been successful in keeping our group NPL at 4.40% and standalone NPL ratio at 4.70% at the end of 2020 which was 5.20% and 5.59% respectively in 2019. Though regulator's support to halt classification status of asset clients contributed to preserve asset quality, our spirited collection strategy and determination also vastly contributed to keep collection pace and quality of assets.

Liquidity and Capital Adequacy Ratio

Capital Adequacy Ratio (CAR) for 2020 stood at 18.83% on separate basis and 18.31% on consolidated basis against 10% requirement as per BASEL II which was 16.40% and 16.75% respectively in 2019. Issuing full and final trench of subordinated bond, maintaining quality of assets along with profitability vastly contributed to improve capital base to this level.

Share Performance

Market price of our share had shown fluctuation throughout the year and during lockdown, it went down to BDT 11.8 whereas, it started the year with price of BDT 18. Finally, market price settled at BDT 31.40 in both DSE and CSE at the end of 2020 yielding annual return of 74%.

ROA

For the year 2020, our Consolidated Return on Assets (ROA) reached to 1.18% compared to 0.59% of 2019. Separate Return on Assets (ROA) improved to 1.53% compared to 0.91% of 2019.

ROE

LBFL's individual Return on Equity (ROE) was 8.05% in 2020 which was 7.23% in 2019. Consolidated Return on Equity (ROE) for the year 2020 was 10% which was 5.27% in 2019.

EPS

Consolidated Earnings per Share (EPS) for 2020 stood at BDT 1.81 compared to BDT 0.94 (restated) in 2019. Standalone Earnings per Share (EPS) for 2020 stood at BDT 1.53 compared to BDT 1.37 (restated) in 2019. 93% and 12% growth in consolidated and separate EPS respectively implies our commitment to enhance shareholders' wealth.

Fund Under Management

Due to reduced asset disbursement and bank borrowing, our Fund Under Management decreased to BDT 134,208 million in 2020 which was 139,105 million in 2019.

Activities of Subsidiaries

LankaBangla is the pioneer financial institution in Bangladesh to operate at full capacity in capital market of Bangladesh with its subsidiaries. In 2020 all three major subsidiaries of LBFL posted profit in their financials.

LankaBangla Securities Limited (LBSL) maintained its leadership in both of the exchanges (DSE & CSE) in terms of transaction value for the last 14 years and 15 years respectively. LBSL has signed OMS UAT with DSE. LBSL has leadership and advantageous position in technology and human capital. LankaBangla Securities Limited has achieved certificate for outstanding performance for being ranked 1st in terms of turnover for consecutive fifteen years from 2006 to 2020 at Dhaka Stock Exchange (DSE) & for fifteen years from 2005 to 2020 at the Chittagong Stock Exchange (CSE).

Advisory Business is experiencing an uptrend in Bangladesh. In 2020, LBIL completed IPO of Energypac Power Generation Limited for an issue size of BDT 1,500 Million under the Book-building method and Rights Offering of Pragati Life Insurance Limited for an issue size of BDT 230.27 Million. It has obtained approval from BSEC for Electronic Bidding for the IPO of Baraka Patenga Power Limited for an issue size of BDT 2,250 Million under the Book-building method. In 2020, LBIL acted as Transaction Advisor of Unilever Overseas Holdings and also acted as Transaction Advisor of Evercare Group's acquisition of STS Holdings Limited, largest foreign acquisition in the Healthcare Sector of Bangladesh. LBIL completed Issue Management Services for Zero Coupon Bond of Confidence Batteries Limited and Aamra networks Limited along with undertaking transaction advisory for loan repatriation of Julphar UAE & Nexgen Pharma FZ LLC.

In 2020 LankaBangla Asset Management Company Limited (LBAMCL) generated 29.2% and 25.0% return in LankaBangla 1st Balanced Unit Fund and LankaBangla Al-Arafah Shariah Unit Fund respectively outperforming the broad market (DSEX) return of 21.3% and it had

declared cash dividend of 15.0% in LankaBangla 1st Balanced Unit Fund for the year. Its total AUM increased by 36.2% from BDT 882 million in 2019 to BDT 1,201 million by the end of 2020. LBAMCL launched its third open end fund, "LB Gratuity Opportunities Fund" and completed formal registration of LBAMCL's fourth fund, "LB Gratuity Wealth Builder Fund", with initial fund size of BDT 100 million. It successfully optimized its operating cost to bring down operating expenses by 20.8% in 2020.

Advancement in utilization of technology

The very first response to the Pandemic was that the Company put first priority to life saving initiatives. It changed the way of operation and transited to remote working. A substantial proportion of LankaBangla's employees have been working remotely during 2020, with some consequential changes on their processes and the control environment which indicate strength of our IT environment. Alongside of using VPN Technology to work remotely & using Remote Attendance System, the Company has digitalised EZY Pay process, started Shikha Chatbot in Facebook Messenger. It is worthy to mention here that we have achieved ISO27001:2013 Certification in 2020.

Economic Outlook and Competitive Challenges for 2021

Despite the challenges faced by Covid, Bangladesh economy fared well. Biggest support came from farmers who continue to feed the country and the migrant workers who sent a record amount of remittance that made a 10.87% growth of inflow in 2020. That robust flow of remittance lifted the country's foreign exchange reserves to a record high which contributed to reduce the current account deficit, led to a surplus in the overall balance of payments. Hence, foreign exchange reserves have increased significantly. As of December, 2020 the foreign exchange reserve stood at record of USD 43.16 billion, the highest ever.

Bangladesh's GDP growth in FY2019-20 stood at 5.24 percent dodging its forecasted drop to 3.8 percent in 2020. The government debt as a percentage of the GDP rose to 39.6% in 2020, still considered low as per the international standards. All these allowed the government to spend a huge amount of money to cushion the economy. That massive stimulus package helped the economy in pandemic, still it is yet to recover fully as poverty rose to 30 percent and unemployment to 40 percent in 2020.

As investors were risk averse during the pandemic affected economy, consumers became conservative, appetite for loan decreased and market became liquid that will lead the industry to become more competitive, to engage in price war and will ultimately put pressure on margin. Sustainable source of fund and quality asset along with good service will be crucial for getting more loyal clients and to survive in the financial industry.

Meanwhile, we are expecting the government to keep supporting the economy when we are waiting to see how the second wave of the Covid-19 hits the country and the globe as well. Mass vaccination and immunization program is supposed to help the economy rebound quickly.

LBFL's Strategy in Changed Economic Scenario

LBFL is facing different sorts of challenges in the changing economic perspective in terms of maintaining margin, dealing in competitive market, maintaining asset quality, ensuring collection, interest rates & fees etc, and optimizing operating capacity.

We are focusing on stable funding arrangement like bond, foreign funding, term deposits for over 12 months to meet long term lending

requirement. Putting emphasis on arduous collection and monitoring process while choosing prudential clients as we want to keep good asset quality and maintain NPL in tolerable limit.

LBFL is seeing this pandemic as an opportunity to rethink and redesign the business in such a way that will ensure more productivity, effectiveness, efficiency and sustainability. The Company is endeavouring to transform its current business model to a fin-tech based business model and interact with customers from business sourcing to after sales service digitally as much as possible. Some of these efforts will involve adaption and exploitation of artificial intelligence, block chain technology, cloud technology, machine learning systems, digital wallet etc.

While we will invest more on technology to ensure seamless operations and customer service and to be a fin-tech based organization, cost optimization will continue to be one of our top strategies in 2021.

We plan to expand our geographical reach through successful implementation of hub and spoke model. Through this model, we will create many spokes across the country which will be served by a hub. Existing all branches will be converted either into a hub or spoke depending on the location and if needed more hubs will be created to support the spokes. This strategy will not only support huge business growth but will also help the Company to reduce cost to income ratio significantly which will ultimately increase the bottom line. Also, we will continue our well maintained relationships with all of our funding partners including banks, large corporate houses, investors of bond, foreign lender etc. to manage cash in a manner that will help the Company to avoid any liquidity shock.

Appreciations

Synergy of unswerving contributions from all of our stakeholders puts us to the path of durable growth making us even more confident in achieving long tenure sustainable and superior return. I sincerely thank the Board of Directors, members of Management Committee and all members of our staff for their contribution.

Finally, none of this would have been possible without our investors, loyal customers and all other stakeholders who have pledged their confidence constantly in the LankaBangla brand. We look forward to continue our journey towards mutual growth and prosperity and hoping that we can overcome the adverse consequences of the Covid-19 together.

Thank you!



Khwaja Shahriar
Managing Director & CEO

CFO's STATEMENT ON PERFORMANCE

Under unsurpassed pressure to manage cash requirement in a severely pandemic effected economy in 2020, where public expenditure and investment became precious few which reduced loan appetite and ultimately resulted a price war for keeping margin among competitors, we have overcome the challenges with optimizing operating expenses, arduous and relentless collection efforts, on time rearrangement of yield and interest rate, efficiently managing fund by issuing bond and mobilizing deposit exploiting fund market which became liquid after withholding lockdown by the government with support of record foreign remittance inflow and various stimulus package of the government, alongside utilizing upward trend of capital market which also befitted bullish during last couple of months of 2020, with the support of regulators moratorium on loan classification which vastly reduced provision requirement. Finally, we have managed to poster lucrative consolidated and separate profitability and EPS with 93% and 12% growth respectively from 2019, keeping strong balance sheet with 18.83% adequately surplus standalone Capital (CAR) which 242 basis point higher than 2019, diversified portfolio all of which showcased our strength to adapt rapidly changing environment thus to grab better future.



Shamim Al Mamun, FCA

Chief Financial Officer



Financial position

Capital

With the support of remittance inflow and government and regulator's cautious role, uncertainty and hazardous socio-economic environment started to be improved during last quarter of 2020 after withholding lockdown. When liquidity condition of the market alleviated LankaBangla Finance (LBFL) have completed issuing its full value of coupon bearing, nonconvertible, subordinated bond which increased Tier II Supplementary capital and thus, strengthened the balance sheet of both the Group and LBFL.

Supplementary capital also comprises of General Provision for leases and loans which was in control as we maintain asset quality with the support of regulator's moratorium of classification of loans. Further as per IFRS-9 and IAS 27 we have stated investments in subsidiaries in the Company's statement of financial position at fair value and any changes therein are recorded in revaluation reserve under equity. That contributed to growth of standalone Tier II Supplementary capital. Total supplementary capital of LBFL increased to BDT 3,066 million from BDT 2,079 Million of 2019, when supplementary capital of the Group increased to BDT 2,868 million in 2020 from BDT 2,162 million of 2019.

Group's Capital Adequacy Ratio (CAR) increased to 18.31% in 2020 from 16.75% in 2019 and LankaBangla Finance Limited (LBFL)'s CAR reached 18.83% in 2020 from 16.40% in 2019. At LankaBangla,

Capital Management policy sets out the principles and guidelines for effective and prudent capital planning, usage and management. Tier I Core Capital of LBFL Group and LBFL as at 2020 was BDT 10,037 million and BDT 9,340 million respectively. Paying 7% cash dividend poster company's liquidity strength, Group equity balance at the end of 2020 increased to BDT 10,271 million from BDT 9,655 million of 2019.

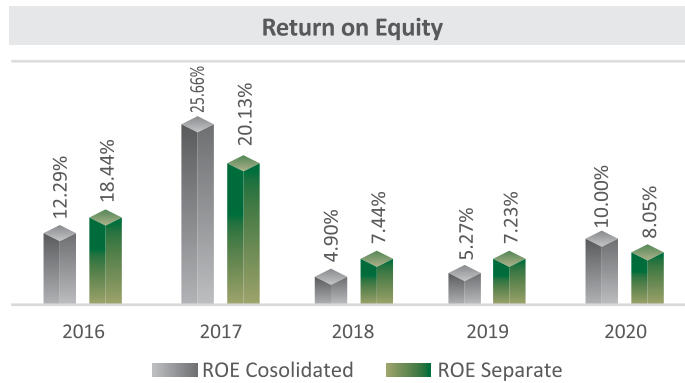
Total eligible capital of the group stood at BDT 12,905 million in 2020 which was BDT 11,583 million in last year. LBFL's total eligible capital stood BDT 12,406 million in 2020 compared to BDT 10,887 million of 2019.

Compared to 2019, our consolidated risk weighted assets increased by 2% to BDT 70,470 million in 2020 for which capital requirement of the Group also increased by 2% to BDT 7,047 million from BDT 6,915 million of 2019. In response, we not only maintained the required level of capital, but also managed a good surplus. The surplus eligible capital of the Group and the Company at the close of business on 31 December 2020 were BDT 5,858 million and BDT 5,817 million respectively.

Our strong capital base created opportunity for us to cope with mutable challenges from post COVID19 scenario in coming days.

Return on Equity:

Even amidst the pandemic, the Company's profitability increased tremendously in 2020 compared to the previous year with higher return on capital as its separate and consolidated ROE were 8.05% and 10.00% respectively, compared to 7.23% and 5.27% in 2019. The five-years cumulative consolidated average growth rate of ROE was 11.62%. The former ROE generated through the core operations of LBFL was less fluctuating in nature. Progressively with time, the balance sheet of the Company has been built in a way to reduce return volatility and diversify risk to the highest extent practicable.



Loans and Advances

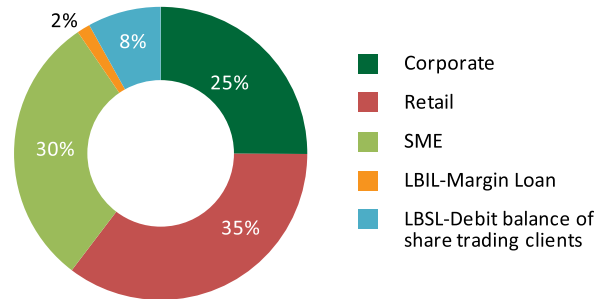
As the pandemic adversely effected the economy, it caused low private sector investment growth which declined private sector credit in 2020. As a result, Leases, Loans and Advances portfolio of the group reduced by 10.20% to BDT 58,472 Million in 2020 from BDT 65,117 Million in 2019. Our standalone asset portfolio decreased by 9.8% to stand at BDT 54,709 Million at the end of the year 2020 which was BDT 60,663 Million in 2019.

Corporate portfolio contributed 25% of total outstanding portfolio of the Group this year. For LBFL, this portfolio decreased by BDT 1,725 Million in 2020 to stand at BDT 16,447 Million, which is 9% lower than BDT 18,172 Million of 2019. Besides Term Loans LBFL offers syndicated financing arrangements, work order financing along with other short term financing to accomplish the motive of providing need based services for corporate bodies. Retail loans and advances contributed 35% of total consolidated portfolio, half of which is made up with Home Loan. Apart from these, one of the main competencies of LBFL is its Credit Card segment as it is the only NBFi to provide credit card services in the industry. Though in pandemic public consumption reduced, with various relevant offer we have keep momentum of it as yearend total Card usage stands at 9,376 Million which was only 6% lower than that of 2019. Hence, we were able to keep reduction of Credit Card portfolio to BDT 3,995 Million which is only 3% lower than BDT 124 Million of 2019. Still, consolidated retail portfolio decreased to BDT 20,592 from BDT 24,671 Million. Under SME financial services portfolio of Emerging and commercial services increased by 23% when SME portfolio decreased to BDT 17,678 Million in 2020 which is 1% lower than BDT 17,847 Million of 2019.

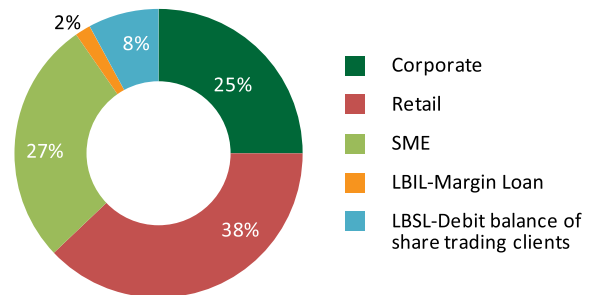
BDT Billion

Loans and Advances (Portfolio of Group)	2020	2019	Y-O-Y Growth		Contribution %	
			Amount	%	2020	2019
Corporate Financial Services	14,661	16,292	(1,632)	-10%	25%	25%

Consolidated Asset Portfolio Composition 2020



Consolidated Asset Portfolio Composition 2019



	2020	2019	Y-O-Y Change	% Change	2020 %	2019 %
Retail Financial Services	20,592	24,671	(4,079)	-17%	35%	38%
Auto Loan	2,578	3,499	(921)	-26%	4%	5%
Home Loan	10,321	12,457	(2,136)	-17%	18%	19%
Personal Loan	3,699	4,597	(898)	-20%	6%	7%
Credit Card	3,995	4,118	(124)	-3%	7%	6%
SME Financial Services	17,678	17,847	(169)	-1%	30%	27%
LBIL- Margin loan to share trading clients	843	1,144	(301)	-26%	1%	2%
LBSL- Debit balance of share trading clients	4,698	5,162	(464)	-9%	8%	8%
Total portfolio	58,472	65,117	(6,645)	-10.20%	100%	100%

Funding and Liquidity

The year started with liquidity crisis which became severe in mid-2020 when the Government imposed lockdown for Covid19 Pandemic, market became dry, financial sector struggled to maintain loan collection pace, asset quality fell down, in consequence LankaBangla Finance and the Group face unsurpassed pressure to manage its cash requirement. The situation became optimistic as the lockdown lifted after June 2020.

Issuing final and full trench of subordinated bond in penultimate months of the year, mobilizing decent amount of deposit, especially personal deposit, maintaining collaboration with financial partners LBFL has shown its strength to meet liquidity requirement. We have kept committed relationships with other banks and financial institutions that helps us to manage various mixed borrowings.

We have fully paid our standalone zero coupon bond and significantly reduced bank over draft at the end of 2020 while dependency on call

loan increased by 56%. Our year end consolidated treasury borrowings balance stood at BDT 14,816 Million out of which BDT 8,540 Million were unsecured. Overall treasury Borrowings decreased by 21% in 2020 compared to that of 2019. Non-convertible subordinate bond balance of BDT 2,201 million was included in the balance of bank borrowing which helped to strengthen our Capital Adequacy ratio by providing support as Tier II Capital as we mentioned earlier. We have managed BDT 234 million yearend balance of Government Treasury Bill Bond. We will keep focusing on these sort of alternative sources of fund.

Due to high attrition rate of corporate and Institutional deposit, LankaBangla Finance Ltd. focused and successfully increased its Retail and SME deposit base. Portfolio of Corporate and Bank & FI TDR decreased by a total of BDT 2,623 Million in 2020 compared to the previous year. When portfolio of Retail and SME TDR increased by a total of BDT 3,300 Million as we have focused on these particular segments. Retail and SME deposit grew by 9% and 48% respectively during this period. SME TDR was introduced in 2017, which contributed 7% of total borrowing in 2020 compared to 6% in 2019. Overall, Term Deposits increased 1% in 2020 to BDT 47,428 million from BDT 46,751 million in 2019. As a whole, TDR contributed 76% of total borrowing portfolio while bank borrowings' contribution was 24% in total consolidated liability portfolio. After overcoming economic shock from the Pandemic in 2020, we have been able to maintain our LBFL's liquidity position well in excess of prudential liquidity requirements.

BDT Billion

Deposit and Borrowings	2020	2019	Y-O-Y Growth		Contribution %	
			Amount	%	2020	2019
Term Deposit	46,947	46,751	196	0%	76.0%	71.5%
Corporate TDR	12,318	12,809	(491)	-4%	19.9%	19.6%
Retail TDR	24,211	22,260	1,950	9%	39.2%	34.0%
SME TDR	4,141	2,792	1,350	48%	6.7%	4.3%
Bank & FI	6,277	8,890	(2,613)	-29%	10.2%	13.6%
Bank Borrowing	14,816	18,672	(3,856)	-22%	24.0%	28.5%
Bank overdraft	525	1,577	(1,052)	-67%	0.9%	2.4%
Long term loan	4,611	6,026	(1,415)	-23%	7.5%	9.2%
Inter Bank REPO against Treasury Bills	200	-	200	-	0.3%	0.0%
Bangladesh Bank REPO against Treasury Bonds	34	-	34	-	0.1%	0.0%
Call loans	1,170	750	420	56%	1.9%	1.1%
Short term borrowings	4,769	6,661	(1,891)	-28%	7.7%	10.2%
Zero Coupon Bond	105	389	(284)	-73%	0.2%	0.6%
Subordinate Bond	2,201	1,533	667	44%	3.6%	2.3%
Foreign term loan - ICD	893	1,361	(468)	0%	1.4%	2.1%
Lease	308	374	(66)	-	0.5%	0.6%
Total Deposit and Borrowings	61,763	65,423	(3,660)	-5.22%	100%	100%

Financial Performance

Profitability Position:

As the effect of Pandemic affected economy, volume of asset portfolio reduced when the Group needed to deal extreme competition for

margin and to face challenges for keeping collection pace and maintain asset quality. Optimization of operating expenses, maintenance of asset quality by relentless collection efforts and support from regulators moratorium along with bullish capital market vastly contributed to lucrative end result as it reduces charge for provision of loans and advance and for Provision for diminution in value of investments. Utilizing up trend of capital market, our all their major subsidiaries dealing with market report profit in their individual financial for the year ended 2020.

Consolidated and separate net profit before tax was BDT 1,178 Million and BDT 918 Million in 2020 compared to BDT 725 million and BDT 856 million respectively in 2019. Consolidated and separate net profits after tax were BDT 979 Million and BDT 826 Million in 2020 compared to BDT 508 Million and BDT 736 Million respectively in 2019 which indicates a sharp rise by 93% and 12% during this period.

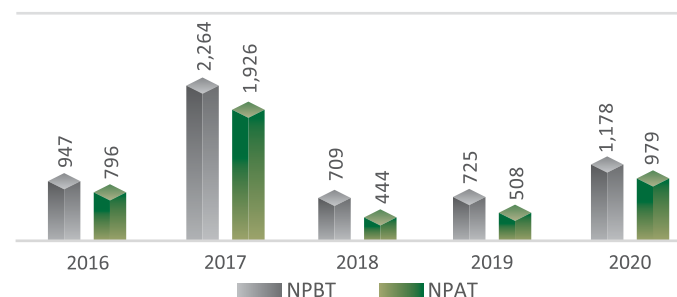
BDT Billion

Group	BDT in million		Y-O-Y Growth	
	2020	2019	Amount	%
Net profit before tax	1,178	725	454	63%
Net profit after tax	979	508	470	93%
LBFL	BDT in million		Y-O-Y Growth	
Year	2020	2019	Amount	%
Net profit before tax	918	856	62	7%
Net profit after tax	826	736	90	12%

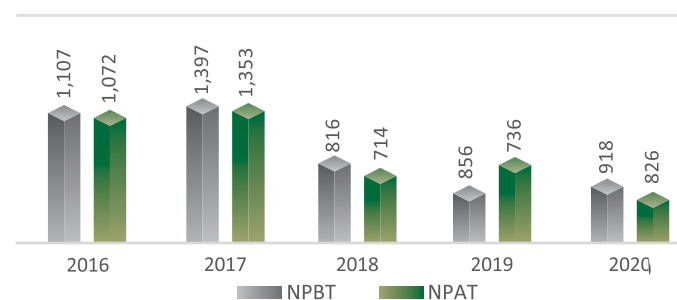
BDT Billion

Group	BDT in million		Y-O-Y Growth	
	2020	2019	Amount	%
Net interest income	2,174	2,897	(723)	-25%
LBFL	BDT in million		Y-O-Y Growth	
Year	2020	2019	Amount	%
Net interest income	1,914	2,581	(667)	-26%

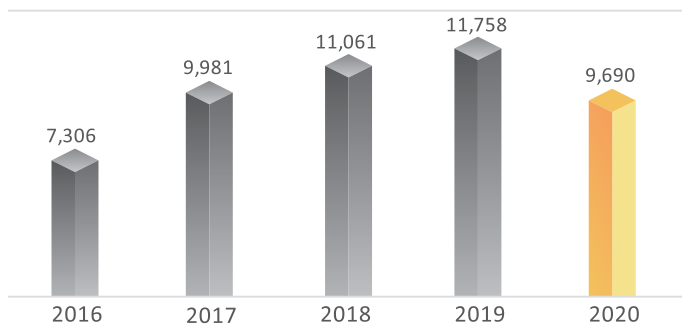
GROUP'S PROFITABILITY



LBFL'S PROFITABILITY



CONSOLIDATED GROSS REVENUE



As volume of asset reduced, competition for margin increased, capital market showed down trend for most of the part of the year and was halted during the lockdown, our group revenue decreased by 16% to BDT 9,690 million which was BDT 11,758 million in the previous year. Also, revenue of Core Financing Business decreased by 17% in 2020. Still, as transaction volume increase during last couple of months in both stock market revenues from Commission, exchange and brokerage income increased by 10% in 2020 from 2019.

BDT Billion

Gross Revenue	2020	2019	Y-O-Y Growth		Contribution %	
			Amount	%	2020	2019
Corporate	2,463	3,024	(561)	-19%	25%	26%
Retail	4,070	4,821	(751)	-16%	42%	41%
SME	1,143	1,446	(303)	-21%	12%	12%
Core Lending Business Segments	7,676	9,292	(1,616)	-17%	79%	79%
Treasury	584	582	1	0.2%	6%	5%
LankaBangla Securities	1,276	1,531	(255)	-17%	13%	13%
LankaBangla Investments	139	114	25	21%	1%	1%
LankaBangla Asset management	14	27	(12)	-46%	0%	0%
Segment Total	2,013	2,228	(242)	-11%	21%	19%
Total Group Revenue	9,690	11,758	(1,857)	-16%	100%	100%

Retail segment contributed 42% revenue to the group in 2020 which is the highest contribution compared to that of other segments. In this segment, LBFL is the aspiring market leader in the industry. Even in the extreme competitive and tight interest rate regime, retail segment nearly generated BDT 4,070 million revenue in the year 2020. Besides, our continuous focus on SME business segment has been a key strategic area although revenue of Retail and SME segment decreased by 17% together in 2020.

In 2020, although capital market's turn back of the market contributed to significant reduction of provision for diminution in value of investments, realized revenue from treasury operations was not hiking in 2020 which increased by only 0.24%.

Same time, LBSL's revenue decreased by 17% from BDT 1,531 million in 2019 to BDT 1,276 million in 2020. Whereas, LBIL's revenue increased by 21% from BDT 114 million to BDT 139 million during the same period.

Being the Market Leader for many years LBSL is to be cautious as to its strategy as it is expecting to face severe pressure in present and post

COVID19 pandemic economy. LBAMCL experienced a 46% reduction in its gross revenue in 2020.

BDT Billion

Elements	Gross Revenue		Y-O-Y Growth		Contribution	
	2020	2019	Amount	%	2020	2019
Interest income	8,146	10,171	(2,027)	-20%	84%	87%
Income from investment	316	341	(25)	-7%	3%	3%
Commission and brokerage income	496	453	43	10%	5%	4%
Other operational income	732	791	(60)	-8%	8%	7%
Total Revenue	9,690	11,758	(2,068)	-18%	100%	100%

In 2020, Interest income contributed 84% in total revenue whereas, investment income, commission & brokerage income and other income contributed 3%, 5% and 8% respectively. Commission and brokerage income experienced a rise of 10% in 2020 compared to 2019 due to increase in volume of transaction in the capital market during last couples of month.

Interest Income

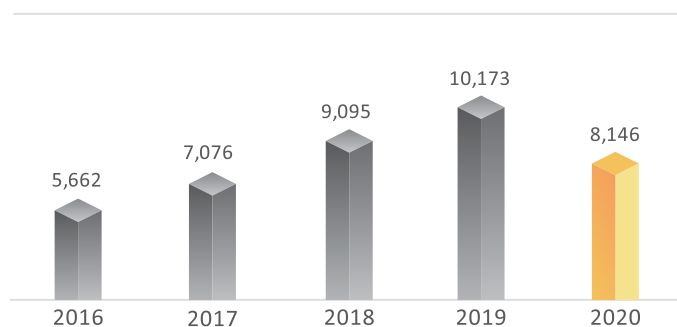
Interest income is the core component of revenue for LBFL group. In 2020, interest income decreased by 20% to BDT 8,146 million from BDT 10,173 million of 2019 as loan portfolio of the Group also reduced by 10.20% during the same period. Interest suspense requirement for margin loan remained unchanged in 2020 from the previous year. However, interest suspense balance for the Group increased by 6% and for LBFL by 7% at the end of the year 2020.

BDT Billion

Interest income	2020	2019	Y-O-Y Growth		Contribution %	
			Amount	%	2020	2019
Corporate	2,450	3,010	(560)	-19%	30%	30%
Retail	3,592	4,304	(712)	-17%	44%	42%
SME	1,105	1,407	(302)	-21%	14%	14%
Core Lending Business Segments	7,147	8,721	(1,574)	-18%	88%	86%
Treasury	546	670	(125)	-19%	7%	7%
Margin loan	54	54	0.5	1%	1%	1%
Debit balane of share clients	400	728	(328)	-45%	5%	7%
Total Interest Income	8,146	10,173	(2,026)	-20%	100%	100%

Interest income from Retail and SME segments decreased by 17% and 21% in the FY of 2020 to contribute a total of BDT 4,696 million interest income. Still we will follow the strategy of giving more emphasis on Retail and SME finance division which was one of the major strategies following from the year 2016.

CONSOLIDATED INTEREST INCOME (BDT MILLION)



Interest Expenses

As treasury borrowings reduced 20% with significant bank and corporate deposit portfolio reduction, and overall cost of fund faced reduced trend after withholding lockdown in the market. In 2020, consolidated interest expenses decreased by 18% to BDT 5,963 million from BDT 7,276 million of 2019.

BDT Billion

Interest Expenses	2020	2019	Y-O-Y Growth		Contribution %	
			Amount	%	2020	2019
Term deposits	4,550	5,302	(752)	-14%	76%	73%
Term loan-commercial bank	431	595	(164)	-28%	7%	8%
Zero Coupon Bond	15	35	(19)	-56%	0%	0%
Short term loan	331	521	(190)	-36%	6%	7%
Bank overdraft	112	168	(56)	-34%	2%	2%
Call loan	24	29	(5)	-17%	0%	0%
Term loan-Bangladesh Bank	79	74	5	6%	1%	1%
Subordinate bond	167	181	(16)	-9%	2.80%	3%
Lease liability	31	45	(14)	-32%	0.52%	1%
Syndicated term loan	152	209	(57)	-27%	2.55%	3%
Foreign term loan-ICD	71	114	(43)	-37%	1.20%	2%
Total Interest Expenses	5,963	7,276	(1,312)	-18%	100%	100%

Investment Income

Capital market which was halted during lockdown also turned back and became bullish during last couple of months. DSE General Index increased by 21.31% with major contribution from Engineering, Telecommunication and Power sector at the end of 2020, rising from 4,453 to 5,402 points. Further, DSE's turnover increased by 18.57% during the year 2020 which was 52.75% lower at the end of the first half of the year compared to first half of 2019. That up turns increased brokerage and commission income and reduce provision requirement for diminution of investment but did not increase realized investment income.

Group investment income experienced a reduction of 7% to stand at BDT 316 million compared to BDT 341 million of 2019. Out of investment income, income from investment in share reduced by 32% in 2020 than the previous year. Also, group dividend income reduced by 14% this year. Meanwhile, LBFL's investment income faced a severe reduction in 2020 by BDT 225 million to stand at BDT 115 million which is 66% lower than that of last year. Also, individual dividend income decreased by 80% to BDT 35 million in this year from BDT 170 million as we did not receive any dividend this year in contrast to the previous year, when we obtained BDT 122 million in dividends from subsidiaries. Provision charged for diminution in value of investment was reversed by BDT 141 million for the Group, when the charge was BDT 182 million in 2019, which ultimately reduced the provision by BDT 322 million in 2020. Moreover, there has been no income from commercial paper in this year which was BDT 17 million in 2019.

Income from investment	2020	2019	Y-O-Y Growth		Contribution %	
			Amount	%	2020	2019
Income from investment in share	112	165	(53)	-32%	36%	48%
Dividend income	103	120	(16)	-14%	33%	35%
Commercial paper	-	17	(17)	-100%	0%	5%
Treasury Bills	24	-	-	-	8%	0%
Treasury Bonds	1	-	-	-	0.4%	0%
Subordinated bond	68	36	32	-	22%	11%
Perpetual Bond	0.3	-	-	-	0.1%	0%
Discretionary corporate fund-LBAMCOL maximizer	6	3	3.00	-	2%	1%
Total Investment Income	316	341	(25)	-7%	100%	100%

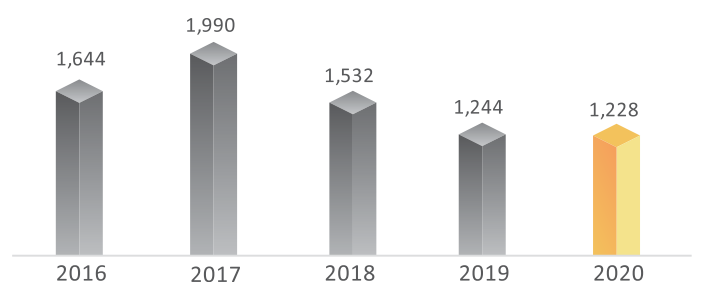
Non-Interest Revenue (NIR)

Non-Interest Revenue (NIR) decreased by 1% to BDT 1,228 million in 2020 from BDT 1,244 million of 2019. Brokerage income increased by 10% and issue management fees increased significantly by 124% during the year compared to 2019. Fees and documentations income decreased by 11% in 2020 to BDT 277 million from BDT 313 million in 2019 due to decrease in disbursement of leases, loans and advances in 2020. Membership fee and other income from Credit cards decreased by 7% to BDT 235 million in 2020 from BDT 252 million in 2019. Also, Other income reduced by 12% during the same period.

BDT Billion

Non-Interest Revenue	2020	2019	Y-O-Y Growth		Contribution %	
			Amount	%	2020	2019
Commission, exchange and brokerage income	496	453	43	10%	40%	36%
Portfolio and issue management fees	33	15	18	124%	3%	1%
Fees and documentations income	277	313	(36)	-11%	23%	25%
Membership and other Credit Card income	235	252	(17)	-7%	19%	20%
Other income	186	212	(25)	-12%	15%	17%
Total Non-Interest Revenue	1,228	1,244	(16)	-1%	100%	100%

CONSOLIDATED NON INTEREST REVENUE (NIR) (BDT MILLION)



Operating Expenses

The Group prudently optimized its operating expenses by resizing and relocating office spaces, negotiating with land lord and by restructuring and re-strengthening human capital along with other inimitable initiatives. Hence, the Company was successful in reducing its operating expenses significantly by 17.5% during this pandemic-stricken year of 2020. Group's salary and allowances decreased by 15% whereas LBFL's salary and allowance reduced by 9% in 2020 compared to previous year.

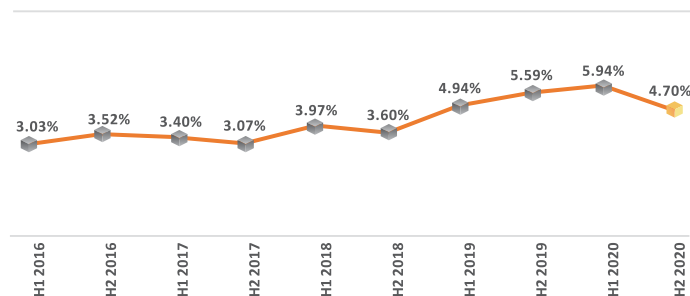
BDT Billion

Operating Expenses	2020	2019	Y-O-Y Growth		Contribution %	
			Amount	%	2020	2019
Salary and allowances	1,275	1,505	(229)	-15%	54%	52%
Rent, taxes, insurance, electricity etc.	42	64	(22)	-34%	2%	2%
Legal and professional fees	31	39	(8)	-20%	1%	1%
Postage, stamp, telecommunication etc.	23	29	(5)	-19%	1%	1%
Stationery, printing, advertisement	32	48	(16)	-34%	1%	2%
Repairs, maintenance and depreciation	391	417	(22)	-5%	16%	14%
Other expenses	575	756	(182)	-24%	24%	26%
Total Operating Expenses	2,369	2,873	(503)	-18%	100%	100%

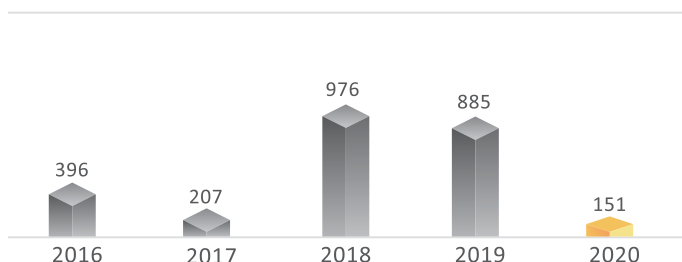
NPL and Provision Charges on Loans and Investments

We have implemented some creative efforts to keep pace of collection so as to maintain asset quality when Central Bank's moratorium on classification of loans to support investors and borrowers vastly helped to hold asset quality and to reduce provision charge for loans and advances. In consequence, LBFL's NPL decreased from 5.59% in 2019 to 4.70% at the end of 2020. Provision charges for leases, loans and advances for the year 2020 was BDT 121 million which was BDT 587 million in 2019, when Group's provision charges was BDT 151 million in 2020. In Group's financial statements, provision for margin loan was BDT 169 million whereas, provision for investment was reversed by BDT 141 million in 2020.

LBFL NPL %



CONSOLIDATED CHARGES ON LOANS AND INVESTMENTS (BDT MILLION)



LBFL's Performance in the Industry

Devastating impact of the Covid-19 pandemic in 2020 aggravated thwarting situation prevailing in last couple of years for the financial industry which edgily affected the performance of the financial institutions during the year, severely in mid of the year. Hence, the industry experienced weak

results in terms of various performance measures compared to previous year, still our company most of the cases outperform the industry.

Total Asset

From the year 2016 to 2020, Asset base of NBF Industry grew at a Cumulative Average Growth Rate (CAGR) of 4.84%. During the same period, LBFL's asset base grew at a CAGR of 7.45%. Out of 33 NBFIs LankaBangla holds 8.91% market share in terms of Total Assets which was 9.09% in 2019.

Total Deposit

Total Deposit of NBF Industry mainly sourced through Term Deposits is 57% of total liability. LBFL maintains a well-diversified term deposit portfolio with a good number of products depending on depositors' preference. CAGR of 4.33% against industry CAGR-of 3.76% over the last five years describes the depositors' confidence in LBFL. LBFL managed to maintain around 11% market share of total deposit market keeping consistency with last year.

Leases, Loans and Advances

LBFL offers well-diversified and need-based loan products for its valuable clients. In case of growth in leases, loans and advances portfolio LBFL outperformed Industry in the last five years. From 2016 to 2020 NBF Industry grew at a CAGR of 6.05 and in comparison LBFL's CAGR was 4.01% for the same duration. LBFL's market share for leases, loans and advances stood to 8.15% by the end of 2020.

Asset Quality

Maintaining the soundness of the asset quality is one of the major strategic priorities of LBFL. As at the end of 2020, LBFL's stand-alone NPL ratio placed at 4.70% against the Industry figure of 10.8%. By the end of 2020 LBFL holds only 3.55% of the total non-performing assets of the industry, whereas it holds 8.15% of the total loan portfolio of the Industry.

Return on Asset (ROA)

LBFL's ROA for the year 2020 was 1.06% compared to Industry's ROA 0.4%. LankaBangla's consolidated ROA for the year 2020 was 1.18%.

Return on Equity (ROE)

LBFL's ROE for 2020 was 8.05% against the Industry ROE of 3.3%. LankaBangla's consolidated ROE for 2020 was 10%.

Overall, LankaBangla Finance Limited (LBFL) achieved good results in core financing business in 2020. Consolidated Net Interest Income decreased by 25% in 2020 whereas, standalone Net Interest Income (NII) reduced by 26% during the same period.

Even amidst this pandemic year, the main performance indicator, our profitability increased massively by 93% for the Group and by 12% for the Company in 2020 compared to the previous year. Consolidated Earnings per Share (EPS) have increased from BDT 0.94 in 2019 to BDT 1.81 in this year and also, LBFL's Earning per Share stood at BDT 1.53 compared to BDT 1.37 per share of 2019. Net Asset Value (NAV) per share of Group and the Company stood at BDT 18.73 and BDT 19.48 which were BDT 17.60 and BDT 18.59 in 2019 respectively. The Net Operating Cash Flows per share (NOCFPS) increased significantly in 2020 for Group and Company, standing at BDT 15.79 and BDT 13.56 which were negative in the previous year, BDT 2.53 and BDT 2.55 respectively.

To support the sustain and prudent growing plan in the coming days, we will focus more on Retail Deposits, which are sticky in nature, and other funding arrangements like Foreign Funds and Subordinated Bonds along with maintain trustworthy relation with other financial institutions.

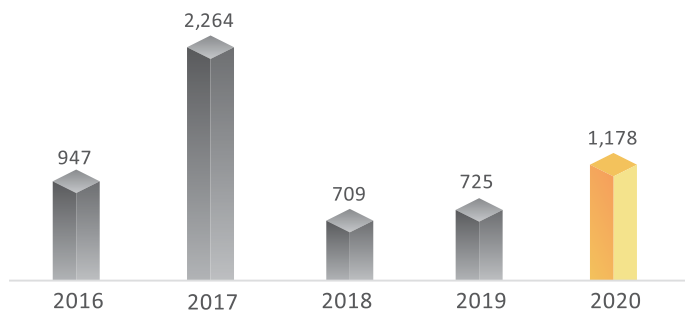
FINANCIAL HIGHLIGHTS OF LANKABANGLA GROUP

All figures in BDT million except (%)

Financial Position	2016	2017	2018	2019	2020	Growth of 2020 over 2019	5 Year CAGR (%)/ Average* 2020
Total Assets	63,935	85,443	87,889	84,363	81,835	-3.00%	6.37%
Total Liabilities	57,164	77,014	77,954	74,708	71,564	-4.21%	5.78%
Business Disbursement	45,539	56,726	38,754	33,666	22,007	-34.63%	-16.62%
Property Plant and Equipment	1,430	1,803	2,406	2,861	2,777	-2.93%	18.06%
Current Assets	33,088	35,318	44,980	58,403	61,658	5.57%	16.84%
Current Liabilities	29,043	31,959	41,741	56,368	54,511	-3.29%	17.05%
Net current assets	4,045	3,359	3,239	2,035	7,147	251.15%	15.29%
Non Current Assets	30,847	50,124	42,909	25,960	20,178	-22.27%	-10.07%
Long Term Liabilities	28,121	45,055	36,213	18,340	17,053	-7.02%	-11.75%
Loans and Advances	51,244	66,544	68,676	65,117	58,472	-10.20%	3.35%
Term Deposits	40,033	51,553	53,231	46,751	46,947	0.42%	4.06%
Total Investment Portfolio	60,595	80,800	81,946	78,642	76,249	-3.04%	5.91%
Operational Performance							
Operating Revenue	7,306	9,981	11,061	11,758	9,690	-17.59%	7.32%
Operating Expenses	1,999	2,671	2,770	2,873	2,388	-16.86%	4.55%
Financial Expenses	3,964	4,839	6,606	7,275	5,972	-17.91%	10.79%
Non Interest Revenue	1,644	2,905	1,966	1,585	1,543	-2.62%	-1.57%
Net Profit Before Tax	947	2,264	709	725	1,178	62.58%	5.62%
Net Profit After Tax	796	1,926	444	508	979	92.54%	5.31%
EBITDA	5,008	7,256	7,315	8,363	7,484	-10.51%	10.56%
Turnover of Share Trading by LBSL	166,902	363,646	235,595	147,526	158,882	7.70%	-1.22%
Financial Ratios							
Gross Profit Ratio	54.26%	48.48%	59.72%	61.88%	61.63%	-0.40%	57.20%
Operating Profit Ratio	18.37%	24.76%	15.24%	13.69%	13.72%	0.22%	17.15%
Return on Capital Employed	1.55%	2.83%	0.56%	0.66%	1.33%	102.32%	1.39%
Cash reserve ratio/ liquidity asset ratio (Required 2.5%)	2.52%	2.92%	2.57%	2.57%	1.59%	-38.05%	2.44%
Statutory Liquidity Reserve (Required 5%)	5.08%	5.10%	5.03%	5.04%	5.05%	0.25%	5.06%
Capital Adequacy Ratio	12.45%	11.95%	16.18%	16.75%	18.31%	9.31%	15.13%
Gross Non performing assets to gross advances/Non performing loans (assets) to total loans (assets)	3.22%	2.85%	3.35%	5.20%	4.40%	-15.48%	3.80%
Cost to Income Ratio	59.83%	51.95%	62.17%	64.09%	64.24%	0.24%	60.46%
Current Ratio	1.14	1.11	1.08	1.04	1.13	9.17%	1.10
Debt Equity Ratio	7.61	8.42	7.07	6.90	6.12	-11.32%	7.23
Financial Expense Coverage Ratio	1.34	1.51	1.26	1.22	1.22	0.11%	1.31
Return on Equity (%)	12.29%	25.66%	4.90%	5.27%	10.00%	89.87%	11.62%
Return on Assets (%)	1.39%	2.58%	0.51%	0.59%	1.18%	99.55%	1.25%
Equity Parameters							
Authorized Capital	3,000	10,000	10,000	10,000	10,000	0.00%	35.12%
Paid-up Capital	2,767	3,183	5,132	5,132	5,388	5.00%	18.13%
Shareholders' Equity	6,687	8,327	9,823	9,482	10,094	6.45%	10.85%
No. of Share Outstanding	277	318	513	513	539	5.00%	18.13%
Net Asset Value (NAV) Per Share*	12.41	15.45	18.23	17.60	18.73	6.45%	10.85%
Earnings Per Share (EPS)*	1.48	3.52	0.81	0.94	1.81	93.32%	5.19%
Market Price Per Share (Closing)	34.80	47.80	22.90	18.00	31.40	74.44%	-2.54%
Price Earnings Ratio (Times) *	13.92	11.53	26.81	19.25	17.37	-9.76%	5.69%
Dividend Payment (C- cash & B- bonus)	15% B	7.5% B	-	5% B	-	-	-
	15% C	7.5% C	15% C	7% C	12% C	-	-
Profit Per Employee (mn)	0.84	1.60	0.37	0.57	1.10	92.54%	7.05%
Credit Ratings							
	Long Term	AA3	AA3	AA3	AA3	AA3	AA3
	Short Term	ST-2	ST-2	ST-2	ST-2	ST-2	ST-2

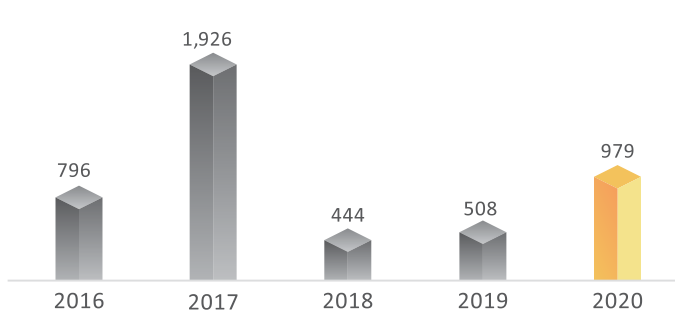
*restated

Net Profit Before Tax



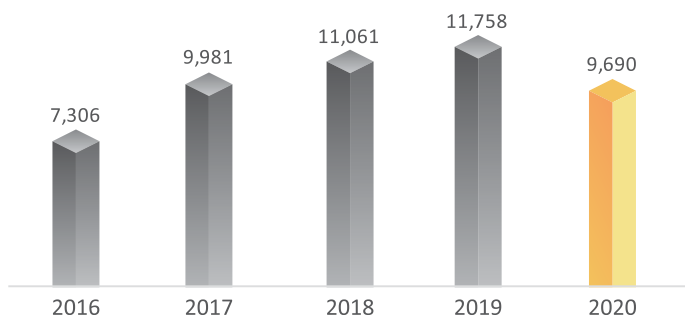
Net Profit before Tax (NPBT) increased by 62.58% in 2020 compared to 2019. This has been able due to maintaining good quality assets, deferral of loan classification by regulators and capital market got it pace during last couples of month of 2020.

Net Profit After Tax



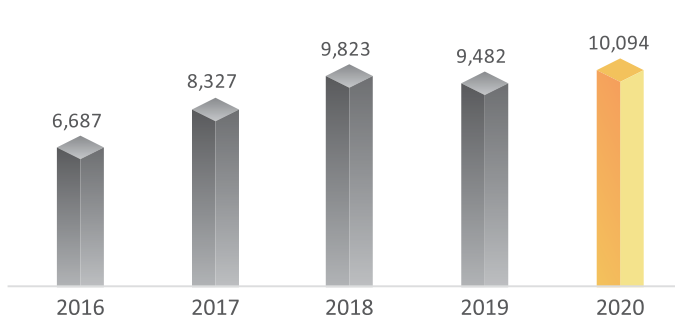
Net Profit after Tax (NPAT) increased by 92.54% in 2020 compared to 2019. This has been able due to maintaining good quality assets, deferral of loan classification by regulators and capital market got it pace during last couples of month of 2020.

Operating Revenue



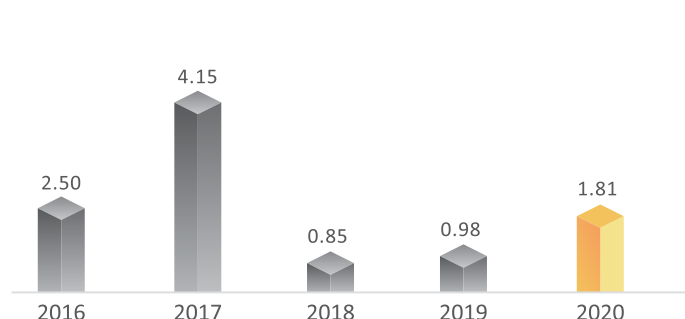
Operating Revenue has been decreased in 2020. Operating revenue decreased by 17.59% in 2020 compared to 2019 maintaining an average 7.32% over the five-year period. Operating revenue has declined because of decline of investment portfolio.

Shareholder`s Equity



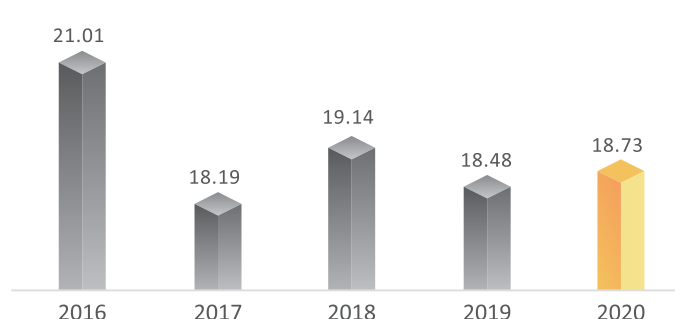
Shareholders' Equity slightly increased by 6.45% in 2020 to reach BDT 10,094 million. Current year's profit contributes to increase shareholders' equity.

Earnings Per Share (EPS)



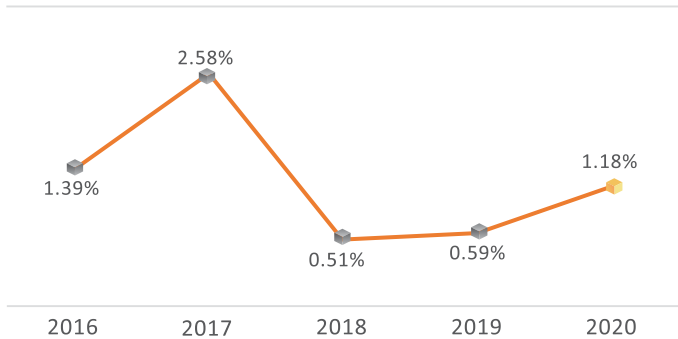
EPS increased by 93.32% in 2020. This has been able due to maintaining good quality assets, deferral of loan classification by regulators and capital market got it pace during last couples of month of 2020.

Net Asset Value (NAV) Per Share



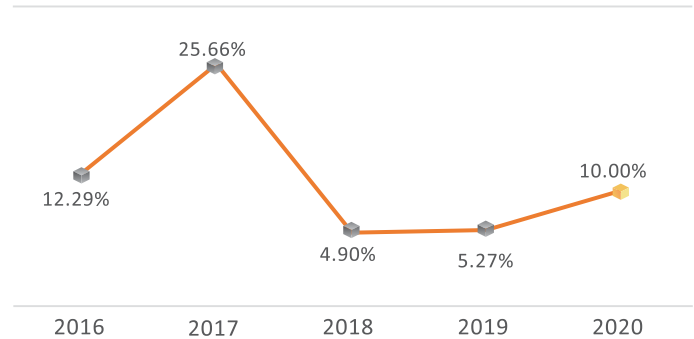
NAV increased to 18.73 in 2020 from 18.48 in 2019. Increase in net profit after tax (NPAT) has contributed to increase NAV.

Return on Assets (%)



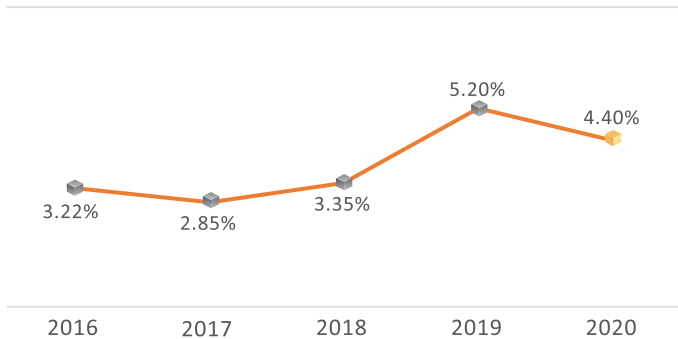
Return on Assets (ROA) also registered a increase in 2020 by 0.59 percentage points due to increase in net profit after tax (NPAT) during the year.

Return on Equity (%)



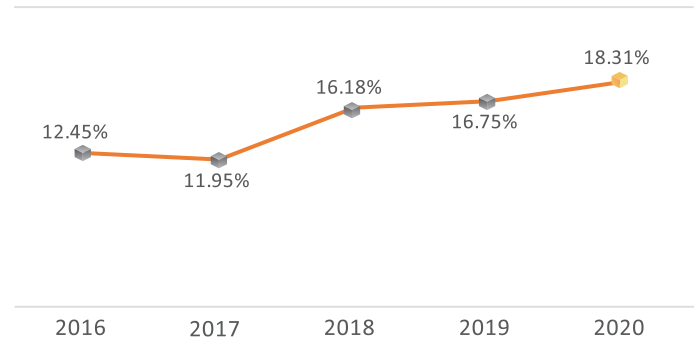
Return on Equity (ROE) increased in 2020 due to increase in Net Profit after Tax during the year compared to ROE 5.27% in 2019.

NPL Ratio



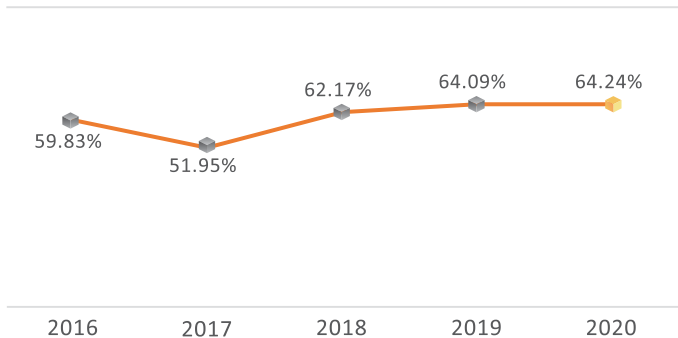
Though NPL decreased by 0.81 percentage points compared to 2019, effective and continuous effort has been deployed to manage the credit risks exposed by the Company for a resultant risk management in the future.

Capital Adequacy Ratio



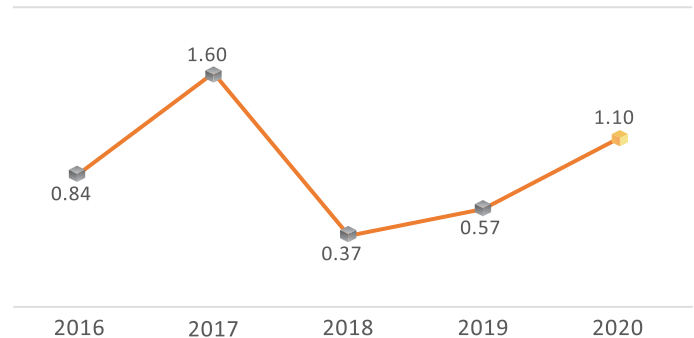
The CAR has rose to 18.31% in 2020 compared to 16.75% in 2019. This is well above the Bangladesh Bank requirement of 10%. The Company always endeavors to keep more than adequate capital in order to be compliant and risk free. Continuous monitoring of capital adequacy is undertaken.

Cost/Income Ratio



Costs to income ratio increased in 2020 by 0.24 percentage points due to decrease in operating expenses during the year while the operating income increase in 2019.

Profit Per Employee (mn)



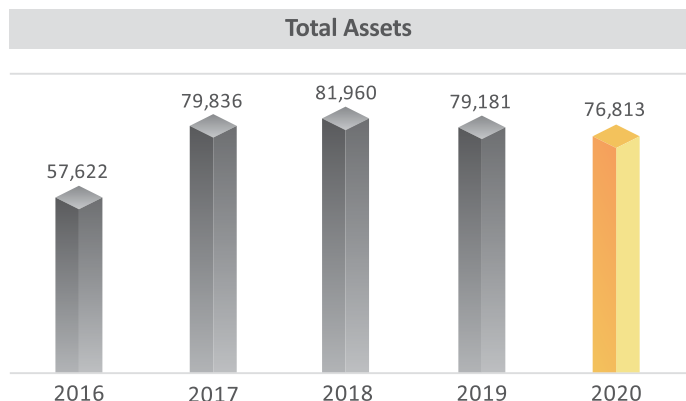
Profit per employee increased in 2020 from 2019 due to increase in net profit after tax (NPAT) compared to 2019.

FINANCIAL HIGHLIGHTS OF LANKABANGLA FINANCE LIMITED

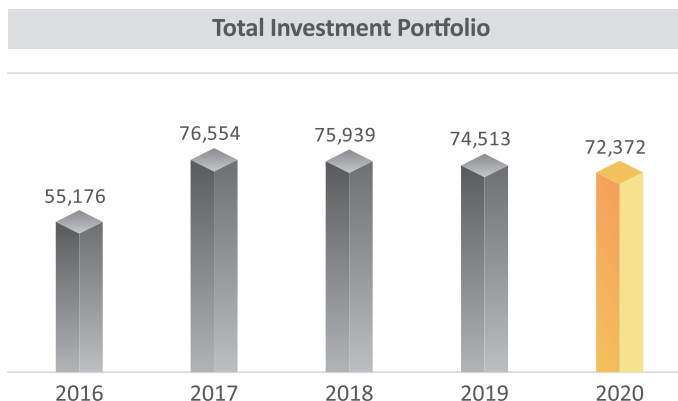
All figures in BDT million except (%)

Financial Position	2016	2017	2018	2019	2020	Growth of 2020 over 2019	5 Year CAGR (%)/ Average 2020
Total Assets	57,622	79,836	81,960	79,181	76,813	-2.99%	7.45%
Total Liabilities	51,453	70,980	71,623	69,163	66,317	-4.12%	6.55%
Business Disbursement	45,539	56,726	38,754	33,666	22,007	-34.63%	-16.62%
Property Plant and Equipment	999	1,114	1,358	1,762	1,718	-2.52%	14.52%
Deposits	40,033	51,553	53,252	46,751	47,428	1.45%	4.33%
Total Investment Portfolio	55,176	76,554	75,939	74,513	72,372	-2.87%	7.02%
Operational Performance							
Operating Revenue	5,997	7,819	9,233	10,334	8,277	-19.91%	8.39%
Operating Expenses	1,248	1,634	1,750	1,897	1,646	-13.24%	7.16%
Financial Expenses	3,565	4,542	6,190	6,841	5,714	-16.47%	12.52%
Net Profit Before Tax	1,107	1,397	816	856	918	7.18%	-4.58%
Net Profit After Tax	1,072	1,353	714	736	826	12.19%	-6.32%
EBITDA	4,737	6,048	7,129	7,971	7,957	-0.18%	13.85%
Financial Ratios							
Gross Profit Ratio	40.55%	41.91%	32.96%	33.80%	30.96%	-8.40%	36.04%
Operating Profit Ratio	19.73%	21.01%	14.01%	15.44%	11.07%	-28.29%	16.25%
Return on Capital Employed	2.22%	2.10%	0.96%	0.99%	1.16%	16.78%	1.49%
Capital Adequacy Ratio	13.23%	12.05%	15.49%	16.40%	18.83%	14.79%	15.20%
Gross Non performing assets to gross advances/Non performing loans (assets) to total loans (assets)	3.51%	3.07%	3.60%	5.59%	4.70%	-15.85%	4.09%
Cost to Income Ratio	51.35%	49.86%	57.51%	54.33%	64.24%	18.26%	55.46%
Debt Equity Ratio	7.86	9.18	7.29	6.23	5.71	-8.34%	7.25
Financial Expense Coverage Ratio	1.33	1.36	1.21	1.23	1.16	-5.91%	1.26
Return on Equity (%)	18.44%	20.13%	7.44%	7.23%	8.05%	11.32%	12.26%
Return on Assets (%)	2.10%	1.99%	0.89%	0.91%	1.06%	15.89%	1.39%
Equity Parameters							
Authorized Capital	10,000	10,000	10,000	10,000	10,000	0.00%	0.0%
Paid-up Capital	2,767	3,183	5,132	5,132	5,388	5.00%	18.13%
Shareholders' Equity	6,170	8,856	10,337	10,018	10,496	4.77%	14.20%
No. of Share Outstanding	276.74	318.25	513.18	513.18	538.84	5.00%	18.13%
Net Asset Value (NAV) Per Share *	11.45	16.44	19.18	18.59	19.48	4.77%	14.20%
Earnings Per Share (EPS) *	1.99	2.51	1.33	1.37	1.53	12.19%	-6.32%
Market Price Per Share (Closing)	34.80	47.80	22.90	18.00	31.40	74.44%	-2.54%
Price Earnings Ratio (Times) *	17.49	19.04	17.28	13.18	20.49	55.49%	17.50
Dividend Payment (C-cash & B- bonus)	15% B	7.5% B	-	5% B	-	-	-
	15% C	7.5% C	15% C	7% C	12% C	-	-
Dividend Payout Ratio (%)	77.44%	52.93%	107.79%	83.67%	78.31%	-6.41%	0.28%
Dividend Coverage (Times)	1.29	1.97	0.94	1.95	1.28	-34.56%	-0.25%
Dividend Yield (%)	10.34%	6.28%	6.55%	3.89%	3.82%	-1.73%	6.18%
Profit Per Employee (mn)	1.59	1.63	0.80	0.80	1.08	35.54%	1.18
"Credit Ratings"							
Long Term	AA3	AA3	AA3	AA3	AA3		
Short Term	ST-2	ST-2	ST-2	ST-2	ST-2		

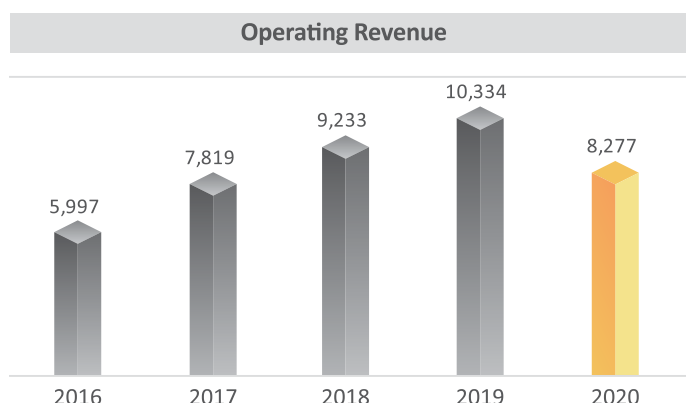
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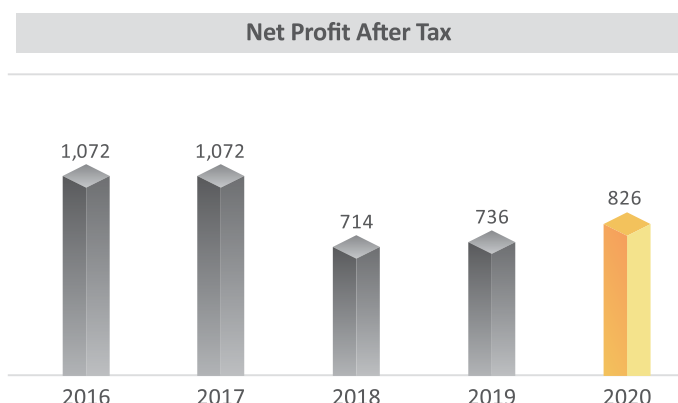
In 2020 Total Assets decreased by 2.99% compared to 2019 maintaining an average growth of 7.45% over the last 5 years. Assets decreased due to limited disbursement during COVID-19 pandemic period in 2020.



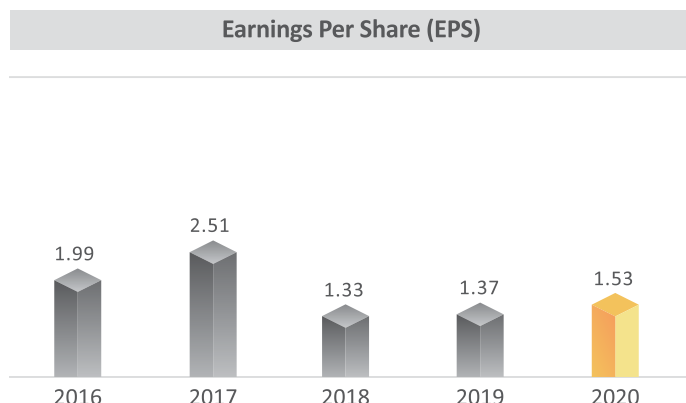
Total Investment portfolio decreased by 1.92% in 2020 from that of 2019 registering an average growth of 7.01% in last 5 years. Investment portfolio decreased due to limited investment during pandemic period in 2020.



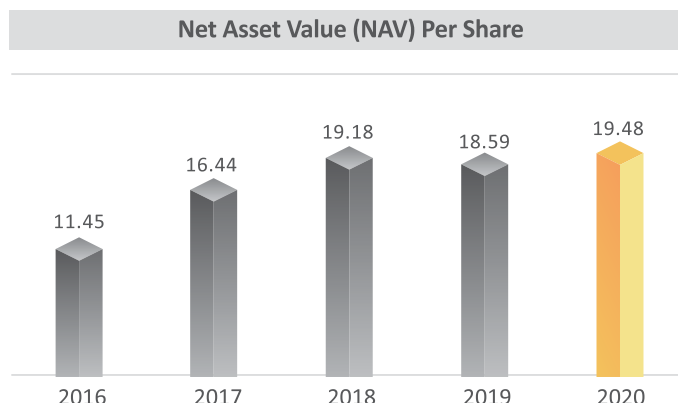
Operating revenue decreased 19.91% in 2020 over 2019. Operating revenue has declined because of decline of investment portfolio.



Net Profit after Tax (NPAT) registered a growth of 12.19% in 2020. This has been able due to maintaining good quality assets, deferral of loan classification by regulators and capital market got it pace during last couples of month of 2020.

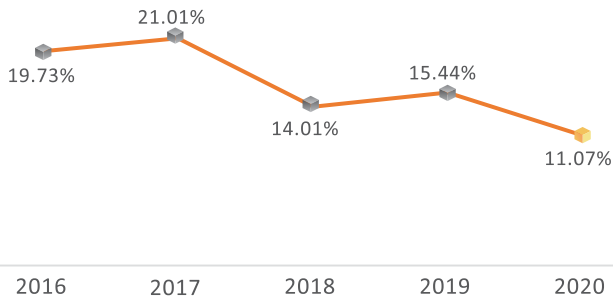


EPS increased to BDT 1.53 in 2020 compared to BDT 1.37 in 2019. Increase in net profit after tax (NPAT) during 2020 triggered EPS during 2020.



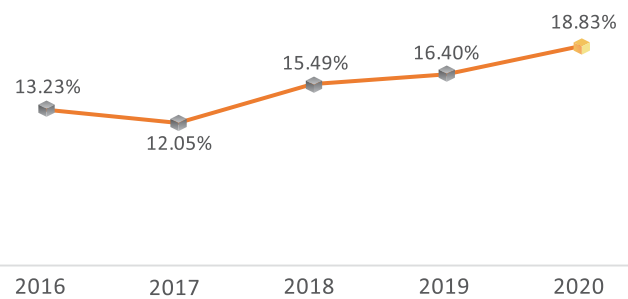
NAV slightly increased to 19.48 in 2020 compared to 18.59 in 2019 maintaining an average growth of 1.35% over the 5-year period.

Operating Profit Ratio



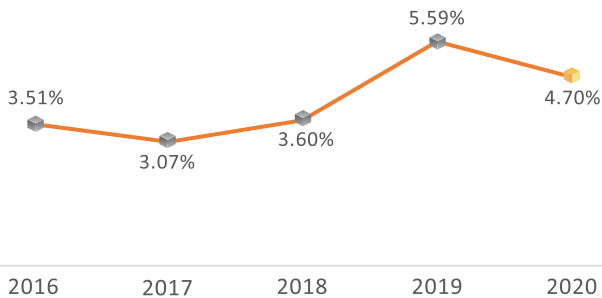
Operating margin decreased by 28.29 percentage in compared with 2019. This is because of decrease in operating revenue during 2020.

Capital Adequacy Ratio



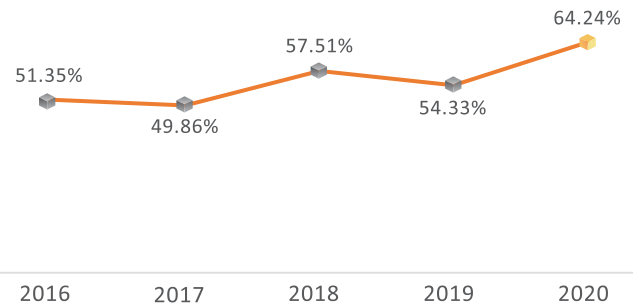
The CAR has rose to 18.83% in 2020 compared to 16.40% in 2019. This is well above the Bangladesh Bank requirement of 10%. The Company always endeavors to keep more than adequate capital in order to be compliant and risk free. Continuous monitoring of capital adequacy is undertaken.

NPL Ratio



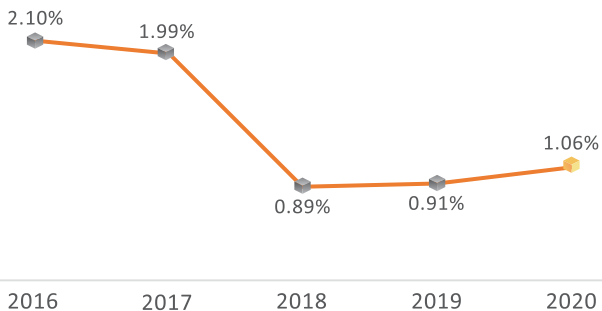
Though NPL decreased by 0.89% percentage points compared to 2019, effective and continuous effort has been deployed to manage the credit risks exposed by the Company for a resultant risk management in the future.

Cost to Income Ratio



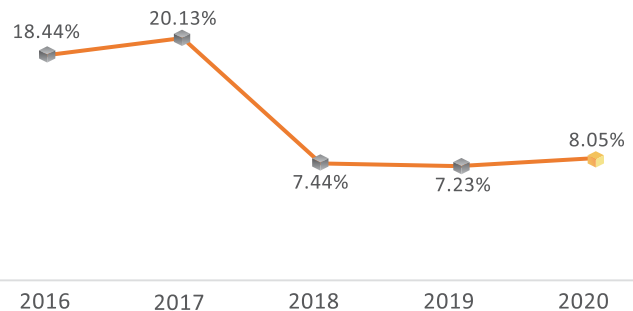
Costs to income ratio increased to 64.24% in 2020 from 54.33% in 2019.

Return on Assets (%)



Return on Average Assets increased to 1.06% at the end of 2020 which was 0.91% in 2019. Increase in ROA is triggered by the increase in net profit after tax (NPAT) during 2020.

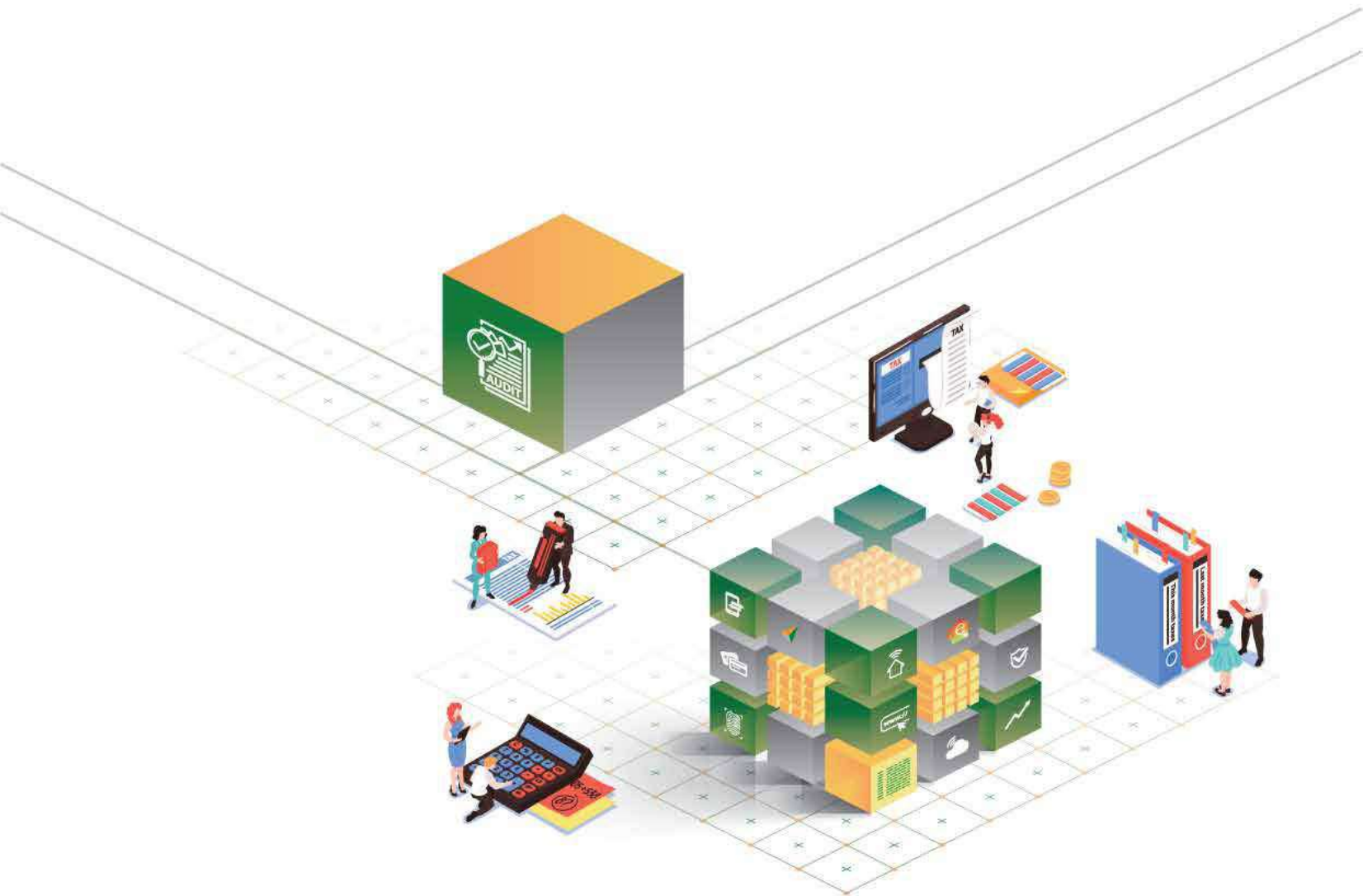
Return on Equity (%)



In 2020 ROE experienced a promotion to reach a figure of 8.05% compared to 7.23% in 2019. Increase in net profit after tax (NPAT) has contributed to increase ROE.

AUDITED FINANCIAL STATEMENTS

➔ Over the last few years, LankaBangla has exhibited newer dimensions in performance and redefined its financial position as an enterprise in the unpredictable financial market of Bangladesh. Our energetic effort and endless inspiration have led us to introduce an understandable, relevant, reliable, and comparable financial statements to our stakeholders.



Independent Auditor’s Report

To the shareholders of LankaBangla Finance Limited
Report on the audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of **LankaBangla Finance Limited and its subsidiaries** (the “Group”) as well as the separate financial statements of **LankaBangla Finance Limited** (the “Company”), which comprise the consolidated and separate balance sheet as at 31 December 2020, and the consolidated and separate profit and loss account, consolidated and separate statement of changes in equity and consolidated and separate cash flow statement for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the company give a true and fair view of the consolidated balance sheet of the group and the separate balance sheet of the company as at 31 December 2020, and of its consolidated and separate profit and loss accounts and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in notes 1 to 42.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements for the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Description of key audit matters	How the matters were addressed in our audit
<p>01. Measurement of provisions for leases, loans and advances</p> <p>The process of estimating the provisions for leases, loans and advances portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for the credit transactions.</p> <p>For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.</p> <p>At year end of 2020 the group reported total gross loans, cash credit and overdraft etc. of BDT 58,472.23 million (2019: BDT 65,117.08 million) and provisions for leases, loans and advances in the financial statements of BDT 2,241.27 million (2019: BDT 2,204.02 million). The total provisions for leases and loans shown in the profit and loss for this year stand BDT 290.07 million (2019: BDT 702.95 million).</p> <p>We have focused on the following significant judgments and estimates which could give rise to material misstatement or management bias:</p>	<p>Our procedures, in relation to the key audit matters described, included, among others:</p> <ul style="list-style-type: none"> • Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process; • Identification of loss events, including early warning and default warning indicators; • Reviewed quarterly Classification of Loans (CL); • Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines; • Reviewed Bangladesh Bank circulars and other guidelines related to confront this pandemic. <p>Our substantive procedures in relation to the provisions for leases, loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> • Reviewed the adequacy of the companies general and specific provisions; • Assessed the methodologies on which the provision amounts based, recalculate the provisions and test the completeness and accuracy of the underlying information; • Reviewed disbursement procedure related to SME stimulus packages as per Bangladesh Bank guidelines.

Description of key audit matters	How the matters were addressed in our audit
<ul style="list-style-type: none"> Completeness and timing of recognition of the loss events in accordance with criteria set out in FID circular no.08 dated 03 August 2002 and FID Circular no.03, dated 03 May 2006 and DFIM circular No. 03, dated 29 April 2013. For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows; <p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.</p> <p>For the impact of COVID-19, the gross interest income, net interest income and loans, cash credit and overdraft etc. of LankaBangla group has been decreased by 19.92%, 24.96% and 10.20% respectively from the last year. On the other hand, Interest suspense has been increased by 5.62% from last year.</p> <p>Moreover, gross interest income, net interest income and leases, loans & advances of LankaBangla Finance has been decreased by 19.04%, 25.84% and 9.81% respectively from the last year. Conversely, interest suspense has been increased by 6.68% from last year.</p> <p>See note no 12.4 to the financial statements</p>	<p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
<p>2. Carrying value of investments in subsidiary (s) by LankaBangla Finance Limited and impairment assessment of unquoted investments</p> <ul style="list-style-type: none"> The LankaBangla Finance Limited (the “Company”) has invested in equity shares of its subsidiaries LankaBangla Securities Limited, LankaBangla Asset Management Company Limited and LankaBangla Investment Limited. As at 31st December 2020 the carrying value of the investment is BDT 6,115.26 million (2019: BDT 5,651.17 million). In the absence of a quoted price in an active market, the fair value of unquoted shares and bonds, especially any impairment is calculated using valuation techniques which may take into consideration direct or indirect unobservable market data and hence require an elevated level of judgment. Management has applied IFRS 9, (as permitted by IAS 27) for accounting of investment in subsidiaries in the separate financial statements of the company. As per IFRS 9, investment in subsidiary is measured at fair value through other comprehensive income. However, as per Bangladesh Bank guideline, the company cannot present “Other Comprehensive Income” and thus any change in fair value will directly be recognized in revaluation reserve under equity in the financial statements. This departure from IFRS is disclosed in Note—2.5.12 <p>See note no. 9 to the financial statements.</p>	<ul style="list-style-type: none"> We have reviewed management’s analysis of fair value assessment in accordance with IFRS 13 and recoverable value calculation of subsidiaries in accordance with IAS 36. We have assessed the process and controls put in place by the company to ensure all major investment decisions are undertaken through a proper due diligence process. We tested a sample of investments valuation as at 31st December, 2020 and compare our results to the recorded value. Finally, we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank Guidelines. We have checked mathematical accuracy of the model, recalculate the adjusted net asset method used within the model, inputs used in the determination of assumption within the model were challenged and corroborating information was obtained with reference to external market information, third party sources. <p>The impact has been disclosed in Note 15A of the notes to the financial statements.</p>
<p>3. Capital work-in-progress</p> <ul style="list-style-type: none"> The company’s capital work-in-progress for the year ended 31st December 2020 was BDT 444.19 million (2019: BDT 357.05 million) which increased by BDT 87.14 million compared to the previous financial year, an increase of 24.41% from last year. As capital work in progress had a substantial increase over the year and has risks of fictitious additions, inaccurate valuation & inappropriate recognition, significant judgment is required on the figure classified as capital work-in-progress. <p>See note no. 8.3 to the financial statements</p>	<p>We have assessed the appropriateness of the group’s capital work in progress in accordance to IAS 16 Property, plant & equipment.</p> <p>Our substantive procedures in relation to the capital work in progress recognition comprises the following:</p> <ul style="list-style-type: none"> Assessed the client schedule and calculations made for the recording the total capital work in progress. Agreeing a sample of the construction costs capitalized to supporting documentation; Critically assessing manual journals posted to capital work-in-progress to identify unusual or irregular items; and Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.

Description of key audit matters	How the matters were addressed in our audit
<p>4. Investment and provision for diminution in value of investment</p> <p>Group investments comprise of marketable ordinary shares of BDT 4,258.15 million, non-marketable ordinary shares of BDT 267.64 million, subordinate bond BDT 800 million, perpetual bond BDT 500 million and discretionary corporate fund BDT 205.86 million.</p> <p>Group investments are valued at BDT 6,031.65 million and represent 7.37% of total assets. This was an area of focus for our audit and significant audit effort was directed.</p> <p>The investment portfolio of the LankaBangla Finance Limited comprises investments in marketable ordinary shares of BDT 1,176.57 million, non-marketable ordinary shares of BDT 113.44 million subordinate bond BDT 800 million, perpetual bond BDT 500 million and discretionary corporate fund BDT 205.86 million.</p> <p>Investments in quoted shares and unquoted shares are valued at average cost. However, the company made provision for diminution in value of investment as per FID circular no. 8 dated 3 August 2002 and DFIM circular no. 02 dated 31 January 2012.</p> <p>We focused on this area because of the significance of the investments in the financial statements, and departure from the recognition and presentation criteria of IFRS 9, IFRS 7 & IAS 32 to comply the above circular of Bangladesh Bank for determining the valuation methodology and presentation to be applied by the management of the company.</p> <p>See notes no. 2.17, 6 and 32 to the financial statements.</p>	<p>Our audit procedures included updating our understanding of the business processes employed by the company for accounting for, and valuing, their investment portfolio.</p> <p>Our audit approach was a combination of test of internal control and substantive procedures.</p> <p>We have obtained sufficient audit evidence to conclude that the inputs and methodologies used for the valuation of the investments are within a reasonable range and that valuation policies were consistently applied by the management of the company.</p> <p>We assessed the design and operating effectiveness of the group's key controls supporting the identification, measurement and oversight of valuation risk of financial assets.</p> <p>We verified the existence and legal ownership of equity investments and commercial paper by confirming investment holdings with CDBL statement, trust deed and record from the registrar of Joint Stock Companies & Firm appropriate.</p> <p>We tested the calculations of provision for diminution in value of investment and checked the presentation and disclosure of investment in compliance with FID circular no. 8 dated 3 August 2002 and DFIM circular no. 2 dated 31 January 2012 issued by Bangladesh Bank.</p>
<p>5. Measurement of deferred tax assets</p> <p>LankaBangla Finance Ltd. has unrecognized deferred tax assets in respect of unabsorbed tax losses, unabsorbed capital allowance, and other timing differences.</p> <p>There is inherent uncertainty involved in forecasting future taxable profits, which determines the extent to which deferred tax assets are or are not recognized.</p> <p>LankaBangla Finance Limited reports net deferred tax assets totaling to BDT 20.67 million as at 31st December 2020.</p> <p>Significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.</p> <p>See note no 2.38(b), 2.5(5) and 9.1.1.1 to the financial statements.</p>	<p>We have obtained an understanding, evaluate the design and test the operational effectiveness of the group's key controls over the recognition and measurement of deferred tax assets and the assumptions used in estimating the LankaBangla Finance Limited's future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p> <p>We evaluated the reasonableness of key assumptions, timing of reversal of temporary differences and expiration of tax loss carry forwards, recognition and measurement of deferred tax assets.</p> <p>We assessed the adequacy of the company's disclosures setting out the basis of deferred tax asset balances and the level of estimation involved.</p> <p>We also assisted in evaluating the tax implications, the reasonableness of estimates and calculations determined by management.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>
<p>6. Legal and regulatory matters</p> <p>We focused on this area because LankaBangla Finance Limited and its subsidiaries (the "Group") operate in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the group's best estimate for existing legal matters that have a probable and estimable impact on the group's financial position.</p> <p>See note no 1 to the financial statements</p>	<p>We have obtained and understanding, evaluate the design and tested the operational effectiveness of the group's key controls over the legal provisions and contingencies process.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We enquired group's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We also received formal confirmations from external counsel.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed group's provisions and contingent liabilities disclosure.</p>

Description of key audit matters	How the matters were addressed in our audit
<p>7. IT systems and controls</p> <p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls. Our areas of audit focus included</p> <ul style="list-style-type: none"> - IT Security management; - IT risk management; - Service delivery management; - Infrastructure security management; - Access control; - Business continuity and Disaster Recovery Management, etc. 	<p>We have tested the design and operating effectiveness of the group's IT access controls over the information systems that are critical to financial reporting.</p> <p>We have also assessed the total IT security over its operation in accordance with the guideline on ICT security for Banks and Non-Bank Financial Institutions dated May, 2015 Version 3.0.</p> <p>We have tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.</p> <p>We have tested group's periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p> <p>Where deficiencies were identified, we tested compensating controls or performed alternate procedures. In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.</p>
<p>8. Preparation of consolidated financial statements</p> <p>LankaBangla Finance Limited has direct ownership interest in LankaBangla Securities Limited since 1997 LankaBangla Investments Limited since 2010, LankaBangla Asset Management Company Limited since 2007. LankaBangla Finance Limited has indirect ownership interest in LankaBangla Information Systems Limited since 2013, BizBangla Media Limited since 2015.</p> <p>Determination of significant control requires careful assessment of different elements.</p> <p>Furthermore, introduction of a subsidiary requires significant amendments in preparing the financial statements including preparation of consolidated financial statements which requires range of adjustments and additional disclosure requirements.</p>	<p>We have obtained an understanding of the consolidation process, including transactions undertaken between these companies. We have received subsidiaries signed auditor's report along with financial statements in this regard.</p> <p>We have carried out risk assessment pertaining to consolidation and the adjustments necessary to properly prepare the consolidated financial statements. We have also carried out an assessment of the inherent limitations to consolidation processes to address them.</p> <p>Finally, we have reviewed the appropriateness and presentation of disclosures against relevant accounting standards and guidelines.</p>

Other Matter

The consolidated and separate financial statements of LankaBangla Finance Limited for the year ended December 31, 2019, were audited by S F AHMED & CO. Chartered Accountants, who expressed an unmodified opinion on those statements on June 08, 2020. The financial statements of LankaBangla Securities Limited (subsidiary) for the year ended December 31, 2019, were audited by AHMED ZAKER & CO., Chartered Accountants, who expressed an unmodified opinion on those statements on June 08, 2020. The financial statements of LankaBangla Investments Limited (subsidiary) and LankaBangla Asset Management Company Limited for the year ended December 31, 2019, were audited by Syful Shamsul Alam & Co., Chartered Accountants, who expressed an unmodified opinion on those statements on June 08, 2020.

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the board of directors of the company.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the group and also



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separate financial statements of the company in accordance with IFRSs as explained in note no. 2, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement in the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and relevant to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to develop audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules, 1987, the Financial Institutions Act, 1993 and the rules and regulations issued by Bangladesh Bank, we also report that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii) in our opinion, proper books of accounts as required by law have been kept by the company so far as it appeared from our examination of those books;



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- iii) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- iv) the expenditures incurred and payment made were for the purpose of the company's business for the year;
- v) the financial statements of the company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the company;
- vi) adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- vii) the financial statements of the company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- viii) the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- ix) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- x) taxes and other duties were collected and deposited in the government treasury by the company as per government instructions found satisfactory based on test checking;
- xi) nothing has come to our attention that the company has adopted any unethical means i.e., 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- xii) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- xiii) based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- xiv) the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- xv) we have reviewed over 80% of the risk weighted assets of the company and we have spent around 921 person hours for the audit of the books and accounts of the company;
- xvi) the company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- xvii) the company has complied with the 'First Schedule' of Bank Companies Act, 1991 in preparing these financial statements in accordance with DFIM circular no. 11, dated 23 December 2009; and
- xviii) all other issues which in our opinion are important for the stakeholders of the company have been adequately disclosed in the audit report.

Firm Name : **Hussain Farhad & Co., Chartered Accountants**

Registration No : 4/452/ICAB-84



Signature of the auditor : _____

Name of the auditor : **M. Farhad Hussain FCA, Partner/Enrollment No.: 452**

DVC No. : 2103100452AS243902

Place : Dhaka

Dated : 10 March, 2021

LANKABANGLA FINANCE LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

As at 31 December 2020

	Notes	Amount in Taka	
		31.12.2020	31.12.2019
PROPERTY AND ASSETS			
Cash		631,529,281	877,735,689
Cash in hand (including foreign currencies)	3	1,341,797	777,880
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	4	630,187,484	876,957,809
Balance with other banks and financial institutions	5	11,704,566,493	8,332,124,314
Inside Bangladesh		11,704,566,493	8,332,124,314
Outside Bangladesh		-	-
Money at call and short notice		-	-
Investment	6	6,261,562,085	5,392,515,912
Government securities		229,908,878	-
Other investments		6,031,653,207	5,392,515,912
Leases, loans and advances	7	58,472,232,776	65,117,083,059
Loans, cash credit and overdraft etc.		58,472,232,776	65,117,083,059
Bills discounted and purchased		-	-
Fixed assets including land, building, furniture and fixtures	8	2,777,288,742	2,861,198,566
Other assets	9	1,988,266,759	1,782,294,566
Non-Banking assets		-	-
TOTAL PROPERTY AND ASSETS		81,835,446,136	84,362,952,106
LIABILITY AND SHAREHOLDERS' EQUITY			
Liabilities			
Borrowings from Bangladesh Bank, other banks and financial institutions	10	14,816,088,224	18,672,238,771
Deposits and other accounts	11	47,130,343,890	46,894,962,510
Current deposits and other accounts etc.		-	-
Bills payable		-	-
Saving bank deposit		-	-
Term deposits	11.1	46,946,884,814	46,750,813,434
Bearer certificate of deposits		-	-
Other deposits	11.2	183,459,076	144,149,076
Other liabilities	12	9,617,691,952	9,140,721,458
TOTAL LIABILITIES		71,564,124,066	74,707,922,739
Shareholders' Equity		10,094,194,892	9,482,329,484
Paid up capital	13	5,388,386,230	5,131,796,410
Share premium		1,090,888,800	1,090,888,800
Statutory reserve	14	1,927,779,298	1,762,635,872
General reserve		45,409,424	49,919,671
Retained earnings	15	1,641,731,140	1,447,088,731
Non controlling interest	16	177,127,178	172,699,883
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		81,835,446,136	84,362,952,106
Net Assets Value (NAV) per share- (restated : 2019)	35	18.73	17.60

	Amount in Taka	
	31.12.2020	31.12.2019
OFF-BALANCE SHEET ITEMS		
CONTINGENT LIABILITIES		
Acceptances and endorsements	-	-
Letter of guarantee	-	-
Irrevocable letters of credit	-	-
Bill for collection	-	-
Other contingent liabilities	-	-
TOTAL CONTINGENT LIABILITIES	-	-
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	710,510,000	1,694,989,350
TOTAL OTHER COMMITMENTS	710,510,000	1,694,989,350
TOTAL OFF BALANCE SHEET ITEMS	710,510,000	1,694,989,350

The annexed notes form an integral part of these consolidated financial statements.



Director



Director



Managing Director



Company Secretary



Chief Financial Officer

This is the Consolidated Balance Sheet referred to in our separate report of even date.

Dhaka,
10 March, 2021
DVC No. : 2103100452AS243902



Hussain Farhad & Co.
Chartered Accountants

LANKABANGLA FINANCE LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2020

	Notes	Amount in Taka	
		2020	2019
Operating Income			
Interest income	17	8,146,213,389	10,172,730,417
Less : Interest expenses on deposits & borrowings	18	5,972,102,383	7,275,494,160
Net interest income		2,174,111,006	2,897,236,257
Income from investment	19	315,533,440	340,733,579
Commission, exchange and brokerage income	20	496,354,278	452,973,525
Other operational income	21	731,521,223	791,252,947
Total operating income		3,717,519,947	4,482,196,307
Operating Expenses			
Salary and allowances	22	1,275,224,475	1,504,636,741
Rent, taxes, insurance, electricity etc.	23	42,372,349	64,208,220
Legal and professional fees	24	31,362,343	39,269,011
Postage, stamp, telecommunication etc.	25	23,365,252	28,788,937
Stationery, printing, advertisement	26	31,586,394	47,830,780
Managing director's salary and allowance	27	15,479,000	15,479,000
Directors' fees and expenses	28	2,329,800	2,638,900
Auditors' fees	29	1,112,050	1,086,750
Repairs, maintenance and depreciation	30	390,836,291	412,630,098
Other expenses	31	574,540,370	756,063,216
Total operating expenses		2,388,208,324	2,872,631,652
Net Operating Income		1,329,311,623	1,609,564,656
Provisions for loans, investments and other assets	32	151,027,084	884,805,175
Provisions for leases and loans		121,432,439	586,870,691
Provision for margin loan		168,636,136	116,083,141
Provision for diminution in value of investments		(140,741,491)	181,851,344
General provision for other assets		1,700,000	-
Profit before tax and reserve		1,178,284,539	724,759,481
Provision for tax	33	199,766,087	216,531,197
Current tax		199,660,429	214,235,553
Deferred tax		105,659	2,295,644
Net profit after tax		978,518,451	508,228,283
Attributed to			
Shareholders of the Company		974,090,749	503,883,570
Non-controlling interest	38.4	4,427,702	4,344,714
		978,518,451	508,228,283
Appropriations		160,633,180	144,073,509
Statutory reserve		165,143,426	147,202,525
General reserve		(4,510,247)	(3,129,015)
Retained surplus		813,457,569	359,810,060
Earnings Per Share- (EPS) (restated : 2019)	34	1.81	0.94

The annexed notes form an integral part of these consolidated financial statements.



Director



Company Secretary



Director



Chief Financial Officer



Managing Director

This is the Consolidated Profit and Loss Account referred to in our separate report of even date.

Dhaka,
10 March, 2021
DVC No. : 2103100452AS243902



Hussain Farhad & Co.
Chartered Accountants

LANKABANGLA FINANCE LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	Amount in Taka	
		2020	2019
A) Cash flows from operating activities			
Interest received		8,128,968,111	10,217,294,760
Interest paid		(6,138,547,346)	(7,082,810,513)
Dividend received		80,661,146	108,560,777
Fees and commission received		860,265,355	841,027,560
Income from investment		186,814,914	223,309,168
Cash paid to employees (including directors)		(1,339,659,487)	(1,508,376,964)
Cash paid to suppliers		(126,186,037)	(144,193,285)
Income taxes paid		(174,843,967)	(217,918,275)
Received from other operating activities		357,956,746	402,525,283
Paid for other operating activities		(521,542,743)	(830,878,590)
Cash generated from operating activities before changes in operating assets and liabilities		1,313,886,693	2,008,539,922
Increase/(decrease) in operating assets & liabilities:			
Loans and advances to customers		6,433,966,714	3,553,032,960
Other assets		10,895,012	57,937,615
Deposits from customers		235,381,380	(6,509,583,908)
Other liabilities		511,721,390	(473,264,026)
Total increase/(decrease) in operating assets & liabilities		7,191,964,495	(3,371,877,360)
Net cash flows from /(used in) operating activities	36	8,505,851,188	(1,363,337,438)
B) Cash flows from investing activities			
Investment in securities		(135,102,623)	1,122,895,993
Treasury bills		(204,424,552)	-
Purchase of fixed assets		(175,738,539)	(326,222,184)
Sales proceeds of fixed assets		90,477,731	9,417,178
Investment in commercial paper		-	200,000,000
Investment in Perpetual bond		(500,000,000)	-
Investment in Subordinated bond		-	(800,000,000)
Investment in Discretionary corporate fund		(4,034,669)	(201,824,234)
Acquisition of shares from non-controlling interest		-	(13,250,000)
Net cash flows from /(used in) investing activities		(928,822,653)	(8,983,246)
c) Cash flows from financing activities			
Receipt of term loan, overdraft and REPO		(3,792,848,517)	2,039,422,446
Payment of lease liabilities-Vehicles		(6,540,811)	(5,885,814)
Payment of lease liabilities-Office premises		(230,252,930)	(154,708,848)
Transaction cost against share transfer (RJSC fee)		(3,000,000)	-
Dividend paid		(418,152,103)	(729,954,513)
		(4,450,794,361)	1,148,873,271
D) Net increase/(decrease) in cash & cash equivalents		3,126,234,175	(223,447,412)
E) Effect of exchange rates on cash and cash equivalents		1,596	2,102
E) Cash and cash equivalents at the beginning of the year		9,209,860,003	9,433,305,313
F) Cash and cash equivalents at the end of the year		12,336,095,774	9,209,860,003
* Closing cash and cash-equivalents			
Cash in hand (including foreign currencies)		1,341,797	777,880
Balance with Bangladesh Bank and its agent bank (s)		630,187,484	876,957,809
Balance with other banks and financial institutions		11,704,566,493	8,332,124,314
		12,336,095,774	9,209,860,003
Net Operating Cash Flows Per Share - (NOCFPS) (restated : 2019)	36	15.79	(2.53)

The annexed notes form an integral part of these consolidated financial statements.


Director


Director


Managing Director


Company Secretary


Chief Financial Officer

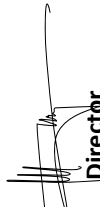

Hussain Farhad & Co.
Chartered Accountants

Dhaka,
10 March, 2021

LANKABANGLA FINANCE LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

Particulars	Equity attributable to the shareholders of the Company							Non Controlling Interest	Total Equity
	Share Capital	Share Premium	Statutory Reserve	General Reserve	Retained Earnings	Total			
Balance as at 01 January 2020	5,131,796,410	1,090,888,800	1,762,635,872	49,919,671	1,447,088,731	9,482,329,484	172,699,883	9,655,029,367	
Items Involved in Changes in Equity									
Changes in non-controlling interest	-	-	-	-	408	408	(408)	-	
Transaction cost against share transfer (RJSC fee)	-	-	-	-	(3,000,000)	(3,000,000)	-	(3,000,000)	
Net profit for the year	-	-	-	-	974,090,749	974,090,749	4,427,702	978,518,451	
Appropriation to statutory reserve	-	-	165,143,426	-	(165,143,426)	-	-	-	
Appropriation to general reserve	-	-	-	(4,510,247)	4,510,247	-	-	-	
Dividend									
Stock dividend (5%)	256,589,820	-	-	-	(256,589,820)	-	-	-	
Cash dividend (7%)	-	-	-	-	(359,225,749)	(359,225,749)	-	(359,225,749)	
Balance as at 31 December 2020	5,388,386,230	1,090,888,800	1,927,779,298	45,409,424	1,641,731,140	10,094,194,892	177,127,178	10,271,322,070	
Balance as at 01 January 2019	5,131,796,410	1,090,888,800	1,615,433,347	53,048,686	1,932,047,440	9,823,214,683	111,243,608	9,934,458,291	
Items Involved in Changes in Equity									
Changes in non-controlling interest	-	-	-	-	(74,999,307)	(74,999,307)	61,749,307	(13,250,000)	
Net profit for the year	-	-	-	-	503,883,570	503,883,570	4,344,714	508,228,283	
Appropriation to statutory reserve	-	-	147,202,525	-	(147,202,525)	-	-	-	
Appropriation to general reserve	-	-	-	(3,129,015)	3,129,015	-	-	-	
Dividend									
Cash dividend (15%, 5%)	-	-	-	-	(769,769,462)	(769,769,462)	(4,637,745)	(774,407,207)	
Balance as at 31 December 2019	5,131,796,410	1,090,888,800	1,762,635,872	49,919,671	1,447,088,731	9,482,329,484	172,699,883	9,655,029,367	

Amount in Taka


Director


Director


Managing Director


Company Secretary


Chief Financial Officer

Dhaka,
10 March, 2021


Hussain Farhad & Co.
 Chartered Accountants

LANKABANGLA FINANCE LIMITED

BALANCE SHEET

As at 31 December 2020

	Notes	Amount in Taka	
		31.12.2020	31.12.2019
PROPERTY AND ASSETS			
Cash		630,754,144	877,497,557
Cash in hand (including foreign currencies)	3	566,660	539,748
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	4	630,187,484	876,957,809
Balance with other banks and financial institutions	5	9,728,246,688	7,011,942,991
Inside Bangladesh		9,728,246,688	7,011,942,991
Outside Bangladesh		-	-
Money at call and short notice		-	-
Investment	6	3,025,772,386	2,393,868,418
Government securities		229,908,878	-
Other investments		2,795,863,508	2,393,868,418
Leases, loans and advances	7	54,709,353,488	60,662,461,499
Loans, cash credit and overdraft etc.		54,709,353,488	60,662,461,499
Bills discounted and purchased		-	-
Fixed assets including land, building, furniture and fixtures	8	1,718,099,868	1,762,461,900
Other assets	9	7,000,311,664	6,473,187,859
Non-Banking assets		-	-
TOTAL PROPERTY AND ASSETS		76,812,538,240	79,181,420,224
LIABILITY AND SHAREHOLDERS' EQUITY			
Liabilities			
Borrowings from Bangladesh Bank, other banks and financial institutions	10	12,460,714,321	15,613,095,652
Deposits and other accounts	11	47,611,272,015	46,894,962,510
Current deposits and other accounts		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits	11.1	47,427,812,939	46,750,813,434
Bearer certificate of deposits		-	-
Other deposits	11.2	183,459,076	144,149,076
Other liabilities	12	6,245,039,099	6,655,430,108
TOTAL LIABILITIES		66,317,025,435	69,163,488,270
Shareholders' Equity		10,495,512,805	10,017,931,954
Paid up capital	13	5,388,386,230	5,131,796,410
Statutory reserve	14	1,927,779,299	1,762,635,872
Retained earnings	15	2,161,276,401	2,116,518,264
Revaluation reserve for investment in subsidiaries	15A	1,018,070,876	1,006,981,408
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		76,812,538,240	79,181,420,224
Net Assets Value (NAV) per share- (restated : 2019)	35	19.48	18.59

LANKABANGLA FINANCE LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2020

	Notes	Amount in Taka	
		2020	2019
Operating Income			
Interest income	17	7,628,152,436	9,421,797,188
Less : Interest expenses on deposits & borrowings	18	5,714,195,118	6,841,087,973
Net interest income		1,913,957,318	2,580,709,214
Income from investment	19	115,347,060	340,650,469
Commission, exchange and brokerage income	20	-	-
Other operational income	21	533,299,248	571,435,517
Total operating income		2,562,603,627	3,492,795,201
Operating Expenses			
Salary and allowances	22	898,066,403	986,385,119
Rent, taxes, insurance, electricity etc.	23	27,797,266	36,671,081
Legal and professional fees	24	27,386,792	34,967,372
Postage, stamp, telecommunication etc.	25	19,265,935	22,993,022
Stationery, printing, advertisement	26	26,487,822	38,378,054
Managing director's salary and allowance	27	15,479,000	15,479,000
Directors' fees and expenses	28	660,000	691,200
Auditors' fees	29	632,500	632,500
Repairs, maintenance and depreciation	30	308,927,557	314,812,709
Other expenses	31	321,611,232	446,481,853
Total operating expenses		1,646,314,507	1,897,491,908
Net Operating Income		916,289,119	1,595,303,293
Provisions for loans, investments and other assets	32	(1,510,295)	739,009,755
Provisions for leases and loans		121,432,439	586,870,691
Provision for diminution in value of investments		(122,942,734)	152,139,065
General provision for other assets		-	-
Profit before tax and reserve		917,799,415	856,293,538
Provision for tax	33	92,082,283	120,280,914
Current tax		92,082,283	120,280,914
Deferred tax		-	-
Net profit after tax		825,717,132	736,012,624
Appropriations		165,143,426	147,202,525
Statutory reserve		165,143,426	147,202,525
General reserve		-	-
Retained surplus		660,573,706	588,810,099
Earnings Per Share- (EPS) (restated : 2019)	34	1.53	1.37

The annexed notes form an integral part of these financial statements.


Director


Director


Managing Director


Company Secretary


Chief Financial Officer

This is the profit and loss account referred to in our separate report of even date.

Dhaka,
10 March, 2021
DVC No. : 2103100452AS243902


Hussain Farhad & Co.
Chartered Accountants


LANKABANGLA FINANCE LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	Amount in Taka	
		2020	2019
A) Cash flows from operating activities			
Interest received		7,607,211,672	9,466,802,371
Interest paid		(5,875,370,489)	(6,617,920,102)
Dividend received		31,696,189	169,068,200
Fees and commission received		328,711,828	365,808,224
Income from investment		55,218,482	172,591,927
Cash paid to employees (including directors)		(921,311,734)	(989,595,719)
Cash paid to suppliers		(67,961,649)	(80,722,535)
Income taxes paid		(67,769,720)	(99,553,027)
Received from other operating activities		192,485,267	204,970,864
Paid for other operating activities		(347,456,453)	(521,733,828)
Cash generated from operating activities before changes in operating assets and liabilities		935,453,393	2,069,716,376
Increase/(decrease) in operating assets & liabilities:			
Loans and advances to customers		5,759,878,086	3,196,628,349
Other assets		(787,964)	(10,538,432)
Deposits from customers		716,309,505	(6,530,871,983)
Other liabilities		(101,743,734)	(99,896,467)
Total Increase/(decrease) in operating assets & liabilities		6,373,655,893	(3,444,678,533)
Net cash flows from /(used in) operating activities	36	7,309,109,286	(1,374,962,157)
B) Cash flows from investing activities			
Investment in securities		102,039,580	817,263,189
Treasury bills		(204,424,552)	-
Purchase of fixed assets		(156,635,597)	(278,514,907)
Sales proceeds of fixed assets		100,301,650	2,571,681
Investment in commercial paper		-	200,000,000
Investment in discretionary corporate fund		(4,034,670)	(201,824,234)
Investment in subordinated bond		-	(800,000,000)
Investment in Perpetual bond		(500,000,000)	-
Investment in subsidiaries		(453,000,000)	(13,250,000)
Net cash flows from /(used in) investing activities		(1,115,753,589)	(273,754,271)
C) Cash flows from financing activities			
Receipt of term loan, overdraft and REPO		(3,096,701,635)	2,669,684,670
Payment of lease liabilities-Vehicles		(3,608,595)	(3,847,536)
Payment of lease liabilities-Office premises		(205,371,362)	(111,174,023)
Dividend paid		(418,115,417)	(724,847,906)
Net cash flows from/(used in) financing activities		(3,723,797,008)	1,829,815,205
D) Net increase/(decrease) in cash & cash equivalents		2,469,558,689	181,098,778
E) Effect of exchange rates on cash and cash equivalents		1,596	2,102
F) Cash and cash equivalents at the beginning of the year		7,889,440,548	7,708,339,668
G) Cash and cash equivalents at the end of the year		10,359,000,833	7,889,440,548
* Closing cash and cash-equivalents			
Cash in hand (including foreign currencies)		566,660	539,748
Balance with Bangladesh Bank and its agent bank (s)		630,187,484	876,957,809
Balance with other banks and financial institutions		9,728,246,688	7,011,942,991
		10,359,000,833	7,889,440,548
Net Operating Cash Flows Per Share - (NOCFPS) (restated : 2019)	36	13.56	(2.55)

The annexed notes form an integral part of these financial statements.



Director



Director



Managing Director



Company Secretary



Chief Financial Officer


Hussain Farhad & Co.
Chartered AccountantsDhaka,
10 March, 2021

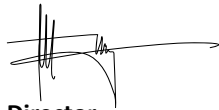
LANKABANGLA FINANCE LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

Amount in Taka

Particulars	Share Capital	Statutory Reserve	Revaluation Reserve	Retained Earnings	Total Equity
Balance as at 01 January 2020	5,131,796,410	1,762,635,872	1,006,981,408	2,116,518,264	10,017,931,954
Items involved in changes in equity					
Net profit for the year	-	-	-	825,717,132	825,717,132
Increase/(decrease) in revaluation reserve	-	-	11,089,468	-	11,089,468
Appropriation to statutory reserve	-	165,143,426	-	(165,143,426)	-
Stock dividend (5.00%)	256,589,820	-	-	(256,589,820)	-
Cash dividend (7.00%)	-	-	-	(359,225,749)	(359,225,749)
Balance as at 31 December 2020	5,388,386,230	1,927,779,299	1,018,070,876	2,161,276,401	10,495,512,805
Balance as at 01 January 2019	5,131,796,410	1,615,433,347	1,292,216,603	2,297,477,627	10,336,923,987
Items involved in changes in equity					
Net profit for the year	-	-	-	736,012,624	736,012,624
Increase/(decrease) in revaluation reserve	-	-	(285,235,196)	-	(285,235,196)
Appropriation to statutory reserve	-	147,202,525	-	(147,202,525)	-
Cash dividend (15.00%)	-	-	-	(769,769,462)	(769,769,462)
Balance as at 31 December 2019	5,131,796,410	1,762,635,872	1,006,981,408	2,116,518,264	10,017,931,954



Director



Director



Managing Director



Company Secretary



Chief Financial Officer

Dhaka,
10 March, 2021



Hussain Farhad & Co.
Chartered Accountants

LANKABANGLA FINANCE LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF LIQUIDITY

As at 31 December 2020

Particulars	Amount in Taka					
	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	above 5-years term	Total
Assets						
Cash in hand (including balance with Bangladesh Bank)	230,066,922	-	401,462,359	-	-	631,529,281
Balance with banks and financial institutions	8,595,917,266	1,328,416,863	1,780,232,364	-	-	11,704,566,493
Money at call and short notice	-	-	-	-	-	-
Investments	404,471,291	1,795,863,508	1,409,553,637	1,871,673,644	780,000,005	6,261,562,085
Lease, loans and advances	4,078,125,254	10,076,938,713	29,235,101,773	11,609,437,862	3,472,629,175	58,472,232,776
Fixed assets including land, building, furniture and fixtures	27,788,196	55,576,393	250,093,767	1,333,833,422	1,109,996,963	2,777,288,742
Other assets	21,419,327	1,580,949,148	385,898,284	-	-	1,988,266,759
Non-banking assets	-	-	-	-	-	-
Total Assets	13,357,788,257	14,837,744,624	33,462,342,184	14,814,944,928	5,362,626,143	81,835,446,136
Liabilities						
Borrowing from other banks, financial institutions and agents	3,216,739,719	2,876,519,417	4,324,529,119	3,953,688,728	444,611,240	14,816,088,224
Deposits and other accounts	4,212,940,595	9,644,213,367	24,654,429,486	6,079,359,885	2,539,400,558	47,130,343,890
Other liabilities	471,863,896	1,893,015,298	3,217,017,422	3,646,639,206	389,156,131	9,617,691,952
Total Liabilities	7,901,544,210	14,413,748,081	32,195,976,027	13,679,687,818	3,373,167,930	71,564,124,066
Net Liquidity Surplus or (Gap)	5,456,244,047	423,996,543	1,266,366,157	1,135,257,109	1,989,458,213	10,271,322,070

LANKABANGLA FINANCE LIMITED

STATEMENT OF LIQUIDITY

As at 31 December 2020

Particulars	Amount in Taka					
	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	above 5-years term	Total
Assets						
Cash in hand (including balance with Bangladesh Bank)	229,291,785	-	401,462,359	-	-	630,754,144
Balance with banks and financial institutions	6,619,599,966	1,328,416,863	1,780,229,858	-	-	9,728,246,688
Money at call and short notice	-	-	-	-	-	-
Investments	229,908,878	1,290,004,604	205,858,903	520,000,000	780,000,000	3,025,772,386
Leases, loans and advances	3,782,458,342	9,092,826,907	27,080,194,369	11,103,049,951	3,650,823,920	54,709,353,488
Fixed assets including land, building, furniture and fixtures	21,596,996	43,193,991	194,372,961	1,036,655,793	422,280,127	1,718,099,868
Other assets	8,388,421	720,656,476	156,008,929	-	6,115,257,839	7,000,311,664
Non-banking assets	-	-	-	-	-	-
Total Assets	10,891,244,388	12,475,098,842	29,818,127,380	12,659,705,744	10,968,361,886	76,812,538,240
Liabilities						
Borrowing from other banks, financial institutions and agents	2,329,903,742	2,115,716,417	3,688,790,653	3,766,118,957	560,184,552	12,460,714,321
Deposits and other accounts	4,264,473,916	9,646,752,647	25,142,599,570	6,201,504,401	2,355,941,482	47,611,272,015
Other liabilities	313,378,874	1,212,567,473	2,107,501,453	2,448,798,363	162,792,936	6,245,039,099
Total Liabilities	6,907,756,532	12,975,036,537	30,938,891,675	12,416,421,721	3,078,918,970	66,317,025,435
Net Liquidity Surplus or (Gap)	3,983,487,856	(499,937,695)	(1,120,764,295)	243,284,023	7,889,442,916	10,495,512,805

LANKABANGLA FINANCE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2020

1. Legal status and nature of the company

1.1 Domicile, legal form and country of operation

LankaBangla Finance Limited (hereinafter referred to as “LankaBangla” or “the Company”), a joint venture **non-banking financial institution**, was incorporated in Bangladesh with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-31702(823)/96 dated 05 November 1996 as a Public Limited Company under the Companies Act, 1994 in the name of “Vanik Bangladesh Limited”. Subsequently, it was renamed as LankaBangla Finance Limited on 27 April 2005. It started commercial operations since 1997 obtaining license from Bangladesh Bank under the Financial Institutions Act, 1993. LankaBangla also obtained license from Securities and Exchange Commission vide No. MB-1.064/98-05 to transact public shares in the Capital Market as Merchant Banker. The Company went for public issue in 2006 and its shares were listed in both Dhaka Stock Exchange and Chittagong Stock Exchange on 17 October 2006 and 31 October 2006 respectively.

Consequently, the company has acquired the following Licenses and legal approvals:

Sl. No.	Name of License	Registration of License	Date of License	Renewed up to
1.	Trade License	03-095082	-	2020-2021
2.	Bangladesh Bank License	DFIM(L)/15	30.10.1997	N/A
3.	Tax Identification Number (e-TIN)	750833446407	N/A	N/A
4.	Business Identification Number (BIN)	002056056-0101	N/A	N/A
5.	Import Registration Certificate	BA159696	01.01.2006	2020-2021
6.	DCCI Membership Certificate	2857	23.12.2008	2020
7.	Board of Investment	9803054-H	30.03.1998	N/A
8.	Registration Number	C-31702(823)/96	05.11.1996	N/A

1.2 Subsidiary companies

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

1.2.1 LankaBangla Securities Limited

LankaBangla Securities Limited (formerly Vanik Bangladesh Securities Limited) is a public limited company which was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-33276(22)/97 dated 03 July 1997 under the Companies Act, 1994. The principal activities of the company are to act as a member of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited to carry on the business of brokers or dealers in stocks, shares and securities, commercial papers, bonds, debentures, debenture stocks, foreign currencies, treasury bills and/or any financial instruments. The company has ten branches in Bangladesh namely Dhaka-Principal, Banani, Dhanmondi, Uttara, Chittagong-Khatungonj, Nasirabad, Agrabad, Sylhet-Sylhet, Comilla-Comilla and Narayangonj-Narayangonj Branch. The ownership interest in the company has been disclosed in note no. 1.2.4. LankaBangla Securities Limited has two subsidiaries-

I) LankaBangla Information System Limited

LankaBangla Information System Limited (LBIS) was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-108903/13 dated 02 May 2013 as a Private Company Limited by Shares. Its registered office is situated at Safura Tower, 11th Floor, 20 Kemal Ataturk Avenue, Banani, Dhaka. The Operational activities are being carried out from AA Bhaban (Level 6), 23 Motijheel C/A, Dhaka-1000. The Company was entitled to commence its business from 02 May 2013. LBIS has a TREC (Trading Right Entitlement Certificate) in DSE and CSE. The ownership interest in the company has been disclosed in note no. 1.2.4.

II) BizBangla Media Limited

BizBangla Media Ltd. is a Private Limited Company incorporated on January 18, 2011 under the Companies Act, 1994 with the Registrar of Joint Stock Companies & Firm of Bangladesh vide Reg. No. C- 89751/11. The Registrar office of the company is situated at 12, Kazi Nazrul Islam Avenue, BDBL Bhaban (Level - 17), Karwan Bazar, Dhaka-1215. The ownership interest in the company has been disclosed in note no. 1.2.4.

1.2.2 LankaBangla Investment Limited

LankaBangla Investment Limited was incorporated as a private limited company with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-83568/10 dated 29 March 2010 under the Companies Act, 1994. Later on the company converted itself into a public limited company with effect from 12 June 2013. LankaBangla Investment Limited also applied for registration to the Bangladesh Securities and Exchange Commission for approval to operate in the Capital Market. The ownership interest in the company has been disclosed in note no. 1.2.4.

1.2.3 LankaBangla Asset Management Company Limited

LankaBangla Asset Management Company Limited was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-67738(289)/2007 dated 16 July 2007 under the Companies Act, 1994. LankaBangla Asset Management Company Limited got license from Bangladesh Securities and Exchange Commission (BSEC) on June 24, 2012 vide registration no: SEC/Asset Manager/2012/17 to operate as a full-fledged asset management company. The ownership interest in the company has been disclosed in note no. 1.2.4.

1.2.4 Group Structure of LankaBangla

Sl.	Name	Direct Ownership Interest	Indirect Ownership Interest	Total Ownership Interest
1	LankaBangla Securities Limited	92.3198229%	4.3287917%	96.6486146%
2	LankaBangla Investments Limited	99.9999975%	-	99.9999975%
3	LankaBangla Asset Management Company Limited	99.9998939%	-	99.9998939%
4	LankaBangla Information System Limited	-	96.4553173%	96.4553173%
5	BizBangla Media Limited	-	93.1552912%	93.1552912%

1.3 Company's activities

The activities of the company include services broadly classified as fee based and fund based services:

- Fees based services include Credit Card Membership Fees, Merchants Commission, Underwriting of Securities, IPOs, Portfolio Management, and Corporate Financial Services etc.
- Fund based services include Lease Finance, Term Finance, Real Estate Finance, Hire Purchase, Credit Card Operation, SME Finance, Auto loan, Personal Loan, Emerging and Commercial, Syndication Finance, Revolving Credit, Loan against Deposit, and Staff Loan etc.
- LankaBangla also provides brokerage services, Merchant Bank services and Asset Management Services through its majority owned subsidiary company.

2. Basis for preparation and significant accounting policies

2.1 Statement of compliance

The consolidated financial statements and separate financial statements of LankaBangla have been prepared on a going concern basis following accrual basis of accounting except for statement of cash flows as per DFIM circular No # 11 dated 23 December 2009 issued by Department of Financial Institutions and Market of Bangladesh Bank with reference to the provisions of Financial Institutions Act 1993 and Bangladesh Bank's other circulars and guidelines or directives and in accordance with International Financial Reporting Standards (IFRS¹), the Companies Act 1994, the Financial Institutions Act 1993, the Securities and Exchange Rules 1987, the Listing Rules of Dhaka and Chittagong Stock Exchanges and other applicable laws and regulations.

In several cases, the laws, circulars, guidelines or directives of Bangladesh Bank differ from those of financial reporting standards as promulgated by International Accounting Standards Board (IASB) and as adopted by national standard setter, i.e., Institute of Chartered Accountants of Bangladesh (ICAB), the requirements of Bangladesh Bank prevails and these financial statements have been prepared by departing from those requirements of IFRS with a view to comply with the regulatory requirements.

The requirements of accounting standards as per IFRS that have been departed to comply with Bangladesh Bank requirements have been disclosed in detail in Note - 2.5.

However, this departure with IFRS has been made by following all of the relevant provisions of IAS – 1 and the detailed disclosures are given in Note - 2.5 by following the provision of Para 20 of IAS – 1 (Presentation of Financial Statements).

2.2 Presentation of financial statements

The presentation of the financial statements has been made as per the requirements of DFIM Circular No: 11, dated 23 December 2009 issued by the Department of Financial Institutions and Markets of Bangladesh Bank. The activities and accounting heads mentioned in the prescribed form, which are not applicable for the financial institutions, have been excluded in preparing the financial statements.

2.3 Basis of measurement and consolidation

These financial statements have been prepared based on the historical cost convention other than the finance lease asset and finance lease obligations which were measured at present value of the minimum lease payments. No adjustment has been made for inflationary factors affecting the financial statements. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with those of the previous year.

The accounts of all the subsidiaries of the Company have been fully consolidated as the Company directly controls more than 50% of the voting shares of these entities.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2.4 Non-Controlling Interest

Non-Controlling Interests are measured at their proportionate share of the acquires identifiable net assets at the date of acquisition as per Para 19 of IFRS – 3 "Business Combinations".

The company presents the non-controlling interests in the consolidated balance sheet within equity, separately from the equity of the owners of parent as per Para 22 of IFRS – 10 "Consolidated Financial Statements".

Changes in Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transaction as per Para 23 of IFRS – 10 "Consolidated Financial Statements".

The company attributes the profit and loss to the owners of the parent and to the non-controlling interests even if the results in the non-controlling interest having a deficit balance as per provision of Para B94 of IFRS – 10 "Consolidated Financial Statements".

When the proportion of the equity held by the non-controlling interests changes, the company adjusted the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary and recognized directly in equity for any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent by as per provision of Para B96 of IFRS – 10 "Consolidated Financial Statements".

Further details about non-controlling interest are given in **Note-16 and Note-38.4** of Financial Statements.

¹ The term "IFRS" refers to all standards and interpretations adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) in compliance with those promulgated and adopted by International Accounting Standards Board (IASB). Therefore, IFRS includes all IAS and IFRS along with all of the relevant interpretations adopted by ICAB.

2.5 Disclosure of departure from few requirements of IFRS due to mandatory compliance of Bangladesh Bank and BSEC's requirements

Bangladesh Bank is the ultimate regulatory body for Non-Banking Financial Institutions (NBFI) in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with those of IFRS. As such the company has departed from those contradictory requirements of IFRS in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below along with financial impacts where applicable:

Sl.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank/BSEC	Financial or Presentation Effect of the Departure
1	Measurement of provision for leases, loans, advances and margin loan (financial assets measured at amortized cost)	IFRS 9 "Financial Instruments"	An entity shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The objective of the impairment requirements is to recognize lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition - whether assessed on an individual or collective basis - considering all reasonable and supportable information, including that which is forward-looking. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, an entity shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. Expected credit losses are a probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial instrument. For a financial asset, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.	As per FID circular No. 08 dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No. 03, dated 29 April 2013, a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained irrespective of objective evidence of impairment on lease, loans and advances. Also provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue. And As per circular of Bangladesh Securities and Exchange Commission circular #SEC/CMRRCD/2009-193/196, dated 28 December 2016, and circular #SEC/CMRRCD/2009-193/203 dated, 28 December 2017 and subsequent extension up to 2023 through press release on 16 July, 2020 the required provisions against unrealised loss for the year 2020 has been kept.	IFRS 09 requires a robust analysis to ascertain the extent of impairment related to credit risk of individual loan clients. It also requires probability ascertainment of various possible outcome to calculate the expected credit loss. It requires professionals to engage for an unbiased judgement to measure the probability-weighted credit losses. Based on the mentioned facts, the amount of provision for leases, loans and advances couldn't be ascertained and the effect of departure too. However, in consolidated and separate Financial Statements, provision for leases, loans, advances have been charged for 2020 equivalent to BDT 121.43 million as per Bangladesh Bank guidelines among which BDT 109.44 million is general provision on good loan. Also, as at 31 December 2020, accumulated provision kept for lease, loan and advances stand at BDT 1,803.45 million. And provision for margin loan has been charged BDT 168.64, accumulated provision kept BDT 437.81.
2	Valuation of Investments in quoted and unquoted shares	IFRS 9 "Financial Instruments"	IFRS 9 requires all equity investments to be measured at fair value. At initial recognition an entity can make an irrecoverable election to present in other comprehensive income subsequent changes in fair value of an investment in an equity instrument that is held for trading. In all other cases, investments in equity instruments measured at fair value are recognized through profit or loss. In limited circumstances, cost can be an appropriate estimate of fair value for investments in unquoted shares.	As per FID circular No. 08 dated 03 August 2002 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; however in case of any unrealized gain, no such gain can be recognized and investments are recognized at cost only.	In separate financial statements, the amount which is to be recognized has been recognized. In consolidated financial statements, BDT 240.66 million profit would have been recognized in profit and loss account as per IFRS 9 but as per Bangladesh Bank and BSEC guidelines BDT 140.74 million provision have been released through profit and loss and accumulated provision stand at BDT 383.40 million.

Sl.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank/BSEC	Financial or Presentation Effect of the Departure
3	Recognition of interest income for SMA and classified lease, loans and advances	IFRS 9 "Financial Instruments"	Interest income is calculated by using the effective interest rate to the gross carrying amount of a financial asset except for financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired for which interest income is calculated by applying the effective rate to the carrying amount net of expected credit loss provision.	As per FID circular No. 03, dated 03 May 2006, once an investment on leases, loans and advances is termed as "Special Mention Account (SMA)", interest income from such investments are not allowed to be recognized as income, rather the respective amount needs to be credited as a liability account like: interest suspense account.	As the facts mentioned in Serial no. 1, the expected credit losses couldn't be measured for the financial assets which have become credit impaired since initial recognition, interest income on such credit-impaired financial assets also couldn't be measured and the effect of departure too. However, at year end, in Consolidated Financial Statements interest suspense account has increased to BDT 788.17 million from 746.22 million resulting increase of BDT 41.94 million of interest suspense. This amount has been shown in other liabilities in note 12.3, rather shown as interest income.
4	Presentation of cash and cash equivalent	IAS 7 "Statement of Cash Flows"	Cash equivalent are short term, highly liquid investments that are readily convertible to known amounts of cash and only include those investments which are for a short tenure like: 3 months or less year. In the light of above, balance with Bangladesh Bank and fixed term deposits should be treated as investment asset rather than cash equivalent as it is illiquid asset and not available for use in day to day operations.	Bangladesh Bank has issued templates for financial statements vide DFIM Circular# 11 dated December 23, 2009 which will strictly be followed by all banks and NBFIs. The templates of financial statements provided detail of presentation of statement cash flows.	Presentation of financial statements is not fully aligned with the requirements of IAS. Thus items which should be presented as "investment activities" as per IAS is shown as cash & cash equivalent.
5	Measurement of deferred tax asset	IAS 12 "Income Tax"	A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.	As per DFIM circular No. 7 dated 31 July 2011, no deferred tax asset can be recognized for any deductible temporary difference against lease, loans and advances.	During this year there is no impact in the financial statements due to this departure as the Company has no taxable income in near future.
6	Presentation and disclosure of Financial Statements and Financial Instruments	IAS 1 "Presentation of Financial Statements" IAS 32 "Financial Instruments: Presentation" IFRS 7 "Financial Instruments Disclosure"	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. IAS 1 requires separate line item for intangible assets on the face of statement of financial position. IAS 32 and IFRS 7 require specific presentation and disclosure relating to all financial instruments.	Bangladesh Bank has issued templates for financial statements vide DFIM Circular# 11 dated December 23, 2009 which will strictly be followed by all banks and NBFIs. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income allowed to include in a Single Profit and Loss Account. Intangibles assets are not separately presented on the face of statement of financial position; rather it is presented along with the line item of fixed assets. As per Bangladesh Bank guidelines, financial instruments are categorized, recognized and measured differently from those prescribed in IFRS 9. As such some disclosure and presentation requirements of IFRS 7 and IAS 32 have not been made in the accounts.	Presentation of financial statements is not fully aligned with all requirements of IAS. In separate financial statements, fair value gain of BDT 127.76 million would have been recognized in other comprehensive income against strategic investments in listed shares; In consolidated financial statements, fair value gain of 39.76 million would have been recognized in other comprehensive income against strategic investments in listed shares.

Sl.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank/BSEC	Financial or Presentation Effect of the Departure
7	Preparation of "Statement of Cash Flows"	IAS 7 "Statement of Cash Flows"	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.	As per DFIM Circular-11, Date-23 December 2009, Cash flow statement has been guided by the Bangladesh Bank which is the mixture of direct and indirect method.	Presentation of financial statements is not fully aligned with all requirements of the IAS.
8	Current/Non-current distinction	IAS-1 "Presentation of Financial Statement"	As per Para 60 of IAS-1 "Presentation of Financial statement" An entity shall present current and non-current assets and current and non-current liabilities as separate classification in its statement of financial position.	As per DFIM Circular-11, Date-23 December 2009, Bangladesh Bank has issued templates for financial statements which is applicable for all the Financial Institutions. In this templates there is no current and non-current segmentation of assets and liabilities	Presentation of financial statements is not fully aligned with all requirements of the IAS. Moreover, the liquidity statement shows the current/ non-current portion of assets and liabilities in this regards.
9	Off-balance sheet items	IAS 1 "Presentation of Financial Statements"	There is no concept of off-balance sheet items in any IFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.	As per DFIM Circular-11, Date-23 December 2009, off balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.	Presentation of financial statements is not aligned with requirements of the IAS 1. There is no financial impact for this departure in the financial statements
10	Complete set of financial statements	IAS 1 "Presentation of Financial Statements"	As per IAS 1 "Presentation of Financial Statements" complete set of financial statements are i) statement of financial position, ii) statement of profit or loss and other comprehensive income, iii) statement of changes in equity, iv) statement of cash flows, v) notes, comprising significant accounting policies and other explanatory information and vi) statement of financial position at the beginning of preceding year for retrospective restatement.	As per DFIM Circular-11, Date-23 December 2009, complete set of financial statements are i) balance sheet, ii) profit and loss account, iii) statement of cash flows, iv) statement of changes in equity, v) statement of liquidity, vi) notes, comprising significant accounting policies and other explanatory information.	Presentation of financial statements is not aligned with requirements of the IAS 1. There is no financial impact for this departure in the financial statements.
11	Intangible asset	IAS 1 "Presentation of Financial Statements"	As per IAS 1 "Presentation of Financial Statements" para 54 the statement of financial position shall include separate line item for intangible assets.	As per DFIM Circular-11, Date-23 December 2009, there is no option for separate line item for intangible asset in the balance sheet. We present intangible asset in the balance sheet as part of fixed assets and provide details in annexure-A as separate line item.	Presentation of financial statements is not aligned with requirements of the IAS 1. There is no financial impact for this departure in the financial statements.
12	Fair value through other comprehensive income	IAS 1 "Presentation of Financial Statements"	As per IAS 1 "Presentation of Financial Statements, any change in revaluation reserve in long term investment are to be recognized in 'Other comprehensive income'.	As per DFIM Circular-11, Date-23 December 2009, complete set of financial statements does not contain 'Other comprehensive income' and thus any change in revaluation reserve will not be shown in 'Other comprehensive income'.	During the year, the OCI would show positive income of BDT 11.09 million if presented which would make total comprehensive income of BDT 836.81 million in separate financial statement.

2.6 Components of the financial statements

The financial statements comprise of (As per DFIM Circular-11, Dated 23 December 2009 and as per the para 10 of IAS 1: Presentation of Financial Statements):

- a) Consolidated and Separate Balance Sheet as at 31 December 2020;
- b) Consolidated and Separate Profit and Loss Account for the year ended 31 December 2020;
- c) Consolidated and Separate Statement of Cash Flows for the year ended 31 December 2020;
- d) Consolidated and Separate Statement of Changes in Equity for the year ended 31 December 2020;
- e) Consolidated and Separate Liquidity Statement for the year ended 31 December 2020;
- f) Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2020.

2.7 Presentation and functional currency and level of precision

The financial statements are presented in Bangladesh Taka (BDT) which is the Company's functional currency. All financial information presented in BDT has been rounded off to the nearest BDT.

2.8 Use of estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements. Provisions and accrued expenses are recognized in the financial statement in line with the International Accounting Standard (IAS) 37 "Provisions, Contingent Liabilities and Contingent Assets" when

- the Company has a legal or constructive obligation as a result of past event.
- it is probable that an outflow of economic benefit will be required to settle the obligation.
- a reliable estimate can be made on the amount of the obligation.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas are where management requires the use of estimate and judgment:

- Note- 2.22.3 - Useful life of depreciable assets as per IAS 16.
- Note- 2.27 - Provision for leases, loans, advances and investments for future impairment as per IFRS 9 and/or Bangladesh Bank guidelines.
- Note-2.37.2 - Provision for Gratuity scheme as per IAS 19.
- Note-2.18 - Use of Company's incremental borrowing rate as the discount rate for calculating the lease liability as per IFRS 16.
- Note-9.1.1.1-Deferred Tax Assets

However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognized in the year in which the estimates are revised.

Changes in accounting estimates

During the year 2020, the Company has not adopted any change of accounting estimates and consistently applies same accounting estimates for the year of 2019.

2.9 Changes in significant accounting policies

During the year 2020, the Company has not adopted any change of accounting estimates and consistently applies same accounting estimates for the year of 2019.

2.10 Contingent asset and contingent liability

The Company does not recognize any Contingent Asset and Contingent Liability; but discloses the existence of contingent liability in the financial statements. A contingent liability is a probable obligation that arises from the past events and whose existence will be confirmed by the occurrence of uncertain future events beyond the control of the Company or a present obligation that is not recognized because outflow of resources is not likely or obligation cannot be measured reliably.

2.11 Going concern

The Company has adequate resources to continue in operation for foreseeable future. For this reason, the directors continue to adopt going concern basis in preparing the accounts. The current credit facilities and resources of the Company provide sufficient funds to meet the present requirements of its existing businesses and operations.

2.12 Materiality and aggregation

Each material item as considered by management significant has been presented separately in financial statements. No amount has been set off unless the Company has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards.

2.13 Directors' responsibility statement

The Board of Directors takes the responsibility for the preparation and presentation of these consolidated and separate financial statements.

2.14 Statement of cash flows

Statement of cash flows has been prepared in accordance with the template provided with DFIM circular no.-11, Date-23 December 2009 which is a mixture of Direct and Indirect method of IAS 7 "Statement of Cash Flows".

2.15 Branch accounting

The Company has 27 branches, with no overseas branch as on 31 December 2020. Accounts of the branches are maintained at the Branch level, and consolidated through the Accounting software automatically in head office from which these accounts are drawn up.

2.16 Cash and cash equivalent

Cash and cash equivalents comprise cash in hand, current account with Bangladesh Bank, interest bearing and non-interest bearing bank deposit, fixed deposits and investments in call loan that are readily convertible to a known amount of cash, and that

are not subject to significant risk of change in value. Cash and cash equivalents are used and maintained for day to day operation of the company and for CRR and SLR requirements of Bangladesh Bank.

2.17 Investments

Investments comprise of equity, debt, government securities and unit funds. All investments are initially recognized at cost, being fair value of the consideration given, including cost of acquisition associated with the investment. The valuation methods of investments used are:

2.17.1 Investments in Government Treasury Bills and Bonds

As per IFRS-09 Financial assets are classified as either

(i) Amortised cost (ii) Fair Value through profit or loss or (iii) Fair value through other comprehensive income. In case of valuation of investment in government bonds we have followed amortized cost method, as it meets both of the following assessment criteria:

- i) Business model assessment
- ii) Contractual cash flow assessment

Investment in subordinated bond amounting BDT 800,000,000 has grace period of four years, for that, it shows cost value in the financial statements. After completing grace period, we will follow amortized cost method for valuation.

2.17.2 Investments in listed securities

Investments in listed securities are carried at cost. Adequate provision has been made considering each individual investment (where market price is less than cost) as guided by Bangladesh Bank. No gains are recognized in the profit and loss account. This is a departure from fair value approach of IFRS 9 which is disclosed in Note 2.5.2

2.17.3 Investments in non-listed securities

Investments in non-listed securities are reported at cost under cost method. Adjustment is given for any shortage of NAV (determined as per the last audited report) over cost for determining the carrying amount of investment in unlisted securities as per Bangladesh Bank guidelines. No gains are recognized in the profit and loss account. This is also a departure from fair value approach of IFRS 9 which is disclosed in Note 2.5.2

2.17.4 Investments in subsidiaries

Investments in subsidiaries are accounted for as per IFRS 9 in Company's separate financial statements in accordance with IAS-27. Accordingly, investments in subsidiaries are stated in the Company's statement of financial position at fair value and any changes therein are recorded in revaluation reserve under equity. Any changes in fair value of investment in subsidiaries are not shown in other comprehensive income as it is not permitted by Bangladesh Bank. This is disclosed in note 2.5.12.

The Company has used adjusted net asset method as per IFRS 13 to measure fair value of investment in subsidiaries. The adjusted net asset method involves deriving the fair value of an investee's equity instruments by reference to the fair value of its individual assets and liabilities adjusted by any non-controlling interest. While applying to adjusted net asset method, the Company has not made any adjustment to any of the assets or liabilities as some assets are already adjusted to fair value in the separate financials of the respective subsidiary. Thus, Fair Value of Investment in Subsidiary equals the Net Asset Value of the Subsidiaries at the reporting dates adjusted by non-controlling interest.

2.18 Accounting for leases

Group acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative standalone price.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate (weighted average) at the date of commencement of lease as the discount rate.

The Group determines its incremental borrowing rate by analysing its borrowings from various external sources.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'Fixed Assets including Land, Building, Furniture & Fixtures' and lease liabilities in 'Borrowings from Bangladesh Bank, other banks & financial institutions' in the statement of financial position.

Short-term leases and leases of low-value assets:

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Group acting as a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices.

When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset. Currently, the Group has no operating lease as a lessor.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group applies the derecognition and impairment requirements in compliance with the requirements of circular issued by the DFIM of Bangladesh Bank.

2.19 Accounting for term finance

Books of account of term finance operation are maintained based on the accrual method of accounting. Outstanding loans, along with the accrued interest thereon, for short-term finance, and unrealized principal for long-term finance are accounted for as term finance assets of the company. Interest earnings are recognized on accrual basis.

2.20 Accounting for margin loan

Margin Loan to Portfolio investors is given at an agreed ratio between investors deposit and loan amount to purchase securities against respective investor account. The investors are to maintain the margin as per set rules and regulations. The margin is monitored on daily basis as it changes due to changes in market price of share. If the margin falls below the minimum requirement, the investors are required to deposit additional fund to maintain the margin as per rules, otherwise the securities are sold to bring the margin to the required level.

Interest on Margin loan is charged on client's portfolio value on daily basis at the applicable rate. Whenever the probability arises that the benefit will flow to the Company this is recognized to income as per para 5.4.1 of IFRS 9 'Financial Instruments'.

2.21 Financial liabilities

Financial liabilities are initially recognized at fair value less transaction costs that are directly attributable to the issue of financial liability. After initial recognition, all financial liabilities are measured at amortized cost using the effective interest method. The amortized cost of a financial liability is the amount at which the financial liability is measured at initial recognition minus principal repayments, plus the cumulative amortization using the effective interest. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating the interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument.

2.22 Recognition of fixed assets**2.22.1 Assets acquired under own finance**

These are recognized initially at cost and subsequently at cost less accumulated depreciation in compliance with the IAS 16, "Property Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any direct cost attributable to bringing the assets to its working condition for its intended use. Expenditure incurred after the assets have been put into use, such as repairs and maintenance is normally charged off as revenue expenditure in the year in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the assets, the expenditure is capitalized as an additional cost of the assets. Software and all up-gradation or enhancements are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

2.22.2 Assets acquired under lease

Assets acquired under finance lease are accounted as per IFRS 16. Please see Note – 2.18 for detail of such accounting.

2.22.3 Depreciation on fixed assets

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 and the date that the asset is derecognized.

Depreciation on fixed assets is charged using straight-line method at the following rates:

Fixed assets	Rate
Furniture and fixture	20%
Office equipment	20%
Motor vehicle	20%
IT equipment	33.33%
Building	2.5%
Land	Nil
Right of use assets	Equal Monthly Lease period

2.22.4 Depreciation of right-of-use assets

Leased assets in the use and possession of the Company are depreciated in the books of the Company over the lease terms. The principal portions of lease installment paid or due are charged as depreciation in the year to which it relates.

2.22.5 Subsequent expenditure on fixed assets

Subsequent expenditure is capitalized only when it increases the future economic benefit from the assets and that cost can be measured reliably. All other expenditures are recognized as an expense as and when they are incurred.

2.22.6 Disposal of fixed assets

On disposal of fixed assets, the cost and accumulated depreciation are eliminated from the fixed assets' schedule and gain or loss on such disposal is reflected in the profit and loss account, which is determined with reference to the net book value of the assets and net sale proceeds.

2.22.7 Intangible assets

Intangible assets comprise the value of computer software. Intangible assets acquired separately are measured on initial recognition at cost and are carried at cost less accumulated amortization and accumulated impairment losses if any.

Intangible assets include accounting software, credit card software, other software and integrated systems along with related hardware.

Amortization

Amortization is calculated using the straight line method to write down the cost of intangible assets to their residual values over their estimated useful lives based on the management's best estimates. Useful life of a software (TranzWare) is eight (08) years and useful life of others software are four (04) years.

Subsequent expenditure

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits in the specifications to which it relates. All other expenditure is expensed as incurred.

2.23 Other assets

Any assets which do not appear as separate line item in the face of the balance sheet of the company are categorised as other assets as per DFIM circular No # 11 dated 23 December 2009 issued by Department of Financial Institutions and Market of Bangladesh Bank.

Other assets include advance office rent, payment of advance income tax for which assessment of tax has not been closed yet and all other financial assets, fees and other unrealized income receivable, advance for operation and investment in subsidiaries etc. However, investment in subsidiaries is eliminated at time of consolidation in accordance with IFRS -10 'Consolidated Financial Statements'.

2.24 Borrowings from Bangladesh Bank and other banks and financial institutions

Borrowed funds include call money deposits, borrowings, re-finance borrowings and other term borrowings from banks and financial institutions. These are stated in the statement of financial position at amounts payable. Interest paid or payable on these borrowings is charged to the statement of comprehensive income.

2.25 Term deposits and other deposits accounts**2.25.1 Term Deposits**

Term Deposits by customers and banks/NBFIs are recognized when the Company enters into contractual provisions of the arrangements with the counterparties, which is generally on trade date, and initially measured at the consideration received.

2.25.2 Other deposits

Other deposits include advance rentals/installments received from assets clients against leases, loans and advances which will be adjusted at the end of termination/settlement of leases, loans and advances in accordance with terms and conditions mentioned in the sanction letter.

2.26 Provision for liabilities

A provision is recognized in the profit and loss account when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

2.27 Provision for leases, loans and advances

Generally, provision against classified loans and advances is made on the basis of quarter end review by the management and instruction contained in Bangladesh Bank FID Circular No. 08, dated 03 August 2002, FID Circular No. 11, dated 31 October 2005, and FID Circular No. 06, dated 20 August 2006, DFIM Circular No. 01 dated 24 March 2020, DFIM Circular No. 05 dated 26 August 2020 and DFIM Circular No. 06 dated 01 November 2020. However, at the discretion of management, provision against classified loans and advances may be made on monthly basis.

The provisions rates are given below:

Particulars	Rates
General Provision on:	
Unclassified of Small and Medium Enterprise(SME)	0.25%
Unclassified of leases, loans and advances except SME	1%
Special Mention Account of leases, loans and advances	5%
Specific Provision On:	
Sub-standard of leases, loans and advances	20%
Doubtful of leases, loans and advances	50%
Bad/loss of leases, loans and advances	100%

See details in **Annexure- C**.

2.28 Interest suspense account

In compliance with Bangladesh Bank FID Circular No. 08, dated 03 August 2002, FID Circular No. 11, dated 31 October 2005, and FID Circular No. 06, dated 20 August 2006, interest income is not recognized as revenue and credited to interest suspense account. Interests on mortgage finance overdue beyond nine months are not recognized as revenue and credited to interest suspense account.

See details in **Annexure- C**.

2.29 Borrowing cost

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of fund.

The Company capitalized borrowing costs that is directly attributable to the acquisition, construction or production of qualifying asset from part of the cost of that asset. Other borrowing costs are recognized as an expense as per para 8 of IAS 23 'Borrowing Costs'.

2.30 Consistency

In accordance with the IFRS framework for the presentation of financial statements together with IAS 1 and IAS 8, LankaBangla Finance Limited applies the accounting disclosure principles consistently from one year to the next. In case of selecting and applying new accounting policies, changes in accounting policies applied and correction of errors, the amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of IAS-8.

2.31 Liquidity statement

The Liquidity Statement has been prepared in accordance with remaining maturity grouping of assets and liabilities as of the close of the year as per following bases:

- a) Balance with other banks and financial institutions, money at call and short notice etc. are on the basis of their term.
- b) Investments are on the basis of their residual maturity term.
- c) Loans and advances are on the basis of their repayment or maturity schedule.
- d) Fixed assets are on the basis of their useful lives.
- e) Other assets are on the basis of their adjustment.
- f) Borrowings from other banks and financial institutions as per their maturity or repayment term.
- g) Deposits and other accounts are on the basis of their maturity year and behavioral past trend.
- h) Other long term liability on the basis of their maturity term.
- i) Provisions and other liabilities are on the basis of their settlement.

2.32 Books of account

The Company maintains its books of account for main business in Electronic Form through soft automation.

2.33 Foreign currency transaction

Foreign currency transactions are translated into Bangladeshi Taka at exchange rates prevailing at the respective dates of transactions, while foreign currency monetary assets at the end of the period or year are reported at the rates prevailing on the Balance Sheet date. Exchange gains or losses arising out of the said conversions are recognized as income or expense for the period or year and charged in the profit and loss account after netting off.

2.34 Revenue recognition

Interest revenue from financial instruments is recognised in the profit and loss account on accrual basis.

Other revenue is measured based on the consideration specified in a contract with a customer. The Company/Group recognises revenue when it transfers control over a product/service provided to a customer with the performance obligation being satisfied and the amount of the transaction price is allocated to that performance obligation.

2.34.1 Income from lease finance

The Company follows the finance lease method for accounting of lease incomes in compliance with IFRS 16. Interests are recognized as and when interest incomes are accrued. Lease interests outstanding over 3 months are not recognized as revenue, and used to keep under interest suspense account.

Fee based income charges from lease operations are accounted for when they arise.

2.34.2 Interest income from term finance

Interest income is recognized when interest is accrued. No interest on loan (except mortgage loan) is accounted for as revenue where any portion of capital or interest is in arrears for more than 3 months for the loan tenure of which is within 5 years or where any portion of capital or interest is in arrears for more than 6 months for the loan tenure of which is more than 5 years. In case of mortgage loan, no interest on loan is accounted for as revenue where any portion of capital or interest is in arrears for more than 9 months. Moreover, the amounts that were previously recognized as revenue in respect of such outstanding loans are also transferred from lease income to interest suspense account.

Fees based income and delinquent charges from loan operations are accounted when they arise.

2.34.3 Interest income from credit cards

Interest on credit card is accrued and taken to accounts up to 03 (three) months. Interest accrued on credit card for more than three months is accounted as Interest-in-Suspense and is not added to revenues. Thereafter, interest is recognized on cash basis reversing the suspense account. Fee based income from credit card operations are accounted for on accrual basis.

2.34.4 Interest income from fixed deposit receipts

Interest on fixed deposit receipts is recognized on accrual basis.

2.34.5 Investment income

Interest income from investments in commercial paper is recognized on accrual basis as per para 5.4.1 of IFRS 9: Financial Instruments.

Capital gain/ (loss) on investments in shares is recognized when it is realized.

Dividend income on shares is recognized during the year as per para 5.7.1A of IFRS 9: Financial Instruments only when:

- (a) the Company's right to receive the payment of the dividend is established;
- (b) it is probable the economic benefits associated with the dividend will flow to the Company; and
- (c) the amount of the dividend can be measured reliably.

2.34.6 Portfolio management fee

Portfolio management fees are recognized based on the market value of the client's portfolio on daily basis at the applicable rate.

2.34.7 Issue Management and Corporate Advisory Fee

Issue management fee and corporate advisory fees are recognized according to performance obligations being satisfied relating to the services as agreed and defined in Issue Management and Corporate Advisory agreement between company and clients.

2.34.8 Fees and commission based income

Fees and commission based income arising on services provided by the company are recognized when the performance obligations

are satisfied and the amount of the transaction price is allocated to the performance obligations.

2.34.9 Other income

Fee based incomes other than above are recognized as income when the performance obligations are satisfied relating to the services and the amount of transaction price can be allocated and economic benefits associated with the transaction flow to the company.

2.35 Write off

Write-off describes a reduction in recognized value. It refers to recognition of the reduced or zero value of an asset. Generally, it refers to an investment for which a return on the investment is now impossible or unlikely. The item's potential return is thus cancelled and removed from ("written off") the business's balance sheet. LBFL write off policy has been administrated as per DFIM Circular No. 02 dated 01 April 2019 issued by Bangladesh Bank and write off policy subsidiaries of LankaBangla Finance Limited has been administrated as per their respective write off policy.

Recovery against debts written off or provided for is credited to revenue. Income is recognized where amounts are either recovered and/or adjusted against securities, properties or advances.

2.36 Operating expenses

Major component of operating expenses other than salary and allowances are office rent, printing and stationery, postage and stamp, telecommunication, legal and professional fees and other miscellaneous expenses. All expenses are recognized on accrual basis of accounting.

2.36.1 Salary and allowances

Salary and allowances comprise basic salary, house rent, medical allowance, conveyance allowance, festival bonus, leave fare assistance etc. All expenses related to salary and allowances are recognized on accrual basis of accounting.

2.37 Employee benefit plans

LankaBangla Finance Limited offers a number of benefit plans which include contributory provident fund, gratuity plan, Profit participation scheme and Group Life Insurance Scheme and Health Insurance. The retirement benefits accrued for the employees of the Company as on reporting date have been accounted for in accordance with the provisions of International Accounting Standard-19, "Employee Benefit". Bases of enumerating the retirement benefit schemes operated are outlined below:

2.37.1 Provident fund

The Company maintains a contributory employees Provident Fund recognized by National Board of Revenue within the meaning of section 2(52), read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984 for its permanent employees. The Fund is administered by a Board of Trustees and is funded equally by the employer and the employees @ 10% of their basic salary as contribution of the fund. Provident Funds are invested in Fixed Deposit with other financial institutions and to the Government Treasury Bills and Bonds. Interest earned from the investments is credited to the members' account on yearly basis.

2.37.2 Gratuity fund

The Company operates an unfunded gratuity scheme. Employees are entitled to gratuity benefit at the following rates:

Year of Services	% of entitlement
3 years and above but less than 4 years	50% of Last Basic Salary
4 years and above but less than 5 years	100% of Last Basic Salary
5 years and above	150% of Last Basic Salary

The actuarial valuation has not yet been made to assess the adequacy of the liabilities provided for the scheme.

2.37.3 Profit participation scheme

Every confirmed employee will be entitled to participate in the profit participation scheme (on a pro-rata basis in case of new joiners) based on the performance.

2.37.4 Group life insurance scheme and health insurance

The Company has a group life insurance scheme for all of its permanent employees. It has also a health insurance scheme for all of its permanent employees including their spouse and children.

2.37.5 Employees home loan scheme

The Company also has real estate loan for its permanent employees at 7% simple interest rate. Employees are entitled for real estate loan after satisfying of minimum loan eligible criteria.

2.38 Corporate tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

a. Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of prior years. Provision for taxation for the year ended 31 December 2020 has been made on the basis of the provisions of the Income Tax Ordinance 1984 and the Finance Act 2020. For the purpose of these financial statements, the current tax rate will be applicable, which are mentioned below:

Name of the Company	Tax Rates
LankaBangla Finance Limited	37.50%
LankaBangla Securities Limited	32.50%
LankaBangla Investment Limited	37.50%
LankaBangla Asset Management Company Limited	32.50%
LankaBangla Information System Limited	Tax Exempted
BizBangla Media Limited	32.50%

b. Deferred tax

Deferred tax liabilities are the amount of income taxes payable in future years in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future years in respect of deductible 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 assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the statement of financial position date. The impact on the accounts of changes in the deferred tax assets and liabilities has also been recognized in the profit and loss account as per IAS-12 "Income Taxes".

2.39 Legal proceedings

The Company is not currently a defendant or a plaintiff in any material lawsuits or arbitration. From time to time, however, the Company is involved as a plaintiff in some actions taken against the default clients in the ordinary course of business for non-payment of rentals/installments. We believe that the ultimate dispositions of those matters will be favorable and will have no material adverse effect on business, financial conditions or results of operations.

2.40 Earnings per Share (EPS)

The company calculates EPS in accordance with the requirement of IAS – 33: "Earnings Per Share", which has been shown on the face of the profit and loss account and the computation is shown in **Note - 34**.

Basic earnings

This represents earnings for the year ended on 31 December 2020 attributable to the ordinary shareholders.

Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued (as bonus share) during the year multiplied by a time weighting factor. The time-weighting factor is the numbers of days the specific shares are outstanding as a proportionate of the number of days in the year.

Basic earnings per share

This has been calculated by dividing the basic earning by the weighted average number of ordinary shares outstanding for the year.

Diluted earnings per share

Diluted EPS is calculated if there is any commitment for issuance of equity shares in foreseeable future, i.e., potential shares, without inflow of resources to the Company against such issue. This is in compliance with the requirement of IAS – 33 "Earnings Per Share".

2.41 Credit rating

Credit Rating Agency of Bangladesh Ltd. (CRAB) has rated the Company on 30 September 2020 with "AA₃" (Pronounced as AA Three) in the long term and ST-2 for the short term based on audited financial of FY2019 and other available information up to the date of rating declaration. The outlook on the rating is Stable. This rating will be valid till June 30, 2021.

The rating reflects the strengths of the Company which is backed by a strong team of management, growth in the non-interest income, deposits and investments, adequate capital coverage with high Tier-1 capital, improved asset quality and well controlled liquidity position.

2.42 Impairment of assets

The company has assessed at the end of each reporting period or more frequently if events or changes in circumstances indicate that the carrying value of an asset may be impaired, whether there is any indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the assets recoverable amount. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount by debiting to statement of comprehensive account. Fixed assets are reviewed for impairment whenever events or charges in circumstances indicate that the carrying amount of an asset may be impaired. This is in compliance with the requirement of IAS – 36 "Impairment of Assets".

2.43 Statutory reserve

The Financial Institutions Act 1993 requires the Company to transfer 20% of its current year's profit after tax to reserve until such reserve equals to its paid up capital.

2.44 General reserve

The Board of LankaBangla Securities has decided to create a general reserve by 1% on outstanding margin loan provided to the client against marketable securities. Add or adjustment with general reserve will depend on size of outstanding margin loan for the respective year.

2.45 Events after the Reporting Period

Where necessary, all the material events after the reporting year have been considered and appropriate adjustments / disclosures have been made in the financial statements.

Dividend payable to the Company's shareholders is recognized as a liability and deducted from the shareholders' equity in the year in which the shareholders' right to receive payment is established.

2.46 Corporate governance

The company recognizes the importance of high standards of corporate governance and corporate social responsibility. Through regular Board Meeting and documented procedures of independence, the company endeavors to meet the standards expected.

The company has taken note of the recently prescribed measures by the Bangladesh Securities and Exchange Commission in this regard and intends to introduce the concept of independent Director at the earliest possible opportunity. An Audit Committee is already in place. The Company also prohibits provision of non-audit services by the external auditors. The Audit committee keeps under review the independence and objectivity of the external auditors.

The Board is also committed to effective communication between the company and its subsidiaries, investors, regulators and third party interests.

2.47 BASEL II and its implementation

To cope with the best international practices and to make the capital more risk sensitive as well as more shock resilient, guidelines on 'Basel Accord for Financial Institutions (BAFI)' have been introduced from January 01, 2011 on test basis by the Bangladesh Bank. At the end of test run year, Basel Accord regime has started and the guidelines on BAFI has come fully into force from January 01, 2012 with its subsequent supplements/revisions. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital, and Disclosure requirement as stated in these guidelines have to be followed by all financial institutions for the

purpose of statutory compliance.

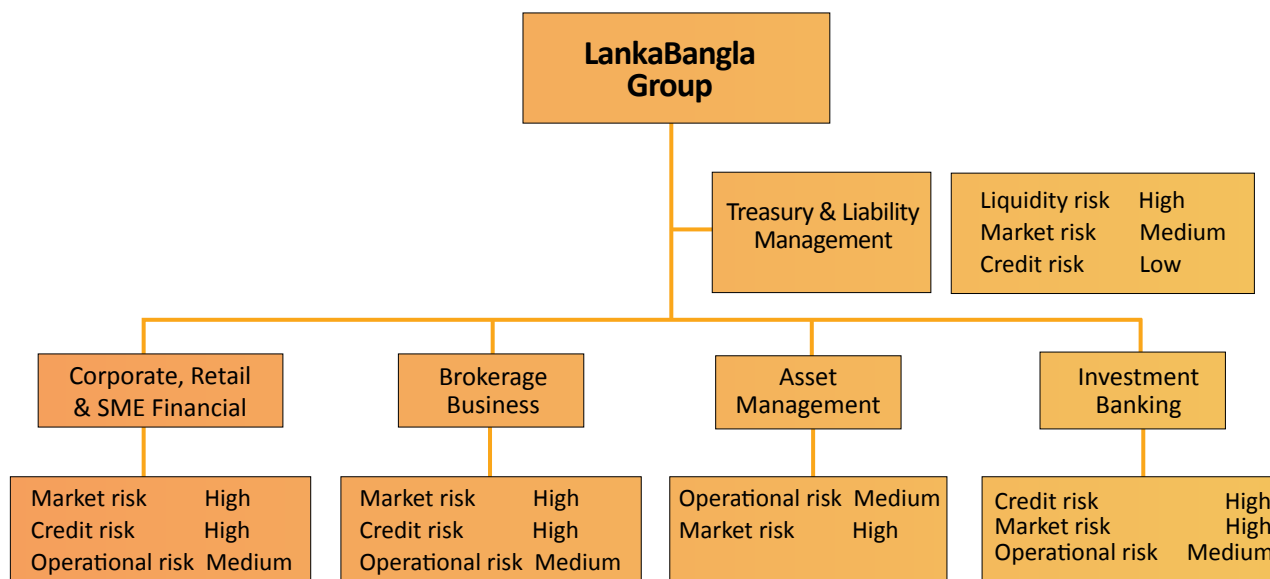
In line with Bangladesh Bank requirement, the Company has already formed BASEL Implementation Unit (BIU) to ensure timely implementation of BASEL II accord.

2.48 Financial risk management

The Group has exposure to the following risks from financial instruments:

- ❖ Credit risk
- ❖ Liquidity risk
- ❖ Market risks
- ❖ Operational risks
- ❖ Anti- money laundering and terrorist financing risk

The chart below provides a link between the Group’s business units and the principal risks that they are exposed to. The significance of risk is assessed within the context of the Group as a whole and is measured based on allocation of the regulatory capital within the Group.



The Company’s Board of Directors has overall responsibility for the establishment and oversight of the Group’s risk management framework. The Board of Directors has established the Asset Liability Management committee (ALCO) and Risk Management Forum by following the relevant directives and guidelines of Bangladesh Bank, which are responsible for developing and monitoring Group risk management policies.

The Group’s risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group Audit Committee.

A. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s loans and advances to customers and other banks.

For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk and sector risk).

The Board of Directors has delegated responsibility for the oversight of credit risk to its Group Credit Committee. A separate Group, Credit Risk Management department, reporting to the Managing Director and Executive Committee, is responsible for the management of the Group’s credit risk, including:

Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.

Establishing the authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to business unit Credit Officers. Larger facilities require approval by Group Credit, Head of Group Credit, Group Credit Committee or the Board of Directors as appropriate.

Credit Risk Management assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.

Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances, financial guarantees and similar exposures), and by issuer, credit rating band, market liquidity and country (for investment securities).

Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of credit risk.

Each business unit is required to implement Group credit policies and procedures, with credit approval authorities delegated from the Group Credit Committee.

Regular audits of business units and Group Credit processes are undertaken by Internal Audit.

The Group writes off a loan or an investment debt security balance, and any related allowances for impairment losses, when Group Credit determines that the loan or security is uncollectible. This determination is made after considering information such

as the occurrence of significant changes in the borrower's / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardized loans, write-off decisions generally are based on a product-specific past due status.

B. Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's Board of Directors sets the Group's strategy for managing liquidity risk and delegates the responsibility for the oversight of the implementation of this policy to ALCO. ALCO approves the Group's liquidity policies and procedures. Treasury division manages the Group's liquidity position on a day-to day basis and reviews daily reports covering the liquidity position of the Group. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The key elements of the Group's liquidity strategy are as follows:

- Maintaining a diversified funding base consisting of customer deposits (both retail and corporate), zero coupon bond and different types of bank borrowing ranging from very short nature call loan to short term loan to long term loan and maintaining contingency facilities;
- Carrying a portfolio of highly liquid assets, diversified by currency and maturity;
- Monitoring liquidity ratios, maturity mismatches, behavioral characteristics of the Group's financial assets and liabilities, and the extent to which the Group's assets are encumbered and so not available as potential collateral for obtaining funding;
- Carrying out stress testing of the Group's liquidity position. Treasury division receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole.

C. Market Risk

Market risk is the risk that changes in market prices, such as interest rates, share prices and credit spreads will affect the Group's income or the value of its holdings of financial instruments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters in order to ensure the Group's solvency while optimizing the return on risk.

Overall authority for market risk is vested in ALCO. ALCO sets up limits for each type of risk in aggregate and for portfolios, with market liquidity being a primary factor in determining the level of limits set for trading portfolios.

D. Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and innovation. In all cases, the Group policy requires compliance with all applicable legal and regulatory requirements.

The Board of Directors has delegated responsibility for operational risk to Management Committee which is responsible for the development and implementation of controls to address operational risk. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a program of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the Management Committee with summaries submitted to the Audit Committee and senior management of the Group.

E. Anti- money laundering and terrorist financing risk

In LankaBangla Finance Limited, money laundering and terrorist financing risk has two board dimensions:

- i) Business Risk which is the risk that LBFL may be used for money laundering or for the financing terrorism and
- ii) Regulatory risk which is the risk that LBFL fails to meet regulatory obligations under the Money Laundering Prevention Act, 2012 (subsequently amended in 2015) and Anti-Terrorism Act 2009 (subsequently amended in 2021 and 2013)

To mitigate the risk, LBFL while adhering to various guidelines and circulars issued by the Bangladesh Financial Intelligence Unit (BFIU), has in place a strict compliance program consisting of the following components:

- a) Internal policies, procedures and controls which are continually updated as and when required
- b) A dedicated structure and sub-structure within the organization
- c) Appointment of Chief Anti-Money Laundering Compliance officer, Deputy Chief Anti-Money Laundering Compliance officer and Branch Chief Anti-Money Laundering Compliance officer.
- d) Independent audit functions and Self-Assessment Program by respective Branches;
- e) Ongoing employee training program.

2.49 Segments

After incorporation, the company started with lease and loan as its core financing business. With time, it diversified its business among Asset Management Operations, Merchant banking business and brokerage business. The company has decided to segregate its various operating segment considering nature of segmental business. Thus, four operating segments of the Group are reported and presented. Profit and loss account of above operations and other operations have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), and results of its operation have been combined, item by item, with the financial results of the Company.

2.50 Comparative figures

Comparative information has been disclosed in respect of the year ended 31 December 2020 for all numerical data in the financial statements and also the narrative and descriptive information when it is relevant for better understanding of the current year's financial statements.

To facilitate comparison, certain relevant balances of the year 2019 pertaining to the comparatives have been rearranged/restated/reclassified considered necessary to ensure comparability with the current year.

2.51 Date of authorization

The Board of Directors has authorized these financial statements for public issue on 10 Mar 2021.

2.52 Compliance of International Financial Reporting Standards (IFRS)

SI #	Name of IAS/IFRS	Status
01	IAS 1: Presentation of Financial Statements	Partially Complied
02	IAS 2: Inventories	Not Applicable
03	IAS 7: Statements of Cash Flows	Partially Complied
04	IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors	Complied
05	IAS 10: Events after the Reporting Period	Complied
06	IAS 12: Income Taxes	Partially Complied
07	IAS 16: Property, Plant and Equipments	Complied
08	IAS 19: Employee Benefits	Complied
09	IAS 20: Accounting for Govt. Grants and disclosures of Govt. Assistances	Not Applicable
10	IAS 21: The Effects of Changes in Foreign Exchange Rates	Complied
11	IAS 23: Borrowing Costs	Complied
12	IAS 24: Related Party Disclosures	Complied
13	IAS 26: Accounting and Reporting by Retirement Benefit Plan	Not Applicable
14	IAS 27: Separate Financial Statements	Complied
15	IAS 28: Investments in Associates and Joint Ventures	Not Applicable
16	IAS 29: Financial Reporting in Hyperinflationary Economics	Not Applicable
17	IAS 32: Financial Instruments: Presentation	Partially Complied
18	IAS 33: Earnings Per Share	Complied
19	IAS 34: Interim Financial Reporting	Complied
20	IAS 36: Impairment of Assets	Complied
21	IAS 37: Provisions, Contingent Liabilities and Contingent Assets	Complied
22	IAS 38: Intangible Assets	Complied
23	IAS 40: Investment Property	Not Applicable
24	IAS 41: Agriculture	Not Applicable
25	IFRS 1: First-time adoption of International financial Reporting Standards	Not Applicable
26	IFRS 2: Share-based Payment	Not Applicable
27	IFRS 3: Business Combinations	Complied
28	IFRS 4: Insurance Contracts	Not Applicable
29	IFRS 5: Non-current Assets Held for Sale and Discontinued Operations	Not Applicable
30	IFRS 6: Exploration for and Evaluation of Mineral Resources	Not Applicable
31	IFRS 7: Financial Instruments: Disclosures	Partially Complied
32	IFRS 8: Operating Segments	Complied
33	IFRS 9: Financial Instruments	Partially Complied
34	IFRS 10: Consolidated Financial Statements	Complied
35	IFRS 11: Joint Arrangements	Not Applicable
36	IFRS 12: Disclosure of Interests in Other Entities	Complied
37	IFRS 13: Fair Value Measurement	Partially Complied
38	IFRS 14: Regulatory Deferral Accounts	Not Applicable
39	IFRS 15: Revenue from Contracts with Customers	Complied
40	IFRS 16: Leases	Complied

Partially Complied standards are those requirements which are different from those of Bangladesh Bank. Note – 2.5 contains details about such departure from IFRS requirements to comply with Bangladesh Bank.

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2020 Taka	31.12.2019 Taka	31.12.2020 Taka	31.12.2019 Taka
3. Cash in hand				
See accounting policy in note (2.16)				
Local currency	1,341,797	777,880	566,660	539,748
Foreign currency	-	-	-	-
	1,341,797	777,880	566,660	539,748
Cash in hand represents the amount under impress system of petty cash to meet daily petty cash expenses requirement both for head office and branch offices.				
4. Balance with Bangladesh Bank and its agent banks				
See accounting policy in note (2.16)				
Local currency	630,187,484	876,957,809	630,187,484	876,957,809
Foreign currency	-	-	-	-
	630,187,484	876,957,809	630,187,484	876,957,809
Balance with Bangladesh Bank has been maintained as Cash Reserve Requirement (CRR) of Bangladesh Bank through non-interest bearing current account.				
4.1 Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)				
Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with Financial Institution Act, 1993, Financial Institution Regulations 1994 and DFIM Circular No. 03 dated 21 June 2020				
Cash reserve requirement (CRR) 1.5% in 2020 and 2.5% in 2019				
Cash Reserve Requirement (CRR) has been calculated at the rate of 1.5% on Total Term Deposits or Fixed Deposit, Security Deposit against Lease/ Loan and other Term Deposits, received from individuals and institutions (except banks and financial institutions) which was 2.5% in last year				
Required reserve (1.50% in 2020 and 2.5% in 2019)	602,193,539	978,645,181	602,193,539	978,645,181
Actual reserve held (2020: 1.59%, 2019: 2.57%)	638,684,502	1,004,764,992	638,684,502	1,004,764,992
Surplus/(deficit) (2020: 0.09%, 2019: 0.07%)	36,490,964	26,119,811	36,490,964	26,119,811
Statutory Liquidity Requirements (SLR) 5.00%				
Statutory Liquidity Reserve (SLR) has been calculated at the rate of 5.0% on total liabilities, including CRR of 1.5% on Total Term Deposit. SLR is maintained in liquid assets in the form of cash in hand (notes and coin in BDT), balance with Bangladesh Bank and other banks and financial institutions, investment at call, unencumbered treasury bill, prize bond, savings certificate and any other assets approved by Bangladesh Bank.				
Total required reserve (5%)	2,159,463,854	2,111,364,318	2,159,463,854	2,111,364,318
Actual reserve held (2020: 5.05%, 2019: 5.04%)	2,180,577,329	2,127,244,265	2,180,577,329	2,127,244,265
Total surplus/(deficit) (2020: 0.05%, 2019: 0.04%)	21,113,475	15,879,947	21,113,475	15,879,947
5. Balance with other banks and financial institutions				
See accounting policy in note (2.16)				
Inside of Bangladesh				
Local Currency				
Non interest bearing current account (Note - 5.1)	188,909,710	199,751,621	188,909,710	199,751,621
Interest bearing short term deposit account (Note - 5.2)	7,670,478,047	4,714,473,095	5,801,181,181	3,469,717,764
Fixed deposit receipt account (Note - 5.3)	3,845,047,870	3,417,770,330	3,738,024,932	3,342,344,337
	11,704,435,628	8,331,995,045	9,728,115,823	7,011,813,722
Foreign Currency				
Dhaka Bank Ltd.-USD A/C (Exchange Rate Tk. 84.95)	92,629	92,629	92,629	92,629
Dhaka Bank Ltd.-POUND A/C (Exchange Rate Tk. 114.48)	30,428	29,507	30,428	29,507
Dhaka Bank Ltd.-EURO A/C (Exchange Rate Tk.103.85)	7,808	7,133	7,808	7,133
	130,865	129,269	130,865	129,269
	11,704,566,493	8,332,124,314	9,728,246,688	7,011,942,991
Outside of Bangladesh				
	-	-	-	-
	11,704,566,493	8,332,124,314	9,728,246,688	7,011,942,991
5.1 Non interest bearing current account				
Bank Asia Limited	390	33,925	390	33,925
BRAC Bank Limited	2,592,409	61,239,484	2,592,409	61,239,484
Community Bank Bangladesh Limited	99,959,770	-	99,959,770	-
Dhaka Bank Limited	41,376	55,917	41,376	55,917
Dutch Bangla Bank Limited	2,001	1,656	2,001	1,656
Eastern Bank Limited	32,252	3,354,154	32,252	3,354,154
Exim Bank Limited	1,000	655	1,000	655
First Security Islami Bank Limited	600,049	6,101,830	600,049	6,101,830
Mercantile Bank Limited	12,360,851	5,188,193	12,360,851	5,188,193
Mutual Trust Bank Limited	42,184	9,519	42,184	9,519
NRB Bank Limited	255	-	255	-
ONE Bank Limited	1,696,547	39,428,006	1,696,547	39,428,006
Prime Bank Limited	471	1,471	471	1,471
Standard Chartered Bank	69,109,561	80,435,471	69,109,561	80,435,471
The Premier Bank Ltd.	6,725	9,830	6,725	9,830
Trust Bank Limited	2,463,595	3,890,889	2,463,595	3,890,889
United Commercial Bank Limited	276	621	276	621
	188,909,710	199,751,621	188,909,710	199,751,621

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2020 Taka	31.12.2019 Taka	31.12.2020 Taka	31.12.2019 Taka
5.2 Interest bearing short term deposit account				
AB Bank Limited	7,637,593	8,584,937	7,637,593	8,584,937
Bangladesh Development Bank Limited	314,034	104,350	-	-
Bank Asia Limited	35,650,006	39,064,548	35,650,006	39,064,548
BASIC Bank Limited	10,612	15,773	10,612	15,773
Commercial Bank of Ceylon	12,247,937	2,587,567	-	-
Dhaka Bank Limited	575,523,813	657,179,498	575,523,813	524,870,383
Dutch Bangla Bank Limited	7,567,412	28,191,166	7,567,412	28,191,166
Eastern Bank Limited	9,326,727	45,176,123	9,326,727	45,176,123
Exim Bank Limited	64,502	303,626	64,502	303,626
Jamuna Bank Limited	1,800	2,806	1,800	2,806
Meghna Bank Limited	997	1,687	-	-
Mercantile Bank Limited	710,655,204	707,953,146	710,655,204	707,953,146
Midland Bank Limited	36,666	23,036	33,518	16,425
Mutual Trust Bank Limited	369,089	1,275,112	369,089	1,275,112
NRB Bank Limited	847,274,849	62,725,123	847,274,849	62,725,123
National Credit & Commerce Bank Limited	3,389,293,004	1,067,551,881	3,120,667,197	707,420,407
ONE Bank Limited	1,969,727,271	1,969,566,081	431,916,852	1,223,590,278
Prime Bank Limited	422,975	4,380,929	422,975	4,380,929
Shahajalal Islami Bank Limited	4,989,845	314,737	746,090	217,770
Social Islami Bank Limited	134,310	-	-	-
Sonali Bank Limited	663,832	671,435	-	-
South Bangla Agriculture & Commerce Bank Limited	13,710	32,636	-	-
Standard Bank Limited	119,089	21,449	-	-
Standard Chartered Bank	64,266,270	39,373,651	19,146,443	36,557,416
The City Bank Limited	21,996,015	34,538,486	21,996,015	34,538,486
The Premier Bank Limited	10,314,729	19,023,583	10,314,729	19,023,583
United Commercial Bank Limited	1,588,277	25,457,034	1,588,277	25,457,034
Woori Bank	267,479	352,693	267,479	352,693
	7,670,478,047	4,714,473,095	5,801,181,181	3,469,717,764
5.3 Fixed deposit receipt account				
Janata Bank Limited	100,000,000	-	100,000,000	-
Sonali Bank Limited	933,700,000	-	933,700,000	-
Agrani Bank Limited	900,000,000	-	900,000,000	-
Dhaka Bank Limited	-	300,000,000	-	300,000,000
Meghna Bank Limited	-	400,000,000	-	400,000,000
Mercantile Bank Limited	312,050,000	500,000,000	312,050,000	500,000,000
Meridian Finance and Investment Limited	-	135,000,000	-	135,000,000
National Credit and Commerce Bank Limited	610,254,806	359,377,500	610,254,806	359,377,500
One Bank Limited	571,091,863	711,793,307	519,416,863	690,557,141
Standard Bank Limited	-	600,000,000	-	600,000,000
Standard Chartered Bank	55,347,938	54,189,827	-	-
The Premier Bank Limited	72,603,262	67,409,696	72,603,262	67,409,696
Union Capital Limited	290,000,000	290,000,000	290,000,000	290,000,000
	3,845,047,870	3,417,770,330	3,738,024,932	3,342,344,337
Disclosures in compliance to the FID Circular # 6, dated 06 November 2003 of the Bangladesh Bank consist of the following:				
5.4 Maturity grouping of balance with other banks and financial institutions				
Up to 1 month	8,595,917,266	5,481,690,362	6,619,599,966	4,613,145,323
Over 1 month but not more than 3 months	1,328,416,863	1,725,216,144	1,328,416,863	1,451,864,710
Over 3 months but not more than 6 months	593,410,788	375,072,603	593,409,953	236,733,240
Over 6 months but not more than 1 year	1,186,821,576	750,145,206	1,186,819,906	710,199,719
Over 1 year but not more than 5 years	-	-	-	-
Over 5 years	-	-	-	-
	11,704,566,493	8,332,124,314	9,728,246,688	7,011,942,991
6 Investment				
See accounting policy in note (2.17)				
Government securities	229,908,878	-	229,908,878	-
Treasury bills	198,303,844	-	198,303,844	-
Treasury Bonds	31,605,034	-	31,605,034	-
Other investments	6,031,653,207	5,392,515,912	2,795,863,508	2,393,868,418
Non marketable shares and mutual funds (Note - 6.1)	267,639,492	235,842,990	113,437,292	123,569,450
Marketable shares and mutual funds (Note - 6.2)	4,258,154,812	4,154,848,688	1,176,567,313	1,268,474,734
Investment in Perpetual bond	500,000,000	-	500,000,000	-
Investment in Subordinated bond	800,000,000	800,000,000	800,000,000	800,000,000
Discretionary corporate fund-LBAMCOL Maximizer	205,858,903	201,824,234	205,858,903	201,824,234
	6,261,562,085	5,392,515,912	3,025,772,386	2,393,868,418

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2020 Taka	31.12.2019 Taka	31.12.2020 Taka	31.12.2019 Taka
Investment is Designated as follows:				
Held for Trading	2,844,384,785	3,402,442,362	830,160,941	1,087,358,732
Held to Maturity	1,529,908,878	800,000,000	1,529,908,878	800,000,000
Available for Sale	1,619,628,931	954,230,560	552,265,275	382,940,236
Others	267,639,492	235,842,990	113,437,292	123,569,450
	6,261,562,085	5,392,515,912	3,025,772,386	2,393,868,418
6.1 Non marketable shares and mutual funds				
Non marketable shares (Note - 6.1.1)	105,776,050	118,842,990	21,569,450	21,569,450
Non marketable mutual funds (Note - 6.1.2)	161,863,442	117,000,000	91,867,842	102,000,000
	267,639,492	235,842,990	113,437,292	123,569,450
6.1.1 Non marketable shares				
ADN Telecom Limited	-	569,040	-	-
BD Venture Limited	20,000,000	20,000,000	20,000,000	20,000,000
Base Textiles Limited	-	30,000,000	-	-
Bengal Meat Processing Industries Limited	50,000,000	50,000,000	-	-
Central Depository (Bangladesh) Limited	1,569,450	1,569,450	1,569,450	1,569,450
Chittagong Stock Exchange Limited*	5,000,000	5,000,000	-	-
Dhaka Stock Exchange Limited*	8,704,500	8,704,500	-	-
Financial Excellence Limited	3,000,000	3,000,000	-	-
Index Agro Industries Ltd (IPO)	5,003,200	-	-	-
Mir Akhter Hossain Ltd (IPO)	12,498,900	-	-	-
	105,776,050	118,842,990	21,569,450	21,569,450
6.1.2 Non marketable mutual funds				
CAPM Unit Fund	2,000,000	2,000,000	2,000,000	2,000,000
EDGE Bangladesh Mutual Fund	9,995,600	5,000,000	-	-
LankaBangla 1st PE Fund	30,000,000	10,000,000	-	-
LBAMCL Al-Arafah Shariah Unit Fund	69,867,842	50,000,000	39,867,842	50,000,000
LankaBangla 1st Balanced Unit Fund	50,000,000	50,000,000	50,000,000	50,000,000
	161,863,442	117,000,000	91,867,842	102,000,000

*LankaBangla Securities Limited has received the following shares from DSE and CSE against the membership under demutualization scheme of the stock exchanges

Stock Exchange	Type of Shares	Number of Shares	Face Value	Face Value amount
Dhaka Stock Exchange	Floated	2,886,042	10	28,860,420
	(53.33%) Blocked	2,525,287	10	25,252,870
	(46.67%)	5,411,329		54,113,290
Chittagong Stock Exchange	Floated (40%)	1,714,932	10	17,149,320
	Blocked (60%)	2,572,398	10	25,723,980
		4,287,330		42,873,300

Valuation of membership has been shown at cost in the accounts.

6.2 Marketable shares and mutual funds				
Bank	109,681,313	123,665,846	20,927,624	49,152,870
Cement	101,611,176	79,807,931	40,440,307	40,440,307
Engineering	138,329,272	246,100,851	50,802,897	211,567,992
Food and Allied	197,655,639	98,624,749	93,126,765	84,917,401
Fuel and Power	433,057,761	417,015,039	102,835,466	67,286,839
Insurance	83,363,551	76,471,609	11,156,760	-
IT Sector	354,663,516	496,084,580	52,869,140	71,428,847
Miscellaneous	23,955,824	-	23,955,824	-
Mutual Funds	5,470,845	9,608,219	-	4,137,375
Non-Bank Financial Institutions	824,483,088	816,857,413	320,250,209	317,185,209
Paper & Printing	55,270,418	68,121,201	55,270,418	68,121,201
Pharmaceuticals and Chemicals	1,020,269,608	763,365,894	185,561,663	82,002,541
Services & Real Estate	30,708,061	5,386,864	25,075,555	-
Tannery Industries	19,915,487	33,451,568	19,915,487	33,451,568
Telecommunication	363,389,953	375,639,977	2,712,530	19,534,507
Textile	496,311,537	526,640,268	171,666,667	201,315,999
Travel & Leisure	17,764	18,006,677	-	17,932,077.38
	4,258,154,812	4,154,848,688	1,176,567,313	1,268,474,734

All investments in marketable shares are valued at average cost price as on reporting date and adequate provision has been made as per Bangladesh Bank and BSEC Guideline.*

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2020 Taka	31.12.2019 Taka	31.12.2020 Taka	31.12.2019 Taka
Investments in non-marketable shares are valued at cost due to fair value cannot be measured reliably.				
*As at 31 December 2020 there was Tk. 137,212,486 (Gross unrealized gain was Tk. 48,629,476 and gross unrealized loss was Tk. 185,841,962) net unrealized loss of LankaBangla Finance Limited and there was 383,396,009 net unrealized loss of LankaBangla Group on investment in marketable shares which is charged in profit and loss account in compliance with the DFIM circular No. 11 dated; 19 September, 2011 and DFIM Circular No.02 , dated; January 31, 2012 issued by Bangladesh Bank and reference no. বিএসইসি/মুখপত্র (৩য় খণ্ড)/২০১১/৬০ dated; 19 December 2018 and BSEC/SRI/Policy/3/2020/68 issued by BSEC.				
6.3 Strategic classification of investment in shares				
Strategic investment in shares	1,413,770,027	752,406,326	346,406,371	181,116,002
Non-strategic investment in shares	2,844,384,785	3,402,442,362	830,160,941	1,087,358,732
	4,258,154,812	4,154,848,688	1,176,567,313	1,268,474,734
6.4 Maturity wise grouping of investments				
Up to 01 Month	404,471,291	140,528,237	229,908,878	90,731,113
More than 01 Month to 03 Months	1,795,863,508	1,407,928,053	1,290,004,604	918,509,631
More than 03 Month to 01 Years	1,409,553,637	1,070,157,406	205,858,903	410,725,459
More than 01 Year to 05 Years	1,871,673,644	560,007,273	520,000,000	360,007,273
More than 05 Years	780,000,005	2,213,894,943	780,000,000	613,894,943
	6,261,562,085	5,392,515,912	3,025,772,386	2,393,868,418
7 Leases, loans and advances				
Loans , cash credit and overdraft etc. (Note - 7.1)	58,472,232,776	65,117,083,059	54,709,353,488	60,662,461,499
Bills discounted and purchased	-	-	-	-
	58,472,232,776	65,117,083,059	54,709,353,488	60,662,461,499
7.1 Loans , cash credit and overdraft etc.				
See accounting policy in note (2.18), (2.19) and (2.20)				
Corporate finance				
Lease finance	3,485,352,326	3,894,031,185	3,485,352,326	3,894,031,185
Secured Overdraft	401,175	103,471,205	401,175	103,471,205
Short term finance	1,456,670,472	2,373,597,216	1,456,670,472	2,373,597,216
Term loan to subsidiaries (Note - 7.1.1)	-	-	1,786,235,718	1,879,648,686
Term loan	9,476,271,393	9,600,427,589	9,476,271,393	9,600,427,589
Syndication finance	242,008,380	317,475,541	242,008,380	317,475,541
Work order finance	-	3,454,296	-	3,454,296
	14,660,703,746	16,292,457,032	16,446,939,464	18,172,105,718
Retail finance				
Auto loan (Note - 7.1.2)	2,577,784,095	3,498,511,761	2,577,517,463	3,477,484,850
Credit card receivables (Note - 7.1.3)	3,994,654,436	4,118,221,707	3,994,654,436	4,118,221,707
Home loan (Note - 7.1.4)	10,321,155,006	12,457,268,711	10,321,155,006	12,457,268,711
Personal loan (Note - 7.1.5)	3,698,721,242	4,597,198,848	3,690,976,978	4,590,180,558
	20,592,314,779	24,671,201,027	20,584,303,883	24,643,155,825
SME finance				
Term loan	10,432,054,798	10,094,881,570	10,432,054,798	10,094,881,570
Lease finance	2,627,702,349	2,665,233,848	2,627,702,349	2,665,233,848
Auto loan	1,935,871,283	2,303,683,539	1,935,871,283	2,303,683,539
Emerging and commercial	1,225,236,560	995,975,069	1,225,236,560	995,975,069
Loan against deposit	8,235,505	24,253,674	8,235,505	24,253,674
Home Loan	696,020,773	686,974,267	696,020,773	686,974,267
Real state developer finance	36,070,950	38,278,950	36,070,950	38,278,950
Secured Overdraft	13,761,506	105,921,880	13,761,506	105,921,880
Short term loan	410,197,572	667,661,588	410,197,572	667,661,588
Syndication finance	275,414,548	246,671,273	275,414,548	246,671,273
Work order finance	17,544,300	17,664,300	17,544,300	17,664,300
	17,678,110,142	17,847,199,956	17,678,110,142	17,847,199,956
Others				
Debit balance of share trading clients	4,698,404,044	5,162,213,218	-	-
Margin loan to share trading clients	842,700,065	1,144,011,826	-	-
	5,541,104,109	6,306,225,044	-	-
	58,472,232,776	65,117,083,059	54,709,353,488	60,662,461,499
Place of disbursement				
In Bangladesh	58,472,232,776	65,117,083,059	54,709,353,488	60,662,461,499
Outside of Bangladesh	-	-	-	-
	58,472,232,776	65,117,083,059	54,709,353,488	60,662,461,499

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2020 Taka	31.12.2019 Taka	31.12.2020 Taka	31.12.2019 Taka
7.1.1 Term loan to subsidiaries				
LankaBangla Securities Limited	-	-	89,620,268	123,048,236
LankaBangla Investments Limited	-	-	1,696,615,450	1,756,600,450
	-	-	1,786,235,718	1,879,648,686
7.1.2 Auto Loan				
Commercial loan	2,507,514,252	3,382,264,165	2,507,514,252	3,382,264,165
Staff loan	70,269,843	116,247,596	70,003,211	95,220,685
	2,577,784,095	3,498,511,761	2,577,517,463	3,477,484,850
7.1.3 Credit card receivables				
Master card	2,447,463,462	2,540,375,670	2,447,463,462	2,540,375,670
VISA card	1,110,532,042	1,109,565,787	1,110,532,042	1,109,565,787
Master card ezyapay	322,354,615	328,962,793	322,354,615	328,962,793
VISA card ezyapay	114,304,317	139,317,457	114,304,317	139,317,457
	3,994,654,436	4,118,221,707	3,994,654,436	4,118,221,707
7.1.4 Home loan				
Bangladesh Bank refinance loan	313,519,386	363,411,808	313,519,386	363,411,808
Commercial loan	9,733,709,815	11,746,005,665	9,733,709,815	11,746,005,665
Staff loan	273,925,805	347,851,238	273,925,805	347,851,238
	10,321,155,006	12,457,268,711	10,321,155,006	12,457,268,711
7.1.5 Personal Loan				
Loan against deposit	542,087,090	525,841,127	542,087,090	525,841,127
Term loan	3,051,006,888	3,949,502,895	3,051,006,888	3,949,502,895
Staff loan	105,627,264	121,854,826	97,883,000	114,836,536
	3,698,721,242	4,597,198,848	3,690,976,978	4,590,180,558
7.1.6 Maturity wise grouping of leases, loans and advances				
On demand	4,078,125,254	4,550,176,190	3,782,458,342	4,480,571,184
Not more than 3 months	10,076,938,713	11,561,656,686	9,092,826,907	11,451,742,282
More than 03 month to 01 years	29,235,101,773	28,317,859,513	27,080,194,369	27,065,067,105
More than 01 year to 05 years	11,609,437,862	14,249,782,369	11,103,049,951	12,947,534,077
More than 05 years	3,472,629,175	6,437,608,302	3,650,823,920	4,717,546,852
	58,472,232,776	65,117,083,059	54,709,353,488	60,662,461,499
7.1.7 Classification wise leases, loans and advances				
Unclassified				
Standard (UC)	55,165,533,954	60,373,834,792	51,402,654,666	55,919,213,232
Special Mention Accounts (SMA)	735,292,745	1,355,031,308	735,292,745	1,355,031,308
	55,900,826,698	61,728,866,100	52,137,947,411	57,274,244,540
Classified				
Sub-standard (SS)	274,105,336	646,764,457	274,105,336	646,764,457
Doubtful (DF)	658,274,343	1,204,447,153	658,274,343	1,204,447,153
Bad/loss (BL)	1,639,026,399	1,537,005,350	1,639,026,399	1,537,005,350
	2,571,406,077	3,388,216,959	2,571,406,077	3,388,216,959
	58,472,232,776	65,117,083,059	54,709,353,488	60,662,461,499
See details in annexure-C				
Loans, advances and lease on the basis of significant concentration				
a) Loans, advances and lease to the institutions in which Directors have interest	-	-	1,786,235,718	1,879,648,686
b) Loans, advances and lease to Chief Executive and other senior executives	77,341,318	96,040,340	77,341,318	96,040,340
c) Loans, advances and lease to customer groups:				
i) Real estate finance	9,733,709,815	11,746,005,665	9,733,709,815	11,746,005,665
ii) Car loan	2,507,514,252	3,382,264,165	2,507,514,252	3,382,264,165
iii) Personal loan	3,051,006,888	3,949,502,895	3,051,006,888	3,949,502,895
iv) Loan against deposits (LAD)	542,087,090	525,841,127	542,087,090	525,841,127
v) Small and medium enterprises	17,678,110,142	17,847,199,956	17,678,110,142	17,847,199,956
vi) Special program loan (Bangladesh Bank refinancing scheme)	313,519,386	363,411,808	313,519,386	363,411,808
vii) Staff loan	449,822,912	585,953,660	441,812,016	557,908,458
viii) Industrial loans, advances and leases	14,660,703,746	16,292,457,032	16,446,939,464	18,172,105,718
ix) Other loans and advances	9,535,758,546	10,424,446,751	3,994,654,436	4,118,221,707
	58,472,232,776	65,117,083,059	54,709,353,488	60,662,461,499

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2020 Taka	31.12.2019 Taka	31.12.2020 Taka	31.12.2019 Taka
d) Details of industrial loans, advances and leases				
1) Trade and commerce	6,850,127,748	6,182,579,361	6,850,127,748	6,182,579,361
2) Industries				
i) Garments and knitwear	2,555,650,298	2,523,889,073	2,555,650,298	2,523,889,073
ii) Textile	1,708,435,807	1,767,344,968	1,708,435,807	1,767,344,968
iii) Jute and jute -products	246,427,000	209,361,115	246,427,000	209,361,115
iv) Food production and processing industry	4,816,108,486	3,912,053,750	4,816,108,486	3,912,053,750
v) Plastic industry	590,051,226	754,214,155	590,051,226	754,214,155
vi) Leather and leather goods	307,759,525	282,614,074	307,759,525	282,614,074
vii) Iron, steel and engineering	1,704,567,508	1,952,179,921	1,704,567,508	1,952,179,921
viii) Pharmaceuticals and chemicals	1,065,008,267	1,224,091,617	1,065,008,267	1,224,091,617
ix) Cement and allied industry	1,635,206,613	1,638,394,715	1,635,206,613	1,638,394,715
x) Telecommunication and IT	793,271,436	862,352,469	793,271,436	862,352,469
xi) Paper, printing and packaging	478,542,846	602,970,514	478,542,846	602,970,514
xii) Glass, glassware and ceramic industry	10,215,081	11,705,081	10,215,081	11,705,081
xiii) Ship manufacturing industry	-	-	-	-
xiv) Electronics and electrical products	691,438,404	737,424,499	691,438,404	737,424,499
xv) Power, gas, water and sanitary service	815,412,469	834,052,510	815,412,469	834,052,510
xvi) Transport and aviation	2,408,136,246	2,442,514,428	2,408,136,246	2,442,514,428
	<u>19,826,231,212</u>	<u>19,755,162,888</u>	<u>19,826,231,212</u>	<u>19,755,162,888</u>
3) Agriculture	742,499,634	680,717,069	742,499,634	680,717,069
4) Housing	10,735,721,968	12,823,741,203	10,735,721,968	12,823,741,203
5) Others				
i) Loan to subsidiaries companies	-	-	1,786,235,718	1,879,648,686
ii) Others	20,317,652,214	25,674,882,538	14,768,537,209	19,340,612,292
	<u>58,472,232,776</u>	<u>65,117,083,059</u>	<u>54,709,353,488</u>	<u>60,662,461,499</u>
7.1.8 Particulars of loans, advances and leases				
i) Loan considered good in respect of which the Bank/ FI is fully secured	26,784,226,942	36,525,880,524	28,570,462,660	38,405,529,210
ii) Loan considered good for which the Bank/FI holds no other security than the debtor's personal security.	9,543,769,442	10,452,491,953	3,994,654,436	4,118,221,707
iii) Loan considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	22,144,236,392	18,138,710,582	22,144,236,392	18,138,710,582
iv) Loan adversely classified for which no provision is created.	-	-	-	-
	<u>58,472,232,776</u>	<u>65,117,083,059</u>	<u>54,709,353,488</u>	<u>60,662,461,499</u>
v) Loan due by directors or officers of the Bank/ FI or any of them either jointly or separately with any other persons.	449,822,912	585,953,660	441,812,016	557,908,458
vi) Loan due by companies and firms in which the directors of the Bank/FI have interests as directors, partners or managing agent or in case of private companies as members. Note: These loans, advances and leases are given to subsidiaries companies where some of the Directors of LankaBangla Finance Limited are Directors in those subsidiaries companies	-	-	1,786,235,718	1,879,648,686
vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors and managers or officers of the Bank/ FI or any of them either severally or jointly with any other persons.	114,432,831	158,716,903	114,432,831	158,716,903
viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Bank/ FI have interests as directors, partners or managing agents or, in case of private companies as members. Note: These loans, advances and leases are given to subsidiaries companies where some of the Directors of LankaBangla Finance Limited are Directors in those subsidiaries companies	-	-	-	-
ix) Due from other bank/ FI companies	-	155,104	-	155,104
x) Information in respect of classified loans and advances:				
a) Classified loans for which interest/ profit not credited to income	2,571,406,077	3,388,216,959	2,571,406,077	3,388,216,959
b) Amount of provision kept against loans classified as bad/ loss as at the Balance Sheet date	788,361,339	740,816,630	788,361,339	740,816,630
	<u>3,359,767,417</u>	<u>4,129,033,589</u>	<u>3,359,767,417</u>	<u>4,129,033,589</u>
c) Amount of interest credited to the interest suspense account	41,941,645	91,363,827	41,941,645	109,091,652

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2020 Taka	31.12.2019 Taka	31.12.2020 Taka	31.12.2019 Taka
xi) Cumulative amount of written off loans:				
Opening Balance	2,322,684,719	2,212,298,157	933,755,208	901,495,249
Amount written off during the year	286,663,031	115,030,412	269,009,387	34,603,809
Amount received from written off during the year	(4,297,477)	(4,643,850)	(4,297,477)	(2,343,850)
Balance of written off loans and advances yet to be recovered	2,605,050,273	2,322,684,719	1,198,467,118	933,755,208
The amount of written off loans for which law suits have been filed.				
Leases, Loans, and advances -geographical location-wise				
Inside Bangladesh				
Urban				
Dhaka	42,512,472,859	48,531,233,352	39,470,829,879	44,913,635,084
Chittagong	9,699,961,696	9,880,607,055	9,116,158,356	9,363,421,149
Sylhet	638,373,957	702,294,055	549,294,828	616,077,343
Jessore	1,281,552,805	1,251,228,488	1,281,552,805	1,251,228,488
Narshindi	291,167,974	429,981,473	291,167,974	315,768,914
Comilla	407,738,296	457,412,279	375,420,935	438,985,832
Bogra	734,579,711	796,306,885	734,579,711	796,306,885
Barisal	276,544,340	302,972,449	276,516,484	302,953,585
Khulna	322,090,834	488,658,883	322,090,834	400,611,275
Mymensingh	855,940,252	866,807,827	855,940,252	866,807,827
Narayangonj	337,589,503	332,757,783	321,580,879	319,842,587
Rajshahi	309,400,542	316,804,890	309,400,542	316,804,890
Chowmuhani	125,293,007	121,909,538	125,293,007	121,909,538
Dinajpur	201,095,214	168,242,278	201,095,214	168,242,278
Gazipur	191,875,017	199,910,666	191,875,017	199,910,666
Faridpur	187,444,567	193,442,680	187,444,567	193,442,680
Habiganj	36,469,592	24,060,788	36,469,592	24,060,788
Kushtia	62,642,612	52,451,689	62,642,612	52,451,689
	58,472,232,776	65,117,083,059	54,709,353,488	60,662,461,499
Outside Bangladesh	-	-	-	-
	58,472,232,776	65,117,083,059	54,709,353,488	60,662,461,499
8. Fixed assets including land, building, furniture and fixtures				
See accounting policy in note (2.22)				
Freehold assets (Note - 8.1)	1,668,192,151	1,783,873,793	930,885,683	1,021,052,752
Intangible assets (Note - 8.2)	371,845,228	368,072,063	116,582,829	103,673,698
Capital Work in Progress (CWIP) (Note - 8.3)	444,188,531	357,050,299	444,188,531	357,050,299
Right-of-use assets (Note - 8.4)	293,062,831	352,202,411	226,442,825	280,685,151
	2,777,288,742	2,861,198,566	1,718,099,868	1,762,461,900
Details are given in Annexure - A and Annexure - B				
8.1 Freehold assets				
Land (Note - 8.1.1)	787,519,083	787,519,083	787,519,083	787,519,083
Freehold asset other than land (Note - 8.1.2)	880,673,069	996,354,710	143,366,601	233,533,669
	1,668,192,151	1,783,873,793	930,885,683	1,021,052,752
8.1.1 Land				
Opening Balance	787,519,083	787,519,083	787,519,083	787,519,083
Add : Addition/(Disposal) during the year	-	-	-	-
	787,519,083	787,519,083	787,519,083	787,519,083
Less: Sales/ adjustment during the year	-	-	-	-
	787,519,083	787,519,083	787,519,083	787,519,083
8.1.2 Freehold asset other than land				
A. Cost				
Opening Balance	1,636,051,792	1,550,130,948	654,949,904	546,179,812
Add : Addition during the year	31,466,989	134,813,355	17,664,047	121,471,113
	1,667,518,781	1,684,944,303	672,613,951	667,650,926
Less: Sales/ disposal during the year	53,897,867	48,892,511	32,288,052	12,701,022
	1,613,620,914	1,636,051,792	640,325,899	654,949,904
B. Accumulated depreciation				
Opening Balance	639,697,081	532,704,573	421,416,235	325,053,944
Add : Charged during the year	136,721,843	145,555,003	101,681,055	107,140,719
	776,418,924	678,259,576	523,097,290	432,194,663
Less: Adjusted during the year	43,471,080	38,562,494	26,137,993	10,778,428
	732,947,845	639,697,081	496,959,298	421,416,235
C. Written down value Total (A-B)	880,673,069	996,354,710	143,366,601	233,533,669

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2020 Taka	31.12.2019 Taka	31.12.2020 Taka	31.12.2019 Taka
8.2 Intangible assets				
Goodwill (Note - 8.2.1)	234,143,286	234,143,286	-	-
System Software (Note - 8.2.2)	137,701,942	133,928,777	116,582,829	103,673,698
	371,845,228	368,072,063	116,582,829	103,673,698
8.2.1 Goodwill*				
Opening Balance	234,143,286	234,143,286	-	-
Add: Addition during the year	-	-	-	-
	234,143,286	234,143,286	-	-
Less : Impairment during the year	-	-	-	-
	234,143,286	234,143,286	-	-
* Intangible asset, goodwill arises as a result of initial acquisition of 80% shares of BizBangla Media Ltd. by LankaBangla Securities Ltd., a subsidiary of LankaBangla Finance Limited as on 31 May 2015. Currently, LankaBangla Securities Ltd. hold 96.39% shares of BizBangla Media Ltd.				
8.2.2 System software				
A. Cost				
Opening Balance	345,377,598	294,200,846	218,450,842	201,599,125
Add: Addition during the year	57,133,318	51,216,752	51,833,318	16,851,717
	402,510,916	345,417,598	270,284,160	218,450,842
Less: Adjustment during the year	-	40,000	-	-
	402,510,916	345,377,598	270,284,160	218,450,842
B. Accumulated amortization				
Opening Balance	211,448,821	163,672,546	114,777,144	81,462,442
Less : Amortized during the year	53,360,153	47,816,274	38,924,187	33,314,702
	264,808,974	211,488,820	153,701,331	114,777,144
Less: Adjustment during the year	-	39,999	-	-
	264,808,974	211,448,821	153,701,331	114,777,144
C. Written down value	137,701,942	133,928,777	116,582,829	103,673,698
8.3 Capital Work in Progress (CWIP)				
Capital Work in Progress-Tangible Assets (Note - 8.3.1)	444,188,531	326,493,714	444,188,531	326,493,714
Capital Work in Progress-Intangible Assets (Note - 8.3.2)	-	30,556,585	-	30,556,585
	444,188,531	357,050,299	444,188,531	357,050,299
8.03.1 Capital Work in Progress-Tangible Assets				
Opening balance	326,493,714	195,064,776	326,493,714	195,064,776
Add: Addition during the year	117,694,817	131,428,938	117,694,817	131,428,938
Less: Transfer to Freehold assets	-	-	-	-
	444,188,531	326,493,714	444,188,531	326,493,714
8.03.2 Capital Work in Progress-Intangible Assets				
Opening balance	30,556,585	22,005,487	30,556,585	22,005,487
Add: Addition during the year	-	8,551,098	-	8,551,098
Less: Transfer to Intangible Assets	30,556,585	-	30,556,585	-
	-	30,556,585	-	30,556,585
Capital Work in Progress-Tangible Assets include amounts paid for construction of building for LankaBangla Head Office. Capital Work in Progress-Intangible Assets - IFS ERP software was capitalized during the year 2020.				
8.4 Right-of-use Assets				
Right-of-use Assets-Vehicles (Note - 8.4.1)	10,833,870	12,916,878	4,796,241	8,090,625
Right-of-use Assets-Office premises (Note - 8.4.2)	282,228,961	339,285,534	221,646,584	272,594,526
	293,062,831	352,202,411	226,442,825	280,685,151
8.4.1 Right-of-use Assets-Vehicles				
A. Cost				
Opening Balance	51,566,000	51,566,000	24,857,000	24,857,000
Add: Addition during the year	4,186,908	-	-	-
	55,752,908	51,566,000	24,857,000	24,857,000
Less: Adjusted during the year	-	-	-	-
	55,752,908	51,566,000	24,857,000	24,857,000
B. Accumulated amortization				
Opening Balance	38,649,122	32,499,343	16,766,375	12,777,683
Add : Charged during the year	6,269,916	6,149,779	3,294,384	3,988,691
	44,919,038	38,649,122	20,060,759	16,766,375
Less: Adjustment during the year	-	-	-	-
	44,919,038	38,649,122	20,060,759	16,766,375
C. Written down value	10,833,870	12,916,878	4,796,241	8,090,625

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2020 Taka	31.12.2019 Taka	31.12.2020 Taka	31.12.2019 Taka
8.4.2 Right-of-use Assets-Office premises				
A. Cost				
Opening Balance	508,719,556	-	397,782,866	-
Add: Addition during the year	166,679,363	512,773,208	150,674,820	401,836,518
	675,398,919	512,773,208	548,457,685	401,836,518
Less: Adjusted during the year	277,267,862	4,053,652	243,389,717	4,053,652
	398,131,057	508,719,556	305,067,968	397,782,866
B. Accumulated amortization				
Opening Balance	169,434,022	-	125,188,340	-
Add : Charged during the year	148,411,959	173,487,675	115,264,321	129,241,992
	317,845,982	173,487,675	240,452,661	129,241,992
Less: Adjustment during the year	201,943,886	4,053,652	157,031,277	4,053,652
	115,902,095	169,434,022	83,421,384	125,188,340
C. Written down value	282,228,961	339,285,534	221,646,584	272,594,526
9. Other assets				
See accounting policy in note (2.23 and 2.9.2 and 2.17.4)				
Non income generating assets				
Advances and prepayments (Note - 9.1)	1,733,996,492	1,543,715,827	808,746,522	766,528,016
Income generating assets	254,270,267	238,578,739	6,191,565,143	5,706,659,843
Interest and other receivables (Note - 9.2)	254,270,267	238,578,739	76,307,304	55,491,472
Investment in subsidiaries (at fair value as per IFRS 9)	-	-	6,115,257,839	5,651,168,371
LankaBangla Securities Limited	-	-	4,663,676,050	4,466,115,347
LankaBangla Investment Limited	-	-	500,406,975	235,860,268
LankaBangla Asset Management Company Limited	-	-	951,174,813	949,192,756
	1,988,266,759	1,782,294,566	7,000,311,664	6,473,187,859
9.1 Advances and Prepayments				
Advance office rent	50,203,347	72,549,189	39,006,720	52,343,242
Advance for expenses	32,705,782	14,550,155	20,557,813	10,813,357
Advance insurance premium	7,091,233	7,891,488	3,270,036	3,170,249
Advance to suppliers and others	34,659,796	64,876,649	34,659,796	64,876,649
Advance income tax*	1,425,286,017	1,250,442,050	625,336,668	557,566,948
Advance interest payment	1,787,818	983,138	1,787,818	983,138
Security and other deposit receivable	34,271,086	21,872,950	6,418,917	10,096,317
Advance for bank guarantee margin	110,208	1,583,633	-	-
Prepayments and others (Note - 9.1.1)	147,881,205	108,966,574	77,708,753	66,678,115
	1,733,996,492	1,543,715,827	808,746,522	766,528,016
*Advance income tax represents corporate income tax paid as per Section-64 of the Income Tax Ordinance 1984 and the amount of income tax deducted at source (TDS) by different financial institutions on the interest on bank balances of LankaBangla Finance Limited.				
9.1.1 Prepayments and others				
Receivables against share trading	-	-	5,025,983	619,569
Receivables DSE and CSE	23,295,466	11,148,263	-	-
Deferred tax asset (Note -9.1.1.1)	22,856,182	21,455,955	20,670,433	20,670,433
Dividend receivable	60,861,697	38,163,711	15,140,919	12,067,924
Inventory	28,797,146	33,062,456	28,304,313	29,009,072
Other receivables	12,070,715	5,136,188	8,567,106	4,311,116
	147,881,205	108,966,574	77,708,753	66,678,115
9.1.1.1 Deferred tax asset				
Deferred tax has been calculated base on deductible/taxable temporary difference arising due to difference in the carrying amount of the assets and its tax base in accordance with the provision of Bangladesh Accounting Standard (IAS) 12 "Income Taxes".				

Particulars	Accounting base carrying amounts	Tax base amounts	Deductible/ (Taxable) temporary difference
Deferred tax asset is arrived at as follows			
Assets:			
Fixed assets net of depreciation including leased hold assets as on 31 December 2020	143,366,601	294,767,222	151,400,621
Right-of-use Assets - Office premises	226,442,825	-	(226,442,825)
Liabilities:			
Employee gratuity as on 31 December 2020	76,722,505	-	76,722,505
Lease liability - Office premises	235,965,953	-	235,965,953
Total	682,497,883	294,767,222	237,646,253
Applicable tax rate @37.5%			89,117,345
Deferred tax asset as on 31 December 2020			89,117,345
Deferred tax asset as on 31 December 2019			20,670,433
Deferred tax income need to account for during the year			68,446,912

However, as per IAS 12 deferred tax asset shall be recognized to the extent that it is probable that taxable profit will be available against which the deductible difference can be utilized. However, due to having huge amount of accumulated business loss as per tax laws, it is not probable that there will be future taxable profit against which these deductible temporary difference can be utilized. Hence, no additional deferred tax asset has been recognized during the current year.

In addition to that subsidiary companies recognized its respective deferred tax assets to the extent of its available taxable profit.

See Note 2.5.5 for departure of IAS 12 in order to comply with Bangladesh Bank.

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2020 Taka	31.12.2019 Taka	31.12.2020 Taka	31.12.2019 Taka
9.2 Interest and other receivables				
Interest receivables from fixed deposit account	73,315,020	56,069,742	71,406,292	54,505,170
Interest receivables from Perpetual bond	247,671	-	247,671	-
Interest receivable against Govt. subsidised stimulus package for COVID-19	4,039,641	-	4,039,641	-
Interest receivables from Subordinated bond	613,699	986,302	613,699	986,302
Issue management fees receivable	14,990,326	12,154,783	-	-
Account receivable from PO department	-	24,775,600	-	-
Account receivable from advertisement	144,866,372	130,040,276	-	-
Account receivable from circulation	6,844,384	7,320,129	-	-
Receivable from LB Gratuity Wealth Builder Fund	135,000	25,000	-	-
Receivable from LankaBangla 1st PE Fund	50,000	50,000	-	-
Receivable from LB Gratuity Opportunities Fund	2,556,311	608,953	-	-
Receivable from LankaBangla Al-Arafah Shariah Unit Fund	2,697,410	2,797,874	-	-
Receivable from LankaBangla 1st balanced unit fund	3,914,432	3,750,079	-	-
	254,270,267	238,578,739	76,307,304	55,491,472
10 Borrowings from Bangladesh Bank, other banks and financial institutions				
See accounting policy in note (2.24)				
Inside Bangladesh (Note - 10.1)	13,922,992,645	17,311,034,418	11,567,618,742	14,251,891,300
Outside Bangladesh (Note - 10.2)	893,095,579	1,361,204,352	893,095,579	1,361,204,352
	14,816,088,224	18,672,238,771	12,460,714,321	15,613,095,652
10.1 Inside Bangladesh				
Secured:				
Bank overdraft (Note - 10.1.1)	525,150,737	1,577,420,828	525,150,737	1,577,420,828
Long term loan (Note - 10.1.2)	4,610,616,118	6,026,073,869	4,164,223,427	5,293,534,234
Short term borrowings	-	375,000,000	-	375,000,000
Inter Bank REPO against Govt. Treasury Bills	199,927,800	-	199,927,800	-
Bangladesh Bank REPO against Govt. Treasury Bonds	33,867,932	-	33,867,932	-
Lease liability-Vehicles	13,641,885	15,995,788	6,033,971	9,642,565
	5,383,204,473	7,994,490,485	4,929,203,868	7,255,597,627
Unsecured:				
Call loans (Note - 10.1.3)	1,170,000,000	750,000,000	1,170,000,000	750,000,000
Short term borrowings (Note - 10.1.4)	4,769,408,324	6,285,712,913	2,850,000,000	4,190,000,000
Zero Coupon Bond (Note - 10.1.5)	105,240,133	389,346,657	-	232,211,176
Subordinate bond (Note - 10.1.6)	2,200,648,922	1,533,420,002	2,382,448,922	1,533,420,002
Lease liability- Office premises (Note - 10.1.7)	294,490,793	358,064,361	235,965,953	290,662,495
	8,539,788,171	9,316,543,933	6,638,414,875	6,996,293,673
	13,922,992,645	17,311,034,418	11,567,618,742	14,251,891,300

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	Taka	Taka	Taka	Taka
10.1.1 Bank overdraft				
Secured by FDR				
Standard Chartered Bank	(87,056,892)	87,413,126	(87,056,892)	87,413,126
	(87,056,892)	87,413,126	(87,056,892)	87,413,126
Secured by Pari Passu sharing agreement				
Commercial Bank of Ceylon PLC	(500,469)	(2,526,324)	(500,469)	(2,526,324)
Midland Bank Limited	43,087,691	44,882,821	43,087,691	44,882,821
Bank Asia Limited	-	(1,288,651)	-	(1,288,651)
BASIC Bank Limited	404,032,515	508,953,136	404,032,515	508,953,136
Prime Bank Limited	56,680	56,984	56,680	56,984
Dhaka Bank Limited	3,039,875	120,191,472	3,039,875	120,191,472
Mercantile Bank Limited	13,909,672	222,934,131	13,909,672	222,934,131
Modhumoti Bank Limited	58,724,132	499,901,599	58,724,132	499,901,599
Mutual Trust Bank Limited	89,857,534	96,902,533	89,857,534	96,902,533
	612,207,630	1,490,007,702	612,207,630	1,490,007,702
	525,150,737	1,577,420,828	525,150,737	1,577,420,828
10.1.2 Long term loan				
Opening Balance	6,026,073,869	3,864,627,357	5,293,534,234	2,932,546,181
Add: Addition during the year	1,926,144,000	4,706,996,570	1,926,144,000	4,029,696,570
	7,952,217,869	8,571,623,927	7,219,678,234	6,962,242,751
Less: Adjusted during the year	3,341,601,751	2,545,550,058	3,055,454,807	1,668,708,517
Closing Balance	4,610,616,118	6,026,073,869	4,164,223,427	5,293,534,234
Details of the above balance is presented below:				
From Bangladesh Bank and its agents Bank				
Bangladesh Bank (under Re-Finance)- Women Entrepreneur	257,633,691	291,449,702	257,633,691	291,449,702
Bangladesh Bank (under Re-Finance)- Home Loan	308,181,664	365,122,831	308,181,664	365,122,831
Bangladesh Bank (under Re-Finance)- IPFF Fund	136,165,342	155,786,085	136,165,342	155,786,085
Bangladesh Bank (under Re-Finance)- ADB Project	170,849,721	491,082,417	170,849,721	491,082,417
Bangladesh Bank (Under Re-Finance)- Covid-19 Stimulus Packages	153,000,000	-	153,000,000	-
Bangladesh Bank (Under Re-Finance)- New Enterprise Fund	300,000	-	300,000	-
Bangladesh Bank (Under Re-Finance)- Agro Processing Industry	151,796,033	186,688,371	151,796,033	186,688,371
Bangladesh Bank (Under Re-Finance)- JICA Assisted Project-FSPDSME	219,584,171	329,304,985	219,584,171	329,304,985
	1,397,510,621	1,819,434,391	1,397,510,621	1,819,434,391
From other than Bangladesh Bank and its agents Bank				
Commercial Bank of Ceylon	437,500,000	-	437,500,000	-
Investment Corporation of Bangladesh	76,505,050	117,834,843	-	-
Mercantile Bank Limited	471,773,521	343,191,526	471,773,521	343,191,526
Midland Bank Limited	102,683,704	21,196,205	-	-
National Credit & Commerce Bank Ltd	325,438,605	249,076,858	301,205,738	208,349,576
Phoenix Finance & Investment Limited	-	117,930,114	-	-
Prime Bank Limited	-	275,769,642	-	275,769,642
Shahjalal Islami Bank Limited	45,323,892	66,464,726	-	-
South Bangla Agriculture & Commerce Bank Ltd	197,647,179	302,905,618	-	-
Standard Bank Limited	-	65,480,847	-	-
Uttara Bank Limited	500,000,000	-	500,000,000	-
Woori Bank	289,999,996	566,666,660	289,999,996	566,666,660
Syndicated Term Loan*	766,233,551	2,080,122,440	766,233,551	2,080,122,440
	3,213,105,497	4,206,639,478	2,766,712,806	3,474,099,843
	4,610,616,118	6,026,073,869	4,164,223,427	5,293,534,234

Bank borrowings are secured by:

- First ranking pari passu charge on present and future fixed and floating assets of LankaBangla Finance Limited with the future and existing lenders.
- Usual charge documents (Letter of Hypothecation, Promissory Notes, Letter of Continuation, Letter of Arrangements, etc.)
- Funds required for the operation of business are primarily obtained from various banks and financial institutions. Secured loans are covered by way of first priority floating charge with full title guarantee ranking pari-passu among all the lenders of the company.

***Syndicated Term Loan**

In 2019, LankaBangla Finance Limited availed a long-term syndicated loan led by Standard Chartered Bank amounting to BDT 2,600 million. The full loan amount of BDT 2,600 million has been drawn down in multiple tranches, the repayment of this loan will be made in 10 equal quarterly instalments (EQIs).

The syndicate members include Standard Chartered Bank, DutchBangla Bank Limited, Agrani Bank Limited, National Credit & Commerce Bank Limited and Midland Bank Limited.

"Initially the syndicated loan was measured at fair value BDT 2,600,00,00 less transaction costs BDT 22,099,783, i.e. 2,577,900,217 as per Para 5.1.1 of IFRS 9. Subsequently, the syndicated loan was measured at amortized cost using the effective interest method as per Para B5.4.1 of IFRS 9."

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	Taka	Taka	Taka	Taka
10.1.3 Call loan				
Agrani Bank Limited	370,000,000	-	370,000,000	-
Bangladesh Development Bank Limited	-	220,000,000	-	220,000,000
Janata Bank Limited	50,000,000	-	50,000,000	-
Mutual Trust Bank Limited	170,000,000	-	170,000,000	-
National Credit and Commerce Bank Limited	-	100,000,000	-	100,000,000
Sonali Bank Limited	290,000,000	280,000,000	290,000,000	280,000,000
Trust Bank Limited	100,000,000	-	100,000,000	-
United Commercial Bank Limited	190,000,000	150,000,000	190,000,000	150,000,000
	1,170,000,000	750,000,000	1,170,000,000	750,000,000
10.1.4 Short term borrowings				
Community Bank Limited	240,000,000	-	240,000,000	-
Eastern Bank Limited	-	1,000,000,000	-	1,000,000,000
Hajj Finance Limited	150,000,000	200,000,000	-	-
Lankan Alliance Finance Limited	-	50,000,000	-	50,000,000
Meghna Bank Limited	-	110,000,000	-	110,000,000
Midland Bank Limited	-	103,626,446	-	-
National Credit and Commerce Bank Limited	102,340,594	103,274,999	-	-
NRB Bank Limited	230,000,000	-	230,000,000	-
NRB Commercial Bank Limited	-	250,000,000	-	250,000,000
One Bank Limited	767,388,115	833,995,020	-	-
Shahjalal Islami Bank Limited	105,090,000	207,612,500	-	100,000,000
South Bangla Agriculture and Commerce Bank Limited	203,698,671	407,601,096	-	200,000,000
Social Islami Bank Ltd	59,672,498	-	-	-
Standard Bank Limited	-	100,000,000	-	100,000,000
Standard Chartered Bank	2,211,218,447	2,219,602,853	1,680,000,000	1,680,000,000
Trust Bank Limited	600,000,000	600,000,000	600,000,000	600,000,000
Woori Bank	100,000,000	100,000,000	100,000,000	100,000,000
	4,769,408,324	6,285,712,913	2,850,000,000	4,190,000,000
10.1.5 Zero Coupon Bond				
A. K. Khan Co. Limited	-	39,145,297	-	39,145,297
Delsey Cotton Spinning Mills Limited	38,482,510	59,647,890	-	-
Grameen One: Scheme Two	9,536,808	13,926,798	-	-
Mr. Mahmudul Huq	57,220,815	83,560,793	-	-
Square Pharmaceuticals Limited	-	78,347,442	-	78,347,442
Super Petrochemical Limited	-	21,186,183	-	21,186,183
Universal Jeans Limited	-	93,532,254	-	93,532,254
	105,240,133	389,346,657	-	232,211,176

On 26 December 2017, LankaBangla Finance Ltd. issued the first tranche of the second Zero Coupon Bond with face value of BDT 742,998,000 (with approved face value of BDT 3,000 million). The Company received BDT 654,466,856 after discounting the Bond at 7.5%. The bond will be repaid in 6 equal instalments (semi-annually). Total transaction costs incurred for issuance of the Bond was BDT 15,235,856.

Subsequently, the Zero Coupon Bond was measured at amortized cost using the effective interest method. The effective interest rate for this bond stands at 8.95% as per Para B5.4.1 of IFRS 9.

Initially the Zero Coupon Bond was measured at fair value (BDT 654,464,856) less transaction costs (BDT 15,235,856), i.e., 639,229,000 as per Para 5.1.1 of IFRS 9. The Zero Coupon Bond was fully settled on 24 December 2020.

10.1.6 Subordinate bond				
SK. Akijuddin Limited	1,186,357,984	1,479,645,268	1,186,357,984	1,479,645,268
Green Delta Securities Limited	6,584,407	8,215,742	6,584,407	8,215,742
Green Delta Insurance Co. Employee Provident Fund	36,959,205	45,558,993	36,959,205	45,558,993
Index Poultry (Pvt) Limited	132,498,828	-	132,498,828	-
Sonali Bank Limited	808,222,556	-	808,222,556	-
LankaBangla Investment Limited	-	-	181,800,000	-
LankaBangla 1st Balanced Unit Fund	30,025,941	-	30,025,941	-
	2,200,648,922	1,533,420,002	2,382,448,922	1,533,420,002

On 25 November 2020, the Company completed issue of full value of its coupon bearing, nonconvertible, subordinated bond with with approved face value of BDT 3,000 million for 6 years. The coupon rate of the bond is floating with a floor of 8% and ceiling of 11%. Total transaction costs incurred for issuance of the subordinated bond (for the entire issue) was BDT 36,196,620. The bond was measured at fair value BDT 300,000,000 less transaction costs BDT 36,196,620 as per Para 5.1.1 of IFRS 9. Subsequently, the bond was measured at amortized cost using the effective interest method. The effective interest rate for this bond stands at 10.42% as per Para B5.4.1 of IFRS 9 for the year ended 31 December 2020. The redemption of the bonds will start from the end of the 6th month from the issuance of the bonds and each 06 (six) months thereafter in equal instalments.

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2020 Taka	31.12.2019 Taka	31.12.2020 Taka	31.12.2019 Taka
10.1.7 Lease liability- Office premises				
Opening Balance	358,064,361	-	290,662,495	-
Addition during the year	166,679,363	512,773,208	150,674,820	401,836,518
	524,743,724	512,773,208	441,337,314	401,836,518
Repayment during the year	(230,252,930)	(154,708,848)	(205,371,362)	(111,174,023)
Closing Balance	294,490,793	358,064,361	235,965,953	290,662,495
IFRS 16 has been implemented on 1 January 2019 which recognizes present value of minimum lease payments as Lease Liability by using Company's weighted average incremental borrowing cost. See accounting policy in note 2.9.1 and 2.18.				
10.2 Outside Bangladesh				
Foreign term loan-ICD	893,095,579	1,361,204,352	893,095,579	1,361,204,352
	893,095,579	1,361,204,352	893,095,579	1,361,204,352
On 13 January 2019, LankaBangla Finance Limited received USD 19,984,730 equivalent to BDT 1,675,719,611 at the exchange rate of 83.85 against a foreign currency loan from Islamic Corporation for the Development of the private sector (ICD), a wing of Islamic Development Bank. The tenure of the foreign currency loan is 40 months. Payments will be made in 14 (fourteen) quarterly instalments starting from the end of the three months from the receipts of the loan. The mark-up rate is of the facility 5.53%. Total transaction costs incurred for this purpose was USD 321,386 equivalent to BDT 26,985,958 at the average foreign exchange rate of 83.25. The interer rate of return (IRR) of this foreign currency loan stands at 6.41% as per Para B5.4.1 of IFRS 9. Initially the bond was measured at fair value (USD 19,984,730) less transaction costs (USD 321,386) i.e. USD 19,662,894 as per Para B5.1.1 of IFRS 9. As per Para 5.7.2 of IFRS 9 and Para 23 of IAS 21, foreign exchange loss of BDT 2,625,440, comprising BDT 5,989,040 unrealized foreign exchange gain and BDT 8,614,480 realized foreign exchange loss, was recognized in 2020.				
Maturity grouping of borrowings from other banks and financial institutions				
Payable on demand	-	-	-	-
Up to 1 month	3,216,739,719	3,488,117,235	2,329,903,742	3,141,527,721
Over 1 month but within 3 months	2,876,519,417	2,540,323,760	2,115,716,417	1,809,074,963
Over 3 months but within 1 year	4,324,529,119	6,607,725,774	3,688,790,653	5,077,648,072
Over 1 year but within 5 years	3,953,688,728	5,175,001,133	3,766,118,957	4,782,983,930
Over 5 years	444,611,240	861,070,868	560,184,552	801,860,966
	14,816,088,224	18,672,238,771	12,460,714,321	15,613,095,652
11 Term deposits and other deposits				
See accounting policy in note (2.25)				
Term deposits (Note - 11.1)	46,946,884,814	46,750,813,434	47,427,812,939	46,750,813,434
Other deposit (Note - 11.2)	183,459,076	144,149,076	183,459,076	144,149,076
	47,130,343,890	46,894,962,510	47,611,272,015	46,894,962,510
11.1 Term deposits				
Product wise break-up of term deposit				
Periodic return term deposits	3,730,503,889	2,367,742,827	3,730,503,889	2,367,742,827
Cumulative term deposits	12,964,058	13,011,643	12,964,058	13,011,643
Double money term deposits	3,247,177,179	4,663,031,936	3,247,177,179	4,663,031,936
Money builders scheme	1,345,052,484	1,199,079,877	1,345,052,484	1,199,079,877
Fixed term deposit	6,783,563,253	10,240,754,242	7,264,491,378	10,240,754,242
Flexi Deposits	14,236,805	6,038,978	14,236,805	6,038,978
SME term deposits	4,141,233,628	2,791,606,248	4,141,233,628	2,791,606,248
Retail institution deposit	3,062,551,510	2,791,048,707	3,062,551,510	2,791,048,707
Term deposit shohoj sanchoy	3,434,823,136	2,009,940,245	3,434,823,136	2,009,940,245
Term deposit quick sanchoy	181,090,464	100,056,794	181,090,464	100,056,794
Term deposit triple money	658,284,180	577,445,121	658,284,180	577,445,121
Term deposit (fixed term)-3 months	41,509,807	53,679,189	41,509,807	53,679,189
Term deposit Earn First Fixed Rate	35,283,357	13,813,380	35,283,357	13,813,380
Term deposit Agroji (Senior Citizen)	6,054,853,446	5,245,137,645	6,054,853,446	5,245,137,645
Term deposit classic tdr 2 to 3 periods	14,203,757,619	14,678,426,603	14,203,757,619	14,678,426,603
	46,946,884,814	46,750,813,434	47,427,812,939	46,750,813,434
11.2 Other deposits against leases, loans and advances				
Corporate Clients	121,469,688	63,867,511	121,469,688	63,867,511
Retail Clients	44,694,891	60,558,675	44,694,891	60,558,675
SME Clients	17,294,497	19,722,890	17,294,497	19,722,890
	183,459,076	144,149,076	183,459,076	144,149,076
11.3 Group-wise break-up of term deposits and other deposits				
Bank and Non Bank Financial Institutions (NBFI)	6,277,285,625	8,890,000,000	6,277,285,625	8,890,000,000
Corporate houses	16,957,554,575	16,825,188,464	17,438,482,700	16,825,188,464
Individual	23,895,503,690	21,179,774,046	23,895,503,690	21,179,774,046
	47,130,343,890	46,894,962,510	47,611,272,015	46,894,962,510

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2020 Taka	31.12.2019 Taka	31.12.2020 Taka	31.12.2019 Taka
11.4 Remaining maturity grouping of term deposits and other deposits				
Payable on demand	-	-	-	-
In not more than 01 month	4,212,940,595	5,500,317,188	4,264,473,916	5,500,317,188
In more than 01 month but not more than 06 months	17,862,356,529	17,154,998,155	18,027,619,171	17,154,998,155
In more than 06 months but not more than 01 year	16,436,286,324	15,403,133,610	16,761,733,046	15,403,133,610
In more than 01 year but not more than 05 years	6,079,359,885	5,976,119,151	6,201,504,401	5,976,119,151
In more than 05 years but not more than 10 years	2,539,400,558	2,860,394,405	2,355,941,482	2,860,394,405
In more than 10 years	-	-	-	-
	47,130,343,890	46,894,962,510	47,611,272,015	46,894,962,510
12. Other liabilities				
See accounting policy in note (2.26),(2.27),(2.28),(2.36),(2.37) and (2.38)				
Accrued expenses	177,906,767	78,785,027	87,094,915	70,334,101
Salaries and related expenses payable	1,533,995	17,921,456	258,939	1,664,890
Office rent payable	-	10,256,950	-	843,435
Utility bill payable	6,739,821	4,098,033	3,234,190	2,350,749
Advance receipt against leases-adjustment A/C	396,554,527	457,909,727	396,554,527	457,909,727
CDBL expenses payable	73,493	1,269,007	-	-
Client positive balance	-	66,540,985	-	-
Deferred liability-employee gratuity (Note -12.1)	77,006,463	92,266,131	76,722,505	78,670,973
Deferred tax liability	15,415,185	13,909,298	-	-
Employees provident fund payable	57,923	15,037,006	57,923	3,809,835
Interest payable (Note - 12.2)	2,048,430,770	2,216,696,494	2,035,473,713	2,198,469,845
Interest suspense account (Note - 12.3)	788,167,844	746,226,199	669,819,856	627,878,211
IPO subscription payable	51,794	51,794	51,794	51,794
ITCL settlement A/C	5,038,702	22,535,168	5,038,702	22,535,168
Payable against Master Card Consolidated Billing System charges (MCBS)	7,913	7,913	7,913	7,913
Payable against merchants claims and others	4,923,133	6,223,171	4,923,133	6,223,171
Payable against receipt from other card holders	7,595,451	4,064,398	7,595,451	4,064,398
Payable to LB Foundation	9,958,791	8,717,324	8,340,577	7,434,471
Payable to Company Welfare Fund	9,195,855	4,465,751	9,195,855	4,465,751
Payable to Government Welfare Fund	9,195,855	4,465,751	9,195,855	4,465,751
Payable DSE and CSE	9,755,791	20,634,491	-	-
Payable to share trading clients	1,628,387,756	935,022,332	-	-
Provisions for loans / investments (Note - 12.4)	2,627,061,489	2,728,859,619	1,941,365,695	2,178,047,560
Provision for taxation (Note - 12.5)	1,365,079,955	1,165,419,526	573,309,562	481,227,280
Payables/(Receivables)-other MasterCard operator (Note - 12.6)	42,744,954	85,597,325	42,744,954	85,597,325
Payable to right share holder	1,470,318	1,870,318	1,470,318	1,870,318
Payable against legal and professional fees	1,141,476	5,731,317	1,141,476	5,305,817
Payable against redemption of mortgage property	3,454,725	3,721,915	3,454,725	3,721,915
Provision for audit fee	1,237,230	1,098,080	632,500	632,500
Sundry creditors suppliers	49,950,115	95,581,451	49,950,115	95,581,451
Safety net deposit-factoring and others	14,862,177	8,189,973	14,862,177	8,189,973
Security Deposits	4,495,659	4,095,658	3,044,300	3,044,300
Unpaid dividend	50,819,853	109,746,207	48,816,402	107,706,070
Privileged creditors (Note - 12.7)	248,507,784	194,262,551	246,464,690	191,682,560
VISA settlement A/C	4,050,347	1,505,566	4,050,347	1,505,566
Brokerage sharing	6,226,710	7,525,442	-	-
Other liabilities	425,341	274,813	-	-
Mobile phone bill payable-Handset	123,727	95,027	123,727	95,027
Payable against parent health insurance	42,264	42,264	42,264	42,264
	9,617,691,952	9,140,721,458	6,245,039,099	6,655,430,108
12.1 Deferred liability - employee gratuity				
Opening Balance	92,266,131	72,759,158	78,670,973	69,819,433
Addition during the year	20,121,746	49,135,020	18,353,804	33,348,658
	112,387,877	121,894,178	97,024,777	103,168,090
Payment during the year	35,381,415	29,628,047	20,302,272	24,497,117
Closing Balance	77,006,463	92,266,131	76,722,505	78,670,973

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2020 Taka	31.12.2019 Taka	31.12.2020 Taka	31.12.2019 Taka
12.2 Interest payable				
Bank overdraft	9,067,307	-	9,067,307	-
Call loan borrowings	276,111	229,167	276,111	229,167
Inter Bank REPO against Govt. Treasury Bills	20,540	-	20,540	-
Term deposit receipts	1,945,534,108	2,122,347,282	1,957,771,143	2,122,347,282
Long term loan-Commercial Bank	22,986,888	25,479,982	22,986,888	25,479,982
Long term loan-Bangladesh Bank	2,090,079	987,159	2,090,079	987,159
Long term loan-Bangladesh Bank-IPFF	580,959	-	580,959	-
Long term loan-Bangladesh Bank-Woman	2,207,305	1,145,038	2,207,305	1,145,038
Long term loan-Bangladesh Bank-Agro Processing Industry	11,361,290	11,963,906	11,361,290	11,963,906
Long term loan-Bangladesh Bank-JICA Assisted Project-FSPDSME	2,128,497	1,925,710	2,128,497	1,925,710
Long term loan-Bangladesh Bank-ADB Project	5,354,085	7,505,238	5,354,085	7,505,238
Long term loan-Bangladesh Bank-Covid-19 Stimulus Packages	453,153	-	453,153	-
Long term loan-Bangladesh Bank-New Enterprise Fund	883	-	883	-
Bangladesh Bank REPO against Govt. Treasury Bonds	5,288	-	5,288	-
Syndicated Term Loan	20,732,772	15,227,126	20,732,772	15,227,126
Short term borrowings	25,451,648	29,664,636	257,556	11,437,986
Lease assets	179,856	221,251	179,856	221,251
	2,048,430,770	2,216,696,494	2,035,473,713	2,198,469,845
12.3 Interest suspense account				
Interest suspense on Leases, loans and advances account (Note 12.3.1)	661,313,614	627,878,211	661,313,614	627,878,211
Additional Interest suspense on Leases, loans and advances account	8,506,242	-	8,506,242	-
Interest suspense on Margin Loan account	118,347,988	118,347,988	-	-
	788,167,844	746,226,199	669,819,856	627,878,211
12.3.1 Interest suspense on Leases, loans and advances account				
Corporate Finance				
Lease finance	30,755,867	51,166,765	30,755,867	51,166,765
Short term finance	17	2,867,998	17	2,867,998
Term loan	134,214,035	114,423,534	134,214,035	114,423,534
	164,969,919	168,458,297	164,969,919	168,458,297
Retail Finance				
Auto Loan	9,023,405	11,213,794	9,023,405	11,213,794
Credit Cards	12,471,214	36,859,935	12,471,214	36,859,935
Home Loan	137,056,514	127,345,956	137,056,514	127,345,956
Personal Loan	45,715,447	37,615,683	45,715,447	37,615,683
	204,266,579	213,035,368	204,266,579	213,035,368
SME Finance				
Term loan	249,278,904	208,188,666	249,278,904	208,188,666
Lease finance	7,517,976	6,037,250	7,517,976	6,037,250
Auto loan	2,423,099	7,148,487	2,423,099	7,148,487
Emerging and commercial	4,690,873	4,282,566	4,690,873	4,282,566
Home Loan	14,994,994	14,994,994	14,994,994	14,994,994
Real state developer finance	3,332,584	5,732,584	3,332,584	5,732,584
Short term loan	9,838,686	-	9,838,686	-
	292,077,116	246,384,547	292,077,116	246,384,547
	661,313,614	627,878,211	661,313,614	627,878,211
12.3.1 Movement of interest suspense account				
Opening Balance	746,226,199	654,862,371	627,878,211	518,786,559
Transferred to interest suspense during the year	229,883,422	351,384,475	229,883,422	351,384,475
Interest suspense realized during the year	(154,103,961)	(242,270,875)	(154,103,961)	(242,270,875)
	822,005,660	763,975,971	703,657,672	627,900,158
Write off during the year	(33,837,817)	(17,749,772)	(33,837,817)	(21,948)
	788,167,844	746,226,199	669,819,856	627,878,211
12.4 Provisions for loans, investments and other assets				
Provisions for leases, loans and advances (Note 12.4.1)	1,705,953,209	1,917,192,340	1,705,953,209	1,917,192,340
Margin loan	437,812,271	286,829,779	-	-
Provision for diminution in value of investment in equity shares	383,396,009	524,137,500	137,212,486	260,155,221
Provision for other assets	2,400,000	700,000	700,000	700,000
Additional provision for leases, loans and advances	97,500,000	-	97,500,000	-
	2,627,061,489	2,728,859,619	1,941,365,695	2,178,047,560

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2020 Taka	31.12.2019 Taka	31.12.2020 Taka	31.12.2019 Taka
12.4.1 Provisions for leases, loans and advances				
Corporate Finance				
Lease finance	169,384,860	239,237,365	169,384,860	239,237,365
Secured overdraft	4,012	1,034,712	4,012	1,034,712
Short term finance	14,566,695	25,511,224	14,566,695	25,511,224
Short term loan to subsidiaries	17,862,357	18,796,487	17,862,357	18,796,487
Term loan	555,924,346	477,159,935	555,924,346	477,159,935
Term loan syndication finance	2,420,084	3,174,755	2,420,084	3,174,755
Work order finance	-	1,954,296	-	1,954,296
	760,162,353	766,868,775	760,162,353	766,868,775
Retail Finance				
Auto Loan	47,766,998	58,616,247	47,766,998	58,616,247
Credit Cards	184,971,728	345,515,242	184,971,728	345,515,242
Home Loan	120,853,591	143,949,949	120,853,591	143,949,949
Personal Loan	181,745,632	157,446,804	181,745,632	157,446,804
	535,337,948	705,528,242	535,337,948	705,528,242
SME Finance				
Term loan	297,198,203	343,071,016	297,198,203	343,071,016
Lease finance	27,967,618	31,822,380	27,967,618	31,822,380
Auto loan	26,598,202	34,537,100	26,598,202	34,537,100
Emerging and commercial	20,660,314	16,179,997	20,660,314	16,179,997
Loan against deposit	20,589	60,634	20,589	60,634
Home Loan	1,593,509	1,570,892	1,593,509	1,570,892
Real state developer finance	7,430,366	7,238,366	7,430,366	7,238,366
Secured Overdraft	34,404	264,805	34,404	264,805
Short term loan	18,216,867	1,669,154	18,216,867	1,669,154
Syndication finance	688,536	616,678	688,536	616,678
Work order finance	10,044,300	7,764,300	10,044,300	7,764,300
	410,452,907	444,795,322	410,452,907	444,795,322
	1,705,953,209	1,917,192,340	1,705,953,209	1,917,192,340
12.4.1 Movement of provisions for loans, investments and other assets				
Opening Balance	2,728,859,619	1,941,335,083	2,178,047,560	1,473,619,666
Provision required for the year	1,022,078,471	1,131,855,871	869,541,092	986,060,451
Provision released during the year	(871,051,387)	(247,050,695)	(871,051,387)	(247,050,695)
Provision charged for the year	151,027,084	884,805,175	(1,510,295)	739,009,755
Write off during the year	(252,825,214)	(97,280,639)	(235,171,570)	(34,581,861)
Closing Balance	2,627,061,488	2,728,859,619	1,941,365,695	2,178,047,560
During the year 2020 and 2019, LankaBangla Finance Limited had written off its receivables of contracts as per write off policy of the Bangladesh Bank (DFIM Circular No. 02 dated 01 April 2019) and subsidiaries of LankaBangla Finance Limited had written off receivables as per their respective write off policy.				
12.4.2 Grouping of provisions for loans, investments and other assets				
General Provision				
Standard (UC)	725,467,497	583,830,431	725,467,497	583,830,431
Special Mention Account (SMA)	30,918,691	63,119,689	30,918,691	63,119,689
	756,386,187	646,950,120	756,386,187	646,950,120
Specific Provision				
Sub-standard (SS)	42,304,789	108,823,625	42,304,789	108,823,625
Doubtful (DF)	216,400,894	420,601,964	216,400,894	420,601,964
Bad Loss (BL)	788,361,339	740,816,630	788,361,339	740,816,630
	1,047,067,021	1,270,242,219	1,047,067,021	1,270,242,219
Provision for other assets	2,400,000	700,000	700,000	700,000
Provision for margin loan	437,812,271	286,829,779	-	-
Provision for investment in shares	383,396,009	524,137,500	137,212,486	260,155,221
	2,627,061,489	2,728,859,619	1,941,365,695	2,178,047,560
12.5 Provision for taxation				
Opening Balance	1,165,419,526	952,075,921	481,227,280	360,946,366
Provision during the year	199,660,429	214,235,553	92,082,283	120,280,914
	1,365,079,955	1,166,311,474	573,309,562	481,227,280
Adjusted during the year	-	891,948	-	-
	1,365,079,955	1,165,419,526	573,309,562	481,227,280

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2020 Taka	31.12.2019 Taka	31.12.2020 Taka	31.12.2019 Taka
12.6 Payables/(Receivables)-other MasterCard operator				
This represents receivable/payables from the other master card operators which is created due to the use of credit card systems at the point of sales.				
Bank Asia Limited	-	-	-	-
Balance for Master Card operation (Nostro A/C)	5,584,533	5,584,533	5,584,533	5,584,533
Standard Chartered Bank	37,160,420	80,012,792	37,160,420	80,012,792
	42,744,954	85,597,325	42,744,954	85,597,325
12.7 Privileged creditors				
Three major categories of Government dues are reported. Tax deduction at source, VAT, Excise duty payable to govt. exchequer.				
VAT at source	39,055,001	33,339,258	39,055,001	33,169,913
Tax deducted at source (TDS)	162,770,057	114,100,369	160,726,963	111,689,723
Excise duty deducted form customer accounts	46,682,726	46,822,924	46,682,726	46,822,924
	248,507,784	194,262,551	246,464,690	191,682,560
13. Share capital				
Authorized capital	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000
1,000,000,000 ordinary shares of Tk.10/- each				
Issued, subscribed and paid up capital	5,388,386,230	5,131,796,410	5,388,386,230	5,131,796,410

13.1 Given below the history of raising of share capital of LankaBangla Finance Limited

Date of Issue	Particulars	Number of Shares Issued		Paid up Shares (Cumulative)	Amount of Shares Capital (BDT)	Amount of Shares Capital (BDT)
		Bonus Shares	Subscription			
5-Nov-96	First (Subscription as per Memorandum and Articles of Association) at the time of Incorporation	-	500,000	500,000	5,000,000	5,000,000
5-Apr-98	Subscription	-	9,500,000	10,000,000	95,000,000	100,000,000
12-Apr-03	Subscription	-	10,105,363	20,105,363	101,053,630	201,053,630
28-Jun-04	Subscription	-	4,000,000	24,105,363	40,000,000	241,053,630
3-May-05	Subscription	-	1,894,637	26,000,000	18,946,370	260,000,000
14-Sep-06	IPO	-	9,000,000	35,000,000	90,000,000	350,000,000
19-May-08	10% Stock Dividend for 2007	3,500,000	-	38,500,000	35,000,000	385,000,000
5-May-09	15% Stock Dividend for 2008	5,775,000	-	44,275,000	57,750,000	442,750,000
30-Mar-10	20% Stock Dividend for 2009	8,855,000	-	53,130,000	88,550,000	531,300,000
27-Mar-11	55% Stock Dividend for 2010	29,221,500	-	82,351,500	292,215,000	823,515,000
28-Mar-12	30% Stock Dividend for 2011	24,705,450	-	107,056,950	247,054,500	1,070,569,500
3-May-12	1:1 Right of 82,351,500 Shares	-	82,351,500	189,408,450	823,515,000	1,894,084,500
31-Mar-13	10% Stock Dividend for 2012	18,940,845	-	208,349,295	189,408,450	2,083,492,950
31-Mar-14	5% Stock Dividend for 2013	10,417,464	-	218,766,759	104,174,640	2,187,667,590
19-Mar-15	10% Stock Dividend for 2014	21,876,675	-	240,643,434	218,766,750	2,406,434,340
30-Mar-16	15% Stock Dividend for 2015	36,096,515	-	276,739,949	360,965,150	2,767,399,490
30-Mar-17	15% Stock Dividend for 2016	41,510,992	-	318,250,941	415,109,920	3,182,509,410
31-Jan-18	2:1 Right of 159,125,470 Shares	-	159,125,470	477,376,411	1,591,254,700	4,773,764,110
31-Mar-18	7.5% Stock Dividend for 2017	35,803,230	-	513,179,641	358,032,300	5,131,796,410
7-Sep-20	5.00% Stock Dividend for 2019	25,655,982	-	538,835,623	256,559,820	5,388,356,230
	Total				5,388,356,230	

Details of shares holding position are as under:

	Percentage 31.12.2020	2020		2019	
		Number of shares	Taka	Number of shares	Taka
Sponsor shareholders:					
a. Foreign sponsors					
Sampath Bank Limited, Sri Lanka	9.47%	51,036,605	510,366,050	48,606,291	486,062,910
b. Local sponsors	24.09%	129,779,454	1,297,794,540	123,599,485	1,235,994,850
ONE Bank Limited, Bangladesh	3.78%	20,362,737	203,627,370	19,393,083	193,930,830
Individuals	20.31%	109,416,717	1,094,167,170	104,206,402	1,042,064,020
General shareholders	66.44%	358,022,564	3,580,225,640	340,973,865	3,409,738,650
	100.00%	538,838,623	5,388,386,230	513,179,641	5,131,796,410

<u>Shares groups</u>	<u>Number of share</u>	<u>Percentage</u>	<u>Number of share</u>	<u>Percentage</u>
Less than 500	820,936	0.15	1,101,153	0.21
501 to 5000	16,995,972	3.15	22,340,041	4.35
5,001 to 10000	17,121,172	3.18	19,585,887	3.82
10,001 to 20000	21,628,904	4.01	24,855,516	4.84
20,001 to 30000	14,853,698	2.76	15,650,895	3.05
30,001 to 40000	9,649,935	1.79	9,776,066	1.90
40,001 to 50000	9,845,995	1.83	10,785,848	2.10
50,001 to 100000	30,577,054	5.67	31,575,301	6.15
100,001 to 1000000	121,318,142	22.51	106,375,997	20.73
Above 1000000	296,026,815	54.94	271,132,937	52.83
	538,838,623	100.00	513,179,641	100.00

The shares were listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited on 17 October 2006 and 31 October 2006 respectively, also trading in the both houses from 01 November, 2006. Share trade Tk. 31.4 at both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited at the end of the year 2020.

13.2 Name of the directors and their shareholdings as at 31 December 2020

Sl No.	Name	Status	Share holding as on 31.12.2019	Share Holding as on 31.12.2020	% of Share holding as on 31.12.2020
1	Mr. Mohammad A. Moyeen	Chairman	21,754,807	22,842,546	4.24%
2	Mr. I. W. Senanayake (Representative of Sampath Bank PLC)	Director	48,606,291	51,036,605	9.47%
3	Mr. Nanda Fernando (Representative Sampath Bank PLC)	Director			
4	Mr. M. Fakhru Alam (Representative ONE Bank Limited)	Director	19,393,083	20,362,737	3.78%
5	Mrs. Aneesha Mahial Kundanmal	Director	39,527,471	41,503,844	7.70%
6	Mr. Mahbubul Anam	Director	22,855,945	23,998,741	4.45%
7	Mr. Tahsinul Huque	Director	19,994,004	20,993,703	3.90%
8	Mrs. Jasmine Sultana	Sponsor	74,175	77,883	0.01%
9	Mrs. Zaitun Sayef	Independent Director	-	-	-
10	Mr. Abdul Malek Shamsher	Independent Director	-	-	-
Total			172,205,776	180,816,059	33.56%

13.3 Capital Adequacy Ratio (CAR)

As per section 4(GHA) of the Financial Institution Regulations 1994, the minimum paid up capital of the Financial Institution (FI) shall be Tk. 100 crore; Provided that the sum of paid up capital and reserves shall not be less than the minimum capital determined by the Bangladesh Bank under the Risk-Based Assets of the Company. The surplus eligible capital of the Group as well as the Company at the close of business on 31 December 2020 were Tk. 5,858.1 million and Tk. 5,816.93 million respectively.

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2020 Taka	31.12.2019 Taka	31.12.2020 Taka	31.12.2019 Taka
Core Capital (Tier-1)				
Paid-up capital (Note - 13)	5,388,386,230	5,131,796,410	5,388,386,230	5,131,796,410
Share premium	1,090,888,800	1,090,888,800	-	-
Statutory reserves (Note - 14)	1,927,779,298	1,762,635,872	1,927,779,299	1,762,635,872
General reserves	45,409,424	49,919,671	-	-
Dividend equalization reserves	-	-	-	-
Other (Share money deposit for right issue)	-	-	-	-
Retained earnings (Note - 15)	1,641,731,139	1,447,088,731	2,161,276,401	2,116,518,264
Non-controlling interest	177,127,178	172,699,883	-	-
Sub-Total	10,271,322,069	9,655,029,367	9,477,441,930	9,010,950,547
Deductions from Tier-1 (Core Capital)				
Goodwill and value of any contingent assets which are shown as assets	234,143,286	234,143,286	-	-
Any investment exceeding the approved limit	-	-	137,500,000	202,500,000
Total Eligible Tire - 1 Capital	10,037,178,784	9,420,886,081	9,339,941,930	8,808,450,547

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2020 Taka	31.12.2019 Taka	31.12.2020 Taka	31.12.2019 Taka
Supplementary capital (Tier -II)				
General provision (unclassified loans up to specified limit + SMA + off balance sheet exposure)	667,300,000	628,150,120	719,100,000	646,950,120
Assets revaluation reserves up to 50%	-	-	-	-
Revaluation reserve for securities up to 45 %	-	-	-	-
Revaluation reserve for Equity Instruments up to 10%	-	-	101,807,088	100,698,141
All others preference shares	-	-	-	-
Others (if any other item approved by Bangladesh Bank) (Subordinated bond)	2,200,648,922	1,533,420,002	2,382,448,922	1,533,420,002
Sub-Total	2,867,948,922	2,161,570,123	3,203,356,010	2,281,068,264
Deduction from Tier-1 (Supplementary capital)				
Any investment exceeding the approved limit	-	-	137,500,000	202,500,000
Total Eligible Tire - 2 Capital	2,867,948,922	2,161,570,123	3,065,856,010	2,078,568,264
A) Total capital	12,905,127,706	11,582,456,204	12,405,797,940	10,887,018,810
Total assets including off -balance sheet exposures	82,545,956,136	86,057,941,456	77,523,048,240	80,876,409,574
B) Total risk weighted assets	70,470,293,358	69,148,267,518	65,888,649,028	66,367,301,857
C) Required capital based on risk weighted assets (10% on B)	7,047,029,336	6,914,826,752	6,588,864,903	6,636,730,186
D) Surplus capital (A-C)	5,858,098,370	4,667,629,453	5,816,933,037	4,250,288,624
E) Capital Adequacy Ratio	18.31%	16.75%	18.83%	16.40%
F) Core Capital to RWA	14.24%	13.62%	14.18%	13.27%
G) Supplementary Capital to RWA	4.07%	3.13%	4.65%	3.13%
14. Statutory reserve				
See accounting policy in note (2.43)				
Opening Balance	1,762,635,872	1,615,433,347	1,762,635,872	1,615,433,347
Add: Transferred from profit during the year @ 20%	165,143,426	147,202,525	165,143,426	147,202,525
	1,927,779,298	1,762,635,872	1,927,779,298	1,762,635,872
15. Retained earnings				
Opening Balance	2,421,179,480	2,435,931,009	2,942,235,397	3,033,490,251
Add: Profit for the year	1,447,088,731	1,932,047,440	2,116,518,264	2,297,477,627
	974,090,749	503,883,570	825,717,132	736,012,624
Less: Adjustment during the year:	779,448,341	988,842,278	780,958,995	916,971,986
Transfer to statutory reserve during the year	165,143,426	147,202,525	165,143,426	147,202,525
Transfer to general reserve during the year	(4,510,247)	(3,129,015)	-	-
Transaction cost against right issue	3,000,000	-	-	-
Changing in non-controlling interest	(408)	74,999,307	-	-
Transferred of stock dividend	256,589,820	-	256,589,820	-
Cash dividend	359,225,749	769,769,462	359,225,749	769,769,462
	1,641,731,139	1,447,088,731	2,161,276,401	2,116,518,264
15A. Revaluation reserve for investment in subsidiaries				
See accounting policy in note 2.17.4				
Investment in subsidiaries (at fair value as per IFRS 9)			6,115,257,838	5,651,168,371
LankaBangla Securities Limited			4,663,676,050	4,466,115,347
LankaBangla Investment Limited			500,406,975	235,860,268
LankaBangla Asset Management Company Limited			951,174,813	949,192,756
Investment in subsidiaries at cost			5,097,186,963	4,644,186,963
LankaBangla Securities Limited			1,749,237,023	1,546,237,023
LankaBangla Investment Limited			2,404,999,940	2,154,999,940
LankaBangla Asset Management Company Limited			942,950,000	942,950,000
Revaluation reserve			1,018,070,876	1,006,981,408
Change in revaluation reserve			11,089,468	(285,235,196)
16 Non-controlling interest				
See accounting policy in note (2.4)				
Name of Subsidiaries				
LankaBangla Securities Limited	3.3513854%	5,153,882,618	172,726,471	167,886,669
LankaBangla Investments Limited	0.0000025%	500,406,987	12	7
LankaBangla Asset Management Company Limited	0.0001061%	951,175,822	1,009	1,007
LankaBangla Information System Limited	3.5446827%	5,344,635	189,450	167,309
BizBangla Media Limited	6.8447088%	61,510,798	4,210,235	4,644,892
			177,127,178	172,699,883

	LankaBangla Group		LankaBangla Finance Limited	
	2020 Taka	2019 Taka	2020 Taka	2019 Taka
17 Interest income				
See accounting policy in note (2.34.1) (2.34.2), (2.34.3) and (2.34.4)				
Lending Finance				
Lease finance	632,851,020	751,359,321	632,851,020	751,359,321
Lending to subsidiaries	-	-	14,211,607	120,315,815
Real estate developers Finance	2,403,802	2,200,000	2,403,802	2,200,000
Short term lending	345,112,995	580,534,632	345,112,995	580,534,632
Term finance	1,393,739,307	1,578,267,584	1,393,739,307	1,578,267,584
Term loan secured overdraft	17,405,171	35,839,745	17,405,171	35,839,745
Term loan syndication finance	58,371,453	61,537,013	58,371,453	61,537,013
Auto loan	702,073,632	941,802,892	702,073,632	941,802,892
Credit card (Note- 17.1)	715,164,188	753,527,516	715,164,188	753,527,516
Home loan (Note- 17.2)	1,573,506,645	1,838,949,558	1,573,506,645	1,838,949,558
Personal loan (Note- 17.3)	601,039,140	769,342,895	599,745,973	767,783,139
Emerging and commercial	134,544,778	147,942,139	134,544,778	147,942,139
SME finance	970,551,404	1,259,334,057	970,551,404	1,259,334,057
	7,146,763,536	8,720,637,352	7,159,681,975	8,839,393,410
Treasury finance				
Fixed deposit accounts	222,303,620	320,652,606	218,042,925	314,195,681
Short term deposit accounts	323,281,143	349,788,098	250,427,535	268,208,096
	545,584,764	670,440,704	468,470,460	582,403,777
Others				
Debit balance of share trading clients	399,759,971	728,039,679	-	-
Margin loan to share trading clients	54,105,118	53,612,682	-	-
	453,865,090	781,652,361	-	-
	8,146,213,389	10,172,730,417	7,628,152,436	9,421,797,188
17.1 Credit Card				
Master card account	449,295,218	476,591,151	449,295,218	476,591,151
VISA card account	206,759,347	222,042,226	206,759,347	222,042,226
Master card ezipay account	41,639,234	37,338,086	41,639,234	37,338,086
VISA card ezipay account	17,470,390	17,556,054	17,470,390	17,556,054
	715,164,188	753,527,516	715,164,188	753,527,516
17.2 Home loan				
Bangladesh Bank refinance loan	1,273,295	61,890,495	1,273,295	61,890,495
Commercial loan	1,555,204,844	1,748,316,560	1,555,204,844	1,748,316,560
Staff loan	17,028,506	28,742,503	17,028,506	28,742,503
	1,573,506,645	1,838,949,558	1,573,506,645	1,838,949,558
17.3 Personal loan				
Term loan	515,703,229	693,356,158	515,703,229	693,356,158
Loan against deposit	70,822,803	60,789,350	70,822,803	60,789,350
Staff loan	14,513,108	15,197,387	13,219,941	13,637,630
	601,039,140	769,342,895	599,745,973	767,783,139
18. Interest expenses on deposits and borrowings				
See accounting policy in note (2.29)				
Other than Bangladesh Bank				
Term loan- commercial bank	430,648,331	595,061,853	156,351,809	167,297,955
Lease liability (Note-18.1)	30,720,773	44,905,963	21,931,200	33,728,992
Syndicated term loan	152,173,169	208,793,400	152,173,169	208,793,400
Foreign term loan-ICD (Note-18.2)	71,468,289	114,269,959	71,468,289	114,269,959
Zero Coupon Bond	15,454,824	34,811,248	15,454,824	34,811,248
Subordinated bond	167,169,587	182,898,579	168,969,587	182,898,579
Term deposits	4,549,929,867	5,302,301,037	4,573,308,697	5,307,197,108
Short term loans	330,904,909	520,786,854	330,904,909	520,425,466
Bank overdraft	111,686,453	168,023,579	111,686,453	168,023,579
Call loan	24,204,472	29,249,208	24,204,472	29,249,208
	5,884,360,675	7,201,101,681	5,626,453,410	6,766,695,494
Bangladesh Bank				
Term loan- Bangladesh Bank	78,879,075	74,392,479	78,879,075	74,392,479
Bangladesh Bank REPO against Govt. Treasury Bonds	150,967	-	150,967	-
REPO with Bangladesh Bank against Govt. treasury bills	8,711,666	-	8,711,666	-
	87,741,708	74,392,479	87,741,708	74,392,479
	5,972,102,383	7,275,494,160	5,714,195,118	6,841,087,973

	LankaBangla Group		LankaBangla Finance Limited	
	2020 Taka	2019 Taka	2020 Taka	2019 Taka
18.1 Lease liability				
See accounting policy in note (2.18)				
Lease liability-Vehicles	2,117,460	2,511,751	1,044,618	1,557,490
Lease liability- Office premises	28,603,313	42,394,212	20,886,583	32,171,501
	30,720,773	44,905,963	21,931,200	33,728,992
18.2 Foreign term loan-ICD				
Profit on foreign term loan - ICD	68,842,849	93,037,361	68,842,849	93,037,361
Foreign exchange loss on ICD loan	2,625,440	21,232,598	2,625,440	21,232,598
	71,468,289	114,269,959	71,468,289	114,269,959
19. Income from investment				
See accounting policy in note (2.34.5)				
Income from investment in share (Capital gain)	112,045,522	164,700,298	(19,550,910)	113,983,057
Dividend income	103,359,132	119,549,186	34,769,184	170,183,317
Commercial paper	-	17,421,092	-	17,421,092
Treasury bills	24,298,244	-	24,298,244	-
Treasury bonds	1,186,082	-	1,186,082	-
Subordinated bond	68,415,342	36,082,192	68,415,342	36,082,192
Perpetual bond	247,671	-	247,671	-
Discretionary corporate fund-LBAMCOL maximizer	5,981,447	2,980,811	5,981,447	2,980,811
	315,533,440	340,733,579	115,347,060	340,650,469
20. Commission, exchange and brokerage income				
See accounting policy in note (2.34.8)				
Brokerage commission	495,838,868	452,660,219	-	-
Underwriting commission	515,410	313,306	-	-
	496,354,278	452,973,525	-	-
21. Other operational income				
See accounting policy in note (2.34.6), (2.34.7), (2.34.8), (2.34.9), (2.22.6) and (2.35)				
Fees and documentations				
Portfolio and issue management fees	33,164,450	14,812,658	-	-
Membership fees of credit card	51,701,326	53,243,053	51,701,326	53,243,053
Other income from credit card	183,266,177	199,028,171	183,266,177	199,028,171
Fees and documentations (Note-21.1)	277,010,502	312,565,171	277,010,502	312,565,171
	545,142,455	579,649,054	511,978,005	564,836,395
Others				
Advertisement	107,847,375	131,055,518	-	-
Circulation	5,530,142	12,211,859	-	-
Late payment charge-factoring	2,026,438	1,539,948	2,026,438	1,539,948
Corporate finance fees	14,970,391	-	-	-
Foreign exchange gain/(loss)	(4,704)	(5,250)	(4,704)	(5,250)
Income from CDBL	18,988,293	15,697,853	-	-
Income from unit fund operation	-	14,052,540	-	-
Income from IPM fund operation	1,089,100	3,156,560	-	-
Miscellaneous	6,768,311	3,755,394	866,675	1,880,533
Write off recovery	936,003	-	-	-
Profit on sale of fixed asset	4,297,477	4,643,850	4,297,477	2,343,850
Round Table Conference	9,651,803	671,526	12,100,557	654,326
Redemption income against mortgage property	2,034,800	-	2,034,800	-
Scrap sales	1,747,957	1,526,350	-	-
Settlement fee	5,017,164	2,879,097	-	-
Sponsorship	-	7,433,153	-	-
Management fees	5,478,215	12,799,782	-	-
Selling agent fees	-	185,716	-	185,716
	186,378,768	211,603,893	21,321,243	6,599,122
	731,521,223	791,252,947	533,299,248	571,435,517

	LankaBangla Group		LankaBangla Finance Limited	
	2020 Taka	2019 Taka	2020 Taka	2019 Taka
21.1 Fees and documentations				
Lending finance				
Lease finance	2,165,735	5,398,661	2,165,735	5,398,661
Revolving credit -secured	5,000	6,000	5,000	6,000
Short term loan	2,523,912	1,384,782	2,523,912	1,384,782
Term loan	2,560,924	3,624,434	2,560,924	3,624,434
Term loan syndication finance	680,000	754,415	680,000	754,415
Work order finance	134,783	276,500	134,783	276,500
Auto loan	10,000,788	14,739,651	10,000,788	14,739,651
Credit card	177,262,800	200,127,081	177,262,800	200,127,081
Home loan	39,907,093	29,194,200	39,907,093	29,194,200
Personal loan	8,060,436	18,787,300	8,060,436	18,787,300
SME finance	21,730,485	23,613,613	21,730,485	23,613,613
Emerging and commercial	11,978,544	14,658,534	11,978,544	14,658,534
	277,010,502	312,565,171	277,010,502	312,565,171
22. Salary and allowances				
See accounting policy in note (2.36.1) and (2.37)				
Salary and allowances	1,060,156,599	1,272,861,485	725,954,836	803,037,503
Provident fund contribution	36,624,501	43,938,922	21,618,274	23,584,666
Gratuity fund	33,283,389	61,087,041	18,018,804	33,013,658
Festival bonus	57,202,298	61,379,033	57,202,298	61,379,033
Business performance incentive	87,957,688	65,370,259	75,272,191	65,370,259
	1,275,224,475	1,504,636,741	898,066,403	986,385,119
23. Rent, taxes, insurance, electricity etc.				
See accounting policy in note (2.36)				
Office rent*	-	9,759,050	-	-
Insurance premium	19,411,273	26,921,838	11,653,233	18,239,004
Electricity	22,961,076	27,527,332	16,144,033	18,432,077
	42,372,349	64,208,220	27,797,266	36,671,081
*Some short term leases for one of subsidiaries has not been recognized as asset and liability as per IFRS 16 rather charged as expenses as per IFRS 16 in 2019. Office Rent amount of BDT 9,759,050 in comparative figure reflects those short term leases of 2019.				
24. Legal and professional fees	31,362,343	39,269,011	27,386,792	34,967,372
See accounting policy in note (2.36)				
25. Postage, stamp, telecommunication etc.				
See accounting policy in note (2.36)				
Postage and courier	3,042,345	5,235,240	2,823,598	4,988,014
Stamp charges	482,726	1,277,483	456,926	1,228,253
Telephone bill	19,840,181	22,276,213	15,985,411	16,776,754
	23,365,252	28,788,937	19,265,935	22,993,022
26. Stationery, printing, advertisement				
See accounting policy in note (2.36)				
Printing and stationery	17,628,213	27,331,516	13,958,241	19,551,857
Advertisement	13,958,181	20,499,264	12,529,581	18,826,197
	31,586,394	47,830,780	26,487,822	38,378,054
27. Managing director's salary and allowance				
See accounting policy in note (2.36.1) and (2.37)				
Salary and allowances	14,340,000	14,340,000	14,340,000	14,340,000
Provident fund contribution	804,000	804,000	804,000	804,000
Gratuity fund	335,000	335,000	335,000	335,000
	15,479,000	15,479,000	15,479,000	15,479,000
28. Director fees and expenses				
See accounting policy in note (2.36)				
Board meeting and audit committee attendance fees	2,329,800	2,638,900	660,000	691,200
	2,329,800	2,638,900	660,000	691,200
29. Audit fees				
See accounting policy in note (2.36)				
	1,112,050	1,086,750	632,500	632,500

	LankaBangla Group		LankaBangla Finance Limited	
	2020 Taka	2019 Taka	2020 Taka	2019 Taka
30. Repairs, maintenance and depreciation				
See accounting policy in note (2.22.3) and (2.36)				
Repairs and maintenance	3,484,911	5,682,951	1,989,953	4,221,564
Software maintenance	53,893,024	44,189,534	47,773,655	36,905,040
Depreciation and amortization	333,458,356	362,757,612	259,163,948	273,686,104
	390,836,291	412,630,098	308,927,557	314,812,709
31. Other expenses				
See accounting policy in note (2.36)				
AGM and related expenses	275,000	2,506,587	275,000	2,465,207
Bank charges	5,734,124	8,177,228	3,152,212	5,099,352
Business promotion	38,790,486	111,618,848	35,203,974	105,013,035
CDBL fee	22,917,911	19,071,464	190,175	153,030
CIB Charge	2,688,661	5,054,183	2,688,661	5,054,183
Commission of bank guarantee	5,135,717	9,285,925	-	-
Commission on mobile banking transaction	885,774	663,057	885,774	663,057
Computer accessories	1,451,946	2,539,582	1,438,976	2,524,732
Contact point verification fee	4,324,169	8,991,304	4,324,169	8,991,304
Conveyance	4,613,427	8,889,723	4,568,294	8,652,837
Cost of Newspaper, P. S Plates & Polyester film	11,083,749	18,936,267	-	-
Credit card accessories	15,874,120	12,605,623	15,874,120	12,605,623
Documentation fee	-	86,250	-	-
Donation and miscellaneous expenses	4,358,050	863,194	4,358,050	778,385
Educational expense reimbursements	190,143	112,407	177,362	58,595
Entertainment	5,471,802	11,741,469	2,268,908	5,186,100
Excise duty	4,631,950	4,010,787	4,262,950	3,996,137
Factory overhead	86,413,252	102,822,526	-	-
Fuel expense	2,170,959	2,392,116	1,495,287	1,517,134
HR event	1,401,442	7,097,746	1,401,442	7,097,746
Internet and e-mail	17,218,772	21,846,789	7,542,814	10,777,426
Laga charges	38,003,429	35,100,501	-	-
Contribution to workers' profit participation fund	9,460,207	8,931,502	9,460,207	8,931,502
LB foundation	9,958,791	8,717,324	8,340,577	7,434,471
Loss on sales of fixed asset	4,924,836	1,796,406	4,307,407	217,280
Marketing expenses	13,216,756	18,367,457	13,216,756	18,367,457
Master Card-Stand By Letter of Credit issuance charge (SBLC)	3,278,125	2,902,344	3,278,125	2,902,344
Master Card Consolidated Billing System charges (MCBS)	24,918,888	27,867,131	24,918,888	27,867,131
Meeting expense	16,846	2,409,502	16,846	2,409,502
Membership and regulatory fees	5,487,500	5,977,628	3,089,033	2,742,459
Networking charge	229,582	325,817	-	-
News paper and periodicals	262,002	734,992	211,224	552,004
Office maintenance	80,148,009	82,780,297	66,907,166	64,617,166
Other expenses	564,778	167,844	-	-
Other operational expenses credit card	26,092,343	39,115,031	26,092,343	39,115,031
Picnic expense	3,887,943	-	3,887,943	-
Recovery commission	-	205,500	-	205,500
Recruitment expense	-	294,382	-	293,082
Selling & distribution expenses	13,378,135	20,409,116	-	-
SMS service charge	9,900,803	9,141,046	9,900,803	9,141,046
Staff welfare	1,602,483	2,272,069	1,602,483	2,272,069
Subscription	3,556,166	3,237,928	-	-
Training	1,566,522	14,503,885	1,173,350	13,740,614
Travelling	36,411,578	47,608,907	29,909,865	37,512,608
Vehicle maintenance/registration	50,831,112	61,540,172	24,744,129	26,081,988
Water and sewerage bill	1,212,082	2,343,361	445,918	1,444,717
	574,540,370	756,063,216	321,611,232	446,481,853

	LankaBangla Group		LankaBangla Finance Limited	
	2020 Taka	2019 Taka	2020 Taka	2019 Taka
32. Provisions for loans, investments and other assets See accounting policy in note (2.27)				
Provisions for leases and loans	121,432,439	586,870,691	121,432,439	586,870,691
General provision	109,436,067	64,778,203	109,436,067	64,778,203
Specific provision	11,996,372	522,092,488	11,996,372	522,092,488
Provision for margin loan	168,636,136	116,083,141	-	-
Provision for diminution in value of investments	(140,741,491)	181,851,344	(122,942,734)	152,139,065
Specific provision for other assets	1,700,000	-	-	-
	151,027,084	884,805,175	(1,510,295)	739,009,755
33. Provision for tax made during the year See accounting policy in note (2.38)				
Current tax expense:				
Current income tax charge	199,660,429	214,235,553	92,082,283	120,280,914
Adjustment in respect of current income tax of prior years	-	-	-	-
	199,660,429	214,235,553	92,082,283	120,280,914
Deferred tax expense/(income):				
Origination and reversal of temporary difference	105,659	2,295,644	-	-
Changes in tax rate	-	-	-	-
	105,659	2,295,644	-	-
Income tax expense reported in profit and loss account	199,766,087	216,531,197	92,082,283	120,280,914
33.1 Reconciliation of current income tax charge				
Gross receipts			8,272,460,827	10,379,898,015
Applicable tax rate*			0.60%	0.60%
Income tax charge as per applicable tax rate			49,634,765	62,279,388
Factors affecting the tax charge for current year:				
Tax savings from reduced tax rates for dividend income			-	(473,391)
Tax savings from reduced tax rates for capital gain			-	(501,525)
Additional tax charge for minimum tax under section 82C(5)			42,447,518	58,976,442
			92,082,283	120,280,914
*As there was business loss for tax charge for the year ended 31 December 2020, LankaBangla Finance Limited provided for current tax expense as per Section 82C(4) and 82C(5) of the Income Tax Ordinance, 1984.				
**The Group's tax charge is the accumulation of tax charged separately in individual financial statements of the Group companies.				
34. Earnings Per Share (EPS) See accounting policy in note (2.40)				
Earning attributable to ordinary shareholders	974,090,749	503,883,570	825,717,132	736,012,624
Weighted number of shares outstanding (Note - 34.1)	538,838,623	538,838,623	538,838,623	538,838,623
Basic earnings per share (Restated- prior year)	1.81	0.94	1.53	1.37
34.1 Outstanding number of shares for the period ended 31 December 2020				
Weighted number of shares outstanding*	538,838,623	538,838,623	538,838,623	538,838,623
	538,838,623	538,838,623	538,838,623	538,838,623
*Number of shares of 2019 have been restated due to issue of bonus shares in 2020 as per IAS-33				
35. Net asset value per share- (NAV) (Restated- prior year)				
Net asset value as at 31 December	10,094,194,892	9,482,329,484	10,495,512,805	10,017,931,954
Weighted number of shares outstanding (Note - 34.1)	538,838,623	538,838,623	538,838,623	538,838,623
	18.73	17.60	19.48	18.59
36. Net Operating Cash Flows Per Share - (NOCFPS) (Restated- prior year)				
Net cash flows/(used in) from operating activities	8,505,851,188	(1,363,337,438)	7,309,109,286	(1,374,962,157)
Weighted number of shares outstanding (Note - 34.1)	538,838,623	538,838,623	538,838,623	538,838,623
	15.79	(2.53)	13.56	(2.55)

LankaBangla Group		LankaBangla Finance Limited	
2020	2019	2020	2019
Taka	Taka	Taka	Taka

36.1 Reconciliation of net profit before tax with net cash flows from operating activities

The following reconciliation has been provided as per No. BSEC/CMRRCD/2006-158/208/Admin/81 Dated : 20 June 2018

Profit before tax	1,178,284,539	724,759,481	917,799,415	856,293,538
Adjustments:				
Depreciation and amortization	344,763,871	373,008,730	259,163,948	273,686,104
(Gain)/Loss on sale of fixed assets	(4,726,968)	1,124,880	(7,793,150)	(437,046)
Provision for loans, leases and advances & investments	151,027,084	884,805,175	(1,510,295)	739,009,755
Interest Income from Treasury bill and Bond	(25,484,326)		(25,484,326)	
Foreign exchange (gain)/loss	2,623,844	17,395,055	2,623,844	17,395,055
	1,646,488,044	2,001,093,321	1,144,799,436	1,885,947,406
Increase/(decrease) in operating assets & liabilities				
Loans and advances to customers	6,433,966,714	3,553,032,960	5,759,878,086	3,196,628,349
Other assets	(29,728,000)	94,165,068	4,735,383	54,579,996
Deposits from customers and others	235,381,380	(6,509,583,908)	716,309,505	(6,530,871,983)
Other liabilities	394,587,017	(284,126,603)	(248,843,404)	118,307,103
	8,680,695,155	(1,145,419,163)	7,376,879,006	(1,275,409,130)
Income tax paid	(174,843,967)	(217,918,275)	(67,769,720)	(99,553,027)
Net Cash flows from/(used in) Operating Activities	8,505,851,188	(1,363,337,438)	7,309,109,286	(1,374,962,157)

37. Segment report**37.1. Basis for segmentation**

The Group has the following four strategic divisions, which are reportable segments. These divisions offer different products and services, and are managed separately based on the Group's management and internal reporting structure.

Reportable Segments	Operations
Core Financing Business	Fees based services include Credit Card Membership Fees, Loan processing fees etc. Fund based services include Lease Finance, Term Finance, Real Estate Finance, Hire Purchase, Credit Card Operation, SME, Auto loan, Personal Loan, Emerging and Commercial, Syndication Finance, Revolving Credit, Loan against Deposit, and Staff Loan etc.
Brokerage Business	Act as a member of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited to carry on the business of brokers or dealers in stocks, shares and securities, commercial papers, bonds, debentures, debentures stocks, foreign currencies, treasury bills and/or any financial instruments.
Investment Business	Trading, margin loan and corporate finance activities
Asset Management Business	Fund management activities

The Group's Management Committee reviews internal management reports from each segment at least monthly.

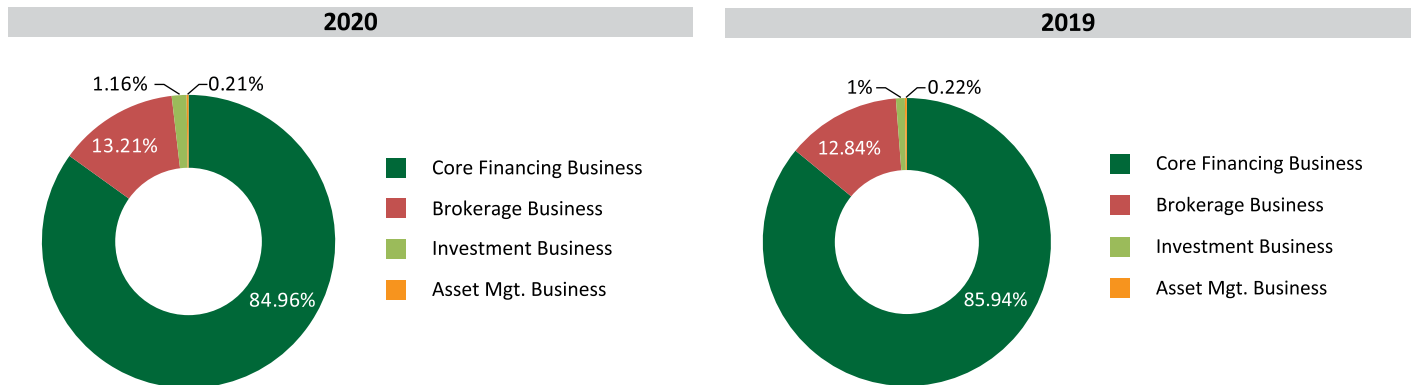
Amount in Taka

Particulars	For the year 2020				
	Core Financing Business	Brokerage Business	Investment Business	Asset Management Business	Consolidated
Revenue from external customers					
Interest revenue	7,613,940,829	463,912,653	61,898,110	(16,917,033)	8,122,834,559
Revenue from investment	115,347,060	175,365,719	29,576,725.36	(4,756,064)	315,533,440
Commission, exchange and brokerage income	-	490,349,941	6,004,337	-	496,354,278
Other operational income	533,299,248	157,009,246	35,367,071	18,732,827	744,408,392
Total revenue from external customers	8,262,587,137	1,286,637,558	132,846,244	(2,940,270)	9,679,130,670
Revenues from transactions with other operating segments of the same entity :					
Interest revenue	14,211,607	-	23,378,830	23,378,830	60,969,266
Revenue from investment	-	-	1,800,000	(37,819)	1,800,000
Other operational income	-	-	-	-	-2,494,645
Total revenues from transactions with other operating segments of the same entity	14,211,607	-	25,178,830	23,341,010	60,274,621
Total segment revenue	8,276,798,744	1,286,637,558	158,025,073	20,400,740	9,739,405,291
Interest expenses					
Segment interest expenses	5,688,262,643	282,540,934	360,002	938,803	5,972,102,383
Revenues from transactions with other operating segments of the same entity	25,932,474	14,211,607	-	-	40,113,552
Total segment interest expenses	5,714,195,118	296,752,541	360,002	938,803	6,012,215,935
Operating expenses					
Segment operating expenses	1,387,150,559	589,556,625	53,548,501	24,494,283	2,054,749,968
Revenues from transactions with other operating segments of the same entity	9,669,409	-	-	-	9,669,409
Total segment operating expenses	1,396,819,968	589,556,625	53,548,501	24,494,283	2,064,419,378
Depreciation and amortization	249,494,539	72,492,283	4,104,356	7,367,178	333,458,356
Net operating income	916,289,119	327,836,110	100,012,213.54	(12,399,523.53)	1,329,311,623
Material non-cash items other than depreciation and amortisation					
Provision for leases, loans and advances / investments	(1,510,295.32)	85,000,000.00	81,708,513	(14,171,133.90)	151,027,084
Profit before tax and reserve	917,799,415	242,836,110	18,303,700.31	1,771,610.37	1,178,284,539
Provision for tax made during the year	92,082,283	102,631,381	4,789,231	157,533	199,660,428
Deferred tax (expense)/ Income	-	1,505,886	(1,032,244)	(367,983)	105,659
	92,082,283	104,137,267	3,756,987	(210,449.90)	199,766,087
Net profit after tax	825,717,132	138,698,842	14,546,713	1,982,060	978,518,451
Total segment assets	76,812,538,239	10,743,461,309	2,495,461,912	1,031,743,269	91,083,204,728
Inter segmental assets	1,786,235,718	-	-	-	1,786,235,718
Net segment assets	75,026,302,522	10,743,461,309	2,495,461,912	1,031,743,269	89,296,969,011
Amount of addition to non-current fixed assets	314,945,042	59,721,320	404,631	2,090,402	377,161,395
Segment capital employed	10,495,512,805	5,053,883,334	500,406,987	951,175,822	17,000,978,948
Segment liability	66,317,025,435	5,599,957,706	298,439,474	80,567,447	72,295,990,062
Inter segmental liabilities	-	89,620,268	1,696,615,450	-	1,786,235,718
Total segmental liability	76,812,538,240	10,743,461,307	2,495,461,911	1,031,743,269	91,083,204,728

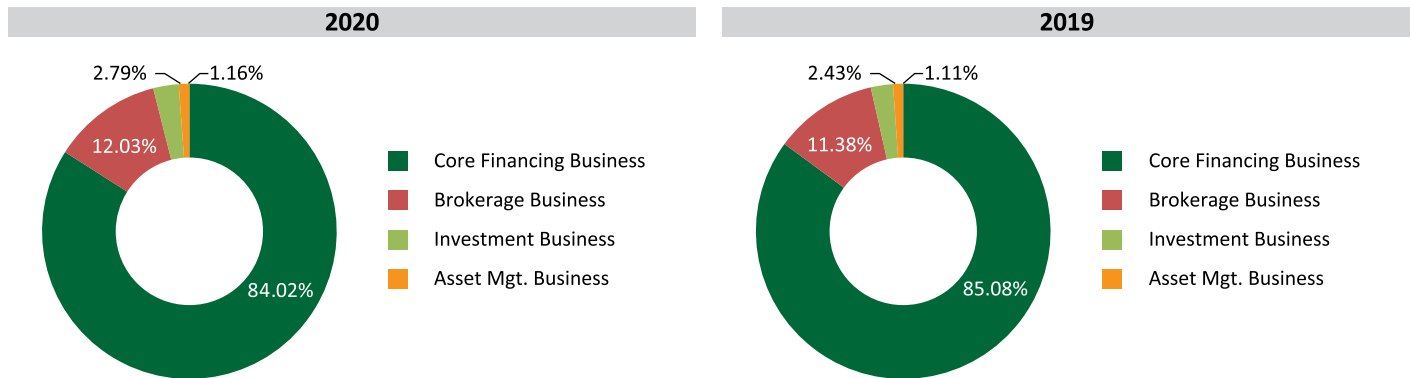
Particulars	Amount in Taka				
	For the year 2019				
	Core Financing Business	Brokerage Business	Investment Business	Asset Management Business	Consolidated
Revenue from external customers					
Interest revenue	9,301,481,373	805,233,253	65,908,641	107,150	10,172,730,417
Revenue from investment	218,363,839	97,456,847	23,551,476	1,361,417	340,733,579
Commission, exchange and brokerage income	-	452,660,219	313,306	-	452,973,525
Other operational income	571,435,517	176,987,373	25,276,602	17,553,455	791,252,947
Total revenue from external customers	10,091,280,729	1,532,337,692	115,050,025	19,022,022	11,757,690,467
Revenues from transactions with other operating segments of the same entity :					
Interest revenue	120,315,815	-	4,896,071	-	125,211,886
Revenue from investment	122,286,630	-	-	7,590,791	-
Other operational income	-	11,134,308	-	-	11,134,308
Total revenues from transactions with other operating segments of the same entity	242,602,445	11,134,308	4,896,071	7,590,791	136,346,193
Total segment revenue	10,333,883,174	1,543,471,999	119,946,096	26,612,812	11,894,036,661
Interest expenses					
Segment interest expenses	6,836,191,902	440,380,503	469,606	1,494,006	7,276,622,478
Revenues from transactions with other operating segments of the same entity	4,896,071	19,785,343	100,530,472	-	125,211,886
Total segment interest expenses	6,841,087,973	460,165,846	101,000,078	1,494,006	7,401,834,364
Operating expenses					
Segment operating expenses	1,612,671,496	768,809,498	75,889,500	29,447,971	2,486,818,465
Revenues from transactions with other operating segments of the same entity	11,134,308	-	-	-	11,134,308
Total segment operating expenses	1,623,805,804	768,809,498	75,889,500	29,447,971	2,497,952,772
Depreciation and amortization	273,686,104	96,662,581	5,119,889	9,216,294	384,684,869
Net operating income	1,595,303,293	217,834,074	(62,063,371)	(13,545,459)	1,609,564,656
Material non-cash items other than depreciation and amortisation					
Provision for leases, loans and advances / investments	739,009,755	-	119,710,763	26,084,656.67	884,805,175
Profit before tax and reserve	856,293,538	217,834,074	(181,774,134)	(39,630,116)	724,759,481
Provision for tax made during the year	120,280,914	90,729,678	3,092,857	132,104	214,235,553
Deferred tax (expense)/ Income	-	1,728,022	-	567,622	2,295,644
	120,280,914	92,457,700	3,092,857	699,727	216,531,197
Net profit after tax	736,012,624	125,376,374	(184,866,991)	(40,329,843)	508,228,283
Total segment assets	79,181,420,224	10,340,874,208	2,209,922,257	1,005,802,354	92,738,019,043
Inter segmental assets	1,879,648,686	-	-	-	1,879,648,686
Net segment assets	77,301,771,538	10,340,874,208	2,209,922,257	1,005,802,354	90,858,370,357
Amount of addition to non-current fixed assets	680,351,425	172,086,575	7,824,918	14,409,967	874,672,885
Segment capital employed	10,017,931,954	4,915,184,491	235,860,274	949,193,762	16,118,170,481
Segment liability	69,163,488,270	5,302,641,482	217,461,533	56,608,592	74,740,199,876
Inter segmental liabilities	-	123,048,236	1,756,600,450	-	1,879,648,686
Total segmental liability	79,181,420,224	10,340,874,208	2,209,922,257	1,005,802,354	92,738,019,043

37.2 Information about reportable segments (continued)

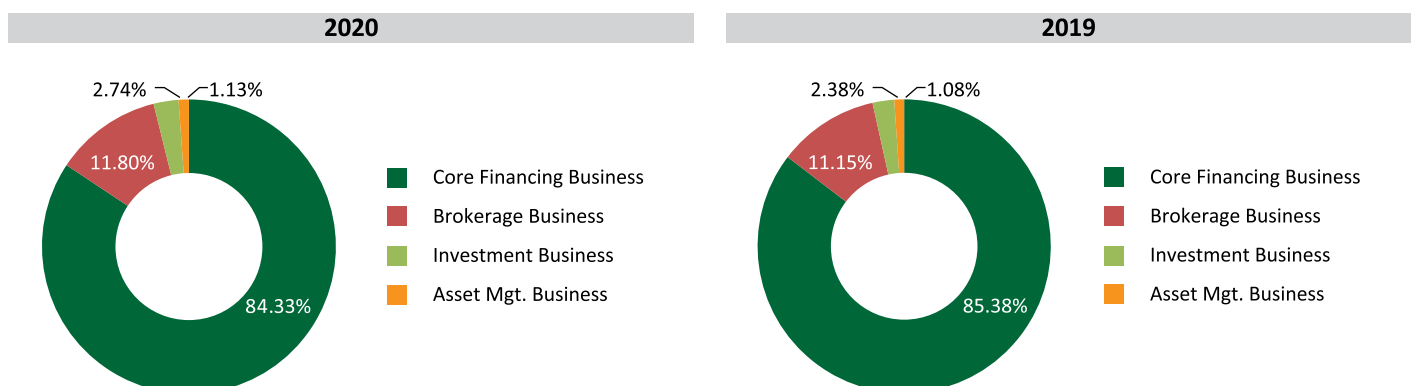
Revenue



Assets



Liabilities



38. Group subsidiaries**38.1 List of significant subsidiaries**

The table below provides details of the significant subsidiaries of the Group

Sl.	Name	Auditors Name	Place of business	Ownership Interest
1	LankaBangla Securities Limited	Ahmed Zaker & Co.	Bangladesh	96.6486146%
2	LankaBangla Investments Limited	Sayful Shamsul Alam & Co.	Bangladesh	99.9999975%
3	LankaBangla Asset Management Company Limited	Sayful Shamsul Alam & Co.	Bangladesh	99.9998939%
4	LankaBangla Information System Limited	Sayful Shamsul Alam & Co.	Bangladesh	96.4553173%
5	BizBangla Media Limited	Ahmed Zaker & Co.	Bangladesh	93.1552912%

38.2 Financial support given to structured entities

All the transactions with or among the subsidiaries are arms length transactions and are properly disclosed in the related party disclosure (**Note-39**). Other than those no other financial support has been given to any of the subsidiaries in the year 2020.

38.3 Significant restrictions

The Group does not have any significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory framework within which financial subsidiaries operate. The regulatory frameworks require financial organizations to keep certain level of regulatory capital and liquid assets, limit their exposure to other parts of the Group and comply with other ratios.

38.4 Non-controlling interest (NCI) in subsidiaries

Name	% of NCI	Profit allocated to NCI	
		2020 Taka	2019 Taka
LankaBangla Securities Limited	3.3513854%	4,840,210	4,310,281
LankaBangla Investments Limited	0.0000025%	0.4	(5)
LankaBangla Asset Management Company Limited	0.0001061%	2.1	(37)
LankaBangla Information System Limited	3.5446827%	22,142	22,149
BizBangla Media Limited	6.8447088%	(434,652)	12,326
Total		4,427,702	4,344,714

39. Related party disclosure

i) Names of the Directors together with list of entities in which they have interest are stated below:

Sl. #	Name of Director	Status in LankaBangla Finance Limited	Name of the firms/companies having interest as proprietor, partner, director, managing agent, guarantor, employee etc.
1	Mr. Mohammad A. Moyeen	Chairman	1 Airline Cargo Resources Limited
			2 Arrow Aviation Limited
			3 Anyeshan Limited
			4 AVS Cargo Management Services Ltd.
			5 APS Logistics International Limited
			6 BizBangla Media Limited
			7 Bengal Meat Processing Industries Limited
			8 Colloid Enterprises Limited
			9 Cross Freight Lines Limited
			10 Datafort Limited
			11 Expo Express Services Limited
			12 Expo Holdings (BD) Limited
			13 Freight Options Limited
			14 Freight Care Aviation Services Limited
			15 First Forwarding Limited
			16 Global Aviation Services Limited
			17 Global Ground Services Limited
			18 Interairsea Limited
			19 Innoweb Limited
			20 Infosapex Limited
			21 Joules Power Ltd.
			22 LankaBangla Securities Limited
			23 LankaBangla Investments Limited
			24 LankaBangla Information System Limited
			25 Orchid Aviation Limited
			26 SG Logistics (Pvt.) Limited
			27 Standard Paper Products Limited
			28 STS Educational Group Limited
			29 STS Holdings Limited
			30 Swift Logistics Services Limited
			31 The M & M Limited
			32 Tropica Garments Limited
			33 Technaf Solartech Energy Limited
			34 Uniworld Logistics Limited
			35 Voytech Limited
			36 WAC Logistics Limited
			37 Wings Express Limited
			38 Wings Logistics Limited
			39 Wings Ocean Freight Limited
			40 Wings Aviation Limited
			41 Wings Spence Aviation Limited
			42 Wings Tours & Travels Limited
			43 Wings Classic Tours & Travels Limited
2	Mr. I. W. Senanayake (Representing Sampath Bank PLC)	Director	1 LankaBangla Securities Limited
			2 American President Lines (Lanka) Agencies Limited
			3 IWS Holdings (Pvt.) Limited
			4 APL Lanka (Private) Limited
3	Mr. Nanda Fernando (Representing Sampath Bank PLC)	Director	1 Lanka Financial Services Bureau Limited
			2 Lanka Clear (Pvt.) Limited
4	Mr. M. Fakhru Alam (Representing ONE Bank Limited)	Director	N/A

Sl. #	Name of Director	Status in LankaBangla Finance Limited	Name of the firms/companies having interest as proprietor, partner, director, managing agent, guarantor, employee etc.
5	Mr. Mahbubul Anam	Director	1 Allied Aviation Bangladesh Limited
			2 Airline Cargo Resources Limited
			3 Airlines Services Ltd.
			4 Aramex Dhaka Limited
			5 Aeroness International
			6 Arrow Aviation Limited
			7 Anyeshan Limited
			8 Aristeus Agriculture Limited
			9 BizBangla Media Limited
			10 Bengal Meat Processing Industries Limited
			11 Bollore Logistics Bangladesh Limited
			12 BAY Cargo Centre Limited
			13 Cargo Center Limited
			14 Colloid Enterprises Limited
			15 Cross Freight Lines Limited
			16 Cross Freight Limited
			17 Datafort Limited
			18 Expo Freight Limited
			19 Expo Express Services Ltd.
			20 Expo Holdings (BD) Limited
			21 Freight Care Aviation Services Limited
			22 First Forwarding Limited
			23 Global Aviation Services Limited
			24 Innoweb Limited
			25 Infosapex Limited
			26 Joules Power Limited
			27 LankaBangla Securities Limited
			28 LankaBangla Information System Limited
			29 Masco International Limited
			30 Orchid Aviation Limited
			31 SG Logistics (Pvt.) Limited
			32 Standard Paper Products Limited
			33 STS Educational Group Limited
			34 STS Holdings Limited
			35 The M & M Limited
			36 Tropica Garments Limited
			37 Technaf Solartech Energy Limited.
			38 Voyager Aviation Services Limited
			39 Voytech Limited
			40 Wings Spence Aviation Limited
			41 Wings Classic Tours & Travels Limited
			42 Wings Express Limited
			43 Wings Ocean Freight Limited
6	Mrs. Aneesha Mahial Kundanmal	Director	1 Royal Park Residence Hotel
7	Mr. Tahsinul Huque	Director	N/A
8	Mrs. Zaitun Sayef	Independent Director	N/A
9	Mr. Abdul Malek Shamsher	Independent Director	1 LankaBangla Securities Limited
			2 LankaBangla Investments Limited
			3 LankaBangla Asset Management Company Limited

ii)	Significant contracts where Company is a party and wherein Directors have interest during the year 2020	NIL
iii)	Shares issued to Directors and Executives without consideration or exercisable at a discount	NIL

iv) **Related party transactions**

The company in normal course of business has entered into transactions with other individuals/entities that fall within definition of related party contained in International Accounting Standards-24 (Related Party Disclosures) as noted below:

SL No.	Name of Related Party	Relationship	% of Holding	Outstanding 01.01.2020	Amount of transaction during the year 2020		Outstanding 31.12.2020	Nature of Transaction	Outstanding balance present in note
					Debit	Credit			
1	Colloid Enterprises Limited	Concern related to Directors	-	12,448,059	132,735	1,177,351	13,492,675	TDR	11.1
2	Global Aviation Services Limited	Concern related to Directors	-	16,000,000	1,620,000	1,620,000	16,000,000	TDR	11.1
3	WAC Logistics Ltd.	Concern related to Directors	-	53,291,699	644,416	6,034,159	58,681,442	TDR	11.1
4	Wings Spence Aviation Limited	Concern related to Directors	-	36,959,500	40,655,450	3,695,950	-	TDR	11.1
5	One Bank Limited	Concern related to Directors	-	800,000,000	65,766,635	565,766,635	1,300,000,000	TDR	11.1
6	One Bank Limited	Concern related to Directors	-	1,263,018,284	28,320,102,948	29,149,507,833	433,613,399	Interest, Non-interest bearing bank balance	5.1 & 5.2
7	One Bank Limited	Concern related to Directors	-	690,557,141	42,929,624	214,069,902	519,416,863	FDR	5.3
8	One Bank Limited	Concern related to Directors	-	800,000,000	500,000,000	-	1,300,000,000	Bond	6
9	LankaBangla Securities Limited	Subsidiary Company	96.65	123,048,236	14,251,606	47,679,5745	89,620,268	Term loan	7.1
10	LankaBangla Investment Limited	Subsidiary Company	99.99	1,756,600,450	40,000	60,025,000	1,696,615,450	Term loan	7.1
11	LankaBangla Investment Limited	Subsidiary Company	99.99	-	131,172,844	412,085,969	280,913,125	TDR	11.1
12	LankaBangla Investment Limited	Subsidiary Company	99.99	-	-	181,800,000	181,800,000	Subordinate bond	10.1.6
13	LankaBangla Asset Management Limited	Subsidiary Company	99.99	-	-	200,000,000	200,000,000	TDR	11.1
14	LankaBangla Finance Limited-PF	Provident Fund of LBFL	-	235,883,307	1,645,360	39,387,193	273,625,140	TDR	11.1
15	LankaBangla Finance Limited-GF	Gratuity Fund of LBFL	-	67,818,139.75	518,363.37	8,477,267.47	75,777,043.85	TDR	11.1
16	LankaBangla Securities Limited	Subsidiary Company	96.65	1,546,237,023	203,000,000	-	1,749,237,023	Equity Investment	9
17	LankaBangla Asset Management Company Limited	Subsidiary Company	99.99	942,950,000	-	-	942,950,000	Equity Investment	9
18	LankaBangla Investment Limited	Subsidiary Company	99.99	2,154,999,940	250,000,000	-	2,404,999,940	Equity Investment	9
19	LankaBangla Securities Limited	Subsidiary Company	96.55	-	10,392,525	10,392,525	-	Lease of office premises	8.4.2, 10.1 & 23
20	BizBangla Media Limited	Sub-Subsidiary Company	93.16	537,859	5,229,856	4,797,705	105,708.04	Advertisement	

v)	Disclosure of transaction regarding Directors and their related concerns	Disclosed above (iv)
vi)	Lease agreement made with the Ex-Sponsor Director and Existing Depositor Director	NIL
vii)	Investment in the Securities of Directors and their related concern	NIL

40. Audit committee disclosures

As per clause number 3 (Ka) of Bangladesh Bank DFIM Circular No. 13 dated October 26, 2011 and clause number 2.2(b) of "Corporate Governance Code" Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018 of Bangladesh Securities and Exchange Commission (BSEC) Audit Committee of LankaBangla Finance Limited (LBFL) was re-constituted in 112th meeting of the Board of Directors held on October 24, 2018.

Sl. #	Name of Member	Status in the Organization	Status in the Committee	Educational Qualification
1	Mrs. Zaitun Sayef	Independent Director	Chairperson	MBA from Institute of Business Administration (IBA) of Dhaka University
2	Mr. Nanda Fernando	Director	Member	MBA degree specializing in Marketing from Sikkim Manipal University, India.
3	Mr. Mahbubul Anam	Director	Member	B. Sc. Engineer from BUET
4	Mr. M. Fakhurul Alam	Director	Member	MBA from Institute of Business Administration (IBA) of Dhaka University
5	Mr. Abdul Malek Shamsher	Independent Director	Member	Passed Higher Secondary Certificate (First Division) in 1966 from Faujdarhat Cadet College and completed part-1 of the Institute of Banker's Examination, Karachi in 1969 from Pakistan

The Company Secretary acts as Secretary of the Audit committee of the Board.

During the year 2020, the Audit Committee conducted 5 (five) meetings in which, among other things, the following issues were reviewed/discussed:

- The integrity of the financial statements of LBFL and its subsidiaries;
- The Company's external auditors' qualifications and independence,
- Performance and effectiveness of the Company's internal and external audits,
- Internal controls and the measurement of operational risk,
- Compliance by the Company with legal and regulatory requirements.
- Examine any matter relating to the financial and other connected issues to the Company.
- Monitor all internal and external audit and Bangladesh Bank's inspection program.
- Review the efficiency of internal control systems and procedures, in place.
- Review the quality of accounting policies and their adherence to statutory and regulatory compliance.
- Review the Company's annual report and accounts and interim financial statements prepared for disclosure, before submission to the Board.
- Ensure that a well-managed sound financial reporting system is in place to provide timely reliable information to the Board of Directors, regulatory authorities, management and all other stakeholders.
- Ensure Company's policies are firmly committed to the highest standards of good corporate governance practices and operations conform to the highest ethical standards and in the best interests of all stakeholders.

41. Impact of inflation and changing prices

Financial Institutions are affected differently by inflation than those of industrial ventures. While industrial and manufacturing companies generally have significant investments in inventories and fixed assets, financial institutions ordinarily do not have such investment. As a result, financial institutions are generally in a better position than industrial ventures to respond to inflationary trends by monitoring the spread between interest cost and interest income yields through adjustments of maturities and interest rates of assets and liabilities.

Financial statements presented herein have been prepared in accordance with International Accounting Standards and International Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), which required the measurement of the financial position and operating results in terms of historical costs. However, in some cases, particular IAS/IFRS specifically suggests to measure some assets/liabilities at fair value. Such as IFRS 9 requires equity investments to be measured at fair value.

42. Others Disclosure

a) Reasons for significant deviation in Net Profit after Tax

Consolidated Net Profit after tax for the year 2020 was BDT 978.52 million which was 93% higher than that of 2019 (508.29 million). Reasons for the changes in profitability are as follows:

Name of the Company	2020	2019	Y-O-Y Growth		Major factors for variances in net profit after tax.
			Amount	%	
LankaBangla Finance Limited (LBFL)	825,717,132	36,012,624	89,704,508	12%	<ul style="list-style-type: none"> • Though reduction of borrowing cost during last couples of month of 2020 with cap on classification of loans and advances put by regulator to hold the quality of asset portfolio contribute to increase spread, reduction of asset portfolio compelled to end the year with negative net interest income growth of BDT 666,751,896 compared to the year 2019. • In 2019 LBFL earned cash dividend of BDT 122,286,630 from one of its subsidiaries (LankaBangla Securities Limited) but in 2020 there was no dividend from subsidiaries. Other than inter-company dividend there was a decrease in investment income by BDT 103,016,779. On the other hand, there was a decrease in other operational income by BDT 38,136,269 in 2020 compared to 2019. • To national and global economic crisis raised from COVID19 Pandemic LBFL group responded prudently with a view to optimizing its operating capacity. In consequence operating expenses of LBFL decreased by BDT 251,177,401 during 2020 compared to 2019. Besides, there was a decrease in income tax charge by BDT 28,198,631 during 2020 compared to 2019. • Provision charge for leases, loans and advances of LBFL decreased by BDT 465,438,252 in 2020. That charge has been reduced for cap on classification status from the date of 01 January 2020 as per DFIM Circular No. 01 dated 24 March 2020 & DFIM Circular No. 05 dated 26 August 2020 by Bangladesh Bank. On the other hand, as capital market got its pace during last couples of month, provision charge for diminution in value of investments released by 275,081,799 in 2020.
LankaBangla Securities Limited (LBSL)	138,698,842	125,376,374	13,322,468	11%	<ul style="list-style-type: none"> • LBSL's main source of income "Brokerage Commission" increased by BDT 37,689,722 in the year 2020 compared to the year 2019 as at the end of the year overall daily turnover in the stock exchanges increased. Though relevant provision increased by BDT 85,000,000 in 2020. • Net interest income of LBSL decreased by BDT 177,907,294 in the year 2020 in comparison to the year 2019 as overall interest rate of the country face reduced trend at the end of the year. • Income from investment of LBSL increased by BDT 77,908,872 during the year ended 2020 in comparison to the year 2019 as capital market showcased price hike to end the year 2020. Still COVID19 Pandemic affect revenue from print media business of the group which contribute to reduction of other operational income by BDT 31,112,435. • To respond to initiatives of the Group to optimize operating capacity, operating expenses of LBSL have also reduced by BDT 203,423,171 in 2020 compare to 2019. As income raised, relevant income tax expense has been increased by BDT 11,679,567 during the year 2020 than 2019.
LankaBangla Investment Limited (LBIL)	14,546,713	(184,866,991)	199,413,704	108%	<ul style="list-style-type: none"> • Net interest income of LBIL increased by BDT 115,112,303 in the year 2020 compared to the year 2019 as interest of its major borrowing from the Group was fully waived in 2020. Alongside its interest income also increased during the year. • As capital market showed growing trend during last quarter of 2020, income from investment of LBIL increased by BDT 7,825,249 and other related operational and commission income has also increased by BDT 15,781,500 in the year 2020 compared to the year 2019. • Total operating expenses of LBIL reduced by BDT 23,356,531 in line with the Group strategy. On the other hand, income tax expense has increased by BDT 664,131 due to increase in income during the year 2020 compared to the year 2019.

Name of the Company	2020	2019	Y-O-Y Growth		Major factors for variances in net profit after tax.
			Amount	%	
LankaBangla Assets Management Company Limited (LBAMCL)	1,982,060	(40,329,843)	42,311,903	105%	<ul style="list-style-type: none"> LBAMCL earned an inter-company dividend BDT 7,590,791 in 2019 but in 2020 there was no inter-company dividend. Other than intra-company dividend there was a decrease in investment income by BDT 6,155,299. On the other hand, there was an increase in net interest income and other operational income by BDT 8,089,222 in the year 2020 compared to the year 2019. Other operating expenses of LBAMCL decreased by BDT 6,802,804 and income tax expense has also decreased by BDT 910,177 in the year 2020 compared to the year 2019. Provision charge for diminution in value of investments decreased by BDT 40,255,791 in the year 2020 compared to the year 2019.
Inter Company Dividend	-	(129,877,421)	129,877,421	(100%)	<ul style="list-style-type: none"> In 2019 LBFL and LBAMCL had earned cash dividend of BDT 122,286,630 and 7,590,791 respectively from one of its subsidiaries/group companies (LankaBangla Securities Limited) but in 2020 there was no dividend from subsidiaries.
Effect of Inter-Company Right of Use Asset & Lease Liability	(2,464,116)	1,913,540	(4,377,655)	(229%)	<ul style="list-style-type: none"> Effect of Intra-Group elimination for IFRS 16
Loss on disposal of inter-company shares	37,819	-	37,819	100%	<ul style="list-style-type: none"> Effect of Inter-company transaction on exchanging holding of a subsidiary's shares
Consolidated Net Profit After Tax	978,518,451	508,228,283	470,290,168	93%	<ul style="list-style-type: none"> Overall, consolidated net profit after tax for the year ended 31 December 2020 was 93% higher compared to that of the year ended December 2019.

b) Variances in other parameters (Consolidated)

Earnings per share	1.81	0.94	0.87	93%	<ul style="list-style-type: none"> Due to the deferral of classification status from the date of 01 January 2020 as per DFIM Circular No. 01 dated 24 March 2020, DFIM Circular No. 05 dated 26 August 2020 and DFIM Circular No. 06 dated 01 November 2020 by Bangladesh Bank provision charge for loan and advance of LankaBangla Finance Limited and the Group has been reduced by BDT 465,438,252 in 2020. Alongside, capital market got its pace during last couple of month of 2020. Utilizing that positive growth, the Group has reduced its provision charge for diminution in value of investments by 322,592,835 in 2020 when group income from brokerage commission increased by BDT 43,380,753. The LankaBangla Group respond to economic crisis raised from COVID19 pandemic prudently to optimized its operating capacity in 2020. In consequence operating expenses of the Group in 2020 decreased by BDT 484,423,328 compared to 2019. Besides, there was a decrease in income tax charge by BDT 16,765,110 during 2020 compared to 2019 as gross received reduced in 2020. In sum, consolidated profit after tax increased by 93% in 2020 that contributed to increase EPS.
Net Operating Cash Flows Per Share - (NOCFPS)	15.79	(2.53)	18.32	724%	<ul style="list-style-type: none"> Though cash generated from operations decreased. Net cash collection from operating assets and liabilities increased. Because of limited disbursement during pandemic period in 2020 and increased deposits from customers. Overall, these contribute to increase of net cash flows from operating activities in the year 2020 compared to the year 2019.

Name of the Company	2020	2019	Y-O-Y Growth		Major factors for variances in net profit after tax.
			Amount	%	
Net asset value per share- (NAV)	18.73	17.60	1.14	6%	<ul style="list-style-type: none"> NAV increased by 6% to reach 18.73 at the end of 2020 compared to 2019 with contribution of current year profit.

C) Variances in other parameters (Separate)

Earnings per share	1.53	1.37	0.17	12%	<ul style="list-style-type: none"> Due to the suspension of classification status from the date of 01 January 2020 as per DFIM Circular No. 01 dated 24 March 2020 & DFIM Circular No. 05 dated 26 August 2020 by Bangladesh Bank provision charge has reduced by BDT 465,438,252 in 2020. The Company respond to economic crisis raised from COVID19 pandemic prudently to optimized its operating capacity in 2020. In consequence operating expenses of the Company decreased by BDT 251,177,401 compared to 2019. Besides, there was a decrease in income tax charge by BDT 28,198,631 during 2020 compared to 2019 as gross received reduced in 2020. Alongside, capital market got it pace during last couples of month of 2020, for which related provision charge for diminution in value of investments of LankaBangla Finance released by 275,081,799 in 2020 when group income from capital market increased. In sum, consolidated profit after tax that increased by 12% in 2020 that contributed to increase EPS
Net Operating Cash Flows Per Share - (NOCFPS)	13.56	(2.55)	16.12	632%	<ul style="list-style-type: none"> Though cash generated from operations decreased net cash collection from operating assets and liabilities increased. It is because limited disbursement during pandemic period in 2020. Overall, these contribute to increase of net cash flows from operating activities in the year 2020 compared to the year 2019.
Net asset value per share- (NAV)	19.48	18.59	0.89	5%	<ul style="list-style-type: none"> NAV increased by 5% to reach 19.48 at the end of 2020 compared to as on 31 December 2019 with contribution of current year profit.

d) Board meeting and directors' remuneration

Each director is entitled to receive Tk. 8,000 for attending each Board Meeting. No other remuneration or special payment was made to the directors for attending the Board Meetings or otherwise during the year 2020. Nothing is due from any director of the Company as on the date of closing the accounts. During year under audit eight meetings of Board of Directors were held. Details are as under:

Sl. No.	Meeting No.	Date of Meeting	Number of presences
1	120 th Board meeting	March 22, 2020	6
2	121 st Board meeting	June 8, 2020	6
3	122 th Board meeting	June 25, 2020	6
4	123 rd Board meeting	July 27, 2020	6
5	124 th Board meeting	September 29, 2020	6
6	125 th Board meeting	October 25, 2020	6
7	126 th Board meeting	December 2, 2020	9
8	127 th Board meeting	December 30, 2020	7

Notes:

- Directors who could not attend meetings were granted leave of absence by the Board.

e) Meeting and directors' remuneration**i) Executive Committee (EC) meeting and directors' remuneration**

Each director is entitled to receive Tk. 8,000 for attending each meeting of the Executive Committee. No other remuneration or special payment was made to the directors for attending the meetings or otherwise during the year 2020. During the year under audit six meetings of the Executive Committee were held. Details are as under:

Sl. No.	Meeting No.	Date of Meeting	Number of presences
1	85 th EC meeting	July 27, 2020	4
2	86 th EC meeting	September 23, 2020	3
3	87 th EC meeting	October 13, 2020	4
4	88 th EC meeting	October 22, 2020	4
5	89 th EC meeting	November 8, 2020	3
6	90 th EC meeting	December 24, 2020	4

Notes:

- Directors who could not attend meetings were granted leave of absence.

ii) Audit Committee meeting and directors' remuneration

Each director is entitled to receive Tk. 8,000 for attending each meeting of the Audit Committee. No other remuneration or special payment was made to the directors for attending the meetings or otherwise during the year 2020. During the year under audit five meetings of Audit Committee were held. Details are as under:

Sl. No.	Meeting No.	Date of Meeting	Number of presences
1	59 th Audit Committee meeting	March 22, 2020	4
2	60 th Audit Committee meeting	June 7, 2020	4
3	61 st Audit Committee meeting	July 23, 2020	3
4	62 nd Audit Committee meeting	October 22, 2020	4
5	63 rd Audit Committee meeting	December 30, 2020	4

Notes:

- Directors who could not attend meetings were granted leave of absence.

f) Employees' details

No. of employee who received TK.3,000 per month

No. of employee who received more than Tk.3,000 per month

	Year-2020	Year-2019
No. of employee who received TK.3,000 per month	-	-
No. of employee who received more than Tk.3,000 per month	764	923
	764	923

g) Dividend Distribution Policy

This Dividend Distribution Policy has been prepared in line with the company's medium and long-term strategies, investment and financial plans, the state of the country's economy and the industry keeping the balance between the expectations of the shareholders and the needs of the Company into consideration. The Board of Directors of LankaBangla Finance Limited understands the importance of shareholders' confidence and trust in the Company. In order to preserve the same with transparency and to ensure that there is no conflict of interest or any apprehension in the minds of its shareholders, the Board of the Company, has adopted the Dividend Distribution Policy in accordance with directive no. BSEC/CMRRCD/2021-386/03 dated 14 January 2021 issued by Bangladesh Securities & Exchange Commission (BSEC).

Authority

This Policy has been adopted by the Board of LankaBangla Finance Limited in its 128th meeting held on March 10, 2021. The Policy will be reviewed by the Board as and when required.

Dividend Distribution

LBFL will distribute the approved dividend complying with guidelines of Bangladesh Securities Exchange Commission dated 14 January 2021 and any other guideline issued by the relevant regulator(s).

LBFL shall pay dividend to the shareholders within 30 days of approval;

- LBFL shall pay cash dividend to the shareholders through bank accounts or through stock broker or merchant bank in case of margin clients or through security custodian in case of non-resident shareholders;
- After payment of dividend and issuance of tax certificate, all shareholders will be notified through SMS or email regarding payment of dividend;
- LBFL shall maintain detailed information of unpaid or unclaimed dividend and to disclose the summary in the annual report. A separate line item named "Unclaimed Dividend" will be inserted in the quarterly/ annual financial statements;

- LBFL shall publish in its website annual summary of unpaid or unclaimed dividend. Any unpaid or unclaimed dividend (including interest thereon after adjusting relevant bank charges) shall be transferred to a separate bank account within 1 year of approval of the dividend;
- LBFL shall credit stock dividend directly to the BO account within 30 days of approval. LBFL shall maintain a Suspense BO account for unclaimed stock dividend and send at least 3 reminders to shareholders, where applicable;
- Any unpaid or unclaimed dividend (including interest thereon after adjusting relevant bank charges) for a period of 3 years from approval shall be transferred to the Fund as may be prescribed by BSEC;
- If any stock dividend remains unclaimed or unsettled for 3 years from approval, such shares shall be transferred in dematerialized form to the BO account of the Fund to be established by BSEC; and
- After transferring of unclaimed cash or stock dividend to the Fund, if any claim arises from any shareholders, LBFL shall within 15 days of receiving such claim inform the Fund Manager about such claim after making necessary verification.

Review of the policy:

This policy will be reviewed by the Board as and when required to ensure that it meets the objectives of the relevant regulation and needs of the Company and remains effective.

h) Event after the Reporting Period

i) Dividend Information

The Board of Director in its 128th Meeting held on 10 March 2021 has recommended to the shareholders @ 12% of Cash Dividend for the year ended 31 December 2020. This will be considered for approval of shareholders at 24th Annual General Meeting (AGM) of the Company scheduled to be held on 29 April 2021.

l) Capital expenditure commitment

There were capital expenditures contracted but not incurred or provided for LankaBangla Tower amounting to Tk. 52 crore (approx.) as on 31 December 2020. There was no other material capital expenditure authorized by the Board but not contracted for as on 31 December 2020.

j) Foreign remittances

During the year 2020, the company remitted **USD 228,237, AUD 767, (Total in BDT 22,661,243)** against Various Technical Service Fees, Foreign Shareholders and training & services provider.

Sl #	Purpose	Paid to	USD*	AUD*	BDT
01.	Dividend Payment	Sampath Bank PLC	120,737		10,256,631
02.	User license fees	IFS Research & Development Pvt. Ltd, Sri Lanka	107,500		12,335,517
03.	Membership Renewal Fee	APNIC Pty Ltd.		767	69,095
Total			228,237	767	22,661,243

*USD=United States Dollar

*AUD=Austrian Dollar

k) Financial highlights

Key financial highlights of the Company are annexed as “Annexure-D”.

l) Interim financial statements

LankaBangla Finance Limited published its quarterly interim financial statements as requirement of the Bangladesh Securities and Exchange Commission and as per IAS 34 “Interim Financial Reporting”.

Interim Reporting Period	Publication Date
January to March (1 st quarter)	08 June 2020
January to June (Half Year ended)	27 July 2020
January to September (3 rd quarter ended)	25 October 2020

m) Change in and disagreement with Auditors

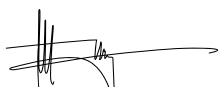
There were no changes and disagreement with the Auditors on accounting and financial disclosures.

n) Numerical presentation

Figures shown in the accounts have been rounded off to the nearest Taka. Previous year figures have been re-arranged where necessary to conform to current year’s presentation.

o) General

- All shares have been fully called up and paid up.
- Company Balances shown in the accounts are duly reconciled.
- No amount was spent by the Company for compensating any members of the board for special services rendered during the year.


Director


Director


Managing Director


Company Secretary


Chief Financial Officer

LANKABANGLA FINANCE LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED FIXED ASSETS SCHEDULE

As at 31 December 2020

Annexure -A

Particulars	COST				DEPRECIATION AND AMORTIZATION					Written down value as at 31.12.2020
	Balance as at 01.01.2020	Addition during the year	Sales/Transfer/Adjustment during the year	Balance as at 31.12.2020	Rate %	Balance as at 01.01.2020	Charged during the year	Adjustment during the year	Balance as at 31.12.2020	
I. Freeholds assets										
Land	787,519,083	-	-	787,519,083		-	-	-	-	787,519,083
Building	723,845,707	-	-	723,845,707	2.5	37,503,218	8,592,596	-	46,095,814	677,749,894
Furniture and Fittings	284,194,023	12,385,030	20,990,875	275,588,178	20	186,345,141	36,112,594	18,671,999	203,785,736	71,802,441
Office Equipment	213,140,411	9,780,869	8,969,664	213,951,616	20	155,245,475	22,092,397	6,678,195	170,659,677	43,291,939
IT Equipment	280,685,575	2,530,383	4,952,903	278,263,055	33.33	166,228,530	55,894,084	4,952,903	217,169,710	61,093,345
Office Renovation	97,752,327	6,770,707	9,081,530	95,441,504	20	68,814,526	11,604,817	8,766,526	71,652,817	23,788,686
Motor Vehicles	36,433,749	-	9,902,895	26,530,854	20	25,560,192	2,425,355	4,401,457	23,584,091	2,946,763
	2,423,570,874	31,466,989	53,897,867	2,401,139,996		639,697,081	136,721,843	43,471,080	732,947,845	1,668,192,151
II. Intangible assets										
Goodwill	234,143,286	-	-	234,143,286	-	-	-	-	-	234,143,286
System Software	345,377,598	57,133,318	-	402,510,916	25	211,448,821	53,360,153	-	264,808,974	137,701,942
	579,520,884	57,133,318	-	636,654,202		211,448,821	53,360,153	-	264,808,974	371,845,228
III. Capital Work In Progress										
Tangible Assets	326,493,714	117,694,817	-	444,188,531	-	-	-	-	-	444,188,531
Intangible Assets	30,556,585	-	30,556,585	-	-	-	-	-	-	-
	357,050,299	117,694,817	30,556,585	444,188,531		-	-	-	-	444,188,531
IV. Right of Use Assets										
Motor Vehicle	51,566,000	4,186,908	-	55,752,908	20 Equal Monthly Lease period	38,649,122	6,269,916	-	44,919,038	10,833,870
Office premises	508,719,556	166,679,363	277,267,862	398,131,057		169,434,022	148,411,959	201,943,886	115,902,095	282,228,961
	560,285,556	170,866,271	277,267,862	453,883,965		208,083,145	154,681,875	201,943,886	160,821,133	293,062,831
Total	3,920,427,613	377,161,395	361,722,315	3,935,866,693		1,059,229,047	344,763,871	245,414,966	1,158,577,952	2,777,288,741

LANKABANGLA FINANCE LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED FIXED ASSETS SCHEDULE

As at 31 December 2019

Particulars	COST			DEPRECIATION AND AMORTIZATION					Written down value as at 31.12.2019	
	Balance as at 01.01.2019	Addition during	Sales/Transfer/Adjustment during the year	Balance as at 31.12.2019	Rate %	Balance as at 01.01.2019	Charged during the year	Adjustment during the year		Balance as at 31.12.2019
I. Freeholds assets										
Land	787,519,083	-	-	787,519,083		-	-	-	-	787,519,083
Building	723,845,707	-	-	723,845,707	2.5	28,910,622	8,592,596	-	37,503,218	686,342,489
Furniture and Fittings	261,408,895	38,440,421	15,655,293	284,194,023	20	154,454,690	43,575,383	11,684,932	186,345,141	97,848,882
Office Equipment	209,469,125	15,864,022	12,192,736	213,140,411	20	141,456,060	25,686,335	11,896,920	155,245,475	57,894,936
IT Equipment	214,624,545	70,987,623	4,926,593	280,685,575	33.33	118,214,157	52,742,303	4,727,931	166,228,530	114,457,045
Office Renovation	93,249,208	7,289,166	2,786,047	97,752,327	20	59,437,746	11,021,662	1,644,882	68,814,526	28,937,800
Motor Vehicles	47,533,469	2,444,163	13,543,883	36,433,749	20	30,231,299	3,936,723	8,607,829	25,560,192	10,873,557
	2,337,650,030	135,025,395	49,104,552	2,423,570,874		532,704,573	145,555,002	38,562,494	639,697,081	1,783,873,792
II. Intangible assets										
Goodwill	234,143,286	-	-	234,143,286		-	-	-	-	234,143,286
System Software	294,200,846	51,216,752	40,000	345,377,598	25	163,672,546	47,816,274	39,999	211,448,821	133,928,777
	528,344,132	51,216,752	40,000	579,520,884		163,672,546	47,816,274	39,999	211,448,821	368,072,063
III. Capital Work In Progress										
Tangible Assets	195,064,776	131,428,938	-	326,493,714		-	-	-	-	326,493,714
Intangible Assets	22,005,487	8,551,098	-	30,556,585		-	-	-	-	30,556,585
	217,070,263	139,980,036	-	357,050,299		-	-	-	-	357,050,299
IV. Right of Use Assets										
Motor Vehicle	51,566,000	-	-	51,566,000	20 Equal Monthly Lease period	32,499,343	6,149,779	-	38,649,122	12,916,878
Office premises		512,773,208	4,053,652	508,719,556			173,487,675	4,053,652	169,434,022	339,285,534
	51,566,000	512,773,208	4,053,652	560,285,556		32,499,343	179,637,454	4,053,652	208,083,145	352,202,412
Total	3,134,630,425	838,995,392	53,198,204	3,920,427,613		728,876,462	373,008,730	42,656,146	1,059,229,047	2,861,198,567

Gains or losses on sale of fixed assets have been disclosed in the Note. 21 & Note. 31.

Annexure -B

LANKABANGLA FINANCE LIMITED

SCHEDULE OF FIXED ASSETS

As at 31 December 2020

Particulars	COST			DEPRECIATION AND AMORTIZATION					Written down value as at 31.12.2020	
	Balance as at 01.01.2020	Addition during the year	Sales/Transfer/Adjustment during the year	Balance as at 31.12.2020	Rate %	Balance as at 01.01.2020	Charged during the year	Adjustment during the year		Balance as at 31.12.2020
I. Freeholds assets										
Land	787,519,083	-	-	787,519,083		-	-	-	-	787,519,083
Furniture & Fittings	254,482,676	12,104,013	20,026,868	246,559,822	20	171,941,015	32,829,080	17,924,592	186,845,503	59,714,319
Office Equipment	101,352,442	3,029,651	4,945,561	99,436,532	20	68,408,554	11,950,418	2,739,930	77,619,042	21,817,490
IT Equipment	278,117,687	2,530,383	4,871,460	275,776,610	33.33	163,706,573	55,848,152	4,871,460	214,683,265	61,093,345
Motor Vehicles	20,997,098	-	2,444,163	18,552,935	20	17,360,093	1,053,406	602,011	17,811,488	741,446
	1,442,468,986	17,664,047	32,288,052	1,427,844,981		421,416,235	101,681,055	26,137,992	496,959,298	930,885,683
II. Intangible assets										
Systems and Software	218,450,842	51,833,318	-	270,284,160	12.50-25.00	114,777,144	38,924,187	-	153,701,331	116,582,829
	218,450,842	51,833,318	-	270,284,160		114,777,144	38,924,187	-	153,701,331	116,582,829
III. Capital Work in Progress										
Tangible Assets	326,493,714	117,694,817	-	444,188,531		-	-	-	-	444,188,531
Intangible Assets	30,556,585	-	30,556,585	-		-	-	-	-	-
	357,050,299	117,694,817	30,556,585	444,188,531		-	-	-	-	444,188,531
IV. Leaseholds assets										
Motor Vehicles	24,857,000	-	-	24,857,000	20	16,766,375	3,294,384	-	20,060,759	4,796,241
Office premises	397,782,866	150,674,820	243,389,717	305,067,968	Equal Monthly Lease period	125,188,340	115,264,321	157,031,277	83,421,384	221,646,584
	422,639,866	150,674,820	243,389,717	329,924,968		141,954,715	118,558,706	157,031,277	103,482,143	226,442,825
Total	2,440,609,992	337,867,002	306,234,355	2,472,242,640		678,148,093	259,163,948	183,169,269	754,142,772	1,718,099,868

LANKABANGLA FINANCE LIMITED

SCHEDULE OF FIXED ASSETS

As at 31 December 2019

Annexure -B

Particulars	COST			DEPRECIATION AND AMORTIZATION					Written down value as at 31.12.2019	
	Balance as at 01.01.2019	Addition during the year	Sales/Transfer/Adjustment during the year	Balance as at 31.12.2019	Rate %	Balance as at 01.01.2019	Charged during the year	Adjustment during the year		Balance as at 31.12.2019
I. Freeholds assets										
Land	787,519,083	-	-	787,519,083		-	-	-	-	787,519,083
Furniture & Fittings	222,754,620	36,689,189	4,961,133	254,482,676	20	137,470,094	39,300,492	4,829,570	171,941,015	82,541,661
Office Equipment	90,182,695	11,562,178	392,431	101,352,442	20	54,807,241	14,069,614	468,300	68,408,554	32,943,888
IT Equipment	211,856,230	70,987,623	4,726,166	278,117,687	33.33	115,851,639	52,382,438	4,527,504	163,706,573	114,411,114
Motor Vehicles	21,386,268	2,444,163	2,833,333	20,997,098	20	16,924,971	1,388,175	953,054	17,360,093	3,637,005
	1,145,993,874	151,216,048	52,742,811	1,442,468,986		190,124,748	88,111,332	45,235,722	421,416,235	1,021,052,751
II. Intangible assets										
Systems and Software	201,599,125	16,851,717	-	218,450,842	25	81,462,442	33,314,702	-	114,777,144	103,673,698
	201,599,125	16,851,717	-	218,450,842		81,462,442	33,314,702	-	114,777,144	103,673,698
III. Capital Work In Progress										
Tangible Assets	195,064,776	131,428,938	-	326,493,714		-	-	-	-	326,493,714
Intangible Assets	22,005,487	8,551,098	-	30,556,585		-	-	-	-	30,556,585
	217,070,263	139,980,036	-	357,050,299		-	-	-	-	357,050,299
IV. Leaseholds assets										
Motor Vehicles	24,857,000	-	-	24,857,000	20 Equal Monthly Lease period	12,777,683	3,988,691	-	16,766,375	8,090,625
Office premises	-	401,836,518	4,053,652	397,782,866		-	129,241,992	4,053,652	125,188,340	272,594,526
	24,857,000	401,836,518	4,053,652	422,639,866		12,777,683	133,230,683	4,053,652	141,954,715	280,685,151
Total	1,589,520,262	709,884,319	56,796,463	2,440,609,992		284,364,873	254,656,717	49,289,375	678,148,093	1,762,461,900

LANKABANGLA FINANCE LIMITED
CLASSIFICATION OF LEASES, LOANS AND ADVANCES WITH PROVISIONS AND INTEREST SUSPENSES
 As on 31 December 2020

Amount in Taka

Products	Balance Outstanding				Base for Provision				Amount of Provision Required			Interest in Suspense		
	Unclassified (UC)		Classified		SMA	Sub Standard (SS)	Doubtful (DF)	Bad/ Loss (BL)	SMA	Standard (if any)	SMA	Classified	Total	
	Standard	Standard-SME	Sub Standard (SS)	Doubtful (DF)										Sub Standard (SS)
Corporate Finance														
Lease finance	3,485,352,326	-	10,695,853	-	8,715,342	-	38,687,121	169,384,860	19,890,736	1,980,511	8,884,620	30,755,867		
Secured overdraft	401,175	-	-	-	-	-	-	4,012	-	-	-	-		
Short term finance	1,456,670,472	-	-	-	1,017	-	-	14,566,695	-	-	17	17		
Short term loan to subsidiaries	1,786,235,718	-	-	-	-	-	-	17,862,357	-	-	-	-		
Term loan	9,476,271,393	-	-	113,066,184	518,617,820	-	97,370,890	555,924,346	14,769,084	-	119,444,951	134,214,035		
Term loan syndication finance	242,008,380	-	-	-	-	-	-	2,420,084	-	-	-	-		
Work order finance	-	-	-	-	-	-	-	-	-	-	-	-		
SUB-TOTAL	16,446,939,463	15,726,096,465	10,695,853	113,066,184	8,715,342	97,370,890	336,966,285	760,162,353	34,659,821	1,980,511	128,329,587	164,969,919		
Retail Finance														
Auto Loan	2,577,517,463	-	24,345,895	6,926,604	18,785,976	13,383,269	6,341,455	47,766,998	-	-	2,702,460	9,023,405		
Credit Cards	3,994,654,436	-	49,248,935	22,032,607	111,323,643	123,309,864	21,993,993	184,971,728	-	-	3,887,855	8,583,359		
Home Loan	10,321,155,006	-	175,773,946	32,064,212	352,851,165	149,137,056	4,626,332	13,478,915	120,853,591	11,980,216	26,636,890	98,439,408		
Personal Loan	3,690,976,978	-	93,522,238	20,181,016	154,771,992	79,911,732	23,467,153	17,568,834	130,332,384	-	13,610,505	45,715,447		
SUB-TOTAL	20,584,303,883	19,347,056,971	342,891,014	81,204,438	637,732,775	160,160,285	50,530,614	535,337,948	11,980,216	46,837,710	145,448,653	204,266,579		
SME Finance														
Term loan	10,432,054,798	-	352,199,993	451,190,228	190,900,808	288,575,659	272,621,599	297,198,203	-	-	63,624,334	185,654,570		
Lease finance	2,627,702,349	-	22,317,650	30,957,734	18,784,725	-	20,592,314	27,967,618	-	-	3,532,925	3,985,051		
Auto loan	1,935,871,283	-	5,642,010	7,525,090	18,981,712	4,884,593	7,203,994	26,598,202	-	-	757,417	1,665,682		
Emerging and commercial	1,225,236,560	-	1,197,124,805	5,288,403	21,277,127	1,360,190	5,074,690	20,660,314	-	-	186,034	4,504,838		
Loan against deposit	8,235,505	-	8,235,505	-	-	-	-	20,589	-	-	-	-		
Home Loan	696,020,773	-	637,403,427	-	58,617,346	-	-	1,593,509	-	-	-	14,994,994		
Real state developer finance	36,070,950	-	-	-	36,070,950	-	-	7,430,366	-	-	3,332,584	3,332,584		
Secured Overdraft	13,761,506	-	-	-	-	-	-	34,404	-	-	-	-		
Short term loan	410,197,572	-	380,334,886	-	29,862,686	-	17,266,030	18,216,867	-	-	-	-		
Syndication finance	275,414,548	-	275,414,548	-	-	-	-	688,536	-	-	-	9,838,686		
Work order finance	17,544,300	-	-	-	17,544,300	-	-	10,044,300	-	-	-	-		
SUB-TOTAL	17,678,110,142	16,329,501,229	381,705,878	464,003,720	404,212,662	313,605,167	284,900,283	410,452,907	68,100,710	223,976,406	292,077,116	8,506,242		
Additional provision and suspense	-	-	-	-	-	-	-	97,500,000	-	-	-	97,500,000		
TOTAL	54,709,353,488	35,073,153,436	16,329,501,229	658,274,343	1,639,026,399	618,373,813	432,801,787	1,803,453,209	55,146,278	116,918,932	497,754,646	669,819,856		

* Segregation of outstanding (Unclassified and Classified) has been calculated based on time equivalent of amount in arrears, objective judgment except loan instalments deferral circular (DFIM Circular No. 01 dated 24 March 2020, DFIM Circular No. 05 dated 26 August 2020 & DFIM Circular No. 06 dated 01 November 2020) issued by Bangladesh Bank due to COVID-19 and qualitative judgment.

* Base for provision for SMA has been calculated according to total outstanding minus interest suspense.

* Interest on overdue instalments classified as SMA, SS, DF and BL is transferred to interest suspense account.

* Provision has been calculated according to the following rates applied on the amount of Base for provision. Besides that, additional provision BDT 96.30 million, BDT 120.51 million and BDT 19.60 million have been kept against UC Corporate lease finance, Corporate term loan and SME term loan respectively and gross additional provision kept BDT 97.50.

Particulars	Percentage
Standard-SME (UC)	0.25%
Standard except SME Standard (UC)	1.00%
Special Mention Account (SMA)	5.00%
Sub Standard (SS)	20.00%
Doubtful (DF)	50.00%
Bad/ Loss (BL)	100.00%

HIGHLIGHTS

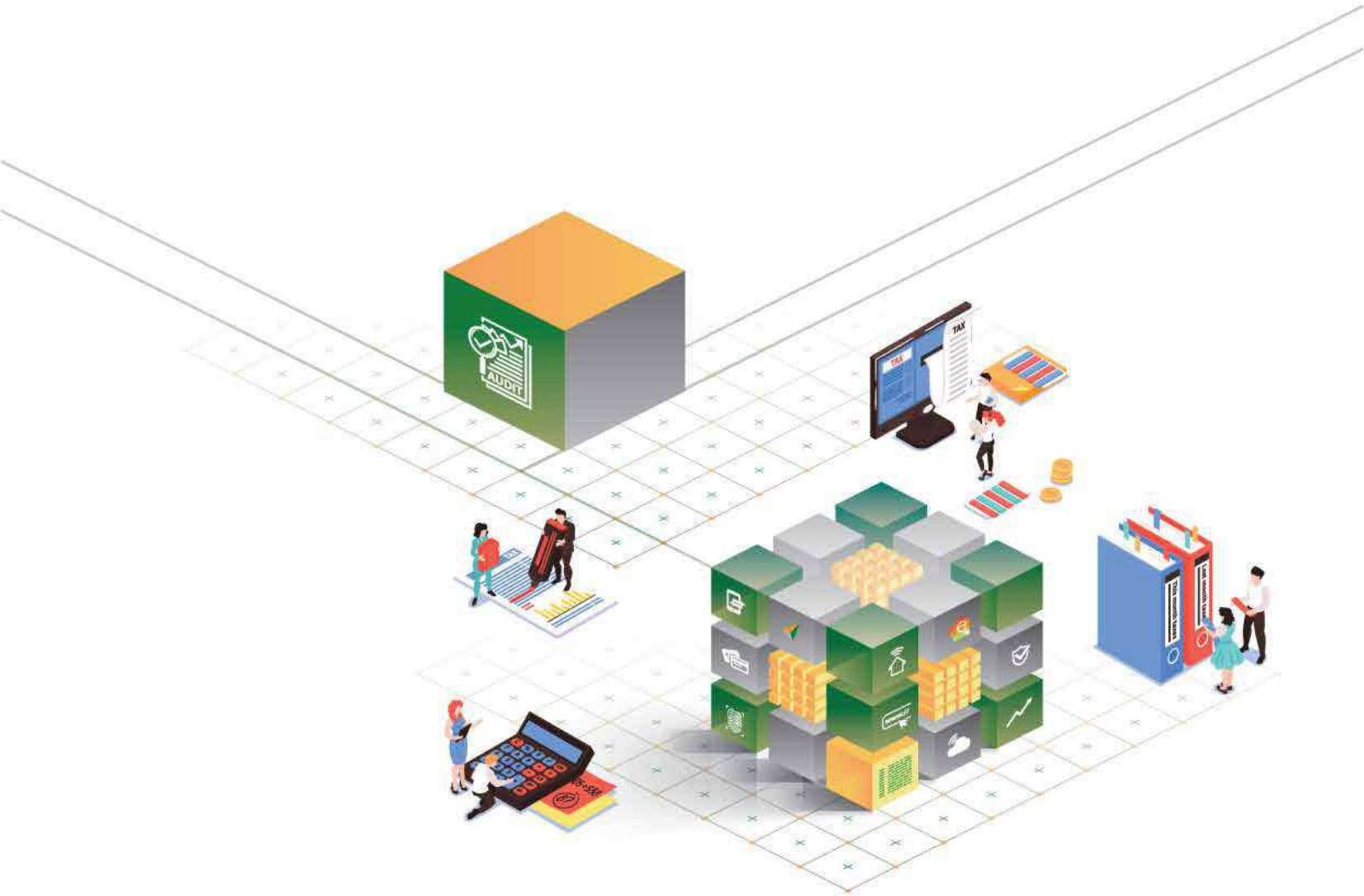
(As per Bangladesh Bank guidelines)

Annexure-D

Amount in taka (million)

SI no.	Key indicators	LankaBangla Group		LankaBangla Finance Limited	
		2020	2019	2020	2019
1	Paid-up capital	5,388.39	5,131.80	5,388.39	5,131.80
2	Total capital	10,094.19	9,482.33	10,495.51	10,017.93
3	Capital surplus	5,858.10	4,667.63	5,816.93	4,250.29
4	Total assets	81,835.45	84,362.95	76,812.54	79,181.42
5	Total deposits	47,130.34	46,894.96	47,611.27	46,894.96
6	Total loans, advances and leases	58,472.23	65,117.08	54,709.35	60,662.46
7	Total contingent liabilities and commitments	710.51	1,694.99	710.51	1,694.99
8	Credit deposit ratio	1.24	1.39	1.15	1.29
9	Percentage of classified loans against total loans, advances and leases	4.40%	5.20%	4.70%	5.59%
10	Profit after tax and provision	978.52	508.23	825.72	736.01
11	Amount of classified loans during current period	2,571.41	3,388.22	2,571.41	3,388.22
12	Provisions kept against classified loans	1,047.07	1,270.24	1,047.07	1,270.24
13	Provision surplus against classified loan	-	-	-	-
14	Cost of fund	8.28%	9.64%	8.28%	9.64%
15	Interest earnings assets	70,487.76	73,249.33	64,748.56	67,474.52
16	Non-interest earnings assets	11,347.69	11,113.63	12,063.98	11,706.90
17	Return on investment (ROI)	1.26%	0.63%	1.11%	0.96%
18	Return on assets (ROA)	1.18%	0.59%	1.06%	0.91%
19	Income from investment	315.53	340.73	115.35	340.65
20	Earnings Per Share (EPS) (restated : 2019)	1.81	0.94	1.53	1.37
21	Net income per share (restated: 2019)	1.81	0.94	1.53	1.37
22	Market price per share	31.40	18.00	31.40	18.00
23	Price earnings ratio	17.37	19.25	20.49	13.18

AUDITED FINANCIAL STATEMENTS OF SUBSIDIARIES **LANKABANGLA SECURITIES LIMITED**





AHMED ZAKER & Co.
CHARTERED ACCOUNTANTS

Head Office

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Website: www.ahmed-zaker.com, E-mail: azcbangladesh@ahmed-zaker.com
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Independent auditor's report to the shareholders of LankaBangla Securities Limited Report on the Audit of the Consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of **LankaBangla Securities Limited** ("the Group"), which comprise the consolidated and separate statement of financial position as at 31 December 2020, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and separate financial statements section of our report. We are independent of the Company in accordance with the ethical requirement that are relevant to our audit of the consolidated and separate financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards (IFRS), where practicable Companies Act 1994 and other applicable rules & regulations and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing **LankaBangla Securities Limited** ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate **LankaBangla Securities Limited** or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing **LankaBangla Securities Limited** financial reporting process.

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

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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74, Sk. Mujib Road, Agrabad, C/A Chattogram- 4100. Tel: 031-634103, Cell No. 01819385193, E-mail: arupchy@ahmed-zaker.com

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Report on other legal and regulatory requirements

We also report the following:

- a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by **LankaBangla Securities Limited** so far as it appeared from our examination of those books; and
- c) the statement of financial position and the statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.



AKM Mohitul Haq FCA

Enrollment No: 458

Senior Partner

Ahmed Zaker & Co.

Chartered Accountants

Firm Registration Number: [N/A]

DVC: 2103250458AS569334

Date: March 10, 2021

Place: Dhaka

LANKABANGLA SECURITIES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

Particulars	Notes	Amount In Taka	
		31.12.2020	31.12.2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	834,019,341	866,764,250
Long term loan to employees'	5	2,422,926	10,235,048
Long Term Investment in Shares	6	796,682,770	779,180,669
Intangible Assets		234,143,286	234,143,286
Total non-current assets		1,867,268,323	1,890,323,252
Current assets			
Advances, deposits and prepayments	7	33,392,311	38,194,199
Advance income tax	8	752,985,550	654,342,550
Investments	9	1,471,276,895	1,300,176,929
Inventories	10	492,833	4,053,384
Current portion of loans and advances	11	3,141,542	12,718,953
Accounts receivable	12	4,891,117,978	5,333,279,801
Accrued interest		1,258,397	1,402,211
Cash and bank balances	13	1,722,527,477	1,106,382,929
Total current assets		8,876,192,984	8,450,550,956
TOTAL ASSETS		10,743,461,308	10,340,874,208
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's Equity			
Share capital	14	2,690,303,320	2,690,303,320
Share premium	15	1,200,000,000	1,200,000,000
General reserve	16	46,984,040	51,650,689
Retained earnings		1,114,364,501	970,768,235
Shareholder's Equity		5,051,651,861	4,912,722,244
Non controlling interest		2,231,473	2,462,247
Total equity		5,053,883,334	4,915,184,491
Liabilities			
Non-current liabilities			
Term loan	17	242,281,292	545,810,637
Zero coupon bond		105,240,133	157,135,481
Deferred tax liabilities	18	15,415,185	13,909,298
Finance lease obligation	19	31,647,604	42,996,897
Total non-current liabilities		394,584,213	759,852,312
Current liabilities			
Accounts payable	20	1,635,995,400	1,011,668,886
Short term loans	21	1,919,408,324	2,095,712,913
Provision for current tax	22	769,638,824	667,007,442
Current portion of lease obligation	23	47,194,953	41,749,262
Current portion of term loan	24	293,731,666	309,777,234
Provision for negative equity & others	25	469,240,230	384,240,230
Interest Suspense	26	118,347,988	118,347,988
Other liabilities	27	41,436,377	37,333,450
Total current liabilities		5,294,993,761	4,665,837,405
Total liabilities		5,689,577,974	5,425,689,717
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		10,743,461,308	10,340,874,208
NAV		18.79	18.27

The accompanying policies and explanatory notes 1-46 form an integral part of these financial statements.



Director



CEO & Director



Company Secretary

Signed as per our separate report of same date

Dhaka
March 10, 2021
DVC: 2103250458AS569334



AKM Mohitul Haq, FCA
Senior Partner
Enrolment No.- 458
Ahmed Zaker & Co.
Chartered Accountants
Firm Registration Number: [N/A]

LANKABANGLA SECURITIES LIMITED**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

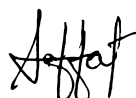
For the period from January to Dec 31, 2020

Particulars	Notes	Amount In Taka	
		31.12.2020	31.12.2019
Revenue			
Interest Income	28	462,980,288	804,288,400
Income from investment	29	175,365,719	97,456,847
Brokerage income	30	490,349,941	452,660,219
Revenue from advertisement & circulation	31	120,603,689	157,593,509
Other operational income	32	25,077,028	19,393,864
Total Revenue		1,274,376,665	1,531,392,838
Cost of services		(440,099,938)	(623,282,077)
Interest expenses	33	289,349,811	448,139,294
Other costs directly attributable to services	34	150,750,127	175,142,783
Gross profit		834,276,726	908,110,762
Other non-operational income	35	12,260,894	12,079,161
Operating expenses		(518,701,510)	(702,355,848)
Salary and allowances	36	318,451,291	443,153,521
Rent, taxes, insurance, electricity etc.	37	55,976,608	67,205,993
Legal & professional fees	38	1,430,128	2,376,570
Postage, stamp, telecommunication etc.	39	3,371,961	4,903,834
Stationery, printing, advertisement	40	4,734,631	9,039,650
Director fees and expenses	41	792,000	966,750
Audit fees	42	212,750	212,750
Repairs, maintenance and depreciation	43	44,288,262	47,926,990
Other expenses	44	89,443,879	126,569,790
Operating profit before provisions		327,836,110	217,834,074
Other Provisions		(85,000,000)	-
Provision for negative equity		85,000,000	-
For diminution in value of investment		-	-
Profit before tax (PBT)		242,836,110	217,834,074
Income tax income/ (expense)		(104,137,267)	(92,457,700)
Current tax expense		102,631,381	90,729,678
Deferred tax expense		1,505,886	1,728,022
Profit after tax (PAT)		138,698,843	125,376,374
Attributable to			
Shareholders of the company		138,929,617	125,366,677
Non controlling interest		(230,774)	9,697
		138,698,843	125,376,374
Earnings Per Share (EPS)			
Basic	45	0.52	0.47

The accompanying policies and explanatory notes 1-46 form an integral part of these financial statements.



Director



CEO & Director



Company Secretary

Signed as per our separate report of same date

Dhaka
March 10, 2021
DVC: 2103250458AS569334


AKM Mohitul Haq, FCA
 Senior Partner
 Enrolment No.- 458
Ahmed Zaker & Co.
 Chartered Accountants
 Firm Registration Number: [N/A]

LANKABANGLA SECURITIES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from January to Dec 31, 2020

Particulars	Share Capital	Share Premium	General Reserve	Retained Earnings	Total	Non Controlling Interest	Total
Balance at January 01, 2019	2,690,303,320	1,200,000,000	54,942,982	1,033,519,124	4,978,765,426	(54,442,143)	4,924,323,283
Changes in equity for 2019							
Total comprehensive income for the year	-	-	-	125,366,677	125,366,677	9,697	125,376,374
Cash dividend				(134,515,166)	(134,515,166)	-	(134,515,166)
Accusation of Share				(56,894,693)	(56,894,693)	56,894,693	-
Transfer to general reserve			(3,292,293)	3,292,293	-	-	-
Balance at December 31, 2019	2,690,303,320	1,200,000,000	51,650,689	970,768,235	4,912,722,244	2,462,247	4,915,184,491
Changes in equity for 2020							
Total comprehensive income for the period	-	-	-	138,929,617	138,929,617	(230,774)	138,698,843
Transfer to general reserve			(4,666,649)	4,666,649	-	-	-
Balance at December 31, 2020	2,690,303,320	1,200,000,000	46,984,040	1,114,364,501	5,051,651,861	2,231,473	5,053,883,334



Director



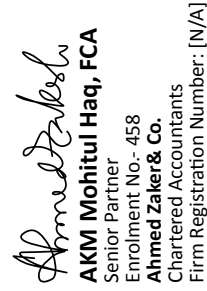
CEO & Director



Company Secretary

Dhaka
March 10, 2021
DVC: 2103250458AS569334

Signed as per our separate report of same date.



AKIM Mohitul Haq, FCA
Senior Partner
Enrollment No.- 458
Ahmed Zaker & Co.
Chartered Accountants
Firm Registration Number: [N/A]

LANKABANGLA SECURITIES LIMITED

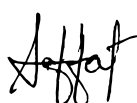
CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from January to Dec 31,2020

Particulars	Amount In Taka	
	31.12.2020	31.12.2019
Cash Flows from Operating Activities		
Brokerage income	490,349,941	452,660,219
Interest Income	463,124,101	803,871,369
Received against revenue	108,677,499	148,535,638
Capital gain from investment in shares	126,144,373	34,666,633
Cash dividend income	54,283,774	57,212,688
Other operational income	22,474,544	15,986,436
Non-operating Income	9,424,701	12,079,161
DSE/CSE (payment)/received	(61,029,328)	19,988,675
Clients deposit/(withdrawals)	599,523,197	(317,795,860)
Payment to suppliers & others	(99,271,177)	(143,894,690)
Payment to CDBL	(18,751,886)	(18,808,101)
Operating expenses	(419,837,619)	(624,750,183)
	1,275,112,118	439,751,986
Other Operating Activities		
Advance, deposits & prepayments	3,003,689	20,453,844
Income Tax paid	(98,643,001)	(112,923,186)
	(95,639,312)	(92,469,342)
Net cash used in operating activities	1,179,472,806	347,282,644
Cash Flows from Investing Activities		
Investment in Shares	(188,838,228)	350,964,865
Margin loan to clients	463,265,940	311,501,464
Leased assets	(1,045,829)	(916,019)
Sale of fixed assets	3,442,710	1,441,776
Investments in FDR	236,166	-
Acquisition of fixed assets	(22,592,426)	(44,474,606)
Net Cash used in Investing Activities	254,468,332	618,517,481
Cash Flows from Financing Activities		
Long Term Loan from Bank & Other Institutions	100,550,000	177,300,000
Zero Coupon Bond	(51,895,348)	(110,510,377)
Repayment of Loan	(424,959,506)	(415,788,132)
Interest payment	(282,687,145)	(491,193,351)
Cash dividend	-	(134,984,028)
Short term Loan	(158,804,590)	(240,840,819)
Net Cash flow from Financing Activities	(817,796,589)	(1,216,016,707)
Net increase in Cash and Cash Equivalents	616,144,549	(250,216,583)
Cash & Cash Equivalent as on January 01, 2020	1,106,382,929	1,356,599,511
Cash & Cash Equivalent as on Dec 31, 2020	1,722,527,477	1,106,382,929



Director




CEO & Director



Company Secretary

Signed as per our separate report of same date

Dhaka
March 10, 2021
DVC: 2103250458AS569334


AKM Mohitul Haq, FCA
Senior Partner
Enrolment No.- 458
Ahmed Zaker & Co.
Chartered Accountants
Firm Registration Number: [N/A]

LANKABANGLA SECURITIES LIMITED

STATEMENT OF FINANCIAL POSITION

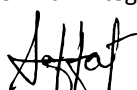
As at December 31, 2020

Particulars	Notes	Amount In Taka	
		31.12.2020	31.12.2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	806,125,538	847,789,566
Long term loan to employees'	5	2,422,926	10,235,048
Long Term Investment in Shares	6	1,197,680,770	1,180,178,669
Total non-current assets		2,006,229,234	2,038,203,283
Current assets			
Advances, deposits and prepayments	7	57,637,713	43,793,669
Advance income tax	8	743,744,457	646,557,768
Investments	9	1,470,276,895	1,298,940,763
Current portion of loans and advances	11	3,141,542	12,177,156
Accounts receivable	12	4,739,302,553	5,195,483,719
Accrued interest		1,258,397	1,402,211
Cash and bank balances	13	1,716,407,906	1,102,026,292
Total current assets		8,731,769,464	8,300,381,577
TOTAL ASSETS		10,737,998,698	10,338,584,860
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's Equity			
Share capital	14	2,690,303,320	2,690,303,320
Share premium	15	1,200,000,000	1,200,000,000
General reserve	16	46,984,040	51,650,689
Retained earnings		1,216,595,257	1,067,504,227
Total equity		5,153,882,618	5,009,458,236
Liabilities			
Non-current liabilities			
Term loan	17	242,281,292	545,810,637
Zero coupon bond		105,240,133	157,135,481
Deferred tax liabilities	18	21,446,049	19,798,183
Finance lease obligation	19	25,002,811	42,346,510
Total non-current liabilities		393,970,284	765,090,812
Current liabilities			
Accounts payable	20	1,602,557,946	984,364,648
Short term loans	21	1,859,735,825	2,032,875,839
Provision for current tax	22	765,435,238	663,538,117
Current portion of lease obligation	23	41,517,116	37,454,262
Current portion of term loan	24	293,731,666	309,777,234
Provision for negative equity & others	25	469,240,230	384,240,230
Interest Suspense	26	118,347,988	118,347,988
Other liabilities	27	39,579,788	33,437,493
Total current liabilities		5,190,145,796	4,564,035,812
Total liabilities		5,584,116,081	5,329,126,624
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		10,737,998,698	10,338,584,860
NAV		19.16	18.62

The accompanying policies and explanatory notes 1-46 form an integral part of these financial statements.



Director



CEO & Director



Company Secretary

Signed as per our separate report of same date

Dhaka
March 10, 2021
DVC: 2103250458AS569334


AKM Mohitul Haq, FCA
 Senior Partner
 Enrolment No.- 458
Ahmed Zaker & Co.
 Chartered Accountants
 Firm Registration Number: [N/A]

LANKABANGLA SECURITIES LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

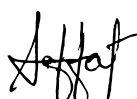
For the Year ended December 31, 2020

Particulars	Notes	Amount In Taka	
		31.12.2020	31.12.2019
Revenue			
Interest Income	28	462,980,288	804,149,849
Income from investment	29	175,365,719	97,456,847
Brokerage income	30	490,349,941	452,660,219
Other operational income	32	22,474,543	15,986,436
Total Revenue		1,151,170,490	1,370,253,350
Cost of services		(343,156,692)	(493,761,203)
Interest expenses	33	282,875,607	440,377,213
Other costs directly attributable to services	34	60,281,084	53,383,990
Gross profit		808,013,799	876,492,148
Other non-operational income	35	12,186,411	12,079,161
Operating expenses		(487,230,844)	(669,703,705)
Salary and allowances	36	312,436,394	435,930,482
Rent, taxes, insurance, electricity etc.	37	47,845,044	66,593,641
Legal & professional fees	38	808,745	1,839,600
Postage, stamp, telecommunication etc.	39	3,157,340	4,620,742
Stationery, printing, advertisement	40	4,634,216	8,848,234
Director fees and expenses	41	792,000	966,750
Audit fees	42	143,750	143,750
Repairs, maintenance and depreciation	43	43,812,599	46,787,977
Other expenses	44	73,600,755	103,972,529
Operating profit before provisions		332,969,365	218,867,603
Other Provisions		(85,000,000)	-
For diminution in value of investment		85,000,000	-
Profit before tax (PBT)		247,969,365	218,867,603
Income tax income/ (expense)		(103,544,984)	(94,227,736)
Current tax expense		101,897,120	89,771,739
Deferred tax expense		1,647,864	4,455,997
Profit after tax (PAT)		144,424,381	124,639,867
Earnings Per Share (EPS)			
Basic	45	0.54	0.46

The accompanying policies and explanatory notes 1-46 form an integral part of these financial statements.



Director



CEO & Director



Company Secretary

Signed as per our separate report of same date.

Dhaka
March 10, 2021
DVC: 2103250458AS569334



AKM Mohitul Haq, FCA
Senior Partner
Enrolment No.- 458
Ahmed Zaker & Co.
Chartered Accountants
Firm Registration Number: [N/A]

LANKABANGLA SECURITIES LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2020

Particulars	Share Capital	Share Premium	General Reserve	Retained Earnings	Total Equity
Balance at January 01, 2019	2,690,303,320	1,200,000,000	54,942,982	1,074,087,233	5,019,333,535
Changes in equity for 2019					
Total comprehensive income for the year	-	-	-	124,639,867	124,639,867
Cash dividend	-	-	-	(134,515,166)	(134,515,166)
Transfer to general reserve	-	-	(3,292,293)	3,292,293	-
Balance at December 31, 2019	2,690,303,320	1,200,000,000	51,650,689	1,067,504,227	5,009,458,236
Changes in equity for 2020					
Total comprehensive income for the period	-	-	-	144,424,381	144,424,381
Cash dividend	-	-	-	-	-
Transfer to general reserve	-	-	(4,666,649)	4,666,649	-
Balance at December 31, 2020	2,690,303,320	1,200,000,000	46,984,040	1,216,595,257	5,153,882,618



Director




CEO & Director



Company Secretary

Signed as per our separate report of same date.

Dhaka
March 10, 2021
DVC: 2103250458AS569334



AKM Mohitul Haq, FCA
Senior Partner
Enrolment No.- 458
Ahmed Zaker & Co.
Chartered Accountants
Firm Registration Number: [N/A]

LANKABANGLA SECURITIES LIMITED

STATEMENT OF CASH FLOWS

For the period from January to December 31, 2020

Particulars	Amount In Taka	
	31.12.2020	31.12.2019
Cash Flows from Operating Activities		
Brokerage income	490,349,941	452,660,219
Interest Income	463,124,101	803,871,369
Capital gain from investment in shares	126,144,374	34,666,633
Cash dividend income	54,283,774	57,212,688
Other operational income	22,474,543	15,986,436
Non-operating Income	9,424,701	12,079,161
DSE/CSE (payment)/received	(61,029,332)	19,988,675
Clients deposit/(withdrawals)	599,523,197	(317,795,860)
Payment to CDBL	(18,751,885)	(18,808,101)
Operating expenses	(419,787,094)	(624,695,023)
	1,265,756,319	435,166,198
Other Operating Activities		
Advance, deposits & prepayments	3,003,691	95,453,844
Income Tax paid	(97,186,690)	(110,821,345)
	(94,182,999)	(15,367,501)
Net Cash used in Operating Activities	1,171,573,320	419,798,697
Cash Flows from Investing Activities		
Investment in Shares	(188,838,233)	269,027,230
Margin loan to clients	463,265,940	311,501,465
Leased assets	2,761,710	(916,019)
Sale of fixed assets	(1,045,829)	-
Acquisition of fixed assets	(12,816,854)	(39,733,246)
Net Cash used in Investing Activities	263,326,734	539,879,429
Cash Flows from Financing Activities		
Long Term Loan from Bank & Other Institutions	100,550,000	177,300,000
Zero Cupon Bond	(51,895,348)	(110,510,377)
Repayment of Loan	(420,124,913)	(415,653,807)
Interest payment	(275,908,165)	(483,305,930)
Cash dividend	-	(134,984,027)
Short term Loan	(173,140,014)	(243,048,786)
Net Cash flow from Financing Activities	(820,518,440)	(1,210,202,927)
Net increase in Cash and Cash Equivalents	614,381,614	(250,524,801)
Cash & Cash Equivalent as on January 01, 2020	1,102,026,292	1,352,551,093
Cash & Cash Equivalent as on December 31, 2020	1,716,407,906	1,102,026,292



Director



CEO & Director



Company Secretary

Signed as per our separate report of same date.

Dhaka
March 10, 2021
DVC: 2103250458AS569334



AKM Mohitul Haq, FCA
Senior Partner
Enrolment No.- 458
Ahmed Zaker & Co.
Chartered Accountants
Firm Registration Number: [N/A]

LANKABANGLA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

1.00 Company and its activities

1.01 Legal status of the company

LankaBangla Securities Limited (here in after referred to as “LBSL” or “the Company”) was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-33276(22)/97 dated July 03, 1997 as a Private Company Limited by Shares namely: Vanik (BD) Securities Limited. Subsequently the company renamed as LankaBangla Securities Limited on April 27, 2005. On March 02, 2010 the Company was emerged as a Public Limited Company with its registered office at Safura Tower, 11th Floor, 20 Kemal Ataturk Avenue, Banani, Dhaka. The Company was entitled to commence its business from July 03, 1997 and the Company is a subsidiary of LankaBangla Finance Limited, a Non-Banking Financial Institution incorporated in Bangladesh under the Bangladesh Bank.

1.02 Principal activities of the company

The principal activities of the company are to act as a member of Dhaka Stock Exchanges Ltd. and Chittagong Stock Exchange Ltd. to carry on the business of brokers or dealers in stocks, shares and securities, commercial papers, bonds, debentures, debentures stocks, foreign currencies, treasury bills and/or any financial instruments. The company has ten branches in Bangladesh namely Dhaka-Principal, Banani, Islampur, Uttara, Chittagong-Khatungonj, Nasirabad, Agrabad, Sylhet-Sylhet, Comilla-Comilla and Narayangonj- Narayangonj Branch.

1.03 Information regarding subsidiary companies

As on 31 December 2020 LankaBangla Securities Limited has 02 (Two) subsidiaries company to include for preparation of consolidated financial statements as per International Financial Reporting Standard (IFRS) 10, ‘Consolidated Financial Statements’. A brief description of the companies is described below:

LankaBangla Information System Limited (Subsidiary Company)

LankaBangla Information System Limited is a private limited company incorporated on 02 May 2013 in Bangladesh under the Companies Act 1994. The main objectives of the company are to restructure and improve the infrastructure to ensure the security, mobility, enhancement and service to all business concerns. LankaBangla Information System Limited holds 99.8 percent shares in its subsidiary.

BizBangla Media Limited (Subsidiary Company)

BizBangla Media Limited is a private limited company incorporated on 18 January 2011 in Bangladesh under the Companies Act 1994. The main objectives of the company are to carry on business of printing publishes of newspaper, Journals, magazines, periodicals, books, pamphlets and other literary and non-literary works and undertakings, radio, television broadcastings and any other media to deal with copy right, patent, trade mark, intellectual property and IT related products. BizBangla Media Limited holds 96.4 percent shares in its subsidiary.

2.00 Basis of preparation and Significant Accounting Policies

2.01 Components of the financial statements

The financial statements referred to here comprise:

- a) Statement of Financial Position;
- b) Statement of Profit or Loss and Other Comprehensive Income;
- c) Statement of Changes in Equity;
- d) Statement of Cash Flows; and
- e) Notes to the Financial Statements.

2.02 Statement of compliance

The financial statements have been prepared on a going concern basis following accrual basis of accounting except for statement of cash flows in accordance with the Companies Act 1994, The Securities and Exchange Rules 1987, the Listing Rules of Dhaka and Chittagong Stock Exchanges and International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh as International Financial Reporting Standards (IFRS’s) including International Accounting Standards (IASs) and other applicable laws and regulations.

2.03 Basis of measurement

The financial statements have been prepared based on historical cost convention basis, except Investment for Membership in Dhaka Stock Exchange and Chittagong Stock Exchange which have been re-measured at fair value. No adjustment has been made for inflationary factors affecting the financial statements. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with those of the previous year.

2.04 Basis of consolidation

The financial statements of the company and its subsidiary have been consolidated in accordance with International Financial Reporting Standard (IFRS) 10: ‘Consolidated Financial Statements’. The consolidation of the financial statements has been prepared by using uniform accounting policies and after eliminating all material intra group balances, income and expenses arising from intra-group transactions.

The total profits of the company and its subsidiary are shown in the consolidated profit and loss account with the proportion of profit after taxation pertaining to minority shareholders being deducted as ‘Non-controlling Interest’. All assets and liabilities

of the company and of its subsidiary are shown in the consolidated Statement of Financial Position. The interest of minority shareholders of the subsidiary are shown separately in the consolidated Statement of Financial Position under the heading 'Non-controlling Interest'.

2.05 Date of authorization

The Board of Directors accorded its approval and authorized these financial statements on March 10, 2021

2.06 Presentation and functional currency and level of precision

The financial statements have been presented in Bangladesh Taka (BDT) currency, which is the Company's functional currency. All financial information presented in BDT has been rounded off to the nearest integer.

2.07 Use of estimates and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements.

Provisions and accrued expenses are recognized in the financial statements in line with the International Accounting Standard (IAS) 37 "Provisions, Contingent Liabilities and Contingent Assets" when

- The Company has a legal or constructive obligation as a result of past event.
- It is probable that an outflow of economic benefit will be required to settle the obligation.
- A reliable estimate can be made for the amount of the obligation.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognized in the period in which the estimates are revised.

2.08 Going concern

The Company has adequate resources to continue its operation for foreseeable future. For this reason, the directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and adequate resources of the Company provide sufficient funds to meet the present requirements of its existing businesses and operations to continue.

2.09 Materiality and aggregation

Each material item as considered by management significant has been presented separately in financial statements. No amount has been set off unless the Company has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards.

2.10 Property, Plant and equipment

i) Recognition and measurement

Freehold Assets

The cost of an item of property and equipment is recognized as an asset if, it is probable that the future economic benefits associated with the item will flow to the company and the cost of item can be measured reliably.

Property and Equipment are stated at cost less accumulated depreciation. Cost represents the cost of acquisition includes purchase price and other directly attributable cost of bringing the assets to working conditions for its intended use as per International Accounting Standard (IAS) 16 "Property, Plant and Equipment".

Leasehold assets

Leasehold assets of which the Company assumes substantially all the risks and rewards of ownership are accounted for as finance leases and capitalized at the inception of the lease at fair value of the leased property or at the present value of the minimum lease payment, which ever is lower as per International Accounting Standard (IAS) 17 "Leases". The corresponding obligation under the lease is accounted for as liability.

ii) Subsequent expenditure on property and equipment

Subsequent expenditure is capitalized only when it increases the future economic benefit from the assets and that cost can be measured reliably. All other expenditures are recognized as an expense as and when they are incurred.

iii) Depreciation

Depreciation is calculated on the cost of fixed assets in order to write off such amounts over the estimated useful lives of such assets. The rates of depreciation used on a straight-line method are as follows:

Building	2.5%
Office equipment	20%
Furniture and fixtures	10%
Office renovation	20%
Motor Vehicle	20%
Data Center & Dr.	30%
Software	33.33%
Lease Assets	20%

Depreciation has been charged in addition of fixed assets when it is available for use.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the Comprehensive Income statement.

2.11 Intangible assets and amortization of intangible assets

Intangible assets acquired separately are measured on initial recognition at cost and are carried at cost less accumulated

amortization and accumulated impairment losses, if any. Amortization is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives based on the management best estimates. Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits in the specifications to which it relates. All other expenditure is treated as expense as incurred.

2.12 Investment in stock exchanges for membership

In accordance with section 8 (Gha) of the Exchanges Demutualization Act, 2013, both stock exchange membership has been converted into shares through the issuance of "Trading Right Entitlement Certificate (TREC)" by the DSE & CSE. Currently Trading Right Entitlement Certificate has no value due to the stock exchanges did not issue any TREC other than existing members.

2.13 Investment in securities

Investment in quoted shares and unquoted shares are initially recognized at cost plus transaction costs that are directly attributable to the acquisition of the shares. After initial recognition, A financial asset is classified as fair value through profit or loss if it is classified as held-for-trading or designated as such on initial recognition. A financial asset is designated as fair value through profit or loss if the company manages such investments and make purchase and sale decisions based on their fair value in accordance with company's documented risk management or investment strategy. Financial assets at fair value through profit or loss are measured at fair value.

As at the date of statement of financial position the company has financial assets and recognized the unrealized loss at fair value through Statement of profit or loss and other comprehensive income.

2.14 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits held with banks and financial institutions and short-term liquid investments that are readily convertible to known amount of cash and that are subject to an insignificant risk of change in value.

Cash flow statement has been prepared in accordance with the International Accounting Standards (IAS) 7, "Cash flow statement" under direct method.

2.15 Provision for tax

Current tax

Provision for current tax is made in accordance with the provision of Income Tax Ordinance, 1984 and subsequent amendments made thereto from time to time.

Deferred Tax

Deferred Tax is calculated as per International Accounting Standard (IAS) 12 "Income Taxes". Deferred Tax is recognized on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred Tax liabilities are recognized for all taxable temporary differences. Deferred Tax assets are generally recognized for all deductible temporary differences.

Deferred Tax is measured at the tax rate that is expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date.

2.16 Revenue Recognition

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the enterprise the revenue during the year and in accordance with the IFRS-15 "Revenue from Contracts with Customers".

a. Brokerage commission

Brokerage commission is recognized as income when selling or buying order executed.

b. Interest Income from margin loan

Interest Income from margin loan is recognized on accrual basis. Such income is calculated on daily margin loan balance of the respective parties. Income is recognized on monthly basis.

c. Dividend income and profit/ (loss) on sale of marketable securities

Dividend income is recognized when right to receive payment is established whereas profit or loss arising from the sale of securities is accounted for only when shares are sold in the market and profit is realized or loss is incurred.

Lease Finance: Note will be added in Final.

2.17 Earning per share

The Company calculates earning per share in accordance with International Accounting Standard (IAS) 33 "Earning per Share" which has been shown in the face of the Profit and Loss Account.

2.18 General reserve

The Board of LankaBangla Securities has decided to create a general reserve by 1% on outstanding margin loan provided to the client against marketable securities. Add or adjustment with general reserve will depend on size of outstanding margin loan for the respective year.

2.19 LB Foundation

The Board of LankaBangla Securities Limited has decided at 69th Board Meeting to contribute 1% of net profit after tax to LB Foundation for CSR.

2.20 Employee benefit Obligation

a. Defined contribution plan

The Company operates a contributory provident fund for its permanent employees. The fund is approved by the National Board of Revenue (NBR), administered separately by a Board of Trustees and is funded by the equal contribution both by the Company and employees at a predetermined rate. This fund is invested separately from the Company's assets and is audited by an external auditor.

b. Defined benefit plan (Gratuity scheme)

The Company has an unfunded gratuity scheme for all eligible employees who have completed minimum 02 (two) years of confirmed service with the Company. Required amount of gratuity is calculated on the basis of last basic pay depending on the length of service for every completed year as well as proportionate to the fraction period of service as of the respective financial year.

Following benefits are payable on retirement, death or leaving service:

Year of confirmed service	% of entitlement
2 years and above but less than 4 years	50% of last basic salary
4 years and above but less than 5 years	100% of last basic salary
5 years and above	150% of last basic salary

2.21 Related party disclosure

As per International Accounting Standards (IAS)-24 "Related Party Disclosures", parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with related parties.

Related party disclosures have been given in Note- 46.

2.22 Events after the Reporting date:

As per IAS-10 "Event after the Reporting Period" are those event favorable and unfavorable, that occur between the end of the reporting year and the date when the financial statements are authorized for issue. Two types of event can be identified:

- o those that provide evidence of conditions that existed at the end of the reporting year (adjusting events after balance sheet date); and
- o Those that are indicative of conditions that arose after the reporting year (Non-adjusting events after balance sheet date).

2.23 Reclassifications

To facilitate comparison, certain relevant balances pertaining to the previous year has been rearranged/restated/reclassified whenever considered necessary to conform to current year's presentation.

2.24 Branch accounting

The Company has a total ten number of Branch offices (excluding Head Office), with no overseas branch as on December 31, 2020. Accounts of the branches are maintained at the head offices which are included in the accompanying financial statements.

2.26 Comparative

Comparative information has been disclosed in respect of the previous year for all numerical information in the financial statements including narrative and descriptive information when it is relevant for understanding of the current year's financial statements.

Previous year's figure has been re-arranged whenever considered necessary to ensure comparability with the current year's presentation as per IAS-8 "Accounting Policies, Changes in Accounting Estimates and Errors". During the year prior year adjustment has been made in the interest income, Provision for negative equity shares & others and provision for doubtful loan & advances.

2.27 Application of International Accounting Standards (IASs):

The Financial Statements have been prepared in compliance with requirement of IAS as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh. The following IASs are applicable for the financial statements for the period under review:

IAS- 1	Presentation of Financial Statements
IAS- 7	Statement of Cash Flows
IAS- 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS- 10	Events after the Reporting Period
IAS- 12	Income Taxes
IAS- 16	Property, Plant and Equipment
IAS- 19	Employees Benefit
IAS- 23	Borrowing Cost
IAS- 24	Related Party Disclosure
IAS- 32	Financial Instruments Presentation
IAS- 37	Provisions, Contingent Liabilities and Contingent Assets
IAS- 39	Financial Instruments: Recognition and Measurement
IFRS- 7	Financial Instruments: Disclosures
IFRS- 10	Consolidated Financial Statements
IFRS- 13	Fair Value Measurement
IFRS- 15	Revenue from Contracts with Customers
IFRS- 16	Leases

3.00 Directors' responsibility statement

The Board of Directors takes the responsibility for the preparation and presentation of these financial statements as per section 183 of companies Act 1994.

3.01 Reasons for significant deviation in Net Profit after Tax

LankaBangla Securities limited (LBSL) separate Net Profit after Tax (NPAT) for the year 2020 stood at 144.42 BDT million which was BDT 124.64 million in 2019 NPAT has increased by 16% compared to last year. Reasons for the decline are as follows:

- During the year 2020, brokerage income has increased 8% compared to the last year.
- Income from Investment in shares has increased by BDT 77.91 million compared to last year.

		Amount in Taka			
		Consolidated		Separate	
		31.12.2020	31.12.2019	31.12.2020	31.12.2019
4.00	Property, Plant & Equipment				
	Cost:				
	Opening balance	1,102,675,223	1,067,254,238	1,054,320,846	1,016,689,398
	Add: Addition during the year	22,885,219	44,474,606	12,816,854	39,733,246
		1,125,560,441	1,111,728,844	1,067,137,700	1,056,422,644
	Less: Disposal during the year	21,243,891	9,053,621	20,027,616	2,101,798
	Closing balance	1,104,316,550	1,102,675,223	1,047,110,084	1,054,320,846
	Depreciation:				
	Opening balance	314,473,660	274,025,523	280,620,360	237,332,095
	Add: Charged during the year	48,293,661	47,613,298	43,537,032	45,338,432
		362,767,321	321,638,821	324,157,393	282,670,527
	Less: Adjustment made during the year	16,967,172	7,165,161	16,249,083	2,050,166
	Accumulated depreciation	345,800,149	314,473,660	307,908,310	280,620,361
	A. Carrying amount	758,516,401	788,201,563	739,201,774	773,700,485
	Right of Use of Assets				
	Opening balance	127,611,971	-	113,846,490	113,846,490
	Add: Addition during the year	36,836,101	127,611,970	24,452,287	-
		164,448,072	127,611,970	138,298,777	113,846,490
	Less: Disposal during the year	69,555,638	-	54,820,591	-
	Closing balance	94,892,434	127,611,970	83,478,186	113,846,490
	Depreciation:				
	Opening balance	49,049,283	-	39,757,408	-
	Add: Charged during the year	35,507,545	49,049,283	27,522,094	39,757,408
		84,556,828	49,049,283	67,279,502	39,757,408
	Less: Lease expense of Right of use of Assets	65,167,334	-	50,725,080	-
	Accumulated depreciation	19,389,494	49,049,283	16,554,422	39,757,408
	B. Carrying amount	75,502,940	78,562,687	66,923,764	74,089,082
	Grand Total (A+B)	834,019,341	866,764,250	806,125,538	847,789,566
	A schedule of property, Plant & Equipment is given in Annexure-A				
5.00	Long term loan to employees				
	Staff transport loan	266,632	6,095,014	266,632	6,095,014
	Loan against salary	2,156,294	4,140,034	2,156,294	4,140,034
		2,422,926	10,235,048	2,422,926	10,235,048
6.00	Investment				
	Investment in equity of unlisted company (Note-6.01)	99,206,600	81,704,500	500,204,600	482,702,500
	Investment in equity of strategic company (Note-6.02)	661,476,170	661,476,169	661,476,170	661,476,169
	Investment in equity of strategic company (Note-6.03)	36,000,000	36,000,000	36,000,000	36,000,000
		796,682,770	779,180,669	1,197,680,770	1,180,178,669
6.01	Investment in equity of unlisted company				
	Particulars				
	Financial Excellence Limited	3,000,000	3,000,000	3,000,000	3,000,000
	DSE Membership at Cost (Note-6.01.A)	8,704,500	8,704,500	8,704,500	8,704,500
	CSE Membership at Cost (Note-6.01.A)	5,000,000	5,000,000	5,000,000	5,000,000
	LankaBangla Information Technology Limited	-	-	998,000	998,000
	Bengal Meat Processing Industries Limited	50,000,000	50,000,000	50,000,000	50,000,000
	EDGE Bangladesh Mutual Fund	5,000,000	5,000,000	5,000,000	5,000,000
	BizBangla Media Limited	-	-	400,000,000	400,000,000
	LankaBangla 1st PE Fund	10,000,000	10,000,000	10,000,000	10,000,000
	Mir Akhter Hossain Ltd (IPO)	12,498,900	-	12,498,900	-
	Index Agro Industries Ltd (IPO)	5,003,200	-	5,003,200	-
		81,704,500	74,261,310	482,702,500	393,259,310

Amount in Taka

6.01.A DSE and CSE Membership at Cost

LankaBangla Securities Limited has received the following shares from DSE and CSE against the membership under demutualization scheme of the stock exchanges:

Stock Exchange	Type of Shares	Number of Shares	Face Value
Dhaka Stock Exchange Limited	Floated	2,886,042	10
	(53.33%)		
	Blocked	2,525,287	10
	(46.67%)		
		1,011,466,093	
Chittagong Stock Exchange Limited	Floated	1,714,932	10
	(40.00%)		
	Blocked	2,572,398	10
	(60.00%)		
		4,287,330	

	Consolidated		Separate	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
6.02 Investment in equity of strategic company (dealer)				
Textiles	319,872,838	319,872,838	319,872,838	319,872,838
Non Banking Financial Institution	335,912,204	335,912,204	335,912,204	335,912,204
Mutual Fund	5,166,437	5,166,437	5,166,437	5,166,437
Bank	524,690	524,690	524,690	524,690
	661,476,170	661,476,169	661,476,170	661,476,169
6.03 Investment in equity of strategic company				
IT	36,000,000	36,000,000	36,000,000	36,000,000
	36,000,000	36,000,000	36,000,000	36,000,000

LankaBangla Securities Limited has invested an amount of Tk. 36,000,000/= from the sell proceed of 25% shares of Dhaka Stock Exchange Limited to full fill the requirements of DSE circular no. DSE/COM/TAD/CLR/SRO_Rate_Cap_Gain_Tax/1519-7152, Dated 04 November 2018, BSEC Directive no. SEC/SRMIC/94-231/723, Dated 13 November 2018 & RSO no. 319-Law/Income Tax/2018, Dated 30 October 2018.

7.00 Advances, Deposits and Prepayments**Advances**

Office rent	11,196,626	20,205,947	10,927,516	20,205,947
Advance Salary & Allowance	205,315	-	-	-
Advance for Bank guarantee margin	110,208	1,583,633	110,208	1,583,633
BizBangla Media Limited	-	-	29,500,000	12,000,000
LankaBangla Information System	-	-	-	-
Advance against expenses	10,581,295	3,321,091	7,885,001	20,000
	22,093,445	25,110,672	48,422,726	33,809,581

Deposits

Clearing house	25,000	25,000	25,000	25,000
Lease Deposit	1,960,114	1,903,070	1,903,070	1,903,070
PCS Bangladesh (Pvt.) Ltd.	64,000	64,000	64,000	64,000
Jai Jai Din Printers	500,000	500,000	-	-
Security deposit with agencies	-	270,069	-	-
Security deposit with CDBL	102,500	102,500	102,500	102,500
Security deposit for office space	4,826,055	5,628,590	3,299,220	3,299,220
	7,477,669	8,493,229	5,393,790	5,393,790

Prepayments

Group and health insurance	2,880,333	4,039,448	2,880,333	4,039,448
Insurance for office equipment	764,618	511,541	764,618	511,541
Insurance for motor vehicle	176,245	39,311	176,245	39,311
	3,821,197	4,590,299	3,821,197	4,590,299
	33,392,311	38,194,199	57,637,713	43,793,669

8.00 Advance Income Tax

Opening Balance	654,342,550	541,419,364	646,557,768	535,736,423
Add: Paid during year				
Advance tax	-	17,691,183	-	17,444,443
Advance tax deducted at source	19,204,924	21,484,970	17,748,612	19,629,869
Tax deducted at source on turnover	79,438,077	73,747,033	79,438,077	73,747,033
	98,643,001	112,923,186	97,186,690	110,821,345
	752,985,550	654,342,550	743,744,457	646,557,768
Less: Adjustment during the year	-	-	-	-
	752,985,550	654,342,550	743,744,457	646,557,768

		Amount in Taka			
		Consolidated		Separate	
		31.12.2020	31.12.2019	31.12.2020	31.12.2019
9.00	Investments				
	Investment in listed securities dealer (Note-9.01)	1,235,304,421	1,123,384,634	1,235,304,421	1,123,384,634
	Investment in listed securities refinancing (Note-9.02)	179,624,535	121,366,303	179,624,535	121,366,303
	Fixed deposits receipt (FDR) (Note-9.03)	56,347,938	55,425,993	55,347,938	54,189,827
		1,471,276,895	1,300,176,929	1,470,276,895	1,298,940,763
9.01	Investment in listed securities (dealer)				
	Pharmaceuticals & Chemical	583,297,629	475,018,044	583,297,629	475,018,044
	Fuel Power	194,794,379	213,006,872	194,794,379	213,006,872
	Telecommunication	358,105,471	356,105,471	358,105,471	356,105,471
	Engineering	18,715,541	50,474	18,715,541	50,474
	IT	-	572,449	-	572,449
	Textiles	1,814,222	2,116,495	1,814,222	2,116,495
	Insurance	69,729,472	76,471,609	69,729,472	76,471,609
	Service & Leisure	17,764	37,300	17,764	37,300
	Cement	6,706,813	-	6,706,813	-
	Cash form	2,123,128	5,919	2,123,128	5,919
		1,235,304,421	1,123,384,634	1,235,304,421	1,123,384,634
9.02	Investment in listed securities (refinancing)				
	IT	56,066,890	56,066,890	56,066,890	56,066,890
	Pharmaceuticals & Chemical	123,253,236	64,995,005	123,253,236	64,995,005
	Mutual Fund	304,408	304,408	304,408	304,408
		179,624,535	121,366,303	179,624,535	121,366,303
9.03	Fixed deposit receipts (FDR)				
	FDR with Standard Chartered Bank	55,347,938	54,189,827	55,347,938	54,189,827
	FDR with One Bank Limited	1,000,000	1,236,166	-	-
		56,347,938	55,425,993	55,347,938	54,189,827
10.00	Inventories				
	Newspaper	457,393	4,022,209	-	-
	P. S plate	24,840	9,900	-	-
	Polyester film	10,600	21,275	-	-
		492,833	4,053,384	-	-
11.00	Current portion of loans and advances				
	Loan Against Salary	1,788,314	2,878,257	1,788,314	2,336,460
	Staff Transport Loan	1,353,228	9,840,696	1,353,228	9,840,696
		3,141,542	12,718,953	3,141,542	12,177,156
12.00	Accounts receivable				
	Receivable from clients (Note - 12.01)	4,867,822,512	5,322,131,538	4,716,007,087	5,184,335,455
	Receivable from DSE & CSE (Note - 12.02)	23,295,466	11,148,263	23,295,466	11,148,263
		4,891,117,978	5,333,279,801	4,739,302,553	5,195,483,718
12.01	Receivable from clients				
	Cash dividend receivable	14,204,106	19,266,535	14,204,106	19,266,535
	Sundry debtors against advertisement	144,866,372	130,040,276	-	-
	Sundry debtors against circulation	6,844,384	7,320,129	-	-
	Receivable from foreign clients	7,345	224,756	7,345	224,755
	Margin loan	4,698,404,044	5,162,213,218	4,698,404,044	5,162,213,218
	Other clients	3,496,259	3,066,623	3,391,590	2,630,947
		4,867,822,512	5,322,131,538	4,716,007,087	5,184,335,455
	Other clients				
	Other clients includes receivable from share trading.				
12.02	Receivable from DSE & CSE				
	ABG&N	9,223,460	-	9,223,460	-
	ABG&N	1,314,709	808,981	1,314,709	808,981
	ABG&N (Spot)	2,873,820	985,072	2,873,820	985,072
	Z	4,292,466	847,493	4,292,466	847,493
	Z	1,536,892	2,739,906	1,536,892	2,739,906
	Z		795,248	-	795,248
	Z		2,223,129	-	2,223,129
	Z		1,563,884	-	1,563,884
	Z		149,535	-	149,535
	Z		440,482	-	440,482
	Z		357,154	-	357,154
	Total DSE	19,241,349	10,910,884	19,241,349	10,910,884

	Amount in Taka			
	Consolidated		Separate	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
ABG&N	-	-	-	-
ABG&N	3,772,339	-	3,772,339	-
ABG&N (Spot)	-	116,101	-	116,101
Z	43,730	45,546	43,730	45,546
Z	84,808	1,539	84,808	1,539
Z	153,238	-	153,238	-
Z	-	7,950	-	7,950
Z	-	211	-	211
Z	-	-	-	-
Z	-	-	-	-
Z	-	-	-	-
Z	-	66,032	-	66,032
Total CSE	4,054,117	237,379	4,054,117	237,379
Grand Total DSE & CSE	23,295,466	11,148,263	23,295,466	11,148,263
13.00 Cash and bank balances				
Cash in hand	751,010	215,366	657,111	178,454
Cash at bank (Notes 13.01)	1,721,776,467	1,106,167,563	1,715,750,795	1,101,847,838
	1,722,527,477	1,106,382,929	1,716,407,906	1,102,026,292
13.01 Cash at Bank /NBFI				
Standard Chartered Bank	44,903,912	2,035,979	44,903,912	2,035,979
ONE Bank Limited	1,390,505,934	740,477,407	1,385,711,527	736,954,916
Commercial Bank of Ceylon	12,247,937	2,587,567	12,247,937	2,587,567
Shahajalal Islami Bank limited	4,243,754	96,967	4,243,754	96,967
South Bangla Agriculture & Commerce Bank	13,710	32,636	13,710	32,636
Standard Bank Limited	119,089	21,449	-	-
Bangladesh Development Bank Ltd	314,034	104,350	-	-
National Credit and Commerce Bank Ltd	268,625,806	360,131,474	268,625,806	360,131,474
Social Islami Bank Ltd	134,310	-	-	-
Sonali Bank Limited	663,832	671,435	-	-
Midland Bank Limited	3,148	6,611	3,148	6,611
Meghna Bank Limited	997	1,687	997	1,687
	1,721,776,467	1,106,167,563	1,715,750,795	1,101,847,838
14.00 Share Capital				
Authorized Capital				
500,000,000 ordinary shares of Taka 10 each	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
Issued, Subscribed and Paid-up Capital	2,690,303,320	2,690,303,320	2,690,303,320	2,690,303,320
269,030,332 ordinary shares of Taka 10 each fully paid	2,690,303,320	2,690,303,320	2,690,303,320	2,690,303,320
Detail of Shareholding Position of the Company				
Name of the Sponsor & Directors Shareholders		No. of Shares		
LankaBangla Finance Ltd.		248,368,326	2,483,683,260	2,445,732,600
Mr. Mohammad A. Moyeen		122,290	1,222,900	1,222,900
Mr. Mahbubul Anam		119,841	1,198,410	1,198,410
Mr. B W Kundanmal		2	20	20
Mr. Mohammed Nasiruddin Chowdhury		2,797	27,970	27,970
		248,613,256	2,486,132,560	2,448,181,900
General Shareholders		20,417,076	204,170,760	242,121,420
		269,030,332	2,690,303,320	2,690,303,320
15.00 Share Premium				
Premium amount received against issue of 5,000,000 shares @ 240 per share in 2010.	1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000
	1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000

	Amount in Taka			
	Consolidated		Separate	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
16.00 General Reserve				
Opening balance	51,650,689	54,942,982	51,650,689	54,942,982
Add: Addition during the year	51,476	-	51,476	-
	51,702,165	54,942,982	51,702,165	54,942,982
Less: Adjustment during the year	4,718,125	3,292,293	4,718,125	3,292,293
Closing balance	46,984,040	51,650,689	46,984,040	51,650,689
The Board of Directors of LankaBangla Securities has decided to create a general reserve by 1% on outstanding margin loan provided to the client against marketable securities. Add or adjustment with general reserve will depend on size of outstanding margin loan for the respective year.				
17.00 Long Term Loan				
Opening balance	545,810,637	616,461,980	545,810,637	701,840,807
Add: Drawdown during the year	100,550,000	177,300,000	100,550,000	177,300,000
	646,360,637	793,761,980	646,360,637	879,140,807
Less: Conversion to Short term	404,079,345	247,951,343	404,079,345	333,330,170
Closing balance	242,281,292	545,810,637	242,281,292	545,810,637
Detail of long term portion of the above balance is presented below:				
LankaBangla Finance Limited	48,492,981	79,323,369	48,492,981	79,323,369
National Credit and Commerce Bank Ltd	17,850,101	24,812,579	17,850,101	24,812,579
Shahjalal Islami Bank Limited 3	24,483,084	46,951,041	24,483,084	46,951,041
Midland Bank Limited	-	8,993,114	-	8,993,114
Midland Bank Limited- 2	17,218,040	-	17,218,040	-
South Bangla Agriculture & Commerce Bank Ltd 4	47,400,577	76,550,566	47,400,577	76,550,566
South Bangla Agriculture & Commerce Bank Ltd 5	43,769,606	135,606,567	43,769,606	135,606,567
Phoenix Finance ltd	-	97,474,489	-	97,474,489
Investment Corporation of Bangladesh	43,066,906	76,098,912	43,066,906	76,098,912
Sub total	242,281,292	545,810,637	242,281,292	545,810,637
18.00 Deferred tax Liabilities				
Deferred Tax has been calculated based on deductible/ taxable temporary difference arising due to difference in the carrying amount of the assets / liabilities and its tax base in accordance with the provision of International Accounting Standard (IAS) 12 "Income Taxes".				
Assets:				
WDV of fixed assets as per accounts	758,516,402	788,201,561	739,201,775	773,700,484
WDV of fixed assets as per tax base	711,085,064	748,460,711	673,213,933	717,134,246
Taxable /(Deductible) Temporary Difference	47,431,338	39,740,850	65,987,842	56,566,238
Applicable Tax Rate	32.50%	35%	32.50%	35%
Deferred Tax Liability/(Asset)	15,415,185	13,909,298	21,446,049	19,798,183
Deferred Tax Liabilities/(Assets)	15,415,185	13,909,298	21,446,049	19,798,183
19.00 Finance lease obligation				
Finance lease obligation-Vehicles (Note-19.01)	3,705,431	2,333,047	808,197	2,333,047
Finance lease obligation-Office premises (Note-19.02)	27,942,173	40,663,850	24,194,614	40,013,463
	31,647,604	42,996,897	25,002,811	42,346,510
19.01 Finance lease obligation-Vehicles				
Opening balance	2,333,047	3,420,137	2,333,047	3,285,813
Add: Addition during the year	4,094,075	-	-	-
	6,427,122	3,420,137	2,333,047	3,285,813
Less: Conversion to Short term	2,721,691	1,087,091	1,524,850	952,766
Closing balance	3,705,431	2,333,047	808,197	2,333,047
19.02 Finance lease obligation-Office premises				
Opening balance	40,663,850	-	40,013,463	-
Add: Addition during the year	36,836,101	127,611,971	24,452,287	113,846,490
	77,499,951	127,611,971	64,465,750	113,846,490
Less: Conversion to Short term	49,557,778	86,948,121	40,271,136	73,833,027
Closing balance	27,942,173	40,663,850	24,194,614	40,013,463
20.00 Accounts payable				
Payable to clients (Note-20.01)	1,537,465,764	933,853,276	1,529,258,216	929,735,019
Payable to DSE and CSE (Note - 20.02)	9,755,791	20,634,491	9,755,791	20,634,491
Accrued expenses (Note - 20.03)	88,773,845	57,181,120	63,543,939	33,995,138
	1,635,995,400	1,011,668,886	1,602,557,946	984,364,648

	Amount in Taka			
	Consolidated		Separate	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
20.01 Payable to Clients				
IDLC of Bangladesh Ltd	-	13,857	-	13,857
Final Settlement Payable	1,382,045	-	-	-
Payable suspense	4,758,895	2,049,392	4,758,895	2,049,392
Other clients	1,531,324,825	931,790,027	1,524,499,322	927,671,770
	1,537,465,764	933,853,276	1,529,258,216	929,735,019
Other Clients				
Other clients includes payable from share trading.				
20.02 Payable to DSE & CSE				
ABG&N	1,280,822	14,901,441	1,280,822	14,901,441
Z	3,936,323	840,629	3,936,323	840,629
Total DSE	5,217,145	15,742,071	5,217,145	15,742,071
ABG&N	4,525,976	4,865,925	4,525,976	4,865,925
Z	12,669	26,495	12,669	26,495
Total CSE	4,538,646	4,892,420	4,538,646	4,892,420
Grand Total DSE & CSE	9,755,791	20,634,491	9,755,791	20,634,491
20.03 Accrued Expenses				
Telephone bill	66,152	65,113	56,190	44,828
Electricity bill	1,273,060	1,489,856	1,161,944	1,189,528
Office rent	11,326,411	9,413,515	5,314,237	4,490,012
Printing & stationeries	1,750	171,045	1,750	171,045
News paper and periodicals	831,774	269,675	-	-
Office maintenance	1,461,550	1,233,217	1,215,628	755,795
Vehicle maintenance	231,870	226,711	-	-
Water and sewerage bill	1,072,558	149,729	867,921	149,729
Audit fees	351,730	213,730	144,730	144,730
Legal and professional fees	425,500	425,500	-	-
News agency service charge	1,691,978	1,337,854	-	-
Advertisement commission	16,642	68,368	-	-
Incentive	24,995,139	12,309,642	24,995,139	12,309,642
Contribution to gratuity fund	-	13,482,506	-	13,482,506
Contribution to provident fund	10,567,139	11,227,171	-	-
Honorarium	3,027,946	2,568,446	-	-
Salaries & Allowances	25,870,906	1,311,380	25,042,973	39,664
Interest Expense	765,811	-	-	-
Archiving Expenses	52,500	-	-	-
CDBL charges	4,743,430	1,217,659	4,743,430	1,217,659
	88,773,845	57,181,120	63,543,939	33,995,138
21.00 Short Term Loan				
Opening Balance	2,095,712,913	2,335,923,220	2,032,875,839	2,275,924,625
Loan taken during the year	-	-	-	-
	2,095,712,913	2,335,923,220	2,032,875,839	2,275,924,625
Re-scheduled/repayment during the year	176,304,589	240,210,306	173,140,014	243,048,786
Closing Balance	1,919,408,324	2,095,712,913	1,859,735,825	2,032,875,839
Detail of the above balance is presented below:				
Loan taken as a short term				
One Bank Limited	767,388,115	833,995,020	767,388,115	771,157,946
Standard Chartered Bank	531,218,447	539,602,853	531,218,447	539,602,853
Shahjalal Islami Bank Limited	105,090,000	107,612,500	105,090,000	107,612,500
Midland Bank Limited	-	103,626,446	-	103,626,446
South Bangla Agriculture & Commerce Bank Ltd	203,698,671	-	203,698,671	-
Hajj Finance Limited	150,000,000	207,601,096	150,000,000	207,601,096
Social Islami Bank Ltd	59,672,498	200,000,000	-	200,000,000
National Credit and Commerce Bank Ltd	102,340,594	103,274,999	102,340,594	103,274,999
Sub total	1,919,408,324	2,095,712,913	1,859,735,825	2,032,875,839
22.00 Provision for Current Tax				
Opening Balance	667,007,442	576,277,764	663,538,117	573,766,379
Add: Provision during the year	102,631,382	90,729,678	101,897,120	89,771,739
	769,638,824	667,007,442	765,435,238	663,538,117
Less: Adjustment during the year	-	-	-	-
	769,638,824	667,007,442	765,435,238	663,538,117

Amount in Taka

	Consolidated		Separate	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
23.00 Current portion of lease obligation				
lease obligation-Vehicles (Note-23.01)	2,840,125	1,831,149	1,517,698	1,038,677
lease obligation-Office premises (Note-23.02)	44,354,828	39,918,113	39,999,418	36,415,586
	47,194,953	41,749,262	41,517,116	37,454,262
23.01 Current portion of lease obligation-Vehicles				
Opening balance	1,831,149	1,794,402	1,038,677	1,001,930
Add: Conversion from Long Term	2,721,691	1,087,091	1,524,850	952,766
	4,552,840	2,881,493	2,563,527	1,954,696
Less: Paid during the year	1,712,715	1,050,344	1,045,829	916,019
Closing balance	2,840,125	1,831,149	1,517,698	1,038,677
23.02 Current portion of lease obligation-Office premises				
Opening balance	39,918,113	-	36,415,586	-
Add: Conversion from Long Term	49,557,778	86,948,121	40,271,136	73,833,027
	89,475,891	86,948,121	76,686,722	73,833,027
Less: Paid during the year	45,121,064	47,030,008	36,687,304	37,417,441
Closing balance	44,354,828	39,918,113	39,999,418	36,415,586
24.00 Current portion of term loan				
Opening balance	309,777,234	403,943,751	309,777,234	403,943,751
Add: Conversion from Long Term	404,079,345	333,330,170	404,079,345	333,330,170
	713,856,579	737,273,921	713,856,579	737,273,921
Less: Paid during the year	420,124,913	427,496,687	420,124,913	427,496,687
Closing balance	293,731,666	309,777,234	293,731,666	309,777,234
Detail current portion of long term loan above balance is presented below:				
LankaBangla Finance Limited	41,127,287	43,724,867	41,127,287	43,724,867
National Credit and Commerce Bank Ltd	6,382,767	15,914,703	6,382,767	15,914,703
Shahjalal Islami Bank Limited 3	20,840,809	19,513,685	20,840,809	19,513,685
Midland Bank Limited	8,797,091	12,203,091	8,797,091	12,203,091
Midland Bank Limited-2	76,668,574	-	76,668,574	-
South Bangla Agriculture & Commerce Bank Ltd 2	-	4,293,541	-	4,293,541
South Bangla Agriculture & Commerce Bank Ltd 3	-	17,834,049	-	17,834,049
South Bangla Agriculture & Commerce Bank Ltd 4	23,469,774	37,537,506	23,469,774	37,537,506
South Bangla Agriculture & Commerce Bank Ltd 5	83,007,223	31,083,388	83,007,223	31,083,388
Phoenix Finance Ltd	-	20,455,625	-	20,455,625
Standard Bank Limited	-	65,480,847	-	65,480,847
Investment Corporation of Bangladesh	33,438,145	41,735,931	33,438,145	41,735,931
Sub total	293,731,666	309,777,234	293,731,666	309,777,234
25.00 Provision for negative equity & others				
Provision for negative equity (Note-25.01)	234,970,230	149,970,230	234,970,230	149,970,230
Diminution value of investment (Note-25.02)	234,270,000	234,270,000	234,270,000	234,270,000
	469,240,230	384,240,230	469,240,230	384,240,230
25.01 Provision for negative equity				
Opening balance	149,970,230	149,970,230	149,970,230	149,970,230
Add: Addition during the year	85,000,000	-	85,000,000	-
	234,970,230	149,970,230	234,970,230	149,970,230
Less: Write off during the year	-	-	-	-
Closing balance	234,970,230	149,970,230	234,970,230	149,970,230
25.02 Diminution value of investment				
Opening balance	234,270,000	234,270,000	234,270,000	234,270,000
Add: Addition during the year	-	-	-	-
	234,270,000	234,270,000	234,270,000	234,270,000
Less: Adjustment during the year	-	-	-	-
Closing balance	234,270,000	234,270,000	234,270,000	234,270,000

	Amount in Taka			
	Consolidated		Separate	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
26.00 Interest Suspense				
Opening balance	118,347,988	136,075,813	118,347,988	136,075,813
Add: Addition during the year	-	-	-	-
	118,347,988	136,075,813	118,347,988	136,075,813
Less: Write off during the year	-	17,727,825	-	17,727,825
Closing balance	118,347,988	118,347,988	118,347,988	118,347,988
27.00 Other Liabilities				
Liability for Interest of Loan	25,194,093	18,226,650	25,194,093	18,226,650
Liabilities for other expenses	3,505,631	5,015,597	3,317,952	3,383,661
Brokerage sharing	3,759,512	3,254,613	3,759,512	3,254,613
Liabilities for security deposit	1,451,358	1,051,358	1,378,750	978,750
Premium brokerage service	2,467,199	4,270,830	2,467,199	4,270,829
LB Foundation	1,458,832	1,282,853	1,458,832	1,282,853
Vat & Tax Deducted at Source	1,596,301	2,191,413	-	-
Un-claimed cash dividend	2,003,452	2,040,137	2,003,452	2,040,137
	41,436,377	37,333,450	39,579,788	33,437,493

Amount in Taka

	Consolidated		Separate	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
28.00 Interest income				
Interest on debit balance of clients	399,759,971	728,039,679	399,759,971	728,039,679
Interest on bank deposit (Note-28.01)	63,220,317	76,248,720	63,220,317	76,110,169
	462,980,288	804,288,400	462,980,288	804,149,849
28.01 Interest Income				
Interest on Bank Deposit				
One Bank Limited	51,328,667	58,890,318	51,328,667	58,751,767
National Credit and Commerce Bank Ltd	10,027,893	15,577,111	10,027,893	15,577,111
Commercial Bank of Ceylon	117,205	199,339	117,205	199,339
South Bangla Agriculture & Commerce Bank	3,519	95,001	3,519	95,001
Shahajalal Islami Bank limited	7,544	-	7,544	-
Midland Bank Limited	4,426	11,617	4,426	11,617
Interest on FDR	1,731,063	1,475,334	1,731,063	1,475,334
	63,220,317	76,248,720	63,220,317	76,110,169
29.00 Income from investment				
Capital gain from shares investment (Note-29.01)	126,144,374	34,666,633	126,144,374	34,666,633
Dividend	49,221,345	62,790,214	49,221,345	62,790,214
	175,365,719	97,456,847	175,365,719	97,456,847
29.01 Capital gain from shares investment				
Sales price of shares	180,602,979	594,438,735	180,602,979	594,438,735
Less: Cost price of shares	54,355,163	559,701,251	54,355,163	559,701,251
	126,247,816	34,737,484	126,247,816	34,737,484
Less: CDBL & Other charges	103,443	70,851	103,443	70,851
	126,144,374	34,666,633	126,144,374	34,666,633
30.00 Brokerage income				
DSE	467,030,159	419,099,321	467,030,159	419,099,321
CSE	23,319,781	33,560,897	23,319,781	33,560,897
	490,349,941	452,660,219	490,349,941	452,660,219
31.00 Revenue from advertisement & circulation				
Revenue from advertisement	107,847,375	131,055,518	-	-
Round table conference income	1,747,957	1,526,350	-	-
Sponsorship income	5,478,215	12,799,782	-	-
Revenue from circulation	5,530,142	12,211,859	-	-
	120,603,689	157,593,509	-	-
32.00 Other operational income				
Service charge from clients for CDBL	18,988,293	15,434,053	18,988,293	15,434,053
Scrap sales	5,017,164	2,851,197	3,480,829	531,634
IT enable and Cloud services	903,794	1,087,865	-	-
Monthly review	167,777	20,750	5,420	20,750
	25,077,028	19,393,864	22,474,543	15,986,436
33.00 Interest expenses				
Interest on term loan	288,508,129	447,549,241	282,479,299	439,860,163
Interest on lease finance	841,683	590,053	396,309	517,050
	289,349,811	448,139,294	282,875,607	440,377,213
34.00 Other costs directly attributable to services				
Service charge paid to CDBL	22,277,655	18,283,489	22,277,655	18,283,489
Cost of goods sold	11,083,749	18,936,267	-	-
Factory overhead	79,385,294	102,822,526	-	-
Laga charges	38,003,429	35,100,501	38,003,429	35,100,501
	150,750,127	175,142,783	60,281,084	53,383,990
35.00 Other non-operational income				
Income from office space rent	11,328,528	11,134,308	11,328,528	11,134,308
Gain on disposal of fixed assets	932,365	944,853	857,882	944,853
	12,260,894	12,079,161	12,186,411	12,079,161
36.00 Salary and allowances				
Salary and allowances	279,355,419	388,355,422	273,620,728	381,297,113
Provident fund contribution	12,913,732	17,487,817	12,877,747	17,359,121
Gratuity	13,496,643	25,769,527	13,252,423	25,733,493
Incentives	12,685,497	11,540,755	12,685,497	11,540,755
	318,451,291	443,153,521	312,436,394	435,930,482

	Amount in Taka			
	Consolidated		Separate	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
37.00 Rent, taxes, insurance, electricity etc.				
Lease expense of Right of use of Assets	35,507,546	39,934,016	27,522,094	39,757,408
Interest on Right of use of asset	7,402,729	12,026,552	7,256,616	11,842,880
Insurance premium	6,930,026	7,649,392	6,930,026	7,649,392
Electricity	6,136,307	7,596,033	6,136,307	7,343,961
	55,976,608	67,205,993	47,845,044	66,593,641
38.00 Legal and professional fees				
Legal and professional fees	1,430,128	2,376,570	808,745	1,839,600
	1,430,128	2,376,570	808,745	1,839,600
39.00 Postage, stamp, telecommunication etc.				
Postage and courier	200,427	216,151	175,186	182,385
Telephone and mobile bill	3,171,534	4,687,683	2,982,154	4,438,357
	3,371,961	4,903,834	3,157,340	4,620,742
40.00 Stationery, printing, advertisement				
Printing and stationery	3,369,281	7,487,526	3,268,866	9,058,215
Advertisement	1,365,350	1,552,124	1,365,350	2,729,805
	4,734,631	9,039,650	4,634,216	11,788,020
41.00 Director fees and expenses				
Director fees and expenses	792,000	966,750	792,000	966,750
	792,000	966,750	792,000	966,750
42.00 Audit fees				
Audit fees	212,750	212,750	143,750	143,750
	212,750	212,750	143,750	143,750
43.00 Repairs, maintenance and depreciation				
Repairs and maintenance	275,567	1,449,545	275,567	275,567
Depreciation	44,012,695	46,477,445	43,537,032	43,537,032
	44,288,262	47,926,990	43,812,599	43,812,599
44.00 Other expenses				
Training	232,543	450,675	210,598	397,490
Membership and renewal fees	2,194,042	2,897,978	1,666,023	2,738,484
Traveling and conveyance	744,256	3,858,957	350,043	3,429,184
Internet and e-mail	9,555,312	10,865,853	9,555,312	10,865,853
News paper and periodicals	39,948	144,621	39,948	144,621
Fuel expenses	433,462	326,523	433,462	326,523
Vehicle maintenance/Registration	25,898,063	34,941,273	25,898,063	34,749,946
Water and sewerage bill	766,164	898,644	577,934	898,644
Office maintenance	12,566,274	15,410,902	12,317,188	15,141,389
Entertainment	3,063,503	6,301,201	2,468,639	5,740,202
Business promotion	1,701,512	6,436,982	1,420,090	6,436,982
Bank charges	2,533,778	2,687,868	2,326,568	2,559,066
AGM related expenses	-	41,380	-	41,380
Documentation fees	-	86,250	-	86,250
Loss on disposal of fixed assets	617,428	446,683	617,428	51,631
Software maintenance fee	5,568,744	1,282,853	5,568,744	1,282,853
Subscription for Bloomberg & Portal	3,269,530	6,558,180	3,269,530	6,558,180
Commission of bank guarantee	5,135,717	2,798,297	5,135,717	2,798,297
Fair and conference	-	9,285,925	-	9,285,925
Selling & distribution expenses	13,378,135	20,409,116	-	-
LankaBangla Foundation	1,458,832	-	1,458,832	-
Membership & Subscriptions	286,636	439,631	286,636	439,631
	89,443,879	126,569,790	73,600,755	103,972,529
45.00 Earnings per Share (EPS):				
Net profit after Tax	138,698,843	125,376,374	144,424,381	127,615,245
Number of Ordinary Shares Outstanding	269,030,332	269,030,332	269,030,332	269,030,332
Earnings Per Share (EPS)	0.52	0.47	0.54	0.47

Earnings per Share has been calculated in accordance with IAS-33: "Earnings Per Share (EPS)".

*** Previous year's EPS has been restated by the current year's outstanding shares.

46.00 Related Party Disclosure

During the year the Company carried out a number of transactions with the related parties in the normal course of business on arm's length basis. Name of those related parties, nature of those transaction and their total value have been shown below in accordance with the provisions of IAS-24- "Related Party Disclosure."

Name of the Party	Relationship	Nature of Transaction	Transaction			
			Opening balance	Addition	Adjustment	Closing balance
LankaBangla Finance Ltd.	Sponsor Shareholder	Term Loan	(123,048,236)	-	33,427,968	(89,620,268)
LankaBangla Investment Ltd.	Sponsor Shareholder	IP Accounts	120,664	182,137	-	302,801
BizBangla Media Limited	Subsidiary	Advances	12,000,000	17,500,000	-	29,500,000

Annexure -A

LANKABANGLA SECURITIES LIMITED

Consolidated Schedule of Property, Plant & Equipment

For the year ended December 31, 2020

A. Fixed Assets

Particulars	COST				Rate of Depreciation	DEPRECIATION			Carrying amount as on December 31, 2020	
	Balance as on January 1, 2020	Additions during the year	Disposal during the year	Balance on December 31, 2020		Balance as on January 1, 2020	Charged during the year	Disposal during the year		Balance on December 31, 2020
Land & Building	723,845,707	-	-	723,845,707	2.5%	37,503,218	8,592,596	-	46,095,814	677,749,893
Furniture & Fixtures	20,628,231	179,660	964,007	19,843,884	10%	9,688,874	1,761,994	747,407	10,703,461	9,140,423
Office Equipment	105,462,613	6,447,944	3,739,622	108,170,935	20%	81,885,359	9,187,848	3,653,793	87,419,414	20,751,520
Data Center & Dr	107,256,737	4,820,000	-	112,076,737	30%	81,279,181	12,530,931	-	93,810,112	18,266,625
Office Renovation	97,752,327	6,770,707	9,081,530	95,441,504	20%	68,814,526	11,604,817	8,766,526	71,652,817	23,788,687
Motor Vehicle	13,636,651	-	7,458,732	6,177,919	20%	6,400,100	1,371,949	3,799,446	3,972,603	2,205,316
Software	12,373,957	480,000	-	12,853,957	33%	10,263,153	1,265,994	-	11,529,147	1,324,810
Leased Asset	21,719,000	4,186,908	-	25,905,908	20%	18,639,248	1,977,531	-	20,616,779	5,289,129
Total December 31, 2020	1,102,675,223	22,885,219	21,243,891	1,104,316,550		314,473,660	48,293,661	16,967,172	345,800,149	758,516,401

Amount in Taka

B. Right of Use of Assets

Particulars	COST				Rate of Depreciation	DEPRECIATION			Carrying amount as on December 31, 2020	
	Balance as on January 1, 2020	Additions during the year	Disposal during the year	Balance on December 31, 2020		Balance as on January 1, 2020	Charged during the year	Disposal during the year		Balance on December 31, 2020
Right of Use of Assets	127,611,971	36,836,101	69,555,638	94,892,434		49,049,283	35,507,545	65,167,334	19,389,494	75,502,940
Total December 31, 2020	127,611,971	36,836,101	69,555,638	94,892,434		49,049,283	35,507,545	65,167,334	19,389,494	75,502,940
Grand Total (A+B) December 31, 2020	1,230,287,193	59,721,320	90,799,529	1,199,208,985		363,522,942	83,801,206	82,134,506	365,189,643	834,019,341
Total December 31, 2019	1,194,866,208	44,474,606	9,053,621	1,230,287,193		274,025,523	96,662,581	7,165,161	363,522,943	866,764,250

Amount in Taka

Annexure -A

LANKABANGLA SECURITIES LIMITED

Schedule of Property, Plant & Equipment

For the year ended December 31, 2020

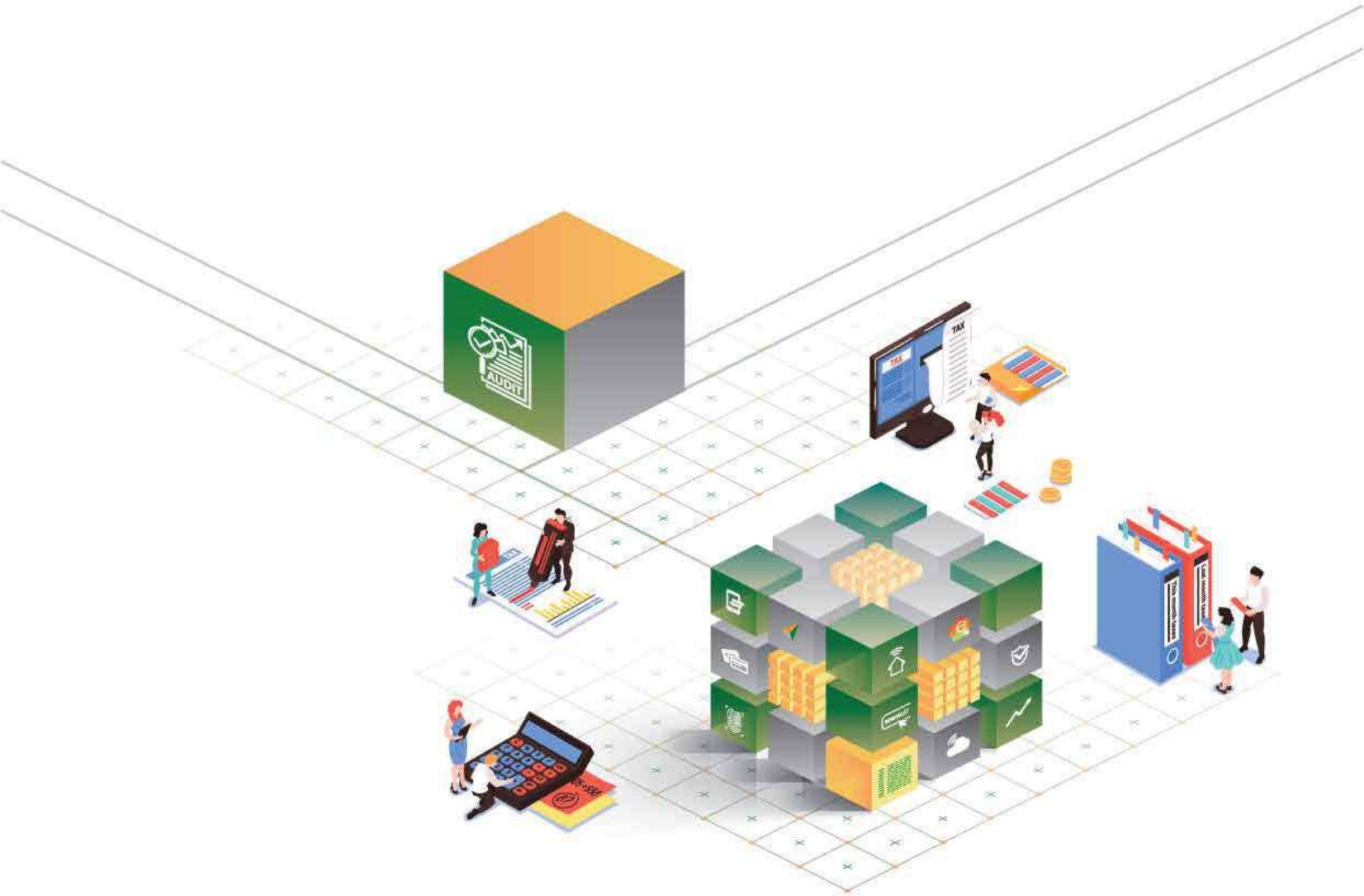
A. Fixed Assets

Particulars	COST				Rate of Depreciation	DEPRECIATION				Carrying amount as on December 31, 2020
	Balance as on January 1, 2020	Additions during the year	Disposal during the year	Balance on December 31, 2020		Balance as on January 1, 2020	Charged during the year	Disposal during the year	Balance on December 31, 2020	
Land & Building	723,845,707	-	-	723,845,707	2.5%	37,503,218	8,592,596	-	46,095,814	677,749,893
Furniture & Fixtures	19,752,830	135,640	964,007	18,924,463	10%	9,345,674	1,704,372	747,407	10,302,639	8,621,824
Office Equipment	81,387,213	2,071,314	3,739,622	79,718,905	20%	63,849,019	7,104,710	3,653,793	67,299,936	12,418,968
Data Center & Dr	107,256,737	4,820,000	-	112,076,737	30%	81,279,181	12,530,931	-	93,810,112	18,266,625
Office Renovation	86,484,106	5,309,900	9,081,530	82,712,476	20%	61,055,485	10,610,820	8,766,526	62,899,779	19,812,697
Motor Vehicle	7,602,457	-	6,242,457	1,360,000	20%	3,620,737	820,620	3,081,357	1,360,000	-
Software	7,672,796	480,000	-	8,152,796	33%	6,269,046	1,124,583	-	7,393,629	759,167
Leased Asset	20,319,000	-	-	20,319,000	20%	17,698,000	1,048,399	-	18,746,399	1,572,601
Total December 31, 2020	1,054,320,846	12,816,854	20,027,616	1,047,110,084		280,620,360	43,537,032	16,249,083	307,908,310	739,201,774

B. Right of Use of Assets

Particulars	COST				Rate of Depreciation	DEPRECIATION				Carrying amount as on December 31, 2020
	Balance as on January 1, 2020	Additions during the year	Disposal during the year	Balance on December 31, 2020		Balance as on January 1, 2020	Charged during the year	Disposal during the year	Balance on December 31, 2020	
Right of Use of Assets	113,846,490	24,452,287	54,820,591	83,478,186		39,757,408	27,522,094	50,725,080	16,554,422	66,923,764
Grand Total (A+B) Dec 31, 2020	1,168,167,336	37,269,141	74,848,207	1,130,588,270		320,377,768	71,059,126	66,974,163	324,462,732	806,125,538
Grand Total (A+B) Dec 31, 2019	1,130,535,888	39,733,246	2,101,798	1,168,167,336		237,332,095	85,095,840	2,050,166	320,377,769	847,789,566

AUDITED FINANCIAL STATEMENTS OF SUBSIDIARIES LANKABANGLA INVESTMENTS LIMITED



Independent Auditors' Report

To the Shareholders of
LankaBangla Investments Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LankaBangla Investments Limited (the Company), which comprise the Statement of Financial Position as at 31 December, 2020 and Statements of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements presently fairly, in all material respects, (or give a true and fair view of) the financial position of the Company as at 31 December, 2020 and (of) its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC), the Companies Act 1994 and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Our assessed key audit matters and how we addressed them are outlined below:

Risk	Our response to the risk
<p>Revenue: Revenue of BDT 154,643,285 is recognised in the Statement of Profit or Loss and Other Comprehensive Income of the Company. Revenue has increased by 29% since last year. This was an area of focus for our audit and significant audit effort was directed. Against this background, the proper application of the accounting standards is considered to be complex and to a certain extent based on estimates and assumptions made by management.</p> <p>There is also a risk that revenue may be overstated due to errors or fraud through manipulation or management bias. We focused on this area because of the significance of the interest income, income from investments and income from investment banking etc. in the financial statements.</p> <p>Refer to the note no. 23, 24, 25, 26, 27 & 28 to the financial statements.</p>	<p>Our audit procedures included obtaining our understanding of the process of interest income, income from portfolio managements, brokerage commission, income from investment, income from investment banking, ascertaining the balance and the interest charged over the financial year. Additionally, we performed the following:</p> <ul style="list-style-type: none"> We assessed the appropriateness of revenue recognition accounting policy in line with IFRS 15 Revenue from contracts with customers. Carried out cut-off testing to ensure the income was recognized in correct period. Reviewed the carrying balance of the total figure. Recalculated interest charged during the year. We also tested journal entries recognised to revenue focusing on unusual or irregular transactions. Performed walkthroughs to understand the adequacy and the design of the revenue cycle. We obtained sufficient audit evidence to conclude that the inputs and methodologies used for the determination of revenues are within a reasonable range and that policies were consistently applied by the management of the company.

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Risk	Our response to the risk
<p>Investments:</p> <p>The investment of LankaBangla Investments Limited comprises of investment in equity of non-listed company, investment in equity of strategic company, investment in bond, investment in listed securities, investment in FDR.</p> <p>Investment (long term and short term) BDT. 1,422,087,100 which increased during the year by 66% compared to last year, out of which long term investment increased by 38% and short term investment increased by 91% compared to last year.</p> <p>Investments in FDR are valued at BDT 331,603,125 which increased by 1558% compared to last year, representing 13% of total assets and 38% of total short term investment.</p> <p>Investments in bond introduced during the year are valued at BDT180,000,000 of which BDT 150,000,000 is long-term investment and BDT 30,000,000 is short-term investment.</p> <p>This was an area of focus for our audit and significant audit effort was directed.</p> <p>Refer to the note no. 6 & 10 to the financial statements.</p>	<p>Our audit procedures included updating our understanding of the business processes employed by the Company for accounting and valuing their investment portfolio.</p> <p>Additionally, we performed the following:</p> <ul style="list-style-type: none"> • Our audit approach was a combination of test of internal control and substantive procedures. • We confirmed financial statement assertions regarding investment- existence, completeness, right and obligation, valuation and allocation. • We obtained sufficient audit evidence to conclude that the inputs and methodologies used for the valuation of the investments are within a reasonable range and that valuation policies were consistently applied by the management of the company.
<p>Deferred tax Assets</p> <p>Deferred tax assets totalling to BDT 1,032,244 as at 31 December 2020. The company recognized deferred tax. Significant judgment is required in relation to measurement of deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.</p> <p>Refer to the note no. 20 to the financial statements.</p>	<ul style="list-style-type: none"> • We obtained an understanding, evaluated the design and tested the operational effectiveness of the key controls over the recognition and measurement of deferred tax assets and assumptions used in estimating future taxable income. • We also assessed the completeness and accuracy of the data used for estimation of future taxable income. • Finally, we assessed the appropriateness and presentation of disclosures against IAS 12 – Income Tax.
<p>Margin loan:</p> <p>Key among the current asset balance of LankaBangla Investments Limited comprises of margin loan provided to clients of BDT 842,700,065 which decreased by 26% compared to last year and representing 34% of total assets. This was an area of focus for our audit and significant audit effort was directed.</p> <p>As disclosed in note # 21.01 to the financial statements of the company as on 31 December, 2020 provision against unrealized loss on negative equity for the year 2020 has been kept amounting to BDT 83,636,135.85.</p> <p>We focused on this area because of the significance of the investments in the financial statements especially margin loan being the primary form of investments of such companies, and also the complexity of this area.</p> <p>Refer to the note no. 8, 21.01 to the financial statements.</p>	<p>Our audit procedures included obtaining our understanding of the process of issuing margin loan & ascertaining the loan balance and the interest charged over the financial year.</p> <p>Additionally, we performed the following:</p> <ul style="list-style-type: none"> • Reviewed the carrying balance of the total outstanding margin loans. • Our audit approach was a combination of test of internal control and substantive procedures. • We assessed the Margin loan during the year 2020 reduced as a consequence of negative liquidation, placements share sell & compare to buy there were more sell of shares. • We tested the calculations of provision for negative equity and checked the presentation and disclosure of investment in compliance with BSEC circular #SEC/CMRRCD/2009-193/196, dated- 28 December 2016, and circular# SEC/CMRRCD/2009-193/203) dated, 28 December 2017 and subsequent extension up to 2023 through press release on 16 July, 2020. • We obtained sufficient audit evidence to conclude that the inputs and methodologies used for the determination of margin loans are within a reasonable range and that policies were consistently applied by the management of the company.

Risk	Our response to the risk
<p>Gross Profit: Gross profit amounting to BDT 153,833,202 as at 31 December 2020. As disclosed in note # 29.01 to the financial statements of the company as on 31 December, 2020 Interest on term loan expense is waived as per Bangladesh Bank ref. no. DFIM(C) 1054/31/2019-2295 dated- 06 November, 2019 on second time restructure of loan facilities under agreement no. STLR012011010001. As a result, gross profit increased during the year.</p> <p>This was an area of focus for our audit and significant audit effort was directed.</p>	<ul style="list-style-type: none"> We obtained an understanding, evaluated the design and tested the operational effectiveness of the key controls over the gross profit. We obtained second time restructure of loan facilities and loan wave approved from Bangladesh Bank ref. no. DFIM(C) 1054/31/2019-2295 dated-06 November, 2019 on under agreement no. STLR012011010001.

Other Matter

There has been an outbreak of the global pandemic COVID-19 on 11 March 2020 which is a force majeure event, unique in nature and has divested the world and mankind. The surge of COVID-19 has negatively impacted almost all types of businesses across the world. During the year LBIL has taken margin loan provision facilities as per BSEC circular # SEC/CMRRCD/2009-193/196, dated 28 December 2016, and circular# SEC/CMRRCD/2009-193/203 dated, 28 December 2017 and subsequent extension up to 2023 through press release on 16 July, 2020. The COVID-19 global pandemic situation had a favourable impact on the Capital market trading well during the last 2 quarters of the financial year ended 2020. As a result, LBIL generated more investment income compared to previous year.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we will review the director's report in the annual report for the year ended 31 December, 2020, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations as explained in note #2 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.
- Taking into consideration the impact of the outbreak of the Coronavirus pandemic (Covid-19) and suggesting to the company to make any required financial adjustments & any relative disclosures to consider the view on the possible impacts of Covid-19

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

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

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

Report on other Legal and Regulatory Requirements:

In accordance with the Companies Act 1994, we also report the following:

- We have obtained 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;
- In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- The Statement of Financial Position and the Statement of Profit or Loss and Other Comprehensive Income dealt with by the report are in agreement with the books of account.

Firm Name:	Syful Shamsul Alam & Co. Chartered Accountants
Firm Registration No:	I/I/ICAB-2003(1)
Auditors Sign:	<i>A. Ameen</i>
Engagement Partner Name:	Ashraful Ameen, FCA
Enrolment No:	513
DVC Code:	2103160513AS504609
Dated:	16 March, 2021

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LANKABANGLA INVESTMENTS LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	31.12.2020 Taka	31.12.2019 Taka
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,333,586	6,654,155
Intangible assets	5	1,108,335	1,487,501
Investments	6	549,887,486	399,886,359
Deferred tax asset	20	1,032,244	-
Other non-current assets	7	1,207,363	3,213,090
Total non-current assets		556,569,014	411,241,105
Current assets			
Margin loan	8	842,700,065	1,144,011,826
Advances, deposits and prepayments	9.02	48,728,156	23,347,843
Investments	10	872,199,615	455,860,779
Accounts receivable	11	60,177,608	42,681,603
Cash and cash equivalents	12	115,087,453	132,779,100
Total current assets		1,938,892,897	1,798,681,152
TOTAL ASSETS		2,495,461,911	2,209,922,257
EQUITY AND LIABILITIES			
Equity			
Share capital	13	2,405,000,000	2,155,000,000
Retained earnings		(1,904,593,013)	(1,919,139,726)
Total equity		500,406,987	235,860,274
Liabilities			
Non current liabilities			
Term loan	14.00	1,636,575,450	1,696,575,450
Defined benefit obligations (gratuity)	15	-	-
Lease liability	16	423,774	2,086,402
Total non-current liabilities		1,636,999,225	1,698,661,852
Current liabilities			
Accounts payable	17	81,265,791	67,057,220
Term loan	18	60,040,000	60,025,000
Provision for current tax	19	9,738,273	4,949,042
Provision for margin loan & others	21	204,542,041	140,487,172
Other liabilities	22	2,469,595	2,881,696
Total current liabilities		358,055,699	275,400,130
Total liabilities		1,995,054,924	1,974,061,983
TOTAL EQUITY AND LIABILITIES		2,495,461,911	2,209,922,257


The annexed notes form an integral part of these financial statements.



Director



Director



Chief Executive Officer



Company Secretary

Signed as per our separate report of same date.

Place : Dhaka
Date: March 10, 2021

Syful Shamsul Alam & Co.
Syful Shamsul Alam & Co.
Chartered Accountants
DVC Code: 2103160513AS504609

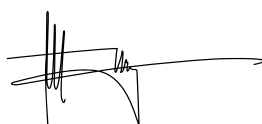
LANKABANGLA INVESTMENTS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 31 December 2020

	Notes	Jan- Dec'2020 Taka	Jan- Dec'2019 Taka
Revenue		154,643,285	119,918,196
Interest income	23	54,105,118	53,612,682
Income from portfolio managements	24	6,703,223	4,373,589
Brokerage commission/ settlement fees	25	5,488,927	7,433,153
Income from investment	26	29,576,725	23,551,476
Income from Investment Banking	27	25,583,301	10,744,710
Other operational income	28	33,185,990	20,202,586
Cost of services		810,083	101,634,523
Interest expenses	29	360,002	101,000,078
Other costs directly attributable to services	30	450,080	634,445
Gross profit/(Loss)		153,833,202	18,283,673
Other non-operational income	31	3,381,789	(1,104,544)
Operating expenses		57,202,777	79,242,500
Salary and allowances	32	39,187,069	50,267,873
Rent, insurance, utilities etc.	33	777,527	9,699,879
Legal & professional fees	34	1,883,535	1,925,069
Postage, stamp, telecommunication etc.	35	502,825	799,752
Stationery, printing, advertisement	36	574,428	444,493
Director fees and expenses	37	561,000	621,750
Audit fees	38	156,400	143,750
Repairs, maintenance and depreciation	39	5,269,989	7,476,469
Other expenses	40	8,290,003	7,863,465
Net Operating Income/(Loss)		100,012,214	(62,063,371)
Provisions for loans / investments		81,708,513	119,710,763
Provision for margin loan		83,636,136	116,083,141
Provision for diminution in value of investments		(3,627,623)	3,627,623
Provision for other assets		1,700,000	-
Profit before tax (PBT)		18,303,700	(181,774,134)
Income tax expense / (income)		3,756,987	3,092,857
Current tax expense / (income)	19.01	4,789,231	3,092,857
Deferred tax expense / (income)	20	(1,032,244)	-
Profit after tax (PAT)		14,546,713	(184,866,991)
Other comprehensive income/(expense), net of tax		-	-
Total comprehensive income		14,546,713	(184,866,991)
Earnings Per Share (EPS)	41	0.06	(0.86)

The annexed notes form an integral part of these financial statements.



Director



Director



Chief Executive Officer



Company Secretary

Signed as per our separate report of same date.

Place : Dhaka
Date: March 10, 2021

Syful Shamsul Alam & Co.
Syful Shamsul Alam & Co.
Chartered Accountants
DVC Code: 2103160513AS504609

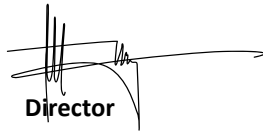
LANKABANGLA INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2020

Particulars	Share Capital	Retained Earnings	Total Equity
Balance at 01 January 2019	2,155,000,000	(1,734,272,735)	420,727,265
Issuance of Share Capital	-	-	-
Total comprehensive income for current period	-	(184,866,991)	(184,866,991)
Balance at 31 December 2019	2,155,000,000	(1,919,139,726)	235,860,274
Balance at 01 January 2020	2,155,000,000	(1,919,139,726)	235,860,274
Issuance of Share Capital	250,000,000	-	250,000,000
Total comprehensive income for current period	-	14,546,713	14,546,713
Balance at 31 December 2020	2,405,000,000	(1,904,593,013)	500,406,987

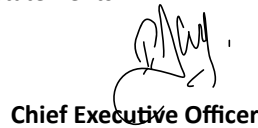
The annexed notes form an integral part of these financial statements.



Director



Director



Chief Executive Officer



Company Secretary

Place : Dhaka

Date: March 10, 2021

LANKABANGLA INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS

For the year ended December 2020

	2020 Taka	2019 Taka
A) Cash flows from operating activities		
Cash received from:		
- Fees and other income	32,025,749	24,409,415
- Repayment of staff loan	2,410,377	1,898,888
- Others	3,355,898	-
Cash paid for:		
- Rental expenses	-	(8,289,911)
- Interest payment for lease hold properties-office premises	(360,002)	(108,218)
- Advance for lease hold properties-office premises	-	(120,000)
- IT related expenses	(84,553)	(378,186)
- PF bank account	(2,908,680)	(3,862,493)
- Gratuity bank account	(461,710)	(1,678,889)
- Employees' salaries and allowances	(32,452,964)	(47,835,170)
- Staff loan	(685,000)	(2,205,877)
- Other operating expenses	(13,913,227)	(29,868,682)
Cash generated from operating activities before changes in operating assets and liabilities	(13,074,113)	(68,039,123)
Settlement with LankaBangla Securities Limited	180,720,149	476,868,048
Client deposits	838,755,378	187,344,414
Own portfolio investment	(100,400,000)	(176,920,000)
Client withdrawals	(658,208,845)	(262,276,976)
	260,866,682	225,015,487
Cash generated from operating activities	247,792,569	156,976,363
Income taxes paid-Corporate	-	-
Income taxes paid-Others	(1,324,464)	(910,151)
Net cash from operating activities	246,468,106	156,066,212
B) Cash flows from investing activities		
Proceeds from sale of own portfolio securities	50,280,000	135,675,000
Proceeds from sale of disposed assets	125,900	5,359,774
Dividend on own portfolio investment	14,258,979	2,503,113
Interest income on Fixed Deposits Receipt	6,424,489	8,658,036
Return for Non-allotted securities	47,886,877	22,035,004
Investment in Fixed Deposits Receipt	(505,000,000)	(481,830,921)
Investment in Bond	(180,000,000)	-
Encashment of Fixed Deposits Receipt	195,000,000	461,830,921
Advance for Right Shares	-	(4,956,280)
Advance for Bidding/Underwriting share	(79,950,062)	(24,515,000)
Procurement of property, plant and equipment	(524,885)	(2,150,276)
Net cash used in investing activities	(451,498,703)	122,609,372
C) Cash flows from financing activities		
Lease payment-office premises	(2,636,050)	(537,295)
Received as right issue	250,000,000	-
Loan received from MIDAS Financing Limited	-	160,000,000
Repayment of loan from MIDAS	-	(240,000,000)
Interest payment on Loan from MIDAS	-	(817,777)
Repayment of loan from LankaBangla Finance Limited	(60,000,000)	(186,496,772)
Interest/Charges payment on loan from LankaBangla Finance Limited	(25,000)	(167,140,895)
Net cash used in financing activities	187,338,950	(434,992,739)
D) Net increase/(decrease) in cash and cash equivalents (A+B+C)	(17,691,647)	(156,317,155)
E) Cash and cash equivalents at beginning of the year	132,779,100	289,096,256
F) Cash and cash equivalents at the end of the year	115,087,453	132,779,100

LANKABANGLA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1.00 Reporting entity

1.01 Company profile

LankaBangla Investments Limited (hereinafter referred to as “LBIL” or “the Company”) was incorporated in Bangladesh with the Registrar of Joint Stock Companies and Firms (RJSC) vide registration no. C 83568/10 dated 29 March 2010 as a private limited company under the Companies Act, 1994. Later on, the company converted itself into a public limited company with effect from 12 June 2013. The Company has obtained Merchant Banking license (registration certificate no. MB-57/2010) from the Bangladesh Securities and Exchange Commission on 2 January 2011. The registered office of the Company is at 20, Kemal Ataturk Avenue, Banani, Dhaka-1213; Besides the registered office, corporate address of the company is at Assurance Nazir Tower, 65/B, Level-6, Kemal Ataturk Avenue, Dhaka – 1213. This Company is a fully owned subsidiary of LankaBangla Finance Limited.

Currently the company has following licenses, Membership and legal approvals :

Sl No.	License/ Membership	Registration/ Membership No.	Date of issue	Issuing Authority	Renewed up to
1	Registration Number	C 83568/10	29 March 2010	Registrar of Joint Stock Companies and Firms (RJSC)	N/A
2	Trade License	0532513	07 July 2010	Dhaka South City Corporation (DSCC)	FY 2020-2021
3	Merchant Banking License	MB-57/2010	2 January 2011	Bangladesh Securities and Exchange Commission (BSEC)	N/A
4	Tax Identification Number (e-TIN)	383900505101	30 July 2013	National Board of Revenue (NBR)	N/A
5	VAT Registration Number (Online)	001115794-0202	29 March 2018	National Board of Revenue (NBR)	N/A
6	Membership of Dhaka Chamber of Commerce & Industries	01302	27 April 2013	Dhaka Chamber of Commerce & Industries (DCCI)	N/A
7	Membership of Bangladesh Merchant Bankers' Association (BMBA)	N/A	N/A	Bangladesh Merchant Bankers' Association (BMBA)	December 2020

1.02 Nature of business

As a full fledge merchant bank it's principal activities broadly classified as interest income and fee based services, such as underwriting of securities, issue management, register to issue, portfolio management, corporate advisory services etc.

2.00 Basis of preparation

2.01 Components of the financial statements

The financial statements comprise of :

- Statement of Financial Position as at 31 December 2020;
- Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020;
- Statement of Changes in Equity for the year ended 31 December 2020;
- Statement of Cash Flows for the year ended 31 December 2020; and
- Notes to the Financial Statements.

2.02 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), rules and regulations issued by Bangladesh Securities and Exchange Commission (BSEC) and Companies Act 1994. In case of any rules and regulations issued by Bangladesh Securities and Exchange Commission (BSEC) differs from those of other regulatory authorities, the rules and regulations issued by Bangladesh Securities and Exchange Commission (BSEC) shall prevail.

2.03 Disclosure of departure

The departures from IFRS in the financial statements for 31 December 2020 are stated below:

SI No.	Nature of Departure	Title of the IFRS	Treatment of the IFRS	Treatment adopted as per regulator	Financial or presentation effect of departure
1	Valuation of Investments in quoted and unquoted shares	IFRS 9 'Financial Instruments'	IFRS 9 requires all equity investments to be measured at fair value. At initial recognition an entity can make an irrevocable election to present in other comprehensive income subsequent changes in fair value of an investment in an equity instrument that is held for trading. In all other cases, investments in equity instruments measured at fair value are recognized through profit or loss.	As per FID circular No. 08 dated 03 August 2002 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 to align with parent company's adopted policy. Provision should be made for any loss arising from diminution in value of investment; however in case of any unrealized gain, no such gain can be recognized and investments are recognized at cost only. As per FID circular No. 08 dated 03 August 2002 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 to align with parent company's adopted policy. Provision should be made for any loss arising from diminution in value of investment; however in case of any unrealized gain, no such gain can be recognized and investments are recognized at cost only.	If the IFRS 9 would be followed value of investments presented would be higher by BDT 287,089,157 and the same figure would be for 'Unrealized Gain'. There is BDT 287,089,157 of unrealized gain(portfolio basis) as on 31 December 2020.
2	Provision for Margin Loan (Loans and receivables)	IFRS 9 'Financial Instruments'	An entity shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The objective of the impairment requirements is to recognise lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition - whether assessed on an individual or collective basis - considering all reasonable and supportable information, including that which is forward-looking. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, an entity shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. Expected credit losses are a probability-weighted estimate of credit losses (ie present value of all cash shortfalls) over the expected life of the financial instrument. For a financial asset, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.	* As per circular of Bangladesh Securities and Exchange Commission circular # SEC/CMRRCD/2009-193/196, dated 28 December 2016, and circular# SEC/CMRRCD/2009-193/203) dated, 28 December 2017 and subsequent extension up to 2023 through press release on 16 July, 2020 the required provisions against unrealised loss for the year 2020 has been kept.	As per the requirement of the BSEC circular LBIL kept only erosion of principal portion of Margin Loan as provision. As on 31 December 2020 provision on margin loan is amounting BDT 202,842,041.

2.04 Basis of accounting and measurement

The financial statements have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement and financial instruments at fair value through profit or loss.

2.05 Functional and presentation currency and level of precision

The financial statements are presented in Bangladesh currency Taka (Taka/Tk), that is the Company's functional currency. All financial information presented in Taka has been rounded to the nearest Taka.

2.06 Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to use 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.

2.07 Changes in significant accounting policies**2.07.1 Leases**

In the current year, the Company has applied IFRS 16 (as issued by the IASB in January 2016 that is effective for annual periods that begin on or after 1 January 2019).

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets.

The company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application (if any) is recognized in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

2.07.2 Impact of the new definition of a lease

The company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The company applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019. In preparation for the first-time application of IFRS 16, the company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the company.

2.07.3 Impact on lessee accounting

As a lessee, the company leases corporate office premises. IFRS 16 changes the rent expenses of office premises as follows-

(a) Recognises right-of-use assets and lease liabilities in Statement of Financial Position, initially measured at the present value of the future lease payments; i.e. these leases are on-balance sheet.

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in Statement of Profit and Loss and Other Comprehensive Income;

(c) Total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in Statement of Cash Flows.

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

On transition, for these leases, lease liabilities and Right-of-use assets were measured at the present value of the remaining lease payments, discounted at the incremental borrowing rate (weighted average), (see Note 2.11.4.1). Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

2.07.4 Financial Impact of the initial application of IFRS 16**2.07.4.1 Impact on transition**

On transition to IFRS 16, As Right of use of assets was equivalent to the lease liabilities at the date of initial application, no cumulative effect was necessary in retained earnings at the date of initial application. The impact on transition is summarized below.

Particulars	Amount in BDT
Right-of-use assets	5,379,747
Deferred tax asset	-
Lease liabilities	5,379,747
Retained earnings	-

When measuring lease liabilities for leases, the company discounted lease payments using its incremental borrowing rate. The weighted average rate applied is 10.18%.

2.07.4.2 Impact on Profit or Loss for the year ended 31 December 2020

Particulars	Amount in BDT
Increase in depreciation of right-of-use asset	2,708,159
Increase in finance costs	360,002
Decrease in Rent expenses	(2,996,049)
Increase/ (Decrease) in profit/(loss) for the year	(72,113)

2.08 Going concern

The Company has adequate resources to continue in operation for foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the accounts. The current credit facilities and resources of the Company provide sufficient funds to meet the present requirements of its existing businesses and operations.

2.09 Materiality and aggregation

Each material item as considered significant by management, has been presented separately in financial statements. No amount has been set off unless the Company has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards.

2.10 Consistency

In accordance with the IFRS framework for the presentation of financial statements together with IAS 1 and IAS 8, LankaBangla Investments Limited applies the accounting disclosure principles consistently from one period to the next. In case of selecting and applying new accounting policies, changes in accounting policies applied and correction of errors, the amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of IAS-8.

2.11 Contingent asset and contingent liability

The Company does not recognize any Contingent Asset and Contingent Liability. A contingent liability is a probable obligation that arises from the past events and whose existence will be confirmed by the occurrence of uncertain future events beyond the control of the Company or a present obligation that is not recognized because of outflow of resources is not likely or obligation cannot be measured reliably.

2.12 Books of account

The Company maintains its books of account for main business in Electronic Form through soft automation.

2.13 Reporting period

The financial period of the Company has been determined to be from 1 January to 31 December each period. These financial statements cover the period from 01 January 2020 to 31 December 2020.

2.14 Events after the Reporting Period

Where necessary, all the material events after the reporting period is considered and appropriate adjustments /disclosures is made in the financial statements in accordance with IAS 10 - Events After Balance Sheet Date.

2.15 Comparative figures

Comparative information has been disclosed in respect of the period ended 31 December, 2019 for all numerical data in the financial statements and also the narrative and descriptive information when it is relevant for better understanding of the current year's financial statements. Figures of the year 2019 have been rearranged whenever necessary to ensure comparability with the current period.

2.16 Directors' responsibility statement

The Board of Directors takes the responsibility for the preparation and presentation of these financial statements.

2.17 Date of authorization

The Board of Directors has authorized these financial statements for public issue on March 10, 2021

2.18 Corporate Accounting Standards Practiced

The following IAS's are applicable to the financial statement under review:

IAS	1	Presentation of Financial Statements
IAS	7	Cash Flow Statements
IAS	8	Accounting policies, Changes in Accounting Estimates and Errors
IAS	10	Events after the Balance Sheet Date
IAS	12	Income Taxes
IAS	16	Property, Plant and Equipment
IAS	19	Employee Benefit
IAS	23	Borrowing Costs
IAS	24	Related Party Disclosures
IAS	32	Financial Instrument: Presentation
IAS	33	Earnings per Share
IAS	37	Provisions, Contingent Liabilities and Contingent Assets
IAS	38	Intangible Assets
IFRS	9	Financial Instruments
IFRS	15	Revenue from Contracts with Customers
IFRS	16	Leases

3.00 Significant accounting policies

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

3.01 Recognition and measurement (PPE)

Items of property, plant and equipment are measured initially at cost and subsequently at cost less accumulated depreciation in compliance with International Accounting Standard (IAS) 16 Property, Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any direct cost for bringing the asset to its working condition for its intended use. Expenditures incurred after the assets have been put into use, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. Software and all upgradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

3.02 Subsequent costs of PPE

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the Statement of Profit or Loss and Other Comprehensive Income as incurred.

3.03 Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized in Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. For addition to property, plant and equipment, depreciation is charged from the month of capitalization and no depreciation is charged in the month of disposal. Land is not depreciated.

The rates at which property, plant and equipment are depreciated for current and comparative years are as follows:

<u>Category of assets</u>	<u>Rate of Depreciation</u>
Office equipment	33.33%
Furniture and fixture	15%
Motor vehicle	25%
Interior works immovable	42.86%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.04 Disposal of PPE

Gains and losses on disposal of an item of property, plant and equipment are to be determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment disposed off and are recognized net with "other non-operational income" in profit or loss.

3.05 Impairment of PPE

The carrying amounts of PPE are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognized in Statement of Profit or Loss and Other Comprehensive Income if the carrying amount of an asset exceeds its estimated recoverable amount. However, no such condition that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

3.06 Intangible assets

Intangible assets are to be initially recognized at cost including any directly attributable cost. Intangible assets that have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Intangible assets include software, integrated systems along with related hardware. Amortization is to be provided on a straight-line basis at 20% to write off the cost of intangible assets. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.07 Margin Loan

Margin loan represents outstanding loan balance provided to portfolio clients. Margin loan is provided as per the guidelines of Bangladesh Securities and Exchange Commission (BSEC). Margin loan is provided only against the purchase of marginable shares. Margin loan is created if a client purchases shares in excess of his own fund. Margin loan is presented in the financial statements as net of suspense (if any) created against the loan.

3.08 Financial instruments

Non-derivative financial instruments comprise investments in shares and FDRs, trade receivables, cash and cash equivalents, margin loans, share capital and interest - bearing borrowings.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have occurred indicating a negative effect on the estimated future cash flows from that asset. All impairment losses are recognized in Statement of Profit or Loss and Other Comprehensive Income.

3.09 Investment in FDRs (Fixed Deposit Receipts)

If the Company has the positive intent and ability to hold FDR to maturity, then such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

3.10 Advances, deposits and prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment or expenses. Deposits are measured at present value. Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to statement of comprehensive income.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and all cash deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.12 Other assets

Other assets include all balance sheet accounts not covered specifically in other areas of the supervisory activity and such accounts may be quite insignificant in the overall financial condition of the Company.

3.13 Share capital

Only ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary share are recognized as a deduction from equity, net of any tax effects.

3.14 Borrowings

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset and, therefore, should be capitalised. Other borrowing costs are recognised as an expense.

3.15 Employee benefits

The Company operates an recognized gratuity scheme, provision in respect of which is made periodically covering all its permanent eligible employees. This scheme is qualified as defined benefit plan. There is also a recognized provident fund for all permanent employees of the Company. This qualifies as defined contribution plan.

3.15.1 Defined contribution plans (provident fund)

Defined contribution plan is a post employment benefit plan under which the Company provides benefits to one or more employees. The recognized Employees Provident Fund is being considered as defined contribution plan as it meets the recognition criteria specified for this purpose. All permanent employees contribute 10% of their basic salary to the provident fund and the Company also makes equal contribution.

The Company recognizes contribution to defined contribution plan as an expense when an employee has rendered services in exchange for those contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

3.15.2 Defined benefit plans (gratuity)

Defined benefit plan is a retirement benefit plan under which amounts to be paid as retirement benefits are determined by reference to employees' earnings and/or year of services. The Company's obligation is to provide the agreed benefits to current employees as per condition of the fund.

The Company operates an funded gratuity scheme. Employees are entitled to get gratuity benefit at the following rates:

Year of Confirmed Services	% of entitlement
3 years and above but less than 4 years	50% of Last Basic Salary
4 years and above but less than 5 years	100% of Last Basic Salary
5 years and above	150% of Last Basic Salary

The actuarial valuation has yet been made to assess the adequacy of the liabilities provided for the scheme.

3.15.3 Group life insurance scheme and health insurance

The Company has a group life insurance scheme for all of its permanent employees. It has also a health insurance scheme for all of its permanent employees including their spouse and children.

3.15.4 Performance bonus/incentive

As per HR policy of the company, 8% of Net Profit After Tax (NPAT) will be provided for performance bonus/incentive and which will be distributed as per the criteria proposed by the management.

3.15.5 L B Foundation

As per group policy, company will contribute 1% of Net Profit After Tax (NPAT) to LB Foundaton for CSR.

3.16 Corporate Tax**3.16.1 Current tax**

Income tax expense is recognized in Statement of Profit or Loss and Other Comprehensive Income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The Company qualifies as a "Merchant Bank"; hence the applicable corporate tax rate is 37.50% as per the Finance Act 2020.

As per section 38(a) of ITO 1984, business loss of AY 2020-2021, amounting BDT 967,283,937 has been set off against the business income of 2020.

3.16.2 Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they are reversed, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized (IAS-12, Para-24). Deferred tax assets is reviewed at each reporting date and are reduced to the extent that it is probable that the related tax benefit will be realized.

3.16.3 Tax exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.17 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.18 Contingencies

Contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

3.19 Revenue recognition

As per IFRS 15 revenue is only recognised when it meets the following five steps model framework.

- a) identify the contract (s) with a customers;
- b) identify the performance obligations in the contract;
- c) determine the transaction price;
- d) allocate the transaction price to the performance obligations in the contract;
- e) recognise revenue when (or as) the entity satisfies a performance obligation.

Interest income from loans and other sources is recognised on an accrual basis of accounting.

3.19.1 Interest on margin Loan

Interest is charged on client's balance (due to LBIL) on daily basis at the applicable rate. Interest charged to margin loan that results to negative equity is not probable that the economic benefit associated with that portion will not flow to the company.

3.19.2 Portfolio management fee

Portfolio management fees are recognised on the market value of the clients' portfolio on monthly basis and charged to client's balance on quarterly basis. Management fee charged to a client that results to negative equity is not probable that the economic benefit associated with that portion will not flow to the company. Whenever the probability arises that the benefit will flow to the company this is recognized to income.

3.19.3 Settlement and transaction fees

Settlement and transaction fees/brokerage commission is recognised as income when selling or buying order are executed.

3.19.4 Dividend income

Dividend income on shares is recognised when the shareholder's right to receive payment is established.

3.19.5 Realized gain/(loss) on listed securities

Gain or loss arising from the sale of securities is accounted for only when the securities are sold/offloaded.

3.19.6 Income from investment banking

Investment banking services are associated with the underwriting commission, issue management fee, registrar to the issue fee and corporate advisory fee. Fees based income are recognised according to the stage of completion of services as agreed and defined in the respective agreement between company.

3.19.7 Earnings Per Share (EPS)

Earnings Per Share (EPS) is calculated by dividing total earnings available for ordinary share holders by weighted average number of shares outstanding for the year.

3.20 Statement of cash flows

The net cash flow from operating activities is determined for the year under direct method as per International Accounting Standard (IAS)- 7 Statement of Cash Flows.

3.21 Financial risk management

The company has provided in separate notes the information about the company's exposure to each of the following risks, the company's objectives, policies and processes for measuring and managing risks and the company's management of capital.

- ☐ Credit risk
- ☐ Liquidity risk
- ☐ Market risk

		31.12.2020 Taka	31.12.2019 Taka
4.00 Property, plant & equipment			
Cost			
Opening balance		12,820,820	32,685,124
Add: Addition during the year		404,631	7,037,418
		13,225,451	39,722,541
Less: Disposal during the year		284,481	26,901,721
		12,940,970	12,820,820
Less: Accumulated depreciation			
Opening balance		6,166,666	21,801,998
Add: Charged during the year		3,725,191	4,762,889
		9,891,857	26,564,887
Less: Adjustment on disposal		284,472	20,398,222
		9,607,385	6,166,665
		3,333,586	6,654,155
<i>A schedule of property, plant & equipment is given in Annexure-A.</i>			
5.00 Intangible assets			
Cost			
Opening balance		2,793,154	2,045,654
Add: Addition during the year		-	787,500
		2,793,154	2,833,154
Less: Disposal during the year		-	40,000
		2,793,154	2,793,154
Less: Accumulated amortization			
Opening balance		1,305,653	988,652
Add: Charged during the year		379,166	357,000
		1,684,819	1,345,652
Less: Adjustment on disposal		-	39,999
		1,684,819	1,305,653
		1,108,335	1,487,501
<i>A schedule of intangible assets is given in Annexure-B.</i>			
6.00 Long term investments in shares			
Investment in equity of non-listed company		30,000,000	30,000,000
Investment in equity of strategic company (Note-6.01)		369,887,486	369,886,359
Investment in Bond		150,000,000	-
		549,887,486	399,886,359
6.01 Investment in equity of strategic company			
	Particulars	Cost Price	Market Price as on 31 December 2020
	IT Sector	209,727,486	190,365,840
	Financial Institutions	160,160,000	340,234,400
		369,887,486	530,600,240
			160,712,754
7.00 Other non-current assets			
Non current portion:			
Advances (Note- 9.01)		1,002,863	3,008,590
Deposits (Note- 9.01)		204,500	204,500
		1,207,363	3,213,090
8.00 Margin loan			
Revolving margin loan to clients		842,700,065	1,144,011,826
		842,700,065	1,144,011,826
Margin loan refers to the amount provided by the company against shares bought by the clients.			
9.00 Advances, deposits and prepayments			
Advances	(Note-9.01 and 9.02)	49,462,853	26,155,522
Deposits	(Note- 9.01)	204,500	204,500
Prepayments	(Note- 9.01 and 9.02)	268,167	200,911
		49,935,520	26,560,933
9.01 Non current portion			
Advances			
Loan to employees		1,002,863	3,008,590
		1,002,863	3,008,590
Deposits			
Security deposit		204,500	204,500
		204,500	204,500
		1,207,363	3,213,090

		31.12.2020 Taka	31.12.2019 Taka		
9.02	Current portion				
	Advances				
	Loan to employees	342,066	815,958		
	Advance against expenses	1,110,000	22,940		
	Advance income tax	29,580,384	22,001,129		
	Advance for investment in IPO shares	17,398,000	306,904		
	Advance Salary	29,540	-		
		48,459,990	23,146,932		
	Prepayments				
	Prepayment against expenses	268,167	200,911		
		268,167	200,911		
		48,728,156	23,347,843		
9.02.01	Advance income tax				
	Opening balance	22,001,129	19,323,298		
	Add: Addition during the year	7,579,255	3,569,779		
		29,580,384	22,893,077		
	Less: Adjustment for prior year:				
	Assessment year 2019-2020	-	891,948		
		29,580,384	22,001,129		
	As assessment year 2019-2020 have been completed, so respective assessed amount has been reflected in the accounts in accordance with IAS 10.				
10.00	Investments				
	Listed securities (Note-10.01)	510,596,490	435,860,779		
	Fixed deposits receipts (FDRs) (Note-10.02)	331,603,125	20,000,000		
	Investment in Bond	30,000,000	-		
		872,199,615	455,860,779		
10.01	Investment in listed securities				
		Particulars	Cost Price		
		Market Price as on 31 December 2020	Unrealized Gain/(Loss)		
		Bank	88,228,998	71,001,500	(17,227,498)
		Cement	54,464,055	26,989,000	(27,475,055)
		Engineering	68,810,833	74,894,500	6,083,667
		Financial Institutions	8,160,675	12,220,000	4,059,325
		Food & Allied	13,707,348	8,599,500	(5,107,848)
		Fuel & Power	135,427,915	132,922,800	(2,505,115)
		Insurance	2,477,318	10,025,593	7,548,275
		Pharmaceuticals & Chemicals	128,157,080	287,666,700	159,509,620
		Services & Real EState	5,614,742	3,875,000	(1,739,742)
		Telecommunication	2,571,951	6,471,010	3,899,059
		Textile	2,957,810	2,159,768	(798,042)
		Travel & Leisure	17,764	147,522	129,757
			510,596,490	636,972,893	126,376,403
10.02	Fixed deposits receipts (FDRs)				
	LankaBangla Finance Limited	280,928,125	-		
	One Bank Limited	50,675,000	20,000,000		
		331,603,125	20,000,000		
11.00	Accounts receivable				
	Receivable from group entities (Note - 11.01)	1,920,936	-		
	Other receivables (Note - 11.02)	58,256,672	42,681,603		
		60,177,608	42,681,603		
11.01	Receivable from group entities				
	LankaBangla Securities Limited	1,920,936	-		
		1,920,936	-		

		31.12.2020	31.12.2019
		Taka	Taka
11.02 Other receivables			
Receivable from Investment Banking Services		14,990,326	12,154,783
Dividend Receivable-Clients' Portfolio		24,614,874	24,775,600
Interest Receivable		10,870,696	162,361
Interest Receivable-Bond		1,800,000	-
Dividend Receivable-Proprietary' Portfolio		5,980,775	5,488,859
Other Receivable		-	100,000
		58,256,672	42,681,603
12.00 Cash and cash equivalents			
Cash in hand		15,457	12,059
Cash at bank	(Note- 12.01)	115,071,996	132,767,041
		115,087,453	132,779,100
12.01 Cash at bank			
One Bank Limited		114,856,082	132,003,970
Standard Chartered Bank		215,914	763,071
		115,071,996	132,767,041
13.00 Share capital			
Authorized:		3,000,000,000	3,000,000,000
300,000,000 Ordinary shares of Tk 10 each			
Issued, subscribed and paid-up:			
240,500,000 Ordinary shares of Tk 10 each		2,405,000,000	2,155,000,000

As per 9th Extraordinary General Meeting (EGM) dated May 19, 2020, LankaBangla Investments Limited raised additional capital through issuance of 25,000,000 nos. of Ordinary Shares of Taka 10 each totaling Taka 250,000,000 in the form of Right Shares.

13.01 Particulars of shareholdings

The shareholding position at the date of statement of financial position was as follows:

Name of shareholders	December 2020			December-2019		
	Number of shares	Value of shares Taka	% of share holding	Number of shares	Value of shares Taka	% of share holding
LankaBangla Finance Limited	240,499,994	2,404,999,940	99.99999751%	215,499,994	2,154,999,940	99.99999722%
Mr. Mohammad A. Moyeen	1	10	0.00000042%	1	10	0.00000046%
Mr. Md. Abdullah Al Karim	1	10	0.00000042%	1	10	0.00000046%
Mr. Al-Mamoon Md. Sanaul Huq	1	10	0.00000042%	1	10	0.00000046%
Mr. Mahbubul Anam	1	10	0.00000042%	1	10	0.00000046%
Mr. Khwaja Shahriar	1	10	0.00000042%	1	10	0.00000046%
Mr. Mohammad Amir Hossain	1	10	0.00000042%	1	10	0.00000046%
	240,500,000	2,405,000,000	100%	215,500,000	2,155,000,000	100%

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and entitled to vote per share at meetings of the Company.

		31.12.2020 Taka	31.12.2019 Taka
14.00	Term loan		
	Opening balance	1,756,600,450	1,865,379,308
	Add: Addition during the year	40,000	25,000
		1,756,640,450	1,865,404,308
	Less: Paid during the year	60,025,000	108,803,858
		1,696,615,450	1,756,600,450
14.01	Term loan		
	Non-current portion of term loan	1,636,575,450	1,696,575,450
	Current portion of term loan	60,040,000	60,025,000
		1,696,615,450	1,756,600,450
15.00	Defined benefit obligations (gratuity)		
	Opening balance	-	-
	Add: Addition during the year	461,710	1,678,889
		461,710	1,678,889
	Less: Paid during the year	-	-
	Transferred to Gratuity Fund Account	461,710	1,678,889
		-	-
16.00	Lease liability (non-current portion)		
	Lease liability-Office premises	423,774	2,086,402
17.00	Accounts payable		
	Payable to clients (Note-17.01)	77,560,213	66,540,985
	Payable to group entities (Note - 17.02)	-	116,307
	Accrued expenses (Note - 17.03)	3,705,578	399,928
		81,265,791	67,057,220
17.01	Payable to clients		
	Client balance-Non-Discretionary	66,678,308	53,265,167
	Client balance-Discretionary	10,881,905	13,275,818
		77,560,213	66,540,985
17.02	Payable to group entities		
	LankaBangla Securities Limited	-	116,307
17.03	Accrued expenses		
	Audit fee	143,750	143,750
	CDBL charges	73,493	51,348
	Telephone and mobile payable	3,000	40,271
	Internet expenses payable	-	2,314
	Liabilities for Fixed Assets	-	131,208
	Payable for other expenses	2,210,279	31,037
	Incentive	1,275,057	-
		3,705,578	399,928
18.00	Current portion of term loan		
	LankaBangla Finance Limited (LBFL)	60,040,000	60,025,000
19.00	Provision for current tax		
	Opening balance	4,949,042	2,748,133
	Add: Provision made during the year (Note - 19.01)	4,789,231	3,092,857
		9,738,273	5,840,990
	Less: Adjustment for prior year:		
	Assesment year 2019-2020	-	891,948
		9,738,273	4,949,042
19.01	Tax expense		
	Current tax	4,789,231	3,092,857
	Deferred tax expense/(income)	(1,032,244)	-
		3,756,987	3,092,857

20.00 Deferred tax asset/liability

Deferred tax assets are arrived at as follows:

	Carrying amount on the date of statement of financial position Taka	Tax base Taka	(Taxable)/ deductible temporary difference Taka
Year: 2020			
Property, plant and equipment (Note: 4)	5,423,740	8,176,390	2,752,650
Temporary difference			2,752,650
Income tax rate			37.50%
Deferred tax assets (B)			1,032,244
Year: 2019			
Property, plant and equipment (Note: 4)	3,347,154	5,867,127	2,519,973
Temporary difference			2,519,973
Income tax rate			37.50%
Deferred tax asset (A)			944,990
Deferred tax income for 2020			1,032,244

As per IAS 12 Income Taxes, deferred tax asset/(income) is recognised for the year 2020 and no movement shown, since it was not recognised in comparative year 2019.

	31.12.2020 Taka	31.12.2019 Taka
21.00 Provision for margin loan & others		
Provision for margin loan (Note-21.01)	202,842,041	136,859,549
Provision for unrealized loss - own portfolio (Note-21.02)	-	3,627,623
Provision for other asstes (Note-21.03)	1,700,000	-
	204,542,041	140,487,172
21.01 Provision/suspense for negative equity		
Opening balance	136,859,549	83,475,187
Add: Provision during the period *	83,636,136	116,083,141
	220,495,685	199,558,328
Less: Write off during the period	17,653,645	62,698,779
Closing balance	202,842,041	136,859,549
LBIL kept provision against unrealised loss BDT 202,842,041 in line with the circular of Bangladesh Securities and Exchange Commission circular # SEC/CMRRCD/2009-193/196, dated 28 December 2016, and circular# SEC/CMRRCD/2009-193/203) dated, 28 December 2017 and subsequent extension up to 2023 through press release on 16 July, 2020.		
21.02 Provision for unrealized loss - own portfolio		
Opening balance	3,627,623	-
Add: Provision during the period *	-	3,627,623
	3,627,623	3,627,623
Less: Write off during the period	3,627,623	-
	-	3,627,623
21.03 Provision for other asstes		
Opening balance	-	-
Add: Provision during the period	1,700,000	-
	1,700,000	-
Less: Write off during the period	-	-
	1,700,000	-

As per IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", LBIL kept BDT 1,700,000 as provision for other assets against the doubtful account receivable based on prudence concept.

		31.12.2020	31.12.2019
		Taka	Taka
22.00 Other liabilities			
Deposit suspense account		425,340	112,568
Withholding tax payable	(Note-22.01)	222,246	133,078
Lease liability-Office premises	(Note- 22.02)	1,662,627	2,636,050
LB Foundation		159,382	-
		2,469,595	2,881,696
22.01 Withholding tax payable			
TDS from suppliers		3,711	4,063
TDS on professional fees		3,673	20,556
TDS payable on director fees		22,500	9,000
TDS from Rent		10,855	10,855
VAT payable on suppliers		10,088	3,671
VAT payable on professional fees		3,859	30,833
VAT Payable on Others		6,002	12,534
VAT payable on director fees		22,500	9,000
VAT Payable on Rent		32,566	32,566
TDS from Salary and Allowances		106,492	-
		222,246	133,078
22.02 Lease liability (current portion)			
Lease liability-Office premises		1,662,627	2,636,050

		Jan- Dec'2020 Taka	Jan- Dec'2019 Taka
23.00	Interest income		
	Interest on margin loan-Non-Discretionary	54,105,118	53,313,511
	Interest on margin loan-Discretionary	-	299,171
		54,105,118	53,612,682
24.00	Income from portfolio managements		
	Management Fees (Note-24.01)	6,703,223	4,373,589
24.01	Management Fees		
	Management fees-Non-Discretionary	5,975,404	3,078,322
	Management fees-Discretionary	727,819	1,295,268
		6,703,223	4,373,589
25.00	Brokerage commission/ settlement fees	5,488,927	7,433,153
26.00	Income from investment		
	Dividend income	18,315,582	7,377,091
	Realized gain/loss on listed securities	11,261,144	16,174,385
		29,576,725	23,551,476
27.00	Income from Investment Banking		
	Underwriting commission	515,410	313,306
	Issue management fees	10,097,500	2,500,000
	Registrar to the Issue fees	-	500,000
	Corporate advisory fees	14,970,391	7,431,404
		25,583,301	10,744,710
28.00	Other operational income		
	Documentation charges (Note-28.01)	7,000	46,000
	Gain on CDBL annual fees payment	152,600	263,800
	Gain on IP client dividend collection	17,515	16,300
	Client portfolio maintenance	2,198	2,651
	Income on excess margin loan from purchase power	33,165	374,140
	Comission on IPO application	1,690	7,665
	Interest income on STD balances	11,044,225	6,699,466
	Interest income on staff loan	360,802	614,903
	Interest Income on FDR	19,766,794	9,877,661
	Interest income on Bond	1,800,000	-
	Write off recovery	-	2,300,000
		33,185,990	20,202,586
28.01	Documentation charges		
	Documentation charges-Non-Discretionary	7,000	29,000
	Documentation charges-Discretionary	-	17,000
		7,000	46,000
29.00	Interest expenses		
	Interest on short term loan (Note- 29.01)	-	100,891,860
	Interest-Right of Use (ROU)-Office premises	360,002	108,218
		360,002	101,000,078
29.01	Interest on short term loan		
	Interest on short term loan (group entities)	-	100,530,472
	Interest on short term loan (Others)	-	361,388
		-	100,891,860
30.00	Other costs directly attributable to services		
	CDBL settlement transfer fee	444,080	628,445
	CDBL CDS connection fee	6,000	6,000
		450,080	634,445

	Jan- Dec'2020 Taka	Jan- Dec'2019 Taka
31.00 Other non-operational income		
Gain on disposal of fixed assets	25,891	(1,132,444)
Miscellaneous earnings	3,355,898	27,900
	3,381,789	(1,104,544)
32.00 Salary and allowances.		
Salary and allowances	35,997,368	46,657,738
Provident fund contribution	1,452,934	1,931,247
Gratuity fund	461,710	1,678,889
Incentive	1,275,057	-
	39,187,069	50,267,873
33.00 Rent, insurance, utilities etc.		
Office rent	-	8,088,903
Insurance premium	537,527	733,541
Utilities	240,000	877,435
	777,527	9,699,879
As per IFRS 16 Lease, BDT 2,996,052 shown as Office rent expense in the form of lease payment BDT 2,636,050 and interest expense on lease BDT 360,002 respectively.		
34.00 Legal and professional fees		
Regulatory fees	1,702,485	1,173,130
Membership and renewal fees	160,350	220,350
Other professional fees	20,700	531,589
	1,883,535	1,925,069
35.00 Postage, stamp, telecommunication etc.		
Postage and courier	18,215	31,005
Stamp charges	22,625	33,990
Telephone and mobile bill	427,439	531,247
Internet expense	34,546	203,510
	502,825	799,752
36.00 Stationery, printing, advertisement		
Printing	207,955	98,201
Stationery	31,973	73,768
Advertisement	34,500	103,693
Promotional expense	300,000	168,831
	574,428	444,493
37.00 Director fees and expenses	561,000	621,750
38.00 Audit fees	156,400	143,750
39.00 Repairs, maintenance and depreciation		
Repairs and maintenance (Note-39.01)	1,165,633	2,356,580
Depreciation (Note-4 & Annexure-A)	3,725,191	4,762,889
Amortization (Note-5 & Annexure-B)	379,166	357,000
	5,269,989	7,476,469
39.01 Repairs and maintenance		
Office maintenance	216,989	912,878
Office maintenance-supplier	480,955	416,744
Software maintenance fees	254,434	253,814
Vehicle maintenance	128,784	270,050
Cleaning	-	244,584
Fuel costs	84,471	258,510
	1,165,633	2,356,580

	Jan- Dec'2020 Taka	Jan- Dec'2019 Taka
40.00 Other expenses		
Travel and accommodation (Note- 40.01)	5,757,457	6,432,987
Training and business development (Note- 40.02)	160,629	298,397
Bank Charges	25,058	361,541
Excise Duty	334,000	-
Security expenses	-	492,000
Newspapers and journals	4,270	19,311
Other IT and telecommunication	229,582	239,717
Other expenses - own portfolio	2,625	2,712
Staff recruitment expense	-	1,300
Other fees and charges	32,000	15,500
Social Welfare	1,585,000	-
LB Foundation	159,382	-
	8,290,003	7,863,465
40.01 Travel and accomodation		
Conveyance	180,572	209,652
Traveling	5,576,885	6,177,509
Airfare	-	19,526
Per diem	-	14,500
Accommodation	-	11,800
	5,757,457	6,432,987
40.02 Training and business development		
Corporate conference	15,000	55,647
Training and development	100,629	212,750
Welfare	45,000	30,000
	160,629	298,397
41.00 Earning Per Share (EPS)		
Earning attributed to ordinary shareholders	14,546,713	(184,866,991)
Number of ordinary shares outstanding	240,500,000	215,500,000
	0.06	(0.86)

42 Related parties**42.01.01 Parent company**

LankaBangla Finance Limited has 99.9999618% shareholdings of the company. As a result, the controlling party of the company is LankaBangla Finance Limited.

42.01.02 Related party disclosures

During the period, the Company carried out a number of transactions with related parties in the normal course of business. The names of the related parties and nature of these transactions have been set out in accordance with the provisions of IAS 24: *Related Party Disclosures*.

Name of the party	Relationship with the entity	Nature of transaction	2020	2019
LankaBangla Finance Limited	Parent	Funding	60,000,000	186,496,772
		Interest expense	-	100,530,472
		LBIL Fixed Deposits Receipts	280,928,125	-
LankaBangla Securities Limited	Subsidiary of parent	Share trading settlement	181,143,685	473,522,697
		LBIL Portfolio	1,618,127	4,357
		LBSL Portfolio	9,100	229,550
LankaBangla Asset Management Company Limited	Subsidiary of parent	LBAML Portfolio	125	575

43 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The company has exposure to the following risks from its use of financial instruments:

- * Credit risk
- * Liquidity risk
- * Market risk

43.01 Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

43.02 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2020	2019
Margin loan	842,700,065	1,144,011,826
Investments	1,422,087,101	855,747,138
Receivable from group entities (LBSL)	-	-
Other receivables	58,256,672	42,681,603
Cash and cash equivalents	115,087,453	132,767,041
	2,438,131,291	2,175,207,608

43.03 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

43.04 Market risk

Market risk is the risk that any change in market prices, such as interest rates and capital market condition will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

44 Contingencies and commitments

There are no contingent assets or liabilities and unrecognized contractual commitments at the date of statement of financial position.

45 Number of employees

Particulars	2020	2019
No. of employees received Tk. 3,000 per month	-	-
No. of employees received more than Tk. 3,000 per month(including contractual)	29	36
	29	36

46 Capital expenditure commitment

There was no capital expenditure commitment as at 31 December 2020.

Annexure-A

LANKABANGLA INVESTMENTS LIMITED

SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2020

Particulars	Amount in Taka							Total
	Office equipment	Furniture and fittings	Motor vehicles	Interior work (movable)	Interior work (immovable)	Right of Use (ROU) Office premises		
Cost								
Balance at 1 January 2019	13,204,838	1,556,454	8,865,074	1,970,161	7,088,597	-	32,685,124	
Acquisition/addition during the period	491,433	-	-	-	1,166,238	5,379,747	7,037,418	
Disposal/adjustment	9,392,005	1,173,868	7,065,074	1,970,161	7,300,613	-	26,901,721	
Balance at 31 December 2019	4,304,266	382,586	1,800,000	-	954,222	5,379,747	12,820,820	
Balance at 1 January 2020	4,304,266	382,586	1,800,000	-	954,222	5,379,747	12,820,820	
Acquisition/addition during the period	303,274	101,357	-	-	-	-	404,631	
Disposal/adjustment	284,481	-	-	-	-	-	284,481	
Balance at 31 December 2020	4,323,059	483,943	1,800,000	-	954,222	5,379,747	12,940,970	
Accumulated depreciation								
Balance at 1 January 2019	10,653,411	1,146,190	5,448,092	1,970,130	2,584,176	-	21,801,998	
Depreciation for the year/period	1,945,638	79,698	972,815	31	1,179,461	585,245	4,762,889	
Disposal/adjustment	9,126,703	979,325	4,620,909	1,970,161	3,701,124	-	20,398,222	
Balance at 31 December 2019	3,472,345	246,563	1,799,999	-	62,513	585,245	6,166,666	
Balance at 1 January 2020	3,472,345	246,563	1,799,999	-	62,513	585,245	6,166,666	
Depreciation for the year/period	581,424	39,235	-	-	396,373	2,708,159	3,725,191	
Disposal/adjustment	284,472	-	-	-	-	-	284,472	
Balance at 31 December 2020	3,769,297	285,798	1,799,999	-	458,886	3,293,405	9,607,385	
Carrying amount								
At 1 January 2019	2,551,427	410,264	3,416,982	31	4,504,421	-	10,883,125	
At 31 December 2019	831,921	136,023	1	-	891,709	4,794,501	6,654,155	
Balance at 31 December 2020	553,762	198,145	1	-	495,336	2,086,342	3,333,586	

LANKABANGLA INVESTMENTS LIMITED

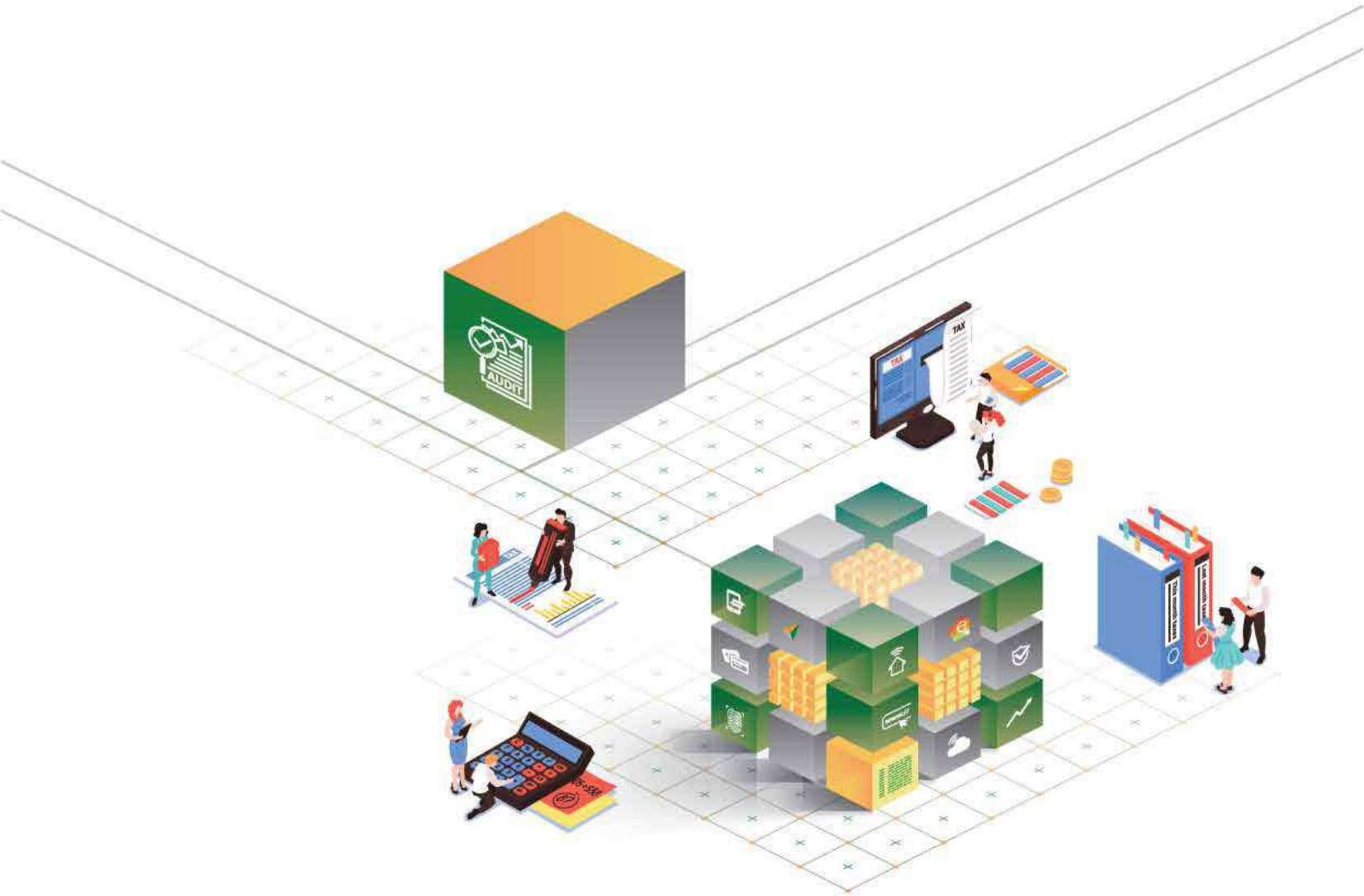
SCHEDULE OF INTANGIBLES

As at 31 December 2020

Annexure-B
Amount in Taka

Particulars	Intangible Assets	Total
Cost		
Balance at 1 January 2019	2,045,654	2,045,654
Acquisition/addition during the period	787,500	787,500
Disposal/adjustment	40,000	40,000
Balance at 31 December 2019	2,793,154	2,793,154
Balance at 1 January 2020	2,793,154	2,793,154
Acquisition/addition during the period	-	-
Disposal/adjustment	-	-
Balance at 31 December 2020	2,793,154	2,793,154
Accumulated amortisation		
Balance at 1 January 2019	988,652	988,652
Amortisation for the period	357,000	357,000
Disposal/adjustment	39,999	39,999
Balance at 31 December 2019	1,305,653	1,305,653
Balance at 1 January 2020	1,305,653	1,305,653
Amortisation for the period	379,166	379,166
Disposal/adjustment	-	-
Balance at 31 December 2020	1,684,819	1,684,819
Carrying amount		
At 1 January 2019	1,057,002	1,057,002
At 31 December 2019	1,487,501	1,487,501
Balance at 31 December 2020	1,108,335	1,108,335

AUDITED FINANCIAL STATEMENTS OF SUBSIDIARIES LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED



Independent Auditors' Report

To the Shareholders of

LankaBangla Asset Management Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LankaBangla Asset Management Company Limited (the Company), which comprise the Statement of Financial Position as at 31 December, 2020 and Statements of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December, 2020 and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC), the Companies Act 1994 and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk
<p>Investment and provision for diminution in value of investment</p> <p>The investment portfolio of the LankaBangla Asset Management Company Limited comprises investments in marketable ordinary shares of BDT 90,821,526 non-marketable ordinary shares of BDT 4,995,600, Investment in Term Deposit Receipt of BDT 200,000,000, Investment in Non-marketable mutual fund of BDT 20,000,000 and Strategic investments of BDT 613,848,464 in LankaBangla Securities Limited.</p> <p>Short term investments are valued at BDT 315,817,126 and represent 30.61% of total assets. This was an area of focus for our audit and significant audit effort was directed.</p> <p>Investments in quoted shares and unquoted shares are valued at actual cost. However, the company has provision for diminution in value of investment of BDT 11,913,523 for the current year as per FID circular no. 8 dated 3 August 2002.</p> <p>LBAMCL had a decrease in provision for diminution of share value, as market value of share has increased, for which LBAMCL had net profit despite having operating loss.</p> <p>We focused on this area because of the significance of the investments in the financial statements. and departure from the recognition and presentation criteria of IFRS 9, IFRS 7 & IAS 32 to comply the above circular of Bangladesh Bank for determining the valuation methodology and presentation to be applied by the management of the company.</p> <p>See notes 3.3, 6, 6.01, 10.01, 10.02, 10.03 & 10.04 to the financial statements.</p>	<p>Our audit procedures included updating our understanding of the business processes employed by the Company for accounting for, and valuing, their investment portfolio. Additionally, we performed the following:</p> <ul style="list-style-type: none"> • Obtained year-end share holding positions from the company and through directional testing assessed the completeness of the report. • Reviewed the assumptions used for the valuation models for any unquoted securities. • Recalculated unrealized gain or loss at the year end. • Carried out cut-off testing to ensure unrealized gain or loss was recognized in correct period. • Checked the subsequent position of this unrealized amount after the year end. • We obtained sufficient audit evidence to conclude that the inputs and methodologies used for the valuation of the investments are within a reasonable range. • We assessed the design and operating effectiveness of the Group's key controls supporting the identification, measurement and oversight of valuation risk of financial assets. • We verified the existence and legal ownership of equity investments by confirming investment holdings with Portfolio statement. • We tested the calculations of provision for diminution in value of investment and checked the presentation and disclosure of investment in compliance with FID circular no.8 dated 3 August 2002 issued by Bangladesh Bank.



UHY Syful Shamsul Alam & Co

Chartered Accountants

Risk	Our response to the risk
<p>Revenue</p> <p>Revenue of BDT 19,120,740 is recognized in the Statement of Profit or Loss and Other Comprehensive Income of the Company. Revenue has decreased by 27% since last year. This was an area of focus for our audit and significant audit effort was directed. Against this background, the proper application of the accounting standards is considered to be complex and to a certain extent based on estimates and assumptions made by management.</p> <p>There is also a risk that revenue may be overstated due to errors or fraud through manipulation or management bias. We focused on this area because of the significance of the interest income, income from investments and income from management fee in the financial statements.</p> <p>Refer to the note no. 24, 25, 26 & 27 to the financial statements.</p>	<p>Our audit procedures included obtaining our understanding of the process of interest income, income from portfolio managements, brokerage commission, income from investment, income from investment banking, ascertaining the balance and the interest charged over the financial year.</p> <p>Additionally, we perform the following:</p> <ul style="list-style-type: none"> • Carried out cut-off testing to ensure the income was recognized in correct period. • Reviewed the carrying balance of the total figure. • Recalculated interest charged during the year. • Our audit approach was a combination of test of internal control and substantive procedures. • We also tested journal entries recognized to revenue focusing on unusual or irregular transactions. • Performed walkthroughs to understand the adequacy and the design of the revenue cycle. • We obtained sufficient audit evidence to conclude that the inputs and methodologies used for the determination of revenues are within a reasonable range and that policies were consistently applied by the management of the company.

Other Matter

There was an outbreak of the global pandemic COVID-19 on 11 March 2020, which is a force majeure event, unique in nature and has divested the world and mankind. The surge of COVID-19 has negatively impacted almost all types of business across the world. The global pandemic had a favorable impact on the Capital market trading well during the last 2 quarters of the financial year ended 2020. As a result, the provision for diminution in value of investments has been decreased significantly by the Company, as shown in note # 22. Changes in the remuneration policies (affecting the notes no- 3.8, 7, 21, 23 & 30), Deferred tax assets (affecting the notes no-8), Leases (affecting the notes no-2.10, 2.10.1, 2.10.2, 2.10.3, 2.10.4, 2.10.4.1, 2.10.4.2, 4, 16, 16.01, 16.02, 20, 20.01, 20.02, 28 & 31 and Annexure-A to the financial statements), are the significant effects that took place due to COVID-19.

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we will review the director's report in the annual report for the year ended 31 December, 2020, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws as explained in note # 2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

UHY Syful Shamsul Alam & Co

Chartered Accountants

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.
- Taking into consideration the impact of the outbreak of the coronavirus pandemic (Covid-19) and suggesting to the company to make any required financial adjustments and any relative disclosures to consider the view on the possible impacts of covid-19.

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

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

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

Report on other Legal and Regulatory Requirements:

In accordance with the Companies Act 1994, we also report the following:

- 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;
- in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- The Statement of Financial Position and the Statement of Profit or Loss and Other Comprehensive Income dealt with by the report are in agreement with the books of account.

Firm Name:	Syful Shamsul Alam & Co. Chartered Accountants
Firm Registration No:	I/I/ICAB-2003(1)
Auditors Sign:	<i>A. Ameen</i>
Engagement Partner Name:	Ashraf Ameen, FCA
Enrolment No:	513
DVC Code:	2103160513AS542885
Dated:	16 March, 2021

LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	Amount In Taka	
		31-Dec-2020	31-Dec-2019
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	7,992,712	13,009,612
Intangible assets	5	419,344	679,219
Investments (Long Term)	6	613,848,464	813,886,283
Long term loan to employees	7	466,636	866,644
Deferred tax assets	8	1,153,505	785,522
Total Non-Current Assets		623,880,660	829,227,279
Current Assets			
Advances, deposits and prepayments	9	20,743,929	20,026,227
Investments (Current Term)	10	315,817,126	138,974,670
Accounts receivable	11	38,844,480	11,742,746
Cash and cash equivalents	12	32,457,073	5,831,433
Total Current Assets		407,862,608	176,575,076
TOTAL ASSETS		1,031,743,269	1,005,802,355
EQUITY AND LIABILITIES			
Equity			
Share capital	13	942,951,000	900,000,000
Share money deposit	14	-	42,951,000
Retained earnings	15	8,224,822	6,242,762
Total Equity		951,175,822	949,193,762
Liabilities			
Non-Current Liabilities			
Lease liability (Non- current portion)	16	1,679,676	2,285,891
Total Non-Current Liabilities		1,679,676	2,285,891
Current Liabilities			
Accounts payable	17	285,709	236,558
Payable to clients	18	48,985,463	4,964,992
Provision for current tax	19	12,393,296	12,235,763
Lease liability (Current portion)	20	4,801,274	7,915,482
Payable to gratuity fund	21	283,958	112,652
Provision for diminution in value of investments	22	11,913,523	26,084,657
Other liabilities	23	224,547	2,772,598
Total Current Liabilities		78,887,771	54,322,701
Total Liabilities		80,567,447	56,608,593
TOTAL EQUITY AND LIABILITIES		1,031,743,269	1,005,802,355



Director



Director



Chief Executive Officer



Company Secretary

Place : Dhaka
Dated: 10 March 2021

Syful Shamsul Alam & Co.
Syful Shamsul Alam & Co.
Chartered Accountants
DVC Code: 2103160513AS542885

LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	Amount In Taka	
		2020	2019
Revenue			
Income from unit fund operation	24	14,489,556	14,052,540
Income from IPM service	25	2,963,271	3,156,560
Interest income	26	6,461,796	107,150
Income from investment	27	(4,793,883)	8,952,207
Total Revenue		19,120,740	26,268,457
Cost of Services			
Interest expenses	28	938,803	1,494,006
		938,803	1,494,006
Gross Profit/(Loss)		18,181,937	24,774,451
Other non-operating income	29	1,280,000	344,355
		1,280,000	344,355
Operating Expenses			
Salary and allowances	30	19,519,712	24,830,227
Rent, taxes, insurance, electricity etc.	31	731,222	921,689
Legal and professional fees	32	661,888	-
Postage, stamp, telecommunication etc.	33	259,077	295,839
Stationery, printing, advertisement	34	89,514	137,414
Directors' fees & expenses	35	316,800	359,200
Audit fees	36	110,400	97,750
Repairs, maintenance and depreciation	37	7,971,560	9,700,636
Other expenses	38	2,201,288	2,321,509
Total Operating Expenses		31,861,461	38,664,265
Net Operating Income/(Loss)		(12,399,524)	(13,545,459)
Provision for Investment			
Provision for diminution in value of investments	22	(14,171,134)	26,084,657
Profit Before Tax (PBT)		1,771,610	(39,630,116)
Income Tax Expense/(Income)		(210,450)	699,727
Current tax expense/(income)		157,533	132,104
Deferred tax expense/(income)		(367,983)	567,622
Profit After Tax (PAT)		1,982,060	(40,329,843)
Other comprehensive income, net of tax		-	-
Total Comprehensive Income		1,982,060	(40,329,843)
Earnings Per Share	39	0.02	(0.47)



Director



Director



Chief Executive Officer



Company Secretary

Place : Dhaka
Dated: 10 March 2021

Syful Shamsul Alam & Co.
Syful Shamsul Alam & Co.
Chartered Accountants
DVC Code: 2103160513AS542885

LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

Particulars	Share Capital	Share Money Deposit	Retained Earnings	Total Equity
	Taka	Taka	Taka	Taka
Balance as at 01 January 2019	500,000,000	429,701,000	46,572,605	976,273,605
Share Money Deposit	-	13,250,000	-	13,250,000
Issue of share capital	400,000,000	(400,000,000)	-	-
Total comprehensive income	-	-	(40,329,843)	(40,329,843)
Adjustment in Retained Earnings	-	-	-	-
Balance as at 31 December 2019	900,000,000	42,951,000	6,242,762	949,193,762
Changes in Equity for 2020				
Share money deposit	-	-	-	-
Issue of share capital	42,951,000	(42,951,000)	-	-
Total comprehensive income	-	-	1,982,060	1,982,060
Adjustment in Retained Earnings	-	-	-	-
Balance as at 31 December 2020	942,951,000	-	8,224,823	951,175,823



Director



Director



Chief Executive Officer



Company Secretary

Place : Dhaka

Dated: 10 March 2021

LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Amount In Taka	
	2020	2019
Cash Flows from Operating Activities		
Interest received	4,032,629	107,150
Dividend received	1,177,968	7,262,746
Received from fund operation	15,839,517	14,336,106
Other non-operational income	1,197,000	311,405
Paid to employees	(15,316,508)	(20,087,562)
PF & GF bank account	(2,581,116)	(5,322,426)
Income taxes paid	(32,013)	(40,783)
Paid for other operating expenses	(9,202,879)	(8,507,339)
Cash Generated from Operating Activities before changes in operating assets and liabilities	(4,885,401)	(11,940,703)
Increase/(decrease) in Operating Assets & Liabilities		
Settlement with LankaBangla Securities Ltd.	64,364,852	(302,656,331)
Client deposits	(42,807,543)	271,426,645
Advance & Prepayment	(284,433)	(365,553)
Total Increase/(Decrease) in Operating Assets & Liabilities	21,272,877	(31,595,239)
Net Cash used in Operating Activities	16,387,476	(43,535,942)
Cash Flows from Investing Activities		
Investments in securities	(40,160,510)	(14,385,730)
Investments in TDR	(200,000,000)	-
Proceeds from sale of fixed assets	20,000	32,664
Proceeds from sale of securities	256,189,500	-
Acquisition of intangible assets	-	(750,000)
Net Cash from Investing Activities	16,048,990	(15,103,066)
Cash Flows from Financing Activities		
Proceed from share money deposit	-	13,250,000
Repayment of lease finance	(5,810,826)	(6,598,056)
Net Cash from Financing Activities	(5,810,826)	6,651,944
Net increase in Cash and Cash Equivalents	26,625,640	(51,987,064)
Opening Cash & Cash Equivalents	5,831,433	57,818,497
Closing Cash & Cash Equivalents	32,457,073	5,831,433
Closing Cash & Cash Equivalents include:		
Cash in hand	8,670	10,707
Dhaka Bank Limited	5,596,588	305,145
Standard Chartered Bank	22,358	17,184
One Bank Limited	26,829,457	5,498,396
	32,457,073	5,831,433



Director



Director



Chief Executive Officer



Company Secretary

Place : Dhaka
Dated: 10 March 2021

LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1 Company and its activities

1.1 Legal status of the company

LankaBangla Asset Management Company Limited (herein after referred to as "LBAMCL" or "the company") was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration # C-67738(289)/2007 dated July 16, 2007 as a private limited company under the Companies Act, 1994. Later on, the company converted itself into a public limited company with effect from 12 February 2018. It got license from Bangladesh Securities and Exchange Commission (BSEC) on June 24, 2012 vide registration code: SEC/Asset Manager/2012/17 to operate as a full-fledged asset management company. It also received registration certificate from BSEC on December 20, 2016 vide registration number: AIFM-06/2016 to act as an Alternative Investment Fund Manager. The address of the company's registered office at Safura Tower (11th Floor), 20, Kemal Ataturk Avenue, Banani, Dhaka - 1213. The company is a subsidiary of LankaBangla Finance Limited.

1.2 Principal activities of the company

The principal activities of the company include the following:

- a. Mutual fund management service for retail and institutional clients;
- b. Institutional portfolio management service;
- c. Alternative investment fund management service;
- d. Corporate advisory service etc.

2 Basis of preparation of financial statements

2.1 Components of the financial statements

The financial statements comprise of :

- a) Statement of Financial Position as at 31 December 2020;
- b) Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020;
- c) Statement of Changes in Equity for the year ended 31 December 2020;
- d) Statement of Cash Flows for the year ended 31 December 2020; and
- e) Notes to the Financial Statements.

2.2 Statement of compliance

The financial statements have been prepared in accordance with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

2.3 Basis of accounting and measurement

The financial statements have been prepared on the historical cost basis, and therefore, do not take into consideration the effect of inflation. The accounting policies, unless otherwise stated, have been consistently applied by the company and are consistent with those of the previous year.

2.4 Functional currency

The financial statements are presented in Bangladesh Taka (BDT/Taka/Tk.) currency, which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest Taka.

2.5 Use of estimates and judgments

The preparation of these financial statements in conformity with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) requires management 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 estimates are revised and in any future periods affected thereby.

2.6 Going concern

The Company has adequate resources to continue in operation for foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the accounts. The current credit facilities and resources of the Company provide sufficient funds to meet the present requirements of its existing businesses and operations.

2.7 Reporting period

The financial period of the Company has been determined to be from 01 January to 31 December each period. These financial statements cover the period from 01 January 2020 to 31 December 2020.

2.8 Cash flow statement

Statement of cash flows is prepared principally in accordance with "IAS 7: Cash Flow Statement" and the cash flow from operating activities have been presented under Direct Method as required by the Securities and Exchange Rules 1987 and considering the provision "Enterprises are Encouraged to Report Cash Flow from Operating Activities using the Direct Method".

2.9 Corporate Accounting Standards Practiced

The following IAS's are applicable to the financial statement under review:

IAS	1	Presentation of Financial Statements
IAS	7	Cash Flow Statements
IAS	8	Accounting policies, Changes in Accounting Estimates and Errors
IAS	10	Events after the Balance Sheet Date
IAS	12	Income Taxes
IAS	16	Property, Plant and Equipment
IAS	19	Employee Benefit
IAS	23	Borrowing Costs
IAS	24	Related Party Disclosures
IAS	32	Financial Instrument: Presentation
IAS	33	Earnings per Share
IAS	37	Provisions, Contingent Liabilities and Contingent Assets
IAS	38	Intangible Assets
IFRS	9	Financial Instruments
IFRS	15	Revenue from Contracts with Customers
IFRS	16	Leases

3 Significant accounting policies

3.1 Property, plant & equipment

3.1.1 Recognition and measurement (PPE)

Tangible fixed assets are accounted for according to "IAS 16: Property, plant and equipment". Items of property, plant and equipment are measured at cost or revaluation less accumulated depreciation. The cost of acquisition of an asset comprises its purchase price and any direct attributable cost of bringing the assets to its working condition for its intended use. Expenditure incurred after the assets have been put into use, such as repairs and maintenance is normally charged off as revenue expenditure in the year in which it incurs. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the assets, the expenditure is capitalized as an additional cost of the assets.

3.1.2 Depreciation

Depreciation is calculated using 'Straight Line Method' at the following rates so as to write off the assets over their expected useful life. Depreciation is charged based on the month of the year of acquisition while no depreciation is charged in the month of disposal.

Rates of depreciation of assets considering their useful lives are as follows:

<u>Category of assets</u>	<u>Rate of Depreciation</u>
Furniture & Fixtures	15%
Office equipment	20%
Computer Equipment	33%
Electric Equipment	20%
IT Equipment	33%
Motor Vehicle	20%

3.2 Intangible Assets

Intangible assets are measured at cost less accumulated amortization and accumulated impairment loss, if any. Intangible assets are recognized when all the conditions for recognition as per IAS 38: Intangible Assets are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

3.2.1 Amortization

Amortization is calculated using straight line basis over the estimated useful lives of intangible assets, from the month that they are available for use. The estimated amortization rate is as follows:

<u>Category of assets</u>	<u>Rate of Amortization</u>
Computer Programs (Software)	33%

3.3 Investment

Investment in securities is measured at cost.

3.4 Revenue recognition

a. Mutual fund management fee is recognised on accrual basis. Such income is calculated considering average weekly Net Asset Value of the fund.

The company charges management fee on the fund managed by them which is paid to the company on semi-annual or annual basis. The annual rates of management fee on weekly average Net Asset Value are as follows:

Weekly Average Net Asset Value at market price	Rate
1 - 50,000,000	2.50%
50,000,000- 250,000,000	2.00%
250,000,000 - 500,000,000	1.50%
500,000,000 & Over	1.00%

b. Mutual Fund formation fee is recognised as mentioned in the published prospectus of the fund approved by Bangladesh Securities & Exchange Commission (BSEC).

c. Institutional portfolio management fees are recognised on the weighted average NAV at market price of the client's portfolio on daily accrual basis.

d. Interest income is calculated on a time proportion basis.

e. Dividend income is recognized on the declaration of dividend and subsequently approved in the Annual General Meeting.

f. Gain/losses arising on sale of investment are included in the statement of comprehensive income on the day at which transaction takes place.

3.5 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and with banks on current and deposit accounts and short term investments which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same.

3.6 Taxation**3.6.1 Current Tax**

The Company has made income tax provision for quarter concerned as per Finance Act 2020 and also in compliance with International Accounting Standards -12 (IAS-12: Income Taxes).

3.6.2 Deferred Tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they are reversed, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized (IAS-12, Para-24). Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.7 Provisions

As per "IAS 37: Provisions, Contingent Liabilities and Contingent Assets" a provision is recognized on the date of statement of financial position if, as a result of past events, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.8 Employee benefits**a. Provident fund**

The company operates a contributory provident fund for its permanent employees. All permanent employees contribute 10% of their basic salary to the provident fund and the company also makes equal contribution.

b. Gratuity

The company has an funded gratuity scheme for all eligible employees who have completed minimum 03 (three) years of confirmed service with the company. Employees are entitled to gratuity benefit at the following rates:

Year of confirmed services	% of entitlement
3 years and above but less than 4 years	50% of last one month basic salary for each completed year
4 years and above but less than 5 years	100% of last one month basic salary for each completed year
5 years and above	150% of last one month basic salary for each completed year

3.9 Contingencies

Contingencies arising from claim, litigation assessment, fines, penalties etc. are recorded when it is probable that a liability has been incurred and the amount can be measured reliably in accordance with "IAS 37: Provisions, Contingent Liabilities and Contingent Assets".

3.10 Earnings Per Share

This has been calculated in compliance with the requirements of "IAS 33: Earnings Per Share" by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

3.11 Basic earnings

This represents earnings for the period attributable to the ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit for the period has been considered as fully attributable to ordinary shareholders. Basic earnings per share have been calculated by dividing the net profit or loss by the number of ordinary shares outstanding during the period.

3.12 Comparative figures

Comparative figures and account titles in the financial statements have been rearranged/reclassified where necessary to conform

with changes in presentation in the current year.

	Amount In Taka	
	31-Dec-2020	31-Dec-2019
4.00 Property, plant and equipment		
Cost		
Opening balance	30,947,753	17,561,433
Addition during the year	2,090,402	13,622,467
	33,038,155	31,183,900
Adjustment / (Disposal) during the year	(81,443)	(236,147)
Closing balance	32,956,712	30,947,753
Less: Accumulated depreciation		
Opening balance	17938141.24	9,050,811
Charged during the year	7,107,303	9,108,013
	25,045,444	18,158,824
Adjustment / (Disposal) during the year	(81,443)	(220,683)
Closing balance	24,964,001	17,938,141
Carrying amount	7,992,712	13,009,612

A schedule of property, plant and equipments is given in **Annexure-A**

5.00 Intangible assets		
Cost		
Opening balance	4,502,908	3,715,408
Addition during the year	-	787,500
	4,502,908	4,502,908
Adjustment / (Disposal) during the year	-	-
Closing balance	4,502,908	4,502,908
Less: Accumulated amortization		
Opening balance	3,823,689	3,715,408
Charged during the year	259,875	108,281
	4,083,564	3,823,689
Adjustment / (Disposal) during the year	-	-
Closing balance	4,083,564	3,823,689
Carrying amount	419,344	679,219

A schedule of intangible assets are given in **Annexure-B**

6.00 Investments (Long Term)		
Strategic equity investment (Note:6.01)	613,848,464	813,886,283
	613,848,464	813,886,283

6.01 Strategic equity investment

Particulars	No. of Shares	Cost Price	Market Price
LankaBangla Securities Limited	11,645,775	613,848,464	N/A
	11,645,775	613,848,464	-

7.00 Long term loan to employees

Staff transport loan	466,636	866,644
	466,636	866,644

8.00 Deferred tax assets

Deferred tax has been calculated based on deductible / taxable temporary difference arising due to difference in the carrying amount of the assets / liabilities and its tax base in accordance with the provision of International Accounting Standards (IAS)-12 : Income Taxes.

Particulars	Carrying Amount at December 31, 2020	Tax Base	(Taxable)/ Deductible temporary difference
Property, plant and equipment	9,062,676	12,327,966	3,265,289
Gratuity	283,958	-	283,958
Total	9,346,634	12,327,966	3,549,247
Applicable Tax Rate			32.5%
Deferred tax asset as on December 31, 2020			1,153,505
Deferred tax asset as on December 31, 2019			785,522
Deferred tax income for the year			(367,983)

		Amount In Taka	
		31-Dec-2020	31-Dec-2019
9.00	Advances, Deposits and Prepayments		
	Advances (Note-9.01)	17,851,872	17,123,287
	Deposits (Note-9.02)	2,772,000	2,772,000
	Prepayments (Note-9.03)	120,057	130,940
		20,743,929	20,026,227
9.01	Advances		
	Advance income tax	17,383,414	16,531,423
	Advance for expenses	68,450	191,856
	Staff transport loan (Current Portion)	400,008	400,008
		17,851,872	17,123,287
9.02	Deposits		
	Security deposit - Office Rent	2,664,000	2,664,000
	Security deposit - Lease Finance	108,000	108,000
		2,772,000	2,772,000
9.03	Prepayments		
	Prepayment for insurance	120,057	130,940
		120,057	130,940
10.00	Investments (Current Term)		
	Investment in listed securities (Note : 10.01)	90,821,526	138,405,630
	Investment in non listed securities (Note : 10.02)	4,995,600	569,040
	Investment in TDR (Note : 10.03)	200,000,000	-
	Investment in non marketable mutual fund (Note : 10.04)	20,000,000	-
		315,817,126	138,974,670
10.01	Investments in listed securities		
	Particulars	Cost Price	Market Price as on 31.12.2020
	IT Sector	79,527,781	60,669,000
	Pharmaceuticals & Chemicals	350,073	381,000
	Insurance	1,712,780	1,968,593
	Engineering	2,441,528	3,152,131
	Travel & Leisure	37,300	309,756
	Telecommunication	6,243,848	12,152,819
	Textile	508,216	274,704
		90,821,526	78,908,003
			(11,913,523)
10.02	Investment in non listed securities		
	Particulars	No. of Shares	Cost Price
	Index Agro Industries Limited	72,400	4,995,600
		72,400	4,995,600
			-
10.03	Investment in TDR		
	TDR with LankaBangla Finance Ltd.	200,000,000	-
		200,000,000	-
	This amount represents investment made in TDR at LankaBangla Finance Ltd.		
10.04	Investment in non marketable mutual fund		
	Investment in LB Gratuity Opportunities Fund	20,000,000	-
		20,000,000	-
	This amount represents investment made in non marketable mutual fund of LB Gratuity Opportunities Fund.		
11.00	Accounts receivable		
	Interest receivable	2,016,668	-
	Dividend receivable	921,022	1,340,393
	Receivable from LankaBangla Investments Ltd.	125	575
	Receivable from LankaBangla Securities Ltd.	26,553,512	3,169,873
	Receivable from LankaBangla 1st Balanced Unit fund	3,914,432	3,750,079
	Receivable from LankaBangla Al-Arafah Shariah Unit Fund	2,697,410	2,797,874
	Receivable from LB Gratuity Wealth Builder Fund	135,000	25,000
	Receivable from LankaBangla 1st PE Fund	50,000	50,000
	Receivable from LB Gratuity Opportunities Fund	2,556,311	608,953
		38,844,480	11,742,746
12.00	Cash and cash equivalent		
	Cash in hand	8,670	10,707
	Cash at Bank (Note: 12.01)	32,448,403	5,820,726
		32,457,073	5,831,433

		Amount In Taka	
		31-Dec-2020	31-Dec-2019
18.00	Payable to clients		
	Client positive balance - Maximizer	48,343,776	1,595,881
	Client positive balance - Prudent	641,687	3,369,111
		48,985,463	4,964,992
	These amount represents year end positive balance at clients' account.		
19.00	Provision for current tax		
	Opening balance	12,235,763	12,103,659
	Add: Provision made during the year	157,533	132,104
		12,393,296	12,235,763
	Less: Adjustment during the year	-	-
	Closing balance	12,393,296	12,235,763
20.00	Lease liability (Current portion)		
	Lease liability-Vehicles Note: 20.01	1,062,359	1,123,241
	Lease liability- Office premises Note: 20.02	3,738,916	6,792,241
		4,801,274	7,915,482
20.01	Lease liability-Vehicles		
	Opening balance	1,123,241	989,610
	Add: Transfer from non-current portion	138,924	133,631
		1,262,165	1,123,241
	Less: Paid during the year	(199,806)	-
	Closing balance	1,062,359	1,123,241
20.02	Lease liability- Office premises		
	Opening balance	6,792,241	-
	Add: Transfer from non-current portion	454,413	6,792,241
		7,246,654	6,792,241
	Less: Paid during the year	(3,507,738)	-
	Closing balance	3,738,916	6,792,241
21.00	Payable to gratuity fund		
	Opening balance	112,652	2,939,725
	Add: Provision made during the year	1,306,233	624,968
		1,418,884	3,564,693
	Less: Transferred to gratuity fund	(1,134,926)	(3,452,041)
	Closing balance	283,958	112,652
22.00	Provision for diminution in value of investments		
	Opening balance	26,084,657	-
	Add: Provision made during the year	-	26,084,657
		26,084,657	26,084,657
	Less: Adjustment during the year	(14,171,134)	-
	Closing balance	11,913,523	26,084,657
	Provision was kept as there was a difference between the cost Price and market price.		
23.00	Other liabilities		
	Withholding Tax Payable	126,947	174,759
	Withholding VAT payable	97,599	80,741
	Salary & related expenses payable	-	67,098
	Payable to LankaBangla Finance Limited	-	2,450,000
		224,547	2,772,598

		Amount In Taka	
		2020	2019
24.00	Income from unit fund operation		
	Management fee - Unit Fund	13,400,456	14,052,540
	Formation fee - Unit Fund	1,089,100	-
		14,489,556	14,052,540
25.00	Income from IPM service		
	Management fee - Maximizer	2,554,747	2,614,869
	Management fee - Prudent	408,524	541,691
		2,963,271	3,156,560
26.00	Interest income		
	Interest on Fixed Deposit Receipt (FDR)	6,141,667	-
	Interest on Short Term Deposit (STD) account	320,129	107,150
		6,461,796	107,150
27.00	Income from investment		
	Net income on sale of securities	(5,846,905)	(123,776)
	Dividend income	1,053,022	9,075,983
		(4,793,883)	8,952,207
28.00	Interest expenses		
	Interest on loan	-	-
	Interest on lease (Note-28.01)	938,803	1,494,006
		938,803	1,494,006
28.01	Interest on lease		
	Lease liability-Vehicles	231,160	364,208
	Lease liability- Office premises	707,643	1,129,798
		938,803	1,494,006
29.00	Other non-operational income		
	Income from office space rent	1,260,000	315,000
	Gain on disposal of fixed asset	20,000	17,200
	Miscellaneous earnings	-	12,155
		1,280,000	344,355
30.00	Salary and allowances		
	Salary and allowances	17,573,919	23,270,067
	Provident fund contribution	639,561	935,192
	Gratuity fund	1,306,233	624,968
		19,519,712	24,830,227
31.00	Rent, taxes, insurance, electricity etc.		
	Office rent	-	-
	Insurance premium	290,487	299,902
	Utility expenses	440,735	621,787
		731,222	921,689
32.00	Legal and professional fees		
	Legal and professional fees	661,888	-
		661,888	-
33.00	Postage, stamp, telecommunication etc.		
	Postage and courier	105	70
	Stamp charges	3,175	15,240
	Telephone and mobile bill	255,797	280,529
		259,077	295,839
34.00	Stationery, printing & advertisement		
	Printing and stationery	60,764	120,164
	Advertisement	28,750	17,250
		89,514	137,414
35.00	Directors' fees & expenses		
	Directors' fees & expenses	316,800	359,200
		316,800	359,200
36.00	Audit fees		
	Audit fees	110,400	97,750
		110,400	97,750

		Amount In Taka	
		2020	2019
37.00	Repairs, maintenance and depreciation		
	Repairs and maintenance	53,758	11,842.00
	Software maintenance	550,625	472,500
	Depreciation	7,107,303	9,108,013
	Amortization	259,875	108,281
		7,971,560	9,700,636
38.00	Other expenses		
	Training, Seminar and Meeting	-	14,200
	Regulatory fees and charges	-	120,771
	Membership & Annual fee	189,000	179,000
	Registration & License fee	15,425	37,420
	Conveyance	45,133	27,234
	Travelling expenses	-	14,007
	Data connectivity charge	86,100	86,100
	Computer accessories	12,970	14,850
	Fuel expenses	242,210	289,949
	Vehicle maintenance / registration	188,920	246,862
	Office Cleaning and maintenance	452,818	470,423
	Entertainment expense	139,391	254,168
	Bank charges and others	23,076	28,468
	Other fees & charges	323,578	134,632
	CDBL fee	-	500
	Share Bidding Fee	32,000	15,000
	Newspaper & periodicals	6,560	19,056
	Educational expenses reimbursement	12,781	53,812
	Security Services	198,001	202,500
	Overtime allowance	23,750	13,100
	Excise duty	35,000	14,650
	Miscellaneous	174,575	84,809
		2,201,288	2,321,509
39.00	Earnings Per Share (EPS)		
	Earning attributable to ordinary shareholders	1,982,060	(40,329,843)
	Weighted average number of ordinary shares outstanding	91,859,249	85,199,210
	Earnings Per Share (EPS)	0.02	(0.47)

40.00 Related party disclosure

During the period, the company carried out a number of transactions with related parties in the normal course of business. The names of the related parties and nature of these transactions have been set out in accordance with the provisions of IAS 24 : Related Party Disclosures.

			Amount in Taka	
Name of the Party	Relationship	Nature of transaction	2020	2019
LankaBangla Finance Limited	Parent	TDR	200,000,000	-
LankaBangla Investments Ltd.	Subsidiary of Parent	Strategic Investment & Others	125	575
		Rental income	1,260,000	315,000
LankaBangla Securities Ltd.	Subsidiary of Parent	Investment in Securities	26,553,512	3,169,873

41.00 Events after reporting period

There are no events after reporting period

LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED

SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2020

Annexure-A

Amount in Taka

Particulars	COST			Rate (%)	DEPRECIATION			Written down value as at 31.12.2020
	Balance as at 01.01.2020	Addition during the period	Adjustment / (Disposal) during the period		Balance as at 01.01.2020	Charged during the period	Adjustment / (Disposal) during the period	
Freehold Assets:								
Furniture & Fittings	7,746,307	-	-	15	4,406,175	1,085,913	-	2,254,219
Office Equipment	1,850,685	-	-	20	1,350,371	351,837	-	148,477
Computer Equipment	1,365,647	-	(81,443)	33	1,323,440	42,207	(81,443)	-
Electric Equipment	170,406	-	-	20	128,846	20,870	-	20,690
IT Equipment	1,202,241	-	-	33	1,198,517	3,724	-	-
Sub-Total	12,335,286	-	(81,443)	-	8,407,349	1,504,551	(81,443)	2,423,386
Leasehold Assets:								
Right of Use Asset- Motor Vehicle	4,990,000	-	-	20	3,243,500	998,000	-	748,500
Right of Use Asset- Office Premises	13,622,467	2,090,402	-	-	6,287,292	4,604,751	-	4,820,826
Sub-Total	18,612,467	2,090,402	-	-	9,530,793	5,602,751	-	5,569,326
Total:	30,947,753	2,090,402	(81,443)	-	17,938,141	7,107,303	(81,443)	7,992,712
As at 31 December 2019								
Particulars	COST			Rate (%)	DEPRECIATION			Written down value as at 31.12.2019
	Balance as at 01.01.2019	Addition during the year	Adjustment / (Disposal) during the period		Balance as at 01.01.2019	Charged during the year	Adjustment / (Disposal) during the year	
Freehold Assets:								
Furniture & Fittings	7,778,027	-	(31,720)	15	3,332,726	1,089,705	(16,256)	3,340,132
Office Equipment	1,854,685	-	(4,000)	20	1,002,090	352,281	(4,000)	500,314
Computer Equipment	1,566,074	-	(200,427)	33	1,232,551	291,315	(200,427)	42,207
Electric Equipment	170,406	-	-	20	107,976	20,870	-	41,560
IT Equipment	1,202,241	-	-	33	1,129,967	68,550	-	3,724
Sub-Total	12,571,433	-	(236,147)	-	6,805,311	1,822,721	(220,683)	3,927,937
Leasehold Assets:								
Right of Use Asset- Motor Vehicle	4,990,000	-	-	20	2,245,500	998,000	-	1,746,500
Right of Use Asset- Office Premises	-	13,622,467	-	-	-	6,287,292	-	7,335,174
Sub-Total	4,990,000	13,622,467	-	-	2,245,500	7,285,292	-	9,081,674
Total:	17,561,433	13,622,467	(236,147)	-	9,050,811	9,108,013	(220,683)	13,009,612

Annexure-B

LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED

SCHEDULE OF INTANGIBLE ASSETS

As at 31 December 2020

Particulars	COST			Rate (%)	AMORTIZATION				Written down value as at 31.12.2020
	Balance as at 01.01.2020	Addition during the period	Adjustment / (Disposal) during the period		Balance as at 31.12.2020	Charged during the period	Adjustment / (Disposal) during the period	Balance as at 31.12.2020	
Computer Programs (Software)	3,715,408	-	-	3,715,408	33	-	-	3,715,408	-
Software	787,500	-	-	787,500	33	259,875	-	368,156	419,344
Total:	4,502,908	-	-	4,502,908	-	259,875	-	4,083,564	419,344

As at 31 December 2019

Particulars	COST			Rate (%)	AMORTIZATION				Written down value as at 31.12.2019
	Balance as at 01.01.2019	Addition during the year	Adjustment / (Disposal) during the year		Balance as at 31.12.2019	Charged during the year	Adjustment / (Disposal) during the year	Balance as at 31.12.2019	
Computer Programs (Software)	3,715,408	-	-	3,715,408	33	-	-	3,715,408	-
Software	-	787,500	-	787,500	33	108,281	-	108,281	679,219
Total:	3,715,408	787,500	-	4,502,908	-	108,281	-	3,823,689	679,219

Dividend Distribution policy of LankaBangla Mutual Funds

Corporate Office

Praasad Trade Centre (4th Floor),
6 Kemal Ataturk Avenue,
Banani C/A, Dhaka-1213
Phone: +88 02 222274219-21
Fax: +88 02 222276159

Registered Office

Safura Tower (Level 11)
20 Kemal Ataturk Avenue,
Banani C/A, Dhaka-1213.
Phone: +88 02 222283701-10
Fax: +88 02 58810998

1. PREAMBLE

1.1. Introduction

LankaBangla Asset Management Company Limited (LBAMCL) is an emerging asset management company in Bangladesh. It is a 99.99% subsidiary of LankaBangla Finance Limited, one of the leading providers of financial services in Bangladesh. LBAMCL was incorporated with the Registrar of Joint Stock Companies (RJSC) vide registration no. C-67738(289)/2007 dated 16 July 2007 under the companies Act, 1994. It received its license from Bangladesh Securities and Exchange Commission (hereinafter referred to as the 'Commission' or 'BSEC') on June 24, 2012 vide registration code: SEC/Asset Manager/2012/17 to operate as a full-fledged asset management company.

From a broad view, LBAMCL manages funds as per the regulation of BSEC. LBAMCL's fund management service includes management of Mutual Fund, Alternative Investment fund, Discretionary Corporate Portfolio and management of Provident & Gratuity Fund.

1.2. Purpose

This Dividend Distribution Policy (this 'Policy') has been formulated by LankaBangla Asset Management Company Limited (hereinafter referred to as the 'Asset Manager') to lay down the criteria and parameters that are to be considered by:

- the Board of Trustee of the mutual fund(s) while deciding on the declaration of Dividend from time to time,
- the Asset Manager of the mutual fund(s) while deciding on the manner in which the Company will disburse/distribute the dividend to the unit holders.

This Policy is applicable to dividend declared/recommended on the units of any scheme of LankaBangla Mutual Funds.

1.3. Scope of the Policy

This Policy is aimed at meeting the expectations of the unit holders by giving the unit holders the scope of taking better investment decisions with a knowledge of whether or not their expectations will be effectively met by the trustee/ issuer. In this manner, this Policy is designed to bridge any gap between the expectations of the unit holders and the ideology of the trustee/issuer in respect of the payment of dividend and establish a balance between the dual objectives of appropriately rewarding unit holders through dividends and retaining profits so that a healthy reserve is maintained to support future growth.

1.4. Amendment of the Policy

This Investment Policy will be amended, revised, refined, and readjusted as and when necessary to accommodate the changes in the Capital Markets condition, government policy, BSEC Regulations/Directives/Orders. For this purpose, the Asset Manager will review this policy at least annually and make necessary amendment.

2. LEGAL FRAMEWORK

Bangladesh Securities and Exchange Commission vide its Directive, "BSEC/CMRRCD/2021-386/03", dated January 14, 2021, has directed the stock exchange(s), the depository, the issuer of listed & OTC securities and the issuer or the asset manager or the trustee of any scheme of a mutual fund to formulate a Dividend Distribution Policy and publish in its annual reports and official website.

3. EFFECTIVE DATE

This Policy shall become effective immediately.

4. APPLICABILITY

- 4.1. This Policy will be applicable in respect of distribution of annual/interim dividend(s) of LankaBangla Mutual Funds declared by the board of trustee of the fund(s).
- 4.2. This Policy will not apply in the following cases:
 - a. Determination and/or calculation of dividend on any scheme of any mutual fund.
 - b. Determination, declaration and/or disbursement of dividend on any scheme(s) or fund(s) other than mutual fund(s) managed by the Asset Manager.

5. DIVIDEND DISTRIBUTION

- 5.1. Dividend declaration and disbursement for any mutual fund(s) will be in accordance with the applicable provisions of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা ২০০১, along with the relevant Rules and Directives framed time to time and the opinion of the board of trustee of the fund(s).
- 5.2. The board of trustee may declare annual or interim dividend;
- 5.3. Minimum 70 (seventy) percent of realized income of any mutual fund will be distributed as final dividend in cash (Bangladeshi Taka) or as Cumulative Investment Plan (CIP), based on investors' preference; only at the end of each accounting year.
- 5.4. The Annual or Interim Dividend on any scheme of a mutual fund shall be paid off/disbursed by the Asset Manager of the Fund to entitled unit-holders within 45 (forty-five) days of approval by the board of trustee.
- 5.5. The fund(s) shall create a dividend equalization reserve to ensure consistency in dividend.
- 5.6. Cash dividend shall be distributed in the following manner and procedures, namely: -
 - 5.6.1. Within 10 days of declaration of cash dividend by the board of trustee of a fund, an amount equivalent to the declared cash dividend payable for the concerned year shall be kept in a separate bank account of the fund, dedicated for this purpose.
 - 5.6.2. The Asset Manager shall pay off cash dividend directly to the bank accounts of the entitled unit holders as available in the BO account maintained with the depository participant (DP), or the bank accounts as provided by the unit holders in paper form, through Bangladesh Electronic Fund Transfer (BEFTN):
Provided that the Asset Manager may pay off such cash dividend through bank transfer or any electronic payment system as recognized by Bangladesh Bank, if not possible to pay off through BEFTN

- 5.6.3 The Asset Manager, in case of non-availability of bank account information or not possible to distribute cash dividend through BEFTN or any electronic payment system, shall issue cash dividend warrant and shall send it by post to the unit holder(s);
- 5.6.4 The Asset Manager shall pay off cash dividend to non-resident unit holder(s) or foreign portfolio investor (FPI) through the security custodian in compliance with the rules or regulations in this regard;
- 5.6.5 The Asset manager immediately after disbursement of cash dividend and issuance of a certificate of tax deducted at source, if applicable, shall intimate to the unit holders through a short message service (SMS) to the mobile number or email address as provided by the unit holders;
- 5.6.6 The Asset Manager shall maintain detailed information of unpaid or unclaimed dividend and rationale thereof, as per BO account number-wise or name wise or folio number-wise of the unit holders; and shall also disclose the summary of aforesaid information in the annual report and shall also report in the statements of financial position (quarterly/annually) as a separate line item 'Unclaimed Dividend Account':

Provided that the Asset Manager shall publish the year wise summary of this unpaid or unclaimed dividend in the website:

Provided further that any unpaid or unclaimed dividend including accrued interest (after adjustment of bank charge, if any) thereon, if remains, shall be transferred to a separate bank account of the Asset Manager as maintained for this purpose, within 1 (one) year from the date of declaration or approval, as the case may be.

- 5.7 The Asset Manager shall submit Dividend Distribution Compliance Report to the Commission, Trustee and Custodian in a specified format provided in Annexure-A of BSEC Directive No. BSEC/CMRRCD/2021-386/03 within 7 (seven) working days of completion of dividend distribution:

Provided that the Asset Manager shall publish the compliance report in its website.

- 5.8 The issuer/fund(s)/Asset Manager shall not forfeit any unclaimed cash dividend till the claim becomes barred by the law of land in force.
- 5.9 If any cash dividend remains unpaid or unclaimed or unsettled including accrued interest (after adjustment of bank charge, if any) thereon for a period of three years from the date of declaration or approval or record date, as the case may be, shall be transferred by the issuer/Asset Manager to the Fund as directed or prescribed by the Commission:

Provided that if any unit holder claims his cash dividend after transfer of such dividend to the Fund, within 15 (fifteen) days of receiving such claim, the Asset Manager shall, after proper verification of the claim shall pay off such cash dividend to the claimant in accordance with the provisions and procedures as directed or prescribed by the Commission.

- 5.10 The Asset Manager shall maintain detailed information of BO account, bank account, mobile phone number, email and address of the unit holders at least once in a year.

6. DISCLOSURE

This Policy will be disclosed in the annual report and on the official website of the Asset Manager, as required under the relevant Regulations and Directives.

7. POLICY REVIEW

The Asset Manager may change or modify this Policy from time to time in pursuance of any regulations, directives or any amendment made by the Commission or any other relevant law, for the time being in force.

8. DISCLAIMER

This document does not solicit investments, nor is it an assurance of guaranteed returns (in any form) for investments in the mutual funds.

COMMUNICATION TO SHAREHOLDERS

LankaBangla Finance Limited is listed in both the bourses of the country. Investors can monitor the ticker in the name of LANKABAFIN in both DSE and CSE. Any price sensitive information is disseminated timely. Annual Report of the company summarizes the company's financial performance and provides an overview of the company's major activities. The annual report is duly submitted to Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange & Chittagong Stock Exchange in timely manner. Each stockholder is sent copy of the report before AGM. Annual Report, Quarterly Reports and Supplements to the reports are available on the company's website, www.lankabangla.com or copies are available with the Board Secretariat at LankaBangla Finance Limited.

On top of the above information, the company makes available each material information or achievement to the shareholders through the company's web portal. For additional information about the subsidiary companies and the financials, the investors can visit our web portals, www.lankabangla.com.

Redressal of Investors' complaint

Investor Relations Department of LankaBangla Finance Limited always gives extreme priority in mitigating investors' complaints (if any) regarding any inconvenience. Investors can approach to Investor Relations Department with a complaint or can make an email at company's designated e-mail id for investor relations at ir@lankabangla.com. An Investor can make a written complaint to LankaBangla Finance Limited also. Upon receipt of the complaint, designated cell at LankaBangla takes immediate steps to resolve the complaint.



ADDITIONAL INFORMATION

[Financial Highlights](#)

[Financial Reports](#)

[Price Sensitive Information](#)

[Notice For Shareholder](#)

[Share Trading Information](#)



Safura Tower (Level-11), 20, Kemal Ataturk Avenue
Banani, Dhaka-1213. Phone: (880-2) 222283701-10
Fax: (880-2) 58810998, E-mail: info@lankabangla.com

Proxy Form

I/ We
of
being a shareholders of LankaBangla Finance Limited do hereby appointment Mr./Mrs.....
of
(or failing) Mr./ Mrs.
of
and vote on my/our behalf at the 24th Annual General Meeting of the Shareholders of LankaBangla Finance limited to be held on April 29, 2021 at 11:00 a.m. using digital platform meeting link (<https://lankabanglafinance.bdvirtualagm.com>) at any adjournment thereof or any ballot to be taken in consequence thereof.

Signed this day of April, 2021

(Signature of the proxy)

Revenue
Stamp
Tk. 20/-

Signature of shareholder (s)

BO ID No.

No. of shares being held

Note

- ▶ The "Proxy Form", duly filled, signed and stamped at BDT 20.00 must be sent through email at share.lbfl@lankabangla.com not later than 48:00 hours before commencement of the AGM.
- ▶ Signature of the Shareholders should agree with the Specimen signature registered with the Company.



Corporate Head Office
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