

“পুঁজিবাজারে বিনিয়োগ ঝুঁকিপূর্ণ। জেনে ও বুঝে বিনিয়োগ করুন”

ABRIDGED VERSION OF RIGHTS SHARE OFFER DOCUMENT



LANKABANGLA FINANCE LIMITED

Date: October 31, 2017

ISSUE SIZE

Rights Offer of **159,125,470** Ordinary Shares of **Tk.10.00** each issuing at **Tk.10.00** at par amounting to **Tk.1,591,254,700.00** offered on the basis of **1R:2** (i.e. One Rights Share against Two existing shares held on the record date)

RECORD DATE FOR ENTITLEMENT OF RIGHTS OFFER

Record Date	November 26, 2017	
Date of Subscription	Opens on	Closes on
	December 17, 2017	January 14, 2018
Within banking hours both days inclusive		

MANAGERS TO THE ISSUE



AFC CAPITAL LIMITED

Saiham Sky View Tower (11th Floor), Old 45 Bijoy Nagar, Dhaka-1000.

New 195 Shaheed Nazrul Islam Soroni, Ramna, Dhaka-1000

Tel: +88-02-8392371; +88-02-8392372

E-mail: capital.afc@gmail.com

Website: www.afccl.asia

FULLY UNDERWRITTEN BY

MIDAS Investment Limited MIDAS Center (10 th & 11 th Floor), House#05, Road # 16 (New) 27 (old), Dhanmondi, Dhaka-1209. E-mail: hafiz@mfl.com.bd	AFC Capital Limited Saiham Sky View Tower (11 th Floor), Old 45 Bijoy Nagar, Dhaka-1000. New 195 Shaheed Nazrul Islam Soroni, Ramna, Dhaka-1000 Tel: +88-02-8392371; +88-02-8392372 E-mail: capital.afc@gmail.com Website: www.afcl.asia
Banco Finance and Investment Limited Baitul View Tower (11 th Floor), 56/1, Purana Paltan (opposite of Baitul Mukarram Masjid), Dhaka-1200, Bangladesh Tel: 57164192, 57164075 E-mail: banco.bd@gmail.com Website: www.bfilbd.org	Citizen Securities & Investment Limited Al-Razi Complex, Suite # G-802, (8 th Floor), 166-167, Shaheed Syed Nazrul Islam Sarani, Purana Paltan, Dhaka-1000. Tel: +88-02- 9514542, 9515439 E-mail: ceo@citizensecurities.com Website: www.citizensecurities.com
CAPM Advisory Limited Tower Hamlet (9 th Floor), 16, Kemal Ataturk Avenue, Banani C/A, Dhaka-1213. Tel: +88-02-9822391-2 E-mail: contact@capmadvisorybd.com Website: capmadvisorybd.com	

AUDITORS' INFORMATION

ACNABIN Chartered Accountants BDBL Bhaban (Level-13), 12 Kawran Bazar Commercial Area Dhaka-1215, Bangladesh. Telephone: (+88-02) 8144347 to 52; Fax: (+88-02) 8144353 E-mail: acnabin@bangla.net; Web: www.acnabin.com

DISCLAIMER

As per provision of the Depository Act, 1999 and regulation made there under, Rights Share shall only be issued in dematerialized condition. An applicant must apply for allotment of rights shares mentioning his/her Beneficiary Owner (BO) Account number in the application form.

SPECIAL NOTE

Please read the ROD carefully which includes "risk factors" before taking your investment decision.

Payments for the full value of shares applied for, shall be made with designated branches of bankers to the issue by cash/pay order/demand draft payable to "**LANKABANGLA FINANCE LIMITED**" and crossed. The pay order/demand draft for payment of share price must be drawn on a company in the same town to which the application form has been submitted. It is to be noted that all transactions above Tk.1.00 lac must be effected through demand draft/crossed cheque/pay orders.

AVAILABILITY OF RIGHTS SHARE OFFER DOCUMENT

The issuer shall deliver offer document to the shareholders as required by rule 9(1)(e) of the Securities and Exchange Commission (Rights Issue) Rules, 2006. Moreover, rights share offer document is available in the following addresses:

NAME & ADDRESS	CONTACT PERSON	TELEPHONE & FAX NUMBER	E-MAIL & WEBSITE ADDRESS
LankaBangla Finance Limited Safura Tower (Level -11), 20, Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh	Mr. Masum Ali Senior Assistant Vice President Board Secretariat, Regulatory Reporting & Corporate Affairs	Phone: +88-02-9883701-10, Fax: +88-02-58810998	Web: www.lankabangla.com; E-mail: info@lankabangla.com
AFC Capital Limited Saiham Sky View Tower (11 th Floor), Old 45 Bijoy Nagar, Dhaka-1000. New 195 Shaheed Nazrul Islam Soroni, Ramna, Dhaka-1000	Md. Abul Bashar Parvez Deputy Manager	Tel: +88-02-8392371; Fax: +88-02-8392372	Web: www.afccl.asia; E-mail: capital.afc@gmail.com

STOCK EXCHANGES	AVAILABLE AT	TELEPHONE & FAX NUMBER	E-MAIL & WEBSITE ADDRESS
Dhaka Stock Exchange Limited (DSE) DSE Library, 9/F, Motijheel C/A, Dhaka-1000	DSE Library	Phone: +88-02-9564601, 9576210-18 Fax: +88-02-9564727, 9569755	Web: www.dsebd.org E-mail: research@dsebd.org
Chittagong Stock Exchange Limited (CSE) CSE Building, 1080, Sk. Mujib Road Agrabad C/A Chittagong-4000 Dhaka Liaison Office: Eunoos Trade Center (Level-15) 52-53 Dilkusha C/A, Dhaka-1000.	CSE Library	Phone: +88-31-714632-3, +88-02-9513911-15 Fax: +88-31-714101, +88-02-9513906	Web: www.cse.com.bd E-mail: jabed@cse.com.bd

CORPORATE STATUS AND BACKGROUND

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". 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. Subsequently, it was renamed as LankaBangla Finance Limited on 27 April 2005. The Company went for public issue in 2006 and its shares are listed in both Dhaka Stock Exchange and Chittagong Stock Exchange on 17 October 2006 and 31 October 2006 respectively.

Corporate and Registered Office of the Company: Safura Tower (Level 11), 20 Kemal Ataturk Avenue, Banani, Dhaka 1213, Bangladesh.

NATURE OF BUSINESS

LankaBangla Finance Limited is the non-banking financial institution who operates Master Card & VISA Card including third party processing business with other banks. The company is also involved in dealing with Securities as Broker in capital market at both DSE & CSE through its subsidiary named "LankaBangla Securities Limited" who is the business leader in this arena. The Merchant Banking Department has been converted into another subsidiary of LankaBangla Finance Limited, to comply with the statutory regulation that is catering to the premier investment banking services. 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, Auto loan, Personal Loan, Factoring, 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.

PURPOSE OF RAISING FUND THROUGH RIGHTS ISSUE

To enhance financial strength, LankaBangla Finance Limited would like to increase paid-up capital through issuance of Rights Share of **159,125,470** Ordinary Shares @ **Tk.10.00** each at par amounting to **Tk.1,591,254,700.00** on the basis of **1R:2** (i.e. One Rights Share against Two existing shares held on the record date) to comply with capital adequacy requirement in line with BASEL-III. The proceeds received from rights shares will be invested to increase the lending portfolio of the company.

Use of proceeds of Rights Issue Fund is given under below:

Sl. No.	Particulars	Amount in Taka
01.	Increase the lending Portfolio	1,591,254,700.00
Total		1,591,254,700.00

Sd/-
Shamim Al Mamun FCA
Chief Financial Officer

Sd/-
Khwaja Shahriar
Managing Director

IMPLEMENTATION SCHEDULE

The proceeds received from right issue will be invested in the following manner:

Purpose	Amount (BDT)	Implementation Period (Tentative)
Increase of Lending Portfolio	1,591,254,700.00	Within 1 (One) year after allotment of rights share
Total	1,591,254,700.00	

Sd/-
Shamim Al Mamun FCA
Chief Financial Officer

Sd/-
Khwaja Shahriar
Managing Director

LankaBangla Finance Limited and Its Subsidiaries
Auditor's report in pursuance of section 135(1) under para 24(1) of Part – II of the Third Schedule of the Companies Act 1994
[As per Securities and Exchange Commission (Right Issue) Rules, 2006, Rule 7(2)(h) and 8(i)]

We, as the auditor and having examined the consolidated financial statements of LankaBangla Finance Limited and its subsidiaries for the year ended 31 December 2016 and based on the audited consolidated financial statements of the company for the years ended 31 December 2015, 2014, 2013 and 2012 and other figures extracted from the said audited financial statements as certified, report the following in pursuance to Section 135(1) and paragraph 24(1) (3) and 25 of part-II of the Schedule-III of the Companies Act, 1994 and Rule 7(2)(h) and 8(i) of Securities and Exchange Commission (Right Issue) Rules, 2006, report:

1. LankaBangla Finance Limited was incorporated in Bangladesh as a public limited company on 05 November 1996 under the Companies Act 1994 and its name was Vanik Bangladesh Limited.

2. Comparative Financial Position/ Comparative Statement of Asset & Liabilities are as under:

Particulars	31.12.2016 Taka	31.12.2015 Taka	31.12.2014 Taka	31.12.2013 Taka	31.12.2012 Taka
PROPERTY AND ASSETS					
Cash	700,351,241	516,273,295	337,547,216	194,402,709	162,721,707
Cash in hand	786,380	334,081	160,970	183,868	163,710
Balance with Bangladesh Bank	699,564,861	515,939,214	337,386,246	194,218,842	162,557,997
Balance with other Banks and Financial Institutions	4,343,232,588	1,427,389,298	1,903,881,535	2,350,845,060	1,514,003,636
Inside Bangladesh	4,343,232,588	1,427,389,298	1,903,881,535	2,350,845,060	1,514,003,636
Outside Bangladesh	-	-	-	-	-
Money at Call and Short Notice	-	-	-	-	-
Investment	5,036,650,257	4,372,854,794	4,840,291,911	3,515,894,297	3,395,216,186
Government securities	-	-	1,009,100,000	1,009,100,000	1,109,100,000
Other investments	5,036,650,257	4,372,854,794	3,831,191,911	2,506,794,297	2,286,116,186
Loans and advances	51,244,299,783	41,819,015,931	30,396,386,719	24,841,142,850	18,633,845,150
Loans , cash credit and overdraft etc.	51,244,299,783	41,819,015,931	30,396,386,719	24,841,142,850	18,633,845,150
Bills discounted and purchased	-	-	-	-	-
Fixed assets including land, building, furniture and fixtures	1,429,556,859	1,291,853,287	310,992,989	291,414,287	238,132,007
Other assets	1,181,066,060	1,020,498,293	1,241,267,775	871,192,887	1,394,764,076
Non-Banking assets	-	-	-	-	-
TOTAL PROPERTY AND ASSETS	63,935,156,789	50,447,884,897	39,030,368,144	32,064,892,092	25,338,682,762

LIABILITIES & SHAREHOLDERS' EQUITY**Liabilities****Borrowings from Bangladesh Bank, Other Banks and Financial Institutions****10,874,998,487****9,006,817,980****11,711,474,316****11,597,381,469****8,837,322,438****Deposits and other accounts****40,148,492,755****30,106,707,729****16,760,552,643****10,827,261,549****7,615,919,305**

Current deposits and other accounts

-

-

-

-

-

Bills payable

-

-

-

-

-

Saving bank deposit

-

-

-

-

-

Term deposits

40,033,189,441

29,991,564,599

16,682,970,535

10,827,261,549

7,615,919,305

Bearer certificate of deposit

-

-

-

-

-

Other deposits

115,303,314

115,143,130

77,582,108

-

-

Other liabilities**6,140,234,836****4,985,106,251****4,335,464,182****2,610,754,604****2,218,831,659****TOTAL LIABILITIES****57,163,726,078****44,098,631,960****32,807,491,141****25,035,397,623****18,672,073,402****Shareholders' Equity****6,686,609,319****6,261,793,994****6,096,318,737****6,839,911,824****6,473,960,231**

Paid up Capital

2,767,399,490

2,406,434,340

2,187,667,590

2,083,492,950

1,894,084,500

Share premium

1,090,888,800

1,090,888,800

1,090,888,800

1,090,888,800

1,090,888,800

Statutory reserve

1,202,043,919

987,633,085

781,630,380

651,287,206

561,675,373

General reserve

46,768,017

53,849,069

52,741,881

45,823,827

42,650,236

Fair value measurement reserve

-

-

-

69,285,191

448,531,657

Retained earnings

1,579,509,093

1,722,988,700

1,983,390,086

2,899,133,850

2,436,129,665

Non-controlling interest**84,821,392****87,458,943****126,558,266****189,582,646****192,649,129****TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY****63,935,156,789****50,447,884,897****39,030,368,144****32,064,892,092****25,338,682,762****OFF-BALANCE SHEET ITEMS****CONTINGENT LIABILITIES**

Acceptances and endorsements

-

-

-

-

-

Letter of guarantee

241,148,846

-

-

-

-

Irrevocable letters of credit

-

-

-

-

-

Bill for collection

-

-

-

-

-

Other contingent liabilities

-

-

-

-

-

TOTAL CONTINGENT LIABILITIES**241,148,846**

-

-

-

-

OTHER COMMITMENTS

Documentary credits and short term trade-related transactions

-

-

153,054,190

4,509,500

-

Forward assets purchased and forward deposits placed

-

-

-

-

-

Undrawn note issuance and revolving underwriting facilities

-

-

-

-

-

Undrawn formal standby facilities, credit lines and other commitments

6,156,822,112

6,607,801,622

6,951,826,772

4,205,131,466

1,843,426,563

TOTAL OTHER COMMITMENTS**6,156,822,112****6,607,801,622****7,104,880,962****4,209,640,966****1,843,426,563****TOTAL OFF BALANCE SHEET ITEMS****6,397,970,958****6,607,801,622****7,104,880,962****4,209,640,966****1,843,426,563**

3. Comparative Consolidated Statements of Profit and Loss Account are as follows:

Particulars	2016 Taka	2015 Taka	2014 Taka	2013 Taka	2012 Taka
Operating Income					
Net interest income	1,697,464,918	1,072,362,560	932,598,725	785,109,671	529,976,451
Interest income	5,661,544,246	4,787,247,300	3,965,489,195	3,516,033,094	2,677,493,737
Less : Interest expenses on deposits & borrowings	3,964,079,328	3,714,884,740	3,032,890,469	2,730,923,423	2,147,517,286
Income from investment	483,526,596	436,307,012	198,763,111	747,945,881	175,431,383
Commission, exchange and brokerage income	566,226,015	562,067,448	677,064,510	477,642,305	479,758,258
Other operational income	599,634,180	450,938,098	258,701,186	207,214,972	204,745,402
Total operating income	3,346,851,709	2,521,675,118	2,067,127,532	2,217,912,830	1,389,911,494
Operating Expenses					
Salary and allowances	987,348,613	821,578,089	672,951,415	440,959,884	363,850,241
Rent, taxes, insurance, electricity etc.	187,066,477	159,808,261	114,990,494	88,609,383	68,793,979
Legal and professional fees	30,013,397	19,744,690	25,407,350	17,111,890	12,200,497
Postage, stamp, telecommunication etc.	20,638,151	17,006,908	17,445,187	10,512,590	8,567,480
Stationery, printing, advertisement	47,485,747	40,167,644	34,575,477	20,494,336	15,688,053
Managing director's salary and allowance	17,489,000	16,775,264	14,114,434	12,167,401	10,900,351
Director fees and expenses	2,591,389	1,822,127	1,555,710	1,544,652	1,275,193
Audit fees	1,227,625	667,584	1,364,000	603,750	457,125
Charges on loan losses	-	-	-	-	-
Repairs, maintenance and depreciation	123,478,392	109,543,227	93,637,627	72,489,849	64,569,508
Other expenses	587,201,180	424,855,180	308,802,926	227,586,113	247,349,075
Total operating expenses	2,004,539,970	1,611,968,975	1,284,844,619	892,079,847	793,651,503
Net Operating Income	1,342,311,739	909,706,143	782,282,912	1,325,832,983	596,259,991

Provisions for loans, investments and other assets	395,649,328	376,862,732	348,673,536	328,697,034	85,950,216
Provisions for leases and loans	199,224,797	132,649,299	166,529,589	278,319,351	73,651,484
Provision for diminution in value of investments	(117,107,133)	(27,138,202)	152,909,664	41,249,683	12,298,732
Provision for margin loan	313,531,665	280,292,635	26,511,282	-	-
General provision for other assets	-	(8,941,000)	2,723,000	9,128,000	-
Profit before tax and reserve	946,662,411	532,843,411	433,609,377	997,135,949	510,309,775
	151,019,485	111,914,896	(20,377,493)	42,583,388	162,291,594
Provision for tax made during the year	148,304,531	111,998,262	(15,281,752)	26,363,032	167,328,701
Deferred tax expense or (income)	2,714,954	(83,366)	(5,095,741)	16,220,356	(5,037,107)
Net profit after tax	795,642,925	420,928,514	453,986,869	954,552,560	348,018,182
Attributed to					
Shareholders of the Company	795,521,340	424,536,041	442,102,416	935,248,186	326,295,611
Non-controlling interest	121,585	(3,607,526)	11,884,453	19,304,374	21,722,571
	795,642,925	420,928,514	453,986,869	954,552,560	348,018,182
Appropriations	207,329,782	207,109,893	137,261,228	92,785,424	250,604,690
Statutory reserve	214,410,834	206,002,705	130,343,174	89,611,833	247,143,520
General reserve	(7,081,053)	1,107,188	6,918,054	3,173,591	3,461,170
Retained surplus	588,191,558	217,426,148	304,841,188	842,462,762	75,690,921
Earnings Per Share (Basic)	2.87	1.76	2.02	4.58	1.77
Earnings Per Share (Restated)		1.53	1.84	4.28	1.67

4. Comparative Consolidated Cash Flow Statement are as follows:

Particulars	2016 Taka	2015 Taka	2014 Taka	2013 Taka	2012 Taka
A) Cash flows from operating activities					
Interest received	5,643,928,216	4,799,308,668	3,904,517,059	3,757,707,596	1,551,591,125
Interest paid	(3,736,524,929)	(3,467,162,403)	(2,895,424,173)	(2,699,359,991)	(1,460,342,694)
Dividend received	267,597,867	95,159,729	44,503,960	13,891,167	11,557,926
Fees and commission received	919,862,071	824,411,542	878,329,810	533,982,826	30,928,141
Income from investment	294,121,128	360,880,032	154,126,974	642,345,974	134,309,683
Cash paid to employees (including directors)	(1,020,466,579)	(911,853,695)	(691,888,714)	(472,301,034)	(333,261,369)
Cash paid to suppliers	(101,908,389)	(45,047,728)	(36,467,829)	(28,218,341)	(58,907,512)
Income taxes paid	(235,715,801)	(175,648,515)	(154,271,024)	(319,098,759)	(262,299,045)
Received from other operating activities	242,891,136	192,876,080	44,609,966	5,845,509	429,437,206
Paid for other operating activities	(794,659,621)	(648,868,906)	(476,217,398)	(318,760,718)	(647,527,073)
Cash generated from operating activities before changes in operating assets and liabilities	1,479,125,099	1,024,054,804	771,818,632	1,116,034,228	(604,513,612)
Increase/ (decrease) in operating assets & liabilities					
Loans and advances to customers	(9,799,853,088)	(11,422,563,595)	(5,183,090,034)	(6,418,406,623)	(1,567,039,957)
Other assets	(183,113,452)	232,254,283	(390,514,057)	513,090,325	(205,667,296)
Deposits from customers	10,041,785,026	13,346,155,086	5,855,708,986	3,211,342,244	1,984,106,908
Other liabilities	957,913,557	(213,963,774)	356,544,632	(76,866,123)	(174,949,142)
Total increase/ (decrease) in operating assets & liabilities	1,016,732,044	1,941,881,999	638,649,527	(2,770,840,176)	36,450,513
Net cash flow from operating activities	2,495,857,143	2,965,936,804	1,410,468,159	(1,654,805,948)	(568,063,099)
B) Cash flows from investing activities					
Investment in securities	(543,795,463)	38,337,117	(1,422,815,973)	(220,678,111)	(1,019,499,712)
Net proceeds from Treasury bills	-	1,009,100,000	-	100,000,000	692,710,595
Purchase of property, plant and equipment	(244,124,515)	(862,872,237)	(103,713,491)	(123,138,896)	(93,466,155)
Investment in commercial paper	(120,000,000)	(580,000,000)	-	-	-
Sales proceeds of fixed assets	8,984,971	28,799,486	648,109	7,086,352	4,924,224
Net cash (used in)/flow from investing activities	(898,935,006)	(366,635,634)	(1,525,881,356)	(236,730,656)	(415,331,048)

C) Cash flows from financing activities					
Drawdown of term loan, overdraft and REPO	1,868,180,506	(2,704,656,335)	114,092,846	2,760,059,032	(269,654,090)
Dividend paid	(365,181,408)	(192,410,992)	(302,498,668)	-	(35,357,806)
Right Issue	-	-	-	-	823,515,000
Net cash flow from/(used in) financing activities	1,502,999,099	(2,897,067,328)	(188,405,822)	2,760,059,032	518,503,104
D) Net decrease in cash & cash equivalents	3,099,921,236	(297,766,158)	(303,819,019)	868,522,428	(464,891,043)
E) Cash and cash equivalents at the beginning of the year	1,943,662,593	2,241,428,751	2,545,247,770	1,676,725,342	2,141,616,385
F) Cash and cash equivalents at the end of the period	5,043,583,829	1,943,662,593	2,241,428,751	2,545,247,770	1,676,725,342
* Closing cash and cash-equivalents					
Cash in hand (including foreign currencies)	786,380	334,081	160,970	183,868	163,710
Balance with Bangladesh Bank and its agent bank (s)	699,564,861	515,939,214	337,386,246	194,218,842	162,557,997
Balance with other banks and financial institutions	4,343,232,588	1,427,389,298	1,903,881,535	2,350,845,060	1,514,003,636
	5,043,583,829	1,943,662,593	2,241,428,751	2,545,247,770	1,676,725,342

5. The history of dividend declared by the company was as follows:

Stock	15%	15%	10%	5%	10%
Cash	15%	15%	10%	15%	-

6. The company has following subsidiaries and financial statements of these entities are consolidated properly:

<u>Name of Subsidiary</u>	<u>% of Ownership</u>
LankaBangla Securities Limited	96.5067667%
LankaBangla Investments Limited	99.9999964%
LankaBangla Asset Management Company Limited	99.9998000%
LankaBangla Information System Limited	96.3137532%
BizBangla Media Limited	77.2054134%

7. No proceeds or part of proceeds of the issue of share shall be applied directly or indirectly by the company in the purchase of any other business or an interest thereon.

8. Figures relating to previous years have been re-arranged wherever considered necessary.

Dhaka,
18 June, 2017

Sd/-
ACNABIN
Chartered Accountants

LankaBangla Finance Limited

**Auditor's report in pursuance of section 135(1) under para 24(1) of Part – II of the Third Schedule of the Companies Act 1994
[As per Securities and Exchange Commission (Right Issue) Rules, 2006, Rule 7(2)(h) and 8(i)]**

We, as the auditor and having examined the financial statements of LankaBangla Finance Limited for the year ended 31 December 2016 and based on the audited financial statements of the company for the years ended 31 December 2015, 2014, 2013 and 2012 and other figures extracted from the said audited financial statements as certified, report the following in pursuance to Section 135(1) and paragraph 24(1) (3) and 25 of part-II of the Schedule-III of the Companies Act, 1994 and Rule 7(2)(h) and 8(i) of Securities and Exchange Commission (Right Issue) Rules, 2006 that:

1. LankaBangla Finance Limited was incorporated in Bangladesh as a public limited company on 05 November 1996 under the Companies Act 1994 and its name was Vanik Bangladesh Limited.

2. Comparative Financial Position/ Comparative Statement of Asset & Liabilities are as under:

Particulars	31.12.2016	31.12.2015	31.12.2014	31.12.2013	31.12.2012
	Taka	Taka	Taka	Taka	Taka
PROPERTY AND ASSETS					
Cash	699,874,581	516,139,048	337,419,663	194,303,498	162,650,784
Cash in hand	309,720	199,834	33,417	84,656	92,787
Balance with Bangladesh Bank	699,564,861	515,939,214	337,386,246	194,218,842	162,557,997
Balance with other banks and financial institutions	2,230,011,116	725,473,016	985,266,791	745,364,081	443,140,832
Inside Bangladesh	2,230,011,116	725,473,016	985,266,791	745,364,081	443,140,832
Outside Bangladesh	-	-	-	-	-
Money at call and short notice	-	-	-	-	-
Investment	2,130,061,460	1,836,284,248	2,181,169,863	2,138,843,810	1,912,098,507
Government securities	-	-	1,009,100,000	1,009,100,000	1,109,100,000
Others investment	2,130,061,460	1,836,284,248	1,172,069,863	1,129,743,810	802,998,507
Leases, loans and advances	46,749,199,258	36,018,816,850	24,265,994,073	19,258,875,786	13,312,362,119
Loans, cash credit and overdraft etc.	46,749,199,258	36,018,816,850	24,265,994,073	19,258,875,786	13,312,362,119
Bills discounted and purchased	-	-	-	-	-
Fixed Assets including land, building, furniture & fixtures	999,057,016	877,649,370	128,731,842	73,420,503	49,723,728
Other assets	4,814,291,262	4,640,180,877	4,454,140,000	4,218,773,226	3,619,278,913
Non-Banking assets	-	-	-	-	-
TOTAL PROPERTY AND ASSETS	57,622,494,692	44,614,543,408	32,352,722,232	26,629,580,904	19,499,254,883

LIABILITIES & SHAREHOLDERS' EQUITY**Liabilities****Borrowings from Bangladesh Bank, other banks and financial institutions****Deposits and other accounts**

Current deposits and other accounts

Bills payable

Saving bank deposit

Term deposits

Bearer certificate of deposit

Other deposits

Other liabilities**TOTAL LIABILITIES****Shareholders' Equity**

Paid up capital

Statutory reserve

Retained earnings

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**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

TOTAL OTHER COMMITMENTS**TOTAL OFF BALANCE SHEET ITEMS**

8,333,852,304	6,235,918,622	8,886,334,401	9,598,070,012	6,542,778,927
40,148,492,755	30,196,004,667	16,794,752,643	10,875,949,549	7,676,958,646
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
40,033,189,441	30,080,861,537	16,717,170,535	10,875,949,549	7,676,958,646
-	-	-	-	-
115,303,314	115,143,130	77,582,108	-	-
2,970,331,482	2,723,890,987	2,024,152,822	1,840,753,746	1,408,288,288
51,452,676,540	39,155,814,276	27,705,239,866	22,314,773,308	15,628,025,860
6,169,818,152	5,458,729,131	4,647,482,366	4,314,807,597	3,871,229,023
2,767,399,490	2,406,434,340	2,187,667,590	2,083,492,950	1,894,084,500
1,202,043,920	987,633,085	781,630,380	651,287,206	561,675,373
2,200,374,742	2,064,661,706	1,678,184,396	1,580,027,441	1,415,469,150
57,622,494,692	44,614,543,408	32,352,722,232	26,629,580,904	19,499,254,883
-	-	-	-	-
241,148,846	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
241,148,846	-	-	-	-
-	-	153,054,190	4,509,500	-
-	-	-	-	-
-	-	-	-	-
6,156,822,112	6,607,801,622	6,951,826,772	4,205,131,466	1,843,426,563
6,156,822,112	6,607,801,622	7,104,880,962	4,209,640,966	1,843,426,563
6,397,970,958	6,607,801,622	7,104,880,962	4,209,640,966	1,843,426,563

3. Comparative Statements of Profit and Loss Account are as follows:

Particulars	2016 Taka	2015 Taka	2014 Taka	2013 Taka	2012 Taka
Operating Income					
Net interest	1,867,481,926	1,386,198,841	1,026,545,188	653,932,436	303,644,664
Interest income	5,432,663,241	4,605,008,851	3,657,310,900	3,063,280,697	2,132,978,152
Less : Interest expenses on deposits and borrowings	3,565,181,315	3,218,810,010	2,630,765,712	2,409,348,261	1,829,333,488
Income from investment	195,788,600	425,653,183	262,860,663	311,810,752	1,399,634,124
Commission, Exchange and Brokerage Income	-	-	-	202,386	3,191,462
Other operational income	368,148,389	267,527,826	170,287,244	114,314,170	92,543,774
	2,431,418,914	2,079,379,850	1,459,693,095	1,080,259,744	1,799,014,024
Operating Expenses					
Salary and allowances	634,844,436	499,344,992	408,598,973	218,387,462	153,353,725
Rent, taxes, insurance, electricity etc.	124,707,382	96,912,936	58,295,968	40,959,544	27,482,409
Legal and professional fees	23,863,346	15,941,909	18,547,161	6,212,932	9,658,289
Postage, stamp, telecommunication etc.	14,987,359	11,844,026	12,919,223	6,420,950	4,211,833
Stationery, printing, advertisement	37,743,769	29,219,123	23,001,790	12,384,894	8,019,269
Managing director's salary and allowance	17,489,000	16,775,264	14,114,434	12,167,401	10,900,351
Director fees and expenses	736,000	691,500	485,000	565,500	430,250
Audit fees	718,750	318,750	925,250	253,000	195,500
Charges on loan losses	-	-	-	-	-
Repairs, maintenance and depreciation	79,655,031	58,939,008	42,468,384	20,587,453	20,402,236
Other expenses	313,674,123	226,664,527	138,483,461	89,408,933	139,133,540
Total operating expenses	1,248,419,196	956,652,034	717,839,644	407,348,069	373,787,403
Net Operating Income	1,182,999,718	1,122,727,816	741,853,451	672,911,674	1,425,226,621
Provisions for loans, investments and other assets	75,663,937	76,816,626	276,816,681	328,697,034	191,733,398
Provision for leases and loans	199,224,797	132,649,299	166,529,590	278,319,351	179,434,666
Provision for diminution in value of investments	(123,560,860)	(46,891,672)	107,564,091	41,249,683	12,298,732
Provision for other assets	-	(8,941,000)	2,723,000	9,128,000	-
Profit before tax and reserve	1,107,335,782	1,045,911,190	465,036,770	344,214,640	1,233,493,224
Provision for tax	35,281,610	15,897,665	(186,679,101)	(103,844,525)	(2,224,377)
Provision for tax made during the year	35,281,610	15,897,665	(186,679,101)	(103,844,525)	-
Deferred tax expenses/(income)	-	-	-	-	(2,224,377)
Net profit after tax	1,072,054,172	1,030,013,524	651,715,871	448,059,165	1,235,717,601
Appropriations	214,410,834	206,002,705	130,343,174	89,611,833	247,143,520
Statutory reserve	214,410,834	206,002,705	130,343,174	89,611,833	247,143,520
General reserve	-	-	-	-	-
Retained surplus	857,643,338	824,010,819	521,372,697	358,447,332	988,574,081
Earning per share (Basic)	3.87	4.28	2.98	2.15	6.69
Earning per share (Restated)		3.72	2.71	2.05	5.93

4. Comparative Statement of Cash Flows

	2016	2015	2014	2013	2012
Particulars	Taka	Taka	Taka	Taka	Taka
A) Cash flows from operating activities					
Interest received	5,413,751,225	4,620,811,511	3,197,952,124	3,046,920,568	2,071,208,747
Interest paid	(3,327,572,519)	(2,952,441,140)	(2,540,881,538)	(2,364,309,788)	(1,723,605,026)
Dividend received	66,895,335	23,195,772	82,196,153	10,099,023	396,212,721
Fees and commission received	274,762,656	209,960,146	131,538,085	63,669,838	13,921,662
Income from investment	94,190,730	180,657,170	94,015,542	210,002,987	134,309,683
Cash paid to employees (including directors)	(632,272,854)	(503,666,468)	(408,999,208)	(208,611,783)	(169,574,441)
Cash paid to suppliers & others	(56,018,261)	(59,648,365)	(38,858,200)	(20,245,848)	(57,381,909)
Income taxes paid	(116,685,640)	(11,606,145)	(12,481,697)	(11,307,422)	(90,097,826)
Received from other operating activities	92,634,103	57,567,679	38,749,159	50,846,717	75,873,504
Paid for other operating activities	(472,324,201)	(227,274,589)	(165,226,023)	(136,892,897)	(165,437,657)
Cash generated from operating activities before changes in operating assets and liabilities	1,337,360,574	1,337,555,571	378,004,396	640,171,398	485,429,458
Increase/ (decrease) in operating assets & liabilities					
Loans and advances to customers	(10,684,775,913)	(11,752,822,777)	(5,007,118,286)	(5,485,098,511)	(2,163,334,134)
Other assets	39,693,610	12,304,135	16,685,070	71,752,584	(205,667,296)
Deposits from customers and others	9,952,488,088	13,401,252,024	5,841,220,986	3,198,990,903	2,237,671,326
Other liabilities	(147,711,083)	301,991,440	214,082,151	204,582,597	(284,057,862)
Total (decrease)/increase in operating assets & liabilities	(840,305,297)	1,962,724,822	1,064,869,919	(2,009,772,427)	(415,387,967)
Net cash from operating activities	497,055,277	3,300,280,392	1,442,874,316	(1,369,601,028)	70,041,491
B) Cash flows from investing activities					
Changes in investment in securities	(173,777,212)	(141,995,917)	(23,842,012)	(326,745,303)	(209,296,963)
Net proceeds from Treasury bills	-	1,009,100,000	-	100,000,000	692,710,595
Purchase of property, plant and equipment	(186,414,731)	(794,860,655)	88,974,187	(42,854,255)	(28,889,947)
Sales proceeds of fixed assets	1,115,500	868,000	312,850	2,371,253	4,724,224
Investment in commercial paper	(120,000,000)	(580,000,000)	-	-	-
Investment in subsidiaries	(62,500,000)	(32,250,000)	(115,000,000)	(1,084,585,788)	(960,000,000)
Net Cash used in Investing Activities	(541,576,443)	(539,138,573)	(49,554,974)	(1,351,814,094)	(500,752,092)

C) Cash flows from financing activities

Drawdown of Term Loan, OD and REPO	2,097,933,682	(2,650,415,779)	(711,735,611)	3,055,291,086	(269,654,090)
Dividend paid (cash dividend)	(365,138,883)	(191,800,430)	(298,564,856)	-	-
Right Issue	-	-	-	-	823,515,000
Net cash generated/(used) in financing activities	1,732,794,799	(2,842,216,209)	(1,010,300,467)	3,055,291,086	553,860,910

D) Net increase/ (decrease) in cash & cash equivalents (A+B+C)

1,688,273,633	(81,074,389)	383,018,875	333,875,964	123,150,309
----------------------	---------------------	--------------------	--------------------	--------------------

E) Opening cash and cash-equivalents

1,241,612,064	1,322,686,454	939,667,579	605,791,616	482,641,306
----------------------	----------------------	--------------------	--------------------	--------------------

F) Closing cash and cash-equivalents (D+E)*

2,929,885,697	1,241,612,064	1,322,686,454	939,667,579	605,791,616
----------------------	----------------------	----------------------	--------------------	--------------------

*** Closing cash and cash-equivalents**

Cash in hand (including foreign currency)	309,720	199,834	33,417	84,656	92,787
Balance with Bangladesh Bank and its agent bank(s)	699,564,861	515,939,214	337,386,246	194,218,842	162,557,997
Balance with other Banks and Financial Institutions	2,230,011,116	725,473,016	985,266,791	745,364,081	443,140,832
	2,929,885,697	1,241,612,064	1,322,686,454	939,667,579	605,791,616

5. The history of dividend declared by the company was as follows:

Stock	15%	15%	10%	5%	10%
Cash	15%	15%	10%	15%	-

6. No proceeds or part of proceeds of the issue of share shall be applied directly or indirectly by the company in the purchase of any other business or an interest thereon.

Dhaka
18 June, 2017

Sd/-
ACNABIN
Chartered Accountants

COMPOSITION OF SHAREHOLDING POSITION OF THE COMPANY

Sl. No.	Shareholders	Number of Shares Held	Share Holding Percentage (%) [as on August 31, 2017]
1	Directors and Sponsors	106,794,285	33.56%
2	Institution	98,712,025	31.02%
3	Foreign Investment	11,382,916	3.58%
4	General Public	101,361,715	31.84%
Total		318,250,941	100.00%

DIRECTORS' TAKE-UP IN THE RIGHTS OFFER

The statement of Directors' consent to take-up the Rights Share is as under:

Sl. No.	Name	Status	Number of Share held (including 15% stock dividend as approved in AGM on March 30, 2017)	Nos. of Shares to be taken	Nos. of Shares to be renounced
1.	Mr. Mohammad A. Moyeen	Chairman	13,491,355	6,745,676	Nil
2.	Mr. I. W. Senanayake (Representing Sampath Bank PLC)	Director	30,143,437	15,071,718	Nil
3.	Mr. M. Y. Aravinda Perera (Representing Sampath Bank PLC)	Director			
4.	Mr. M. Fakhurul Alam (Representing ONE Bank Limited)	Director	12,026,719	6,013,359	Nil
5.	Mrs. Aneesha Mahial Kundanmal	Director	24,513,161	12,256,580	Nil
6.	Mr. Mahbubul Anam	Director	14,174,230	7,087,115	Nil
7.	Mr. Tahsinul Huque	Director	12,399,383	6,199,691	Nil
8.	Mr. Al-Mamoon Md. Sanaul Huq	Independent Director	Nil	N/A	Nil
9.	Mrs. Zaitun Sayef	Independent Director	Nil	N/A	Nil

Sd/-

Khwaja Shahriar
Managing Director

BANKERS TO THE ISSUE OF RIGHTS ISSUE OF LANKABANGLA FINANCE LIMITED

ONE BANK LIMITED

1	Principal Branch, Dhaka	14	Cox's Bazar Branch, Cox's Bazar
2	Motijheel Branch, Dhaka	15	Feni Branch, Feni
3	Kawran Bazar Branch, Dhaka	16	Chowmuhuni Branch, Noakhali
4	Gulshan Branch, Dhaka	17	Comilla Branch, Comilla
5	Mirpur Branch, Dhaka	18	Brahman Baria Branch, Brahman Baria
6	Uttara Branch, Dhaka	19	Madhabdi Branch, Narsingdi
7	Dhanmondi Branch, Dhaka	20	Rajshahi Branch, Rajshahi
8	Jatrabari Branch, Dhaka	21	Bogra Branch, Bogra
9	Ganajbari (EPZ) Branch, Savar	22	Sirajgong Branch, Sirajgonj
10	Narayangonj Branch, Narayangonj	23	Rangpur Branch, Rangpur
11	Imamganj Branch, Dhaka	24	Khulna Branch, Khulna
12	Agrabad Branch, Chittagong	25	Barshal Branch, Barishal
13	Khatunganj Branch, Chittagong	26	Sylhet Branch, Sylhet

INVESTMENT CORPORATION OF BANGLADESH (ICB)

1	Head Office , NSC Tower (12 th Floor), 62/3 Purana Paltan, Dhaka
2	Chittagong Branch , Ayub Trade Center (Level 10) 1269/B, S.K Mujib Road, Agrabad C/A
3	Rajshahi Branch , Dr. Gaffar Plaza (2 nd Floor), Main Road, Saheb Bazar, Rajshahi
4	Khulna Branch , Shilpa Bank Bhaban, 25-26, K.D.A C/A Khulna
5	Barishal Branch , 87/88 Hemayat Uddin Road, Barishal
6	Sylhet Branch , Anondo Tower & Shopping Complex, Jail Road, Sylhet
7	Bogra Branch , Afsar Ali Complex, Razabazar, Baragola, Bogra
8	Local Office , 35/C Nayapaltan, Kashfia Plaza, VIP Road, Dhaka