



Navigating on course  
**stable in storm**



Year 2011, the time we passed, tempestuous, challenging and impulsive, was taking the testament of our spirit after consecutive years of increasing growth successes. We understand the reality, from not only our past, but also national as well as global economy, journey is not always smooth one. What we mastered over time - observe, learn, consolidate and keep going amidst a gloomy milieu, which kept us resilient in 2011. Inspired by enthusiasm, dedicated by accountability, and powered by our consolidated building blocks, the all we achieve, which will drive us to become more resilient and grow further in year 2012 and ahead, the *navigating proficiency* and *vigor of our vision*.



**annual report 2011**

A sepia-toned map of Africa is the background of the page. The map shows the outlines of the African continent and its various countries, with their names printed in a small, light font. The word 'Contents' is written in a large, white, serif font across the center of the map, partially obscuring the African continent. The map also shows parts of Europe to the north and Asia to the east, with their names also visible in a small font. The overall tone is historical and academic.

# Contents

Notice of 15th Annual General Meeting	04	Subsidiary Companies	70
Communication to Shareholders	05	Statement on Risk Management	79
Vision	06	Statement on Non-performing Loan (NPL) Management	82
Mission	06	Capital Adequacy & Market Discipline	84
Goals	06	Statement on Corporate Governance	86
Core Values	07	Statement on Ethics & Compliance	97
Strategic Objectives	08	Statement on Corporate Social Responsibilities	99
Code of Conduct Guiding Principles	09	Environment Related Initiatives	101
LankaBangla at a Glance	10	Projects Financed by LankaBangla	102
Products and Services	11	Value Added Statement	109
Milestones of LankaBangla	12	Board Audit Committee's Report	110
Accolades	13	Directors' Responsibility for Financial Reporting & Internal Control	113
An Eventful Year for LankaBangla	14	Responsibility Statement of CEO & CFO	115
Corporate Information	18	Auditors' Report and Audited Financial Statements of LankaBangla Finance Limited	117
Shareholding Structure	20	Auditors' Report & Audited Consolidated Financial Statements, LankaBangla Finance Limited & its Subsidiaries	165
Board of Directors	21	Auditors' Report & Audited Financial Statements of LankaBangla Securities Limited	202
Management Team	25	Auditors' Report & Audited Financial Statements of LankaBangla Investments Limited	225
Board Committees	25	Auditors' Report & Audited Financial Statements of LankaBangla Asset Management Company Limited	242
Management Committees	26		
Consolidated Financial Highlights	31		
Message from the Chairman	40		
Review from the Managing Director	42		
Directors' Report	44		

# Notice of 15th Annual General Meeting

Notice is hereby given that the 15th Annual General Meeting of the Shareholders of LankaBangla Finance Limited will be held on March 28, 2012, Wednesday at 11:00 a.m. at Spectra Convention Centre, House No. 19, Road No. 7, Gulshan-1, Dhaka- 1212 to transact the following businesses:

- |                      |  |
|----------------------|--|
| <b>AGMA-01-12-15</b> | To receive and adopt the Directors' Report, Auditors' Report and Audited Financial Statements for the year ended December 31, 2011.            |
| <b>AGMA-02-12-15</b> | To declare dividend for the year 2011.   |
| <b>AGMA-03-12-15</b> | To elect Directors in place of those who shall retire by rotation in accordance with the provisions of Articles of Association of the Company. |
| <b>AGMA-04-12-15</b> | To appoint Auditors of the Company for the year 2012 until conclusion of the 16th AGM and to fix their remuneration.                           |
| <b>AGMA-05-12-15</b> | To transact any other business with the permission of the Chair.   |

By Order of the Board



**Mostafa Kamal FCA**  
Company Secretary

Dated, Dhaka  
March 12, 2012

## Notes:

- > The record date is fixed on March 11, 2012. The Shareholders, whose names will appear in the Share Register of the Company on the record date, will be eligible to attend the meeting and get dividend.
- > The Board of Directors has recommended 30% Stock Dividend i.e. 30 (Thirty) Bonus Shares for every 100 (Hundred) Ordinary Shares.
- > A shareholder eligible to attend and vote in the AGM may appoint Proxy to attend and vote in his/her behalf. The Proxy Form duly completed and stamped must be deposited at the registered office of the Company not later than 72 hours before the time fixed for the meeting.
- > Admission into the Meeting Room will be allowed on production of the Attendance Slip attached with the Proxy Form.

# 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.

The 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 Securities and Exchange Commission, Dhaka Stock Exchange & Chittagong Stock Exchange in timely manner. Each stockholder is sent a 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](http://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 company and the financials the investors can visit our web portals: [www.lankabangla.com](http://www.lankabangla.com) or [www.lbsbd.com](http://www.lbsbd.com) or [www.lankabangla-investments.com](http://www.lankabangla-investments.com).

## **Redressal of Investors' complaints:**

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](mailto:ir@lankabangla.com). An Investor can make a written complaint to LankaBangla Finance Limited also. Upon receipt of the complaint, designated cell at LankaBangla take immediate steps to resolve the complaint.

## VISION

To be the nation's most sought after facilitator in creating, nurturing and maximizing value to the stakeholders, the society, and the environment, thereby,  
***GROWING TOGETHER***

## MISSION

To lead by example through a committed team of nurtured resources fostering ownership that motivates thriving towards excellence in knowledge, systems, structures, processes and procedures, thereby empowering the organization at every level to deliver the highest quality of product, customer care, and stakeholder value keeping environmental safety a priority.

## GOALS

- To be the most preferred financial services provider
- To maximize the value of being our customer, shareholder or employee
- To build and retain a team of highly skilled human resources through talent hunting, nurturing, training, developing and motivating through rewarding to deliver the highest level of customer service
- To build state-of-the-art technological framework for ensuring faster, accurate, timely and risk calculated operations capable of coping with ever increasing financial and operational complexities
- To standardize policies, rules, regulations and operational procedures guiding seamless and efficient delivery of service at every level
- To develop and maintain an organizational culture committed towards ownership thriving for continuous innovation and improvement in our way of doing business to meet and exceed stakeholders ever growing expectations
- To establish strong regional presence through expanding our product and service delivery networks covering wider clienteles
- To optimize contribution to the society
- To take care that in creating wealth, the environment is protected and its ecology is well balanced



# Core Values

**Integrity:** We are committed to conduct that reflects the highest standard of integrity in everything we do.

**Teamwork:** It is the essence of our ability to succeed as a trusted and preferred provider of financial solutions to our clients. Our overriding loyalty is to the good of the whole organization. We learn from each other and share our skills and resources across organizational boundaries for our stakeholders' benefit and our own.

**Respect:** We respect every individual. We draw strength from equal opportunity at the same time supporting personal growth and development. We value and we all benefit from the entrepreneurial spirit of each individual.

**Professionalism:** We are committed to the highest standards of professionalism, we pursue innovation, we continually quest for quality at each level, we are open to new ideas and we act decisively and consistently. We are determined to deliver outstanding quality so that our relationships with our clients will be long-lasting.

**Value creation:** We offer what creates and maximizes value to the stakeholders, the society and the environment together.



## Strategic Objectives

- Enrichment & expansion of financial offerings by introducing new product and service lines through proper diversification and customization of existing products & services for ensuring maximum market coverage to meet & exceed stakeholders' needs & expectations
- Continuous improvement in operational processes through technological advancement, employee capacity building through human resources development programs, thereby ensuring effective and efficient utilization of resources to maximize the value of the company
- Strengthening building blocks to consolidate the product & service framework and maintaining strict compliance to good governance norms and regulations to ensure long term sustainability of the company
- Building synergy among resources and activities to ensure maximum outputs from resource inputs
- Contribute to the society to share the achievements of the company with the nation
- Putting priority to ecological balance of the environment in our way of doing business, thereby ensuring long term economic potential for us as well as our society



# Code of Conduct

## Guiding Principles

LankaBangla is a value driven organization that means we do not depart from our principles even if it gives sometimes temporary benefit to the company. We believe and recognize that our company remains in our heart and its reputation and dignity are absolutely priceless asset. The company's affairs get the utmost priority of all the employees. Our reputation not only affects whether or not someone will be our customer; it also determines whether we are proud to be associated with this organization.

The Code of Conduct is designed to guide the employees of the company to observe, comply with the prudential norms of conduct, manner and behaviour. It is in alignment with the Company's Vision and Values to achieve the Mission, Objectives and aims at enhancing the ethical and transparent process in managing the affairs of the Company. It also applies to every employee of LankaBangla and may be furnished to others for discharging the responsibilities. In addition to the ethical guidelines included in the code, there are many laws and regulations that affect each of the business that we do. Complying to law is mandatory for everyone and is not subject to business priorities or individual discretion.

### Personal Responsibilities

- Be an ethical role model by maintaining integrity and devotion to work
- Protect and enhance company's interest, dignity and reputation
- Act in accordance with the highest standards, professionalism and excellence in quality output
- Adherence to the company's policies, rules and regulations that obviously apply to the job
- Always act and behave like an ambassador of the company

### Workplace Responsibilities

- Treat colleagues with respect and dignity
- Support the company's commitment to diversity and equal employment opportunity

- Provide a positive work environment free from intimidation and harassment
- Do not hold any outside positions with, or accept business opportunities from anyone who does business or competes with the company
- Ensure that financial records are accurate and complete
- Maintain an effective system of internal control and compliance over financial reporting and operational activities
- Protect company's assets and properties
- Ensure cost efficiency

### Marketplace Responsibilities

- Act responsibly in all sort of communications with customers, suppliers, vendors, partners and regulatory authorities
- Safeguard the privacy, confidentiality and security of customer data
- Make only factual and truthful statements about company's products & services
- Gather business intelligence properly and ethically
- Prevent the use of company's services against money laundering purposes

### Corporate Citizenship

- Support all communities and optimize contributions to the society
- Protect the general safety and the environment
- Respond to public and cooperate with the government

# LankaBangla at a Glance

LankaBangla Finance Limited, a joint-venture listed financial institution established with multinational collaboration, started its journey in 1997. The institutional shareholding structure and corporate culture have enabled LankaBangla to be one of the most diversified financial service providing institutions of the country.

Under the right direction of an enlightened board of directors, and the policy executed by the resourceful management, the company has emerged as one of the leading financial institutions in the country. Having strong presence and recognition in almost all financial product and service lines in the industry, LankaBangla is the lone financial institution which operates MasterCard & VISA card and provides third party card

processing services to different banks. The company's one of the subsidiaries, LankaBangla Securities Limited, is involved in dealing with securities as broker in capital market at both DSE & CSE and secured the position as business leader in this arena. The other subsidiary, LankaBangla Investments Limited is a well staffed merchant bank with a promising future.

The company practices participatory management and adheres to industry best practices in all endeavors. Increasing stakeholders' value is a natural driving force for the people at LankaBangla; nevertheless maintaining quality of service is at the core of business which earned its unparalleled customer loyalty. Everything is done in compliance of all norms and regulatory requirements.

# Products and Services

## Corporate Finance



- ◆ Lease Finance
- ◆ Term Finance
- ◆ Short Term Finance
- ◆ Working Capital Finance
- ◆ Work Order Finance
- ◆ Factoring Finance

## Deposit Schemes



- ◆ Periodic Return Term Deposit
- ◆ Cumulative Term Deposit
- ◆ Double Money Term Deposit
- ◆ Money Builders Term Deposit

## Mortgage Loan



- ◆ Home Loan
- ◆ Real Estate Developers' Finance

## Primary Dealership



- Primary and secondary operation of
- ◆ Treasury Bill and
  - ◆ Treasury Bond

## SME Finance



- ◆ SME Finance
- ◆ SME Advisory Services -for small and medium businesses to empower the people

## Corporate Services



- ◆ Syndication of Lease/Loan
- ◆ Corporate Advisory Services
- ◆ Investment Counseling
- ◆ Merger & Acquisition
- ◆ Financial Restructuring
- ◆ Secretarial Services

## Retail Finance



- ◆ Auto Loan – for individuals and institutions
- ◆ Personal Loan – for individuals for any purpose

## Stock Broking through LBSL



- ◆ Cutting edge Broking provided by our Subsidiary

## Card Operation



- ◆ MasterCard & VISA Card Issuing
- ◆ MasterCard Acquiring
- ◆ Third Party Card Processing

## Merchant Banking through LBIL



- ◆ Portfolio Management
- ◆ Margin Loan
- ◆ IPO Advisory
- ◆ Issue Management
- ◆ Underwriting provided by our Subsidiary

# Milestones of LankaBangla

Incorporation of the Company	5th November, 1996
Registration of First Subsidiary (LankaBangla Securities Limited)	3rd July, 1997
Licensed as Financial Institution by Bangladesh Bank	30th October, 1997
Signing of First Lease Agreement	30th March, 1998
Issuance of First Credit Card	16th August, 1998
Launching of MasterCard	5th September, 2005
Listing on Dhaka Stock Exchange	17th October, 2006
Listing on Chittagong Stock Exchange	31st October, 2006
Trading of share in Stock Exchanges	1st November, 2006
Commercial Launching of Chittagong Branch	19th February, 2007
Registration of Second Subsidiary (LankaBangla Asset Management Company Limited)	16th July, 2007
First disbursement of Domestic Factoring	11th December, 2007
First disbursement of Mortgage Loan	18th February, 2008
Commencement of Operation of Sylhet Branch	27th April, 2009
Licensed as Primary Dealer	23rd November, 2009
Issuance of First VISA card	24th November, 2009
Participation in the 1st Auction of Govt. Securities as Primary Dealer	1st December, 2009
Registration of Third Subsidiary (LankaBangla Investments Limited)	29th March, 2010
Approval of Right Issue by SEC	31st January, 2012
Signing of Agreement with Leads Corporation for Bank Ultimus (CBS)	10th January, 2012
Commercial Launching of Khatungonj Branch, Chittagong	8th March, 2012

# Accolades

We are honored with “11th ICAB National Award for Best Published Accounts and Reports 2010” by the Institute of Chartered Accountants of Bangladesh (ICAB) being consecutive for last 5 years which recognizes our relentless efforts towards transparency in disclosure of information and adherence to best accounting practices



“ICMAB Best Corporate Award 2011” for Best Published Accounts and Reports 2010 by the Institute of Cost & Management Accountants of Bangladesh (ICMAB) is another milestone in recognition of our sincerity towards accountability

We have also been internationally acknowledged for our Financial Reporting winning “Best Presented Accounts Award 2010” by South Asian Federation of Accountants (SAFA)



# An Eventful Year of LankaBangla



The 14th AGM of  
LankaBangla Finance  
on session



A snap of the Board  
Meeting



LankaBangla donates  
to Retired Govt.  
Employees Welfare  
Association to set up  
hospital



Prize distribution  
ceremony of T-20  
corporate cricket  
sponsored by  
LankaBangla





The directors of LankaBangla Securities on 14th AGM



Joint winning teams of friendly football match receiving the cup at Picnic-2012



Kids of the employees are in chess learning session



Signing ceremony with Bank Asia for support in card cheque



The enthusiastic crowd in front of the stall of LankaBangla at REHAB fair 2011



MD, LankaBangla addressing to the stipend giving ceremony under LB Foundation



The Art Camp for the children of the employees organized by LankaBangla



The group photo of some meritorious students availing stipend under LB Foundation



Honorable shareholder addressing in the 6th EGM of LBFL



Photo session with Leads Corporation for Bank Ultimus, core IT solution



MD, LankaBangla addressing the inauguration of Chess Learning Camp for the children of employees



Team LankaBangla Finance at T-20 corporate cricket tournament 2011

# Corporate Information

<b>Registered Name of the Company</b>	<b>LankaBangla Finance Limited</b>
<b>Legal Form</b>	Public Limited Company, listed with Dhaka Stock Exchange and Chittagong Stock Exchange, having incorporated in Bangladesh on November 5, 1996 under Companies Act, 1994
<b>Company Registration Number</b>	C-31702 (823)/96
<b>Bangladesh Bank Licence No.</b>	FID(L) - 1053/41-1088
<b>Corporate Office</b>	Safura Tower (Level 11) 20 Kemal Ataturk Avenue, Banani Dhaka-1213, Bangladesh Phone: (8802) 9883701-10, Fax: (8802) 8810998
<b>Company Email</b>	info@lankabangla.com
<b>Company Website</b>	www.lankabangla.com
<b>Corporate and Retail Finance Division</b>	Safura Tower (Level 8) 20 Kemal Ataturk Avenue, Banani Dhaka-1213, Bangladesh Phone: (8802) 9883701-10, Fax: (8802) 8810998 e-mail: info@lankabangla.com
<b>Card Centre</b>	Safura Tower (Level 5) 20 Kemal Ataturk Avenue, Banani Dhaka-1213, Bangladesh Phone: (8802) 9883701-10, Fax: (8802) 9883604 e-mail: cards@lankabangla.com
<b>Chittagong Branch</b>	Akhteruzzaman Center (Level 6) 21-22, Agrabad Commercial Area Chittagong-4100, Bangladesh Phone: (88 031) 2512601-03, Fax: (88 031) 2512604 e-mail: ctgagrabad@lankabangla.com
<b>Sylhet Branch</b>	R.N. Tower (Level 4) 49 Chowhatta Sylhet-3100, Bangladesh Phone: (88 0821) 2830870-1, Fax: (88 0821) 2830873 e-mail: sylhet@lankabangla.com
<b>Khatungonj Branch</b>	Asma Chamber (Level 5) 1649, Ramjoy Mohajan Lane, Khatungonj Chittagong-4100, Bangladesh Phone: (88 031) 2868901-3, Fax: (88 031) 2868904 e-mail: ctgkhatungonj@lankabangla.com
<b>Tax Consultant</b>	Adil & Associates 50, Purana Paltan Line (3rd floor) Dhaka-1000, Bangladesh
<b>Legal Advisors</b>	Sadat Sarwat & Associates House #28, Road #23 Gulshan-1, Dhaka-1212

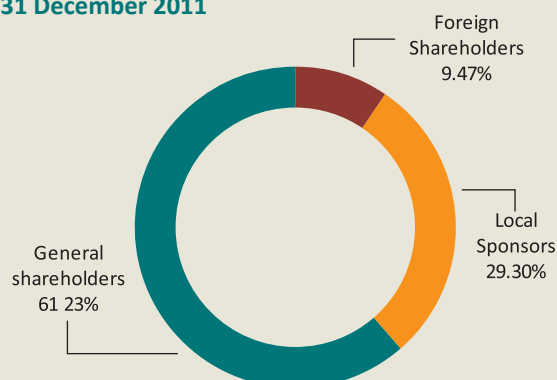
<b>Principal Bankers</b>	Prime Bank Limited Shahjalal Islami Bank Limited AB Bank Limited National Bank Limited Janata Bank Limited Bank Asia Limited	Al-Arafah Islami Bank Limited Dhaka Bank Limited <i>ONE</i> Bank Limited United Commercial Bank Limited Standard Chartered Bank Commercial Bank of Ceylon Limited
<b>LankaBangla Securities Ltd. (A subsidiary of LankaBangla Finance Limited)</b>	A-A Bhaban (Level 5) 23, Motijheel Commercial Area, Dhaka-1000, Bangladesh Tel: (8802) 9563901-5, Fax: (8802) 9563902, Web: www.lbsbd.com	
<b>Branches of LankaBangla Securities Limited</b>	<p><b>Principal Branch:</b> DSE Annex Building (1st Floor) 9/E, Motijheel C/A, Dhaka-1000 Phone: +880-2-9561868, 7176970, 7174315 Fax: +880-2-9555384 E-mail: elah@lbsbd.com</p> <p><b>Banani Branch:</b> Faruk Rupayan Tower (6th Floor) 32 Kemal Ataturk Avenue, Banani, Dhaka-1213 Phone: +880-2-8836627 Fax: +880-2-8836822 E-mail: aziz@lbsbd.com</p> <p><b>Karwan Bazar Branch:</b> NLI Tower (1st Floor), 54 Karwan Bazar, Kazi Nazrul Islam Avenue, Dhaka-1215 Tel: +880-2-9102548, 9102549, Fax: +880-2-9102551 E-mail: rakibul.hasan@lbsbd.com</p> <p><b>Islampur Branch:</b> Jahangir Tower (11th Floor) 114-116, Islampur Road, Dhaka, Phone: +880-2- 7396117, 7393573, 7393306 Fax: +880-2-7391196 E-mail: nadim@lbsbd.com</p> <p><b>Narayangonj Branch:</b> Haji Plaza (2nd Floor) 53/1, S.M. Maleh Road Tan Bazar, Narayangonj E-mail: mokhles@lbsbd.com</p>	<p><b>Chittagong Main Branch:</b> Shafi Bhaban (2nd Floor) 1216/A, Sk Mujib Road Agrabad, Chittagong Phone: +880-31-724547, 724548, Fax: +880-31-710203 E-mail: amir@lbsbd.com</p> <p><b>Khatungonj Branch:</b> Asma Chamber, 1016 (Old) Ramjoy Mohajan Lane Khatungonj, Chittagong Phone: +880-31-630011, 632276, 626709 Fax: +880-31-627312 E-mail: nazim@lbsbd.com</p> <p><b>Nasirabad Branch:</b> Rahima Center (5th Floor) 1839, CDA Avenue, Nasirabad, Chittagong Phone: +880-31-2554171-3 Fax: +880-31-2554174 E-mail: munir@lbsbd.com</p> <p><b>Sylhet Branch:</b> R N Center (4th Floor) Chowhatta, Sylhet-3100 Phone: +880-821-711143, 711752, 711912 Fax: +880-821-711918 E-mail: shamsuddin@lbsbd.com</p> <p><b>Comilla Branch:</b> Nahar Plaza (1st Floor) 67/58, Nazrul Islam Avenue Kandirpar, Comilla E-mail: nazir@lbsbd.com</p>
<b>LankaBangla Investments Ltd. (A subsidiary of LankaBangla Finance Limited)</b>	Eunoos Trade Centre (Level 21) 52-53, Dilkusha Commercial Area Dhaka-1000, Bangladesh Phone: (88 02) 9561238, Fax: (88 02) 9561107 e-mail: mail@lankabangla-investments.com	

# Shareholding Structure

as at 31 December 2011

	Taka	
<b>Authorised Capital</b>		
300,000,000 ordinary shares of Tk. 10 each		3,000,000,000
<b>Issued, Subscribed and Paid up Capital</b>		
82,351,500 ordinary shares of Tk. 10 each		823,515,000
<b>Details of shareholding structure is as under:</b>		
Shareholders:	"Total Holding (No. of Share)"	"% of Shareholding"
<b>(A) Sponsors/ Directors</b>		
<b>a) Foreign Shareholders</b>		
Sampath Bank PLC, Sri Lanka	7,800,000	9.47%
Sub-Total	7,800,000	9.47%
<b>b) Local Shareholders</b>		
<b>(i) Institutions:</b>		
ONE Bank Limited	4,000,000	4.86%
SSC Holdings Limited	883,500	1.07%
Shanta Apparels Limited	1,519,000	1.84%
Sub-Total (i)	6,402,500	7.77%
<b>(ii) Individuals:</b>		
Mohammad A Moyeen	3,491,063	4.24%
Jasmine Sultana	930,000	1.13%
Aneesha Mahial Kundanmal	6,428,470	7.81%
Mahbubul Anam	3,667,765	4.45%
Tahsinul Huque	3,208,500	3.90%
Sub-Total (ii)	17,725,798	21.52%
Sub-Total (i + ii)	24,128,298	29.30%
Sub-Total (a + b)	31,928,298	38.77%
B) General shareholders	50,423,202	61.23%
Total (A + B)	82,351,500	100.00%

## Shareholding Structure as at 31 December 2011



## Profile of the Board of Directors



**Mohammad A. Moyeen**  
Chairman



**I. W. Senanayake**  
Director (Representing Sampath Bank PLC)



**G. L. H. Premaratne**  
Director (Representing Sampath Bank PLC)

**Mr. Mohammad A. Moyeen** is a leading industrialist and entrepreneur in Bangladesh. He is associated and involved with a number of business and industries which include, among others, Apollo Hospitals Dhaka, International School Dhaka, Tropica Garments Ltd, Wings Air Cargo Ltd. He is also the Chairman of LankaBangla Securities Limited, a leading brokerage house of the country. Mr. Moyeen is a B. Arch. from BUET.

**Mr. I.W. Senanayake** is one of the Founder Directors of Sampath Bank PLC since March 1987. He was appointed as the Deputy Chairman of the Bank in April 1998. He is the Chairman of the Bank since October 2008. Mr. Senanayake is past Honorary Trade Representative for Singapore Trade Development Board in Sri Lanka, Chairman of American President Lines Lanka (Pvt.) Limited, Chairman and Chief Executive Officer of I.W.S. Holdings (Pte) Limited, a conglomerate with diversified business interests in Telecommunications, Broadcasting, Information Technology, Aviation, Shipping, Automobiles, Warehousing and Logistics Support Services, Consultancy and Project Management Services for Telecommunications, Packing and Food Processing Industries.

**Mr. G.L.H. Premaratne** was Executive Director of Sampath Bank PLC since November 2008. He is a qualified Banker and an Associate of the Chartered Institute of Bankers, London. He was appointed as the CEO (Designate) in October 2008 & as the CEO in January 2009. Mr. Premaratne had a long and distinguished career of 39 years at Commercial Bank of Ceylon Ltd, where he held many senior positions and retired as the Senior Deputy General Manager - Corporate Banking. He has extensive experience in the fields of Finance, Trade Services, Trade Finance, Corporate Banking and Management Consultancy spanning the private sector.



**Mahbul Anam**  
Director



**Mirza Ejaz Ahmed**  
Director  
(Representing SSC Holdings Limited)



**Farman R. Chowdhury**  
Director  
(Representing ONE Bank Limited)

**Mahbul Anam** is a B. Sc. Engineer (Mechanical) from BUET, Dhaka. He has long experience of 25 years in different businesses ranging from Manufacturing, Export - Import, Freight Forwarding, Travel Related Services, International Courier etc. He has been running a number of reputable business houses in the country in Management capacity. Mr. Anam is the Managing Director, Expolanka Bangladesh Limited, and Director of a number of businesses and industries. Mr. Anam enjoys enormous reputation in the field of sports, cultural and social work. Presently he is the President of Bangladesh Freight Forwarders Association (BAFFA) and Senior Vice President of Bangladesh Cricket Board. He was the Convenor, Central Organising Committee of Cricket World Cup 2011.

**Mr. Mirza Ejaz Ahmed** is an MBA from the Institute of Business Administration (IBA), University of Dhaka. He started his career in American Express Bank and served there for 17 years and left American Express as Senior Director. Before joining HRC Group as the Group Managing Director in 2002, he served in ONE Bank as its Managing Director for about 2 years. Mr. Ahmed is presently the chairman of Shirt Makers Group, a 100% export oriented apparels manufacturing company.

**Mr. Farman R. Chowdhury** is an MBA from the Institute of Business Administration (IBA), University of Dhaka. He started his career in American Express Bank and served the bank in several responsible positions, particularly in the Credit and Marketing Divisions till 1998. In July 1999, he joined ONE Bank Limited as Senior Vice President and now is the Managing Director of the Bank.





**Jasmine Sultana**  
Director



**Tahsinul Huque**  
Director



**Aneesha Mahial Kundanmal**  
Director

**Mrs. Jasmine Sultana**, wife of Mr. Khondoker Monir Uddin, Director of Dhaka Bank Limited, is a Bachelor of Arts from University of Dhaka. She is a leading woman entrepreneur in Bangladesh and associated with a number of business and industrial ventures which includes among others Dhaka Bank Limited, Shanta Washing Plant Ltd, Moazzem Garments Industries Ltd.

**Mr. Tahsinul Huque** graduated from Williams College, Massachusetts, USA with majors in Economics and Political Science. He started his career with Merrill Lynch in 1990 and served the company at different capacities until 2003. He, then joined Deutsche Bank as Managing Director of Investment Banking Division and is stationed at London, UK. Mr. Huque has established himself as an accomplished investment banker in the international arena.

**Mrs. Aneesha Mahial Kundanmal**, wife of Mr. Bhagwan Wassiamal Kundanmal, is a B. A. (Honors) in Public Administration from University of Dhaka and involved with a number of business houses as a leading woman entrepreneur in the country. She is the Director of Royal Park Limited and GDS Chemical Bangladesh (Pvt) Limited She is associated with various social and cultural organizations.



**Salahuddin Ahmed Khan**  
Independent Director



**Mohammed Nasir Uddin Chowdhury**  
Managing Director

**Mr. Salahuddin Ahmed Khan** is a Professor of Department of Finance of University of Dhaka. He started his career in 1986 as a Lecturer in the same department of University of Dhaka. He has vast experience in teaching especially on Portfolio Management, Security Analysis and Financial Markets, Corporate Finance, and Business Finance. His several research based articles and research monographs were published in various renowned journals.

He has successfully completed his five year term (from September 2003 to December 2008) as the Chief Executive Officer of Dhaka Stock Exchange Limited. Mr. Khan has working experience as consultant for UNDP, World Bank, CONCERN, Ministry of Education, Dhaka Chamber, and other renowned organizations. He successfully organized numbers of international and regional seminars, conferences and led delegations for Capital Markets at home and abroad.

**Mr. Mohammed Nasir Uddin Chowdhury**, an Old Faujian, accomplished his graduation and post – graduation from the University of Chittagong. Prior to his new assignment in LankaBangla Finance, Mr. Chowdhury was the Chief Executive Officer of LankaBangla Securities Limited from July 2002 to April 2011 and Director of MIDAS Financing Ltd. representing LBFL till October, 2011. Mr. Chowdhury also served as Senior Vice President (SVP) and Director of Dhaka Stock Exchange Limited from May 2010 to March 2011 and May 2008 – May 2009 respectively. He is a member of the Board of Directors of LankaBangla Securities Limited (LBSL) and LankaBangla Investments Limited (LBIL). His role was instrumental in the development of LBSL & Merchant Banking Operation of LankaBangla Finance which was later on converted into a subsidiary of LBFL.

He attended a number of trainings, workshops and seminars at home and abroad including USA, Hong Kong, Singapore, Sri Lanka, India, Thailand and other countries.

# Management Team

Managing Director & Chief Executive Officer	Mohammed Nasir Uddin Chowdhury
Senior Vice President & Chief Financial Officer	Quamrul Islam
Senior Vice President & Head of Credit Administration	A.K.M. Kamruzzaman, FCMA
Senior Vice President & Head of Retail Finance	Khurshed Alam
Sr. Vice President & Head of Internal Control & Compliance	Mohammed Kamrul Hasan, FCA
Vice President & Company Secretary	Mostafa Kamal, FCA
Vice President & Head of Cards	A.K.M. Rezaul Karim
Vice President & Head of Corporate Finance	Mohammad Shoaib
Vice President & Head of Credit Risk Management	Kazi Masum Rashed
Assistant Vice President & Head of IT	Sheik Mohammad Fuad
AVP & Head of Branch Expansion and Management	Md. Anisur Rahman
Assistant Vice President - Accounts	Masum Ali
Assistant Vice President & Head of Recovery	Abu Md. Hasan Masud
Assistant Vice President & Head of Factoring	Md. Moniruzzaman
Branch Managers	
Agrabad Branch, Chittagong	Md. Solaman Hossain
Sylhet Branch	Enam Ahmed Chowdhury
Khatungonj Branch, Chittagong	Shazzad Mohammed Chowdhury

# Board Committees

Executive Committee		Audit Committee	
Mohammad A. Moyeen	Chairman	Mahbubul Anam	Chairman
Mahbubul Anam	Member	Mirza Ejaz Ahmed	Member
Farman R Chowdhury	Member	Farman R Chowdhury	Member
Aneesha Mahial Kundanmal	Member	Salahuddin Ahmed Khan	Member
Salahuddin Ahmed Khan	Member		

# Management Committees

## Management Committee (MANCOM)

Mohammed Nasir Uddin Chowdhury, Managing Director	Chairman
Quamrul Islam, SVP & CFO	Member
AKM Kamruzzaman, SVP & Head of Credit Administration	Member
Khurshed Alam, SVP & Head of Retail Finance	Member
Mohammed Kamrul Hasan, SVP & Head of ICC	Member
Mostafa Kamal, VP & Company Secretary & Head of HR	Secretary
AKM Rezaul Karim, VP & Head of Cards	Member
Mohammad Shoaib, VP & Head of Corporate Finance	Member
Kazi Masum Rashed, VP & Head of CRM	Member
Md. Anisur Rahman, AVP & Head of Branch Expansion & Management	Member
Sheik Mohammad Fuad, AVP & Head of IT	Member

## Human Resource Committee

Mohammed Nasir Uddin Chowdhury, Managing Director	Chairman
Quamrul Islam, SVP & CFO	Member
AKM Kamruzzaman, SVP & Head of Credit Administration	Member
Mostafa Kamal, VP & Company Secretary & Head of HR	Secretary

## Internal Control and Compliance Committee

Mohammed Nasir Uddin Chowdhury, Managing Director	Chairman
Quamrul Islam, SVP & CFO	Member
AKM Kamruzzaman, SVP & Head of Credit Administration	Member
Khurshed Alam, SVP & Head of Retail Finance	Member
Mohammed Kamrul Hasan, SVP & Head of ICC	Member
Mostafa Kamal, VP & Company Secretary & Head of HR	Secretary
AKM Rezaul Karim, VP & Head of Cards	Member
Mohammad Shoaib, VP & Head of Corporate Finance	Member
Kazi Masum Rashed, VP & Head of CRM	Member
Sheik Mohammad Fuad, AVP & Head of IT	Member

## Management Credit Committee

Mohammed Nasir Uddin Chowdhury, Managing Director	Chairman
Quamrul Islam, SVP & CFO	Member
AKM Kamruzzaman, SVP & Head of Credit Administration	Secretary
Khurshed Alam, SVP & Head of Retail Finance	Member
Mohammad Shoaib, VP & Head of Corporate Finance	Member

**Anti Money Laundering Compliance Committee**

Mohammed Nasir Uddin Chowdhury, Managing Director	Chairman
Quamrul Islam, SVP & CFO	Member
Mohammed Kamrul Hasan, SVP & Head of ICC	Member
AKM Rezaul Karim, VP & Head of Cards	Member
Masum Ali, AVP-Accounts	Secretary

**Asset Liability Management Committee**

Mohammed Nasir Uddin Chowdhury, Managing Director	Chairman
Quamrul Islam, SVP & CFO	Member
AKM Kamruzzaman, SVP & Head of Credit Administration	Member
Khurshed Alam, SVP & Head of Retail Finance	Member
Mohammad Shoaib, VP & Head of Corporate Finance	Member
Kazi Masum Rashed, VP & Head of CRM	Member
Masum Ali, AVP-Accounts	Secretary
Nazimuddin Ahmed, Senior Manager-Treasury	Member

**IT Development Committee**

Mohammed Nasir Uddin Chowdhury, Managing Director	Chairman
Quamrul Islam, SVP & CFO	Member
Sheik Mohammad Fuad, AVP & Head of IT	Secretary

**Credit Card Operations Committee**

Mohammed Nasir Uddin Chowdhury, Managing Director	Chairman
Quamrul Islam, SVP & CFO	Member
AKM Kamruzzaman, SVP & Head of Credit Administration	Member
AKM Rezaul Karim, VP & Head of Cards	Member
Kazi Masum Rashed, VP & Head of CRM	Member
Sheik Mohammad Fuad, AVP & Head of IT	Member
Mohammed Amran Hoq, AVP	Secretary

**BASEL II Implementation Committee**

Mohammed Nasiruddin Chowdhury, Managing Director	Chairman
Quamrul Islam, SVP & CFO	Member
AKM Kamruzzaman, SVP & Head of CAD	Member
Mohammed Kamrul Hasan, SVP & Head of ICC	Member
Kazi Masum Rashed, VP & Head of CRM	Secretary
Sheik Mohammad Fuad, AVP & Head of IT	Member
Masum Ali, AVP-Accounts	Member









# Consolidated Financial Highlights

Financial Performance	2007	2008	2009	2010	2011	Growth (%)
Total Assets	5,782.38	8,108.87	13,435.00	19,322.24	22,380.00	15.83%
Total Liabilities	5,185.03	7,186.40	11,335.07	14,532.20	16,659.83	14.64%
Business Disbursement	3,024.22	3,258.97	4,689.28	4,275.50	4,443.70	3.93%
Current Assets	3,977.61	5,554.92	8,839.66	8,985.65	9,345.29	4.00%
Current Liabilities	3,477.92	4,793.27	7,394.94	7,869.65	8,945.25	13.67%
Non Current Assets	1,804.77	2,553.95	4,595.93	10,336.59	13,034.71	26.10%
Long Term Liabilities	1,707.12	2,393.12	3,940.13	6,662.55	7,714.58	15.79%
Term Deposits	1,818.52	2,627.30	4,432.90	4,560.00	5,309.62	16.44%
Total Investment Portfolio	4,717.46	6,869.63	10,699.17	15,064.57	18,703.35	24.15%
<b>Operational Performance</b>						
Operating Revenue	946.96	1,542.18	2,427.07	4,176.11	3,410.33	-18.34%
Operating Expenses	648.57	1,069.97	1,362.38	1,513.72	2,023.40	33.67%
Financial Expenses	418.76	707.16	936.61	1,016.08	1,396.57	37.45%
Net Profit Before Tax	298.39	472.21	908.07	2,331.10	1,304.04	-44.06%
Net Profit After Tax	210.47	377.64	744.08	1,700.15	791.10	-53.47%
Turnover of Share Trading by LBSL	65,972.48	127,605.37	242,210.58	560,366.03	229,161.62	-59.11%
<b>Financial Ratios</b>						
Current Ratio	1.14	1.16	1.20	1.14	1.04	-8.50%
Debt Equity Ratio	8.68	7.79	5.40	3.03	2.91	-4.00%
Financial Expense Coverage Ratio	1.50	1.53	1.79	2.67	1.57	-41.40%
Return on Equity (%)	41.23%	40.94%	35.42%	35.49%	13.83%	-61.04%
Return on Assets (%)	4.89%	4.66%	5.54%	8.80%	3.53%	-59.83%
<b>Equity Parameters</b>						
Authorized Capital	1,000.00	1,000.00	1,000.00	1,000.00	3,000.00	200.00%
Paid-up Capital	350.00	385.00	442.75	531.30	823.52	55.00%
Shareholders' Equity	597.34	922.48	2,100.53	4,790.04	5,720.17	19.42%
No. of Share Outstanding	35.00	38.50	44.28	53.13	82.35	55.00%
Net Asset Value (NAV) Per Share	17.07	23.96	47.44	90.18	69.46	-22.98%
Earnings Per Share (EPS)	5.47	9.81	14.00	32.00	9.61	-69.98%
Market Price Per Share (Closing)	100.10	196.60	313.80	497.90	170.20	-65.82%
Price Earnings Ratio (Times)	18.30	20.04	22.41	15.56	17.72	13.87%
Dividend Payment (C-cash & B- bonus)	10% B 15% C	15% B 15% C	20% B 15% C	55% B	30% B	-
Dividend Payout Ratio (%)	76.50%	69.45%	44.15%	72.49%	52.94%	-26.97%
Dividend Coverage (Times)	1.19	1.44	2.27	1.38	1.89	36.93%
Dividend Yield (%)	2.50%	1.53%	1.12%	1.10%	1.76%	59.57%

## Operating Revenue

**5 year CAGR**  
56.3%

Operating Revenue has been decreased to Tk. 3,408.4mn in 2011 compared to Tk.4,176.1mn in 2010. Investment income & brokerage income have declined this year to reduce Operating Revenue by 18.38% even though Net Interest Income increased by impressive 64.44%.



## Operating Profit

**5 year CAGR**  
74.9%

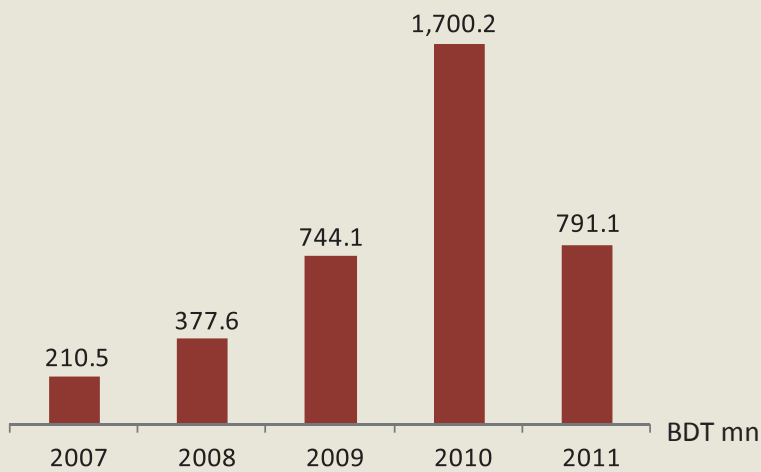
Operating Profit stands at Tk. 1,386.9mn in 2011. However, Operating Profit CAGR over the last 5 years is 74.9%.



## Net Profit

**5 year CAGR**  
63.9%

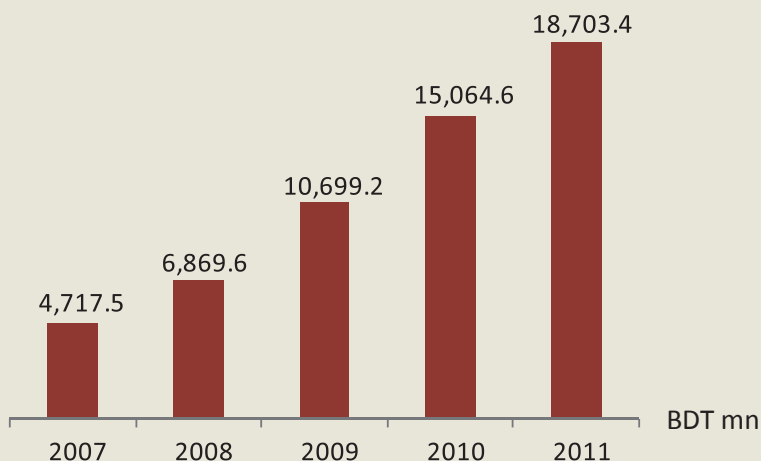
Even in a very tight economic reality LankaBangla could secure Tk. 791.1mn Net Profit at the end of 2011. LankaBangla achieved 63.9% CAGR in Net Profit over the last 5 years.



## Investment Portfolio

**5 year CAGR**  
50.5%

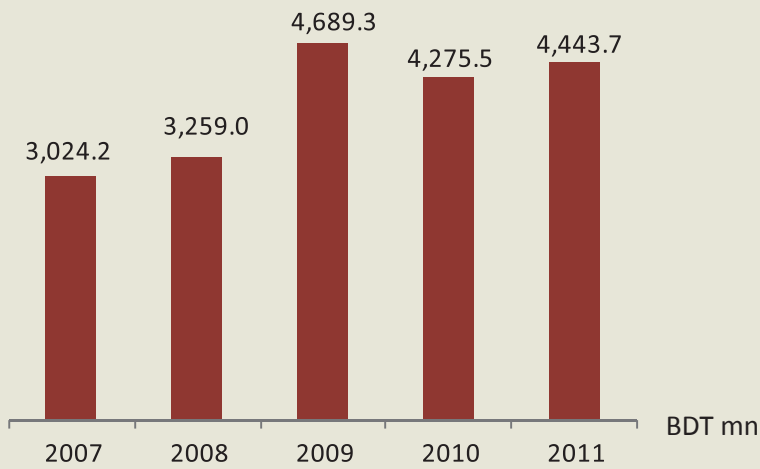
Investment Portfolio increased 24.15% at the end of 2011 compared to 2010 to reach BDT 18,703.35 mn. Our portfolio grew 50.5% over the last 5 years.



### Business Disbursement

**5 year CAGR**  
18.7%

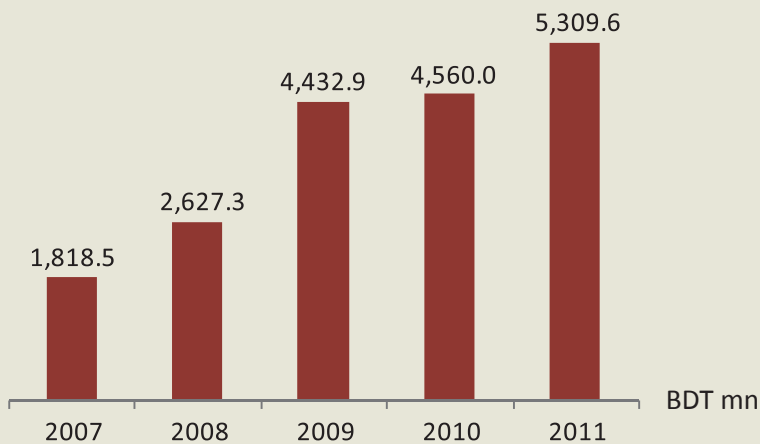
Business disbursement in 2011 has been increased to BDT 4,443.7mn compared to BDT 4,275.5mn last year. 5 year CAGR is 18.7%.



### Term Deposits

**5 year CAGR**  
47.5%

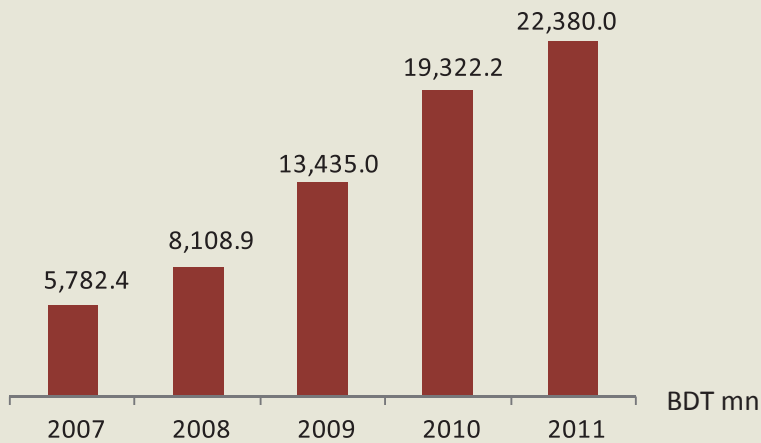
Term Deposit grew 16.44% in 2011 and reached to BDT 5,309.6 compared to BDT 4,560.0mn in 2010. Our deposit base grew 47.5% in last 5 year.



## Total Assets

**5 year CAGR**  
51.2%

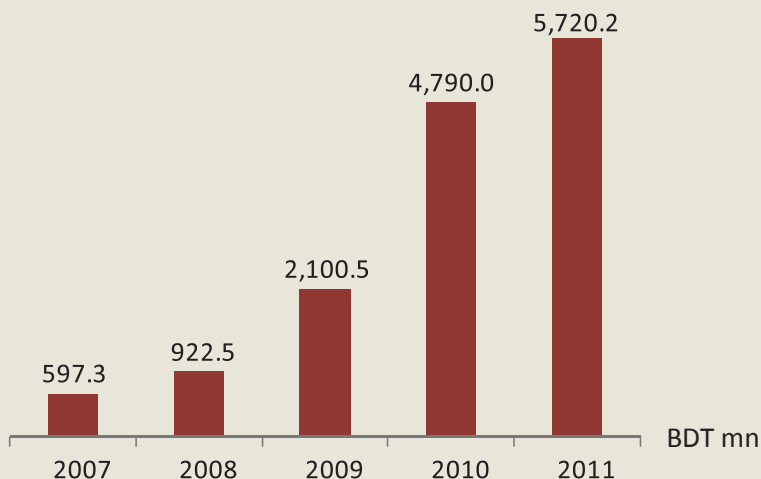
Total Asset grew 15.83% in 2011 compared to 2010. LankaBangla's Asset base is BDT 22,380mn as of December 31, 2011. The company had 51.2% CAGR in Total Asset over the last 5 years.



## Shareholders' Equity

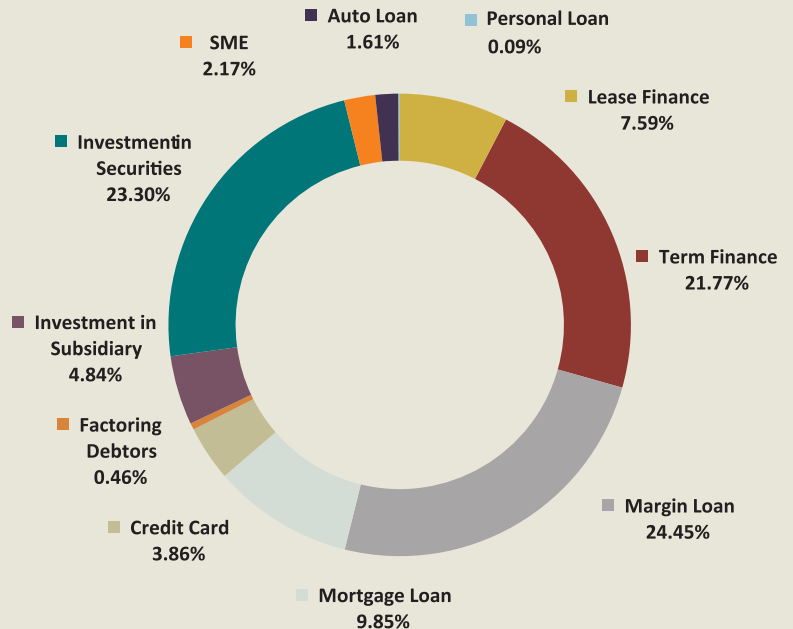
**5 year CAGR**  
68.3%

Shareholders' Equity grew from BDT 4,790.0 mn to BDT 5,720.2 mn marking 19.42% growth in 2011 over 2010. The 5 year CAGR is 68.3%.



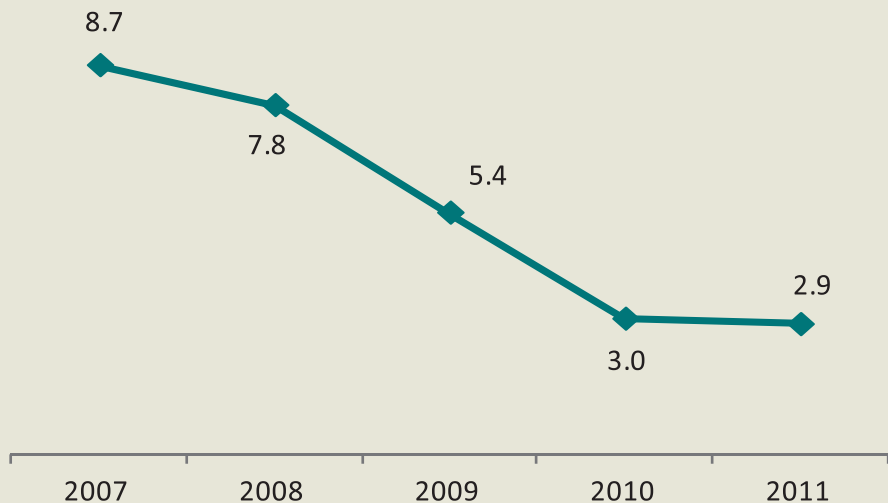
### Investment Mix

LankaBangla has diversified its portfolio in many asset classes with Term Finance and Margin Loan having major share in the pie. Investment in Securities and Mortgage Loan in the 3rd and 4th position consecutively. SME, Auto Loan, Personal Loan and Factoring are growing gradually.



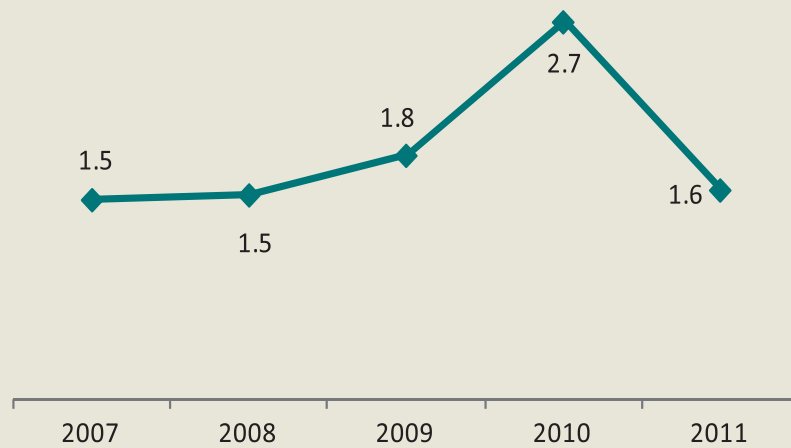
### Debt to Equity Ratio

Our Shareholders' equity growing to offer us lower Debt Equity Ratio even in 2011. Steady decline in this ratio indicates stronger debt equity position.



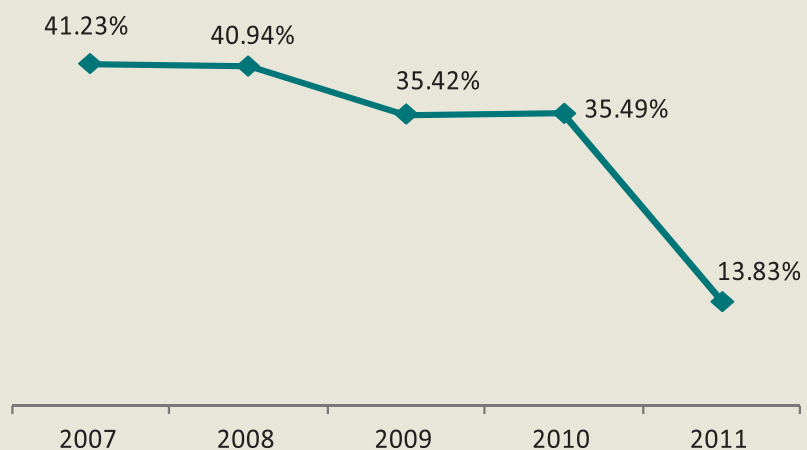
### Financial Expense Coverage Ratio

Financial Expense Coverage Ratio decreased a bit this year, but still at good position to cover debt charges.



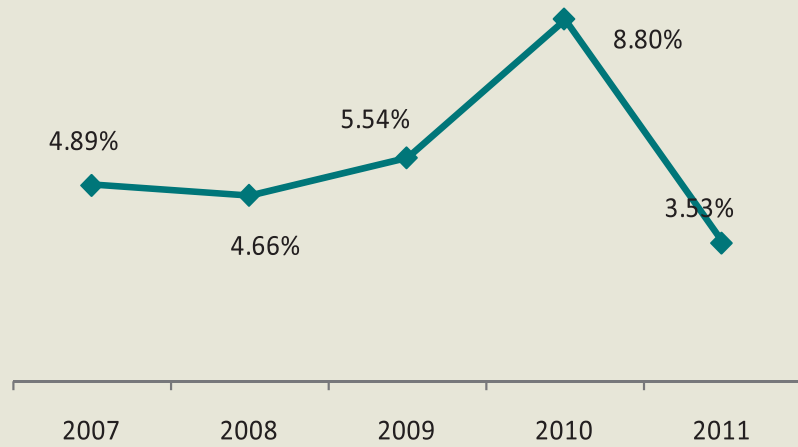
### Return on Equity (ROE)

Return on Equity has been declined this year because of low earnings growth. LankaBangla earned 13.83% return on equity in 2011. The company earned an average ROE of 33.38% In last 5 years.

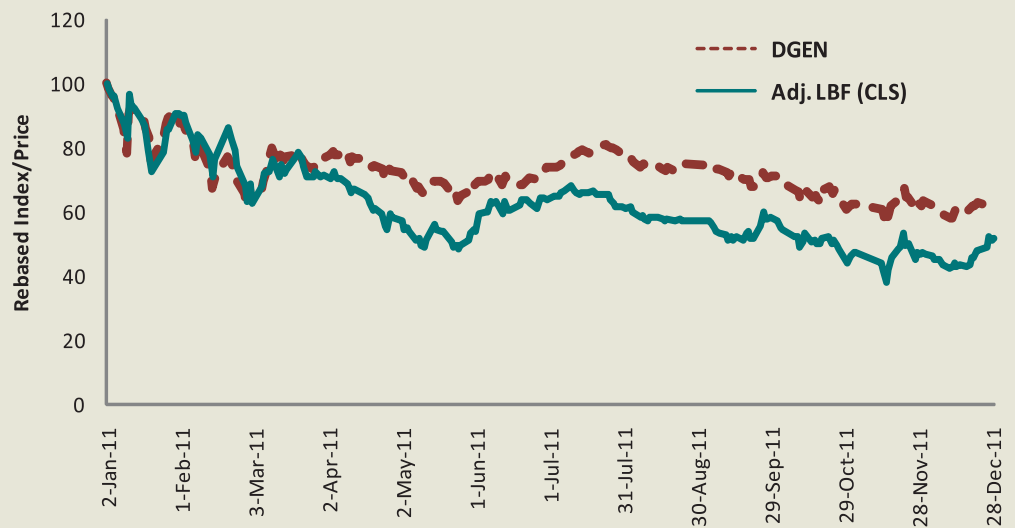


### Return on Assets (ROA)

Return on Assets (ROA) in 2011 is 3.53%, declined from high ROA of 8.8% in 2010. LankaBangla could secure an average ROA of 5.48% in last 5 years.

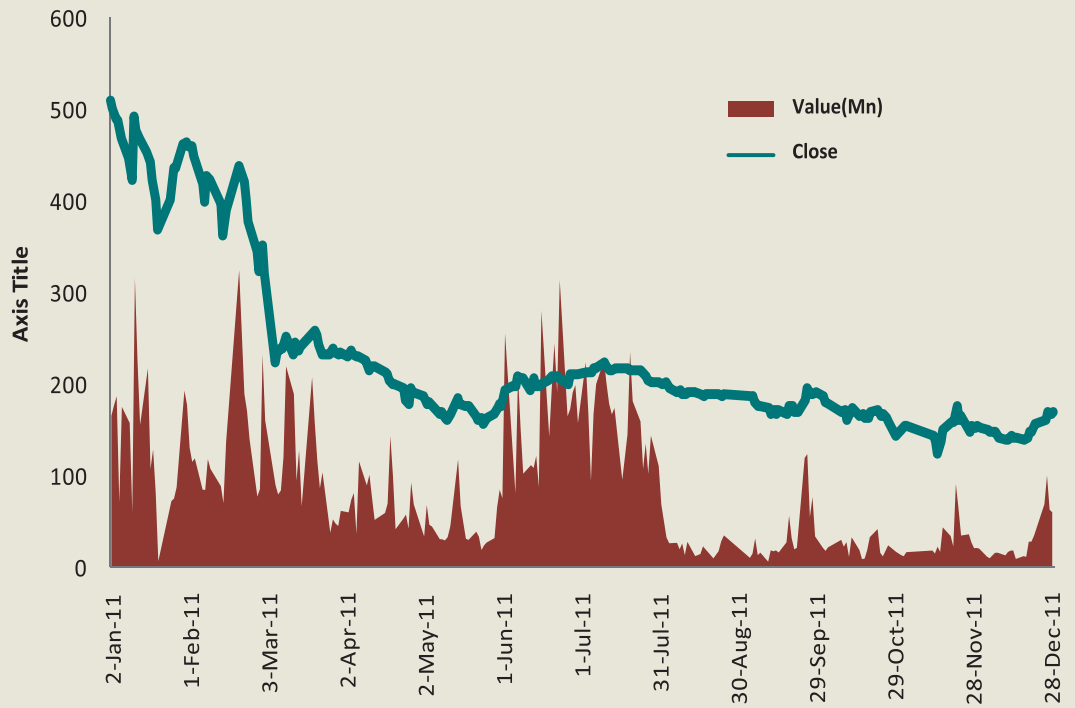


### Price Performance of LBFL Compared to Benchmark DGEN Index

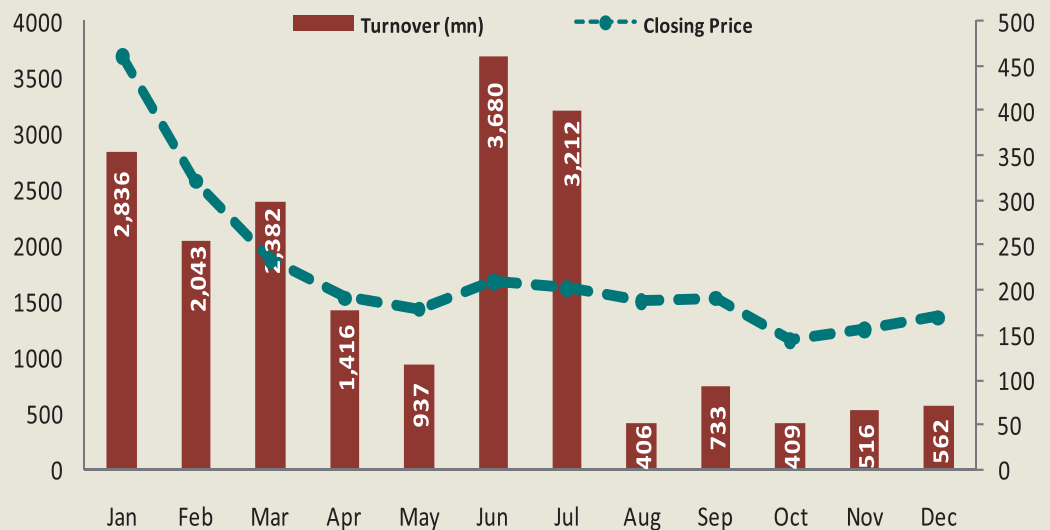




### Price Volume Chart (2011)



### Monthly Turnover and Average Price of LankaBangla Share:



# Message from the Chairman



**Mohammad A. Moyeen**  
Chairman

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At LANKABANGLA, we understand that our success is determined by how well we develop mutually beneficial relationship with our stakeholders. We render the best services to our CUSTOMERS and they reward us with their business. We provide our SHAREHOLDERS with high-quality returns and they trust us with their investments. We offer our EMPLOYEES a diverse workplace full of opportunities where everyone can achieve success and they repay us with their talent and commitment. We contribute to our COMMUNITIES and they welcome our presence and honor us with their trust.

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In the name of Allah, the most Gracious, the most Merciful

Distinguished Shareholders, guests of honor, ladies and gentlemen, May Peace, Mercy and Blessings of Allah bestow upon you.

I am delighted to welcome you to the 15th Annual General Meeting of LankaBangla Finance Limited. On behalf of the Board of Directors, I would like to express my heartfelt thanks and profound gratitude to all of you for your continuous trust, support and co-operation.

The current economic and business environment poses unprecedented challenges to the financial services industry. In these testing times, we are relearning where our strengths lie and how we can overcome the challenges. Over the span of time LankaBangla is now poised for optimal growth utilizing internal potency and external opportunities. We have increased our investments significantly to build up a strong Human Resources team and to develop a state of the art IT infrastructure.

Ladies and Gentlemen, as you know, the year 2011 experienced relatively higher rate of interest commensurate with the high rate of inflation. At the same time the year 2011 is marked as highly volatile in terms of huge fall in turnover in the Capital Market as well as continuous erosion of the level of confidence among the investors which has impacted our business significantly. Monetary authorities including Bangladesh Bank tightened money supply into the economy to check inflation.

On the other hand, public debt and increased borrowing by Government emerged as a concern over monetary and fiscal management of the country. The rising public debt in a constrained monetary environment had been exerting serious pressure on the macro-economic stability of the country. It mounted an upward pressure on interest rate crowding out private investment. In line with the market situation our cost of fund increased significantly due to constrained liquidity flow and tight money market. This eventually

resulted in lower credit demand in the country. You will be glad to know that even in the backdrop of deceleration in economic activities your company, with prudent policy persuasion, was able to continue investment in productive sectors maintaining diversity in its portfolio.

We take pride in informing you that we continue to nurture best practices in corporate governance and are working to strengthen our policies and procedures, adopt new standards as they evolve. We are committed to becoming more open and transparent with our stakeholders. The disclosures given in this year's Annual Report are reflection of that transparency and, hopefully, will meet your expectation.

LankaBangla truly strives to secure 'Triple Bottom Line' for sustainable business. The way we are eager to achieve our economic targets, in a similar manner we do our utmost for social and ecological commitment to people and the planet. We take corporate social responsibility very seriously. Through LB Foundation we are continuing our support to the underprivileged citizens of the country. LankaBangla is supporting underprivileged brilliant students in realizing their dreams, helping people in natural calamities and donating for health care to the poor.

During the year 2011 the consolidated net profit after tax of LankaBangla stood at Tk. 791.10 million marking a negative growth of 53% compared to 2010. The downturn is mainly attributable to a significant rise in the cost of fund which reduced margin from core business operations and severe downturn in brokerage income due to heavy fall in market activities in both the bourses of the country. Under the circumstances cost efficiency measures have been implemented. LankaBangla emphasizes to build quality portfolio with utmost professional care. The stringent risk management, monitoring and effective control system helped LankaBangla to decrease portfolio infection rate from 7.90% in 2010 to 6.51% in 2011.

This year LankaBangla concentrated more

on balancing portfolio in line with changed paradigm. All out efforts have been given to diversify product line in the best way to foster growth in coming years. A silver lining has been done to tap more synergic benefits between LankaBangla Finance Limited and its subsidiaries. LankaBangla Securities Limited continued to excel even in bearish market activities and enhanced its effort in knowledge based sustainable capital market in the country. The company has been able to sustain the top position among the stock brokers in both stock exchanges of the country. The market share of LBSL at DSE increased to 6.41% in 2011 from 6.14% in 2010. LankaBangla Investments Limited is also building capacity to reap maximum benefits in coming years.

During the year 2011 the Company paid Tk. 306.29 million as advance income tax and withholding tax and made tax provision of Tk. 444.98 million which represents our commitment to contribute to the economic development of the country.

I would like to wrap up by expressing thanks to my fellow colleagues on the Board and the Boards of the subsidiaries for their continued commitment, vision and guidance; to the management team for their professional attitude in dealing with challenges and their hard work in making your institution the most preferred financial service provider in the country. I would also like to extend my gratitude to Bangladesh Bank, Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, Register of Joint Stock Companies and Firms, National Board of Revenue and all other regulatory authorities for their support, trust and invaluable contribution. Finally, I would like to assure you that, the Board is always pursuing the best strategies to maximize and retain the value of the organization. I, on behalf of the Board, would like to assure you of appropriate return for the trust you have reposed on us.



**Mohammad A. Moyeen**  
Chairman

# Review from the Managing Director



**Mohammed Nasir Uddin Chowdhury**  
Managing Director & CEO

2011 was a challenging year for all the financial institutions.

Liquidity management vis-à-vis keeping the fund cost within a tolerable limit were the major tasks throughout the year. Besides, continuation of the Primary Dealership business lead the company to an uncomfortable situation.

Despite having all the adversities we tried to create synergy among the business units towards achieving the ultimate objectives. Believing in ourselves, we want to assure the excellence of financial services.

## A Challenging Year

The outgoing year, 2011 was a challenging year for the world economy on several fronts. Financial turmoil arising from fiscal crisis in Europe had generated significant headwinds for the developing countries around the world. Financial markets across the globe had been deteriorating throughout the year. Capital flows to developing countries declined by almost half compared to the last year.

As a developing country Bangladesh has shown resilience in economic activities and achieved impressive 6.7% GDP growth against 6.0% growth in peer developing countries' block. However, external environment had become increasingly challenging and uncertain for Bangladesh in the second half of 2011. Curbing double digit inflation became topmost priority for the monetary authority of the country. Restrictive macroeconomic policy stance by Bangladesh Bank aiming to arrest stubbornly high inflation has contributed to weaker domestic demand growth. Nevertheless, higher than targeted government borrowing has contributed in putting strain in the economy adding complicacy in the efficacy of the monetary policy efforts to reduce inflation. Commodity price indices continued sky rocketing and political unrest in Middle East and North Africa lead to disruption in supplies of oil and thus lead to higher oil price. Commissioning of a large number of fuel oil-based power plants increased oil import significantly. Restrained liquidity flow in the economy forced the cost of fund to a new high.

Bangladesh economy has seen weakness in the financial sector. The country fought with an unfavorable balance of trade in the fourth quarter of 2011. The capital market has seen wreckage and activities of the market was extremely low in 2011. Maintaining good spread in core operation was very challenging due to high cost of fund. Despite multifaceted challenges, the result published in this Annual Report could have not been possible without effective strategies by management, prudent board directives and hard work of dedicated professionals that LankaBangla retains.

## The Interest Rate Regime

Tighter liquidity flow made short term interest rate high at the beginning of the year. Increment

of SLR & CRR for banks by 50bps in December 2010 and subsequent 175bps increment in policy rate changed the flow and rate in money market. Call money rate was hovering around 20% throughout the year. Interbank REPO rates also increased substantially. Banks revised rates of credit to NBFIs in a very tight environment. As a consequence, our cost of fund increased significantly. High interest rate increased the risk of wrong selection among the competing projects. However, we concentrated high in prudent selection on loan proposals.

#### Operations & Profitability

In 2011, LankaBangla earned consolidated pretax profit of Tk. 1,304.04 million, decreased 44% over that of the previous year. The consolidated net profit after tax stood at Tk. 791.10 million registering a negative growth of 53% compared to 2010. The consolidated earnings per share during the year under reviewed was Tk. 9.61 compared to previous year's Tk. 20.65. Investment size of the company at the end of 2011 stood at Tk. 18,703.35 million marking 24% growth over last year. Growth in advance was supported by our marketing and operational activities. Risk Management unit of LankaBangla has been strengthened this year and our Capital Adequacy Ratio (CAR) reached to 10.32% well above regulatory threshold.

#### Diversification & Consolidation

We are consolidating our footprints in the industry to position LankaBangla for utmost synergy. As a leading multi-product NBF of the country LankaBangla strives for meeting diverse clients' needs. Even in a challenging environment and cutting edge competition, Lease & Loan portfolio of LankaBangla grew 16.1%. Mortgage Loan portfolio continued to outshine while Auto Loan & SME Loan portfolio grew 93.4% & 82.5% respectively in the outgoing year. LankaBangla disbursed factoring facility in 2011 amounting Tk. 322.26 million. LankaBangla credit card is competing successfully with leading banks of the country operating with one of the quality portfolios in the industry. In 2011 we successfully launched card cheque to meet growing need of our clients. We are continuing to support the government by Primary Dealership (PD) operations and look forward to play effective role in bond market development in Bangladesh.

#### Resilient Subsidiaries

LankaBangla Securities Limited (LBSL), a subsidiary of LankaBangla Finance Limited, top broking house of the country continued to excel with a diverse clientele of institutions, high net worth individuals, foreign funds and retail investors. LankaBangla Investments Limited (LBIL) – the merchant banking

subsidiary of LankaBangla Finance Limited, has been in operation for a year. LBIL has already been successful in establishing itself as one of the country's premier merchant banks. The company launched discretionary portfolio management services 'Alpha Plus' for people requiring end-to-end investment services in portfolio management.

We are strengthening our position in capital market through providing quality services to our clients and believe in a knowledge based vibrant capital market for economic development. As Bangladesh remains as a capital constrained emerging country, capital market will remain as a good source of long term fund. We are making equity finances to further diversify our portfolio.

#### Restructuring & Business Process Streamlining

In mid 2011, we launched 'Restructuring & Business Process Streamlining project', a project to revisit our stance and chalk out plans to achieve our vision. We paid close attention to our business sectors where our performance was modest, worked hard to make these segments potentially good business. Business Process Streamlining is a continuous process at LankaBangla and we made various streamlining steps in 2011. To further increase our geographical presence, we opened another outlet in Old Dhaka and plan to augment our branch network in top business hubs of the country. We always believe that capacity building is very imperative to ensure optimum contribution to the company. We strive to enhance professional capabilities of the employees, upholding professional ethics, transparency in the operational policies, guidelines, offering quality environment for work and training sessions to a good number of employees.

#### Sense of Ownership

At LankaBangla we cherish the fact that every stakeholder of the Company has a sense of ownership which keeps us motivated for a better tomorrow. I am grateful to our shareholders for their confidence and trust placed in the company. Special thanks to our valuable customers who continued to be with us despite intensified competition in the industry. Appreciation goes to all of my colleagues for their teamwork with sincerity, diligence and utmost professionalism. I also express gratitude to our lenders, depositors, regulators and other stakeholders for their continued support.



**Mohammed Nasir Uddin Chowdhury**  
Managing Director & CEO

# Directors' Report

## Dear Shareholders,

On behalf of the Board of Directors of LankaBangla Finance Limited, I am very happy to welcome you in the 15th Annual General Meeting of the Company.

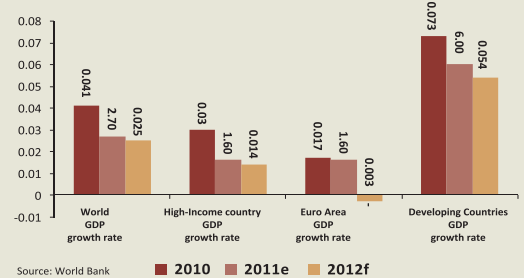
The Board of Directors takes the pleasure in presenting the Annual Report for the year ended 31 December 2011, which includes reports on business strategy and review, risk management, corporate governance, separate and consolidated audited financial statements, investor relations and a sustainability supplement. This Annual Report has been prepared in compliance with the Companies Act, 1994, Financial Institutions Act, 1993 and the Guidelines issued by Securities and Exchange Commission, Bangladesh Bank and other regulatory bodies.

In the year 2011, LankaBangla Finance Limited has made a sizeable growth in terms of business volume. Amid difficult times in terms of economic tautness, we with a clear vision have started business streamlining and process re-engineering for quality development in each operational area. We have achieved successes in many key performance indicators even in the context of considerable challenges posed by global and local volatile financial market condition.

## World Economy in 2011

World economy is experiencing a period of turmoil which prevailed throughout the year 2011. GDP growth rate in the developed industrial countries were almost stalled. USA and Europe were busy in battling with their own problems. Giant economies had to deal with high unemployment and unsustainable national debt burden. In the month of April, 2011 one of the largest rating agency S&P provided a negative outlook for US economy and they declared that the U.S. sovereign bond will face rating downgrade in its history if the country fails to bring down their debt burden within reasonable limit. This declaration had spread a negative shockwave to the financial markets in USA and across the globe. Central banks across the world had to respond with

## Real GDP Growth (%)



the problem by flooding the market with liquidity. U.S. treasury declared to keep ultra low interest rate until 2013 in order to instill stability in the financial market and spur economic growth.

17 nations' euro zone had to deal with their sovereign debt crisis. European nations were busy in trying to resolve the Greek debt crisis. While key European power Germany, France and other AAA rated European nations were busy in negotiating with Greece about the austerity measures to be taken to ensure rescue package, speculators' attack spiked the interest rate of sovereign bonds of larger European countries including Portugal, Italy, Ireland, and Spain. Under the circumstances European Central Bank (ECB) had to react with massive liquidity supply and slashing key benchmark interest rate.

Ultra-low interest rate had another impact in the developing part of the world. Expanding balance sheet of the central banks spurred commodity rally. Gold had its one of the best year in a decade. In 2011 gold saw 9.2% increases in its price. In order to fight inflation resulting from commodity price hike central banks in the developing countries had to increase the interest rate and reduce liquidity supply. Our neighboring country India had to increase the interest rate 13 times in 19 months to battle the double digit inflation. China also followed the same path to tame the inflation and real estate bubble.

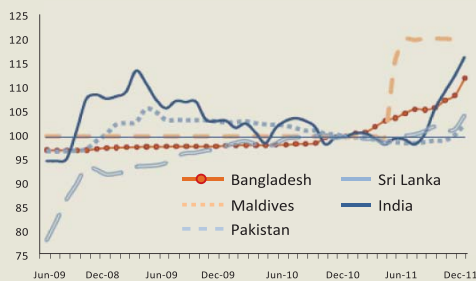
Instability in the financial markets and high inflation rate in the developed nations had its impact on the Gross Domestic Production of the nations across the globe. Greece's economy has shrunk by 7% in 2011. Global output growth has slowed down to 3.8%

compared to 5.2% in 2010. USA showed surprising growth on the upside riding on the increased consumer and business spending. On the other hand most of the emerging and developing countries have generated lower growth rate compared to 2010.

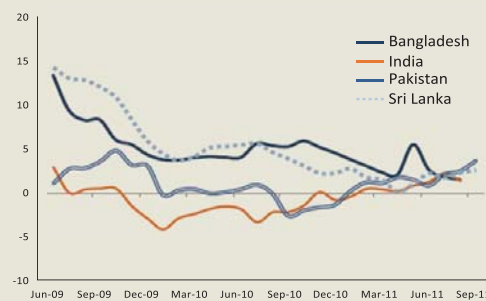
**Regional Round up**

Regional monetary policy authorities faced several challenges in reducing inflation in 2011. More recently, currency devaluation has contributed to inflation as well. In Bangladesh and Pakistan, monetary authorities have also been monetizing the deficit. This eventually added complicity in the efficacy of other monetary policy efforts to reduce inflation. Through tight monetary policies, real lending rates in South Asian region became positive again in 2011.

**Nominal LCU/\$, Depreciation > 100 < appreciation**  
Index Dec-2010 = 100



**Lending interest rate minus CPI annual, percent**



Sources: Thomson DataStream, EIU and World Bank

**World Economy Outlook for 2012**

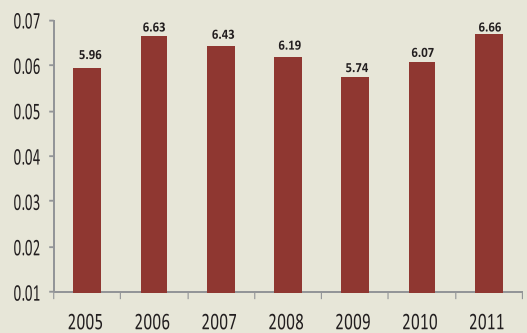
The world economy has entered into a very difficult phase. Europe appears to have entered recession. The fiscal crisis in Europe has spread to both developing and high-income countries. Growth in major developing countries like Brazil and India has slowed.

World Bank has forecasted slowdown of the world economy. The estimated growth for 2011 is 2.7% and forecast for 2012 is 2.5% which was 4.1% in 2010. Growth in high-income country during the year 2011 was around 1.6% and forecast for 2012 is 1.4% which was 3% in 2010. Growth in developing countries during the year 2011 stood around 6% and forecast for 2012 is 5.4% which was 7.3% in 2010.

**Bangladesh Economy**

Bangladesh has experienced very stable economic growth over the last decade. Over the last five years Bangladesh economy had a Cumulative Average Growth Rate (CAGR) of 6.21%. This growth is very resilient. The growth for 2010-11 was 6.66% despite the uncertainty in the global economy. The revised growth target for 2011-12 is between 6.5% - 7%.

**Real GDP Growth Rate (%)**



Source: Bangladesh Bank

**Agriculture/Industry/Service Sector**

Agriculture has a significant contribution to Bangladesh economy which comprises around 19% of the country's gross domestic product (GDP). In 2010-11 agriculture sector grew by around 4.96%. Favorable weather along with government support including timely supply of seeds, distribution of fertilizer, and access to credit all played a good role in this growth.

Industrial growth in 2010-11 was staggering 8.16% in comparison to 6.49% in 2009-10. Growth in industrial sector mainly came from 9.51% growth in manufacturing sector. This

staggering growth reflects the 41% export growth that we achieved in 2010-11.

Service sector contributes the most to our GDP which comprises around 50% of our GDP. Growth in service sector was 6.63% in 2010-11 which was 6.47% in 2009-10.

Overall economy grew by 6.66% in 2010-11. The estimate for 2011-12 was set to 7% in the budget of 2011-12. But later considering current situation the estimate has been brought down to 6.5% to 7%.

#### Sectoral contribution

	2007-08	2008-09	2009-10	2010-11 (p)
<b>Sector Share</b>				
Agriculture	20.83	20.48	20.29	19.95
Industry	29.7	29.86	29.93	30.33
Service	49.47	49.66	49.78	49.72
<b>Growth</b>				
Agriculture	3.20%	4.12%	5.24%	4.96%
Industry	6.78%	6.46%	6.49%	8.16%
Service	6.49%	6.32%	6.47%	6.63%

With a size of BDT 1.63 Trillion, largest in its history, the budget has gross revenue target of BDT 1,183 Billion. In 2011-2012 the budget deficiency has been projected BDT 452 Billion which is 5% of GDP. Out of it 60% will be financed from domestic sources and 40% will be financed from external sources. The target borrowing from banking system is BDT 189.57 billion.

On the expenditure side 30.4 percent allocation is for the social infrastructure sector out of which 20.9 percent is allocated for human resource sector (education, health, science and technology, and relevant other sectors). For physical infrastructure sector 29.2 percent of total allocation has been proposed of which, overall agriculture and rural development sector will get 15.2 percent, Broad communication sector 6.5 percent and Power and energy sector 5.1 percent.

Total development expenditure is BDT 460 billion. It has been increased by 20% from last year's budget. It is the ever biggest ADP in our history. The allocation of BDT 82.85 billion in power sector and BDT 80.54 billion in communication sector signals that government has very positive intent in infrastructural development of the country.

#### National budget highlights

(BDT billion)	2009-10	2010-11	2011-12
Size of total Budget	1138.19	1321.7	1635.89
Total Revenue Earnings	794.61	928.47	1183.85
NBR Tax Revenue	610	725.9	918.7
Non NBR Tax Revenue	29.55	34.52	39.15
Non Tax revenue	155.06	168.05	226
Public Expenditure	1138.19	1321.7	1635.89
Non Development Program	821.8	924.77	1175.89
Annual Development Program	316.39	396.93	460
ADP Utilization Rate	88.00%	89%	(27% Dec)
Budget Deficit	343.58	393.23	452.04
Budget Deficit as% of GDP	4.97%	4.90%	5%
Budget Deficit Financing Through Domestic sources	205.55	236.8	272.08
Bank Borrowing	167.55	156.8	189.57
Non Bank Borrowing	38	80	82.51
Budget Deficit Financing Through External sources	138.03	156.4	179.96
Foreign borrowing	86.73	108.3	130.58
Foreign grant	51.3	48.1	49.38



**External Sector: BOP under pressure**

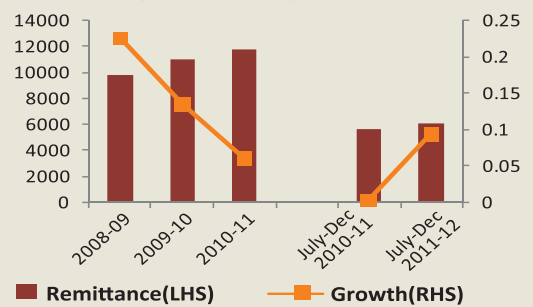
The country’s balance of payments has come under stress. In the first three months of the current fiscal year, the current account balance fell down to \$307 million, which is less than half compared to the same period of last year. During the FY 2010-2011, the surplus in current account balance was \$622 million. Bangladesh received low foreign aid in FY 2010-2011, but the situation is worse this year. According to Economic Relations Division (ERD), foreign aid declined by 28 percent to \$246 million in the first three months of the current fiscal year. The amount was \$315 million in the same period of FY 2010-2011.

Aggregate exports increased by 41.48 percent in 2010-11 to USD 22.92 billion from USD 16.20 billion in FY 2009-2010. The main growth came from textile export growth of around 43% standing at around USD 18 billion. Export growth has slowed down in the first half of 2011-12. It has come down to 14.72% from 41% in the last year. The export growth of textile products have come down to 16.31% compared to annual 43% growth in 2010-11.

Import payment in FY 2010-2011 stood at USD 30.34 billion registering a growth of 41.84 percent compared to USD 21.39 billion in FY 2009-2010. The main growth in import came from 40.24% growth in import

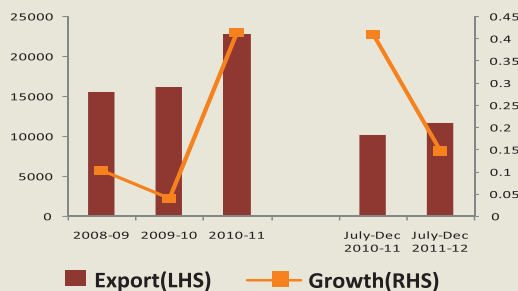
of capital machineries and 46.64% growth in raw materials import and 38.74% growth in petroleum. Growth in petroleum and raw materials is expected to continue but import of capital machineries is expected to slow down. We have already seen slowdown in import growth which has come down to 16.9% (July- December of FY 2011-2012) which was 36.59% in the same period of the previous year.

**Remittance (in million USD)**

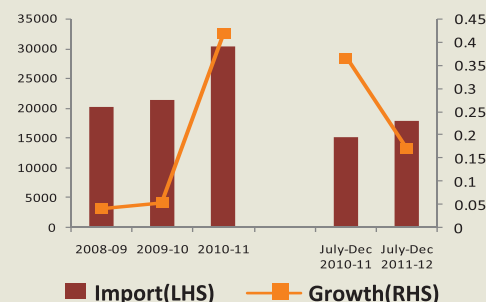


The Inward Remittances from Bangladeshi Nationals working abroad slowed a bit. Receipts on this sector has increased by 6.2 percent to USD 11.67 billion in FY 2010-2011 from USD 10.99 billion in FY 2009-2010. The growth in the previous year was 13.4%. Due to unrest in Middle East the growth slowed down recently. But this situation is expected to improve as the unrest in those areas comes to an end.

**Export (in million USD)**



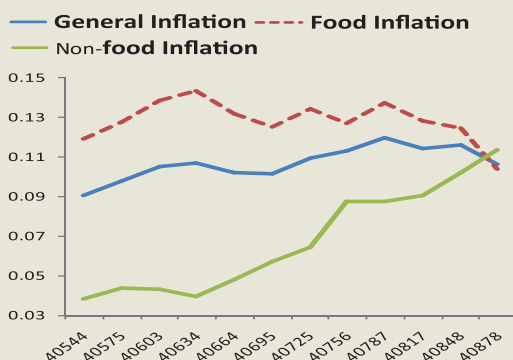
**Import (in million USD)**



**Inflation**

Inflation rate maintained upward trend and reached to 10.63 (December 2011) from 8.28 percent in the same period of the previous year. Inflation was projected to be 7.5% in 2011-12. But inflation target could not be achieved in the first half of the fiscal year. Inflation rate had hit 11.97% in September 2011 and in December 2011 inflation rate was 10.63. Inflation in December has been declined a bit due to low food price inflation as winter season is offering us relatively cool kitchen market. An interesting fact in 2011 was the rise of non-food inflation from 4% level to 11% level. Due to rise in energy price and ending of winter one can expect further pressure from inflation. Also 6.58 percent power price hike in second phase at retail segment, to be executed from the beginning of February 2012 will keep non food inflation up. In this juncture, we may have to wait for some more months to see how inflation will

be imprisoned to single digit as claimed in monetary policy transmission.



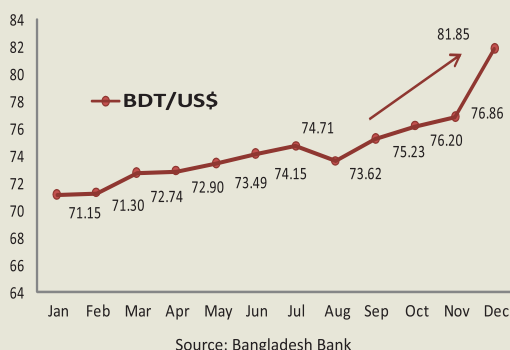
unusually large differential of BDT 3.00-4.00 per dollar. The local currency experienced a record high depreciation in any single year against the greenback by 15.04 percent during calendar year 2011. The rising price of the dollar in both the official and kerb market, along with growing differential in two rates, is a clear indication that demand for dollar is growing much more rapidly than supply. Higher imports, in value terms, of essential items including fertilizer, edible oil, sugar, raw materials, capital machinery for rental power plants and especially fuel oil to feed rental power plants pushed up

Average Bulk Tariff	Per Unit	Value	%	Retail Tariff	Value	%
	(Kwh) in BDT	Changes	Increase	(Kwh) in BDT	Changes	Increase
Till January 2011	2.32	-	-	4.00	-	-
From February 2011	2.61	0.29	12.50%	4.20	0.20	5.00%
From August 2011	2.80	0.19	7.28%	4.20	-	-
From December 2011	3.27	0.47	16.79%	4.71	0.51	12.14%
From February 2012	3.74	0.47	14.37%	5.02	0.31	6.58%

**Electricity Tariff Plans (BDT per Unit) Exchange Rate**

Between fiscal 2007 and fiscal 2010, the price of the dollar was nearly constant at around BDT 69 a dollar. The price started rising in 2011, reaching BDT 75 in early July 2011 and BDT 81.85 at year end. Usually, the differential between the official price and kerb market price is small—around one taka. However, in periods of demand pressures the differential between the kerb market price and the official price tends to rise.

**Trend of Exchange Rate against Dollar' 2011**



The exchange rate stood at BDT 81.95 to BDT 81.99 on December 29, the last working day of the calendar year 2011, creating an

the demand for the greenback whereas the supply of the greenback, mainly dependent on export earnings, inward remittances and disbursements of external aid, had a mixed outlook. Export earnings showed a continued growth during the latter half of calendar year 2011 albeit at a slower pace but the external aid disbursements stood at a record low during the period. The country's foreign exchange reserve stood at \$9.63 billion the end of December 2011 which was \$11.04 billion at the end of December 2010.

**Monetary Policy**

Monetary policy stance in second half of 2010-11 (January to June, 2011) and first half of 2011-12 (July to December, 2011) stated its focus on the continuation for restraining domestic credit expansion by reducing unproductive and speculative use of credit to combat inflation.

**Money Supply**

Reserve money stood at BDT 993.742 billion in December 2011, 15.68 percent higher as against BDT 859.033 billion in December 2010 while broad money (M2) stood at BDT 47,754.97 billion in December 2011 19.09 percent higher, as against BDT 3,992.79 billion in December 2010.

### Credit Supply

Total domestic credit stood at BDT 4,815.39 billion in December 2011, 25.94 percent higher as against BDT 3,823.62 billion in December 2010. Total domestic sector consists of net credit to the government sector, credit to the other public sector and credit to the private sector which increased by 73.46 percent, 1.69 percent and 19.40 percent respectively and stood at BDT 909.95 billion, BDT 193.00 billion and BDT 3,712.43 billion respectively in December 2011.

### Sector Credit

The disbursement of industrial term lending stood at BDT 321.63 billion in FY 2010-11, 24.30 percent higher than that of FY 2009-10 while total disbursement of agricultural term lending stood at BDT 121.84 billion in FY 2010-11, 9.60% higher than the total disbursement of FY 2009-10.

### Interest Rate

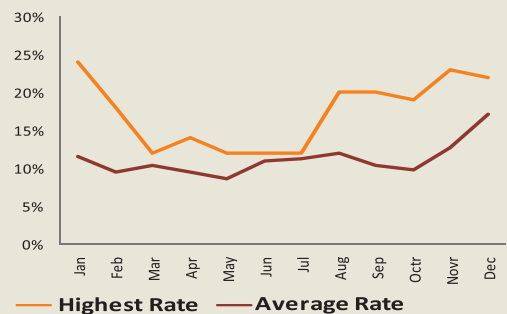
Due to tightening liquidity situation in the market, most of the commercial banks raised interest rates on both deposits and lending. Bangladesh Bank guided bank to keep the interest rate at spread around 5.0 percent. Most of the banks tried to bring down their credit-deposit ratio (CDR) at a safe limit through increasing their deposit. The banks preferred fixed deposits to savings by offering even higher interest rates to collect funds from general depositors. In March 2011, Bangladesh Bank withdrew the lending rate cap for all sectors except agriculture and industrial term loan following the increase in deposit rate that created a mismatch between the cost of fund and the interest rate ceiling set by the central bank on lending operations by the banks. Announce data to Bangladesh Bank as of December 2011 shows, the country's commercial banks offered interest rates up to 12.00 percent on fixed deposits; while the rate for savings accounts was up to 9.50 percent in 2011. Interest rate on Term loans to large and medium-scale industries ranged between 11.50 percent and 13 percent while rates for small industries were between 11.50 percent and 18 percent. Similarly, interest rates on housing loans ranged from 10 percent to 18 percent and on consumer credits were between 11.50 percent and 19.50 percent. Banks charged 10 to 18 percent on working

capital to large and medium scale industries and interest for small industries varied between 11 percent and 18 percent. Banks charged as much as 18.00% on the credits to NBFIs in December 2011 while the rate was around 13% at the beginning of the year.

### Call Money Rate

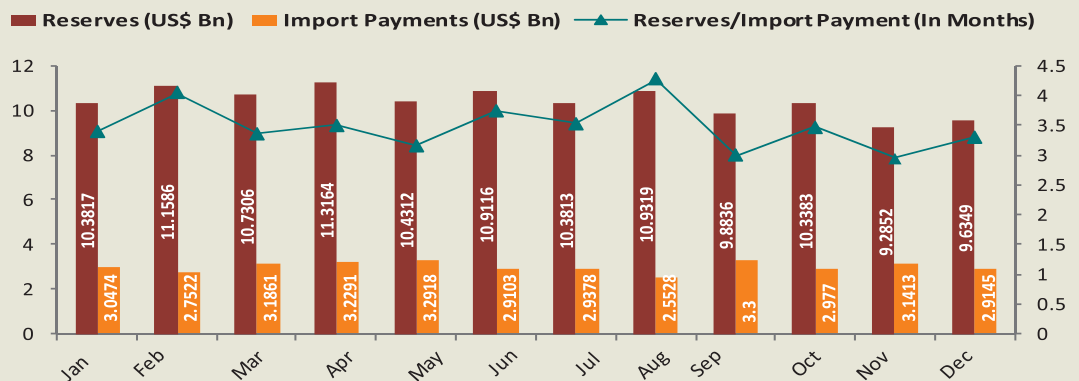
The overall dependency of the commercial banks and non-bank financial institutions on the call money market to deal with liquidity shortage marked a 23.67 percent rise in 2011 from that in the previous year. The country's banks and NBFIs had transacted a total of BDT 9,484.28 billion on the call money market in 2011 against BDT 7,668.52 billion in 2010. Most of the commercial banks last year had grappled with a severe liquidity crunch. Most of the call market deals were above 20% throughout the year.

#### Monthly Weighted Average Call Money Rate



### Foreign Exchange Reserves

According to the international standards, the foreign exchange reserves at any point of time should be enough to meet the import bills for at least three months. Average foreign currency reserves were US\$ 10.74 billion and US\$ 10.91 billion in 2009-10 fiscal and 2010-11 fiscal while the first six months average foreign currency reserves were US\$ 10.08 billion in 2011-12 fiscal. According to figures of 2011-12 fiscal, Bangladesh's import bill for September was at US\$ 3.30 billion and the central bank's reserves stood at US\$ 9.88 billion. The reserves had temporally dipped below US\$ 10 billion mark after having paid off two months' import bills to the Asian Clearing Union (ACU), the intra-regional forum of settlement of monetary transactions. In April 2011, the reserves hit US\$ 11.32 billion, the highest in the country's history. The contractionary monetary policy of the central bank helped



lower import bills in the first half of 2011-12 fiscal. L/C opening of food grains (rice & wheat), capital machinery and industrial raw materials decreased by 61.82 percent, 34.96 percent and 8.68 percent during July to December of 2011-12 fiscal. Although food imports are decreasing, fuel bill is rising and depleting the reserves as fuel constituted a large part of imports.

**Capital Market Activities in 2011**

The capital market activity deteriorated heavily in both the bourses of the country. Year 2011 appeared as a flipside of the year 2010 in terms of both market breadth and resilience. DGEN started with 8290.41 points on first trading day of the year but lost 36.70% and ended the year at 5257.61 points. Performance of benchmark index worsen and the key index, DGEN ranked 8th worst performing in the world in this year where it was 3rd best performing index in the world in 2010.

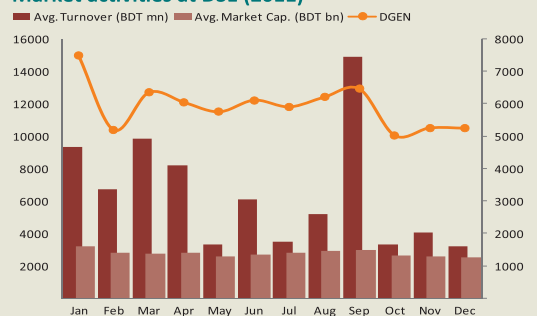
The trading volumes evaporated substantially and indices of both bourses were very volatile in 2011. On a single day, DGEN plunged more than 636 points and on the next, surged 1013 points. DGEN's yearly volatility rose to 45.83% in 2011 which was 21.44 percent in 2010.

Share turnover velocity ratio, an indicator of market liquidity, displayed sheer weakness of market activity in the bourse. The ratio declined to 56% in 2011 from 146% in 2010 implying the sign of less liquidity. Market liquidity has decreased substantially which got reflected in the 33% and 59.6% negative growth of average number of trade and average daily turnover respectively during the year.

Moreover the domino effect has also been

roiling confidence of investors in the stock market. Increasing inflation is making valuation more expensive and trimming corporate bottom line growth. Business and consumer sentiment were very low; so was the sentiment of equity investors.

**Market activities at DSE (2011)**



**Bangladesh Economic Outlook for 2012**

Looking into the sector components of the country's Gross Domestic Product (GDP), the global economic slowdown is most likely to have a negative impact on the country's industrial sector. Growth in production and exports of garments and knitwear has been significantly weaker in the current fiscal year. In addition to business confidence, a combination of other factors has been responsible: labor turmoil in the previous years; weak demand in the US and Europe (the main markets) and higher raw material import costs. A sharper than expected US recession and continued price rises in the global market are of course likely to dampen industrial production and export growth, especially in the pivotal garments sector of Bangladesh in 2012.

The rate of inflation in Bangladesh is feared to remain high throughout 2012. Higher inflation is attributed to rising commodity prices in the global market and as a consequence the higher than planned government spending. In

addition to the perennial threats of political instability and natural disasters, the high inflation rate is listed as a major near-term risk to the country's economic outlook. The failure to rein in inflation could seriously undermine socio-economic stability. High nominal interest rate in the economy will have negative impact on the economic activity of the country.

#### Financial Review of 2011

2011 was a tight year in terms of liquidity and money flow to the economy. Despite the challenges, LankaBangla maintained the progress in many lines of businesses during 2011. On a cumulative basis our profit dipped this year compared to last year. A lack of economic activities coupled with accelerated increment in the cost of borrowing pushed our margin lower this year. However, we kept our continuous effort intact to overcome within our constraints. We strengthened our loan proposal scrutiny framework, increased concentration through due diligence in credit approval and disbursed Tk. 4,443.70 million compared to Tk. 4,275.50 million in 2010.

In line with our medium term strategy we penetrated in the liabilities market strongly. Deposit grew significantly during this period outperforming most of other players in the market. Total asset of the company increased from Tk. 19,322.24 million in 2010 to Tk. 22,380.00 million in 2011. Loans & advances to the economy increased from Tk. 9,472.17 million to Taka 10,437.82 million in 2011. Even in the backdrop of the economy in 2011, LankaBangla's investment portfolio grew by 24% to reach Tk. 18,703.35 million in 2011 compared to Tk. 15,064.57 in 2010.

However, due to high cost of fund margin on interest income decreased this year. Operating Revenue decreased by 18% while operating expenses increased by 34%. The profit before provision & tax has decreased by 53% during the year. The profit before tax stood at Tk. 1,304.04 million in 2011 with a decrement of 44% than the previous year. The downturn is mainly attributable to a significant rise in the cost of fund and thus reduced margin on core business operations and severe downturn in brokerage income due to heavy fall in market activities in both of the burses of the country. Net profit attributable to shareholders reached

Tk. 791.10 million. The return on average equity remained 15.05% during 2011 and Earning per Share (EPS) stood at Tk 9.61 NPL ratio is 7.23% which has improved from 7.90% in 2010.

#### Performance Reporting by Business Segment

Amidst a challenging environment not considered as conducive much for business growth in the economy, all of our business segments continued to operate with firm commitment to be a supportive growth partner of our clients' business initiatives. We were forced to go slow in the first half of the year due to liquidity crisis in the banking system but with due course of time we accelerated our initiative in later half of the year and achieved a disbursement growth over the last year. Business segment-wise performance report has been given below:

#### Segment Report for the year 2011

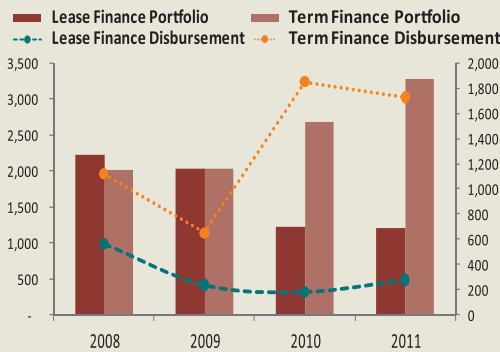
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	Core Business	Subsidiaries Operation	Total
Income	807.23	1,600.28	2,407.51
Less: Inter-segmental income	393.75	-	393.75
Total income	413.48	1,600.28	2,013.76
Operating profit	594.95	791.97	1,386.92
(Profit before unallocated expenses & tax)	-	-	-
Segment expenses	212.28	414.56	626.84
Provision against loans and advances	53.50	29.37	82.88
Profit /(loss) before tax	541.41	762.63	1,304.04
Segment assets	15,903.81	6,476.19	22,380.00
Segment liabilities	14.07	16,274.03	16,288.10

**Core Business Review**

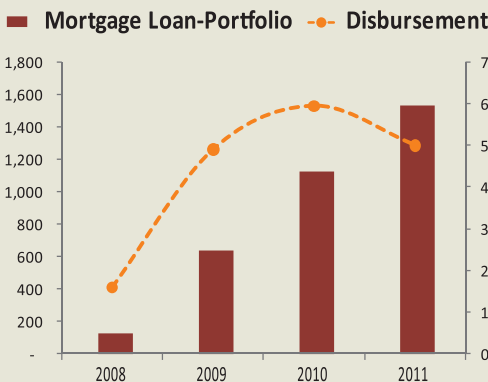
**Lease & Loan**

LankaBangla is continuously focusing on term loans in its Lease & Loan portfolio. In 2011, Tk. 1851 million has been disbursed as term loan compared to Tk. 892 million in 2010. Lease business in the country has been slowed down after withdrawal of initial depreciation benefit for lease financiers. Lease & loan portfolio has been declined mildly in this year. We adopted a conservative approach in lease & loan business for consolidation and restructuring. Lease & Loan portfolio grew from TK. 3,916.34 million to Tk. 4,547.67 million registering a growth of 16.1%.



**Mortgage Loan**

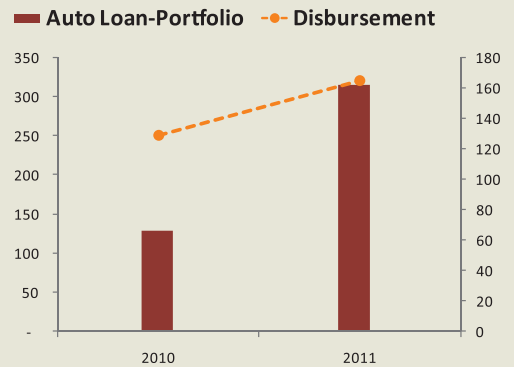
Mortgage loan portfolio grew 36.1% in 2011. In the end of 2011 Mortgage Loan portfolio stood Tk. 1,525.24 million from Tk. 1,120.81million in 2010.



**Auto Loan**

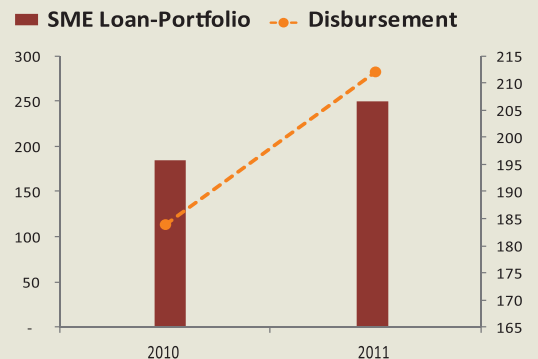
In 2011, Tk. 164.754million has been disbursed as term loan compared to Tk. 129.06million in 2010. Auto loan portfolio grew 93.4% in 2011. In the end of 2011 Auto Loan portfolio

stood Tk. 249.60 million from Tk. 129.06 million in 2010.



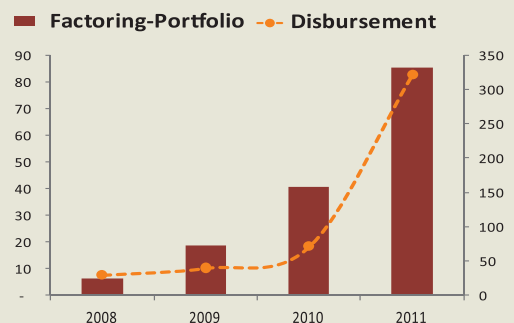
**SME Loan**

In 2011, Tk. 212.16million has been disbursed as SME loan compared to Tk. 183.93million in 2010. SME loan portfolio grew 82.5% in 2011. In the end of 2011 SME Loan portfolio stood Tk. 335.69 million from Tk. 183.94 million in 2010.



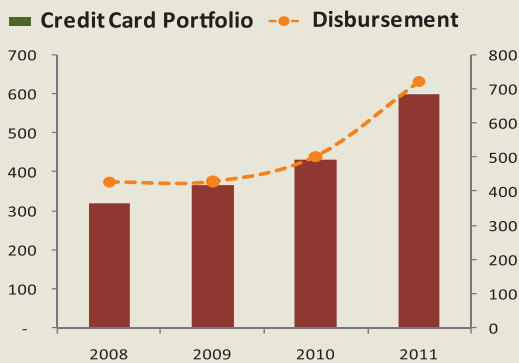
**Factoring**

Factoring portfolio grew 135.3% over the last 4 years. In 2011, the factoring portfolio increase by 74.5% while Tk. 322.26 million has been disbursed as term loan compared to Tk. 71.57million in 2010. Factoring department of LankaBangla has pioneered reverse factoring in Bangladesh.



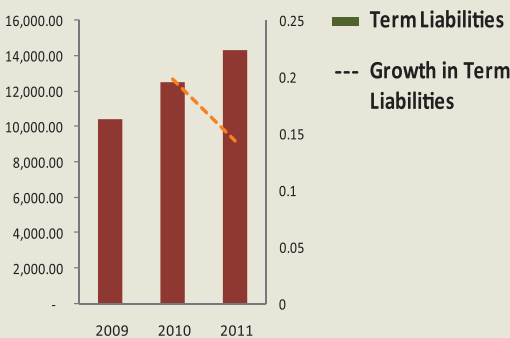
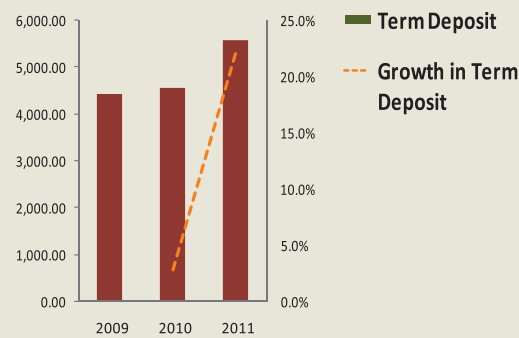
**Credit Card**

Credit Card portfolio grew 23.4% over the last 4 years. In 2011, Tk. 721.28million has been disbursed as term loan compared to Tk. 503.84million in 2010. Our card portfolio grew 38.8% in 2011.



**Treasury Operations**

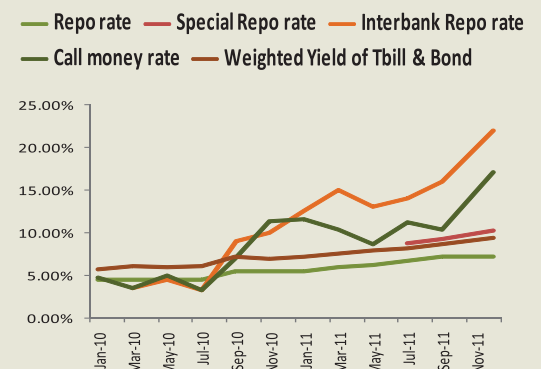
2011 was a year of liquidity tightness as monetary authority adopted contractionary monetary policy to fight inflationary pressure in the economy. The money market on a broad line has been volatile shooting high call money and interbank REPO rate throughout the year. On other front as a Primary Dealer (PD) of Government Securities LankaBangla had



even more appetite for fund as government borrowing from banking system has been increased significantly. However, with effective treasury management we come up with the situation prudently. With a strategic plan to reduce dependencies on the conventional sources of financing, LankaBangla treasury intensified all out effort to increase size of Term Deposit pie to finance a growing asset base. In 2011, Term Deposit increased to Tk. 5,309.62 million from Tk. 4,560.00 million in 2010 registering a growth rate of 16% in a much tighter environment. Besides, we encashed a sizeable amount of Term Deposits whose rates were relatively high. Maintaining cost of fund at low is always our utmost priority and we have made a robust drive on Deposit mobilization. A separate Department has been formed for liability management and this department will be further strengthened in 2012.

**Primary Dealership**

LankaBangla has commenced the Primary Dealership operation since December 2009. We performed according to our planning in the first year of our operation that is 2010. But the year 2011 was a misery for Primary Dealership business in the country. Growing public debt as well as contractionary monetary policy was a matter of serious concern throughout the year. Liquidity support from Bangladesh Bank was tightened this year. Significantly, Repo and special repo rate have been raised substantially. Repo rate was raised to 7.25% in September which was 5.50% in January. On the other hand special Repo rate was re-fixed at 10.25% in December against the January's rate 8.30%. The present rate is 7.75% for normal repo, 5.75% for reverse repo & 10.75% for special repo. Although the yield

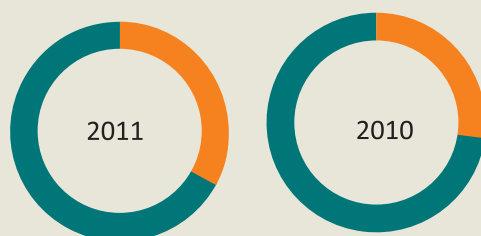


of Government securities has been raised considerably in this year but liquidity crisis has fueled the cost of fund of us by greater extent than the growth of Government yield within this time. Our holding size as on December 31, 2011 was 1,801.81 million. Moreover, as the rate of fixed income deposits have risen in this year significantly it becomes tough for us to sell these lower earner Govt. securities in secondary market. We incurred a loss of Tk. 63.41 million in 2011 in PD operations. The attached graph depicts how REPO rates increased in 2011 while weighted average yield on T-Bill & T-Bond increased slightly widening gap between cost of fund involved in PD operation and yield we realized from PD operation. Outlook for 2012 is also not that much encouraging if tightening liquidity flow persists throughout 2012.

**Human Resources**

LankaBangla Finance Limited believes that its human resources are its greatest asset and recognize them as building blocks on which the Company’s performance and development are based upon. The company continues to develop and implement appropriate human resources management policies to build up its employees and ensure their optimum contribution toward the achievement of our corporate goal. The Company has induced holistic approach in all over the organization.

**Composition of Employees**



■ Full-Time Employees  
 ■ Contractual Full-Time Employees

**Human Resources Strategies**

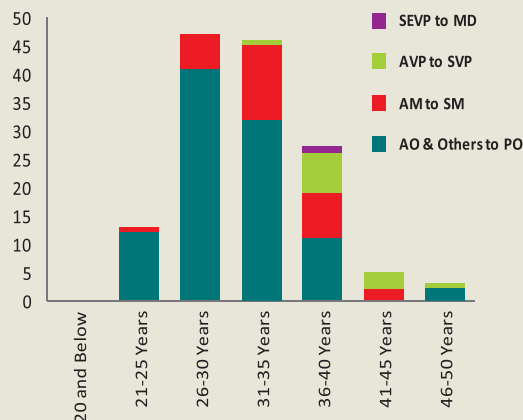
- > Be the Employer of Choice
- > Strengthen the capacity of the HR team for providing prompt service
- > Strengthen the presence of HR throughout the organization
- > Retention of competent team members

for organizational growth

- > Maximizing employee potential through learning and development
- > Evaluation of performance rating based on the competency of the individual.
- > Succession planning for sustainable growth

LankaBangla nurtures a culture of meritocracy and endeavors for recruiting the best professionals and implement programs to develop and retain high quality performance. We believe that right people at right time at right place with right motivation can make the difference. We strives to create a workplace for their human resources where each and

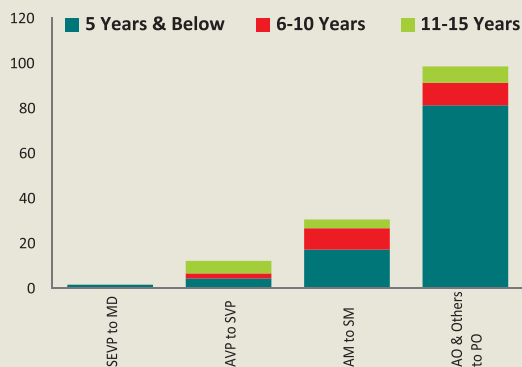
Age Analysis of the Employee 2011



every employee can take pride in and be highly motivated about his or her work.

In LankaBangla, we are committed to attract and maintain required number of human resources having superior qualification, technological skills and professional expertise with a high level of loyalty, commitment, devotion and dedication to the Company.

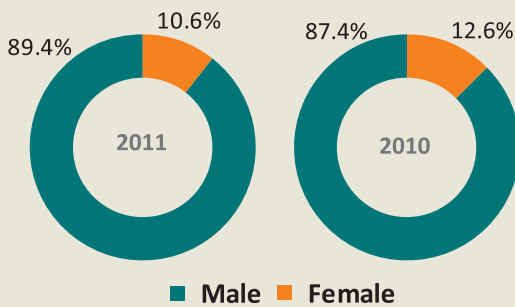
Service Analysis of Employee 2011





Demographic of employees at LankaBangla is the key on which the company dreams high. Largest block of the employees are between age group of 26-35 years with highly motivated and aspiring young professionals yields team effort.

LankaBangla provides attractive remuneration packages, develops them with proper training and ensures good working environment, to build them properly to face the challenging market situation and demand. We believe in equal employment opportunities regardless of age, gender, disability, religion, race cast or any other factors. In order to ensure employee health and safety, the Company provides group and hospitalization insurance scheme for its permanent teammates.



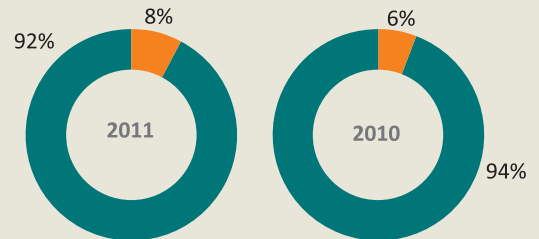
Congenial work environment and workplace motivation awarded LankaBangla with one of the lowest employee turnover in the industry. LankaBangla is an equal opportunity employer and participative management system is followed throughout in the decision making process.

The Company is working on process improvement and adaptation of continuous organizational changes and moving toward automation process to create less paper environment for its employees. Change management is being done in a professional manner and continuous follow up from HRD helps to mitigate stress at work. The HR department is looking forward to partnering in developing and implementing strategies and programs to make the Company “Employer of Choice” and to provide our employees with the tools they need to be the most effective and efficient workforce serving the Company.

**Employee health & Safety**

At workplace, LankaBangla ensures sound health, safety and environment practices.

We believe excellence in health, safety and environment practices is vital to the well being of all personnel and LankaBangla at large.



- Employee Retention Rate
- Employee Turnover

The company has adopted following policies to ensure health, safety and environment issues:

- LankaBangla works continually to promote employees safety on and off the job.
- A “Code of Conduct” guideline at LankaBangla prohibits the unlawful possession, use or distribution of illicit drugs and alcohol by employees within the office premises.
- All-out endeavor is given to maintain a work environment free from unlawful harassment based on sex, sexual orientation, race, color, religious creed, national origin, ancestry, age and disability.
- Our “Safety and Environmental Incentive Program” actively promotes excellence in encouraging people to work together in utmost safety and in an environment friendly way as well as to develop and implement corrective work practice to eliminate recurrence.
- We regularly arrange sports and other athletic event within intra office and also patronize sports related events in the industry.
- LankaBangla’s Health and Safety affairs get the utmost priority of all the employees. Besides, all of the employees of LankaBangla are committed to protect and enhance the environment in which they live.

### Information Technology

LankaBangla has been working with a vision to achieve resource excellence through information technology. For grabbing the benefits of contemporary cutting edge technology, LankaBangla is working on implementing integrated Banking Software named BankUltimus. The implementation will be completed within 2012. BankUltimus is deployed on industry standard, Internet-enabled server technologies. It supports a sophisticated multi-currency, multiple branch environment 24 hours a day, 7 days a week. All components have been specifically designed to cater for the processing of very large volumes of transactions on-line in real time. Since LankaBangla will be the first initiator to run the software for operational efficiency, it will not only create a competitive edge for the company but also create an example for entire sector. We are maintaining state-of-the-art credit card software which is enriched with full fledged facilities in card processing. 2011 was a year to make a paradigm shift in IT platform. All of the branches/booths/locations had been connected, connectivity bandwidth had been upgraded. IT infrastructure had been audited and up gradation steps has been taken. Digital filing system had been introduced and a comprehensive web portal development plan has been taken. We envision a paperless office environment in very short span of time.

### Subsidiaries Operation

LankaBangla Securities Limited (LBSL) is a subsidiary of LankaBangla Finance Limited, a leading equity brokerage house in the country with a diverse clientele of institutions, high net worth individuals, foreign funds and retail investors. The company has the distinction of being the largest broking house in terms of transaction value in Dhaka Stock Exchange Limited for the last six years and Chittagong Stock Exchange Limited for the last seven years. LBSL has achieved much recognition for its professionalism in its trade execution capability and settlement procedures & cutting edge sell side research base. In 2011, capital market has seen a wreckage and activity in both bourses deteriorated heavily. Being the most dominant player in the industry LBSL was equally deteriorating position. However, our strength has awarded us with resilience and our total equity grew to Tk. 4,716.76

million from Tk. 4,403.05 million in 2010. The operating income of the Company decreased to Taka 1231.02 million in 2011 by 41.29% from Taka 2,096.79 million in 2010 and the net profit after tax of the Company decreased by almost 51.15% compared to the similar period of the previous year as the heavy turnover fall in the both bourses of the country and at the same time increase of tax and tax provision for the year 2011.

Another subsidiary of LankaBangla Finance Limited namely LankaBangla Investments Limited has already been successful in establishing itself as one of the country's premier merchant banks. LBIL offers a wide range of investment management services i.e. corporate advisory and consulting for business development, mergers & acquisition, financial restructuring, issue management, portfolio management and so forth. In 2011, LankaBangla Investments Limited introduced new discretionary management service in the name and fashion of "Alpha Plus" to provide professional portfolio management services to little experienced individuals and institutions. Operating profit of LBIL was Tk. 779.849 million and Net profit after tax was Tk. 34.44 million in 2011.

LankaBangla Assets Management Company Limited, a fully owned subsidiary of LankaBangla Finance Limited is under consideration of Securities and Exchange Commission for Asset Management license.

### Branch Operation

During the year 2011 we have focused in covering wide range of geographic territory. Chittagong and Sylhet branch had good business performance in 2011. In 2011, another outlet has been opened at Bongshal in Old Dhaka to facilitate the growing financial need in that area. We have got approval from Bangladesh Bank for another outlet in Khatunganj, a commercial hub in Chittagong.

### Financial Result and Proposed Dividend and Appropriation of Profit

- The Company posted pretax profit for the year end 2011 amounting to Taka 541.44 million, indicating decrease in growth of 11% from Taka 611.33 million in 2010 while net profit after tax increased by

16% from Taka 403.10 million of 2010 to Taka 466.65 million in 2011.

- 2011 was a challenging year towards the growth & prosperity. Considering the overall environment of financial market, current financial strength of the Company, and future investment prospect the Board is recommending stock dividend at the rate of 30% for the year 2011.
- The Directors are pleased to report the financial results for the year 2011 and recommend the following appropriations:

Sl. No.	Appropriation	Taka
1	Net Profit After Tax for the Year 2011	466,652,523
2	Retained Earnings brought forward	609,866,252
3	<b>Profit available for appropriation</b>	1,076,518,775
4	Less: Statutory reserve	(93,330,505)
5	Less: Transferred to LB Foundation	(4,666,525)
6	<b>Amount available for declaration of dividend</b>	978,521,745
7	Less: Dividend (Proposed 30% Stock)	(247,054,500)
8	Retained Earnings carried forward	731,467,245

#### Key Operating and Financial Data

Key operating and financial data for last five years as per SEC Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006 is shown in page 31.

#### 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 the 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.

#### Contribution to National Exchequer

With a view to assist the Government in building up revenues and thus contribute to the economic development of the Country, LankaBangla Finance deposits taxes regularly to the National Exchequer by way of collection of income taxes and VAT at sources from various payments and also deposits of income taxes of the Company on its income.

#### Future Outlook 2012

In our view, the setback in the economy will be more apparent in 2012. Monetary authority will perhaps continue its tightening measure in money flow and thus the private sector credit growth in 2012. On another front import has every reason to discourage to safeguard BoP as export is predicted to slow down in H2, FY 2011-2012.

We are optimistic of the remittance inflow outlook of the country and believe that the currency depreciation will induce our expatriates to remit more in the second half of this fiscal year. As soon as the Middle East political unrest is over, Bangladesh will be able to export more manpower to this region.

Tight monetary policy will The economy may see a slowdown in terms of business activity as the nominal interest rate will keep increasing in a more liberal economic regime and with this, high import cost of raw material add more strain. Ultimately this will affect supply side of the commodities severely and will in turn come up with higher commodity prices. Arresting inflation to single digit will be a major challenge for the economy. Specially, non food price inflation has been shooting up consistently due to revision to energy and petroleum prices. So higher nominal interest rate environment may cause our business affected in 2012.

Considering this outlook, your Company has already chalked out short and medium term strategy to put all out efforts to achieve the business volumes targeted by all the

departments as well as realize the corporate objectives. Innovative & relentless marketing drive would put in place to attract quality asset in our portfolio & to improve the quality of existing portfolio.

### Recognition

As a reward of our relentless efforts to the best practices of corporate and financial reporting, we were awarded SAFA (South Asian Federation of Accountants) Best Presented Accounts Award- 2010 in the Non-Banking Sector as Second Runner Up based on Published Annual Report-2010 and the Third Prize in Non-Banking Financial Sector for the best published Annual Reports and Annual Audited Accounts for the year 2010 by the Institute of Chartered Accountants of Bangladesh (ICAB).

Our subsidiary Company LankaBangla Securities Limited achieved certificate for outstanding performance for being ranked 1st in terms of turnover for consecutive five years from 2006 to 2011 by both the Dhaka Stock Exchange (DSE) & for consecutive six years from 2005 to 2011 by the Chittagong Stock Exchange (CSE).

### Shareholding Pattern

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 Annexure-iii, page 95.

### Election of Directors

In accordance with Article 98 of the Company's Articles of Association, Mr. Mahbul Anam, Mr. Mirza Ejaz Ahmed, Mr. Tahsinul Huque & Ms. Aneesha Mahial Kundanmal retire and being eligible, all of them offered themselves for re-election.

### Appointment of Managing Director

The board of Directors of the Company in its 73rd meeting held on October 30, 2011 has appointed Mr. Mohammed Nasir Uddin Chowdhury as Managing Director of the company which was subsequently approved by Bangladesh Bank.

### Board Meeting & Attendance

During the year 2011 five Meetings of the Board of Directors were held. The attendance of the Directors is shown in the Annexure-ii, page 94.

### Auditors

In the 14th Annual General Meeting of the Company, M/s S. F. Ahmed & Co., Chartered Accountants (Bangladesh Representative of ERNST & YOUNG Global since 1975), was appointed as External Auditors of the Company for a term till conclusion of 15th Annual General Meeting. M/s S. F. Ahmed & Co., Chartered Accountants has satisfactorily conducted the audit for the year 2011. As per FID Circular number 03 dated March 02, 1999 of Bangladesh Bank the same external audit firm cannot be appointed for more than three consecutive years as statutory auditors of any NBF. The Auditors' three years term will expire as on the date of 15th AGM. Therefore, they are not eligible for reappointment. The Board recommended appointment of Syful Shamsul Alam & Co., Chartered Accountants as statutory auditors of the Company for the year 2012 until conclusion of the 16<sup>th</sup> AGM at a consolidated fee of Tk. 150,000.

### Reporting on Corporate Governance Compliance

Pursuant to Clause 5.00 of SEC Notification No. SEC/CMRRCD/2006-158/ Admin/02-08 dated February 20, 2006 the Company's compliance status is shown in Annexure-i page 91.

### Additional Disclosures

- 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.

#### Events after the Reporting Period:

##### Right Share :

The Board of Director of LankaBangla Finance Limited in its 72nd Meeting held on September 24, 2011 has recommended issuance Right Share @ 1R : 1 (i.e. One Right Share for One Ordinary Share held) at par value of Tk. 10.00 each approved by the shareholders in the 6th EGM and the Regulatory authorities. Date of EGM: October 31, 2011; Time of EGM: 9.00 a.m., Record date: October 06, 2011.

##### Dividend Information:

The Board of Director in its 75th Meeting held on 28 February 2012 has recommended 30% Stock Dividend for the year ended on 31 December 2011 for placement before shareholder at 14th Annual General Meeting of the company scheduled to be held on 28 March 2012.

##### Fair Value of Share Portfolio:

Due to recent upheaval in the capital market of Bangladesh the fair market value of investment portfolio fall drastically from BDT 550,949,716 (as on 31 December 2010, the date of Statement of Financial Position) to BDT 459,321,299 (as on 26 February 2011, the date of issue of report by the Board of LankaBangla Finance Limited. Accordingly, the unrealized loss (net of unrealized gain) from share portfolio increased to BDT 110,966,249 from BDT 9,340,068 (as on 31 December 2011) for which provision has already been made in the financial statements.

#### Acknowledgement

The Board of Directors takes this opportunity of expressing its heart-felt 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, 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 M/s S.F. Ahmed & Co., 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 2010 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 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

# পরিচালনা পর্ষদের প্রতিবেদন

## প্রিয় শেয়ারহোল্ডারবৃন্দ

লংকাবাংলা ফিন্যান্সের পরিচালনা পর্ষদের পক্ষ থেকে আমি আনন্দের সঙ্গে কোম্পানির ১৫তম বার্ষিক সাধারণ সভায় সবাইকে স্বাগত জানাচ্ছি।

পরিচালনা পর্ষদের অনুমোদনকৃত ৩১ ডিসেম্বর, ২০১১ সমাপ্ত বছরের এ বার্ষিক প্রতিবেদনে অন্তর্ভুক্ত আছে প্রতিষ্ঠানের ব্যবসায়িক কৌশল ও পর্যালোচনা, ঝুঁকি ব্যবস্থাপনা, কর্পোরেট শাসন, স্বতন্ত্র ও সমন্বিত নিরীক্ষিত আর্থিক বিবরণী। এ প্রতিবেদন আমরা তৈরি করেছি কোম্পানি আইন, ১৯৯৪; আর্থিক প্রতিষ্ঠান আইন, ১৯৯৩-এর সঙ্গে সঙ্গতিপূর্ণ রেখে এবং সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন, বাংলাদেশ ব্যাংক এবং অন্যান্য নিয়ন্ত্রক সংস্থার নীতিমালা অনুযায়ী।

২০১১ সালে লংকাবাংলা ফিন্যান্স লিমিটেড এর ব্যবসায়িক ব্যাপ্তিতে উল্লেখযোগ্য প্রবৃদ্ধি অর্জন করেছে। আটসাঁট অর্থনৈতিক পরিস্থিতির এ দুঃসময়ে, ব্যবসা পরিচালনের সবগুলো বিভাগের মানোন্নয়নের জন্য আমরা সুনির্দিষ্ট লক্ষ্য নিয়ে এরই মধ্যে আমাদের কার্যক্রমগুলো আরো সংগঠিত করতে শুরু করেছি, সেই সঙ্গে পদ্ধতিতেও কিছুটা পরিবর্তনও ঘটাচ্ছি। আন্তর্জাতিক ও স্থানীয় টালমাটাল আর্থিক বাজার পরিস্থিতির চ্যালেঞ্জগুলো সত্ত্বেও বেশকিছু মৌলিক সাফল্যের সূচকে আমরা সফলতা অর্জনে সক্ষম হয়েছি।

## বিশ্ব অর্থনীতি ২০১১

গোটা ২০১১ সাল জুড়েই বিশ্ব অর্থনীতি এক অস্থির সময় পার করেছে। উন্নত শিল্পায়িত দেশগুলোর জিডিপি প্রবৃদ্ধি প্রায় এক জায়গায় থেমে ছিল। যুক্তরাষ্ট্র ও ইউরোপ ছিল তাদের সংকট মোকাবেলায় তটস্থ। বড় বড় অর্থনীতির দেশগুলোকে উচ্চ বেকারত্ব ও জাতীয় ঋণের বোঝা নিয়ে হিমশিম খেতে হয়েছিল। এপ্রিলে রেটিং এজেন্সি এস অ্যান্ড পি যুক্তরাষ্ট্রের অর্থনীতির সম্ভাব্য প্রবৃদ্ধি ঋণাত্মক হবে আভাস দিয়ে ঘোষণা দিয়েছিল যে, দেশটি যদি ঋণের বোঝা যৌক্তিক পর্যায়ে নামিয়ে আনতে না পারে তাহলে তাদের সার্বভৌম বন্ডের রেটিং ইতিহাসে প্রথমবারের মতো নিচে চলে আসবে। এ ঘোষণা প্রকাশের পর যুক্তরাষ্ট্রসহ গোটা দুনিয়ার আর্থিক বাজারে ঝড় তোলে। এ পরিস্থিতিতে বিভিন্ন দেশের কেন্দ্রীয় ব্যাংকগুলো বাজারে তারল্য বাড়ায়। আর্থিক বাজারে স্থিতিশীলতা ফিরিয়ে আনা এবং অর্থনৈতিক প্রবৃদ্ধি ত্বরান্বিত করতে যুক্তরাষ্ট্রের ট্রেজারি ২০১৩ পর্যন্ত সুদের হার সর্বনিম্ন পর্যায়ে (আন্ট্রা-লো) রাখার ঘোষণা দেয়।

১৭ দেশের ইউরো অঞ্চলকে গোটা বছরজুড়ে সার্বভৌম বন্ড সংকট মোকাবেলায় ব্যস্ত থাকতে হয়। ইউরোপের দেশগুলো ব্যস্ত ছিল গ্রিসের ঋণ সংকট মোকাবেলায়। শক্তিশালী দেশ জার্মানি, ফ্রান্সসহ 'ট্রিপল এ' ধারী দেশগুলো

যখন গ্রিসকে উদ্ধারে ব্যয় সংকোচনের উদ্যোগগুলো নিয়ে সমঝোতায় ব্যস্ত ছিল তখন পর্তুগাল, ইতালি, আয়ারল্যান্ড, স্পেনসহ ইউরোপের বড় অর্থনীতির দেশগুলোর সার্বভৌম বন্ডের সুদের চড়া হার নিয়েও কথা উঠছিল। এ অবস্থায় ইউরোপীয় কেন্দ্রীয় ব্যাংককে (ইসিবি) বিশাল পরিমাণে তারল্য বাজারে ঢালতে হয়েছিল এবং কমাতে হয়েছিল সুদের হার।

সুদ হারের এ সর্বনিম্ন পর্যায়ে বিশ্বের উন্নয়নশীল অংশে আরেক ধরনের প্রভাব ফেলেছিল। কেন্দ্রীয় ব্যাংকগুলোর স্ক্রীত ব্যালেন্স শিট পণ্যের দাম বাড়তে ভূমিকা রেখেছিল। এক দশকের মধ্যে স্বর্ণের জন্য বছরটি ছিল দারুন। গত বছর এর দাম বেড়েছে ৯.২ শতাংশ। ভোগপণ্যের দাম বৃদ্ধি থেকে উদ্ভূত মূল্যস্ফীতি নিয়ন্ত্রণে উন্নয়নশীল দেশের কেন্দ্রীয় ব্যাংকগুলোকে সুদের হার বাড়তে হয়েছিল এবং বাজারে তারল্যের রাশ টেনে ধরতে হয়েছিল। দুই অঞ্চলের মূল্যস্ফীতির লাগাম টানতে আমাদের প্রতিবেশী ভারতকে ১৯ মাসে ১৩ বার সুদের হার বাড়তে হয়েছিল। মূল্যস্ফীতি ও আবাসন খাতের অস্থিরতা সামলাতে টানও একই পথে হেঁটেছিল।

আর্থিক বাজারে অস্থিতিশীলতা এবং উন্নত দেশগুলোর উচ্চ মূল্যস্ফীতি বিশ্বের সবগুলো দেশের জিডিপিতে প্রভাব রেখেছে। ২০১১ সালেই গ্রিসের অর্থনীতি সংকুচিত হয়েছে ৭ শতাংশ। বৈশ্বিক উৎপাদন প্রবৃদ্ধি ২০১০ সালের ৫.২ শতাংশ থেকে কমে হয়েছে ৩.৮। ভোক্তা ও ব্যবসায়িক ব্যয় বাড়ার কারণে যুক্তরাষ্ট্রের অর্থনীতি শেষ পর্যন্ত কিছুটা ঘুরে দাঁড়িয়েছে। অন্যদিকে উদীয়মান ও উন্নয়নশীল অর্থনীতির দেশগুলোর প্রবৃদ্ধি ২০১০ সালের তুলনায় কমে গেছে।

## আঞ্চলিক পরিস্থিতি

মুদ্রাস্ফীতি কমাতে ২০১১ সালে এ অঞ্চলের নিয়ন্ত্রক সংস্থাগুলো বেশকিছু চ্যালেঞ্জের মুখে পড়ে। মুদ্রার অবমূল্যায়নও মূল্যস্ফীতি বাড়তে ভূমিকা রাখে। বাংলাদেশ ও পাকিস্তানে আর্থিক নিয়ন্ত্রক কর্তৃপক্ষ ঘাটতি পূরণে টাকা ছাপাচ্ছে। এটা আবার প্রকাশের মূল্যস্ফীতি কমানোর অন্যান্য নীতিগুলো বাস্তবায়নের ক্ষেত্রে জটিলতা সৃষ্টি করেছে। তবুও, কঠোর নিয়ন্ত্রণমূলক আর্থিক নীতির মধ্যেই প্রকৃত ঋণ বিতরণে দক্ষিণ এশিয়া অঞ্চল ২০১১ সালে আবার ধনাত্মক ধারায় ফিরেছে।

## পূর্বাভাস: বিশ্ব অর্থনীতি, ২০১২

বিশ্ব অর্থনীতি অত্যন্ত কঠিন এক পর্যায়ে প্রবেশ করেছে। ইউরোপ মন্দায় পড়েছে বলে মনে হচ্ছে। এ অঞ্চলের রাজস্ব সংকট উন্নয়নশীল ও ধনী-উভয় ধরনের দেশগুলোতে ছড়িয়ে পড়েছে। ব্রাজিল ও ভারতের মতো গুরুত্বপূর্ণ উদীয়মান অর্থনীতির দেশের প্রবৃদ্ধি স্থূণ হয়েছে। বিশ্ব অর্থনীতি স্থূণগতি পাবে এমন পূর্বাভাস দিয়েছে বিশ্ব

ব্যাংক। ২০১১ সালে প্রবৃদ্ধির আকার হিসাব করা হয় ২.৭ শতাংশ। আর ২০১২ সালের জন্য তা ধরা হয়েছে ২.৫ শতাংশ। অথচ ২০১০-এ তা ছিল ৪.১ শতাংশ। উচ্চ-আয়ের দেশগুলোর প্রবৃদ্ধি ২০১১ সালে ছিল ১.৬ শতাংশের মতো। ২০১২ সালের জন্য তা ধরা হয়েছে ১.৪ শতাংশ। ২০১০ সালেও তা ছিল ৩ শতাংশ। উন্নয়নশীল দেশগুলোর প্রবৃদ্ধি গত বছর ছিল গড়ে ৬ শতাংশ। যদিও অনুমান করা হচ্ছে এ বছর অর্থাৎ ২০১২ সালে তা কমে দাঁড়াবে ৫.৪ শতাংশে। ২০১০-এ ছিল ৭.৩ শতাংশ।

#### বাংলাদেশের অর্থনীতি

গত দশক থেকেই বাংলাদেশ স্থিতিশীল প্রবৃদ্ধির মধ্য দিয়ে যাচ্ছে। পাঁচ বছর ধরে এ দেশের গড় প্রবৃদ্ধি ছিল (সিএজিআর) ৬.২১ শতাংশ। বৈশ্বিক অর্থনীতিক অনিশ্চয়তা সত্ত্বেও ২০১০-১১ অর্থবছরে প্রবৃদ্ধি ছিল ৬.৬৬ শতাংশ। চলতি অর্থবছরের সংশোধিত প্রবৃদ্ধি লক্ষ্যমাত্রা ধরা হয়ে ৬.৫ থেকে ৭ শতাংশের মধ্যে।

#### কৃষি/শিল্প/সেবা খাত

বাংলাদেশের অর্থনীতিতে কৃষি গুরুত্বপূর্ণ অবদান রাখে, যার অংশ জিডিপি প্রায় ১৯ শতাংশ। গত অর্থবছরে এ খাতে প্রবৃদ্ধি হয়েছিল ৪.৯৬ শতাংশ। অনুকূল আবহাওয়া এবং সময়মতো বীজ, সার ও ঋণ সরবরাহে সরকারি সহায়তা এ খাতের প্রবৃদ্ধিতে সহায়ক ভূমিকা রেখেছিল।

শিল্পখাতের প্রবৃদ্ধি ছিল চোখে পড়ার মতো। ২০০৯-১০ অর্থবছরের ৬.৪৯ শতাংশ থেকে বেড়ে গত অর্থবছরে এটা ঠেকেছিল ৮.১৬ শতাংশে। ম্যানুফ্যাকচারিং খাতের ৯.৫১ শতাংশ প্রবৃদ্ধি মূলত এ খাতের প্রবৃদ্ধিতে জোয়ার এনেছিল। এই চোখ ধাঁধানো প্রবৃদ্ধি অবশ্য রফতানি খাতের ৪১ শতাংশ প্রবৃদ্ধিকেই নির্দেশ করে, যেটা আমরা গত অর্থবছরে অর্জন করেছিলাম।

আমাদের জিডিপিতে প্রায় ৫০ শতাংশ অবদান রাখে সেবা খাত। এ খাতে গত অর্থবছর প্রবৃদ্ধি ছিল ৬.৬৩ শতাংশ, আগের বছর তা ছিল ৬.৪৭ শতাংশ।

২০১০-১১ অর্থবছরে সামগ্রিক অর্থনীতি ৬.৬ শতাংশ বেড়েছিল। চলতি অর্থবছরের বাজেটে এ লক্ষ্যমাত্রা ৭ শতাংশ নির্ধারণ করা হলেও চলমান পরিস্থিতি বিবেচনায় নিয়ে তা ৬.৫ থেকে ৭ শতাংশের মধ্যে থাকবে বলে আশা করা হচ্ছে।

#### রাজস্ব খাত

ইতিহাসের সবচেয়ে বড় ১.৬ ট্রিলিয়ন টাকার বাজেট প্রণয়ন করে তাতে রাজস্ব আয় ধরা হয়েছে ১ হাজার ১৮৩ বিলিয়ন টাকা। চলতি অর্থবছর বাজেট ঘাটতি ধরা হয়েছে ৪৫২ বিলিয়ন টাকা, যা জিডিপি প্রায় ৫ শতাংশ। এ ঘাটতির

৬০ শতাংশ পূরণ করা হবে অভ্যন্তরীণ উৎস থেকে, বাকি ৪০ শতাংশের উৎস বিদেশী ঋণ। ব্যাংক ব্যবস্থা থেকে ঋণের লক্ষ্যমাত্রা ধরা হয়েছে ১৮৯.৫৭ বিলিয়ন টাকা।

ব্যয়ের অংশে ৩০.৪ শতাংশ বরাদ্দ দেয়া হয়েছে সামাজিক অবকাঠামো খাতে, যার মধ্যে ২০.৯ শতাংশ বরাদ্দ মানবসম্পদ খাতে (শিক্ষা, স্বাস্থ্য, বিজ্ঞান ও প্রযুক্তি এবং সংশ্লিষ্ট অন্যান্য খাত)। বাহ্যিক অবকাঠামো খাতে মোট ব্যয়ের ২৯.২ শতাংশ প্রস্তাব করা হয়েছে, যার মধ্যে কৃষি ও গ্রামীণ উন্নয়ন খাতে থাকবে ১৫.২ শতাংশ। সামগ্রিক যোগাযোগ খাত পেয়েছে ৬.৫ শতাংশ এবং জ্বালানি খাত ৫.১ শতাংশ।

মোট উন্নয়ন ব্যয় ধরা হয়েছে ৪৬০ বিলিয়ন টাকা। গত বছরের বাজেট থেকে এটা ২০ শতাংশ বাড়ানো হয়েছে। দেশের সবচেয়ে বড় বার্ষিক উন্নয়ন কর্মসূচি এটা। অবকাঠামো উন্নয়নে সরকারের যে সদিচ্ছা আছে তা বোঝা যায় জ্বালানি খাতে ৮২.৮৫ বিলিয়ন টাকা এবং যোগাযোগ খাতে ৮০.৫৪ শতাংশ বরাদ্দ ঘোষণার মধ্য দিয়ে।

#### বাহ্যিক খাত: চাপে ব্যালেন্স অব পেমেন্ট (বিওপি)

চাপের মধ্যে আছে দেশের ব্যালেন্স অব পেমেন্ট। বর্তমান অর্থবছরের প্রথম তিন মাসে চলতি হিসাবের ব্যালেন্স ৩০৭ মিলিয়ন ডলারে ঠেকেছিল। গত বছরের একই সময়ে তুলনায় এটা ছিল অর্ধেকেরও কম। ২০১০-১১ অর্থবছরে চলতি হিসাবের ব্যালেন্সে উন্নত ছিল ৬২২ মিলিয়ন ডলার। ওই অর্থবছরে বাংলাদেশ সামান্যই বিদেশী অনুদান পেয়েছিল। কিন্তু চলতি অর্থবছরে তা আরও খারাপের দিকে গড়িয়েছে। অর্থনৈতিক সম্পর্ক বিভাগের (ইআরডি) তথ্যে, এ অর্থবছরের প্রথম তিন মাসে বৈদেশিক অনুদান ২৮ শতাংশ কমে দাঁড়িয়েছে ২৪৬ মিলিয়ন ডলারে। এর আগেও অর্থবছরের একই সময়ে এটা ছিল ৩১৫ মিলিয়ন ডলার।

২০১০-১১ অর্থবছরে সামগ্রিক রফতানি ৪১.৪৮ শতাংশ বেড়ে ২২.৯২ বিলিয়ন ডলারে উন্নীত হয়েছে। ২০০৯-১০-এ এটা ১৬.২০ বিলিয়ন ডলার। রফতানি প্রবৃদ্ধির মূলে বেশি অবদান রেখেছিল টেক্সটাইল খাত। ৪৩ শতাংশ প্রবৃদ্ধি হয়ে এর পরিমাণ হয়েছিল ১৮ বিলিয়ন ডলার। চলতি অর্থবছরের প্রথম ছয় মাসে অবশ্য রফতানি প্রবৃদ্ধিতে ধীরগতি দেখা গেছে। টেক্সটাইল পণ্যের রফতানি প্রবৃদ্ধি ২০১০-১১ অর্থবছরের ৪৩ শতাংশ থেকে কমে দাঁড়িয়েছে ১৬.৩১ শতাংশ।

আমাদানি ব্যয় ২০১০-১১ অর্থবছরে ৪১.৮৪ শতাংশ বেড়ে হয়েছে ৩০.৩৪ বিলিয়ন ডলার। ২০০৯-১০ অর্থবছরে এটা ছিল ২১.৩৯ বিলিয়ন ডলার। আমাদানি প্রবৃদ্ধিতে অবদান রেখেছে মূলধনী যন্ত্রাংশ আমাদানি। এ খাতে প্রবৃদ্ধি ছিল ৪০.২৪ শতাংশ। অন্যদিকে অপরিশোধিত মালামাল ও

জ্বালানি আমদানিতে প্রবৃদ্ধি ছিল যথাক্রমে ৪৬.৬৪ এবং ৩৮.৭৪ শতাংশ। আমদানি প্রবৃদ্ধিতে এরই মধ্যে ধীরগতি দেখা গেছে, যা গত অর্থবছরের (জুলাই-ডিসেম্বর) ৩৬.৫৯ শতাংশের তুলনায় চলতি বছরের একই সময়ে দাঁড়িয়েছে ১৬.৯ শতাংশ।

বিদেশে কর্মরত বাংলাদেশী নাগরিকদের পাঠানো রেমিটেন্সও সামান্য কমেছে। ২০১০-১১ অর্থবছরে এটা ৬.২ শতাংশ বেড়ে দাঁড়িয়েছিল ১১.৬৭ বিলিয়ন ডলার। ২০০৯-১০-এ তা ছিল ১০.৯৯ বিলিয়ন ডলার। গত বছর এ খাতে প্রবৃদ্ধি ছিল ১৩.৪ শতাংশ। মধ্যপ্রাচ্যের অশান্ত পরিস্থিতি সাম্প্রতিক সময়ে এ খাতে প্রবৃদ্ধি কমাতে ভূমিকা রেখেছে। আশা করা হচ্ছে পরিস্থিতির উন্নতি ঘটবে, যেহেতু ওই অঞ্চল কিছুটা স্বাভাবিক হতে শুরু করেছে।

#### মূল্যস্ফীতি

মূল্যস্ফীতির হার ছিল উর্ধ্বমুখী এবং ১০.৬৩ শতাংশে পৌঁছেছিল (ডিসেম্বর ২০১১)। যদিও আগের অর্থবছরের একই সময়ে এটা ছিল ৮.২৮ শতাংশ। চলতি অর্থবছরের জন্য মূল্যস্ফীতি ধারণা করা হয়েছে ৭.৫ শতাংশ। কিন্তু অর্থবছরের প্রথমার্ধে তা অর্জন করা সম্ভব হয়নি। বরং সেপ্টেম্বর ২০১১-এ এটা ঠেকেছিল ১১.৯৭ শতাংশে। ডিসেম্বরে এসে কিছুটা কমেছিল। কারণ এ সময় খাদ্য মূল্যস্ফীতি ছিল কম এবং শীত মৌসুমের ফসল সম্ভায় পাওয়া যাচ্ছিল। ২০১১ সালের আশ্চর্য ঘটনা ছিল খাদ্য-বহির্ভূত মূল্যস্ফীতি। আগের বছরের ৪ শতাংশ থেকে তা লাফিয়ে হয়েছিল ১১ শতাংশ। জ্বালানির বাড়তি দাম এবং শীত মৌসুম শেষে মূল্যস্ফীতির চাপ আবারও অনুভূত হতে পারে। খুচরা পর্যায়ে দ্বিতীয় দফায় জ্বালানির দাম ৬.৫৮ শতাংশ বাড়ানোর ফলে, যা ফেব্রুয়ারি থেকে কার্যকর হয়েছে, খাদ্য-বহির্ভূত মূল্যস্ফীতি বাড়তেই থাকবে। মধ্যবর্তী অবস্থায় আমাদের অপেক্ষা করতে হবে এটা দেখতে যে, কীভাবে মূল্যস্ফীতি এক অংকে নামিয়ে আনা হচ্ছে, যেমনটা আর্থিক নীতি ঘোষণায় এসেছে।

#### বিনিময় হার

২০০৭ এবং ২০১০-এর মধ্যবর্তী বছরগুলোয় ডলারের দাম প্রায় ৬৯ টাকায় স্থির ছিল। ২০১১ সালে তা বাড়তে থাকে এবং ওই বছরের জুলাইয়ে দাম দাঁড়ায় ৭৫ টাকা এবং বছরশেষে ৮১ টাকা। কার্ব মার্কেট এবং আনুষ্ঠানিক মার্কেটের মধ্যে দামের পার্থক্য থাকে সাধারণত ১ টাকা। তবে চাহিদার চাপে এ দুই বাজারের মধ্যে এখন পার্থক্য বাড়ছে।

২০১১ সালের শেষ কার্যদিবস ২৯ ডিসেম্বরে ডলারের বিনিময় হার ছিল ৮১.৯৫ থেকে ৮১.৯৯ টাকার মধ্যে। ডলার প্রতি পার্থক্য ছিল অস্বাভাবিক পর্যায়ে, ৩ থেকে ৪ টাকা। কোনো একক বছরে স্থানীয় মুদ্রার সবচেয়ে বড় অবমূল্যায়ন ঘটেছিল ২০১১ সালে, ১৫.০৪ শতাংশ। আনুষ্ঠানিক ও কার্ব মার্কেটে ডলারের বাড়ন্ত বিনিময় হার নির্দেশ করছে যে, সরবরাহের তুলনায় ডলারের চাহিদা

বাড়ছে ছ-ছ করে। সার, ভোজ্যতেল, চিনি, অপরিশোধিত উপকরণ, রেন্টাল পাওয়ার পাস্টের মূলধনী যন্ত্রাংশ এবং এর জ্বালানি হিসেবে আমদানিকৃত জ্বালানি তেল ডলারের চাহিদা বাড়তে অবদান রেখেছিল, অন্যদিকে ডলার পাওয়ার উৎস হিসেবে রফতানি আয়, রেমিটেন্স প্রবাহ এবং বিদেশী ঋণ ছাড়ে মিশ্র পরিস্থিতি বিরাজ করছিল। ২০১১ সালের শেষদিকে রফতানি আয়ে প্রবৃদ্ধি অব্যাহত ছিল, যদিও তা ধীর গতিতে। কিন্তু এ বছরে বিদেশী ঋণ ছাড় ছিল সর্বনিম্ন পর্যায়ে। ডিসেম্বর ২০১১ শেষে বৈদেশিক মুদ্রা তহবিল দাঁড়িয়েছিল ৯.৬৩ বিলিয়ন ডলারে। ২০১০ সালের ডিসেম্বর শেষে এটা ছিল ১১.০৪ বিলিয়ন ডলার।

#### আর্থিক নীতি

২০১০-১১ অর্থবছরের দ্বিতীয়াংশে (জানুয়ারি-জুন ২০১১) এবং ২০১১-১২ অর্থবছরের প্রথমার্ধে (জুলাই-ডিসেম্বর ২০১১) আর্থিক নীতির উদ্দেশ্য ছিল মূল্যস্ফীতি নিয়ন্ত্রণে অ-উৎপাদনশীল খাতে ঋণের প্রবাহে রাশ টেনে ধরা।

#### মুদ্রা সরবরাহ

ডিসেম্বর ২০১১ সালে বৈদেশিক মুদ্রার সঞ্চিতি দাঁড়িয়েছিল ৯৯৩.৭৪২ বিলিয়ন টাকায়। ২০১০ সালের ডিসেম্বরের ৮৫৯.০৩৩ বিলিয়ন টাকার তুলনায় ১৫.৬৮ শতাংশ বেশি। অন্যদিকে ব্রড মানির (এমটু) পরিমাণ ডিসেম্বর ২০১১ শেষে ছিল ৪৭ হাজার ৭৫৪.৯৭ বিলিয়ন টাকা। ২০১০ সালের ডিসেম্বরের ৩ হাজার ৯৯২ দশমিক ৭৯ বিলিয়ন টাকার তুলনায় ১৯.০৯ শতাংশ বেশি।

#### ঋণ সরবরাহ

২০১১ ডিসেম্বর শেষে মোট অভ্যন্তরীণ ঋণের পরিমাণ ছিল ৪,৮১৫.৩৯ বিলিয়ন টাকা। আগের বছরের ৩,৮২৩.৬২ বিলিয়ন টাকার চেয়ে ২৫.৯৪ শতাংশ বেশি। অভ্যন্তরীণ ঋণ বাজারের মধ্যে রয়েছে সরকারি খাত, অন্যান্য সরকারি বিভাগ এবং বেসরকারি খাত। এ খাতে ঋণ সরবরাহের প্রবৃদ্ধি ছিল যথাক্রমে ৭৩.৪৬, ১.৬৯ ও ১৯.৪০ শতাংশ এবং ডিসেম্বর ২০১১ শেষে দাঁড়িয়েছিল যথাক্রমে ৯০৯.৯৫, ১৯৩.০০ ও ৩,৭১২.৪৩ বিলিয়ন টাকা।

#### খাতভিত্তিক ঋণ

২০১০-১১ অর্থবছরে শিল্পখাতে টার্ম ঋণের পরিমাণ ছিল ৩২১.৬৩ বিলিয়ন টাকা, আগের বছরের তুলনায় ২৪.৩০ শতাংশ বেশি। অন্যদিকে কৃষিতে টার্ম ঋণের পরিমাণ ২০০৯-১০ অর্থবছরের চেয়ে ৯.৬০ শতাংশ বেড়ে গত অর্থবছরে ছিল ১২১.৮৪ বিলিয়ন টাকা।

#### সুদ হার

বাজারে তারল্য পরিস্থিতি আঁটসাঁট থাকার কারণে অধিকাংশ বাণিজ্যিক ব্যাংক আমানত ও ঋণের ওপর সুদের হার বাড়ায়। বাংলাদেশ ব্যাংক ৫ শতাংশের কাছাকাছি সুদের হার ধরে রাখতে ব্যাংকগুলোকে নির্দেশনা দেয়। অধিকাংশ ব্যাংক আমানত সংগ্রহ কার্যক্রম জোরদার করে তাদের ঋণ-আমানত অনুপাত (সিডিআর) নিরাপদ সীমায় রাখার চেষ্টা



করে। সাধারণ সঞ্চয়কারীদের কাছ থেকে অর্থ সংগ্রহের জন্য ব্যাংকগুলো ফিল্ড ডিপোজিটের ওপর উচ্চসুদ প্রদান করা শুরু করে। মার্চ ২০১১-এ বাংলাদেশ ব্যাংক কৃষি ও শিল্পখাতে টার্ম ঋণ ছাড়া অন্য সব খাতের ওপর থেকে সর্বোচ্চ সুদ হার সীমা তুলে নেয়, কারণ আমানতের ওপর সুদ হার বাড়ছিল যেটা আমানত সংগ্রহের খরচ ও কেন্দ্রীয় ব্যাংক নির্ধারিত সুদহার সীমার মধ্যে সমন্বয়হীনতা সৃষ্টি করছিল। বাংলাদেশ ব্যাংকের ২০১১, ডিসেম্বর শেষের তথ্যে দেখা গেছে, দেশের বাণিজ্যিক ব্যাংকগুলো স্থায়ী আমানতের ওপর সুদ দিচ্ছে ১২ শতাংশ পর্যন্ত; অন্যদিকে সঞ্চয় হিসারের ক্ষেত্রে এটা ছিল ৯.৫ শতাংশ। বৃহৎ ও মাঝারি শিল্পের জন্য টার্ম ঋণের সুদের হার ছিল ১১.৫০ থেকে ১৩ শতাংশ; আর ক্ষুদ্র শিল্পের ক্ষেত্রে এ ছিল ১১.৫০ থেকে ১৮ শতাংশের মধ্যে। একইভাবে, গৃহঋণে সুদের হার ছিল ১০ থেকে ১৮ শতাংশ, ভোক্তাঋণ ছিল ১১.৫০ শতাংশ থেকে ১৯.৫০ শতাংশের মধ্যে। বৃহৎ ও মাঝারি শিল্পের পরিচালন মূলধনের ক্ষেত্রে ব্যাংকগুলো সুদ নিচ্ছিল ১০ থেকে ১৮ শতাংশ। ক্ষুদ্র শিল্পের ক্ষেত্রে এটা ১১ থেকে ১৮ শতাংশের মধ্যে ছিল। ডিসেম্বরে ব্যাংকগুলো ব্যাংক-বহির্ভূত আর্থিক প্রতিষ্ঠানগুলোকে ঋণ দেয়ার ক্ষেত্রে সুদ নিয়েছিল ১৮ শতাংশ করে। বছরের শুরুতে এ হার ছিল ১৩ শতাংশের কাছাকাছি।

#### কল মানি হার

তারল্য সংকট মোকাবেলায় কল মানি বাজারের ওপর বাণিজ্যিক ব্যাংক এবং ব্যাংক-বহির্ভূত আর্থিক প্রতিষ্ঠানগুলোর সামগ্রিক নির্ভরশীলতার কারণে এ বাজারের সুদ হার গত বছর ২৩.৬৭ শতাংশ পর্যন্ত উঠেছিল। দেশের ব্যাংক ও ব্যাংক-বহির্ভূত আর্থিক প্রতিষ্ঠানগুলো এ বাজারে গত বছর লেনদেন করেছিল ৯৪৮৪.২৮ বিলিয়ন টাকা। তার আগের বছর এর পরিমাণ ছিল ৭৬৬৮.৫২ বিলিয়ন টাকা। অধিকাংশ বাণিজ্যিক ব্যাংক ছিল নগদ অর্থের চরম সংকটে।

#### বৈদেশিক মুদ্রা সঞ্চিতি

আন্তর্জাতিক মান অনুযায়ী, একটি দেশের বৈদেশিক মুদ্রা সঞ্চিতি যেকোনো সময়ে ওই পরিমাণ থাকা উচিত যা দিয়ে পরবর্তী ৩ মাসের আমদানি ব্যয় মেটানো যাবে। ২০০৯-১০ এবং ২০১০-১১ অর্থবছরে গড় সঞ্চিতি ছিল যথাক্রমে ১০.৪৭ ও ১০.৯১ বিলিয়ন ডলার। চলতি অর্থবছরের প্রথম ছয় মাসে এর পরিমাণ ছিল ১০.০৮ বিলিয়ন ডলার। এ অর্থবছরের তথ্য অনুযায়ী, সেপ্টেম্বরে আমদানি ব্যয় ছিল ৩.৩০ বিলিয়ন ডলার এবং বাংলাদেশ ব্যাংকে সঞ্চিতির পরিমাণ ছিল তখন ৯.৮৮ বিলিয়ন ডলার। ১০ বিলিয়ন মার্কিন ডলারের সীমা থেকে বৈদেশিক মুদ্রার সঞ্চিতি কিছুটা পড়ে গিয়েছিল। কারণ এ সময়ে এশিয়ান ক্লিয়ারিং ইউনিয়নকে (আর্থিক লেনদেন নিষ্পত্তির আন্তঃআঞ্চলিক ফোরাম) দুই মাসের আমদানি খরচ পরিশোধ করতে হয়েছিল। গত বছরের এপ্রিলে দেশের রিজার্ভ রেকর্ড ছুঁয়ে দাঁড়িয়েছিল ১১.৩২ বিলিয়ন ডলার। ২০১১-১২ অর্থবছরের প্রথম ছয় মাসে সংকোচনমূলক মূদানীতির

কারণে খাদ্যশস্য (চাল ও গম), মূলধনী যন্ত্রাংশ এবং শিল্প উপকরণ আমদানির এলসি খোলার পরিমাণ হ্রাস পেয়েছিল যথাক্রমে ৬১.৮২, ৩৪.৯৬ ও ৮.৬৮ শতাংশ। যদিও খাদ্য আমদানি কমে গিয়েছিল, কিন্তু বেড়েছিল জ্বালানি আমদানি। আমদানির বড় অংশ জ্বালানি হওয়ায় রিজার্ভে চাপ বসিয়েছিল এ ব্যয়।

#### পুঁজিবাজার চিত্র ২০১১

উভয় স্টক এক্সচেঞ্জেই দেশের পুঁজিবাজার কার্যক্রমের অবনতি ঘটেছিল। বাজার সম্প্রসারণ ও তেজীভাব বিবেচনায় ২০১১ ছিল ঠিক তার আগের বছরের একদম বিপরীত। সাধারণ সূচক বছরের প্রথম কার্যদিবস শুরু করেছিল ৮২৯০.৪১ পয়েন্ট নিয়ে এবং ৩৬.৭০ শতাংশ কমে বছর শেষে তা দাঁড়িয়েছে ৫২৫৭.৬১ পয়েন্ট। এ বছর সাধারণ সূচক বিশ্বের সবচেয়ে মন্দ শেয়াবাজারের তালিকায় ছিল অষ্টম। অন্যদিকে ২০১০ সালে এটা বিশ্বের ফুলে-ফেঁপে ওঠা পুঁজিবাজার গুলোর মধ্যে তৃতীয়।

লেনদেনের আকার হ্রাস পেয়েছিল আশ্চর্যজনকভাবে এবং বছরজুড়ে উভয় এক্সচেঞ্জই ছিল অস্থিতিশীল। এক কার্যদিবসে সাধারণ সূচক ৩৩৬ পয়েন্ট খুইয়েছিল, আবার পরের দিনেই বেড়েছিল ১০১৩ পয়েন্ট। সাধারণ সূচকের বাৎসরিক পরিবর্তনশীলতা ২০১১ সাড়ে বেড়ে দাঁড়িয়েছিল ৪৫.৮৩ শতাংশ, যা ২০১০ সালে ছিল ২১.৪৪ শতাংশ।

বাজার তারল্যের নির্দেশক 'শেয়ার টার্নওভার ভেলোসিটি অনুপাত' ছিল খুবই দুর্বল অবস্থায়। এ অনুপাত ২০১০ সালের ১৪৬ শতাংশ থেকে কমে ২০১১-এ দাঁড়িয়েছিল ৫৬ শতাংশ, অর্থাৎ তারল্য সংকট ছিল প্রবল। বাজারে তারল্য হ্রাস পেয়েছিল উলেখযোগ্যহারে। গড় লেনদেন সংখ্যা এবং গড় দৈনিক টার্নওভারের প্রবৃদ্ধি ছিল নেতিবাচক, যথাক্রমে (৩৩) ও (৫৯.৬) শতাংশ।

ফলে বাজারের ওপর বিনিয়োগকারীদের আস্থা ২০১১ সালে তলানিতে এসে ঠেকে। অব্যাহতভাবে বেড়ে চলা মূল্যস্ফীতি প্রবৃদ্ধিকে ছেঁটে ফেলছিল। ব্যবসা ও ভোক্তা মনোভাব ছিল একেবারে নিম্নপর্যায়; একই অবস্থা ছিল ইকুইটি বিনিয়োগকারীদের মনোভাবেও।

#### বাংলাদেশের অর্থনীতি: আভাস ২০১২

মোট দেশজ উৎপাদনের (জিডিপি) খাতভিত্তিক উপাদান পর্যালোচনা করলে দেখা যাবে বৈশ্বিক অর্থনৈতিক সুখগতি দেশের শিল্পখাতে নেতিবাচক প্রভাব রেখেছিল। চলতি অর্থবছরে গার্মেন্টস ও নিটওয়্যার উৎপাদন ও রফতানি দুর্বল ছিল। ব্যবসায়িক আস্থার পাশাপাশি আরও কয়েকটি বিষয় এজন্য দায়ী- গত বছরের শ্রমিক অসন্তোষ; যুক্তরাষ্ট্র ও ইউরোপের চাহিদা কমে যাওয়া এবং উপকরণ আমদানি ব্যয় বৃদ্ধি। যুক্তরাষ্ট্রের মন্দা এবং বিশ্ববাজারে দ্রব্যমূল্যের অব্যাহতভাবে দাম বৃদ্ধি ছিল শিল্প উৎপাদন ও রফতানি প্রবৃদ্ধির রাশ টেনে ধরার প্রধান কারণ, বিশেষ করে বাংলাদেশের গার্মেন্টস খাতে।

আশঙ্কা করা হচ্ছে, দেশে ২০১২ জুড়ে উচ্চ মূল্যস্ফীতি বহাল থাকবে। বিশ্ববাজারে ভোগপণ্যের দাম বৃদ্ধি এবং সরকারি ব্যয় ধারণার চেয়ে বেড়ে যাওয়ায় তা মূল্যস্ফীতি বৃদ্ধিতে ভূমিকা রেখেছে। রাজনৈতিক অস্থিতিশীলতা ও প্রাকৃতিক দুর্যোগের পাশাপাশি উচ্চ এ মূল্যস্ফীতিকে বাংলাদেশের অর্থনীতির অন্যতম ঝুঁকি হিসেবে বিবেচনা করা হচ্ছে। মূল্যস্ফীতির রাশ টেনে ধরতে ব্যর্থ হলে এটা আর্থ-সামাজিক অস্থিতিশীলতা সৃষ্টি করতে পারে। ঋণের ওপর উচ্চ সুদহারও দেশের অর্থনৈতিক কর্মকাণ্ডে নেতিবাচক প্রভাব রাখবে।

#### আর্থিক খাত পর্যালোচনা: ২০১১

অর্থনীতিতে তারল্য ও মুদ্রা সরবরাহের অর্থে ২০১১ ছিল একটি কঠিন বছর। তবে প্রতিবন্ধকতা সত্ত্বেও লংকাবাংলা ২০১১ সাল জুড়ে এর ব্যবসার অনেকগুলো ক্ষেত্রে সাফল্য ধরে রেখেছিল। ক্রমবর্ধমানতার ভিত্তিতে গত বছরের তুলনায় আমাদের লভ্যাংশ কমেছে। অর্থনৈতিক কর্মকাণ্ডের অনুপস্থিতি এবং ঋণের ব্যয় বেড়ে যাওয়ায় এ বছর কমে গেছে লভ্যাংশ। যদিও, এ অবস্থা থেকে বের হয়ে আসার জন্য আমরা আমাদের উদ্যোগ অব্যাহত রেখেছিলাম। আমাদের ঋণ প্রস্তাব নিরীক্ষণ কাঠামো শক্তিশালী করে, ঋণ অনুমোদনে আরো বেশি মনোযোগী হয়ে ২০১১ সালে আমরা ৪৪০৮.৫৬ মিলিয়ন টাকা ঋণ দিয়েছিলাম। ২০১০ সালে এর পরিমাণ ছিল ৪২৭৫.৫৭ মিলিয়ন।

আমাদের কৌশলের সঙ্গে সঙ্গতি রেখে আমরা জোর দিয়েছিলাম আমানত সংগ্রহের দিকে। বাজারের অন্য সব প্রতিযোগীদের তুলনায় আমাদের আমানত উল্লেখযোগ্য পরিমাণে বেড়েছে। কোম্পানির মোট সম্পদের পরিমাণ ২০১০ সালের ১৯,৩২২.২৪ মিলিয়ন টাকা থেকে বেড়ে গতবছর দাঁড়িয়েছে ২২,৩৮০ মিলিয়ন টাকা। অর্থনীতিতে ঋণ ও অগ্রিমের পরিমাণ ৯৪৭২.১৭ মিলিয়ন টাকা থেকে বেড়ে ২০১১ সালে দাঁড়ায় ১০৪৩৭.৮২ মিলিয়ন টাকা। অর্থনীতির এ স্ববির সময়ের মধ্যেও ২০১১ সালে লংকাবাংলার বিনিয়োগ পোর্টফোলিও ২৪ শতাংশ বেড়ে হয়েছে ১৮,৭০৩.৩৫ মিলিয়ন টাকা। ২০১০-এ এটা ছিল ১৫,০৬৪.৭৫৭ মিলিয়ন টাকা।

তবে, তহবিল মার্জিন ব্যয় বাড়ার কারণে এ বছর সুদ আয় কম হয়েছে। পরিচালন মুনাফা কমেছে ১৮ শতাংশ আর পরিচালন ব্যয় বেড়েছে ৩৪ শতাংশ। করপূর্ব লাভ কমেছে ৫৩ শতাংশ, হয়েছে ১,৩০৪.০৪ মিলিয়ন টাকা। তহবিল সংগ্রহ ব্যয় উলেখযোগ্যহারে বেড়ে যাওয়ায় এটা ঘটেছে এবং মূল ব্যবসায়িক কার্যক্রমের লভ্যাংশ হ্রাসেও ভূমিকা রেখেছে এটা। একই সঙ্গে দেশের উভয় স্টক এক্সচেঞ্জে বাজার কার্যক্রমে মন্দা ব্রোকারেজ আয়ও কমিয়ে দিয়েছে।

শেয়ারহোল্ডারদের মধ্যে বিতরণযোগ্য লভ্যাংশের পরিমাণ দাঁড়িয়েছে ৭৯১.১০ মিলিয়ন টাকা। গড় শেয়ার লভ্যাংশ ১৫.০৫ শতাংশ এবং শেয়ার প্রতি আয় হয়েছে ৯.৬১ টাকা। এনপিএল অনুপাত ছিল ৭.২৩ শতাংশ, যেখানে ২০১০ সালের ৭.৯০ শতাংশ থেকে কিছুটা উন্নতি হয়েছে।

#### খাতওয়ারি সাফল্য

ব্যবসায়িক প্রবৃদ্ধির জন্য মোটেও সহায়ক নয় এমন এক চ্যালেঞ্জিং পরিস্থিতিতে আমাদের ব্যবসার প্রতিটি খাত গ্রাহকদের ব্যবসায়িক উদ্যোগের সহযোগী অংশীদার হিসেবে কাজ করে গেছে। ব্যাংক ব্যবস্থায় তারল্য সংকটের কারণে বছরের প্রথম ছয় মাসে আমরা আমাদের কার্যক্রমের গতি স্থখ করতে বাধ্য হয়েছিলাম। কিন্তু পরের ছয় মাসে এ কার্যক্রমে গতি ফিরে এসেছিল এবং আমরা ঋণ বিতরণে প্রবৃদ্ধি অর্জন করতেও সক্ষম হয়েছি।

#### মূল ব্যবসা পরিচালনা

##### লিজ ও ঋণ

লংকাবাংলা এর লিজ ও ঋণ পোর্টফোলিওতে টার্ম ঋণের ওপর অব্যাহতভাবে জোর দিয়েছিল। ২০১১ সালে টার্ম ঋণ হিসেবে বিতরণ করা হয়েছে ১৮৫১ মিলিয়ন টাকা, আগের বছর তা ছিল ৮৯২ মিলিয়ন টাকা। লিজে অর্থ বিনিয়োগকারীদের প্রাথমিক অবচয় সুবিধা বাতিলের কারণে দেশে লিজ ব্যবসার প্রবৃদ্ধি কমে গেছে। এ বছরে লিজ ও ঋণ পোর্টফোলিও সামান্য কমেছে। অবস্থা সংহত করতে ও কাঠামো পুনর্বিদ্যায়ের জন্য এক্ষেত্রে আমরা সংকোচনমূলক নীতি গ্রহণ করেছিলাম। এ বছর এ পোর্টফোলিও আগের বছরের চেয়ে ১৬.১ শতাংশ বেড়ে হয়েছে ৪৫৪৭.৬৭ মিলিয়ন টাকা।

##### বন্ধকী ঋণ

২০১১ সালে বন্ধকী ঋণ বেড়েছে ৩৬.১ শতাংশ। ২০১১ শেষে এটা ছিল ১৫২৫.২৪ মিলিয়ন টাকা। আগের বছর তা ছিল ১১২০.৮১ মিলিয়ন টাকা।

##### অটো ঋণ

২০১১ সালে টার্ম ঋণ হিসেবে বিতরণ করা হয়েছে ১৬৪.৭৫৪ মিলিয়ন টাকা। ২০১০-এ এটা ছিল ১২৯.০৬ মিলিয়ন টাকা। এ বছর অটো ঋণে প্রবৃদ্ধি হয়েছে ৯৩.৪ শতাংশ। ২০১১ শেষে এ খাতে ঋণের পরিমাণ ছিল ২৪৯.৬০ মিলিয়ন টাকা, যা আগের বছরে ছিল ১২৯.০৬ মিলিয়ন টাকা।

##### এসএমই ঋণ

২০১১ সালে এসএমই ঋণ হিসেবে মোট ২১২.১৬ মিলিয়ন টাকা বিতরণ করা হয়েছে। ২০১০-এ ছিল তা ১৮৩.৯৩ মিলিয়ন টাকা, এ খাতে প্রবৃদ্ধি হয়েছে ৮২.৫ শতাংশ। ২০১১ সালে এসএমই ঋণ পোর্টফোলিও ২০১০ সালের ১৮৩.৯৪ মিলিয়ন টাকা থেকে বেড়ে হয়েছে ৩৩৫.৬৯ মিলিয়ন টাকা।

##### ফ্যাক্টরিং

গত চার বছরে ফ্যাক্টরিং পোর্টফোলিও বেড়েছে ১৩৫.৩ শতাংশ। ২০১১ সালে ফ্যাক্টরিং পোর্টফোলিওতে প্রবৃদ্ধি হয়েছে ৭৪.৫ শতাংশ। অন্যদিকে টার্ম ঋণ হিসেবে বিতরণ করা হয়েছে ৩২২.২৬ মিলিয়ন টাকা, যা ২০১০ সালে ছিল ৭১.৫৭ মিলিয়ন টাকা। বাংলাদেশে রিভার্স ফ্যাক্টরিংয়ে লংকাবাংলার ফ্যাক্টরিং বিভাগই অগ্রদূত।

### ক্রেডিট কার্ড

গত চার বছরে ক্রেডিট কার্ড পোর্টফোলিও বেড়েছে ২৩.৪ শতাংশ। ২০১১ সালে টার্ম ঋণ হিসেবে বিতরণ করা হয়েছে ৭২১.২৮ মিলিয়ন টাকা, যা ২০১০ সালে ছিল ৫০৩.৮৪ মিলিয়ন টাকা। আমাদের কার্ড পোর্টফোলিওতে প্রবৃদ্ধি হয়েছে ৩৮.৮ শতাংশ।

### ট্রেজারি কার্যক্রম

২০১১ সাল ছিল এমন এক বছর যখন আর্থিক নিয়ন্ত্রক কর্তৃপক্ষ অর্থনীতিতে মূল্যস্ফীতির প্রভাব সামলানোর জন্য সংকোচনমূলক পদক্ষেপ গ্রহণ করে। সামগ্রিকভাবে অর্থ বাজার ছিল টালমাটাল। বছরজুড়ে কল মানির সুদ হার ও আন্তঃব্যাংক রেপো হার ছিল উর্ধ্বমুখী। সরকারি সিকিউরিটিজের প্রাইমারি ডিলার (পিডি) হিসেবে লংকাবাংলা তহবিল সংগ্রহের জন্য মুখিয়ে ছিল, যেহেতু ব্যাংক ব্যবস্থা থেকে সরকারের গ্রহণ করা ঋণের পরিমাণ ছিল খুবই বেশি। তবে, কার্যকর ব্যবস্থাপনা দক্ষতায় আমরা এ পরিস্থিতিতে সঠিক পথেই ছিলাম। অর্থায়নের প্রথাগত উৎসের ওপর থেকে নির্ভরশীলতা কমানোর পরিকল্পনা থেকে লংকাবাংলা ট্রেজারি লাভজনক সম্পদে বিনিয়োগের জন্য টার্ম আমানত বাড়ানোর ওপর গুরুত্বারোপ করে। ২০১১ সালে টার্ম আমানত ২০১০-এর ৪৫৬০ মিলিয়ন ডলার থেকে বেড়ে দাঁড়ায় ৫৩০৯.৬২ মিলিয়ন টাকা। স্বাসরুদ্ধকর পরিস্থিতিতে এ খাতে প্রবৃদ্ধি হয়েছে ১৬ শতাংশ। তহবিল সংগ্রহ ব্যয় কমিয়ে আনায় ছিল আমাদের সর্বোচ্চ অগ্রাধিকার এবং আমাদের আমানত সংগ্রহের পরিমাণও বেড়েছে যথেষ্ট। দায় ব্যবস্থাপনার জন্য একটি স্বতন্ত্র বিভাগ খোলা হয়েছে এবং ২০১২ সালে এর কার্যক্রম আরও শক্তিশালী করা হবে।

### প্রাইমারি ডিলারশিপ

ডিসেম্বর ২০০৯ থেকে লংকাবাংলা প্রাথমিক ডিলারশিপ (পিডি) কার্যক্রম শুরু করে। কার্যক্রম পরিচালনার প্রথম বছর অর্থাৎ ২০১০ সালে আমরা আমাদের পরিকল্পনা মতো অগ্রসর হতে পেরেছিলাম। কিন্তু ২০১১ ছিল এ ব্যবসার জন্য চরম এক মন্দার বছর। সরকারি ঋণ বাড়ার পাশাপাশি সংকোচনমূলক মুদ্রানীতি বছরজুড়ে উদ্বেগ সৃষ্টি করেছিল। এ বছর বাংলাদেশ ব্যাংক থেকে তারল্যের সরবরাহে কিছুটা রাশ টেনে ধরা হয়েছিল, কিন্তু এটা ছিল প্রকারান্তরে পিডি ব্যবসার জন্য প্রণোদনামূলক। রেপো ও বিশেষ রেপো হার উলেখযোগ্য পরিমাণে বাড়ানো হয়েছিল। সেপ্টেম্বরে রেপো হার বাড়ানো হয়েছিল ৭.২৫ শতাংশে, যেটা জানুয়ারিতে ছিল ৫.৫০ শতাংশ। অন্যদিকে ডিসেম্বরে বিশেষ রেপো হার পুনঃনির্ধারণ করা হয়েছিল ১০.২৫ শতাংশ। জানুয়ারিতে তা ছিল ৮.৩০ শতাংশ। যদিও এ বছর সরকারি সিকিউরিটিজ থেকে লভ্যাংশ উলেখযোগ্য পরিমাণে বেড়েছিল, কিন্তু তারল্য সংকটের কারণে তহবিল সংগ্রহের ব্যয় ছিল তার চেয়ে আরও বেশি। ৩১ ডিসেম্বর ২০১১ শেষে আমরা ধারণ করছিলাম ১৮০১.৮১ মিলিয়ন ডলার। তাছাড়া স্থায়ী আমানতের ওপর সুদের হার বৃদ্ধি পাওয়ায় সেকেন্ডারি বাজারে স্বল্প লভ্যাংশের সরকারি সিকিউরিটিজ

বিক্রি বেশ চ্যালেঞ্জের মুখে পড়েছিল। পিডি কার্যক্রমে আমাদের লোকসান হয়েছিল ৬৩.৪১ মিলিয়ন টাকা। ২০১২ সালে অর্থনৈতিক পূর্বাভাসও আশাব্যঞ্জক মনে হচ্ছে না, যদি তারল্য প্রবাহ সংকোচনমূলক থাকে।

### মানবসম্পদ

লংকাবাংলা ফিন্যান্স লিমিটেড মনে করে মানবসম্পদই হচ্ছে প্রতিষ্ঠানটির সবচেয়ে মূল্যবান সম্পদ। এটা প্রতিষ্ঠানের প্রাণ, যার ওপর কোম্পানির সাফল্য ও উন্নয়ন নির্ভরশীল। কোম্পানির লক্ষ্য অর্জনে সর্বোচ্চ অবদান রাখতে কার্যকর মানবসম্পদ ব্যবস্থাপনা নীতি উন্নয়ন ও বাস্তবায়নের প্রচেষ্টা অব্যাহত রয়েছে আমাদের।

### মানবসম্পদ কৌশলসমূহ

- > 'সেরা নিয়োগকর্তা' হওয়া
- > ত্বরিত সেবা প্রদানের জন্য মানবসম্পদ দলের ক্ষমতা বাড়ানো
- > প্রতিষ্ঠানের সর্বত্র মানবসম্পদের উপস্থিতি শক্তিশালী করা
- > প্রবৃদ্ধির জন্য যোগ্য কর্মীদের ধরে রাখা
- > শিখন ও উন্নয়নের মাধ্যমে কর্মীদের সম্ভাবনা সর্বোচ্চ পর্যায়ে উন্নীত করা
- > প্রত্যেককে যোগ্যতা অনুযায়ী মূল্যায়ন করা
- > টেকসই প্রবৃদ্ধির জন্য অনুবর্তন পরিকল্পনা রাখা।

মেধা পরিচর্যার সংস্কৃতি লালন করে আমাদের প্রতিষ্ঠান লংকাবাংলা। আর এজন্য সবসময় দক্ষ পেশাজীবী নিয়োগের চেষ্টা উদ্যোগ নেই আমরা। একইসঙ্গে সাফল্য অব্যাহত রাখতে কিছু কর্মসূচিও বাস্তবায়ন করি। আমরা আমাদের মানবসম্পদের জন্য এমন একটি কাজের পরিবেশ সৃষ্টির উদ্যোগ নেই, যেখানে প্রত্যেক কর্মীই গর্বিত বোধ করতে পারে এবং তার নিজের কাজ নিয়ে অনুপ্রাণিত হতে পারে।

লংকাবাংলায় আমরা সবসময় যোগ্যতাসম্পন্ন, কারিগরী দক্ষতা ও পেশাগতভাবে অভিজ্ঞতাসম্পন্ন মানবসম্পদ আকৃষ্ট করতে প্রতিশ্রুতিবদ্ধ। যারা অনুগত, নিবেদিত ও ত্যাগী মানসিকতাসম্পন্ন।

লংকাবাংলায় নিয়োজিত কর্মীবাহিনীর বৈচিত্র্যই এর প্রধান বৈশিষ্ট্য, যাদের ঘিরে এ প্রতিষ্ঠান এগিয়ে চলছে। কর্মীদের একটি বড় অংশ ২৬-৩৫ বয়স সীমার মধ্যে, যারা খুবই উদ্যোগী অনুপ্রাণিত তরুণ পেশাজীবী।

লংকাবাংলা কর্মীদের আকর্ষণীয় বেতন সুবিধা প্রদান করে, উপযুক্ত প্রশিক্ষণের মাধ্যমে তাদের পেশাগত দক্ষতার উন্নয়ন ঘটায় এবং চমককার কাজের পরিবেশের নিশ্চয়তা দেয়, যেন তারা চ্যালেঞ্জিং বাজার পরিস্থিতি ও চাহিদা মেটাতে সক্ষম থাকে। আমরা নিয়োগের ক্ষেত্রে বয়স, লিঙ্গ, প্রতিবন্ধিতা, ধর্ম, গোষ্ঠী বা অন্য কোনো বিষয়ে কোনো ধরনের বৈষম্য করি না। কর্মীদের স্বাস্থ্য ও নিরাপত্তা নিশ্চিত

করতে কোম্পানি এর স্থায়ী কর্মীদের গ্রুপ ও হাসপাতাল বীমা সুবিধা প্রদান করছে।

অনুকূল কাজের পরিবেশ এবং কর্মস্থলে অনুপ্রেরণার কারণে লংকাবাংলা থেকে কর্মী প্রস্থানের হার খুবই কম। আমাদের কোম্পানি সম-অধিকার প্রদানকারী একটি নিয়োগ প্রতিষ্ঠান এবং এর সিদ্ধান্ত গ্রহণ প্রক্রিয়ায় অংশগ্রহণমূলক ব্যবস্থাপনা পদ্ধতি অনুসরণ করে।

ব্যবসা পরিচালনা পদ্ধতিতে উন্নয়ন এবং প্রাতিষ্ঠানিক কাঠামো পরিবর্তনের সঙ্গে খাপ খাওয়াতে কাজ করছে লংকাবাংলা এবং অফিসে কাগজের ব্যবহার কমিয়ে অটোমেশন প্রক্রিয়ার দিকে ধাবিত হচ্ছে। ব্যবস্থাপনা সংশ্লিষ্ট পরিবর্তনগুলো পেশাগত রীতি অনুযায়ী করা হচ্ছে এবং মানবসম্পদ উন্নয়ন বিভাগের পরামর্শ কর্মক্ষেত্রে চাপ কমাতে সহায়তা করছে। আমাদের কোম্পানিকে ‘পছন্দের নিয়োগকারী’ হিসেবে প্রতিষ্ঠিত করতে মানবসম্পদ বিভাগ নানা কৌশল ও কর্মসূচি বাস্তবায়ন করে চলেছে। এবং সেই সঙ্গে কর্মীদের প্রয়োজনীয় ‘ট্রেনিং’ সরবরাহ করছে, যা তাদের সবচেয়ে উপযুক্ত ও কার্যকর কর্মীবাহিনী হিসেবে এগিয়ে যাওয়ার ক্ষেত্রে প্রয়োজনীয়।

#### কর্মীদের স্বাস্থ্য ও নিরাপত্তা

কর্মস্থলে লংকাবাংলা স্বাস্থ্য, নিরাপত্তা ও পরিবেশগত অনুশীলনগুলো নিশ্চিত করে। আমরা বিশ্বাস করি এটা আমাদের কর্মীবাহিনী ও লংকাবাংলা উভয়ের জন্যই গুরুত্বপূর্ণ।

স্বাস্থ্য, সুরক্ষা ও পরিবেশসংশ্লিষ্ট বিষয়গুলোতে আমাদের কোম্পানি নিচের নীতিগুলো অনুসরণ করছে:

- কর্মস্থল ও কর্মস্থলের বাইরে কর্মীদের সুরক্ষা নিশ্চিত করার লক্ষ্যে অব্যাহতভাবে কাজ করে লংকাবাংলা।
- লংকাবাংলার ‘আচরণ বিধি’ অনুযায়ী কর্মস্থলে কোনো ধরনের মাদকদ্রব্য ও অ্যালকোহল রাখা, খাওয়া বা বিতরণ সম্পূর্ণ নিষিদ্ধ।
- কাজের পরিবেশ বৈষম্যমুক্ত রাখতে (লিঙ্গ, জাতি, গোষ্ঠী, জাতীয়তা, বয়স বা প্রতিবন্ধীতার ভিত্তিতে) সমন্বিত উদ্যোগ বজায় রাখা হয়।
- আমাদের ‘নিরাপত্তা ও পরিবেশসংক্রান্ত প্রণোদনা কর্মসূচি’ কর্মীদের নিরাপদে থেকে এবং পরিবেশবান্ধব উপায়ে কাজ করতে অনুপ্রেরণা জোগায়। পাশাপাশি পুনরাবৃত্তি ঠেকাতে সংশোধনমূলক কর্মরীতি উন্নয়ন ও বাস্তবায়ন করাও হয়।
- আমরা নিয়মিতভাবে আন্তঃঅফিস ক্রীড়ার আয়োজন করি এবং এ শিল্পে ক্রীড়াংশ্লিষ্ট অনুষ্ঠান আয়োজনে উৎসাহ জোগায়।
- স্বাস্থ্য ও নিরাপত্তাসংশ্লিষ্ট বিষয়গুলো লংকাবাংলার সব কর্মীর জন্য সর্বোচ্চ অগ্রাধিকার হিসেবে

বিবেচনা করা হয়। তাছাড়া, লংকাবাংলার সব কর্মী যে পরিবেশে তারা কাজ করে সে পরিবেশকে সুরক্ষিত রাখতে বদ্ধপরিকর।

#### তথ্যপ্রযুক্তি

তথ্যপ্রযুক্তি ব্যবহারের মাধ্যমে উৎকর্ষ অর্জনের একটি লক্ষ্য নিয়ে কাজ করে যাচ্ছে লংকাবাংলা। সমসাময়িক উচ্চক্ষমতাসম্পন্ন প্রযুক্তির সুবিধা নেয়ার জন্য লংকাবাংলা ‘ব্যাকআলটিমাস’ নামের একটি সমন্বিত ব্যাংকিং সফটওয়্যার বাস্তবায়নের কাজ করে যাচ্ছে। ২০১২ সালের মধ্যে এর বাস্তবায়ন সম্পন্ন হবে। এ সফটওয়্যারটি ইন্টারনেট-সক্ষমতাসম্পন্ন সার্ভার প্রযুক্তি সংবলিত। এটা সার্বক্ষণিক ভিত্তিতে মাল্টি-কারেন্সি ও মাল্টি-ব্রাঞ্চ কার্যক্রম পরিচালনায় সহায়ক। রিয়েল টাইমে বিশাল অংকের লেনদেন সম্পাদনের জন্য বিশেষভাবে এর যাবতীয় উপাদান ডিজাইন করা হয়েছে। পরিচালনা দক্ষতা জন্য সফটওয়্যার ব্যবহারের ক্ষেত্রে যেহেতু লংকাবাংলাই প্রথম উদ্যোক্তা, সে কারণে এটা শুধু কোম্পানিকে প্রতিযোগীদের থেকে এগিয়েই রাখবে না, পাশাপাশি গোটা খাতের জন্য একটি উদাহরণ হিসেবে থাকবে। আমরা সর্বাধুনিক প্রযুক্তির ক্রেডিট কার্ড সফটওয়্যার ব্যবহার করছি, যেটা কার্ড প্রসেসিংয়ে পূর্ণমাত্রায় সক্ষম। তথ্যপ্রযুক্তি ব্যবহারের ক্ষেত্রে ২০১১ সাল ছিল আমাদের জন্য দারুন এক বছর। সবগুলো শাখা, বুথ ও অফিস কেন্দ্রীয় সার্ভারের সঙ্গে সংযুক্ত হয়েছে এবং ব্যান্ডউইথও আপগ্রেড করা হয়েছে। তথ্যপ্রযুক্তি কাঠামো নিরীক্ষা করা হয়েছে এবং আরো উন্নত প্রযুক্তিতে তা উন্নীত করার পদক্ষেপও নেয়া হয়েছে। ডিজিটাল ফাইলিং সিস্টেমের প্রবর্তন করা হয়েছে এবং একটি ব্যাপকভিত্তিক ওয়েব পোর্টাল উন্নয়নের কাজ হাতে নেয়া হয়েছে। খুব শিগগিরই কাগজবিহীন একটি অফিস পরিচালনের স্বপ্ন দেখছি আমরা।

#### সাবসিডিয়ারি কার্যক্রম

লংকাবাংলা ফিন্যান্স লিমিটেডের সাবসিডিয়ারি প্রতিষ্ঠান হচ্ছে লংকাবাংলা সিকিউরিটিজ লিমিটেড (এলবিএসএল)। দেশের স্বনামধন্য এ ব্রোকারেজ হাউজের গ্রাহকদের মধ্যে রয়েছে প্রাতিষ্ঠানিক, বড় অংকের একক ব্যক্তি, বিদেশী তহবিল এবং ক্ষুদ্র বিনিয়োগকারী। গত ছয় বছর ধরে ঢাকা স্টক এক্সচেঞ্জে এবং সাত বছর ধরে চট্টগ্রাম স্টক এক্সচেঞ্জে লেনদেন মূল্যে এটা দেশের বৃহৎ ব্রোকারেজ হাউজ। লেনদেন সম্পাদন সক্ষমতা ও নিষ্পত্তি এবং বিক্রয় দিকের গবেষণার ভিত্তিতে এলবিএসএল এর পেশাগত দক্ষতার জন্য এরইমধ্যে স্বীকৃত এক প্রতিষ্ঠানে রূপ নিয়েছে। ২০১১ সালে পুঁজিবাজার ছিল বিধবস্ত এবং উভয় এক্সচেঞ্জেই লেনদেন কার্যক্রম সীমিত হয়ে পড়ে। এ খাতের সবচেয়ে প্রভাববিস্তারকারী প্রতিষ্ঠান হিসেবে এসবিএসএলও এ মন্দ অবস্থা থেকে রেহাই পায়নি। তারপরও আমাদের শক্তিমত্তা আমাদেররকে পুরস্কৃত করেছে এবং আমাদের মোট ইকুইটি ২০১০ সালের ৪৪০৩.০৫ মিলিয়ন টাকা থেকে বেড়ে দাঁড়িয়েছে ৪৭১৬.৭৬ মিলিয়ন টাকায়। কোম্পানির পরিচালনা আয় আগের বছরের চেয়ে ৪১.২৯ শতাংশ কমে

দাঁড়িয়েছে ১২৩১.০২ মিলিয়ন টাকা। ২০১০-এ তা ছিল ২০৯৬.৭৯ মিলিয়ন টাকা। সেইসঙ্গে কোম্পানির কর-পরবর্তী মুনাফা পূর্ববর্তী বছরের চেয়ে কমেছে ৫১.১৫ শতাংশ। এক্ষেত্রে দেশের উভয় এক্সচেঞ্জে টার্নওভার পতন ভূমিকা রেখেছে। আরও ছিল ২০১১ সালের কর বৃদ্ধি ও কর প্রতিশন।

লংকাবাংলা ফিন্যান্স লিমিটেডের আরেক সাবসিডিয়ারি লংকাবাংলা ইনভেস্টমেন্ট লিমিটেড দেশের অন্যতম মার্চেন্ট ব্যাংক হিসেবে এরই মধ্যে নিজেকে অন্য মাত্রায় নিয়ে গেছে। এর সেবার মধ্যে রয়েছে বিস্তৃত বিনিয়োগ ব্যবস্থাপনা সেবা; যেমন, ব্যবসা উন্নয়নের ক্ষেত্রে করপোরেট পরামর্শ সেবা, মার্জার ও অ্যাক্যুইজিশন সেবা, আর্থিক পুনর্গঠন সেবা, ইস্যু ব্যবস্থাপনা সেবা, পোর্টফোলিও ব্যবস্থাপনা সেবাসহ আরও কিছু সেবা। ২০১১ সালে লংকাবাংলা ইনভেস্টমেন্ট লিমিটেড 'আলফা প্লাস' নামের এক বিচক্ষণতামূলক ব্যবস্থাপনা সেবা প্রবর্তন করেছে। স্বল্প অভিজ্ঞতাসমপন্ন ক্ষুদ্র ও প্রাতিষ্ঠানিক বিনিয়োগকারীদের জন্য পোর্টফোলিও ব্যবস্থাপনা সেবা দিতেই এর প্রচলন করা হয়েছে। ২০১১ সালে এ সাবসিডিয়ারির পরিচালন মুনাফা ও কর-পরবর্তী মুনাফা ছিল যথাক্রমে ৭৭৯.৮৪৯ ও ৩৪.৪৪ মিলিয়ন টাকা।

লংকাবাংলা ফিন্যান্সের শতভাগ মালিকানায লংকাবাংলা অ্যাসেটস ম্যানেজমেন্ট কোম্পানি লিমিটেড বর্তমানে সিকিউরিটিজ অ্যান্ড কমিশন থেকে লাইসেন্স অনুমোদন পাওয়ার অপেক্ষায় আছে।

#### শাখা কার্যক্রম

২০১১ জুড়ে আমরা বিভিন্ন ভৌগলিক অবস্থানে আমাদের কার্যক্রম বিস্তৃত করার ওপর মনোযোগ দেই। এ বছর চট্টগ্রাম ও সিলেট শাখা দারুণ সফলতা দেখায়। এ বছরই পুরান ঢাকার বংশালে ওই অঞ্চলের ক্রমবর্ধমান আর্থিক চাহিদায় সহায়তা দিতে আরেকটি শাখা খোলা হয়েছে। চট্টগ্রামের বাণিজ্যিক কেন্দ্র খাতুনগঞ্জে আরেকটি শাখা খোলার অনুমোদন আমরা বাংলাদেশ ব্যাংকের কাছ থেকে পেয়েছি।

#### আর্থিক প্রতিবেদন, প্রস্তাবিত লভ্যাংশ এবং মুনাফার উপযোজন

- কোম্পানির করপূর্ব লভ্যাংশ হয়েছে ৫৪১.৪৪ মিলিয়ন টাকা, ২০১০ সালের ৬১১.৩৩ মিলিয়ন টাকা থেকে ১১ শতাংশ কম। অন্যদিকে কর-পরবর্তী লভ্যাংশ ২০১০-এর ৪০৩.১০ মিলিয়ন টাকা থেকে ১৬ শতাংশ বেড়ে ২০১১ সালে দাঁড়িয়েছে ৪৬৬.৬৫ মিলিয়ন টাকা।
- ২০১১ ছিল প্রবৃদ্ধি ও সমৃদ্ধির পথে চ্যালেঞ্জিং একটি বছর। আর্থিক বাজারের সামগ্রিক পরিস্থিতি, কোম্পানির বর্তমান আর্থিক সক্ষমতা এবং ভবিষ্যৎ বিনিয়োগ সম্ভাবনা বিবেচনায় নিয়ে

পরিচালনা পর্ষদ ২০১১ সালের জন্য ৩০ শতাংশ বোনাস শেয়ার সুপারিশ করেছে।

- ২০১১ সালের আর্থিক প্রতিবেদন প্রকাশ করতে পেরে পরিচালকবৃন্দ আনন্দিত এবং তাঁরা নিম্নলিখিত অ্যাথ্রোপ্রিয়েশনের সুপারিশ করেছেন।

২০১১ সালের করপরবর্তী মুনাফা	৪৬৬,৬৫২,৫২৩
অবন্টিত মুনাফার জের	৬০৯,৮৬৬,২৫২
উপযোজনযোগ্য মুনাফা	১,০৭৬,৫১৮,৭৭৫
বাদ : সংবিধিবদ্ধ সঞ্চিতি	(৯৩,৩৩০,৫০৫)
বাদ : লংকাবাংলা ফাউন্ডেশনের স্থানান্তরিত	(৪,৬৬৬,৫২৫)
লভ্যাংশ ঘোষণার জন্য অবন্টিত মুনাফা	৯৭৮,৫২১,৭৪৫
বাদ লভ্যাংশ :	(২৪৭,০৫৪,৫০০)
৩০ শতাংশ বোনাস শেয়ার	
অবন্টিত মুনাফা জেরকৃত	৭৩১,৪৬৭,২৪৫

#### গুরুত্বপূর্ণ পরিচালনাগত ও আর্থিক কিছু তথ্য

ফেব্রুয়ারি ২০, ২০০৬ সালে জারিকৃত এসইসি নোটিশ নং এসইসি/সিএমআরআরসিডি/২০০৬-১৫৮/প্রশাসন/০২-০৮ অনুযায়ী গত ৫ বছরের পরিচালনাগত ও আর্থিকভাবে গুরুত্বপূর্ণ কিছু তথ্য পৃষ্ঠা ৩১ এ প্রদান করা হলো।

#### অবিলিকৃত লভ্যাংশ ব্যবহারের পরিকল্পনা

নিয়মিত ব্যবসায়িক কার্যক্রম পরিচালনার জন্য প্রতিবছর কোম্পানির বিশাল অংশের তহবিল প্রয়োজন হয়। অবিলিকৃত এই লভ্যাংশ নতুন বিনিয়োগের ক্ষেত্রে ব্যবহার করা হবে এবং কোম্পানি আইন, ১৯৯৪-এর ১০০ ধারা অনুযায়ী ভবিষ্যৎ আকস্মিক পরিস্থিতি মোকাবেলায় ব্যবহার করা হবে। পাশাপাশি তহবিল গচ্ছিত রাখার মাধ্যমে একটি গ্রহণযোগ্য ঋণ ইকুইটি অনুপাত বজায় রাখা হবে এবং এতে কোম্পানির ঋণ প্রদানের ক্ষমতা বৃদ্ধি পাবে।

#### জাতীয় কোষাগারে অবদান

সরকারের রাজস্ব আয়ে সহায়তা করা এবং দেশের অর্থনৈতিক উন্নয়নে ভূমিকা রাখার উদ্দেশ্যে লংকাবাংলা ফিন্যান্স অর্থ মঞ্জুরের ক্ষেত্রে উৎসে কর ও ভ্যাট কেটে তা নিয়মিতভাবে জাতীয় কোষাগারে জমা দেয়। পাশাপাশি কোম্পানির আয়ের ওপর আয়করও জমা করে।

#### ব্যবসায়িক পূর্বাভাস ২০১২

আমাদের পর্যালোচনায়, অর্থনীতিতে এ দুর্ভাবস্থা ২০১২ জুড়ে আরো প্রকট হবে। নিয়ন্ত্রক কর্তৃপক্ষ অর্থের প্রবাহ সীমিত রাখার লক্ষ্যে সংকোচনমূলক পদক্ষেপ নেবে এবং বেসরকারি খাতের ঋণ প্রবাহও তাতে করে সীমিত হয়ে পড়বে। আরেকদিকে, ব্যালেন্স অব পেমেণ্ট সুরক্ষায় আমদানি নিরুৎসাহিত করা হবে, এ কারণে ধারণা করা হচ্ছে রফতানিতে কিছুটা ভাটা চলবে।

রেমিটেন্সের আন্তঃপ্রবাহের ব্যাপারে আমরা আশাবাদী এবং বিশ্বাস করি টাকার অবমূল্যায়ণ প্রবাসীদের চলতি অর্থবছরের দ্বিতীয়াংশে আরো বেশি পরিমাণে রেমিটেন্স পাঠাতে প্ররোচিত করবে। মধ্যপ্রাচ্যের রাজনৈতিক অস্থিরতার অবসান হওয়া মাত্রই বাংলাদেশ এ অঞ্চলে আরো বেশি মানবসম্পদ পাঠাতে সক্ষম হবে।

সংকোচনমূলক মুদ্রানীতির কারণে ব্যবসায়িক কার্যক্রমের দিক থেকে অর্থনীতিতে কিছুটা স্লথগতি দেখা যাবে, যেহেতু উদার পরিবেশে ন্যূনতম সুদ হার বাড়তে থাকবে এবং সেই সঙ্গে শিল্প উপকরণ আমদানির অত্যাধিক খরচ আরো বেশি চাপ সৃষ্টি করবে। ফলশ্রুতিতে ভোগপণ্যের যোগানে এটা প্রভাব ফেলবে এবং দামও বেড়ে যাবে। অর্থনীতির জন্য সবচেয়ে চ্যালেঞ্জের বিষয় হচ্ছে মূল্যস্ফীতিকে এক অংকে নামিয়ে আনা। বিশেষ করে, জ্বালানি তেলের দাম বাড়ার কারণে খাদ্য-বহির্ভূত মূল্যস্ফীতি লাফিয়ে লাফিয়ে বাড়ছে। সুতরাং উচ্চ সুদ হার ২০১২ সালে আমাদের ব্যবসায়িক কার্যক্রমকে আক্রান্ত করতে পারে।

অর্থনীতির এ আভাস বিবেচনায় নিয়ে, আপনাদের কোম্পানি এর স্থিরকৃত ব্যবসায়িক আকার অর্জন ও করপোরেট লক্ষ্য বাস্তবায়নে স্বল্প ও মধ্যম মেয়াদী কৌশল প্রণয়ন করেছে। আমাদের পোর্টফোলিওতে মানসম্পন্ন সম্পদ আকৃষ্ট করছে এবং বর্তমান পোর্টফোলিওর মানোন্নয়নে উদ্ভাবনাময় ও নিরন্তর বিপণন প্রচেষ্টা এক্ষেত্রে নিয়োজিত করা হচ্ছে।

### স্বীকৃতি

কর্পোরেট এবং আর্থিক প্রতিবেদন প্রকাশে শ্রেষ্ঠত্বের লক্ষ্যে আমাদের নিরন্তর প্রয়াসের স্বীকৃতি হিসেবে আমরা ব্যাংক-বহির্ভূত আর্থিক প্রতিষ্ঠানের শ্রেণীতে অর্জন করেছি সাফা (সাউথ এশিয়ান ফেডারেশন অব অ্যাকাউন্ট্যান্টস) বেস্ট প্রেজেন্টেড অ্যাকাউন্ট্যান্টস অ্যাওয়ার্ড-২০১০ (রানার আপ) এবং ইনস্টিটিউট অব চার্টার্ড অ্যাকাউন্ট্যান্টস অব বাংলাদেশ (আইসিএবি) কর্তৃক ব্যাংক-বহির্ভূত আর্থিক প্রতিষ্ঠানের খাতে প্রকাশিত বার্ষিক প্রতিবেদনের ভিত্তিতে তৃতীয় সেরার পুরস্কার।

আমাদের সহযোগী কোম্পানি লংকাবাংলা সিকিউরিটিজ লিমিটেড আয় বিবেচনায় ২০০৬ থেকে ২০১১সাল পর্যন্ত টানা পাঁচ বছর ধরে ঢাকা স্টক এক্সচেঞ্জ (ডিএসই) এবং ২০০৫ থেকে ২০১১ পর্যন্ত টানা ছয় বছর ধরে চট্টগ্রাম স্টক এক্সচেঞ্জে (সিএসই) প্রথম স্থান দখলের স্বীকৃতিস্বরূপ সনদ অর্জন করেছে।

### শেয়ারহোল্ডিং বিন্যাস

সংযুক্তি-২ এ ফেব্রুয়ারি ২০, ২০০৬ তারিখে এসইসি নোটিফিকেশন নং এসইসি/সিএমআরআরসিডি/২০০৬-১৫৮/অ্যাডমিন/০২-০৮ এর অনুচ্ছেদ ২(কে) অনুসারে সংযোজনী ৩, পৃষ্ঠা ৯৫ এ প্রদর্শিত হলো শেয়ারহোল্ডিং বিন্যাস।

### পরিচালক নির্বাচন

কোম্পানির আর্টিকেল অব অ্যাসোসিয়েশনের অনুচ্ছেদ ৯৮ অনুসারে জনাব মাহবুবুল আনাম, জনাব মির্জা এজাজ আহমেদ, জনাব তাহসিনুল হক, জনাব আনিসা মাহিয়াল কুন্দালমাল অবসরপ্রাপ্ত হবেন এবং যোগ্য বিবেচনায়, প্রত্যেকেই পুনর্নির্বাচনে প্রার্থী হতে সম্মত হয়েছেন।

### ব্যবস্থাপনা পরিচালক নিয়োগ

২০১১ সালের ৩০ অক্টোবর অনুষ্ঠিত পরিচালনা পর্ষদের ৭৩তম সভায় পর্ষদ কোম্পানির ব্যবস্থাপনা পরিচালক হিসেবে জনাব নাসির উদ্দিন চৌধুরীকে নিয়োগ দেয়, যা বাংলাদেশ ব্যাংক অনুমোদন করে।

### বোর্ডের সভা এবং উপস্থিতি

২০১১ সালে পরিচালনা পর্ষদের পাঁচটি সভা অনুষ্ঠিত হয়। এসব সভায় পরিচালকের উপস্থিতির বিবরণ সংযোজনী ২, পৃষ্ঠা ৯৪ এ প্রদর্শিত হয়েছে।

### নিরীক্ষক

কোম্পানির চতুর্দশ বার্ষিক সাধারণ সভায় মেসার্স এস এফ আহমেদ অ্যান্ড কোম্পানিকে, চার্টার্ড অ্যাকাউন্ট্যান্টস (১৯৭৫ থেকে আর্নেস্ট অ্যান্ড ইয়াং গ্লোবালের বাংলাদেশ প্রতিনিধি), পঞ্চদশ বার্ষিক সাধারণ সভার সমাপ্তির মেয়াদকাল পর্যন্ত কোম্পানির বহির্নিরীক্ষক হিসেবে নিয়োগ দেয়া হয়। ২০১১ সালের নিরীক্ষা কার্যক্রম এরই মধ্যে সন্তোষজনকভাবে সম্পন্ন করেছে মেসার্স এস এফ আহমেদ অ্যান্ড কোম্পানি, চার্টার্ড অ্যাকাউন্ট্যান্টস।

বাংলাদেশ ব্যাংকের ২ মার্চ, ১৯৯৯ সালে জারিকৃত ৩ নং এফআইডি সার্কুলার অনুযায়ী কোনো ব্যাংক-বহির্ভূত আর্থিক প্রতিষ্ঠান তার বিধিবদ্ধ নিরীক্ষক হিসেবে একই বহির্নিরীক্ষক প্রতিষ্ঠানকে পরপর তিন বছরের বেশি সময়ের জন্য নিয়োগ দিতে পারবে না। এ নিরীক্ষকের তিন বছরের মেয়াদ শেষ হবে ১৫তম বার্ষিক সাধারণ সভার তারিখে। এ কারণে তাদেরকে আর পুনর্নিয়োগ দেয়া যাবে না। পরিচালনা পর্ষদ মেসার্স সাইফুল শামসুল আলম এন্ড কোং কে ২০১২ সালের জন্য বিধিবদ্ধ নিরীক্ষক হিসেবে ১৫০,০০০ টাকা পারিশ্রমিকের বিনিময়ে নিয়োগ দানের জন্য সুপারিশ করেন।

### কর্পোরেট প্রশাসনের সুসঙ্গতি বিষয়ক প্রতিবেদন

২০০৬ সালের ২০ ফেব্রুয়ারি তারিখে এসইসি নোটিফিকেশন নং এসইসি/সিএমআরআরসিডি/২০০৬-১৫৮/অ্যাডমিন/০২-০৮ এর ৫.০০ ধারা অনুসারে এক্ষেত্রে কোম্পানির অবস্থান সংযোজনী ১, পৃষ্ঠা ৯১ এ প্রদর্শিত হলো।

### অতিরিক্ত তথ্যাবলী

- ব্যবস্থাপনা পর্ষদের প্রস্তুতকৃত আর্থিক প্রতিবেদনে স্পষ্টভাবে কোম্পানির বর্তমান

পরিস্থিতি, এ পর্যন্ত গৃহীত কার্যক্রমের ফল, নগদ অর্থ প্রবাহ এবং ইকুইটির পরিবর্তন উল্লেখ করা হয়েছে।

- যথাযথভাবে সংরক্ষিত হয়েছে কোম্পানির হিসাব-নিকাশ।
- আর্থিক প্রতিবেদন প্রস্তুতের কাজে বস্তুনিষ্ঠভাবে সঠিক হিসাব নীতিমালা প্রয়োগ করা হয়েছে এবং লক্ষ্য রাখা হয়েছে যে, প্রাক্কলিত ব্যয় নির্ধারণের ক্ষেত্রে সবসময় যেন যুক্তি এবং সঠিক বিবেচনাবোধকে যথাযথভাবে কাজে লাগানো সম্ভব হয়।
- আর্থিক প্রতিবেদন প্রণয়নের ক্ষেত্রে, প্রায়োগিক বিবেচনায়, অনুসরণ করা হয়েছে হিসাব বিজ্ঞান এবং আর্থিক প্রতিবেদনের আন্তর্জাতিক মানদণ্ড।
- তাত্ত্বিক ভিত্তিতে আমাদের অভ্যন্তরীণ নিয়ন্ত্রণ পদ্ধতি একটি নিশ্চিত পদ্ধতি এবং এ পদ্ধতির কার্যকর প্রয়োগ ও নিয়মিত তদারকি নিশ্চিত হয়েছে।
- চলমান স্বত্বা হিসেবে সংশয়াতীতভাবে চলার সামর্থ্য আছে এ কোম্পানি।

#### প্রতিবেদন প্রকাশ পরবর্তী ঘটনাবলী

##### রাইট শেয়ার:

লংকাবাংলা ফিন্যান্স লিমিটেড এর পরিচালনা পর্ষদ গত ২৪ সেপ্টেম্বর ২০১১ সালে উহার ৭২তম সভায় ১ (রাইট): ১ [একটি সাধারণ শেয়ারের বিপরীতে একটি রাইট শেয়ার] ইস্যু করার সুপারিশ করে যা পরবর্তীতে কোম্পানীর শেয়ার হোল্ডারগণ কর্তৃক ৬ষ্ঠ বিশেষ সাধারণ সভায় এবং পরবর্তীতে জানুয়ারি ৩১, ২০১২ তারিখে সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন কর্তৃক অনুমোদিত হয়। রাইট শেয়ারের রেকর্ড তারিখ ফেব্রুয়ারি ২৮, ২০১২।

##### লভ্যাংশ ঘোষণা:

পরিচালনা পর্ষদ গত ফেব্রুয়ারি ২৮, ২০১২ তারিখে উহার ৭৫তম সভায়, ৩১ ডিসেম্বর ২০১১ তারিখে সমাপ্ত বছরের জন্য ৩০% স্টক লভ্যাংশ ঘোষণা করে যা মার্চ ২৮, ২০১২ তারিখে অনুষ্ঠিতব্য ১৪তম বার্ষিক সাধারণ সভায় শেয়ারহোল্ডারগণ কর্তৃক অনুমোদনের অপেক্ষায় আছে।

##### শেয়ার বিনিয়োগের মূল্যমান:

পুঁজিবাজারে বর্তমান অস্থিতিশীল পরিস্থিতিতে কোম্পানীর শেয়ার বিনিয়োগের মূল্যমান ৫৫০,৯৪৯,৭১৬ টাকা (৩১ ডিসেম্বর ২০১১ তারিখের হিসাবে প্রদর্শিত) থেকে কমে ৪৫৯,৩২১,২৯৯ টাকায় (ফেব্রুয়ারি ২৬, ২০১১, চূড়ান্ত হিসাব প্রকাশের তারিখে) দাঁড়ায়। ফলে নিট অ-বাস্তবায়িত ক্ষতি ৯,৩৪০,০৬৮ টাকা (৩১ ডিসেম্বর ২০১১ তারিখের হিসাবে প্রদর্শিত) থেকে বেড়ে দাঁড়ায় ১১০,৯৬৬,২৪৯ টাকায়। এ জন্য পর্যাপ্ত প্রতিশন রাখা হয়েছে।

#### কৃতজ্ঞতা

এ মর্মে কোম্পানির প্রতি অব্যাহত সমর্থন ও সহযোগিতা প্রদানের জন্য সম্মানিত গ্রাহক, সম্পদ গচ্ছিতকারী, ঋণদাতা, ব্যাংকার, পৃষ্ঠপোষক এবং ব্যবসায়িক সহযোগীদের আন্তরিক অভিনন্দন ও কৃতজ্ঞতা জানাচ্ছে পরিচালনা পর্ষদ। পাশাপাশি, বাংলাদেশ ব্যাংক, সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন (এসইসি), ঢাকা স্টক এক্সচেঞ্জ (ডিএসই), চট্টগ্রাম স্টক এক্সচেঞ্জ (সিএসই), রেজিস্ট্রার অব জয়েন্ট স্টক কোম্পানিজ অ্যান্ড ফার্মস, জাতীয় রাজস্ব বোর্ড (এনবিআর) এবং অন্যান্য নিয়ন্ত্রক সংস্থা বিভিন্ন সময়ে যে সাহায্য, সহযোগিতা, মূল্যবান দিকনির্দেশনা ও পরামর্শ দিয়েছে তার জন্য গভীর কৃতজ্ঞতা প্রকাশ করছে পরিচালনা পর্ষদ। একই সাথে, নিরীক্ষার কাজ যথাসময়ে সম্পন্ন করার জন্য মেসার্স এস এফ আহমেদ অ্যান্ড কোম্পানিকে ধন্যবাদ জ্ঞাপন করছে এই পর্ষদ।

২০০৬ সাল থেকেই লংকাবাংলা ফিন্যান্স লিমিটেড প্রতিদ্বন্দ্বীদের পেছনে ফেলে অব্যাহত রেখেছে তার প্রবৃদ্ধি। সব পর্যায়ে অগ্রগতি নিশ্চিতকারী একটি শক্তিশালী কর্মনীতির কারণেই এ সফলতা অর্জন সম্ভব হয়েছে। ব্যবস্থাপনার সঙ্গে সংশ্লিষ্টসহ প্রতিষ্ঠানের কর্মীবাহিনী যে অসাধারণ প্রয়াস, আনুগত্য, আন্তরিক সেবা এবং ত্যাগী মনোভাব প্রদর্শন করেছে তাতে পর্ষদের পক্ষ থেকে সবাইকে আমার আন্তরিক অভিনন্দন।

এই সুযোগে আমি ধন্যবাদ জানাতে চাই পর্ষদে আমার সহকর্মীদের, ভেতরে এবং বাইরে বিরূপ পরিস্থিতির মুখেও যারা সবধরনের সহযোগিতা অব্যাহত রেখেছেন এবং ২০১১ সালকে পরিণত করেছেন কোম্পানির জন্য আরো একটি সাফল্যের বছর হিসেবে।

সবশেষে, সম্মানিত শেয়ারহোল্ডারদের ধন্যবাদ জানিয়ে পরিচালনা পর্ষদ এই নিশ্চয়তা দিচ্ছে যে, তাদের আস্থা এবং বিশ্বাসভাজন এই কোম্পানি তাদের মুনাফা সর্বোচ্চ করার লক্ষ্য নিয়ে নিরন্তর কাজ করে যাবে। আসুন, স্বচ্ছ এবং সৎ অংশীদারিত্বের মন নিয়ে আমরা একসঙ্গে কাজ করি। আপনাদের কাছে পর্ষদের অঙ্গীকার, আমরা আপনাদের সব ধরনের সমালোচনা শুনতে প্রস্তুত থাকব, সব সময়ে এগুলো গুরুত্বের সঙ্গে বিবেচনা করব এবং কোম্পানির বৃহত্তর স্বার্থে সবসময় সুস্পষ্ট সিদ্ধান্ত গ্রহণ করব।

পরিচালনা পর্ষদের পক্ষে



মুহাম্মদ এ মঈন  
চেয়ারম্যান

# Subsidiary Companies

## Subsidiary i

### LankaBangla Securities Limited

LankaBangla Securities Limited (LBSL) is a 90.91% owned subsidiary of LankaBangla Finance Limited and a leading equity brokerage house in the country with a diverse clientele of institutions, high net worth individuals, foreign funds and retail investors. The company commenced stock broking activities in 1997 and has over time become the largest stock broking company in the country having developed a strong team of highly skilled and experienced professionals lead by its CEO Mr. Wali Ul Islam.

LBSL (Formerly known as Vanik Bangladesh Securities Ltd) started its stock broking business in 1997 trading on the Chittagong Stock Exchange (CSE) Ltd, while commencing trading on the Dhaka Stock Exchange (DSE) Ltd in 1998. The company was renamed LankaBangla Securities Ltd with effect from 27 April 2005 following a restructuring of the company.

The company has the distinction of being the largest broking house in terms of transaction value in the Dhaka Stock Exchange Ltd for the last six consecutive years and the Chittagong Stock Exchange Ltd for the last seven consecutive years. The company's success is underpinned by its strong network of key clients and its unparalleled standard of service quality, offering clients the highest level of convenience and reliability in transacting business.

Furthermore the company has earned much recognition for its professionalism in its trade execution capability and settlement procedures from local financial institutions, leading custodian banks, corporates, international fund managers and brokers alike. The company's ability of fostering a diverse and loyal client base is a result of its commitment toward building long lasting relationships with its clients based on mutual trust and respect and providing its services with the utmost professionalism while promptly responding to customer needs.

LankaBangla Securities provides investors

with a platform to trade in both the Dhaka and Chittagong Stock Exchanges in each of its branches in Dhaka (Motijheel, Banani, Islampur, Karwanbazer and Narayangonj), Chittagong (Agrabad, Khatungong, Nasirabad), Comilla and Sylhet zones. The company is licensed by the SEC as a Stock Broker in both the Dhaka and Chittagong Stock Exchanges as well as licensed by the CDBL as a fully pledged Depository Participant.

## Services

### Brokerage Services

- "Trade Execution Service" for clients in Dhaka and Chittagong Stock Exchange
- Trading of portfolio accounts maintained with LankaBangla Investments Limited and IDLC Finance Ltd.
- Custodial Services provided for clients for safe custody of securities
- Extend credit facilities through Margin Trading.

### Trading Facility through NITA (Non Resident Investor's Taka Account)

LBSL has successfully launched services of stock Trading through which Non-Resident Bangladeshis (NRBs) are able to transact through Non-resident Investor's Taka Account (NITA). The company is also dedicated to use extensive recourses to offer new products and services to the existing clients and also to attract new clients. Its choice of an object oriented approach and using the latest technology has given it the flexibility to extend product & service range as well as ensuring performance, security and scalability.

## Internet Trading

Since CSE has introduced Internet Trading System in Bangladesh, simultaneously LBSL has adopted this trading facilities for its distant clients for trade execution; besides DSE has also taken initiative to introduce Internet Trading System. In order to comply with DSE's new initiative for launching internet trading LankaBangla Securities Limited has already installed its new server and regularly attends on mock trading. In addition LBSL's steps



toward internet trading not only enrich the door of potential clientele but also ensure the company's participation in the development of Bangladesh Capital Market.

#### CDBL Services

- Full Depository Participant (DP) Service
- BO (Beneficial Owner) account opening and maintenance
- Dematerialization and Re-materialization of securities
- Transfers and transmission of securities through CDBL
- Pledging, Un-pledging and confiscation of securities
- Corporate announcement management

#### Research Services

LankaBangla Securities Ltd is supported by a competent research team that provides among others

- Economic, market, sector and listed company research reports
- A daily stock market report and market commentary
- A monthly publication on the capital market
- Customized economic and capital market related research
- Designing of training & development sessions related to the capital markets

#### Trade Execution Service

LankaBangla Securities Limited provides Trade Execution Services to the clients in both Dhaka Stock Exchange & Chittagong Stock Exchange.

#### Business Overview of LankaBangla Securities Limited in 2011

Capital market of Bangladesh went through a sheer bearishness in 2011 due to tight liquidity scenario and overall economic sluggishness. During the period the benchmark index DGEN declined by 36.60%. However at the very end of the year different regulatory efforts were launched to boost up the market activity and DGEN started to pull back.

Amid of that tough situation prevailing in the market the daily average turnover of LBSL at DSE stood at BDT 850.91 million at the end of 2011; on the other hand the average daily turnover of LBSL at CSE for the same

period was BDT 124.24 million. However the market share of LBSL at DSE has increased and market share of LBSL at CSE has fallen slightly compared to end of year 2010. LBSL kept its top position among the brokers and it is well poised to capture the growth when capital market situation improves again.

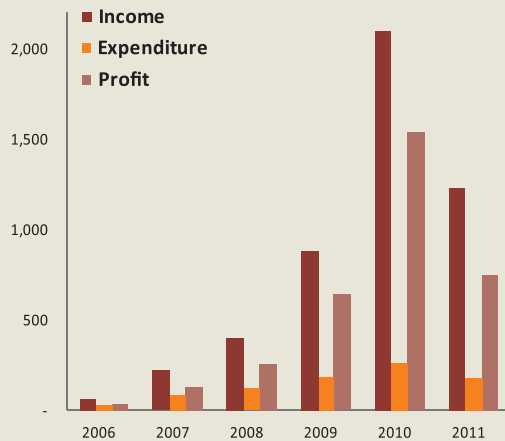
Turnover & Market Share of LBSL	2011	2010	2009	2008
Turnover in DSE (BDT bn)	200.0	492.4	199.0	99.2
Turnover in CSE (BDT bn)	29.2	67.9	43.2	28.4
Total Turnover of LBSL (BDT bn)	229.2	560.4	242.2	127.6
Market Share in DSE	6.41%	6.14%	6.75%	7.42%
Market Share in CSE	7.84%	9.96%	13.34%	14.10%

Significant turnover fall in both the bourses and increase in tax and tax provision has resulted in 51.15% decrease in net profit for the year 2011. Though the growth of brokerage income has fallen by about 59.80% at the end of 2011, other operational income has increased by more than 500% which is heavily attributable to the increase in interest income on margin loan facility to clients. Margin loan facility to clients has significantly increased in the year 2011 and stood BDT 4,310.75 million that triggered the interest income as well as the operational income of the company.

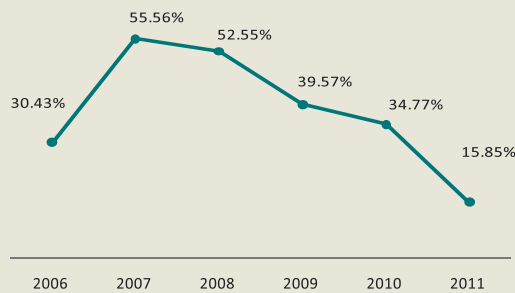
Particulars	2011	2010	2009	2008
Shareholders' Equity (BDT mn)	4,716.8	4,402.3	1,612.6	481.1
Total Assets (BDT mn)	7,698.2	6,535.6	2,696.1	1,141.9
Total Liabilities (BDT mn)	2,981.5	2,133.3	1,083.4	660.8
Revenue from Brokerage (BDT mn)	758.5	1,886.9	842.7	376.3
Net Profit After Tax (BDT mn)	747.6	1,530.6	638.2	252.8
Return on Avg. Assets	10.50%	33.16%	33.25%	25.31%
Return on Equity	15.85%	34.77%	39.57%	52.55%
Earnings per Share	7.77	15.9	6.63	2.63

Shareholders' equity and total borrowing have increased in the year 2011. As a part of expansion of the credit line of LankaBangla Securities Limited, the company has successfully availed some Long Term and Short Term loans from different banks and NBFIs. Besides as a part of strategic investment LankaBangla Securities Limited has invested in different listed and unlisted securities amounting BDT 1,162.34 million which was BDT 422.75 million on year ending December 2010. This investment also includes an equity participation in BizBangla Media Limited of an amount of BDT 100 million.

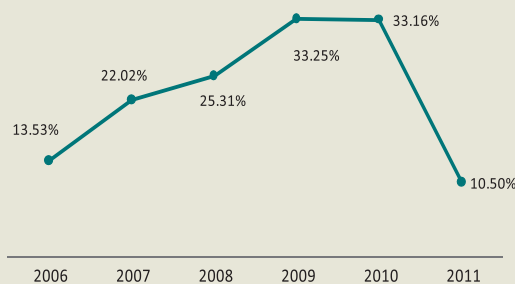
**Year-wise Income, Expenditure & Profit (BDT mn)**



**Return on Equity**



**Return on Average Asset**



**Business Strategy and Implementation**

The company has taken business strategy by analyzing the near future economic outlook, capital market prospects and competitors' standing. DSE and CSE are moderately optimistic about the turnover growth in the markets; the main focus is now to retain the market share in the both bourses. In 2012 the most priority will be given in development of the company's IT infrastructure. Because updating and upgrading of the IT infrastructure in the changing and dynamic market environment is a challenge for a company and the management of LBSL wants to be prepared to take the challenge in the upcoming and changing business environment.

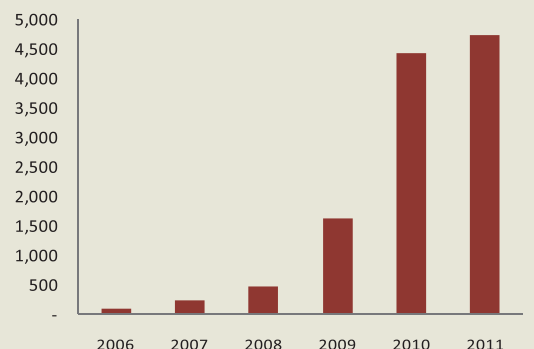
**Sustained Leading Position in the Market**

LankaBangla Securities Limited has been able to sustain the top position among the stock brokers in the country's both bourses of DSE and CSE for the last six and seven years respectively and thus it has remained the market leader in brokerage services. Over the last few years it has maintained a steady average market share of more than 6% in Dhaka Stock Exchange and more than 10% in Chittagong Stock Exchange. LBSL is able to maintain its leadership due to high quality service and efficient management of operations.

**Focus on Strengthening Equity Base**

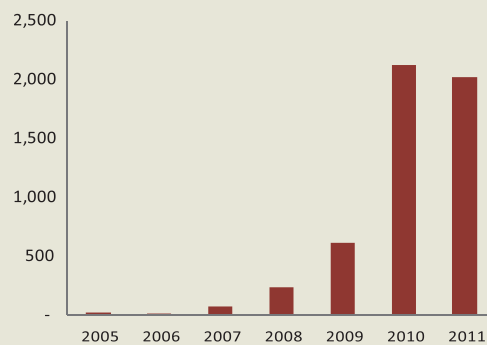
LBSL has Shareholders' Equity balance of more than BDT 4,500 million. Such a strong equity base not only gives advantages over its competitors and makes it more financially solvent but also gives more risk absorption capacity.

**Shareholders Equity (BDT mn)**



Good equity base also provides opportunity to get financing in easy terms in comparison to competitors. The increasing retained earnings mainly defines the growth potential. Large retained earnings put LBSL in an advantageous position to grab attractive investment opportunity in coming future. The following figure shows the growth path of equity over the years:

#### Retained Earning (BDT mn)



#### Seasoned and Experienced Human Resources

LBSL has knowledgeable, well educated and experienced management team with strong network; efficient, energetic and committed employees with the lowest employee turnover in the industry. It has sound HR policy to ensure congenial working environment and better career opportunity. In the year 2011, employee turnover ratio of the Company turned into 14.6 percent. Most of the employees of LBSL are very young and enthusiastic, accomplished education from country's renowned public and private universities. The company always offers different motivational packages and training programs both at home and abroad. The table following shows the strength of team LBSL.

Particulars	As on Dec 31, 2011
Total Service Length	671 Years
Total Employee	189
Average Service Length	3.6 Years
Maximum Service Length	14 Years
Maximum Age	44 Years
Minimum Age	22 Years

The human resources advantage of LBSL takes it to the leading position in the market.

#### Credit Rating

The company was adjudged credit rating of AA2 (Double A Two) in the long term by Credit Rating Agency of Bangladesh (CRAB) based on Audited Financial Statements of 31st December, 2010 and other relevant information. Company rated AA2 in the long term belong to "very strong capacity" cohort. This rating also indicates that the company has very strong capacity to meet its financial commitments and is judged to be of very high quality and is subject to very low credit risk.

#### Cutting Edge IT Infrastructure

To provide better and sophisticated service to clients and to cope up with the ever increasing complexities of financial systems LBSL has invested heavily in IT infrastructure. The main focus on investment in IT is the prime dedication of management to ensure the viable ROI of the organization. The diversification of business and changes in the technologies forward the LBSL management's emphasis to renovating the existing IT infrastructure and resources which commits to ensure the best support to the valued investors and other stakeholders. LBSL is one of the few stock broking companies in the country which has a highly professional CTO (Chief Technology Officer) along with a dedicated IT team.

LBSL has successfully completed some developments in IT e.g. conducted network assessment and system audit, implemented NITA and foreign trade module, implemented SMS pull and push services for buy, sell, withdrawal, ledger balance etc. LBSL has also some plan which will be implemented gradually e.g. virtualization and introduction of the cloud concept. For continuous enriching of IT infrastructure, LBSL also received BEST IT USER AWARD in 2009.

#### Corporate Governance Culture

To bring economic efficiency, ensure transparency and accountability of employees in the organization, and proper preservation and increase of shareholders' wealth the Board of Directors of LBSL strongly supports

the principles of good corporate governance. It ensures compliance with the Securities and Exchange Commission Rules 1987, the Companies Act 1994 and other applicable laws and regulations. LBSL has an internal audit committee which regularly monitors internal audit function. Besides, the company's accounts are used to be audited by the external auditors on regular quarterly basis. An effective internal control and compliance system is in place in LBSL. The Board regularly reviews the reports arising from internal and external audit; monitors the progress of the company, and takes corrective action.

### Research

LBSL is backed by the strength of a comprehensive research unit, which provides a range of services from company, industry and corporate valuation to country research. The Research and Analysis department puts its efforts to analyze the capital market along with the fundamental and technical indicators of listed securities. This also involves publishing of Daily, Weekly and Monthly Market Report, macro economic reports, sector updates, specific company valuation and IPO analysis. The dedicated research team of LankaBangla Securities Limited is proud to pioneering an exclusively full-fledged capital market magazine named 'Market Pulse' in Bangladesh. The respective sector analysts of Equity Research Team are devoted to analyze sector performance on quarterly basis. This review package covers sector outlook, comprehensive analysis of financials, and comparative analysis as well. The research analysts of Equity Research Team are also dedicated to cover the fundamental issues of prospective listed companies in almost all of the sectors of Dhaka Stock Exchange. To take the Bangladesh economy and capital market to local and international investors, LBSL research team extensively focuses on country analysis, analysis of budget, monetary policy, different fiscal and monetary indicators and macro & micro variables' impact on the economy to sectors and sectors to listed companies .

### International Exposure

Under the planning to open a new window for Non Resident Bangladeshi Investors and offshore investors, LBSL has successfully launched services of Internet Trading and

NITA Trading through which Non-Resident Bangladeshis (NRBs) are able to transact under Non-resident Investor's Taka Account (NITA). Apart from NITA trading LBSL is offering trading facilities to foreign institutional clients, comprising of different funds, international brokers, banks etc, who are interested in trading Bangladeshi securities. Throughout the world whoever/ wherever the client is of an international broker, they can trade in the Bangladesh Capital Market through LBSL. To make it better, LBSL foreign trade execution team has BLOOMBERG TERMINAL on the dedicated foreign trade desk which connects team with all the fund managers around the globe assuring 100% compliant trading for its foreign clients.

### Focus on Diversification

Having a strong equity base, LBSL focuses on diversification strategy which certainly will reduce if not eliminate risks of capital loss. Following its diversification strategy, LBSL has an equity participation in BizBangla Media Limited which is publishing the country's first bengali business daily 'The Bonik Barta'. Besides, LankaBangla Securities Limited is one of the leading shareholders of MIDAS Financing Limited, a renowned financial institution.

### Achievements and Recognitions

LankaBangla Securities Limited is navigating its journey under the umbrella of 'LankaBangla' brand. Over time it has become the largest stock brokerage in the country developing a strong team of highly skilled and experienced professionals. Now LBSL put its footprint in all leading cities of the country with 10 branches and a dedicated team of 189 employees. Furthermore the company has earned much recognition for its professionalism in its trade execution capability, settlement procedures and comprehensive research service from local financial institutions, leading custodian banks, corporations, international fund managers and brokers alike. LankaBangla Securities Limited grabbed the top position for the sixth consecutive years in DSE and seventh consecutive years in CSE. In 2010, Mr. Mohammed Nasir Uddin Chowdhury, the former Chief Executive Officer and Director of LBSL was elected as Senior Vice President of Dhaka Stock Exchange Limited. Besides, LBSL has earned Best "IT USER Award-2009"

from Bangladesh Association of Software & Information Services (BASIS). In the recent past British High Commissioner and US Ambassador in Bangladesh visited LankaBangla Securities Limited and expressed their wishing for the company.

### Subsidiary ii

#### LankaBangla Investments Limited

LankaBangla Investments Limited (LBIL) – the merchant banking subsidiary of LankaBangla Finance Limited, has been in operations for a year. LBIL has already been successful in establishing itself as one of the country's premier merchant banks. This merchant bank provides clients with expert advice, innovative solutions, outstanding service and comprehensive access to the capital market. LBIL's key strengths are the knowledgeable management team with market insight and a strong ethical and governance framework. LBIL offers a wide selection of advisory and management consultancy services for institutional clients seeking to raise finances for business development, to merge with or acquire another business, to re-structure for better performance, or to grow business by exploring new territories. The expertise, market insight and knowledge to support the aspirations of clients help LBIL render these services efficiently.

LBIL also offers a selection of investment services and opportunities to both individual and institutional clients. By combining portfolio management expertise with knowledge of the market, objective advice, continuous market access, fast execution of trades and the best research team LBIL brings out the best solutions for each individual with different investment objectives. LBIL has a commanding view on the capital markets and an expert understanding of what's driving investment trends. Using multiple information sources and a group of expert analysts and researchers, LBIL delivers up-to-the-minute market information to help clients take more informed decisions.

### Vision

To develop into as the finest investment bank in Bangladesh by achieving the benchmark in service quality, corporate governance, human

capital, knowledge, market insight and use of technology

### Mission

1. Delivering exclusive and flexible equity and investment solutions to customers to meet the unique needs of each individual or corporate body.
2. Building capacity through recruitment and development of highly qualified personnel and through effective utilization of state-of-the-art technology.
3. Ensuring excellence in corporate governance and strong ethical conduct.
4. Create long-term value for clientele and stakeholders and the community as a whole.

### Branches

LankaBangla Investments Limited has branches in Dhaka, Chittagong and Sylhet for serving the large client base.

### Completed Projects of 2011

Despite the turbulence and chaotic situation in capital market, LankaBangla Investments Limited has successfully handled the Initial Public Offering (IPO) of Saiham Cotton Mills Limited and Rights Issue of International Leasing and Financial Services Limited. LBIL has also provided advisory services to Information Technology Consultants Limited, Bengal Meat Processing Industries Limited and Mango Teleservices Limited.

### Ongoing Projects

LankaBangla Investments Limited is currently working as Issue Managers for IPOs of Aamra Technologies Limited, Envoy Textiles Limited, Argon Denims Limited, Information Technology Consultants Limited, Lub-rref (Bangladesh) Limited and Peninsula Chittagong Limited.

### Launching of Alpha Plus

Recently, LBIL has recently launched a service named Alpha Plus, which is a discretionary portfolio management service for individuals having little or no experience of investing in

capital market and institutions and individuals who do not afford the time to manage a well-diversified portfolio.

## Services

### Primary Market Services:

#### 1. Raising Capital through Equity Placement:

Raising capital through a private placement of a company's securities is an effective and timely alternative to debt financing. A company can consider such financing at an early stage in its development or as interim financing until a public offering can be completed. We provide end-to-end advisory solutions to companies on their capitalization strategies, which help them to achieve their growth targets. Our services include: transaction feasibility analysis, deal structuring, capital raising, pricing & valuation, negotiating with investors, and effective project management to successful closing.

#### 2. Issue Management:

LBIL helps companies with good growth potential and excellent business ideas raise fund through initial public offering. Through our issue management services we not only aid clients to increase the value of their company but also aid in increasing the supply of quality shares in the capital market. We manage issues for Initial Public Offering (IPO), Repeat Public Offering (RPO), Bonds, and Preference Shares. The Issue Management Team has wide experience in managing the different types of issues across various industries, leading to in-depth knowledge of the regulatory issues and processes. Our services include: consultancy services, regulatory compliance fulfillment, valuation of securities, price discovery and book building, underwriting cooperation, public offer and subscription management, and effective project management to successful closing.

#### 3. Underwriting:

LBIL provides underwriting services for public issues to create efficiencies in the capital markets and reduce risk for new, repeat and right issues. LBIL has underwritten a large number of issues in various industries.

#### 4. Mezzanine Financing / Bridge Financing:

LBIL carries out Mezzanine Debt Financing for clients to leverage on debt as an instrument to raise capital for various requirements including new projects, expansions, and modernizations. LBIL can arrange a deal, lead it, or act as the sole investor and will structure the product according to the needs of the clients. It has strong relationships with lending banks, in-depth product knowledge and a skilled negotiation process.

#### 5. Corporate and Financial Advisory:

In today's environment of complex transactions and competitive markets, increasing the value of business requires skills and experience. Thus LBIL helps clients to undertake the right decision the right way to make their business more competitive and profitable by providing integrated and objective advisory services. It provides assistance in due diligence, supports the creation of financial models, acts as financial advisors, aids in overall project management and provides solutions on financial and corporate matters. Whatever the size, nature or location of a company or deal - LBIL can play a critical role throughout the deal lifecycle.

LBIL also provides restructuring advisory services to underperforming companies and companies experiencing liquidity problems, in all sectors and in all markets. LBIL provides a prompt and strategic review of the situation and then develops and implements a tailored strategy to help turn around business performance.

#### 6. Mergers and Acquisitions

LankaBangla acts as the financial advisor for the total merger or acquisition transaction whether the client is the bidder or the target. The experienced M&A advisors at LBIL help companies steer through profitable opportunities starting from origination to closure. LBIL's knowledge of company law, business acumen, relationships and resources help facilitate achieve successful transactions. Its work includes identification of the business to be acquired, strategic planning of the acquisition, valuations, transaction structuring, negotiation with parties, advice on financing, supervising due diligence, legal and other

issues to work towards successful completion.

#### **Secondary Market Services:**

##### **1. Non-Discretionary Investment Portfolio**

In case of a Non-Discretionary investment portfolio, clients shall have absolute discretionary power to make investment decisions. LBIL provides support for efficient execution of trades through LankaBangla Securities Limited. Apart from execution of trades, LBIL also provides the investors with a range of services, which include:

- Extension of margin loan facilities so that the investors can have a better return on investment.
- Registration of the securities, collecting dividend, and bonus shares.
- Subscription of placement shares.
- Subscription of the rights issues.

##### **2. Discretionary Investment Portfolio**

Discretionary Investment Portfolio is suitable for any individual having little or no experience of investing in capital market and those institutions and individuals who do not afford the time to manage a well-diversified portfolio. LBIL has the power to take decisions for managing Discretionary Investment Portfolios

according to specific needs and constraints of each investor. The services include:

- Active management of the portfolio.
- Periodic review and analysis of individual risk – return objectives.
- Formulating appropriate investment strategies
- Constructing and rebalancing portfolios.
- Periodic status reporting to clients.

#### **Research Services:**

LBIL Research Team is one of the knowledge leaders in the capital market arena of Bangladesh. The analysts and researchers deliver LBIL's valued clients with timely, in-depth analysis of companies, industries, and the overall market and economy. The research teams provide daily insights to clients to help them make investment decisions that lead to superior returns through:

- Economic and overall market research
- Sector-wise research and analysis
- Company specific research:
  - Fundamental Analysis and Technical Analysis





# Statement on Risk Management

Risk management is the active and dynamic process of identifying, assessing, communicating and managing the risks faced by an organization to ensure that an organization meets its strategic objectives. As a financial institution, taking risk lies at the core of our business activity and we earn return on our investments through managing that risk. Therefore it is imperative that we, at LankaBangla understand the risks we are taking in order to carry out our business and have an effective Risk Management System in place to identify, measure and manage these risks in order to ensure asset quality and protect stakeholders' interest. Additionally a proper risk management system ensures that the taken risk is within our underwriting standards approved by the Board of Directors and in line with our corporate strategy.

LankaBangla has an established risk management system in place through proper and effective implementation of departmental policies and operational guidelines approved by the Board of Directors as well as the guidelines circulated by Bangladesh Bank to address various core risks.

## Risk Management Strategy

LankaBangla manages to place proper organizational structure with proper segregation of duties and delegation of authorities. Adequate segregation of duties is a prerequisite for an effective system of internal control. One of the key features of risk management is the segregation of the marketing/relationship management function from approval /risk management/ administration functions. In order to separate the marketing function from risk management function, LankaBangla established an independent Credit Risk Management (CRM) Department. The risk management process of LankaBangla is governed by Credit Risk Manual approved by the Board of Directors, which facilitates effective management oversight and proper execution of credit risk management and control process.

## Risk Management Framework

The term risk management framework refers to the structure within which the management of risk is effected within an organization. Building and maintaining this structure for LankaBangla requires putting together a mix of the following elements:

- ❖ Methodology for determining risk appetite of LankaBangla
- ❖ Policies and procedures for managing risk
- ❖ Segregation of duties among marketing, credit risk management and credit administration unit
- ❖ Models for measuring risk e.g. Credit Risk Grading (CRG)
- ❖ Processes for recording and approving credit requests
- ❖ Regular business process monitoring & up gradation to mitigate operational risk
- ❖ Market research to identify & mitigate market risk on the basis of research findings
- ❖ Close monitoring and integration of money market & business operation to minimize liquidity risk by streamlining the ALM
- ❖ Tools and techniques for monitoring and reporting risk exposures
- ❖ Structures for regular review of risk exposures

Our credit management framework includes comprehensive risk policies for management of risks, as well as methodologies and models to quantify these risks consistently. This is complemented by expert judgment by relationship manager, regular credit reviews, and independent internal audit review. Early problem identification is emphasized.



### Managing Credit Risk

Credit risk is the potential of loss arising from failure of a debtor or counter party to meet their contractual obligations. As a lending institution credit risk cannot be fully eliminated, however it can be managed to optimize the risk-adjusted return. At LankaBangla, the credit risk is managed both at individual account level as well as at portfolio level. At portfolio level, credit risk includes concentration risk arising from excessive exposure to a single counterparty or to an industry sector.

LankaBangla follows the following steps to manage Credit Risk:

- ❖ Multi-tier approval process
- ❖ Independent Credit Risk Management unit
- ❖ In depth analysis of the borrower in view of managerial capacity, financial strength, industry prospect and macroeconomic scenario
- ❖ Credit Administration ensures that all documentations are properly completed and monitors the repayment performance on regular basis
- ❖ Additionally, the Credit Committee regularly meets to review new credit proposal as well as performance of existing portfolios

Loans to corporate and institutional customers are individually underwritten and risk-rated. Credit officers identify and assess the credit risks of large corporate or institutional customers, or customer groups, taking into consideration their financial and business profiles, industry and economic factors, collateral and other credit support. Credit extensions have to meet predefined target market and risk acceptance criteria. For the consumer and small business sectors, credit risks are managed on portfolio basis. Such products include home loan, credit cards, auto loans, commercial property loans, and SME business loans. Loans are underwritten under Product Program Guidelines (PPG) that clearly define the target market, underwriting

criteria, terms of lending, maximum exposure, credit origination guidelines, and verification processes to prevent fraud.

A separate statement on Sector-wise credit & NPL management has been included in the latter part of this report in pages 82-83.

### Managing Operational Risk

Operational risk is the potential loss resulting from failed or inadequate internal processes, people, systems and management, or from external events. LankaBangla's operational risk management aims to minimize unexpected and catastrophic losses and to manage expected losses. This enables new business opportunities to be pursued in a risk-conscious and controlled manner. LankaBangla manages operational risks through a framework that ensures that operational risks are properly identified, managed, monitored and reported in a structured and consistent manner. The framework is underpinned by an internal control system that reinforces the control culture by establishing clear roles and responsibilities for staff and preserving their rights in executing their control functions without fear of intimidation. LankaBangla recognizes the importance of establishing a risk-awareness culture in managing operational risk through embedding risk management in the core processes.

### Managing Market Risk

Market Risk is the risk that may affect LankaBangla's earnings and capital due to changes in the market level of interest rates, securities, foreign exchange and equities, as well as the volatilities of those prices. The Treasury Department reviews and prepares a report on the trend of market interest rate movement and carry out asset liability gap analysis. This report is forwarded to the Asset Liability Management Committee (ALCO) regularly for their reviews and strategic directions. ALCO sits periodically to assess the changes in the market and, along with other strategies, recommends re-pricing of interest rate of existing products to minimize and control the interest rate risk.

### **Managing Liquidity Risk**

Liquidity risk management involves the ability to manage and maintain adequate financial liquidity at all times. Good liquidity risk management results LankaBangla's position (in the normal course of business) to meet all its obligations to fulfill commitments to lend and to meet any other commitments it may have made. Of critical importance is the need to liquidate assets or to raise funds at unfavorable terms resulting in financial loss. Prudent liquidity management is of paramount importance as the ultimate cost of insufficient liquidity is being out of business.

Liquidity Risk is well managed by the Treasury Department by assessing the availability of fund to meet its investment requirement as well as to discharge short term and long term financial obligations. In addition to that the Asset Liability Management Committee (ALCO) meets frequently to review the mismatches in liquidity if any and recommends encountering and mitigating the risk.

### **Stress Testing:**

Stress testing is a simulation technique, which are used to determine the reactions of different financial institutions under a set of exceptional, but plausible assumptions through a series of battery tests. At institutional level, stress testing techniques provide a way to quantify the impact of changes in a number of risk factors on the assets and liabilities portfolio of the institution. Therefore as a part of risk management unit we prepare stress testing report at each quarter to check out four major shocks (interest rate risk, credit risk, equity price risk, liquidity risk) under different magnitude level to ensure optimum allocation of capital across its risk profile.

## Statement on Non-performing Loan (NPL) Management

Non-performing Loan (NPL) management is one of the topmost priorities of the management of LankaBangla. In line with Board's decisions and guidelines time to time, Management efforts towards reduction of classified leases/ loans through recovery intensifying monitoring, negotiation and legal actions, the management has been taking various steps, developed client wise specific strategies and has made improvements in various cases towards settlement of classified leases/ loans.

During the year 2011, the NPL ratio of the Company declined to 6.51% from corresponding previous year's 7.90%.

However, the absolute figures show slightly 3.12% increase in classified portfolio from BDT 897.56 million in 2010 to BDT 925.61 million in 2011. This increase is mainly due to interest accrual of earlier classified portfolios, not due to any significant classification under the year of review.

BDT mn

Opening Balance as on January 1, 2011	897.56
Add: Addition During the Year	156.54
Less: Collection During the Year	128.49
Closing Balance as on December 31, 2011	925.61

Following table shows sector-wise exposure vis-à-vis sector-wise NPL of LankaBangla.

Particulars	Sector-wise Total Credit & Investment Portfolio (BDT mn)	As percentage of Total Credit & Investment Portfolio	Sector-wise Classified Credit & Investment Portfolio (BDT mn)	As percentage of Total Credit & Investment Portfolio
Trade & Commerce	658.31	4.63%	247.31	1.74%
Industry:	8,855.46	62.29%	537.30	3.78%
Garments and Knitwear	383.74	2.70%	11.28	0.08%
Textile	551.39	3.88%	201.08	1.41%
Jute and Jute Products	-	0.00%	-	0.00%
Food Production and Processing Industry	407.88	2.87%	14.30	0.10%
Plastic Industry	4.59	0.03%	-	0.00%
Leather and Leather-Goods	12.61	0.09%	-	0.00%
Iron, Steel and Engineering	273.87	1.93%	40.16	0.28%
Pharmaceuticals and Chemicals	442.52	3.11%	-	0.00%
Cement and Allied Industry	23.23	0.16%	-	0.00%
Tele-communication and Information Technology	100.46	0.71%	-	0.00%
Paper, Printing and Packaging	20.00	0.14%	8.96	0.06%
Glass, Glassware and Ceramic Industry	29.45	0.21%	17.82	0.13%
Ship Building Industry	146.77	1.03%	-	0.00%
Electronics and Electrical Products	18.29	0.13%	18.29	0.13%
Power, Gas, Water and Sanitary Service	132.60	0.93%	75.89	0.53%
Transport and Aviation	334.97	2.36%	149.52	1.05%
Healthcare	265.14	1.86%	-	0.00%

Particulars	Sector-wise Total Credit & Investment Portfolio (BDT mn)	As percentage of Total Credit & Investment Portfolio	Sector-wise Classified Credit & Investment Portfolio (BDT mn)	As percentage of Total Credit & Investment Portfolio
Wood, Furniture & Allied Industry	66.10	0.46%	-	0.00%
Service Industry including Capital & Financial Market Services	5,641.83	39.68%	-	0.00%
Agriculture	54.77	0.39%	22.29	0.16%
Construction, Housing, Real Estate & Land Development	1,529.81	10.76%	73.26	0.52%
Consumer Loans including Credit Cards, Auto Loans, Personal Loans, etc.	854.59	6.01%	42.83	0.30%
Others	2,264.23	15.93%	2.62	0.02%
Professionals & Individuals	462.42	3.25%	2.62	0.02%
Public Sector including Government	1,801.81	12.67%	-	0.00%
<b>TOTAL</b>	<b>14,217.18</b>	<b>100.00%</b>	<b>925.61</b>	<b>6.51%</b>

In order to arrest NPL our focus is not only reducing existing NPL portfolio, but also avoiding further NPL. In line with that we have strengthened our recovery & monitoring team, deployed external sources where found suitable, strengthened our legal team, thereby intensified recovery drive which brought in defaulting clients under negotiation and thereby sizable recovery was possible in year 2011 as some of the long stuck up cases were settled in the year and most of others are under negotiation for settlement. We hope significant improvement in year 2012 in recovery of NPL accounts.

On the other hand, in order to check any further significant NPL, we have extensively reorganized our legal and documentation department, strengthened qualified human

resources in the department, enhanced quality lawyers' panel, separated CRM (Credit Risk Management) from business divisions and made it independent with qualified resources, strengthened ICC (Internal Control & Compliance) department, reengineered business and operational processes putting into a strong risk management framework in place resulting into very insignificant fresh classification in year 2011.

We are committed that at the end of year 2012, we will be able to reduce NPL below the benchmark ratio.

## Capital Adequacy and Market Discipline

LankaBangla takes calculated risks based on credit risk appetite clearly defined in 'Credit Risk Policy & Strategy' that the company adopted. With prudent management of the risks, the company ensures sustainable growth. While assuming risks, LankaBangla makes sure that it maintains adequate capital against the risk based assets.

Basel accord attempted to relate risk and capital requirements to ensure that an FI holds capital reserves appropriate to the risk that the FI exposes itself through its lending and investment activities. As per the road map for implementation of Basel Accord by Financial Institutions, after one year of test run it has been implemented in LankaBangla. Now the guidelines on Capital Adequacy and Market Discipline-CAMD has become mandatory for compliance from January 01, 2012.

LankaBangla Finance Ltd., by the end of test run period, has become compliant in terms of capital adequacy (submitted four reports in each quarter in the year 2011).

Each phase of CAMD report, based on the financial performance of LankaBangla has already been furnished and presented to the regulatory authority i.e. Bangladesh Bank. The result of CAMD reflects the strength of this financial institution's risk and capital management ability.

It may be noted that LankaBangla is maintaining CAR at 10.32% as against 10% set by Bangladesh Bank. LankaBangla has taken necessary measures to remain compliant, in line with central bank's guideline, with its forecasted growth in the future.

### Disclosure on CAMD (Solo Basis)

The capital adequacy computation on solo basis as at December 31, 2011 is given below-

		(Amount in mn)
Sl.	Particulars	Amount
A.	Eligible Capital:	
1.	Tire - 1 Capital	1797.00
2.	Tire - 2 Capital	121.10
3.	Total Eligible Capital (1+2)	1,918.10
B.	Total Risk Weighted Assets (RWA)	18,593.30
C.	Capital Adequacy Ratio (CAR) (A3/B)*100	10.32%
D.	Core Capital to RWA (A1/B)*100	9.66%
E.	Supplementary Capital to RWA (A2/B)*100	0.65%
F.	Minimum Capital Requirement (MCR)	1,859.30

**Eligible Capital:**

(Amount in mn)

Particulars	Amount
<b>Tire - 1 (Core Capital)</b>	
Fully paid-up capital/capital lien with BB	823.50
Statutory reserve	323.80
Retained earnings	649.70
<b>Total Eligible Tire - 1 Capital</b>	<b>1,797.00</b>
<b>Tire - 2 (Supplementary Capital)</b>	
General provision	121.10
<b>Total Eligible Tire - 2 Capital</b>	<b>121.10</b>

**Total Risk Weighted Assets (RWA):**

(Amount in mn)

Particulars	Amount
A. Credit Risk:-On- Balance Sheet	15,838.50
B. Market Risk	1,710.90
C. Operational Risk	1,043.90
<b>Total RWA (A + B + C)</b>	<b>18,593.30</b>

# Statement on Corporate Governance

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LankaBangla believes long-term success requires effective governance. Our Board and management have maintained a longstanding commitment to strong governance principles, fostering a philosophy of transparency and engagement and demonstrating leadership in governance best practices.

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LankaBangla (LBFL) considers good corporate governance to be the cornerstone of a well-managed organization. Good corporate governance goes beyond the output of transparent, timely and full financial disclosures to a gamut of decisions and structures manifested by board composition, decision-making powers, internal governance instilling the right corporate culture across the organization. LankaBangla aspires to the highest standards of corporate governance, starting with the Board of Directors and continuing throughout the organization. The promotion of corporate transparency, fairness and accountability is led by a highly qualified independent Board accountable to shareholders, aided by a seasoned and experienced management team.

Corporate governance is one important area of emphasis of the Company in strengthening the foundation of LBFL's long-term economic performance and ensuring the interest of LBFL shareholders and its stakeholders are looked after. Corporate governance remains an important focus of the Board of Directors to improve and promote across its subsidiaries.

As a Financial Institution, our Company is guided in its corporate governance practices by the Code of Corporate Governance (the Code) issued by the Securities and Exchange Commission on Corporate Governance Notification and the NBF (Corporate Governance) Regulations issued by Bangladesh Bank from time to time.

## **BOARD GOVERNANCE**

### **Board responsibilities and accountability**

Essence of 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.

#### **Board Composition and Frequency**

The present Board comprises of 11 non-executive directors of whom 05 are nominee directors and one is independent director. 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. In the last meeting of the year 2011 the budget for the Company for the current year was placed for discussion and approved.

The Board sets its agenda for Board meetings well in advance with items proposed by the CEO and Managing Director and senior management, so that each member has time to be conversant with the issues by timely disseminated meeting papers, presentations and reports. The Company Secretary and 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 power 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 also the Company is managed with professionalism, integrity and ethics.

#### **Independence of Directors**

A basic principle that LankaBangla espouses is its insistence to have a sufficient number of non-executive directors. In our company, the Board comprises eleven non-executive members, of whom one is totally independent. Such numbers of non-executive directors and

independent director are in compliance with the requirements set out in the Corporate Governance Notification issued by Securities and Exchange Commission (SEC).

The purpose of appointing non-executive and independent directors is first to provide the Board with knowledge, objectivity, 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 executive directors and the management of the Company are up to the standards required. The Independent Director of LankaBangla brings his expertise and knowledge to bear on the strategy and enterprise of the company. He always brings an independent judgment on issues of conformance and performance.

#### **Term of appointment**

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

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 is eligible for re-election.

#### **Separation of the role of Chairman and the Chief Executive Officer**

At LankaBangla, in accordance with the DFIM Circular No. 07, 08, 18 dated 25-09-2007, 08-10-2007, 26-11-2011 a clear division of responsibilities between The Chairman and The Chief Executive Officer, 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.

The CEO heads the Company Management Committee, the highest committee of management body of the company. He oversees execution of the Company's corporate and business strategy and is responsible for managing its day-to-day operation.

#### **BOARD COMMITTEES**

LankaBangla' governance practices require that specialised skills are best exercised through board level committees. In LankaBangla, these are:

- > Board Credit Committee (BCC), reviews and approves credit exposures (exceeding certain limits) of all tenors.
- > Audit Committee (AC), supervises the Company's internal control procedures and interacts with the Internal Auditor and external auditor to ensure full compliance with the law and regulations governing accounting standards and financial reporting.

Terms of reference for each of the above Board committees are clearly defined. The terms of reference set forth the responsibilities of that committee, quorum and voting requirements as well as qualifications for committee membership, in line with the regulations and notification issued by Bangladesh Bank and Securities and Exchange Commission. Each committee has direct access to management staff and has the power to hire any independent advisors as it deem necessary.

#### **Board Executive Committee (BEC)**

The Committee comprises Mr. Mohammad A. Moyeen (Chairman), Mr. Mahbubul Anam, Mr. Farman R. Chowdhury, Mrs. Annesha mahial Kundanmal and Mr. Salahuddin Ahmed Khan. All credit exposures exceeding the limit delegated by the Board to management are approved by this Committee.

The BEC of LankaBangla works with the policies and guidelines issued by Bangladesh Bank, Board and regulatory bodies regarding credit and other operational matters. The Committee ensures properly and timely implementation of policies and guidelines through the management. The Committee approves Lease/Loan and other business proposals following the approved policy of the board. Management ensures due diligence of the investment policies and risk management before submitting the credit proposals.

#### **Audit Committee**

The Audit Committee comprises of Mr. Mahbubul Anam (Chairman), Mr. Mirza Ejaz Ahmed, Mr Farman R Chowdhury, all non-executive Directors and Mr. Salauddin Ahmed Khan, independent director. In addition to the review of the LBFL Financial Statements, the Audit Committee reviews and evaluates with the internal auditors and external auditors, the adequacy and effectiveness of the Company's system of internal controls including financial, operational and compliance controls; and risk management policies and systems. It reviews the internal and external auditors' audit plans, the effectiveness of audit, and the independence and objectivity of the external auditors.

The Committee meets not less than four times a year with the internal auditors. During the year under review 05 nos. Audit Committee meeting held. All Committee meetings are also attended by Company's Legal, Compliance and Secretariat and the Committee has the discretion to invite any Director and executive officer to attend its meetings. Separate sessions with internal and external audit are also held without the presence of management, to consider any matters which might be raised privately. In addition, the Chairman of the Audit Committee meets the internal auditors on a regular basis to discuss the work undertaken, key findings and any other significant matters arising from the Company's operations.

#### **Features of Audit Committee Charter**

The Audit Committee reviews the audited financial statements with management and the external auditors to ensure that the Company's financial statements are fairly

presented in conformity with the relevant Bangladesh Financial Reporting Standards and Bangladesh Accounting Standards in all material aspects, based on its review and discussions with management and the external auditors.

External Auditors' are invited to present in the Audit Committee meeting where Financial Statements of the Company in reviewed for circulation to the Public. The Committee also performs an annual assessment of the effectiveness of the Company's Internal Audit function and ensures that Internal Audit has adequate resources to fulfill its mandate.

The Committee is also responsible for oversight of risk governance, risk framework and limits of LankaBangla. It approves the overall risk governance framework as well as the framework for credit, market and operational risks, including the applicable limits. It is also responsible for approving certain policies in accordance with regulatory requirements. The Committee also monitors the Company's risk profile, including risk trends and concentrations.

A separate Report on Audit Committee has been given in pages 110-112.

#### **BOARD MEETINGS AND ATTENDANCE**

In the year under review, there were a total of 05 scheduled Board meetings. At these meetings, the Board reviewed the Company's financial performance, corporate strategy, business plans, potential strategic acquisitions or alliances, strategic or significant operational issues and significant matters attended to by Board committees. The Board also reviews the Company's long term corporate strategy and business plans and budget, including principal issues and challenges. In addition to the scheduled meetings, ad hoc meetings were also held when necessary.

Board approval for less critical matters may be obtained through resolutions by circulation. Board of Directors attend the Annual General Meeting, Board meetings and meetings of the committees on which they serve, and they spend the time needed to properly discharge their responsibilities. Materials and information important for understanding of the matters to be reviewed during the

meetings were distributed to the directors in advance of the said meetings to provide sufficient time for the directors to prepare ahead of such meetings.

The table shown in page 94 sets out the number of meetings held and the attendance of the Company's Directors, including meetings of the Audit Committee during the year ended 31 December 2011.

#### **INTERNAL AUDIT AND INTERNAL CONTROLS**

##### **Internal Audit Function**

LankaBangla Internal Audit is an independent function that reports functionally to the Audit Committee and administratively to the Managing Director. The functional reporting includes matters relating to Audit Charter, risk assessment and related audit plans, results of internal audit activities and other matters that the Head of Internal Audit deems necessary. The Head of Internal Audit has direct access to the Audit Committee. The Audit Committee approves the hiring of Head of Internal Audit including appointment, removal, evaluation, promotion, annual compensation and salary adjustment. Administratively, Company's Managing Director facilitates the day-to-day operations of the internal audit function, including budgeting, management accounting and human resource administration. Internal Audit has unfettered access to any and all of the company's documents, records, properties and personnel including the Chairman and Audit Committee of the Board of Directors.

Internal Audit has developed and maintained a quality assurance and improvement program that covers all aspects of the internal audit activity. Internal audit activity of LankaBangla conforms to the Institute of Chartered Accountants of Bangladesh's (ICAB) Bangladesh Standards on Auditing and International Standards for the Professional Practice of Internal Auditing.

The professional competence of the LBFL's internal auditors is maintained or upgraded through training programs, conferences and seminars that provide updates on auditing techniques, regulations and banking products and services. An annual audit plan is developed under a structured risk assessment approach that examines the Company's

activities, their level of inherent risk and control effectiveness against the various risk types. Audit areas are identified and scoped based on this approach and audit resources are focused on the activities deemed to carry higher risks.

The scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of LankaBangla's system of internal controls, risk management procedures, governance processes and the quality of performance in carrying out assigned responsibilities.

The progress of corrective actions on outstanding audit issues is monitored monthly. Information on outstanding issues is categorised according to severity and monthly reports are sent to the Audit Committee Chairman, the Chairman of the Board, senior management and all Division/Department heads. All audit reports which are rated as requiring attention are copied to the Audit Committee and senior management.

Internal Audit team work closely with the external auditors and meets them regularly to discuss matters of mutual interest, to strengthen working relationships and to coordinate audit efforts. The external auditors review the effectiveness of the Company's internal controls and risk management during an annual statutory audit. Material non-compliance with established practices and procedures and regulations, as well as internal control weaknesses noted during the audit, together with recommendations, are reported to the Audit Committee, which ensures that high-risk outstanding issues are dealt with in a timely manner.

#### **Internal Controls**

A sound system of internal controls requires a defined organisational and policy framework. LankaBangla has a management framework that clearly defines the roles, responsibilities and reporting lines of business and support units. The delegation of authority, control processes and operational procedures are documented and disseminated to staff. The Internal Audit, Risk Management and Legal & Compliance functions provide independent oversight over controls and risks within the Group.

The Audit Committee and the Risk Management Committee have reviewed the adequacy of LBFL control environment. The Board believes that the system of internal controls in place up to the date of this report is adequate for the current business scope and operations of the Company.

#### **RELATED PARTY TRANSACTIONS**

LankaBangla has refined and embedded enhanced procedures to comply with existing regulations governing related party transactions for banks and listed companies. These regulations include the Financial Institutions Act, Bangladesh Accounting Standards (BAS-24). The relevant provisions in the FI Act and the BAS directives impose prudential limits on credit exposures by the Company to certain Subsidiary and associates entities and persons, also the related party transactions in the BAS cover all types of related party transactions generally.

All new directors are briefed on the relevant provisions that they need to comply with. If necessary, existing credit facilities to related parties are adjusted prior to a director's appointment, and all credit facilities to related parties are monitored on an on-going basis. Checks are conducted prior to the Company entering into credit and non-credit-related transactions to determine whether the counterparty is a related party under applicable regulations and to take the appropriate action to comply with the regulations.

The Company has granted credit facilities to some related parties in the ordinary course of business on normal terms and conditions. The outstanding amounts of these credit facilities and the estimated values of collaterals as at 31 December 2011 are given in the Notes to the Financial Statements, Note 36, page 155.

#### **IT GOVERNANCE**

Information Technology Governance forms an integral part of the NBF's Corporate Governance, 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.

#### ETHICAL STANDARDS-DEALINGS IN SECURITIES

LankaBangla has adopted more stringent policies than prescribed guidelines issued by SEC 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.

#### DISSEMINATION OF INFORMATION

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 & LBFL websites. A dedicated investor relations team supports the Company's CEO and 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.

#### COMPLIANCE REPORT ON SEC'S NOTIFICATION

Status of Compliance with the Conditions imposed by the Commission, Pursuant to the Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated 20 February 2006 issued under Section 2CC of the Securities Exchange Ordinance, 1969, detailed in Annexure I, II & III below:

#### Annexure - I

SEC has issued a notification applicable for all listed companies in order to develop the Corporate Governance in the interest of the Investors and Capital market, imposed certain conditions on "Comply or Explain" basis.

Condition No.	Title	Compliance Status		Explanation for non-Compliance with the Condition
		Complied	Not Complied	
1.1	Board's Size	Complied		
1.2(I)	Independent Director	Complied		
1.2(II)	Independent Director(s)- Appointment	Complied		
1.3	Chairman of the Board & Chief Executive Officer	Complied		
1.4	The Director Report to the Shareholders	Complied		
1.4(a)	Report of Fairness of state of affairs, the results of operations, cash flows and changes in equity.	Complied		
1.4(b)	Maintenance of Proper Books of Accounts	Complied		

Condition No.	Title	Compliance Status		Explanation for non-Compliance with the Condition
		Complied	Not Complied	
1.4(c)	Consistency in application of appropriate accounting policies in preparation of Financial Statements	Complied		
1.4(d)	IASs as applicable in Bangladesh, followed in FS preparation and any departure adequately disclosed	Complied		
1.4(e)	Soundness of Internal Control system and effectively implemented and monitored	Complied		
1.4(f)	No significant doubts upon its ability to continue as a going concern	Complied		
1.4(g)	Significant Deviations from last year in Operating Results	-		No deviation
1.4(h)	Key Operating and Financial data in last three preceding years	Complied		Available in Annual report
1.4(i)	If the Company not Declared Dividend	-		Company declared dividend
1.4(j)	Number of Board Meeting held during the year and attendance by each director	Complied		Details given
1.4(k)	Pattern of Shareholding	Complied		Available in Annual report
2.1	Appointment of: a) Chief Financial Officer (CFO) b) Head of Internal Audit c) Company Secretary	Complied Complied Complied		
2.2	Requirement to attend Board meeting :- a) Chief Financial Officer(CFO) b) Company Secretary	Complied Complied		
3.00	Audit Committee			
3.1(I)	Composition of Audit Committee	Complied		
3.1(ii)	Appointment of Audit Committee members & inclusion of Independent Directors	Complied		
3.1(iii)	Fill the casual vacancy in audit committee	-		No such Incidence

Condition No.	Title	Compliance Status		Explanation for non-Compliance with the Condition
		Complied	Not Complied	
3.2	Chairman of the Audit Committee	Complied		
3.2(i)	Selection of Chairman	Complied		
3.2(ii)	Qualification of the Chairman	Complied		
3.3	Reporting of the Audit committee	Complied		
3.3.1(i)	Reporting its activities to the Board Directors	Complied		
3.3.1(ii)	Report to the Board by the Audit Committee on -	Complied		
3.3.1(ii)(a)	- Conflicts of Interest	Complied		
3.3.1(ii)(b)	- Suspected or presumed fraud or irregularity or material defect in the Internal control I System	Complied		
3.3.1(ii)(c)	- Suspected Infringements of Laws including securities related laws, rules and regulations.	Complied		
3.3.1(ii)(d)	- Any other matter	Complied		
3.3.2	Reporting to the Authorities	Complied		
3.4	Reporting to the Shareholders and General Investors	Complied		
4.00	External / Statutory Auditors	Complied		
4.00(i)	Appraisal of Valuation Services or fairness opinions	Complied		
4.00(ii)	Financial Information System design and implementation	Complied		
4.00(iii)	Book Keeping or Other Service related to Financial Statements	Complied		
4.00(iv)	Broker-dealer Service	Complied		
4.00(v)	Actuarial Service	Complied		
4.00(vi)	Internal Audit Services	Complied		
4.00(vii)	Any Other Services that Audit Committee determines	Complied		

## Annexure - II

## Compliance of Section 1.4(j)

## Board of Directors' meeting held during 2011 and attendance by each director:

Composition of the Board	Meeting held	Attended
Mohammad A. Moyeen	07	06
I.W. Senanayake	07	05
G.L.H. Premaratne	07	02
B W Kundanmal (Alternate Director of Mrs. Aneesha Mahial Kundanmal)	07	04
Farman R. Chowdhury	07	06
Mirza Ejaz Ahmed	07	04
Mahbubul Anam	07	05
M. Mahbubul Haque (Alternate Director of Mr. Tahsinul Huque)	07	03
Jasmine Sultana	07	03
Salahuddin Ahmed Khan	07	05

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

## Board Audit Committee meeting held during 2011 and attendance by each member:

Composition of the Board	Meeting held	Attended
Mahbubul Anam	05	05
Farman R. Chowdhury	05	04
Mirza Ejaz Ahmed	05	03
Salahuddin Ahmed Khan	05	05



## Annexure - III

Compliance of Section 1.4(k)  
The pattern of Shareholding

a) Parent/Subsidiary/Associated companies and other related party:

Nil

b) Directors, Chief Executive Officer/ Managing Director, Company Secretary (CS), Chief Financial Officer (CFO), Head of Internal Audit (HIA) and their spouse and minor children:

Name		Shares Held
<b>Director</b>		
I.W. Senanayake	Nominee of Sampath Bank Limited	7,800,000
G.L.H. Premaratne	Nominee of Sampath Bank Limited	
Farman R. Chowdhury	Nominee of ONE Bank Limited	4,000,000
Mirza Ejaz Ahmed	Nominee of SSC Holdings Limited	883,500
Aneesha Mahial Kundanmal		6,428,470
Tahsinul Huque		3,208,500
Mohammad A. Moyeen		3,491,063
Mahbubul Anam		3,667,765
Jasmine Sultana		930,000
<b>Executives</b>		
Mohammed Nasir Uddin Chowdhury	Managing Director	None
Mostafa Kamal FCA	Company Secretary	None
Quamrul Islam	Chief Financial Officer	None
Mohammed Kamrul Hasan FCA	Head of Internal Audit	2,739

c) Executives (Top five salaried employees of the company, other than Directors, CEO, CFO, CS and HIA):

Designation	Name	Shares Held
Sr. Vice President	A.K.M. Kamruzzaman	None
Sr. Vice President	Khurshed Alam	None
Vice President	A.K.M. Rezaul Karim	None
Vice President	Mohammad Shoaib	None
Vice President	Kazi Masum Rashed	None

d) Shareholding ten percent (10%) or more voting interest in the company: None



# Statement on Ethics and Compliance

## Our approach

We use internationally recognized frameworks along with our core values, Corporate Responsibility framework and human right standards to guide our approach to responsible business, including employee conduct. They also help employees to successfully navigate ethical challenges in their daily work.

## Principles of Ethics & Code of Conduct

True spirit of ethical practices is at the core of what LankaBangla secures in the course of business. We fondly believe that our achievement can only be sustained by creating effective corporate governance, professionalism among its staff and strictly adhering to rules and regulations designed in high ethical standard. Code of conduct at LankaBangla govern each employee to act ethically in daily activities. Our employees' principles of ethics & code of conduct apply to everyone who works at LankaBangla, including employees (both permanent and temporary), contractors and consultants. The Code is supported by a number of more detailed policies that form part of the Conduct and Ethics Policy Framework. These cover issues such as anti-bribery, fraud and corruption, equal opportunity, bullying and harassment, conflicts of interest and work expenses. Our ethical acts eventually turns to the commitments we make to our stakeholders.

## Commitment towards Clients:

- ◆ Provide fair treatment to all clients, depositors, and borrowers, without any discrimination
- ◆ Maintain strict secrecy of customer account.
- ◆ Deal quickly with complaints received from the clients. We endeavor continuously to build trust and understanding with clients.
- ◆ We always keep promises we make.

## Commitment towards Regulators:

- ◆ We are transparent in operations and governance

- ◆ We nurture a culture of timely compliance of regulatory requirements.

## Commitment towards Employees:

- ◆ We do not discriminate on grounds of religion, sex or race at any stage. We recruit the best on the basis of merit under a rigorous recruitment policy without any biasness or favoritism to anybody
- ◆ We have clearly defined duties and responsibilities for every employee. No one is made a scapegoat for undefined responsibilities
- ◆ We have a zero tolerance for any act of dishonesty
- ◆ We provide a congenial work environment
- ◆ We care for our employees and respect them.

## Commitment towards Shareholders:

- ◆ Equal treatment to all shareholders irrespective of their individual size of shareholding.
- ◆ Adequate disclosure of corporate information and operational results to help them take suitable investment decisions.

Moreover, we encourage our business partners (such as suppliers, related bodies corporate, joint venture partners or companies in which LankaBangla is a strategic investor) to adopt and maintain similar conduct and ethics principles to those outlined in our Code of Conduct and Ethics.

## Monitoring compliance

Compliance with our Code of Conduct and Ethics is embedded in our employment contracts, recruitment and performance management activities. We have set explicit targets for compliance, commencing at executive management level. All employees are required to comply with our Code of Conduct and Ethics and report conduct that may be in breach of the law, the Code or policy. Advice on LankaBangla policies, practices and management systems is available

via our Human Resources department. Any employee, contractor or consultant can confidentially report concerns about conduct, practices or issues to our HR department.

To help our employees in applying the principles of our Code of Conduct and Ethics and the Conduct and Ethics Policy Framework, we have developed a training course regularly for the newly appointed employees, Case studies are provided to assist staff in translating the Code and related policies into real-life situations. All employees are required to complete this training course each year. Declarations within the course require each employee to confirm whether they understand the Code's principles, have complied with them over the previous 12 months and agree to comply with them in the future. Compliance is a Key Result Area examined as part of our Performance Management Process and failure to complete required compliance training can be a factor in determining the employee's entitlement to performance-based remuneration and could lead to termination of employment in serious cases.

Additionally, employees are required to undertake issue-specific training for topics such as money laundering, counter terrorist activity, fraud, corruption and privacy.

Our 'HR Manual' covers our Code of Conduct and Ethics, standards and behaviors, and important policies and procedures such as our Anti-Bribery Policy and Fraud and Corruption Policy. All Management Cadres must complete an annual attestation that they have read and understood these ground rules and failure to complete this may result in a 'flag' being raised in an individual's performance review.

### **Reporting compliance**

We have reported breaches of our Code of Conduct and Ethics framework yearly. Breaches of operational, regulatory and compliance requirements are tracked and case management, with corrective action closely monitored until 'closed'. All breaches of the Code are reported annually to our Management Committee and form part of regular risk reporting to the Management Credit Committee.

Compliance with our Code of Conduct and Ethics is monitored by Internal Audit, who ensure processes are in place to appropriately investigate alleged breaches of the Code. We also conduct annual testing of the controls that support our Code of Conduct and Ethics, which forms part of our financial reporting governance program and the results are made available to External Auditors in connection with their external audit of the Group's consolidated financial statements.

# Statement on Corporate Social Responsibilities

*“LankaBangla is committed to build a brighter future for underprivileged people in Bangladesh. In 2011, we undertook a range of initiatives to support education, health-care, disaster management and child care. In addition, we continue to invest in our people and create a vibrant working environment to make LankaBangla a great place to work.”*

Corporate Social Responsibility has always been an integral part of LankaBangla’s culture and the cornerstone of our core values of good corporate citizenship. We believe our business financing is to not only tie with the business progress but also with the development of the overall economic growth that drives the development of the nation at large. We believe our success lies in the stewardship in ‘Triple Bottom Line’ for sustainability. These beliefs are reflected on our Mission and our day to day business operation. In this document – our 15th annual Corporate Social Responsibility Report – we are proud to share how actions support our mission to encompass economic, social and ecological value to our stakeholders.



As part of commitment to people and planet, LankaBangla patronizes number of programs to have greater involvement with

the local community. For this purpose The Board of Directors of LankaBangla Finance Limited has formed LB Foundation during 2008 as a Trust under Societies Registration Act, 1860, with a view to execute Corporate Social Responsibilities of LankaBangla, in every year 01% of our net profit after tax has been transferred to LB Foundation to spend for CSR activities.

Our commitment to do business to add value to shareholders is keenly associated with preserving natural resource, ensuring green planet, and security for next generation.

A summarized outlook of our CSR initiative is given below.

## **Supporting Education of Underprivileged Brilliant Students**

We are inspired to build a knowledge based society. In Bangladesh, we continued to support underprivileged brilliant students who are fighting against darkness to enlighten the society. We are awarding scholarship to such kind of poor but meritorious students every year since 2009 and by 2012 our contributions and commitments will total 1.0 million to 40 (forty) students. We are committed to support

them till completion of their Post Graduation. And numbers of student will be added in every year.

## **Helping Victims of Natural Calamities**

Bangladesh remains the most vulnerable to the impacts of climate change and gets affected in natural calamities almost every year. When our countrymen get affected in calamities we support the affected communities by extending relief to the victims and their loved ones.

During the year 2010 & 2011 we distributed blankets to the 2000 underprivileged peoples during the cold wave in winter season.

#### **Health Care for Underprivileged Rural People**

Most of our poor citizens in rural areas are suffering from blindness problems at their old age due to lack of proper nutrition. In Bangladesh, 80% of the total case of blindness is caused by cataract. As 49.80 % people are living below the poverty line so they are not able to pay the service cost for health. To support those suffered peoples Kishoreganj Eye Hospital (KEH) established in 2006 on the mission of 'Provide high quality eye care services to the community rural people for prevention and eradication of avoidable blindness'. The total population of that area reaches to 1.55 million till 2011 and KEH performed about 15,000 eye surgeries. KEH has an excellent team of skilled ophthalmologist, surgeons and ophthalmic personnel to serve the rural people eye care in this region. We have donated treatment cost of about 3000 patients' eye surgeries to Kishoreganj Eye Hospital (KEH) and some medical equipment to support the treatments.

#### **Support to Boost Up Children for Better Future**

LB Foundation organized a chess training session and Art Camp for the Children to boost

up their thinking capacity which will help them to be more vigilant in education and lead to a brighter future. LB Foundation has a plan to organize such programs in future on regular basis.

#### **Support to the Retired Govt. Officials**

LB Foundation donated considerable amount to the "Bangladesh Retired Govt. Staff Welfare Association" to support for establishment of a Hospital for the treatment of the retired officials.

#### **Gender Equality and Women's Empowerment**

LankaBangla promotes gender equality and women's empowerment. This is done through designing and delivering products suitable for women. Priority is given to Women entrepreneur in SME loan disbursement. Time to time training is also arranged for women to do business smoothly with formal financial channel. We ensure workplace gender equality.

#### **Leadership's Voluntary Service to Society**

The staffs of LankaBangla volunteered their time and expertise for the benefit of society. In the year under review, staff spent time conducting financial literacy courses, mentoring and coaching people on the fundamentals of entrepreneurship and financial management.

## Environment Related Initiatives

With more than 140 million people, Bangladesh remains as one of the most vulnerable to the impacts of climate change. People in Bangladesh live precariously close to the risks of cyclones, floods and droughts. We assume our responsibility in safeguarding our mother nature from deterioration and lessen the climate change impacts. LankaBangla Finance Limited has already been taken active steps within its limitation to contribute to people and the Earth, and to continue to co-exist with a sustainable global environment. In this line, LankaBangla is adopting Environmental Risk Management (ERM) Guidelines for Banks and Financial Institutions in Bangladesh. Sector Environmental Due-Diligence is duly done. We don't process any loan application that contradicts Department of Environment (DOE) on the ground of Bangladesh Environmental Conservation Act (ECA) 1995, Environment Conservation Rules (ECR) 1997 framework.

We have established our office environment and only allow rational use of energy and promote the spirit of environment friendly action plans. Our policy allows only energy savings bulbs at all of our service points and Head Office. While furnishing our office premises we use ISO certified paints. On top of that, LankaBangla introduced automated e-alert system to ensure secured financial

information flow to its clients in Bangladesh. With the launch of e-mail based Customer Statement Delivery System, added an important service to support the clients' needs, providing superior customer service to ensure delivery of account statements and transaction advices to the designated e-mail addresses of clients on time. This new system also helps to protect the environment by eliminating paper-based activities at office, protecting and preserving our environment for the next generation.

LankaBangla takes pride for being one of the financiers of a project having the largest biological Effluent Treatment Plant (ETP) in the country, the first auto brick manufacturing project to implement flexible fuel technology trapping harmful CO2 emissions and also to trade Certified Emissions Reductions (CERs) to the World Bank, country's first lub-recycling plant and so forth.

In future we dream to enhance our effort on preserving ecosystems, land air and water, in line with our broad corporate mission we defined.

# Projects Financed by LankaBangla



We financed the largest ship builder in the country



LankaBangla is proud to finance hundreds of agro-equipments



Powering the country, we also participated in financing power plant



The new export horizons, like furniture manufacturing & wood processing, are among our priority in financing projects





Believing in the prospect of tourism and leisure industry for the country, we came forward for building convenience for our touring guests

SMEs are the power of building the nation – we expanded our networks to cover almost all SME segments through our financing endeavors



During the last couple of years, the nation became independent in steel & engineering – we have strong footage in financing the sector

Food processing industry financed for food security of the nation by LankaBangla





We made them believing in looking forward – a SME project of LankaBangla

Petroleum is the fuel of the economy – we have fuelled petroleum processor and refiner through our financial assistance



Textile – the backward industry for our highest export earning industry – we financed number of textile projects

We are expanding investments in diversified textile segments - we went for financing home textile





Our financed concrete ready-mix processing plant – we are partner in bonding the nation

An RMG (Ready Made Garments) project among many we financed with the commitment to expanding and diversifying the best performing sector of the country



SMEs are growing – we are partnering, a printing project financed by us

A composite knitting project among many financed by us – our happiness to contribute in highest export earning sub-sector





Environment is becoming as our priority – we extend full support in green financing

We have a sizable stake in financing spinning mills, contributing largely in textile sector



We have financed almost all segments of textile sector – this is one of our financed dyeing & printing mills



Plastic product and processing industry, we are also present in the sector extending finance





We financed ETP  
keeping ecological  
balance of the  
environment as our  
priority



Waste petroleum  
recycling plant – our  
financed another  
environment friendly  
project



No matter how small  
is the business, we  
stand by – a small  
enterprise financed  
by us



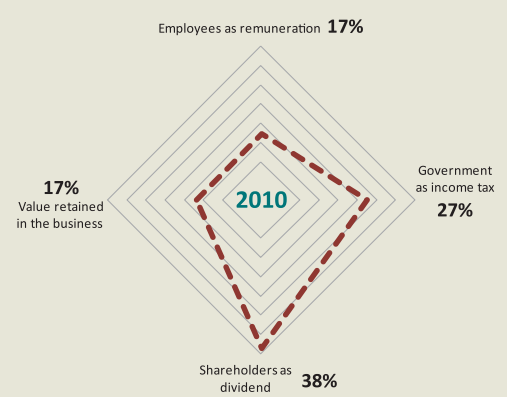
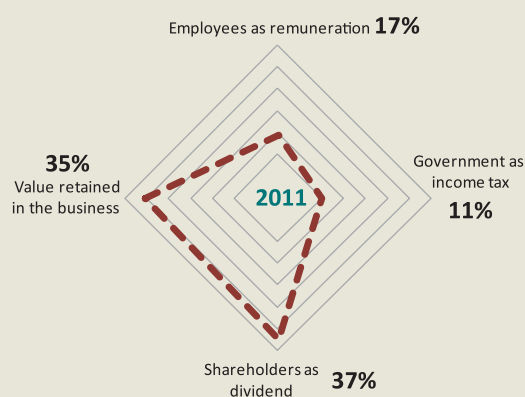
The leading meat  
processing industry of  
the country is growing  
with our diverse  
association



# Value Added Statement

For the year ended December 31, 2011

	31 Dec 2011	%	31 Dec 2010	%
	Taka		Taka	
Value added				
Operating revenue	2,210,518,790		2,071,748,143	
Cost of borrowing	(1,403,292,027)		(1,019,690,923)	
	807,226,762		1,052,057,220	
Provisions	(53,504,129)		(208,114,250)	
Operating expenses excluding staff cost and depreciation	(91,416,537)		(84,811,819)	
	662,306,096	100%	759,131,151	100%
Distribution of value addition				
Employees as remuneration	109,797,379	17%	131,599,385	17%
Government as income tax	74,791,930	11%	208,235,722	27%
Shareholders as dividend	247,054,500	37%	292,215,000	38%
Value retained in the business	230,662,287	35%	127,081,044	17%
	662,306,096	100%	759,131,151	100%
Number of employees at the end of the year	141		135	
Value added per employee	4,697,206		5,623,194	



# Board Audit Committee Report

## The composition of the committee

In accordance with the currently accepted Best Practices and Corporate Governance Guidelines, the Board appointed Audit Committee comprising of the following Non-Executive and Independent Directors of the Company:

- Mahbubul Anam (Chairman)
- Mirza Ejaz Ahmed
- Farman R Chowdhury
- Salahuddin Ahmed Khan (Independent Director)

The Committee is responsible and reportable to the Board of Directors. The Managing Director and the Chief Financial Officer attends the committee meetings by invitation. The Company's Sr. Vice President – Internal Control and Compliance, functions as the Secretary of the Committee.

## Terms of Reference

The Terms of Reference of the Audit Committee clearly defines the roles and responsibilities of the Audit Committee. The Terms of Reference is periodically reviewed and revised with the concurrence of the Board of Directors. The Audit Committee is responsible and reports to the Board of Directors.

## Role of the Audit Committee

The role and functions of the Committee are further regulated by the rules governing the Audit Committee as specified by the Guidelines of Bangladesh Bank on 'Corporate Governance for NBFIs in Bangladesh' and also 'Conditions on Corporate Governance' by the Securities and Exchange Commission.

The main objective of the Audit Committee is to assist the Board of Directors to effectively carry on its responsibilities relating to financial and other connected affairs of LankaBangla. The Committee is empowered to monitor, review and examine:

- a) the integrity of the financial statements of LBFL
- b) the Company's external auditors' qualifications and independence
- c) the performance and effectiveness of the Company's internal and external audits
- d) internal controls and the measurement of operational risk
- e) the compliance by the Company with legal and regulatory requirements
- f) any matter relating to the financial and other connected to the company
- g) all Internal and External Audit and Bangladesh bank's Inspection Program
- h) the efficiency of Internal Control systems and procedures, in place
- i) the Quality of Accounting Policies and their adherence to Statutory and Regulatory Compliance
- j) the Company's Annual Report and Accounts and Interim Financial Statements prepared for disclosure, before submission to the Board
- k) 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
- l) 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

## Meetings

The Committee held five meetings during the year under review. The attendance status of Committee members at meetings is stated in the table under annexure-ii on page 94. Managing Director/ CEO attended the



meetings on invitation. Members of the senior management of the company are invited to participate at meetings as and when required. The proceedings of the Audit Committee meetings are regularly reported to the Board of Directors.

### Activities

The Committee carried out the following activities:

### Financial Reporting

The Committee supports the Board of Directors to discharge their responsibility for the preparation of Financial Statements that reflect a True and Fair view of the financial performance and financial position based on the Company's accounting records and in terms of the Bangladesh Accounting Standards and Bangladesh Bank guidelines by:

- ◆ Reviewing the systems and procedures to ensure that all transactions are completely and accurately recorded in the books of account
- ◆ Reviewing the effectiveness of the financial reporting system in place to ensure reliability of the information provided to the stakeholders
- ◆ Reviewing the Accounting Policies to determine the most appropriate accounting policies after consideration of all choices available
- ◆ Strictly adhering to and complying with the Bangladesh Accounting Standards and recommended best accounting practices
- ◆ Reviewing the Annual Report and Accounts and the Interim Financial Statements prepared for publication, prior to submission to the Board

Having assessed the internal financial controls, the Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the

Company's assets are safeguarded and that the financial position of the Company is well monitored.

### Regulatory Compliance

The Company's procedures are in place to ensure Compliance with Bangladesh Bank's instructions and statutory requirements are under close scrutiny. The Committee monitors the due compliance with all requirements through the quarterly statements submitted by the Internal Audit Department; the Committee monitors the due compliance with all requirements.

### Managing Risks

The Committee reviewed the effectiveness of the procedures established for identifying, assessing and managing risks. The Head of Credit Risk Management is invited to make presentations on Risk Management measures adopted in their areas of responsibility. Risk rating guidelines with an appropriate Risk Grading Matrix has been formulated for identifying and assessing the operational risks. LankaBangla's adherence to Risk Management measures approved by the Board is reviewed annually.

### Internal Audit

The Internal Audit team of the company carries out the regular Internal Audit of all departments, divisions and branches. The Committee regularly reviews the internal audit and inspection functions. The Quarterly Internal Audit report is forwarded to the Audit Committee members. All Audit and Inspection reports on Branches and Head Office were examined to observe operational deficiencies and the recommendations were followed up.

### External audit

The Committee met with the Auditors prior to commencement and at the conclusion of the Annual Audit to discuss the audit scope, approach and methodology to be



adopted and the findings of the audit. Non-Executive Directors had separate meetings with Auditors to ensure they had no cause to compromise on their independence. Auditors' Management Letter together with the Management's response thereto and the Audited Financial Statements were reviewed with the Auditors. The Committee reviewed the non-audit services provided by the Auditors to ensure that such services do not fall within the restricted services and provision of such services does not impair the External Auditors independence and objectivity.

#### **Internal controls**

The Committee regularly examined major decisions taken by the 'Management Committee', 'Asset and Liability Management Committee', 'Management Credit Committee', Internal Control & Compliance Committee and 'HR Committee'. The committee also ensured that all exceptional items and unexpected losses are charged to the Income Statement. Credit monitoring procedures were reviewed and further strengthened. The effectiveness of the internal control procedures in place for selected processes was carefully evaluated.

#### **Good governance**

Highest standards in Corporate Good Governance and strict adherence to the requirements of Company's Code of Ethics are ensured through close monitoring. Through the Code of Ethics all levels of staff have been educated and encouraged to resort to whistle

blowing, when they suspect wrong doings or other improprieties. The Committee also ensures that appropriate procedures are in place to conduct independent investigations into all such incidents.

#### **The charter of the audit committee**

The Terms of Reference of Audit Committee was revised in the year 2011 with the concurrence of the Board.

#### **Evaluation of the committee**

An evaluation on the effectiveness of the Committee was carried out by the other Members of the Board of Directors and the Committee has been found to be effective.

#### **Appointment of the external auditor**

The Audit Committee has recommended to the Board of Directors that M/s. Syful Shamsul Alam & Co., Chartered Accountants, be appointed for the financial year ending 31 December 2012, subject to the approval of shareholders at the next Annual General Meeting.

A handwritten signature in black ink, appearing to read 'Mahbubul Anam'.

**Mahbubul Anam**  
Chairman – Audit Committee

Dhaka  
February 24, 2012

# Directors' Responsibility for Financial Reporting and Internal Control

A positive self controlled environment is a commitment by the Board of Directors which is ensured by keeping proper books of accounts for each financial year that gives a true and fair view of the state of affairs of the company. The Board of Directors are also responsible for establishing and maintaining effective internal control system that meets statutory and regulatory requirements and responds to changes in the Company's environment and conditions. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They must ensure that the system operates as intended and is modified appropriately when circumstances dictate. The Board and management must make sure that the Company's information systems produce pertinent and timely information in a form that enables employees, auditors, and inspectors to discharge their respective responsibilities.

In preparing the financial statement both separate and consolidated, the Board of Directors ensures the following:

- ◆ Select relevant accounting policies and apply them consistently;
- ◆ Make judgements and estimates that are reasonable and prudent ;
- ◆ Comply with applicable Financial Reporting Standards;
- ◆ Prepare the financial statements on going concern basis;

The considerations set out above are also required to be addressed by the Directors in preparing the financial statements. The Board of Directors confirms that the International Financial Reporting Standard (IFRS) and International Accounting Standards which are adopted by the Institute of Chartered Accountants of Bangladesh have been followed meticulously subject to any material departure being disclosed and explained in the notes to the accounts. They ensure that the financial statements comply with the sufficient requirement of Companies Act 1994, Securities Exchange Rules 1987, Financial Institution Act 1993 and Listing Regulations of

Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

The Board of Directors, who oversees the control system in general, approves and reviews the business strategies and policies that govern the system. They are also responsible for understanding risk limits and setting acceptable ones for the Company's major business activities, establishing organizational control structure, and making sure senior management identifies, measures, monitors, and controls risks and monitors internal control effectiveness. The Board: (1) discuss periodically the internal control system's effectiveness with management (2) review internal control evaluations conducted by management, auditors, and inspectors in a timely manner (3) monitor management's actions on auditors' and inspectors' recommendations on internal control and their concerns (4) periodically reviews the Company's strategy and risk limits. Board and management consider whether a control system's methods, records, and procedures are proper in relation to the Company's:

- ◆ Asset size
- ◆ Organization and ownership characteristics
- ◆ Business activities
- ◆ Operational complexity
- ◆ Risk profile
- ◆ Methods of processing data
- ◆ Legal and regulatory requirements

The Board of Directors ensure that management properly considers the risks and control issues of emerging technologies, enhanced information systems, and accounting. These issues include: more users with access to information systems; less segregated duties; a shift from paper to electronic audit trails; a lack of standards and controls for end-user systems; and, more complex contingency planning and recovery planning for information systems.

The Board of Directors of LankaBangla Finance Limited is responsible for ensuring that an adequate and effective internal control system exists in the organization and that the senior

management is maintaining and monitoring the performance of that system. Moreover, Board periodically reviews the internal control systems and the significant findings. From the above it can be said that: the Board undertakes the overall responsibility of setting acceptable level of risk, ensuring that the senior management committee take necessary steps to identify, measure, monitor and control these risks, establishing broad business strategy, significant policies and understanding significant risks of the Company.

Through establishment of an 'Audit Committee' of the Board and Internal Control Department the Board of Directors monitors the effectiveness of internal control system. The internal as well as external audit reports are sent to the Board Audit Committee without any intervention of the management

and the Board ensures that the management takes timely and necessary actions as per the recommendations.

The Board holds periodic review meetings with the senior management to discuss the effectiveness of the internal control system of the Company and ensures that the management has taken appropriate actions as per the recommendations of the auditors and/or inspectors.

# Responsibility Statement of CEO and CFO

The historical analogy, CEOs are the Kings, business heads barrons and CFOs the Chancellors. CFOs' role is to maintain the power balance between the king and the barrons"- Mathew Slatter, Chief Financial Officer, AXA Asia Pacific.

In the corporate world the responsibilities of CEOs and CFOs are quite versatile where presentation of fare financial statements is one of the main challenge and commitment towards the organization as well as to stakeholders.

The Financial Statements of LankaBangla Finance Limited both separate and consolidated with its Subsidiaries as at 31st December 2011 are prepared in compliance with the Bangladesh Accounting Standards and/or Bangladesh Financial Reporting Standards as adopted by The Institute of Chartered Accountants of Bangladesh, the requirements of Companies Act 1994, rules and regulations of Securities and Exchange Commission, Bangladesh Bank and other regulatory authorities. The Accounting Policies used in the preparation of the Financial Statements are appropriate and are consistent (material departures, if any, have been disclosed and explained in the notes to the Financial Statements). There are no departures from the prescribed Accounting Standards in their adoption. Comparative information has been reclassified wherever necessary to comply with the current presentation requirement.

The significant accounting policies and estimates that involve a high degree of judgment and complexity were discussed with our External Auditors and the Audit Committee.

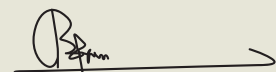
The Board of Directors and the management of the Company accept responsibility for the genuineness, integrity and objectivity of these Financial Statements. The estimates and

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 reasonably present the Company's state of affairs. To ensure this, the Company has taken proper and sufficient care in installing a system of internal controls 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. Our Internal Audit and Compliance have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. Besides they scrutinize and confirm about the procedures and governance of our company. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounting.

The Financial Statements were audited by M/s S.F. Ahmed & Co., Chartered Accountants the External Auditor of the company. The Audit Committee of the Company meets periodically with the Internal Auditors and the External Auditors to review the manner in which these auditors are performing their responsibilities and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance. It is also declared and confirmed that the Company has complied with the ensured compliance by the Auditor with the guidelines for the audit of Listed Companies where mandatory compliance is required. It is further confirmed that all the other guidelines of the related regulatory bodies have been complied accordingly.



**Mohammed Nasir Uddin Chowdhury**  
Managing Director & CEO



**Quamrul Islam**  
Chief Financial Officer



**Auditors' Report and  
Audited Financial Statements of**  
LankaBangla  
Finance Limited



# LankaBangla Finance Limited

## Independent Auditor's Report to the Shareholders

We have audited the accompanying financial statements of LankaBangla Finance Limited ("the Non-Banking Financial Institutions"), which comprise the statement of financial position as at December 31, 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements of the Company in accordance with Bangladesh Financial Reporting Standards (BFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of the Company. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements of the Company, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements of the Company 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements of the Company.

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

### Opinion

In our opinion, subject to the mandatory compliance with the few regulations of Bangladesh Bank those are different from the requirements of the Bangladesh Financial Reporting Standards (BFRS) which have been adequately disclosed in notes 2.4, the financial statements of the Company prepared in accordance with the Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the financial position of the LankaBangla Finance Limited as at December 31, 2011 and the results of its financial performance and its cash flows for the year then ended and comply with the Financial Institution Act 1993, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

### We also report that:

1. 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;
2. in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examinations of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
3. the Statement of Financial Position and the Statement of Comprehensive Income of the Company dealt with by the report are in agreement with the books of account and returns;
4. the expenditure was incurred for the purpose of the Company's business;
5. the financial statements of the Company have been drawn up in conformity with the Financial Institution Act 1993 and in accordance with the accounting rules and regulations issued by Bangladesh Bank to the extent applicable to the Company;
6. adequate provisions have been made for leases and advances which are, in our opinion, doubtful of recovery;
7. the records and statements submitted by the divisions and branches have been properly maintained and recorded in the financial statements of the Company;
8. the information and explanations required by us have been received and found satisfactory;
9. the Company has complied with relevant laws pertaining to reserves, which was found satisfactory;
10. the financial statements of the Company conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
11. as there are no risk weighted assets determined by the Bangladesh Bank for Non banking Financial Institutions (NBFI), therefore, we believe that the review of 80% of risk weighted assets is not applicable for NBFI. We have spent around 2,065 person hours for the audit of the financial statements of the Company.

Dated, Dhaka  
February 28, 2012

*S. F. Ahmed & Co.*  
S. F. Ahmed & Co.  
Chartered Accountants



# LankaBangla Finance Limited

## Statement of Financial Position

As at December 31, 2011

	Notes	Amount in Taka	
		31-Dec-11	31-Dec-10
<b>PROPERTY &amp; ASSETS</b>			
<b>Cash</b>		<b>118,747,936</b>	<b>92,557,463</b>
Cash in hand	3	105,000	125,000
Balance with Bangladesh Bank	4	118,642,936	92,432,463
<b>Balance with others bank and financial institutions</b>	5	<b>363,893,370</b>	<b>524,391,963</b>
Local Currency		363,763,743	524,262,339
Foreign Currency		129,627	129,624
<b>Investment</b>	6	<b>2,395,512,137</b>	<b>1,877,091,161</b>
Government securities		1,801,810,594	1,345,693,012
Others investment		593,701,543	531,398,149
<b>Loans, advance and lease</b>	7	<b>10,414,959,692</b>	<b>9,480,978,635</b>
<b>Fixed assets</b>	8	<b>30,068,039</b>	<b>38,943,142</b>
At cost		129,256,745	131,012,947
Less: Accumulated depreciation		99,188,706	92,069,805
<b>Other assets</b>	9	<b>2,580,624,760</b>	<b>1,707,011,211</b>
<b>TOTAL ASSETS:</b>		<b>15,903,805,937</b>	<b>13,720,973,575</b>
<b>LIABILITIES &amp; CAPITAL</b>			
<b>Liabilities</b>		<b>12,436,839,825</b>	<b>10,576,819,411</b>
Borrowings from Bangladesh Bank, Other Banks & Financial Institutions	10	6,867,067,805	5,761,881,177
Term deposits	11	5,569,772,020	4,814,938,234
<b>Other liabilities</b>	12	<b>1,637,945,990</b>	<b>1,920,809,903</b>
<b>Total liabilities</b>		<b>14,074,785,814</b>	<b>12,497,629,314</b>
<b>Capital/Shareholder's Equity</b>		<b>1,829,020,123</b>	<b>1,223,344,261</b>
Paid up Capital	13	823,515,000	531,300,000
Retained earnings	14	686,306,745	466,811,929
Payable to LB Foundation		4,666,525	4,030,984
Statutory reserve	15	314,531,853	221,201,348
<b>TOTAL LIABILITIES &amp; CAPITAL:</b>		<b>15,903,805,937</b>	<b>13,720,973,575</b>

The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.




Chairman



Director



Managing Director



Company Secretary

Dated, Dhaka  
February 28, 2012

Signed in terms of our separate report of even date annexed.

S. F. Ahmed & Co.  
S. F. Ahmed & Co.  
Chartered Accountants

# LankaBangla Finance Limited

## Statement of Comprehensive Income

For the year ended December 31, 2011

		Amount in Taka	
	Notes	2011	2010
<b>Net interest</b>		<b>169,272,677</b>	<b>338,506,717</b>
Interest income	16	1,572,564,704	828,475,511
Less : Interest paid on deposits & borrowings	17	1,403,292,027	489,968,794
Income from investment	18	525,083,826	265,510,351
Commission, Exchange and Brokerage Income	19	3,937,069	4,144,677
Other operational income	20	108,933,191	59,119,227
<b>Total operating income:</b>		<b>807,226,762</b>	<b>667,280,972</b>
<b>Operating Expenses</b>			
Salary and allowances	21	107,522,379	100,571,398
Rent, taxes, insurance, electricity etc.	22	17,563,145	13,962,012
Legal & professional fees	23	5,722,959	3,203,037
Postage, stamp, telecommunication etc.	24	3,118,890	1,798,571
Stationery, printing, advertisement	25	8,364,463	5,003,083
Managing Director's salary & allowance	26	2,275,000	3,786,750
Director fees and expenses	27	400,700	250,796
Auditors' fees	28	256,800	85,388
Charges on loan losses	29	-	1,956,426
Repairs, maintenance and depreciation	30	16,153,848	19,701,135
Other expenses	31	50,899,997	23,897,784
<b>Total operating expenses:</b>		<b>212,278,181</b>	<b>174,216,379</b>
<b>Net Operating Income</b>		<b>594,948,582</b>	<b>493,064,593</b>
<b>Provision for loans &amp; advance</b>	32	<b>53,504,129</b>	<b>184,643,830</b>
Specific provision		23,868,906	134,720,875
General provision		29,635,223	49,922,955
Provision for Diminution in value of investment in equity shares		-	16,139,000
<b>Profit/(loss) on Merchant Banking Operation</b>		-	319,052,389
<b>Total profit before tax :</b>		<b>541,444,453</b>	<b>611,334,152</b>
<b>Provision for taxation</b>		<b>74,791,930</b>	<b>208,235,722</b>
Deferred tax		(3,131,048)	(11,599,268)
Current tax	33	77,922,978	219,834,990
<b>Net Profit After Tax</b>		<b>466,652,523</b>	<b>403,098,430</b>
<b>Earning per share (EPS)</b>	34	<b>5.67</b>	<b>4.89</b>

The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.

  
Chairman


  
Director

  
Managing Director

  
Company Secretary

Dated, Dhaka  
February 28, 2012

Signed in terms of our separate report of even date annexed.

  
S. F. Ahmed & Co.  
Chartered Accountants

# LankaBangla Finance Limited

## Statement of Changes in Shareholders' Equity

For the year ended December 31, 2011

Particulars	"Share Capital"	"Statutory Reserve"	"LB Foundation "	"Retained Earnings"	Total
Balance as at 01 January 2011	531,300,000	221,201,348	4,030,984	466,811,928	1,223,344,260
Items involved in changes in equity					
Prior year adjustment*				143,054,324	143,054,324
Restated balance at January 01, 2011	531,300,000	221,201,348	4,030,984	609,866,252	1,366,398,584
Net profit for the year	-	-	-	466,652,523	466,652,523
Appropriation to statutory reserve	-	93,330,505	-	(93,330,505)	-
Appropriation to LB foundation	-	-	4,666,525	(4,666,525)	-
Transferred to LB foundation	-	-	(4,030,984)	-	(4,030,984)
Stock dividend (55%)	292,215,000	-	-	(292,215,000)	-
<b>Balance as at December 31, 2011</b>	<b>823,515,000</b>	<b>314,531,853</b>	<b>4,666,525</b>	<b>686,306,745</b>	<b>1,829,020,123</b>
Balance as at 31 December 2010	531,300,000	221,201,348	4,030,984	466,811,928	1,223,344,261

\*Prior year adjustment: Please see Note-2.4.7



Chairman



Director



Managing Director



Company Secretary

# LankaBangla Finance Limited

## Statement of Cash Flows

For the year ended on December 31, 2011

	Amount in Taka	
	2011	2010
<b>A) Cash flows from operating activities</b>		
Interest received	1,523,805,254	1,593,008,278
Interest paid	(1,403,201,397)	(1,038,269,797)
Dividend received	395,845,713	3,936,752
Fees and commission received	3,937,069	199,465,519
Income from investment	108,860,554	212,018,347
Cash paid to employees (including directors)	(105,861,043)	(181,246,245)
Cash paid to suppliers	(39,859,041)	(95,399,434)
Income taxes paid	(107,068,559)	(18,857,801)
Received from other operating activities	170,468,718	38,319,247
Paid for other operating activities	(103,748,191)	(4,734,329)
<b>Cash generated from operating activities</b>	<b>443,179,077</b>	<b>708,240,537</b>
<b>Increase/ (decrease) in operating assets &amp; liabilities</b>		
Loans and advances to customers	(933,981,058)	(1,399,401,825)
Other assets	(666,314,091)	330,265,939
Deposits from customers	754,833,787	358,036,882
Other liabilities	(212,398,125)	165,618,836
<b>Total Increase/ (decrease) in operating assets</b>	<b>(1,057,859,485)</b>	<b>(545,480,168)</b>
<b>Net Cash Used in Operating Activities</b>	<b>(614,680,409)</b>	<b>162,760,369</b>
<b>B) Cash flows from investing activities</b>		
Changes in non-trading securities	2,320,857	17,197,382
Net Proceeds from Trading in Quoted Shares	(64,624,252)	(142,271,474)
Net proceeds/(payments) for sale/ purchase of Treasury bills	(456,117,582)	(736,397,118)
Purchase of property, plant and equipment	(11,064,760)	(25,381,588)
Sales proceeds of fixed assets	8,702,382	743,550
Investment in subsidiaries- LankaBangla Investments Ltd.	(100,000,000)	(224,999,470)
<b>Net Cash used in Investing Activities</b>	<b>(620,783,355)</b>	<b>(1,111,108,718)</b>
<b>C) Cash flows from financing activities</b>		
Drawdown of term loan, OD and REPO	1,105,186,628	1,029,343,529
Dividend paid (cash dividend)	-	(61,660,233)
Payment to LB Foundation	(4,030,984)	-
<b>Net Cash from Financing Activities</b>	<b>1,101,155,644</b>	<b>967,683,296</b>
<b>D) Net Increase/ (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(134,308,120)</b>	<b>19,334,947</b>
<b>E) Opening cash and cash-equivalents</b>	<b>616,949,426</b>	<b>597,614,480</b>
<b>F) Closing cash and cash-equivalents (D+E)*</b>	<b>482,641,306</b>	<b>616,949,427</b>
<b>* Closing cash and cash-equivalents</b>		
Cash in hand	105,000	125,000
Balance with Bangladesh Bank and its agent bank (s)	118,642,936	92,432,463
Balance with other Banks and Financial Institutions	363,893,370	524,391,963
<b>Total:</b>	<b>482,641,306</b>	<b>616,949,426</b>



Chairman



Director



Managing Director



Company Secretary

Dated, Dhaka  
February 28, 2012

# LankaBangla Finance Limited

## Liquidity Statement

For the year ended on December 31, 2011

Particulars	Total	"Not more than 1 month term"	1-3 months term	3-12 months term	1-5 years term	above 5-years term	Total
<b>Assets</b>							
Cash in hand (including balance with Bangladesh Bank)	105,000	105,000	-	-	-	118,642,936	118,747,936
Balance with banks and financial institutions	363,893,370	-	-	363,893,370	-	-	363,893,370
Money at call and short notice	-	-	-	-	-	-	-
Investments	2,395,512,137	-	667,581,692	198,318,686	33,411,760	1,496,200,000	2,395,512,137
Loans and advances	10,414,959,693	-	295,054,487	1,605,566,906	5,157,510,374	3,356,827,927	10,414,959,693
Fixed assets including land, building, furniture and fixtures	30,068,039	-	-	-	30,068,039	-	30,068,039
Other assets	2,580,624,760	-	-	984,391,398	834,681,719	766,551,643	2,585,624,760
Non-banking assets	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>15,785,162,999</b>	<b>105,000</b>	<b>962,636,179</b>	<b>3,152,170,360</b>	<b>6,055,671,892</b>	<b>5,738,222,506</b>	<b>15,908,805,935</b>
<b>Liabilities</b>							
Borrowing from other banks, financial institutions and agents	6,867,067,805	2,455,532,690	1,177,538,771	1,253,182,953	1,152,298,197	828,515,194	6,867,067,805
Deposits and other accounts	5,569,772,020	1,341,865,143	2,238,155,027	600,000,000	1,387,701,850	2,050,000	5,569,772,020
Provision and other liabilities	1,627,288,012	-	536,575,176	1,090,712,836	-	-	1,627,288,012
<b>Total Liabilities</b>	<b>14,064,127,837</b>	<b>3,797,397,833</b>	<b>3,952,268,974</b>	<b>2,943,895,789</b>	<b>2,540,000,047</b>	<b>830,565,194</b>	<b>14,064,127,837</b>
<b>Net Liquidity Gap</b>	<b>1,721,035,162</b>	<b>(3,797,292,833)</b>	<b>(2,989,632,795)</b>	<b>208,274,571</b>	<b>3,515,671,845</b>	<b>4,907,657,312</b>	<b>1,844,678,098</b>

# LankaBangla Finance Limited

## Notes to the Financial Statements

### For the year ended 31 December 2011

#### 1.00 Legal status and nature of the company:

##### 1.1 Domicile, legal form and country of operation

LankaBangla Finance Limited (here in after 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.

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	0923826	24.09.2008	2011-2012
2.	Bangladesh Bank License	DFIM(L)/15	30.10.1997	N/A
3.	Tax Identification Number (TIN)	210-200-6736	N/A	N/A
4.	VAT Identification Number	5101018797	N/A	N/A
5.	Import Registration Certificate	BA159696	01.01.2006	2011-2012
6.	DCCI Membership Certificate	2857	23.12.2008	2011
7.	Board of Investment	9803054-H	30.03.1998	N/A
8.	MBD License	MB-1.064/98-05	22.01.1998	2011
9.	PD License	DMD-14/2009	23.11.2009	N/A
10.	Registration Number	C-31702(823)/96	05.11.1996	N/A

##### 1.2 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, Corporate Financial Services etc.
- Fund based services include Lease Finance, Term Finance, Real Estate Finance, Hire Purchase, Credit Card Operation, Factoring etc.
- LankaBangla also provides brokerage services through its owned subsidiary companies.

##### 1.3 Subsidiary companies

###### **LankaBangla Securities Ltd.:**

The Company is holding a subsidiary company named “LankaBangla Securities Ltd.” (formerly Vanik Bangladesh Securities Limited) with an equity interest of 90.90% (87,498,967 shares of Tk.10 each totaling Tk. 874,989,670) in the subsidiary company. The subsidiary is a private limited company 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 Company was subsequently emerged as a Public Limited Company on March 02, 2010. The principal activity of the subsidiary is to deal with the securities as broker in the capital market having membership no. 132 with Dhaka Stock Exchange and 91 with Chittagong Stock Exchange with the 09(Nine) branches in the Bangladesh.

###### **LankaBangla Asset Management Company Limited:**

The Company is also holding another subsidiary company named “LankaBangla Asset Management Company Limited” with an equity interest of 99.998% (499,990 shares of Tk. 100 each totaling Tk. 49,999,000) in the subsidiary company. 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 also applied for registration, to the Securities and Exchange Commission for approval to operate in the Capital Market as Trustee of Mutual Fund under the Securities and Exchange Commission (Mutual Fund) Regulations, 2001, which is under process.

**LankaBangla Investment Limited:**

The Company is also holding another subsidiary company named “LankaBangla Investment Limited” with an equity interest of 99.998% (29,999,997 shares of Tk. 10 each totaling Tk. 299,999,970) in the subsidiary company. LankaBangla Investment Limited was incorporated 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. LankaBangla Investment Limited also applied for registration, to the Securities and Exchange Commission for approval to operate in the Capital Market.

**2.00 Basis for preparation and Significant accounting policies:****2.1 Basis for preparation and presentation of financial statements:**

The financial statements have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement in accordance with the Companies Act 1994, the Financial Institutions Act 1993, 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 Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), except the circumstances where local regulations differ, and other applicable laws and regulations.

The presentation of the financial statements has been made as per the requirements of DFIM Circular No: 11, dated December 23, 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.

**2.2 Basis of measurement**

This financial statement has been prepared based on Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) and 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.

**2.3 Date of authorization**

The Board of Directors has authorized these financial statements for public issue on February 28, 2012.

**2.4 Disclosure of departure from few requirements of BAS/BFRS due to mandatory compliance of Bangladesh Bank's requirements**

Bangladesh Bank is the prime regulatory body for Non-Banking Financial Institutions (NBFI) in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with those of financial instruments and general provision standards of BAS and BFRS. As such the company has departed from those contradictory requirements of BAS/BFRS in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below along with financial impact where applicable:

**2.4.1** As per FID circular No. 02, dated 31 January 2012 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. Provisions has been made by netting off any unrealized gain/(loss) arising at the Balance sheet date. However as per requirements of BAS 39 investment in shares falls either under “at fair value through profit and loss account” or under “available for sale” where any change in the fair value at the year-end is taken to profit and loss account or other comprehensive income respectively.

**2.4.2** 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. As such the company measures and recognizes investment in quoted and unquoted shares at cost if the year –end market value (for quoted shares) and book value (for unquoted shares) are higher than the cost. At the year-end the company's market value and book value of quoted shares was higher than cost price by Tk. 9.34 million in the financial statements. However as per requirements of BAS 39 investment in shares falls either under “at fair value through statement of comprehensive income” or under “available for sale” where any change in the fair value at the year-end is taken to statement of comprehensive income or revaluation reserve respectively.

**2.4.3** As per FID circular No. 08 dated 03 August 2002 and FID circular No. 03, dated 03 May 2006 a general provision at 1% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained. However such general provision cannot satisfy the conditions of provision as per IAS 37. At the year end the company has recognized an accumulated general provision of Tk. 93.26 million in the statement of financial position under liabilities.

**2.4.4** Bangladesh Bank has issued templates for financial statements 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 Comprehensive Income (OCI) Statement. As such the company does not prepare the other comprehensive income statement. However the company does not have any elements of OCI to be presented

**2.4.5** As per Bangladesh Bank guidelines financial instruments are categorized, recognized and measured differently from those prescribed in BAS 39. As such some disclosure and presentation requirements of BFRS 7 and BAS 32 have not been made in the accounts.

#### **2.4.6 Components of the financial statements**

The financial statements comprises of:

- a) Statement of Financial Position;
- b) Statement of Comprehensive Income;
- c) Statement of Changes in Equity;
- d) Statement of Cash Flows; and
- e) Notes to the Financial Statements.

#### **2.4.7 Prior year adjustment**

As the Assessment of Income Tax for the year 2008 has been completed with an Assessed Loss of Tk. 409,812,639 and we made provision for Tk. 70,123,123 during the year 2008, out of which Tk 70,000,000/- has now been reversed. Moreover, Provision for Bad & Doubtful debts has been reversed for Tk. 73,054,324 which had been provided for the 2010 due to collection and rescheduling of the Bad & Doubtful Lease/loans. Due to such prior year adjustment opening balance of retained earnings has been restated.

#### **2.5 Presentation and functional currency and level of precision**

The financial statements are 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 BDT.

#### **2.6 Use of estimates and judgments**

The preparation of financial statements in conformity with Bangladesh Financial Reporting Standards (BFRS) 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 Bangladesh Accounting Standard (BAS) 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 of 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.



## 2.7 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

## 2.8 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.

## 2.9 Directors' responsibility statement

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

## 2.10 Branch Accounting

The Company has 02 branches and 01 SME booth, with no overseas branch as on December 31, 2011. 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.

## 2.11 Accounting for leases:

The company, through implementation of BAS 17, has been following the finance lease method for accounting of lease incomes. The aggregate lease receivables including un-guaranteed residual value are recorded as gross lease receivables while the excess of gross lease receivables over the total acquisition cost and interest during the acquisition period of lease assets, constitutes the unearned lease income. Initial direct cost (if any) in respect of lease are charged in the period in which such cost are incurred.

The unearned lease income is usually amortized to revenue on a monthly basis over the lease term yielding a constant rate of return over the period. Unrealized income is suspended, in compliance with the requirements of circular issued by the DFIM of Bangladesh Bank.

## 2.12 Accounting for term finance:

**Books of accounts 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 as operational revenue periodically.**

## 2.13 Investments:

Investment comprises of equity and Government Securities. Investment in marketable ordinary shares has been shown at cost or market price, whichever is lower, on an aggregate portfolio basis as required by Bangladesh Bank' FID circular No. 08 dated August 3, 2002. Investment in non-marketable shares has been valued at cost. Full provision for diminution in value of shares as on closing of the year on an individual investment basis is made in the financial statements.

Investments in Government Treasury Bills and Government Treasury Bonds classified as "Held to Maturity" are non-derivatives financial assets with fixed or determinable payments and fixed maturities that the management has the intention and ability to hold to maturity. Where the Company want to sell other than an insignificant amount of such assets, the entire category would be reclassified as held for sale.

## 2.14 Recognition of fixed assets:

### 2.14.1 Assets acquired under own finance:

These are recognized initially at cost and subsequently at cost less accumulated depreciation in compliance with the BAS 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 period 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/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

#### **2.14.2 Assets acquired under finance lease:**

Assets acquired under finance lease are accounted for by recording the assets at the lower of present value of minimum lease payments under the lease agreement and the fair value of the asset. The related obligation under the lease is accounted for as liability. Financial changes are located to accounting period in a manner so as to provide a constant rate of charge on the outstanding liability. Depreciation on fixed assets acquired under lease has been charged in the accounts following the principal recovery method.

#### **2.14.3 Depreciation:**

##### **Depreciation on Own Fixed Assets:**

Depreciation on freehold fixed assets is charged using straight-line method at the following rates starting from the period of acquisition of assets:

Furniture & fixture	15%
Office equipment	20%
Vehicle	25%

No depreciation is charged in the period of disposal.

#### **2.14.4 Depreciation/ amortization of leased assets:**

Leased assets in the use and possession of the Company are depreciated in the books of the Company over the lease terms.

#### **2.15 Intangible assets:**

Intangible assets are initially recognized at cost including any directly attributable cost. Amortization is provided on a straight-line basis at 20% to written off the cost of intangible assets.

Intangible assets include software, integrated systems along with related hardware.

#### **2.16 Consistency**

In accordance with the BFRS framework for the presentation of financial statements together with BAS 1 and BAS 8, LankaBangla Finance applies the accounting disclosure principles consistently from one period to the next. Where selecting and applying new accounting policies, changes in accounting policies applied, correction of errors, the amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of BAS-8. We however have applied the same accounting and valuation principles in 2011 as in financial statements for 2010.

#### **2.17 Liquidity statement:**

The Liquidity Statement has been prepared in accordance with remaining maturity grouping of Assets and Liabilities as of the close of the period 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/ 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/ repayment term.
- g) Deposits and other accounts are on the basis of their maturity period 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.

#### **2.18 Borrowing costs:**

Borrowing costs are recognized as expenses in the period in which they incur in accordance with BAS 23 "Borrowing cost".

#### **2.19 Books of accounts:**

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

#### **2.20 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/year are reported at the rates prevailing on the Statement of Financial Position (balance sheet) date. Exchange gains or losses arising out of the said conversions are recognised as income or expense for the period/year are charged in the statement of comprehensive income profit and loss account after netting off.

#### **2.21 Segment reporting:**

The company has three reportable segments namely, Lease Financing Operation, Credit Card Operation, PD operation. LankaBangla evaluates the performance of its segment based primarily on income before taxes shown in note no. 35.

#### **2.22 Revenue recognition:**

As per BAS 18, "Revenue" is recognized when it was probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

##### **2.22.1 Lease financing:**

The Company follows the finance lease method for accounting of lease incomes in compliance with BAS 17. Interests are recognized as and when interest/incomes are accrued. Lease interests outstanding equivalent to or over 3 months are not recognized as revenue, and used to keep under interest suspense account. Fee based income and delinquent charges from lease operations are accounted for on cash basis.

##### **2.22.2 Loans and advances:**

Interest on term finance is recognized when interest is accrued. No interest on loan is accounted for as revenue where any portion of capital or interest is in arrears for equivalent to or over 3 months or more. Fee based income and delinquent charges from loan operations are accounted for on cash basis.

##### **2.22.3 Credit cards:**

Interests on credit card are accrued and taken to accounts up to 03 (three) months. Interest accrued on credit card for equivalent to or over 3 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

##### **2.22.4 Other income:**

Fee based incomes other than above are recognized as income at the stage of completion of transaction when the amount of revenue can be measured reliably and economic benefits associated with the transaction flows to the company.

- Profit or loss arising from the sale of shares are accounted for on cash basis
- FDRs, if not en-cashed on due date, are considered automatically renewed with interest earned upto maturity date and with the equivalent current rate of interest.

##### **2.22.5 Interest suspense account:**

Lease income earned, interest on term finance and on car loans overdue equivalent to or over 3 months period and interest on real estate finance overdue equivalent to or over 9 months are not recognized as revenue and credited to interest suspense account.

**2.23 Cash and cash equivalent and Statement of cash flows:**

Cash and cash equivalents comprise cash in hand and 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.

The Statement of Cash Flows is prepared using the direct method as stipulated in Bangladesh Accounting Standards (BAS) no. 7 "Statement of Cash Flows"

**2.24 Provision for loans and advances:**

Provision against classified loans and advances is made on the basis of quarter end review by the management and instruction contained in 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;. The classification rates as per Bangladesh Bank circulars used for provision are as follows:-

Consumer	Business Unit	Rate of Provision				
		UC	SMA	SS	DF	BL
	House Building & Professional	1%	5%	20%	50%	100%
	Other than House Building & Professional	1%	5%	20%	50%	100%
	Small & Medium Enterprise	1%	5%	20%	50%	100%
	All Others	1%	5%	20%	50%	100%

**2.25 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 canceled and removed from ("written off") the business's balance sheet.

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

**2.26 Corporate tax:**

Provisions for tax

**a. Provision for the period**

Provision for current income tax has been made @ 42.50% as prescribed in Finance Act, 2011 on the profit made by the Company considering major taxable allowances and disallowances and the same is understated/ overstated to that extent. Any shortfall/ excess provision will be duly adjusted after final assessment.

**b. Deferred tax**

The Company accounts for deferred tax as per Bangladesh Accounting Standard (BAS) 12 "Income Taxes". Deferred tax is provided using the balance sheet method for all temporary timing differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes. Tax rate prevailing at the balance sheet date is used to determine deferred tax.

**2.27 Employees benefit plans**

LankaBangla Finance Limited offers a number of benefit plans which includes contributory provident fund, gratuity plan, Profit participation scheme and Group Life Insurance Scheme and Health Insurance

**2.27.1 Provident fund:**

The Company maintains a contributory employees Provident Fund recognized by National Board of Revenue 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.

**2.27.2 Gratuity fund:**

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

<b>Year of Confirmed Services</b>	<b>% of entitlement</b>
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

Required amount of gratuity provision has been kept 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.

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

**2.27.3 Profit participation scheme:**

Every employee who have completed at least three months confirmed services in the concerned year and will receive the incentive bonus on a pro data basis in addition, the employee must be on the pay roll on the day of declaration of incentive bonus. From 2009 incentive bonus would paid only when the company makes profit in a particular year, the quantum should not have any direct link with the basic salary but with the return on equity. The bases of calculations are as follows:

- No profit, no bonus;
- If Return on Equity (ROE) is less than 12%, no bonus will be entitled as it does not cover the cost of fund of the shareholders;
- If Return on Equity (ROE) is between 12%-20%, the employees would receive 5% of profit after taxes;
- If Return on Equity (ROE) is above 20%, quantum of incentive bonus would be (C) above plus 10% of excess amount of 20% of ROE.

**2.27.4 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.

**2.28 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.

**2.29 Earning Per Share (EPS):**

The company calculates EPS in accordance with the requirement of BAS – 33: “Earning Per Share”, which has been shown on the face of the Statement of Comprehensive Income and the computation is shown in “Note # 33”.

**Basic earnings:**

This represents earnings for the period ended on 31 December 2011 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 earning per share:**

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

**Diluted earning 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 BAS – 33.

**2.30 Corporate Governance:**

The company recognizes the importance of high standards of corporate governance and corporate social responsibility. Through regular Board Meeting (05 meeting held in the period 2011) 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 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.

**2.31 BASEL II & its implementation:**

To cope with the international best practices and to make the capital more risks 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 period, Basel Accord regime will be started and the guidelines on BAFI will have 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.

**2.32 Events after the reporting period:**

All material events occurring after the reporting period are considered and where necessary, adjusted for or disclosed in Note # 40 (c).

**2.33 Proposed dividend:**

Disclosure of proposed dividend has been shown in Note # Note # 40 (c) in accordance with Bangladesh Accounting Standards BAS – 10: "Events after the Reporting Period".

**2.34 Contingent liabilities and contingent assets**

The Company does not recognize contingent liability and contingent asset but discloses the existence of contingent liability in the financial statements. A contingent liability is a probable obligation that arises from past events whose existence will be confirmed by occurrence or nonoccurrence of uncertain future events not within 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.

**2.35 Comparative Figures**

Comparative information has been disclosed in respect of the period ended 31 December, 2011 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 2010 have been restated and rearranged whenever considered necessary to ensure comparability with the current period.

		Amount in Taka	
		December 31, 2011	December 31, 2010
<b>3.00 Cash in hand :</b>		<b>105,000</b>	<b>125,000</b>
	Local Currency	105,000	125,000
	Foreign Currency	-	-
	<b>Total:</b>	<b>105,000</b>	<b>125,000</b>
<b>4.00 Balance with Bangladesh Bank:</b>		<b>118,642,936</b>	<b>92,432,463</b>

The above balance was laid with Bangladesh Bank ( local currency)

#### 4.01 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 FID Circular No. 06 dated November 06, 2003 and FID Circular No. 02 dated November 10, 2004.

Cash Reserve Requirement (CRR) has been calculated at the rate of 2.5% on 'Total Term Deposits' which is preserved in current account maintained with Bangladesh Bank. 'Total Term Deposit' means Term or Fixed Deposit, Security Deposit against Lease/Loan and other Term Deposits, received from individuals and institutions (except banks & Financial Institutions).

Statutory Liquidity Reserve (SLR) has been calculated at the rate of 5.0% on total liabilities, including CRR of 2.5% on Total Term Deposit. SLR is maintained in liquid assets in the form of cash in hand (notes & coin in BDT), balance with Bangladesh Bank and other banks and Financial Institutions, investment at call, unencumbered treasury bill, prize bond, savings certificate & any other assets approved by Bangladesh Bank.

	December 31, 2011	December 31, 2010
<b>Cash reserve requirement( CRR) - 2.50%:</b>		
Required reserve	82,581,000	40,662,000
Actual reserve held	118,642,936	92,432,463
<b>Surplus</b>	<b>36,061,936</b>	<b>51,770,463</b>
<b>Statutory liquidity requirements ( SLR)- 5.00%:</b>		
Total required reserve	203,935,000	114,612,000
Actual reserve held (Note-5.00)	363,763,743	616,949,426
<b>Total Surplus</b>	<b>159,828,743</b>	<b>502,337,426</b>

#### 5.00 Balance with other bank and financial institutions:

##### Local Currency:

Fixed deposit account (Note - 5.01)	301,146,035	330,649,920
Interest bearing short term deposit account (Note - 5.02)	54,879,634	79,353,540
Non interest bearing current account (Note - 5.03)	7,738,074	114,258,878
<b>Sub-Total:</b>	<b>363,763,743</b>	<b>524,262,338</b>

	December 31, 2011	December 31, 2010
<b>Foreign Currency:</b>		
Dhaka Bank Limited-USD Account ( Exchange Rate:Tk. 75.23)	94,236	94,236
Dhaka Bank Limited-POUND Account ( Exchange Rate Tk. 117.34)	28,503	28,501
Dhaka Bank Limited-EURO ( Exchange RateTk.102.00)	6,887	6,886
<b>Sub-Total:</b>	<b>129,627</b>	<b>129,624</b>
<b>Total:</b>		
	<b>363,893,370</b>	<b>524,391,963</b>
<b>Country of Deposit:</b>		
In Bangladesh	363,893,370	524,391,963
Outside of Bangladesh	-	-
	<b>363,893,370</b>	<b>524,391,963</b>

**5.01 Fixed deposit account:**

Mercantile Bank Limited	54,669,904	50,577,940
Prime Bank Limited	137,940,616	127,769,211
Standard Bank Limited	3,634,380	3,275,207
Commercial Bank of Ceylon Limited	104,901,134	99,027,562
Reliance Finance Limited	-	50,000,000
<b>Total:</b>	<b>301,146,035</b>	<b>330,649,920</b>

**5.02 Interest bearing short term deposit account:**

Al-Arafah Islami Bank Ltd.	5,619	8,850
Arab Bangladesh Bank Limited	2,392,938	844,944
Bank Asia Limited	11,819,832	34,410,964
Citibank N.A	-	117,721
Dhaka Bank Limited	11,229,101	7,136,190
Dutch Bangla Bank Ltd.	15,716,426	5,326,712
ICB Islami Bank Limited	79,669	75,935
IFIC Bank Ltd.	42,840	131,242
Mercantile Bank Limited	1,583,835	1,767,646
Mutual Trust Bank Limited	1,020	2,220
National Credit & Commerce Bank Limited	50,719	271,079
ONE Bank Limited	108,886	1,319,565
Prime Bank Limited	603,491	25,946,913
Pubali Bank Ltd.	45,003	5,000
Social Islami Bank Limited	4,750	10,000
Standard Bank Limited	13,759	15,922
The City Bank Ltd.	1,069,712	3,363,738
The Premier Bank Limited	71,420	72,690
United Commercial Bank Limited	11,189	266,669
Uttara Bank Limited	10,470	10,470
Exim Bank Limited	3,955	1,002
Janata Bank Ltd.	5,000	-
Bangladesh Krishi Bank Ltd.	5,000	-
Bangladesh Development Bank	10,005,000	-
<b>Total:</b>	<b>54,879,634</b>	<b>79,353,540</b>



**5.03 Non interest bearing current account:**

	December 31, 2011	December 31, 2010
Bank Al-falah Limited	18,555	896
BRAC Bank Limited	4,484	83,917,301
Dhaka Bank Limited	396	13,556,599
Exim Bank Limited	50,738	4,679,919
First Security Bank Limited	8,104	698,563
Jamuna Bank Ltd.	-	887,929
National Bank Limited	2,899	354,436
Standard Chartered Bank	63,276	15,714
ONE Bank Limited	1,806,907	709,719
Prime Bank Limited	159,129	195,338
Shahjalal Islami Bank Limited	35,165	2,561,466
Social Islami Bank Limited	-	743,006
Sonali Bank Limited	-	8,363
Southeast Bank Limited	12,239	3,584,198
Standard Bank Limited	9,143	1,315
Standard Chartered Bank	4,844,745	363,196
The Premier Bank Limited	25,874	-
The Trust Bank Limited	696,420	228,989
<b>Total</b>	<b>7,738,074</b>	<b>114,258,879</b>

Disclosers in compliance to the FID Circular#6, dated 06 November 2003 of the Bangladesh Bank consist of the following:

**Maturity grouping of balance with other banks and financial institutions:**

Payable on demand		
Up to 1 month	7,843,074	114,383,879
Over 1 month but not more than 3 months	54,879,634	79,353,540
Over 3 months but not more than 6 months	-	-
Over 6 months but not more than 1 year	301,146,035	330,649,920
Over 1 year but not more than 5 years	129,627	129,624
Over 5 years	118,642,936	92,432,463
<b>Total:</b>	<b>482,641,306</b>	<b>616,949,426</b>

**6.00 Investment:**

<b>In Government securities</b>	1,801,810,594	1,345,693,012
Treasury bills ( Note-6.01)	305,610,595	479,293,012
Bonds ( Note-6.02)	1,496,200,000	866,400,000
<b>Other investment</b>	593,701,543	531,398,149
Ordinary shares-un-quoted ( Note-6.03)	33,411,760	35,732,617
Ordinary shares-quoted ( Note-6.04)	560,289,784	495,665,532
<b>Total:</b>	<b>2,395,512,137</b>	<b>1,877,091,161</b>

**Investment is Designated as follows:**

Held for Trading	560,289,784	495,665,532
Held to Maturity	1,801,810,594	1,345,693,012
Available for Sale	-	4,416,700
Others	33,411,760	31,315,918
<b>Total:</b>	<b>2,395,512,139</b>	<b>1,877,091,162</b>

	December 31, 2011	December 31, 2010
<b>6.01 Treasury Bills:</b>		
91-days Treasury Bills	107,291,909	169,497,781
182-days Treasury Bills	58,522,622	169,515,055
364-days Treasury Bills	139,796,063	140,280,176
<b>Total:</b>	<b>305,610,595</b>	<b>479,293,012</b>

<b>6.02 Treasury Bonds:</b>		
05-Year Treasury Bond	241,800,000	354,900,000
10-Year Treasury Bond	637,600,000	232,700,000
15-Year Treasury Bond	370,100,000	164,500,000
20-Year Treasury Bond	246,700,000	114,300,000
<b>Total:</b>	<b>1,496,200,000</b>	<b>866,400,000</b>

<b>6.03 Ordinary Shares - Unquoted:</b>		
Central Depository (Bangladesh) Limited	1,569,450	4,416,700
Envoy Textiles Limited	9,982,000	9,982,000
Information Technology Company Limited (ITCL)	5,000,000	5,000,000
Bengal Windsor Th. Ltd.	8,000,000	-
MJL Bangladesh Ltd.	-	6,125,108
Amara Technology Ltd.	5,250,000	5,250,000
Saiham Cotton Mills Ltd.	1,350,000	1,350,000
BD welding Ltd.	260,310	-
BD Venture Ltd.	2,000,000	-
MI Cement Factory Limited	-	3,608,809
<b>Total:</b>	<b>33,411,760</b>	<b>35,732,617</b>

<b>6.04 Ordinary Shares - Quoted:</b>		
Bank Asia Limited	127,750,859	-
Mobil Jamuna Bd Ltd	10,500	-
The Premier Bank Ltd.	985,100	-
Midas Finance and Investment Ltd.	131,135,369	131,135,369
Beximco Pharmaceuticals Ltd.	181,649,012	148,616,826
ACI Formulations Limited	17,172,863	17,172,864
Uttara Bank Ltd.	939,609	-
Heidelberg Cement Ltd.	14,937,715	-
The Premier Bank Ltd.	-	649,019
Prime Finance & Investment Limited	17,876,096	24,084,561
Union Capital Limited	7,589,336	12,648,893
Agrani Insurance Co. Ltd.	886,193	15,596,995
Continental Insurance Limited	2,003,707	5,915,702
Progati Life Insurance Ltd.	-	10,544,474
Quasem Drycells Ltd.	4,952,050	3,061,435
DBH First Mutual Fund	-	500,000

	December 31, 2011	December 31, 2010
Green Delta Mutual Fund	10,000,000	10,000,000
ACI 20% Convertible Zero Coupon Bond	-	37,430,000
Advance Chemicals Industries Limited	21,550,254	19,552,624
Beximco Ltd.	10,897	47,935,971
Delta Spinners Ltd	-	1,800
RAK Ceramics (Bangladesh) Limited	-	7,797,916
BEXTEX Ltd	-	3,021,083
Bangladesh Steel & Re-rolling Mills Ltd. (BSRM)	7,945,564	-
Confidence Cement Ltd.	278,107	-
Apex Tannery Ltd.	12,612,424	-
MI Cement Factory Ltd.	4,129	-
<b>Total:</b>	<b>560,289,784</b>	<b>495,665,532</b>

Provisions for future losses have been made as per Bangladesh Bank Guidelines.

All investments in quoted securities are valued on an aggregate portfolio basis, at the lower of cost and market value, at the balance sheet date.

Market price for unquoted securities as on reporting date, has been shown at cost for calculation purpose.

As on December 31, 2011 there was Tk.88,824,117 gross unrealised gain on investment in marketable listed securities which has been net off against Tk. 98,164,184 gross unrealised losses at fair value through profit and loss account in compliance with the DFIM circular No. 11 dated; 19 September, 2011 and DFIM Circular No.02 , dated; 31-Jan-2012 issued by the country's central bank, Bangladesh Bank.

However, profit would have been reduced by Tk. 9,340,067/-had the requirement of BAS-39 been adhered to instead of the said DFIM circulars.

#### 6.05 Maturity grouping of investments:

<b>Maturity Wise Group</b>		
On demand	-	-
Up to 01 Month	560,289,783	630,691,410
More than 01 Month to 03 Months	107,291,909	87,803,367
More than 03 Month to 01 Years	198,318,686	292,196,385
More than 01 Year to 05 Years	33,411,760	354,900,000
More than 05 Years	1,496,200,000	511,500,000
	<b>2,395,512,137</b>	<b>1,877,091,162</b>

#### 7.00 Lease, advances & loans

<u>Lease portfolio</u>	842,957,049	969,270,162
Gross Lease rental receivable	1,035,207,928	1,267,220,674
Less: Unearned Lease Income	192,250,879	297,950,512
Term finance	2,431,178,370	2,183,632,003
Term Loan - Personal	13,593,680	-
Mortgage loan ( Note-7.01)	1,503,653,190	1,111,701,735
Margin loan against share trading	-	4,176,039,592
Short term finance	581,391,052	220,083,054

	December 31, 2011	December 31, 2010
Factoring debtors	55,684,986	34,859,180
<u>Credit card receivables</u>	597,702,247	430,637,948
Master Card	481,951,810	430,637,948
VISA Card	115,750,437	-
SME Finance	324,747,146	182,990,057
Auto Loan	246,696,312	128,751,080
Loan to LankaBangla Investment Ltd.	3,742,429,816	-
LBFL Employees Housing Loan	20,350,000	-
Work Order Finance - Factoring	14,996,300	5,584,300
Work Order Finance	39,579,544	37,429,524
	<b>10,414,959,692</b>	<b>9,480,978,635</b>
<u>Place of Disbursement:</u>		
In Bangladesh	10,414,959,692	9,480,978,635
Outside of Bangladesh	-	-
	<b>10,414,959,692</b>	<b>9,480,978,635</b>

	2011		2010	
	Amount (Tk.)	% of Total	Amount (Tk.)	% of Total
Repayable on Demand	-	0%	-	0%
Over 1 month but not more than 3 months	295,054,487	3%	34,859,180	0%
Over 3 months but not more than 1 year	1,605,566,906	15%	297,956,058	3%
Over 1 year but not more than 5 years	5,157,510,374	50%	8,099,017,992	85%
Over 5 years	3,356,827,927	32%	1,049,145,405	11%
	<b>10,414,959,692</b>	<b>100%</b>	<b>9,480,978,635</b>	<b>100%</b>

**7.01 Mortgage loan:**

Bangladesh Bank refinance	808,329,092	858,751,017
Own finance	553,884,751	62,556,330
Developers	141,439,347	190,394,388
<b>Total:</b>	<b>1,503,653,190</b>	<b>1,111,701,735</b>

**7.01.01 Aging analysis of Mortgage Loan**

	2011		2010	
	Amount (Tk.)	% of Total	Amount (Tk.)	% of Total
Up to 01 year	105,849,631	7%	70345194	6%
Above 01 year to 03 years	265,121,393	18%	347037571	31%
Above 03 years to 05 years	265,121,394	18%	448165626	40%
More than 05 years	867,560,772	58%	246,153,344	22%
	<b>1,503,653,190</b>	<b>100%</b>	<b>1,111,701,735</b>	<b>100%</b>

**7.01.02 Loans, advances and lease on the basis of significant concentration****a) Loans, advances and lease to the institutions in which Directors have interest**

December 31, 2011	December 31, 2010
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-	-
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**b) Loans, advances and lease to Chief Executive and other senior executives**

-	-
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**c) Loans, advances and lease to customer groups:**

## i) Real estate finance

1,503,653,190	1,111,701,735
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## ii) Car Loan

246,696,312	128,751,080
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## iii) Personal loan

13,593,680	-
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## iv) Loan against deposits (LAD)

-	-
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## v) Small and medium enterprises

324,747,146	182,990,057
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## vi) Special program loan (BB refinancing scheme)

-	-
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## vii) Staff loan

-	-
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## viii) Industrial Loans, advances and leases (Note- d)

3,274,135,419	3,152,902,165
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## ix) Other loans and advances

5,052,133,947	4,904,633,598
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<b>10,414,959,693</b>	<b>9,480,978,635</b>
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**d) Details of Industrial loans, advances and leases**

## i) Agricultural industries

-	-
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## ii) Textiles, Apparels &amp; Accessories

321,985,000	7,536,800
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## iii) Food and Beverage

400,051,000	1,379,460
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## iv) Pharmaceuticals

-	-
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## v) Leather &amp; Leather Products, Chemicals

-	-
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## vi) Power, Energy &amp; Engineering

56,393,000	320,070
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## vii) Real Estate &amp; Home Appliances, Cement, Ceramics

1,503,653,190	1,111,701,735
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## viii) IT &amp; Services

-	361,590
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## ix) Transportation

287,299,000	4,029,560
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## x) Other industries

7,845,578,503	8,355,649,420
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<b>Total :</b>	<b>10,414,959,693</b>	<b>9,480,978,635</b>
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**7.01.03 Loans, advances and leases -geographical location-wise**

## Inside Bangladesh:

<b>10,414,959,693</b>	<b>9,480,978,635</b>
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## Urban

## Dhaka

8,398,271,596	6,749,639,534
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## Chittagong

1,959,307,543	1,424,644,536
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## Sylhet

57,380,554	1,306,694,565
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## Outside Bangladesh:

-	-
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<b>Total:</b>	<b>10,414,959,693</b>	<b>9,480,978,635</b>
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## 7.01.04 Particulars of required provision for loans, advances &amp; leases

Status	"Base for provision"	"Rate (%)"	December 31, 2011	December 31, 2010
<b>General Provision</b>				
Loans & leases (Excluding SMA)	9,326,386,911	1%	93,263,869	101,052,150
Special mention account (SMA)\	556,109,831	5%	27,805,492	5,223,450
<b>Specific provision</b>				
Sub-standard	57,643,951	20%	11,528,790	30,530,400
Doubtful	25,997,318	50%	12,998,659	13,614,000
Bad / Loss	390,978,366	100%	390,978,366	381,558,000
Total provision maintained (Note - 12)			<b>536,575,176</b>	<b>531,978,000</b>

## 8.00 Fixed assets:

## A. Cost

## i) Freehold assets

Opening Balance	103,478,926	83,071,906
Add: Addition during the period	11,064,760	25,341,839
	114,543,686	108,413,745
Less: Sales/ adjustment during the period	12,820,960	4,934,819
	101,722,724	103,478,926

## ii) Intangible assets

Opening Balance	27,534,021	27,494,271
Add: Acquisition during the period	-	39,750
	27,534,021	27,534,021

## Total cost (A)

	<b>129,256,745</b>	<b>131,012,947</b>
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## B. Accumulated depreciation

## i) Own assets

Opening Balance	69,793,412	58,614,182
Add : Charged during the year	10,736,368	14,487,251
	80,529,780	73,101,433
Less: Adjustment during the year	3,945,363	3,308,021
	76,584,418	69,793,412

## ii) Intangible assets:

Opening Balance	22,276,392	20,566,029
Add : Charged during the year	327,896	1,710,363
	22,604,288	22,276,392

Total (B)	99,188,706	92,069,804
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## C. Written down value (A-B)

<b>Total:</b>	<b>30,068,039</b>	<b>38,943,143</b>
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	December 31, 2011	December 31, 2010
<b>9.00 Other assets:</b>		
Trade receivables (Note-9.01)	663,844,217	507,266,694
Advances (Note-9.02)	182,394,975	78,028,663
Prepayments & other receivables ( Note-09.03)	984,391,398	471,721,684
Investment in subsidiary	749,994,170	649,994,170
LankaBangla Securities Limited	399,995,200	399,995,200
LankaBangla Asset Management Co. Limited	49,999,000	49,999,000
LankaBangla Investment Limited	299,999,970	199,999,970
<b>Total :</b>	<b>2,580,624,760</b>	<b>1,707,011,211</b>
<b>9.01 Trade receivables</b>		
Lease rental receivables	340,527,264	261,489,237
Term finance receivables	248,603,967	164,434,814
Short term lending receivables	6,312,002	8,533,875
Receivables-Mortgage Loan	16,557,473	9,109,483
Term finance receivables-SME	10,946,477	949,200
Receivable Lease Rental-Auto Loan	2,903,800	310,620
Work Order Finance Receivable	37,993,235	62,439,465
<b>Total :</b>	<b>663,844,217</b>	<b>507,266,694</b>
<b>9.02 Advances:</b>		
Staff loan-others	11,811,341	6,529,775
Advance office rent	6,597,065	9,978,991
Security deposit/Lease deposit	7,873,242	1,973,479
Advance Income tax	156,113,327	59,546,418
<b>Total:</b>	<b>182,394,975</b>	<b>78,028,663</b>
<b>9.03 Prepayments &amp; other receivables:</b>		
Prepayments	16,382,448	15,623,675
Interest receivables-Fixed deposit account	19,844,376	16,510,948
Interest receivables-Term finance	4,025,092	4,025,092
Interest receivables-Short term lending	13,530,888	4,690,901
Interest receivable-LBIL	53,227,741	21,609,725
PD- Receivable -Treasury Bonds/Bills	39,741,878	19,364,318
Interest receivables-Factoring	1	65,605
Interest receivables-Mortgage loan	5,033,623	-
Receivables/(Payables)-Other MasterCard Operator	1,820,980	58,499,320
Receivables/(Payables)-Sampth Bank Ltd.	37,566,348	-
Receivables/(Payables) with LBSL-Foreign Trading	764,370,816	300,000,000
Receivables against share trading	10	3,588,599
Deferred tax Asset- (Note 09.03.01)	18,446,056	15,315,000
Other receivables	10,401,141	12,428,492
<b>Total :</b>	<b>984,391,398</b>	<b>471,721,684</b>

**09.03.01 Deferred tax Asset:**

Deferred tax has been calculated based 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 (BAS) 12 "Income Taxes".

Deferred tax asset is arrived at as follows:	Carrying amount at balance sheet balance sheet	Tax base	Taxable/ (Deductible) temporary diff.
<b>Assets:</b>			
Fixed assets net of depreciation	30,068,039	51,143,084	(21,075,044)
<b>Liabilities:</b>			
Employee gratuity	22,327,442	-	(22,327,442)
<b>Total</b>	<b>52,395,482</b>	<b>51,143,084</b>	<b>(43,402,487)</b>
Applicable tax rate 42.50%			
Deferred tax asset as on December 31, 2011			( 18,446,057 )
Deferred tax asset as on December 31, 2010			(15,315,009)
Deferred tax income accounted for during the year			(3,131,048)

**10.00 Borrowings from Bangladesh bank, other banks & financial institutions:**

	December 31, 2011	December 31, 2010
<b>Secured:</b>		
Bank overdraft (Note - 10.01)	317,548,693	420,384,567
Long term loan-( Note-10.02)	3,278,130,642	3,248,991,874
REPO against Govt. treasury bills & bonds (Note- 10.03)	1,656,388,470	717,504,736
Sub-Total:	5,252,067,805	4,386,881,177
<b>Unsecured:</b>		
Short term borrowings (Note - 10.04)	935,000,000	575,000,000
Call loans- (Note - 10.05)	680,000,000	800,000,000
Sub-Total:	1,615,000,000	1,375,000,000
<b>Total:</b>	<b>6,867,067,805</b>	<b>5,761,881,177</b>
<b>10.01 Bank overdraft:</b>		
Mercantile Bank Limited	43,728,664	65,640,322
Brac Bank Limited	-	-
Prime Bank Limited	120,044,342	202,054,297
Commercial Bank of Ceylon Limited	153,775,687	152,689,948
<b>Total:</b>	<b>317,548,693</b>	<b>420,384,567</b>

The amount of bank overdraft is secured against FDR.



	December 31, 2011	December 31, 2010
<b>10.02 Long term loan:</b>		
Opening Balance	3,248,991,874	2,358,188,934
Add: Drawdown during the period	870,000,000	2,202,514,459
	4,118,991,874	4,560,703,393
Less: Repayment during the period	840,861,232	1,311,711,519
<b>Total:</b>	<b>3,278,130,642</b>	<b>3,248,991,874</b>

**Detail of the above balance is presented below:**

Arab Bangladesh Limited	-	25,663,970
B.Bank Refinance- Women Enterprise	32,244,643	7,975,000
B.Bank Refinance- Mortgage Loan	841,186,452	883,794,144
Bank Asia Limited	105,921,490	130,272,931
Brac Bank Limited	16,786,944	38,559,082
Commercial Bank of Ceylon Limited	11,666,680	40,555,560
EXIM Bank Limited	132,604,833	194,557,911
Dutch Bangla Bank Limited	153,081,073	210,767,994
National Bank Limited	248,123,188	314,104,683
Prime Bank Limited	326,589,866	340,131,914
Social Investment Bank Limited	57,746,411	99,771,522
Shahjalal Islami Bank Limited	273,546,992	44,796,306
The Trust Bank Limited	164,592,441	204,655,068
The Premier Bank Limited	35,004,434	55,022,171
The UAE-Bangladesh Investment Company Limited	20,000,000	-
United Commercial Bank Limited	191,992,433	10,534,846
Mutual Trust Bank Limited	180,946,762	245,730,576
Uttara Bank Limited	47,401,002	88,232,637
Standard Bank Limited	113,318,401	160,758,154
Southeast Bank Limited	66,177,612	95,090,686
Jamuna Bank Limited	26,762,414	49,288,341
United Leasing Company Limited	-	1,788,378
AL Arafa Islami Bank Limited	232,436,571	6,940,000
<b>Total:</b>	<b>3,278,130,642</b>	<b>3,248,991,874</b>

**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. The company has offered corporate guarantee in some cases as demanded by the lending institutions. The rates of long term borrowing varies between 13.5% to 16% p.a. except refinance from Bangladesh Bank which is 5% and the tenure being 3 to 5 years.

	December 31, 2011	December 31, 2010
<b>10.03 REPO against Govt. treasury bills &amp; bonds</b>		
REPO against Govt. treasury bills	306,222,350	284,026,293
REPO against Govt. bonds	1,350,166,120	433,478,443
<b>Total:</b>	<b>1,656,388,470</b>	<b>717,504,736</b>

**10.04 Short term borrowings:**

Eastern Bank Limited	400,000,000	70,000,000
One Bank Limited	535,000,000	235,000,000
The City Bank Limited	-	200,000,000
The UAE-Bangladesh Investment Company Ltd.	-	20,000,000
United Leasing Company Ltd.	-	50,000,000
<b>Total :</b>	<b>935,000,000</b>	<b>575,000,000</b>

**10.05 Call loan:**

The City Bank Ltd.	500,000,000	-
Delta Brac Housing Limited	80,000,000	200,000,000
United Leasing Company Ltd.	100,000,000	30,000,000
One Bank Limited	-	50,000,000
Dutch Bangla Bank Limited	-	100,000,000
Midas Financing Limited	-	20,000,000
Sonali Bank Limited	-	100,000,000
Rupali Bank Limited	-	200,000,000
Bank Al-Falah Limited	-	100,000,000
<b>Total:</b>	<b>680,000,000</b>	<b>800,000,000</b>

**Maturity grouping of borrowings from other banks and financial institutions**

Payable on demand	680,000,000	1,517,504,736
Up to 1 month	1,775,532,690	-
Over 1 month but within 3 months	1,177,538,771	657,179,924
Over 3 months but within 1 year	1,253,182,953	548,135,916
Over 1 year but within 5 years	1,152,298,197	540,512,057
Over 5 years	828,515,194	2,498,548,544
<b>Total:</b>	<b>6,867,067,805</b>	<b>5,761,881,177</b>

**11.00 Term deposits:**

From banks ( Note-11.01)	1,330,000,000	2,030,000,000
From other than banks ( Note-11.02)	4,239,772,020	2,784,938,233
<b>Total:</b>	<b>5,569,772,020</b>	<b>4,814,938,233</b>

**Rate of interest**

Rate of interest on term deposit receipts ranges from 13% to 14%

From banks	December 31, 2011	December 31, 2010
<b>11.01 Remaining maturity grouping of term deposit</b>		
Payable On demand	-	-
In not more than 01 month	300,000,000	200,000,000
In more than 01month but not more than 06 months	730,000,000	510,000,000
In more than 06 months but not more than 01 year	300,000,000	1,320,000,000
In more than 01 year but not more than 05 years	-	-
In more than 05 years but not more than 10 years	-	-
In more than 10 years	-	-
<b>Total:</b>	<b>1,330,000,000</b>	<b>2,030,000,000</b>
<b>11.02 Remaining maturity grouping of term deposits:</b>		
<b>From other than banks</b>		
Payable On demand	-	-
In not more than 01 month	1,041,865,143	87,607,180
In more than 01 month but not more than 06 months	1,508,155,027	362,002,670
In more than 06 months but not more than 01 year	300,000,000	1,172,127,045
In more than 01 year but not more than 05 years	1,387,701,850	1,157,701,338
In more than 05 years but not more than 10 years	2,050,000	5,500,000
In more than 10 years	-	-
<b>Total:</b>	<b>4,239,772,020</b>	<b>2,784,938,233</b>
<b>12.00 Other liabilities:</b>		
Interest payable- (Note - 12.1)	308,010,410	307,919,780
Accrued expenses	11,419,008	64,154,732
Welfare fund payable	19,879	19,879
IPA/Managed equity fund	-	260,409
Advance receipt against leases-adjustment a/c	24,353,613	28,430,119
Claims on health insurance	78,403	139,416
Payable against MCBS charges	2,022	46,589,015
Payable against merchants claims & others	17,019,637	9,666,256
Payable against receipt from other card holders	1,955,563	1,053,658
Unpaid Dividend	9,572,819	9,686,084
IPO subscription payable	68,646	58,646
VISA Statement A/C	103,351	85,351
Provision for taxation (Note - 12.2)	454,114,673	456,693,345
Interest suspense account (Note-12.04)	212,691,670	185,069,398
Provision for doubtful accounts and future losses (Note-12.05)	536,575,176	556,196,993
Payable to Sampath Bank Limited, Sri Lanka:	-	9,266,831
Deferred liability-employee gratuity (Note-12.03)	22,327,442	17,947,647
VAT-Payable - VISA	78,075	15,332
AIT on Credit Card-Payable	101,419	357,895
VAT on Credit Card-Payable	70,050	45,689
With holding tax payable	202,032	375,935
Lease rental advances	39,099,602	119,955,029
Receivables/(Payables) with LBSL-IP A/C	-	106,719,314
Excise Duty Payable	-	7,150
ITCL Statement A/C	82,500	96,000
<b>Total:</b>	<b>1,637,945,990</b>	<b>1,920,809,903</b>

	December 31, 2011	December 31, 2010
<b>12.01 Interest payable:</b>		
Interest payable on term deposit	247,869,893	223,965,030
Interest payable on long term borrowings	23,009,718	41,311,957
Interest payable on short term borrowings	34,128,577	41,952,514
Interest payable on call loan borrowings	3,002,222	690,279
<b>Total:</b>	<b>308,010,410</b>	<b>307,919,780</b>
<b>12.02 Provision for taxation:</b>		
Balance as at 01 January	456,693,345	236,858,355
Provision during the period	77,922,978	219,834,990
	534,616,323	456,693,345
Adjusted during the period	80,501,650	-
<b>Total:</b>	<b>454,114,673</b>	<b>456,693,345</b>
<b>12.03 Deferred liability-employee gratuity:</b>		
Balance as at 01 January	17,947,647	11,856,287
Provision during the period	6,461,750	6,280,360
	<b>24,452,156</b>	<b>18,136,647</b>
Payment during the year	2,081,955	189,000
<b>Total:</b>	<b>22,327,442</b>	<b>17,947,647</b>
<b>12.04 Interest suspense:</b>		
Lease Finance	133,152,923	105,185,997
Term Finance	73,948,218	74,065,401
Credit Card	5,162,427	5,368,000
Mortgage Loan	428,102	450,000
<b>Total:</b>	<b>212,691,670</b>	<b>185,069,398</b>
<b>Movement of Interest Suspense Account</b>		
Balance at January 1	185,069,398	141,430,245
Transferred to Interest Suspense during the year (+)	27,622,272	43,639,153
Interest Suspense realised during the year (-)	-	-
<b>Total:</b>	<b>212,691,670</b>	<b>185,069,398</b>
Write off during the year (-)	-	-
Balance at December 31	<b>212,691,670</b>	<b>185,069,398</b>
<b>12.05 Provision for doubtful accounts and future losses</b>		
Lease financing	278,333,991	232,978,950
Term finance & Short term loan	195,134,773	250,055,837
Credit card	38,954,279	27,560,436
Mortgage Loan	14,812,065	23,165,770
Provision for diminution in value of investment in equity shares	9,340,067	22,436,000
<b>Total :</b>	<b>536,575,176</b>	<b>556,196,993</b>

	December 31, 2011	December 31, 2010
<b>Movement of Provision for loans and advances / investments</b>		
Balance at January 1	556,196,993	342,073,745
Provision required for the year	536,575,177	556,196,993
Less: Provision released during the year	73,054,323	-
Provision charged for the year	53,432,506	214,123,248
Write off during the year	-	-
Balance at December 31	<b>Total: 536,575,176</b>	<b>556,196,993</b>

During the year 2011, the Company had not written off its receivables of contracts as per write off policy of the Bangladesh Bank (FID circular No. 03 dated 15 March 2009).

### 13.00 Share capital :

<b>Authorized</b>		<b>3,000,000,000</b>	<b>1,000,000,000</b>
<b>Issued, subscribed and paid up</b>		<b>823,515,000</b>	<b>531,300,000</b>
<b>Sponsor shareholders:</b>			
<b>a. Foreign sponsors</b>			
	<b>Percentage</b>		
Sampath Bank Limited, Sri Lanka	9.47%	78,000,000	60,000,000
	<b>9.47%</b>	<b>78,000,000</b>	<b>60,000,000</b>
<b>b. Local sponsors</b>			
ONE Bank Limited-OBL, Bangladesh	4.86%	40,000,000	40,000,000
SSC Holdings Limited, Bangladesh	1.07%	8,835,000	5,700,000
Shanta Apparel Limited	1.84%	15,190,000	9,800,000
Individuals	21.52%	177,257,985	114,359,990
	<b>29.30%</b>	<b>241,282,985</b>	<b>169,859,990</b>
<b>General Shareholders</b>	<b>61.23%</b>	<b>504,232,020</b>	<b>301,440,010</b>
	<b>100.00%</b>	<b>823,515,000</b>	<b>531,300,000</b>

Classification of shareholders as required by Regulation- 37 of the Listing Regulations of Dhaka Stock Exchange Ltd. are as follows:

Shares groups	Number of share	No. of shareholder	%
Less than 500	801,626	2,540	0.97
501 to 5000	6,266,086	3,751	7.61
5,001 to 10000	2,585,052	357	3.14
10,001 to 20000	2,715,781	189	3.30
20,001 to 30000	1,609,143	66	1.95
30,001 to 40000	1,612,604	45	1.96
40,001 to 50000	1,261,875	28	1.53
50,001 to 100000	6,017,282	88	7.31
100,001 to 1000000	20,329,818	73	24.69
Above 1000000	39,152,233	13	47.54
	<b>82,351,500</b>	<b>7,150</b>	<b>100.00</b>

The shares were listed with Dhaka Stock Exchange Ltd. And Chittagong Stock Exchange Ltd. on 17 October 2006 and 31 October 2006 respectively, also trading started in the both houses from 01 November 2006. Share traded Tk. 170.20 and Tk. 170.50 at Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited respectively at the end of the year 2011.

	December 31, 2011	December 31, 2010
<b>14.00 Retained earnings:</b>	<b>933,464,451</b>	<b>706,425,099</b>
<b>Retained earnings as at 01 January</b>	466,811,928	303,326,669
Add: Profit/(loss) for the period	466,652,523	403,098,430
Less: Adjustment during the year:	247,157,706	239,613,170
Transfer to statutory reserve during the year	93,330,505	80,619,686
Prior year adjustment	(143,054,324)	-
Dividend: stock dividend: ( For 2010: 55% and 2009 : 20%)	292,215,000	88,550,000
Dividend: Cash : ( For 2009: 15%)	-	66,412,500
Transfer to LB foundation	4,666,525	4,030,984
<b>Retained earnings</b>	<b>686,306,745</b>	<b>466,811,929</b>

**15.00 Statutory reserve:**

Opening balance	221,201,348	140,581,663
Add: Profit transferred to statutory reserve @ 20%	93,330,505	80,619,686
<b>Total:</b>	<b>314,531,853</b>	<b>221,201,348</b>

**16.00 Interest income:**

	Amount in Taka	
	2011	2010
Interest income from leases	100,503,515	195,988,715
Interest income from term finance	350,505,978	277,441,913
Interest income from term loan personal	451,085	-
Interest income from short term lending	106,722,279	43,130,803
Income from credit card	132,636,737	115,073,862
Interest income on margin trading	-	735,477,515
Interest income from factoring	9,020,317	1,570,294
Interest Income from mortgage loan	140,818,317	90,549,842
Interest Income from SME	46,892,329	9,618,156
Interest Income from auto loan	31,571,057	5,212,362
Interest income on fixed deposit	29,516,334	48,091,555
Interest income on short term deposit	3,717,367	3,178,398
Interest income on lending -subsidiaries	620,209,389	38,619,611
<b>Total:</b>	<b>1,572,564,704</b>	<b>1,563,953,026</b>

Allocation of the above amount consists of the following:

Main operation	1,572,564,704	828,475,511
Merchant banking operation	-	735,477,515
<b>Total:</b>	<b>1,572,564,704</b>	<b>1,563,953,026</b>

	Amount in Taka	
	2011	2010
<b>17.00 Interest paid on deposits &amp; borrowings:</b>		
Interest on term loans	377,110,639	285,292,635
Interest on call loan and short notice	257,582,261	183,358,773
Interest on Bangladesh Bank REPO	155,272,487	35,452,157
Interest on term deposits	613,326,641	515,587,358
<b>Total:</b>	<b>1,403,292,027</b>	<b>1,019,690,923</b>
<u>Allocation of the above amount consists of the following:</u>		
Main operation	1,403,292,027	489,968,794
Merchant banking operation	-	529,722,129
<b>Total:</b>	<b>1,403,292,027</b>	<b>1,019,690,923</b>
<b>18.00 Income from investment:</b>		
Income from investment in share (Capital)	(6,230,824)	212,018,347
Dividend income	395,845,712	4,436,752
Interest income from PD operation	135,468,938	49,055,252
<b>Total:</b>	<b>525,083,826</b>	<b>265,510,351</b>
<u>Allocation of the above amount consists of the following:</u>		
Main operation	525,083,826	265,510,351
Merchant banking operation	-	-
<b>Total:</b>	<b>525,083,826</b>	<b>265,510,351</b>
<b>19.00 Commission, Exchange and Brokerage Income</b>		
Underwriting commission	-	571,220
Underwriting commission from treasury bonds/ bills	1,775,525	792,940
Merchant commission of credit card	2,161,544	3,351,737
<b>Total:</b>	<b>3,937,069</b>	<b>4,715,897</b>
<u>Allocation of the above amount consists of the following:</u>		
Main operation	3,937,069	4,144,677
Merchant banking operation	-	571,220
<b>Total:</b>	<b>3,937,069</b>	<b>4,715,897</b>
<b>20.00 Other operational income:</b>		
Membership fees of credit card	9,698,979	9,181,200
Corporate finance fees	12,549,576	12,190,000
Portfolio & issue management fee	-	177,878,422
Other income from fees & documentations	86,684,636	38,319,247
<b>Total:</b>	<b>108,933,191</b>	<b>237,568,869</b>
<u>Allocation of the above amount consists of the following:</u>		
Main operation	108,933,191	59,119,227
Merchant banking operation	-	178,449,642
<b>Total:</b>	<b>108,933,191</b>	<b>237,568,869</b>

	Amount in Taka	
	2011	2010
<b>21.00 Salary and allowances:</b>		
Salary & allowances	97,812,771	65,172,963
Provident fund contribution	3,372,858	2,411,870
Gratuity fund	6,336,750	5,830,360
Profit incentive bonus	-	58,184,192
<b>Total:</b>	<b>107,522,379</b>	<b>131,599,385</b>
<u>Allocation of the above amount consists of the following:</u>		
Main operation	107,522,379	100,571,398
Merchant banking operation	-	31,027,987
<b>Total:</b>	<b>107,522,379</b>	<b>131,599,385</b>
<b>22.00 Rent, taxes, insurance, electricity etc.:</b>		
Office rent	12,595,582	16,495,476
Insurance premium	2,431,860	2,023,631
Electricity	2,535,703	2,165,355
<b>Total:</b>	<b>17,563,145</b>	<b>20,684,462</b>
<u>Allocation of the above amount consists of the following:</u>		
Main operation	17,563,145	13,962,012
Merchant banking operation	-	6,722,450
<b>Total:</b>	<b>17,563,145</b>	<b>20,684,462</b>
<b>23.00 Legal &amp; professional fees:</b>		
<b>Total:</b>	<b>5,722,959</b>	<b>4,745,240</b>
<u>Allocation of the above amount consists of the following:</u>		
Main operation	5,722,959	3,203,037
Merchant banking operation	-	1,542,203
<b>Total:</b>	<b>5,722,959</b>	<b>4,745,240</b>
<b>24.00 Postage, stamp, telecommunication etc.:</b>		
Postage & courier	1,234,545	870,931
Stamp charges	213,691	269,427
Telephone bill	1,670,654	1,524,192
<b>Total:</b>	<b>3,118,890</b>	<b>2,664,550</b>
<u>Allocation of the above amount consists of the following:</u>		
Main operation	3,118,890	1,798,571
Merchant banking operation	-	865,979
<b>Total:</b>	<b>3,118,890</b>	<b>2,664,550</b>
<b>25.00 Stationery, printing, advertisement:</b>		
Printing & stationery	3,009,904	4,509,904
Advertisement	5,354,559	2,902,071
<b>Total:</b>	<b>8,364,463</b>	<b>7,411,975</b>



	Amount in Taka	
	2011	2010
<i>Allocation of the above amount consists of the following:</i>		
Main operation	8,364,463	5,003,083
Merchant banking operation	-	2,408,892
<b>Total:</b>	<b>8,364,463</b>	<b>7,411,975</b>
<b>26.00 Managing director's salary &amp; allowance:</b>		
Salary & allowances	2,000,000	4,800,000
Provident fund contribution	150,000	360,000
Gratuity fund	125,000	450,000
<b>Total:</b>	<b>2,275,000</b>	<b>5,610,000</b>
<i>Allocation of the above amount consists of the following:</i>		
Main operation	2,275,000	3,786,750
Merchant banking operation	-	1,823,250
<b>Total:</b>	<b>2,275,000</b>	<b>5,610,000</b>
<b>27.00 Director fees and expenses:</b>		
	400,700	371,550
	<b>400,700</b>	<b>371,550</b>
<i>Allocation of the above amount consists of the following:</i>		
Main operation	400,700	250,796
Merchant banking operation	-	120,754
<b>Total:</b>	<b>400,700</b>	<b>371,550</b>
<b>28.00 Audit fees:</b>		
	<b>256,800</b>	<b>126,500</b>
<i>Allocation of the above amount consists of the following:</i>		
Main operation	256,800	85,388
Merchant banking operation	-	41,113
<b>Total:</b>	<b>256,800</b>	<b>126,501</b>
<b>29.00 Charges on loan losses:</b>		
Credit card receivables	-	1,956,426
Lease assets	-	-
<b>Total:</b>	<b>-</b>	<b>1,956,426</b>
<b>30.00 Repairs, maintenance and depreciation:</b>		
Equipment maintenance	5,089,584	5,836,993
Depreciation	11,064,264	16,197,614
<b>Total:</b>	<b>16,153,848</b>	<b>22,034,607</b>
<i>Allocation of the above amount consists of the following:</i>		
Main operation	16,153,848	19,701,135
Merchant banking operation	-	2,333,472
<b>Total:</b>	<b>16,153,848</b>	<b>22,034,607</b>

31.00 Other expenses:	Amount in Taka	
	2011	2010
Training	130,500	266,368
Staff welfare	390,218	363,187
Membership & renewal fees	8,803,356	2,771,910
Conveyance	1,586,758	1,204,495
Travelling	1,939,274	413,470
Internet & e-mail	914,795	907,007
News paper & periodicals	33,595	113,867
Computer accessories	997,863	1,376,213
Fuel expense	308,531	633,689
Vehicle maintenance/Registration	1,816,856	1,586,830
Water & sewerage bill	312,323	387,430
Office maintenance	5,072,906	4,745,218
Donation & Miscellaneous expenses	775,439	2,877,827
Entertainment	964,007	850,486
Business promotion	712,041	670,860
Bank charges	632,767	1,262,015
Marketing expenses	6,866,071	3,751,882
Recovery commission	181,496	453,998
CDBL fee	1,891,769	883,446
MCBS charges	10,959,511	8,942,081
Loss on sales of fixed asset	173,215	908,249
Inter change fees-VISA	-958,414	17,415
AGM & Related Expenses	3,567,625	-
Other operational exp.Visa	2,386,399	-
PD premium	441,096	16,181
<b>Total:</b>	<b>50,899,997</b>	<b>35,404,124</b>
Allocation of the above amount consists of the following:		
Main operation	50,899,997	23,897,784
Merchant banking operation	-	11,506,340
<b>Total:</b>	<b>50,899,997</b>	<b>35,404,124</b>
32.00 Provision for loans and advances :		
Provision for doubtful accounts and future losses		
General Provision	29,635,223	49,922,955
Specific provision	23,868,906	150,859,875
<b>Total:</b>	<b>53,504,129</b>	<b>200,782,830</b>
Allocation of the above amount consists of the following:		
Main operation	53,504,129	193,451,410
Merchant banking operation	-	7,331,420
<b>Total:</b>	<b>53,504,129</b>	<b>200,782,830</b>

	Amount in Taka	
	2011	2010
<b>32.01 Provision for doubtful accounts and future losses:</b>		
Lease financing	2,773,161	84,053,627
Term finance & Short term lending	16,655,062	90,747,062
Credit card	-	6,542,045
Mortgage Loan	10,207,000	10,632,516
<b>Total:</b>	<b>29,635,223</b>	<b>191,975,250</b>

**33.00 Provision for tax made during the period**

Current tax expense	77,922,978	219,834,990
Deferred tax expense/ (income)	(3,131,048)	(11,599,268)
<b>Total:</b>	<b>74,791,930</b>	<b>208,235,722</b>

In calculating deferred tax, temporary difference arising from freehold assets and liability for gratuity were considered.

**34.00 Earning per share (EPS):**

Earning attributable to ordinary shareholders	466,652,523	403,098,430
Number of ordinary shares outstanding	82,351,500	82,351,500
<b>Basic Earning per Share</b>	<b>5.67</b>	<b>4.89</b>

**35. Segment information:**

Heads	Credit & Investment							Amount in Taka			
	Personal Loan	Card Centre	Factoring & Short Term	Mortgage Loan	Corporate Finance	SME Finance	Auto Loan	PD Operation	Other Investment	Total	
<b>Interest Income</b>											
Interest income from leases	-	-	-	-	-	-	-	-	-	100,503,515	
Interest & other income from credit cards	-	132,636,737	-	-	-	-	-	-	-	132,636,737	
Interest income from term loan	-	-	-	-	-	-	-	-	-	350,505,978	
Interest income from Personal loan	451,085	-	-	-	-	-	-	-	-	451,085	
Interest income from house loan	-	-	-	140,818,317	-	-	-	-	-	140,818,317	
Interest income from short term lending	-	-	-	-	-	-	-	-	-	106,722,279	
Interest income from factoring	-	-	9,020,317	-	-	-	-	-	-	9,020,317	
Income from deposit	-	-	33,233,701	-	-	-	-	-	-	33,233,701	
Income from SME	-	-	-	-	-	46,892,329	-	-	-	46,892,329	
Income from Auto Loan	-	-	-	-	-	-	31,571,057	-	-	31,571,057	
Interest income on landing-subidiaries	-	-	-	-	-	-	-	620,209,389	-	620,209,389	
<b>Sub-total:</b>	<b>557,731,772</b>	<b>132,636,737</b>	<b>42,254,018</b>	<b>140,818,317</b>	-	<b>46,892,329</b>	<b>31,571,057</b>	-	<b>620,209,389</b>	<b>1,572,564,704</b>	
<b>Income from Investment</b>											
Income from Investment in Shares	-	-	-	-	-	-	-	-	(6,230,824)	(6,230,824)	
Dividends income	-	-	-	-	-	-	-	-	395,845,712	395,845,712	
Income from PD operation	-	-	-	-	-	-	-	135,468,938	-	135,468,938	
<b>Sub-total:</b>	-	-	-	-	-	-	-	<b>135,468,938</b>	<b>389,614,888</b>	<b>525,083,826</b>	
<b>Commission Exchange and Brokerage Income</b>											
Underwriting commission	-	-	-	-	-	-	-	1,775,525	-	1,775,525	
Merchant commission	-	2,161,544	-	-	-	-	-	-	-	2,161,544	
<b>Sub-total:</b>	-	<b>2,161,544</b>	-	-	-	-	-	<b>1,775,525</b>	-	<b>3,937,069</b>	
<b>Other Operational Income</b>											
Membership fees of credit cards	-	9,698,979	-	-	-	-	-	-	-	9,698,979	
Corporate finance fees	-	-	-	-	12,549,576	-	-	-	-	12,549,576	
Portfolio management income (IPA)	-	-	-	-	-	-	-	-	-	-	
Other operational income	31,203,277	40,734,692	121,881	5,166,300	-	1,799,579	2,041,003	(2,402,546)	8,020,450	86,684,636	
<b>Sub-total:</b>	<b>31,203,277</b>	<b>50,433,671</b>	<b>121,881</b>	<b>5,166,300</b>	<b>12,549,576</b>	<b>1,799,579</b>	<b>2,041,003</b>	<b>(2,402,546)</b>	<b>8,020,450</b>	<b>108,933,191</b>	
<b>Total Operating Revenue:</b>	<b>588,935,049</b>	<b>185,231,952</b>	<b>42,375,899</b>	<b>145,984,617</b>	<b>12,549,576</b>	<b>48,691,908</b>	<b>33,612,060</b>	<b>134,841,917</b>	<b>1,017,844,727</b>	<b>2,210,518,790</b>	

**36.00 Related party disclosure:**

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

Sl. No.	Name of Related Party	Relationship	Share holding (%)	Transactions	
				2011	Nature of Transactions
1	LankaBangla Securities Ltd.	Subsidiary company	90.90	790,679,969	Short Term Loan & Term Loan
2	LankaBangla Investments Ltd.	Subsidiary company	99.99	3,795,657,557	Loan
3	LankaBangla Asset Management Co. Ltd.	Subsidiary company	99.99	(63,217,924)	Term Deposit
4	Sampath Bank Ltd.	Sponsor Shareholder	11.29	37,566,348	Master Card Operation

**37.00 Disclosures of Directors Relation:**

Directors' interests in different entities are stated below:

Sl. No.	Name of Directors	Status in the Institution	Name of the firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.
01	Mr. Mohammad A. Moyeen	Chairman	Tropica Garments Ltd., WAC Logistics Ltd., Wings Ocean Freight Ltd., Swift Logistics Services Ltd. S G Logistics (Pvt) Ltd., Standard Paper Products Ltd., LankaBangla Securities Ltd., Freight Care Aviation Services Ltd., Expo Express Services Ltd., The M & M Ltd., STS Educational Group Ltd., UCL Logistic Ltd., Airline Cargo Resources Ltd., Wings Logistic Ltd., Cross Freight Lines Ltd., Orchid Air Ltd., STS Holdings Ltd., Global Aviation Services Ltd., Wings Tours & Travels Ltd., Global Ground Services Ltd., Wings Express Ltd., Pulsar Shipping Agencies Ltd., Air & Sea International Logistics Ltd., Wings Aviation Ltd., Colloid Enterprise Ltd., LankaBangla Investments Ltd., Voytech Ltd.

02	Mr. Mahbubul Anam	Director	Allied Aviation Bangladesh Ltd., Airlines Services Ltd., Expolanka Bangladesh Ltd., Pulsar Shipping Agencies Ltd., Voyager Airlines Ltd., Tropica Garments Ltd., Wings Air Cargo Ltd., Wings Ocean Freight Ltd., Standard Paper Products Ltd., LankaBangla Securities Ltd., Freight Care Aviation Services Ltd., Expo Express Services Ltd., The M&M Ltd., STS Educational Group Ltd., UCL Logistic Ltd., Airline Cargo Resources Ltd., Air & Sea International Logistics Ltd., SDV Bangladesh (Pvt.) Ltd., Cross Freight Lines Ltd., Orchid Air Ltd., STS Holdings Ltd., Global Aviation Services Ltd., Wings Classic Tours & Travels Ltd., S G Logistics (Pvt) Ltd., Wings Express Ltd.,
03	Mrs. Jasmine Sultana	Director	Shanta Washing Plant Ltd., Moazzem Garments Industries Ltd., Universal Business Machines Ltd., Metro Home Ltd., Dhaka Bank Ltd., Shanta Capital Management Ltd., SPL Holdings Ltd.
04	Mrs. Aneesha Mahial Kundanm	Director	Royal Park Residence, GDS Chemical Bangladesh Ltd
05	Mr. Tahsinul Huque	Director	N/A
06	Mr. I.W. Senanayake and Mr. G.L.H. Premaratne Amarasuriya (Representative of Sampath Bank Limited)	Director	N/A
07	Mr. Farman Rahman Chowdhury (Representative of One Bank Limited)	Director	N/A
08	Mr. Mirza Ejaz Ahmed (Representative of SSC Holdings Limited)	Director	Section Seven Ltd., International Shirt Line Ltd., Shirt Makers Ltd., Excel Apparels Ltd., Section Seven Apparels Ltd.

38.00 Compliance of Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS):

Name of BAS/BFRS	BAS/BFRS No.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	N/A
Statements of Cash Flows	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting Period	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant and Equipments	16	Applied
Leases	17	Applied
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting for Govt. Grants and disclosures of Govt. Assistances	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plan	26	N/A
Consolidated and Separate Financial Statements	27	Applied
Investments in Associates	28	N/A
Interest in Joint Ventures	31	N/A
Financial Instruments: Presentation	32	*Applied
Earning Per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Financial Instrument: Recognition and Measurement	39	*Applied
Investment Property	40	N/A
Agriculture	41	N/A
Share Base Payments	2	N/A
Business Combinations	3	N/A
Non-Current Assets Held for Sale and discontinued operations	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosure	7	*Applied
Operating Segments	8	Applied

Subject to departure described in note-2.04

**39.00 Audit Committee Disclosures:**

In Compliance with the requirement of Securities and Exchange Commission (SEC) Notification No. SEC/CMMRRCD/2006-158/Admin/02-08, dated 20 February, 2006 - an audit committee of LankaBangla Finance Limited (LBFL) was first constituted by the Board of Director of LBFL in its 47th Board meeting held on 21 May 2006.

Sl. No.	Name of Member	Status in the Organization	Status in the Committee	Educational Qualification
01	Mr. Mahbubul Anam	Director	Chairman	B.Sc (Mechanical Engineering)
02	Mr. Mirza Ejaz Ahmed	Director	Member	MBA, IBA, University of Dhaka
03	Mr. Farman R Chowdhury	Director	Member	MBA, IBA, University of Dhaka
04	Salauddin Ahmed Khan	Independent Director	Member	MBA

The Company Secretary is to act as Secretary of the Audit committee of the Board.

During the year 2011, the Audit Committee of the Board conducted 05 (Five) meetings in which among other things, the following issues were reviewed/discussed.

- > Terms of Reference of the Audit Committee as stated in the Securities and Exchange Commission (SEC) Notification No. SEC/CMMRRCD/2006-158/Admin/02-08, dated 20 February, 2006.
- > Reviewing the Internal Audit Reports along with Executive Summary of the different LBFL branches/departments conducted by the Internal Audit Team of the Company from time to time and also the status of Compliance thereof.
- > Reviewing the organogram of Internal Control & compliance Department as recommended By the Bangladesh Bank prudential guidelines.
- > Reviewing the progress of strengthening the internal Control & procedure, strict compliance of Anti-money Laundering Act. And also the Internal Audit team of the Company.
- > The committee places its report regularly to the Board of the Company for review and monitoring the activities with recommendations on internal control System, compliance of rules and regulation of the Regulatory Boards.

#### 40.00 Others:

##### a) Board meeting and directors' remuneration:

Each Director is drawing Tk 5,000 for attending each Board Meeting. No remuneration or special payment was paid to the directors for attending board meetings or otherwise during the year 2011. Nothing is due from any Director of the Company as on the date of closing the accounts. During the year under audit (07) seven board of director's meeting were held.

##### b) Employees' details:

	Year-2011	Year-2010
No. of employee received TK.3,000 per month	-	-
No. of employee received more than Tk.3,000 per month	141	135
	<b>141</b>	<b>135</b>

##### c) Events after the Reporting Period:

###### Right Share :

Parent:

The Board of Director of LankaBangla Finance Limited in its 72nd Meeting held on September 24, 2011 has recommended issuance Right Share @ 1R : 1 (i.e. One Right Share for One Ordinary Share held) at par value of Tk. 10.00 each approved by the shareholders in the 6th EGM and also approved by Securities & Exchange Commission on January 31, 2012. Record date of Right Share issue is on February 28, 2012.

###### Dividend Information:

The Board of Director in its 75th Meeting held on 28 February 2012 has recommended 30% Stock Dividend for the year ended on 31 December 2011 for placement before shareholder at 15th Annual General Meeting of the company scheduled to be held on 28 March 2012.

###### Fair Value of Share Portfolio:

Due to recent upheaval in the capital market of Bangladesh the fair market value of investment portfolio fall drastically from BDT 550,949,716 (as on 31 December 2011, the date of Statement of Financial Position) to BDT 459,321,299 (as on 26 February 2011, the date of issue of report by the Board of LankaBangla Finance Limited. Accordingly, the unrealized loss (net of unrealized gain) from share portfolio increased to BDT110,966,249 from BDT 9,340,068 (as on 31 December 2011) for which provision has already been made in the financial statements.



**d) Capital Expenditure Commitment:**

There was no capital expenditure contracted but not incurred or provided for at December 31, 2011. There was no material capital expenditure authorized by the Board but not contracted for at December 31, 2011.

**e) Director's interest in contracts with the company**


There was no transaction resulting in Director's interest with the Company and no leasing facilities have been made available to the Directors.

**f) Foreign remittances:**

During the year 2011, the company remitted USD 39,074.88 (in BDT 2,868,288) and GBP 10,015.64 (in BDT 1,191,288.88) against Technical Service Fees to the Foreign Shareholders.

**g) General:**

- i) All shares have been fully called up and paid up.
- ii) Bank Balances shown in the accounts are duly reconciled.



Chairman



Director



Managing Director



Company Secretary

Dated, Dhaka  
February 28, 2012

# LankaBangla Finance Limited

## Investment in Shares

As at 31 December 2011

## Annex-1

Sl. No.	Name of the Company	Type of Shares	Face Value Taka	No. of Shares including Bonus Shares Taka	Cost of Holding Taka	Average Cost Taka	Quoted Rate per share as at 31.12.2011 Taka	Total Market Value as at 31.12.2011 Taka	Unrealized Gain Taka	Unrealized Loss Taka
<b>Quoted</b>										
1	Bank Asia Limited	A	100	2,987,500	127,750,858	42.76	38.2	114,122,500		(13,628,358)
2	The Premier Bank Limited	A	10	22,200	985,100	44.37	30.8	683,760		(301,340)
3	Uttara Bank Limited	A	10	9,000	939,609	104.40	77.8	700,200		(239,409)
4	Prime Finance & Investment Limited	A	10	66,800	17,876,096	267.61	98.4	6,573,120		(11,302,976)
5	Union Capital Limited	A	10	52,500	7,589,336	144.56	60.5	3,176,250		(4,413,086)
6	Midas Finance and Investment Limited	A	100	3,415,500	131,135,369	38.39	64.4	219,958,200	88,822,831	
7	Agrani Insurance Co. Limited	A	100	10,000	886,193	88.62	41.3	413,000		(473,193)
8	Continental Insurance Limited	A	100	25,000	2,003,707	80.15	43.3	1,082,500		(921,207)
9	BSRM Steels Limited	A	100	50,000	7,945,564	159	118.7	5,935,000		(2,010,564)
10	Quasem Drycells	A	10	42,000	4,952,050	117.91	67.4	2,830,800		(2,121,250)
12	Beximco Pharmaceuticals Limited	A	10	1,532,420	181,649,012	118.54	93.6	143,434,512		(38,214,500)
13	Heidelberg Cement Limited	A	100	48,150	14,937,715	310.23	255.9	12,321,585		(2,616,130)
14	MI Cement Factory Limited	N	10	49	4,129	84.27	110.5	5,415	1,285	
15	Confidence Cement Limited	A	10	1,350	278,107	206.01	124.5	168,075		(110,032)
16	Green Delta Mutual Fund	A	10	1,000,000	10,000,000	10.00	6.8	6,800,000		(3,200,000)
17	ACI Formulations Limited	A	10	100,000	17,172,864	171.73	89	8,900,000		(8,272,864)
18	Advance Chemicals Industries Limited	A	10	59,100	21,550,254	364.64	206.6	12,210,060		(9,340,194)
19	BEXIMCO Limited	A	10	50	10,897	217.93	113	5,650		(5,247)
20	Apex Tannery	A	100	96,500	12,612,424	130.70	120.4	11,618,600		(993,824)
21	MJL Bangladesh Limited	A	10	105	10,500	100.00	99.9	10,490		(11)
					560,289,784			550,949,716	88,824,117	(98,164,184)

<b>Un-Quoted</b>						
1	Central Depository Bangladesh Limited		10	456,945	1,569,450	3.43
2	ITCL		10	500,000	5,000,000	10.00
3	Envoy Textile Limited		10	434,000	9,982,000	23.00
4	AAMRA Technologies Limited		10	140,000	5,250,000	37.50
5	Saiham Cotton Mills Limited		10	45,000	1,350,000	30.00
6	Bengal Windsor Th. Limited		10	200,000	8,000,000	40.00
7	BD Weiding Elc. Limited		10	26,031	260,310	10.00
7	BD Venture Limited		10	2,000,000	2,000,000	1.00
					<b>33,411,760</b>	

# LankaBangla Finance Limited

## Particulars of Loans and Advances

for the year ended December 31, 2011

## Annex-2

		Amount in Taka	
		2011	2010
i)	Debts considered good in respect of which the Bank/ FI is fully secured	119,510,299	7,472,076,407
ii)	Debts considered good for which the Bank/FI holds no other security than the debtor's personal security.	597,702,247	453,081,972
iii)	Debts considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	324,747,146	1,555,820,256
iv)	Debts adversely classified; for which no provision is created.	-	-
		<b>1,041,959,692</b>	<b>9,480,978,635</b>
v)	Debts due by directors or officers of the Bank/ FI or any of them either jointly or separately with any other persons.	11,811,341	6,529,775
vi)	Debts 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.	-	-
vii)	Maximum total amount of advances, including temporary advances made at any time during the period to directors & managers or officers of the Bank/ FI or any of them either severally or jointly with any other persons.	11,811,341	6,529,775
viii)	Maximum total amount of advances, including temporary advances granted during the period 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.	-	-
ix)	Due from other Bank/ FI companies	-	-
x)	Information in respect of classified loans and advances:		
	a) Classified loans for which interest/ profit not credited to income	925,612,000	897,563,729
	b) Amount of provision kept against loans classified as bad/ loss as at the Balance Sheet date	536,575,176	448,137,686
	c) Amount of interest credited to the interest suspense account	212,691,670	185,069,348
xi)	Cumulative amount of written off loans:		
	Opening Balance	1,815,124	1,815,124
	Amount written off during the year	-	-
	Amount received off during the year	-	-
	Balance of written off loans and advances yet to be recovered	<b>1,815,124</b>	<b>1,815,124</b>
	The amount of written off loans for which law suits have been filed	<b>1,815,124</b>	<b>1,815,124</b>



# LankaBangla Finance Limited

## Highlights on the overall activities

### As at December 31, 2011

#### Annex-4

Sl. No.	Particulars		December, 2011	December, 2010
1	Paid-up Capital	Taka (mn)	823.52	531.30
2	Total Capital	Taka (mn)	1,829.02	1,223.34
3	Capital Surplus/(deficit)	Taka (mn)	323.52	31.30
4	Total Assets	Taka (mn)	15,903.81	13,720.97
5	Total Deposit	Taka (mn)	5,569.77	4,814.94
6	Total Loans and Advances/Investments	Taka (mn)	14,224.31	11,358.07
7	Total Contingent Liabilities and Commitments	Taka (mn)	1,600.00	1,600.00
8	Credit to Deposit Ratio	%	186.99	196.91
9	Percentage of Classified Loans/Investments Against Total Loans and Advances/Investments	%	6.51	7.90
10	Profit After Tax & Provision	Taka (mn)	466.65	403.10
11	Amount of Classified Loans/Investments during the year	Taka (mn)	925.61	897.56
12	Provision kept against Classified Loans/Investments	Taka (mn)	536.58	556.20
13	Provision Surplus/(Deficit)	Taka (mn)	-	-
14	Cost of Fund	%	13.98	11.28
15	Interest Earning Assets	Taka (mn)	13,236.64	11,162.67
16	Non-Interest Earning Assets	Taka (mn)	2,667.17	2,556.30
17	Return on Investment (ROI)	%	3.28	3.55
18	Return on Asset (ROA)	%	2.93	2.94
19	Income from Investment	Taka (mn)	525.08	265.52
20	Earning Per Share (per share of Tk. 10.00)	Taka (mn)	5.67	7.59
21	Net Income Per Share (per share of Tk. 10.00)	Taka (mn)	5.67	7.59
22	Price Earning Ratio	Times	30.04	65.63

**Auditors' Report and  
Audited Consolidated  
Financial Statements of**  
LankaBangla Finance  
Limited and it's  
Subsidiaries



# LankaBangla Finance Limited

## Independent Auditors' Report to the Shareholders of LankaBangla Finance Limited and its Subsidiaries

### Report on the Consolidated Financial Statement

We have audited the accompanying consolidated financial statements of *LankaBangla Finance Limited and its Subsidiaries* ("the Non-Banking Financial Institutions") prepared from separate financial statements which comprise the consolidated statement of financial position as at December 31, 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information .

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements of the Company in accordance with Bangladesh Financial Reporting Standards(BFRS), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Company that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Company. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Company, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements of the Company 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Company.

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

### Opinion

In our opinion, subject to the mandatory compliance with the few regulations of Bangladesh Bank those are different from the requirements of the Bangladesh Financial Reporting Standards (BFRS) which have been adequately disclosed in notes 2.4 , the consolidated financial statements of the Company prepared in accordance with the Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the consolidated financial position of the *LankaBangla Finance Limited and its Subsidiaries* as at December 31, 2011 and the results of its financial performance and its' cash flows for the year then ended and comply with the Financial Institution Act 1993, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.



We also report that:

1. 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;
2. in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examinations of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
3. the consolidated Statement of Financial Position and the consolidated Statement of Comprehensive Income of the Company dealt with by the report are in agreement with the books of account and returns;
4. the expenditure was incurred for the purpose of the Company's business;
5. the consolidated financial position of the company and its subsidiaries as at December 31, 2011 and its statements of Comprehensive income for the year then ended have been properly reflected in the consolidated financial statements of the Company, and these consolidated financial statements have been prepared in accordance with generally accepted accounting principles;
6. the consolidated financial statements of the Company have been drawn up in conformity with the Financial Institution Act 1993 and in accordance with the accounting rules and regulations issued by Bangladesh Bank to the extent applicable to the Company;
7. adequate provisions have been made for leases and advances which are, in our opinion, doubtful of recovery;
8. the records and statements submitted by the divisions and branches have been properly maintained and recorded in the consolidated in the financial statements of the Company;
9. the information and explanations required by us have been received and found satisfactory;
10. the Company has complied with relevant laws pertaining to reserves, which was found satisfactory;
11. the consolidated financial statements of the Company conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
12. as there are no risk weighted assets determined by the Bangladesh Bank for Non banking Financial Institutions (NBFI), therefore, we believe that the review of 80% of risk weighted assets is not applicable for NBFI. We have spent around 2,085 person hours for the audit of the financial statements of the Group and the Company.

Dated, Dhaka  
February 28, 2012

*S. F. Ahmed & Co.*  
S. F. Ahmed & Co.  
Chartered Accountants

# LankaBangla Finance Limited

## Consolidated Statement of Financial Position

As at 31 December 2011

	Notes	Amount in Taka	
		31 December 2011	31 December 2010
<b>PROPERTY &amp; ASSETS</b>			
<b>Cash</b>		<b>118,809,589</b>	<b>92,634,585</b>
Cash in hand	3	166,653	202,122
Balance with Bangladesh Bank	4	118,642,936	92,432,463
<b>Balance with others bank and financial institutions</b>	<b>5</b>	<b>2,022,806,796</b>	<b>1,765,749,855</b>
<b>Investment</b>	<b>6</b>	<b>3,569,127,500</b>	<b>2,299,844,449</b>
Government securities		1,801,810,595	1,345,693,012
Others investment		1,767,316,905	954,151,437
<b>Loans, advances &amp; lease</b>	<b>7</b>	<b>10,437,817,844</b>	<b>9,472,165,117</b>
Lease portfolio, term finance, short term loan, etc.			
<b>Fixed assets</b>	<b>8</b>	<b>189,056,039</b>	<b>195,003,546</b>
At cost		360,356,730	331,922,323
Less: Accumulated depreciation		171,300,691	136,918,777
<b>Other assets</b>	<b>9</b>	<b>6,042,379,681</b>	<b>5,496,845,259</b>
<b>TOTAL ASSETS:</b>		<b>22,379,997,449</b>	<b>19,322,242,811</b>
<b>LIABILITIES &amp; CAPITAL</b>			
<b>Liabilities</b>		<b>13,765,800,595</b>	<b>10,911,453,955</b>
Borrowings from Bangladesh Bank, other banks & financial institutions	10	8,456,176,635	6,351,455,722
Term deposits	11	5,309,623,960	4,559,998,233
<b>Other liabilities</b>	<b>12</b>	<b>2,522,299,231</b>	<b>3,277,591,656</b>
<b>Capital &amp; Shareholder's Equity</b>		<b>5,720,165,436</b>	<b>4,790,041,221</b>
Share capital	13	823,515,000	531,300,000
Share Premium		1,090,888,800	1,090,888,800
Retained earnings		2,998,842,535	2,459,287,496
Payable to LB Foundation		4,666,525	4,030,984
Fair value measurement reserve		448,531,657	448,531,657
General reserve		39,189,066	34,800,936
Statutory reserve		314,531,853	221,201,348
<b>Non-controlling interest</b>		<b>371,732,187</b>	<b>343,155,979</b>
<b>TOTAL LIABILITIES &amp; CAPITAL:</b>		<b>22,379,997,449</b>	<b>19,322,242,811</b>

The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.

  
Chairman

  
Director

  
Managing Director

  
Company Secretary

Dated, Dhaka  
February 28, 2012

Signed in terms of our separate report of even date annexed.

S. F. Ahmed & Co.,  
S. F. Ahmed & Co.  
Chartered Accountants

# LankaBangla Finance Limited

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	Notes	Amount in Taka	
		2011	2010
<b>Operating Income</b>			
Net interest		962,018,217	585,019,310
Interest income	14	2,358,586,879	1,601,102,083
Less : Interest paid on deposits & borrowings	15	1,396,568,663	1,016,082,773
Income from investment	16	152,147,795	352,892,777
Commission, Exchange and Brokerage Income	17	763,978,226	1,891,649,236
Other operational income	18	135,618,442	330,463,231
<b>Total Operating Income:</b>		<b>2,013,762,680</b>	<b>3,160,024,554</b>
<b>Operating Expenses</b>			
Salary and allowances	19	195,237,635	225,477,135
Rent, taxes, insurance, electricity etc.	20	37,081,189	27,953,087
Legal & professional fees	21	9,178,711	5,952,740
Postage, stamp, telecommunication etc.	22	5,327,599	3,880,215
Stationery, printing, advertisement	23	12,093,440	10,247,269
Managing director's salary & allowance	24	2,275,000	5,610,000
Director fees and expenses	25	638,582	523,550
Audit fees	26	516,875	294,250
Charges on loan losses	27	1,976,155	1,956,426
Repairs, maintenance and depreciation	28	34,043,693	31,720,255
Other expenses	29	328,471,703	184,023,948
<b>Total Operating Expenses:</b>		<b>626,840,582</b>	<b>497,638,875</b>
<b>Net Operating Income</b>		<b>1,386,922,098</b>	<b>2,662,385,679</b>
<b>Provision for loans &amp; advance</b>	30	82,877,901	292,975,139
Specific provision		53,242,678	158,254,264
General provision		29,635,223	134,720,875
Provision for diminution in value of investment in equity shares		-	38,308,895
<b>Profit before tax and reserve:</b>		<b>1,304,044,197</b>	<b>2,331,101,645</b>
Provision for tax made during the period	31	444,984,316	491,777,403
Deferred tax (expenses)/ income		443,338,779	507,827,856
		1,645,537	(16,050,453)
<b>Net profit after tax:</b>		<b>859,059,881</b>	<b>1,839,324,242</b>
<b>Profit attributable to :</b>			
<b>Non-controlling interests</b>		<b>67,959,006</b>	<b>139,170,798</b>
<b>Owners of the parent</b>		<b>791,100,875</b>	<b>1,700,153,444</b>
		<b>859,059,881</b>	<b>1,839,324,242</b>
<b>Earning per share</b>		<b>9.61</b>	<b>20.65</b>

The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.

  
Chairman

  
Director

  
Managing Director

  
Company Secretary

Dated, Dhaka  
February 28, 2012

Signed in terms of our separate report of even date annexed.

S. F. Ahmed & Co.  
S. F. Ahmed & Co.  
Chartered Accountants

# LankaBangla Finance Limited

## Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	Amount in Taka		
	Notes	2011	2010
<b>A) Cash flows from operating activities</b>			
Interest received		1,181,528,836	3,549,327,282
Interest paid		(1,571,746,587)	(1,155,037,090)
Direct payment-hawla, laga charges		(51,062,785)	(126,228,586)
Dividend received		2,112,360	3,936,752
Fees and commission received		787,966,671	199,465,519
Income from investment		120,799,722	212,018,347
Cash paid to employees (including directors)		(128,127,686)	(182,119,645)
Cash paid to suppliers		(39,859,041)	(95,399,434)
Income taxes paid		(316,791,136)	(254,532,363)
Received from other operating activities		402,001,047	38,319,247
Paid for other operating activities		(240,197,420)	(294,256,080)
Receipt from non- operating activities		726,813,317	395,113,216
Other Expenses		(175,375,754)	(142,923,721)
<b>Cash generated from operating activities</b>		<b>698,061,544</b>	<b>2,147,683,444</b>
Increase/ (decrease) in operating assets & liabilities			
Loans and advances to customers		(933,981,058)	(1,399,401,825)
Other assets		(666,314,091)	330,265,939
Deposits from customers		1,453,127,346	133,036,882
Other liabilities		(212,398,125)	165,618,836
<b>Total increase/ (decrease) in operating assets &amp; liabilities</b>		<b>(359,565,928)</b>	<b>(770,480,168)</b>
<b>Net Cash from Operating Activities</b>		<b>338,495,616</b>	<b>1,377,203,276</b>
<b>B) Cash flows from investing activities</b>			
Changes in trading securities		(683,897,885)	(365,383,177)
Changes in non-trading securities		2,320,857	17,197,382
Investment in FDR		(140,000,000)	-
Net proceeds/(payments) for sale/ purchase of Treasury bills		(456,117,582)	(736,397,118)
Purchase of property, plant and equipment		(39,815,814)	(134,405,102)
Sales proceeds of fixed assets		8,702,382	743,550
Investment in subsidiary-LankaBangla Investments Ltd.		-	(199,999,970)
Investment in subsidiary-LankaBangla Asset Management Co. Ltd.		-	(24,999,500)
<b>Net Cash used in Investing Activities</b>		<b>(1,308,808,042)</b>	<b>(1,443,243,935)</b>

	Amount in Taka		
	Notes	2011	2010
<b>C) Cash flows from financing activities</b>			
Increase/(decrease of long term loan		2,334,687,836	1,035,609,255
Increase/(decrease debit balance to clients		(480,911,813)	(2,514,536,729)
Increase/(decrease credit balance to clients		(596,200,668)	520,978,070
Issuance of Shares		-	275,000,030
Share premium		-	1,200,000,000
Net drawdown of short term loan		-	380,000,000
Payment to LB Foundation		(4,030,984)	-
Dividend paid (cash dividend)		-	(61,660,233)
<b>Net Cash from Financing Activities</b>		<b>1,253,544,371</b>	<b>835,390,393</b>
D) Net Increase/ (Decrease) in Cash & Cash Equivalents		283,231,945	769,349,734
E) Opening cash and cash-equivalents		1,858,384,440	1,089,034,705
<b>F) Closing cash and cash-equivalents (D+E)*</b>		<b>2,141,616,385</b>	<b>1,858,384,439</b>
<b>* Closing cash and cash-equivalents</b>			
Cash in hand (including foreign currencies)		166,653	202,122
Balance with Bangladesh Bank and its agent bank (s)		118,642,936	92,432,463
Balance with other Banks and Financial Institutions		2,022,806,796	1,765,749,855
<b>Total:</b>		<b>2,141,616,385</b>	<b>1,858,384,440</b>



Chairman



Director



Managing Director



Company Secretary

Dated, Dhaka  
February 28, 2012

# LankaBangla Finance Limited

## Consolidated Statement of Changes in Shareholders Equity

For the year ended 31 December 2011

Particulars	Amount in Taka							
	"Share Capital"	"Statutory Reserve"	"General Reserve"	Fair value measurement reserve	"LB Foundation"	"Share premium"	"Retained Earnings"	Total
<b>Balance as at 01 January 2011</b>	531,300,000	221,201,348	34,800,936	448,531,657	4,030,984	1,090,888,800	2,459,287,496	4,790,041,221
Prior year Adjustment*	-	-	-	-	-	-	143,054,324	143,054,324
Interim dividend	-	-	-	-	-	-	(393,745,352)	(393,745,352)
Restated Balance as at 01 January 2011	<b>531,300,000</b>	<b>221,201,348</b>	<b>34,800,936</b>	<b>448,531,657</b>	<b>4,030,984</b>	<b>1,090,888,800</b>	<b>2,208,596,469</b>	<b>4,539,350,194</b>
<b>Items Involved in Changes in Equity</b>								
Net profit for the year 2011	-	-	-	-	-	-	791,100,875	791,100,875
Dividend-Adjustment	-	-	-	-	-	-	393,745,352	393,745,352
Appropriation to statutory reserve	-	93,330,505	-	-	-	-	(93,330,505)	-
Appropriation to General reserve	-	-	4,388,130	-	-	-	(4,388,130)	-
Transfer to LB Foundation A/c.	-	-	-	-	(4,030,984)	-	-	(4,030,984)
Transfer to LB Foundation A/c.	-	-	-	-	4,666,525	-	(4,666,525)	-
<b>Proposed dividend</b>								
Stock dividend (55%)	292,215,000	-	-	-	-	-	(292,215,000)	-
<b>Balance as at 31 December 2011</b>	<b>823,515,000</b>	<b>314,531,853</b>	<b>39,189,066</b>	<b>448,531,657</b>	<b>4,666,525</b>	<b>1,090,888,800</b>	<b>2,998,842,535</b>	<b>5,720,165,436</b>
Non-controlling interest	-	-	-	-	-	-	-	-
Balance as at 01 January 2011	-	-	3,480,806	44,862,343	-	109,111,200	185,701,631	343,155,980
Profit for the year 2011	-	-	-	-	-	-	67,959,006	67,959,006
Interim dividend	-	-	-	-	-	-	(39,382,798)	(39,382,798)
Appropriation to General reserve	-	-	437,670	-	-	-	(437,670)	-
<b>Total Non-controlling interest:</b>	<b>-</b>	<b>-</b>	<b>3,918,476</b>	<b>44,862,343</b>	<b>-</b>	<b>109,111,200</b>	<b>213,840,169</b>	<b>371,732,187</b>
<b>Total equity:</b>	<b>823,515,000</b>	<b>314,531,853</b>	<b>43,107,542</b>	<b>493,394,000</b>	<b>4,666,525</b>	<b>1,200,000,000</b>	<b>3,212,682,704</b>	<b>6,091,897,623</b>

\* Prior year adjustment : Please See note no: 2.4.9



Chairman



Director



Managing Director



Company Secretary

# LankaBangla Finance Limited

## Notes to the Consolidated Financial Statements

### For the year ended 31 December 2011

#### 1.00 Legal status and nature of the company:

##### 1.1 Domicile, legal form and country of operation

**LankaBangla Finance Limited** (here in after 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.

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	0923826	24.09.2008	2011-2012
2.	Bangladesh Bank License	DFIM(L)/15	30.10.1997	N/A
3.	Tax Identification Number (TIN)	210-200-6736	N/A	N/A
4.	VAT Identification Number	5101018797	N/A	N/A
5.	Import Registration Certificate	BA159696	01.01.2006	2011-2012
6.	DCCI Membership Certificate	2857	23.12.2008	2011
7.	Board of Investment	9803054-H	30.03.1998	N/A
8.	MBD License	MB-1.064/98-05	22.01.1998	2011
9.	PD License	DMD-14/2009	23.11.2009	N/A
10.	Registration Number	C-31702(823)/96	05.11.1996	N/A

##### 1.2 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, Corporate Financial Services etc.
- Fund based services include Lease Finance, Term Finance, Real Estate Finance, Hire Purchase, Credit Card Operation, Factoring etc.
- LankaBangla also provides brokerage services through its owned subsidiary companies.

##### 1.3 Subsidiary companies

###### LankaBangla Securities Ltd.:

The Company is holding a subsidiary company named “LankaBangla Securities Ltd.” (formerly Vanik Bangladesh Securities Limited) with an equity interest of 90.90% (87,498,967 shares of Tk.10 each totaling Tk. 874,989,670) in the subsidiary company. The subsidiary is a private limited company 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 Company was subsequently emerged as a Public Limited Company on March 02, 2010. The principal activity of the subsidiary is to deal with the securities as broker in the capital market having membership no. 132 with Dhaka Stock Exchange and 91 with Chittagong Stock Exchange with the 09(Nine) branches in the Bangladesh.

###### LankaBangla Asset Management Company Limited:

The Company is also holding another subsidiary company named “LankaBangla Asset Management Company Limited” with an equity interest of 99.998% (499,990 shares of Tk. 100 each totaling Tk. 49,999,000) in the subsidiary company. 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 also applied for registration, to the Securities and Exchange Commission for approval to operate in the Capital Market as Trustee of Mutual Fund under the Securities and Exchange Commission (Mutual Fund) Regulations, 2001, which is under process.

###### LankaBangla Investment Limited:

The Company is also holding another subsidiary company named “LankaBangla Investment Limited” with an equity

interest of 99.998% (29,999,997 shares of Tk. 10 each totaling Tk. 299,999,970) in the subsidiary company. LankaBangla Investment Limited was incorporated 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. LankaBangla Investment Limited also applied for registration, to the Securities and Exchange Commission for approval to operate in the Capital Market.

## **2.00 Basis for preparation and Significant accounting policies:**

### **2.1 Basis for preparation and presentation of financial statements:**

The financial statements have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement in accordance with the Companies Act 1994, the Financial Institutions Act 1993, 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 Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), except the circumstances where local regulations differ, and other applicable laws and regulations.

The presentation of the financial statements has been made as per the requirements of DFIM Circular No: 11, dated December 23, 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.

### **2.2 Basis of measurement**

This financial statement has been prepared based on Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) and 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.

### **2.3 Date of authorization**

The Board of Directors has authorized these financial statements for public issue on February 28, 2012.

### **2.4 Disclosure of departure from few requirements of BAS/BFRS due to mandatory compliance of Bangladesh Bank's requirements**

Bangladesh Bank is the prime regulatory body for Non-Banking Financial Institutions (NBFI) in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with those of financial instruments and general provision standards of BAS and BFRS. As such the company has departed from those contradictory requirements of BAS/BFRS in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below along with financial impact where applicable:

**2.4.1** As per FID circular No. 02, dated 31 January 2012 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. Provisions has been made by netting off any unrealized gain/(loss) arising at the Balance sheet date. However as per requirements of BAS 39 investment in shares falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value at the year-end is taken to profit and loss account or other comprehensive income respectively.

**2.4.2** 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. As such the company measures and recognizes investment in quoted and unquoted shares at cost if the year-end market value (for quoted shares) and book value (for unquoted shares) are higher than the cost. At the period end the company's market value and book value of quoted shares was lower than cost price by Tk. 9.34 million in case of the separate financial statements and in case of the consolidated financial statements the same is higher than cost by 14.15 million in the financial statement. However as per requirements of BAS 39 investment in shares falls either under "at fair value through statement of comprehensive income" or under "available for sale" where any change in the fair value at the period end is taken to statement of comprehensive income or revaluation reserve respectively.

**2.4.3** 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. As such the company measures and recognizes investment in quoted and unquoted shares at cost if the year-end market value (for quoted shares) and book value (for unquoted shares) are higher than the cost. At the year-end the company's market value and book value of quoted shares was higher than cost price by Tk. 9.34 million in the financial statements. However as per requirements of



BAS 39 investment in shares falls either under “at fair value through statement of comprehensive income” or under “available for sale” where any change in the fair value at the year-end is taken to statement of comprehensive income or revaluation reserve respectively.

**2.4.4** As per FID circular No. 08 dated 03 August 2002 and FID circular No. 03, dated 03 May 2006 a general provision at 1% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained. However such general provision cannot satisfy the conditions of provision as per IAS 37. At the year end the company has recognized an accumulated general provision of Tk. 93.26 million in the statement of financial position under liabilities.

**2.4.5** Bangladesh Bank has issued templates for financial statements 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 Comprehensive Income (OCI) Statement. As such the company does not prepare the other comprehensive income statement. However the company does not have any elements of OCI to be presented.

**2.4.6** As per Bangladesh Bank guidelines financial instruments are categorized, recognized and measured differently from those prescribed in BAS 39. As such some disclosure and presentation requirements of BFRS 7 and BAS 32 have not been made in the accounts.

**2.4.7 Basis of consolidation of operations of subsidiary**

The financial statements of the Company and its subsidiary, as mentioned in note # 1 have been consolidated in accordance with Bangladesh Accounting Standard 27 “Consolidated and Separate Financial Statements” The consolidation of the financial statement has been made after eliminating all material inter company balances, income and expenses arising from inter company transactions.

The total profits of the Company and its subsidiary are shown in the consolidated statement of comprehensive income with the proportion of profit after taxation pertaining to non-controlling 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 non-controlling shareholder of the subsidiary are shown separately in the consolidated statement of financial position under the heading ‘Non-controlling Interest’.

**2.4.8 Components of the financial statements**

The financial statements comprises of:

- a) Statement of Financial Position;
- b) Statement of Comprehensive Income;
- c) Statement of Changes in Equity;
- d) Statement of Cash Flows; and
- e) Notes to the Financial Statements.

**2.4.9 Prior year adjustment**

As the Assessment of Income Tax for the year 2008 has been completed with an Assessed Loss of Tk. 409,812,639 and we made provision for Tk. 70,123,123 during the year 2008, out of which Tk 70,000,000/- has now been reversed. Moreover, Provision for Bad & Doubtful debts has been reversed for Tk. 73,054,324 which had been provided for the 2010 due to collection and rescheduling of the Bad & Doubtful Lease/loans. Due to such prior year adjustment opening balance of retained earnings has been restated.

**2.5 Presentation and functional currency and level of precision**

The financial statements are 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 BDT.

**2.6 Use of estimates and judgments**

The preparation of financial statements in conformity with Bangladesh Financial Reporting Standards (BFRS) 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 Bangladesh Accounting Standard (BAS) 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 of 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.

### **2.7 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

### **2.8 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.

### **2.9 Directors' responsibility statement**

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

### **2.10 Branch Accounting**

The Company has 02 branches and 01 SME booth, with no overseas branch as on December 31, 2011. 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.

### **2.11 Accounting for leases:**

The company, through implementation of BAS 17, has been following the finance lease method for accounting of lease incomes. The aggregate lease receivables including un-guaranteed residual value are recorded as gross lease receivables while the excess of gross lease receivables over the total acquisition cost and interest during the acquisition period of lease assets, constitutes the unearned lease income. Initial direct cost (if any) in respect of lease are charged in the period in which such cost are incurred.

The unearned lease income is usually amortized to revenue on a monthly basis over the lease term yielding a constant rate of return over the period. Unrealized income is suspended, in compliance with the requirements of circular issued by the DFIM of Bangladesh Bank.

### **2.12 Accounting for term finance:**

Books of accounts 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 as operational revenue periodically.

### **2.13 Investments:**

Investment comprises of equity and Government Securities. Investment in marketable ordinary shares has been shown at cost or market price, whichever is lower, on an aggregate portfolio basis as required by Bangladesh Bank' FID circular No. 08 dated August 3, 2002. Investment in non-marketable shares has been valued at cost. Full provision for diminution in value of shares as on closing of the year on an individual investment basis is made in the financial statements.

Investments in Government Treasury Bills and Government Treasury Bonds classified as "Held to Maturity" are non-derivatives financial assets with fixed or determinable payments and fixed maturities that the management has the intention and ability to hold to maturity. Where the Company want to sell other than an insignificant amount of such assets, the entire category would be reclassified as held for sale.

**2.14 Recognition of fixed assets:****2.14.1 Assets acquired under own finance:**

These are recognized initially at cost and subsequently at cost less accumulated depreciation in compliance with the BAS 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 period 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/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

**2.14.2 Assets acquired under finance lease:**

Assets acquired under finance lease are accounted for by recording the assets at the lower of present value of minimum lease payments under the lease agreement and the fair value of the asset. The related obligation under the lease is accounted for as liability. Financial charges are located to accounting period in a manner so as to provide a constant rate of charge on the outstanding liability. Depreciation on fixed assets acquired under lease has been charged in the accounts following the principal recovery method.

**2.14.3 Depreciation:**

Depreciation on Own Fixed Assets:

Depreciation on freehold fixed assets is charged using straight-line method at the following rates starting from the period of acquisition of assets:

Furniture & fixture	15%
Office equipment	20%
Vehicle	25%

No depreciation is charged in the period of disposal.

**2.14.4 Depreciation/ amortization of leased assets:**

Leased assets in the use and possession of the Company are depreciated in the books of the Company over the lease terms.

**2.15 Intangible assets:**

Intangible assets are initially recognized at cost including any directly attributable cost. Amortization is provided on a straight-line basis at 20% to written off the cost of intangible assets.

Intangible assets include software, integrated systems along with related hardware.

**2.16 Consistency**

In accordance with the BFRS framework for the presentation of financial statements together with BAS 1 and BAS 8, LankaBangla Finance applies the accounting disclosure principles consistently from one period to the next. Where selecting and applying new accounting policies, changes in accounting policies applied, correction of errors, the amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of BAS-8. We however have applied the same accounting and valuation principles in 2011 as in financial statements for 2010.

**2.17 Liquidity statement:**

The Liquidity Statement has been prepared in accordance with remaining maturity grouping of Assets and Liabilities as of the close of the period as per following bases:

- Balance with other banks and financial institutions, money at call and short notice etc. are on the basis of their term.
- Investments are on the basis of their residual maturity term.
- Loans and advances are on the basis of their repayment/ maturity schedule.
- Fixed assets are on the basis of their useful lives.
- Other assets are on the basis of their adjustment.
- Borrowings from other banks and financial institutions as per their maturity/ repayment term.

- g) Deposits and other accounts are on the basis of their maturity period 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.

**2.18 Borrowing costs:**

Borrowing costs are recognized as expenses in the period in which they incur in accordance with BAS 23 "Borrowing cost".

**2.19 Books of accounts:**

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

**2.20 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/year are reported at the rates prevailing on the Statement of Financial Position (balance sheet) date. Exchange gains or losses arising out of the said conversions are recognised as income or expense for the period/year are charged in the statement of comprehensive income profit and loss account after netting off.

**2.21 Revenue recognition:**

As per BAS 18, "Revenue" is recognized when it was probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

**2.21.1 Lease financing:**

The Company follows the finance lease method for accounting of lease incomes in compliance with BAS 17. Interests are recognized as and when interest/incomes are accrued. Lease interests outstanding equivalent to or over 3 months are not recognized as revenue, and used to keep under interest suspense account. Fee based income and delinquent charges from lease operations are accounted for on cash basis.

**2.21.2 Loans and advances:**

Interest on term finance is recognized when interest is accrued. No interest on loan is accounted for as revenue where any portion of capital or interest is in arrears equivalent to or over 3 months or more. Fee based income and delinquent charges from loan operations are accounted for on cash basis.

**2.21.3 Credit cards:**

Interests on credit card are accrued and taken to accounts up to 03 (three) months. Interest accrued on credit card for 3 months equivalent to or over 3 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

**2.21.4 Other income:**

Fee based incomes other than above are recognized as income at the stage of completion of transaction when the amount of revenue can be measured reliably and economic benefits associated with the transaction flows to the company.

- > Profit or loss arising from the sale of shares are accounted for on cash basis
- > FDRs, if not en-cashed on due date, are considered automatically renewed with interest earned upto maturity date and with the equivalent current rate of interest.

**2.21.5 Interest suspense account:**

Lease income earned, interest on term finance and on car loans overdue equivalent to or over 3 months period and interest on real estate finance overdue equivalent to or over 9 months are not recognized as revenue and credited to interest suspense account.

**2.22 Cash and cash equivalent and Statement of cash flows:**

Cash and cash equivalents comprise cash in hand and 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.

The Statement of Cash Flows is prepared using the direct method as stipulated in Bangladesh Accounting Standards (BAS) no. 7 "Statement of Cash Flows"

### 2.23 Provision for loans and advances:

Provision against classified loans and advances is made on the basis of quarter end review by the management and instruction contained in 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;. The classification rates as per Bangladesh Bank circulars used for provision are as follows:-

Consumer	Business Unit	Rate of Provision				
		UC	SMA	SS	DF	BL
	House Building & Professional	1%	5%	20%	50%	100%
	Other than House Building & Professional	1%	5%	20%	50%	100%
	Small & Medium Enterprise	1%	5%	20%	50%	100%
	All Others	1%	5%	20%	50%	100%

### 2.24 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 canceled and removed from ("written off") the business's balance sheet.

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

### 2.25 Corporate tax:

#### Provisions for tax

#### a. Provision for the period

Provision for current income tax has been made @ 42.50% as prescribed in Finance Act, 2011 on the profit made by the Company considering major taxable allowances and disallowances and the same is understated/ overstated to that extent. Any shortfall/ excess provision will be duly adjusted after final assessment.

#### b. Deferred tax

The Company accounts for deferred tax as per Bangladesh Accounting Standard (BAS) 12 "Income Taxes". Deferred tax is provided using the balance sheet method for all temporary timing differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes. Tax rate prevailing at the balance sheet date is used to determine deferred tax.

### 2.26 Employees benefit plans

LankaBangla Finance Limited offers a number of benefit plans which includes contributory provident fund, gratuity plan, Profit participation scheme and Group Life Insurance Scheme and Health Insurance

#### 2.26.1 Provident fund:

The Company maintains a contributory employees Provident Fund recognized by National Board of Revenue 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.

#### 2.26.2 Gratuity fund:

The Company operates an unfunded gratuity scheme. 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 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

Required amount of gratuity provision has been kept 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.

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

**2.26.3 Profit participation scheme:**

Every employee who have completed at least three months confirmed services in the concerned year and will receive the incentive bonus on a pro data basis in addition, the employee must be on the pay roll on the day of declaration of incentive bonus.

From 2009 incentive bonus would paid only when the company makes profit in a particular year, the quantum should not have any direct link with the basic salary but with the return on equity. The bases of calculations are as follows:

- a. No profit, no bonus;
- b. If Return on Equity (ROE) is less than 12%, no bonus will be entitled as it does not cover the cost of fund of the shareholders;
- c. If Return on Equity (ROE) is between 12%-20%, the employees would receive 5% of profit after taxes;
- d. If Return on Equity (ROE) is above 20%, quantum of incentive bonus would be (C) above plus 10% of excess amount of 20% of ROE.

**2.26.4 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.

**2.27 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.

**2.28 Earning Per Share (EPS):**

The company calculates EPS in accordance with the requirement of BAS – 33: “Earning Per Share”, which has been shown on the face of the Statement of Comprehensive Income and the computation is shown in “Note # 32”.

**Basic earnings:**

This represents earnings for the period ended on 31 December 2011 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 earning per share:**

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

**Diluted earning 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 BAS – 33.

**2.29 Corporate Governance:**

The company recognizes the importance of high standards of corporate governance and corporate social responsibility. Through regular Board Meeting (05 meeting held in the period 2011) 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 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.

**2.30 BASEL II & its implementation:**

To cope with the international best practices and to make the capital more risks 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 period, Basel Accord regime will be started and the guidelines on BAFI will have 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.

**2.31 Events after the reporting period:**

All material events occurring after the reporting period are considered and where necessary, adjusted for or disclosed in Note # 37(c).

**2.32 Proposed dividend:**

Disclosure of proposed dividend has been shown in Note # Note # 40 (c) in accordance with Bangladesh Accounting Standards BAS – 10: "Events after the Reporting Period".

**2.33 Contingent liabilities and contingent assets**

The Company does not recognize contingent liability and contingent asset but discloses the existence of contingent liability in the financial statements. A contingent liability is a probable obligation that arises from past events whose existence will be confirmed by occurrence or nonoccurrence of uncertain future events not within 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.

**2.34 Comparative Figures**

Comparative information has been disclosed in respect of the period ended 31 December, 2011 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 2010 have been restated and rearranged whenever considered necessary to ensure comparability with the current period.

	Amount in Taka	
	2011	2010
<b>3.00 Cash in hand :</b>	<b>166,653</b>	<b>202,122</b>
<b>4.00 Balance with Bangladesh Bank:</b>	<b>118,642,936</b>	<b>92,432,463</b>
The above balance was laid with Bangladesh Bank (Local currency)		
<b>5.00 Balance with other bank and financial institutions:</b>		
<b>Local Currency:</b>		
Fixed deposit account (Note - 5.01)	441,146,035	330,649,920
Interest bearing short term deposit account (Note - 5.02)	1,255,376,977	1,320,711,433
Non interest bearing current account (Note - 5.03)	326,154,162	114,258,879
<b>Sub-Total :</b>	<b>2,022,677,173</b>	<b>1,765,620,232</b>
<b>Foreign Currency:</b>		
Dhaka Bank Ltd- USD Account ( Exchange Rate: Tk.70.20)	94,236	94,236
Dhaka Bank Ltd- POUND Account ( Exchange Rate: Tk.107.23)	28,501	28,501
Dhaka Bank Ltd- EURO Account ( Exchange Rate: Tk.91.60)	6,886	6,886
<b>Sub-Total :</b>	<b>129,623</b>	<b>129,623</b>
<b>Total :</b>	<b>2,022,806,796</b>	<b>1,765,749,855</b>
<b>Country of Deposit:</b>		
In Bangladesh	2,022,806,796	1,765,749,855
Outside of Bangladesh	-	-
	<b>2,022,806,796</b>	<b>1,765,749,855</b>
<b>5.01 Fixed deposit account:</b>		
Mercantile Bank Limited	54,669,904	50,577,940
Prime Bank Limited	137,940,616	127,769,211
Standard Bank Limited	3,634,380	3,275,207
One Bank Limited	140,000,000	-
Commercial Bank of Ceylon Limited	104,901,134	99,027,562
Reliance Finance Limited	-	50,000,000
<b>Total:</b>	<b>441,146,035</b>	<b>330,649,920</b>
<b>5.02 Interest bearing short term deposit account:</b>		
Dhaka Bank Limited	12,613,089	8,463,701
Arab Bangladesh Bank Limited	2,392,938	844,944
Prime Bank Limited	8,652,308	25,946,914
One Bank Limited	1,155,500,370	1,168,156,527
National Credit & Commerce Bank Limited	50,719	271,079
United Commercial Bank Limited	11,189	266,669
Uttara Bank Limited	10,470	10,470
Bank Asia Limited	11,819,832	4,891,548
Exim Bank Limited	3,955	1,002
The Premier Bank Limited	71,420	72,690



	Amount in Taka	
	2011	2010
Mutual Trust Bank Limited	1,020	2,220
Standard Bank Limited	13,759	15,922
Citibank N.A	-	117,721
ICB Islami Bank Limited	79,669	75,935
Social Islami Bank Ltd.	4,750	29,519,416
Bank Asia Limited	-	10,000
The City Bank Ltd.	1,069,712	3,363,738
IFIC Bank Ltd.	42,840	131,242
Pubali Bank Limited	45,003	5,000
Mercantile Bank Limited	1,583,835	3,584,198
Al-Arafah Islami Bank Ltd.	5,619	8,850
HSBC	1,375,963	9,599,047
BRAC Bank Limited	30,387,679	44,269,171
Dutch Bangla Bank Limited	18,421,787	7,123,541
Trust Bank Limited	-	942
Eastern bank Ltd.	5,000	-
Janata Bank Ltd.	5,000	-
Commercial bank Ceylon	11,209,052	13,620,427
<b>Total:</b>	<b>1,255,376,977</b>	<b>1,320,711,433</b>

**5.03 Non interest bearing current account:**

Dhaka Bank Limited	396	896
Standard Chartered Bank	15,707,351	87,840,018
Prime Bank Limited	159,129	13,556,599
Shahjalal Islami Bank Limited	2,029,555	4,908,908
One Bank Limited	7,334,620	698,563
The Trust Bank Limited	696,420	887,929
The Premier Bank Limited	25,874	354,436
First Security Bank Limited	8,104	709,719
National Bank Limited	2,899	195,338
Standard Bank Limited	9,143	2,561,466
Sonali Bank	-	19,140
Social Investment Bank Limited	-	723,866
Bank Alfallah Limited	18,555	8,363
Southeast Bank Limited	12,239	-
Exim Bank Ltd.	50,738	1,767,646
BRAC Bank Limited	4,484	363,196
The City Bank Limited	300,094,655	-
Jamuna bank Ltd.	-	1,315
<b>Total:</b>	<b>326,154,162</b>	<b>114,258,879</b>

**6.00 Investment:**

<b><i>in Government securities</i></b>	1,801,810,595	1,345,693,012
Treasury bills ( Note-6.01)	305,610,595	479,293,012
Bonds ( Note-6.02)	1,496,200,000	866,400,000

	Amount in Taka	
	2011	2010
<b>Other Investment</b>		
Ordinary shares-Un-Quoted ( Note-6.03)	1,767,316,905	954,151,437
Ordinary shares-Quoted ( Note-6.04)	153,770,193	64,435,797
	1,613,546,712	889,715,640
<b>Total:</b>	<b>3,569,127,500</b>	<b>2,299,844,449</b>
<b>6.01 Treasury bills:</b>		
91-days Treasury bills	107,291,909	169,497,781
182-days Treasury bills	58,522,622	169,515,055
364-days Treasury bills	139,796,063	140,280,176
<b>Total:</b>	<b>305,610,595</b>	<b>479,293,012</b>
<b>6.02 Bonds:</b>		
05-Year Treasury bond	241,800,000	354,900,000
10-Year Treasury bond	637,600,000	232,700,000
15-Year Treasury bond	370,100,000	164,500,000
20-Year Treasury bond	246,700,000	114,300,000
<b>Total:</b>	<b>1,496,200,000</b>	<b>866,400,000</b>
<b>6.03 Ordinary shares-Un Quoted:</b>		
Central Depository ( Bangladesh) Limited	1,569,450	4,416,700
Information Technology Company Limited (ITCL)	5,000,000	5,000,000
Information Technology Consultants Limited	6,389,433	5,000,000
Envoy Textiles Limited	15,801,000	15,801,000
MI Cement Factory Ltd.	-	7,217,729
Aamra Technology Limited	10,500,000	10,500,000
Saiham Cotton Mills Limited	1,350,000	1,350,000
Bengal Windsor Th. Ltd.	8,000,000	-
BD welding Ltd.	260,310	-
BD Venture Ltd.	2,000,000	-
GBB Power Limited	1,400,000	1,400,000
Financial Excellence Limited	1,500,000	1,500,000
BizBangla Media Limited	100,000,000	-
MJL Bangladesh Ltd.	-	12,250,368
<b>Total:</b>	<b>153,770,193</b>	<b>64,435,797</b>
<b>6.04 Ordinary shares-Quoted:</b>		
AB Bank Limited	683,000	-
Bank Asia Limited	235,228,359	-
Mobil Jamuna Bd Ltd	21,080	-
Eastern Bank Limited	-	57,840,000
One Bank Limited	477,000	-
National Bank Limited	1,670,000	-
The Premier Bank Ltd.	985,100	-

	Amount in Taka	
	2011	2010
Midas Finance and Investment Ltd.	240,082,716	229,657,250
Green Delta Insurance Company Ltd.	10,000,000	-
Uttara Bank Ltd.	939,609	-
Eastern Cables Limited	87,510,996	-
Prime Finance & Investment Limited	17,876,096	-
ACI Formulations Limited	17,172,863	17,172,864
Amcl (Pran)	-	24,084,561
Delta Spinning Ltd.	-	1,800
Delta Brac Housing Finance Corporation Ltd. (DBH)	320,600	-
Islami Bank Bangladesh Ltd.	1,635,000	-
DBH 1st Mutual Fund	-	500,000
RAK Ceramics Limited	5,664	7,803,580
ACI 20% Convertible Zero Coupon Bond	-	37,430,000
Heidelberg cement Ltd.	85,105,715	63,201,233
Lafarge Surma Cement Ltd.	-	8,662,545
Rupali Bank Limited	140	13,285,420
LR Global BD mutual Fund One	300,000,000	-
Advance Chemicals Industries Limited	21,550,254	19,552,624
Bangladesh Steel Re-rolling Mills Ltd. (BSRM)	10,319,564	-
The Premier Bank Limited	-	649,019
Confidence Cement Ltd.	278,107	-
Apex Tannery Ltd.	12,612,424	-
MI Cement	8,370	-
Delta Life Insurance Limited	215,702,574	-
Beximco Pharmaceuticals Ltd.	332,349,012	300,644,246
Union Capital Ltd.	7,589,336	12,648,893
Agrani Insurance Co. Ltd.	886,193	15,596,995
Prime Bank Limited	133,500	-
Continental Insurance Ltd.	2,003,707	5,915,702
Quasem Drycells Ltd.	4,952,050	3,061,435
Green Delta Mutual Fund	-	10,000,000
Power Grid Company of Bangladesh Ltd.	315,000	-
Square Pharmaceuticals Ltd.	1,185,500	-
Titas gas Transmission & Distribution Co. Ltd.	612,841	-
Beximco Ltd.	10,897	47,935,971
Bextex Ltd.	-	3,021,033
Pragati Life Insurance Ltd.	-	10,544,524
Second ICB Mutual Fund	2,817,500	-
Ocean Containers limited	5,945	5,945
Janata Bank 1st Mutual fund	500,000	500,000
<b>Total:</b>	<b>1,613,546,712</b>	<b>889,715,640</b>

**7.00 Lease loans & advance:**

Lease portfolio	832,316,654	969,270,162
Gross Lease rental receivable	1,035,207,928	1,267,220,674
Less: Unearned Lease Income	192,250,878	297,950,512

	Amount in Taka	
	2011	2010
Term finance	2,420,131,528	2,183,632,002
Term Loan - Personal	13,593,680	-
Mortgage loan (Note- 07.01)	1,503,653,190	1,111,701,735
Margin loan against share trading	3,786,975,205	4,176,039,592
Short term finance	581,391,052	220,083,055
Factoring Debtors	55,684,986	34,859,180
Credit card receivables	597,702,247	430,637,948
Master Card	481,951,810	-
VISA Card	115,750,437	-
Term Finance -SME	324,747,146	182,990,057
Term Finance -Auto Loan	246,696,312	128,751,080
LBFL Employees Housing Loan	20,350,000	-
Work Order Finance - Factoring	14,996,300	5,584,300
Work Order Finance	39,579,544	37,429,524
<b>Total:</b>	<b>10,437,817,844</b>	<b>9,472,165,117</b>

#### 7.01 Mortgage loan

Mortgage Loan-Under Bangladesh Bank Scheme	808,329,092	858,751,017
Mortgage Loan-Under Own Finance	553,884,751	62,556,330
Mortgage -Developer Finance	141,439,347	190,394,388
<b>Total:</b>	<b>1,503,653,190</b>	<b>1,111,701,735</b>

#### 8.00 Fixed assets:

<b>A. Cost</b>		
<b>i) Freehold assets</b>		
Opening Balance	303,209,187	153,632,711
Add : Addition during the year	44,218,861	133,645,627
	347,428,048	287,278,338
Less: Sales/Adjustment during the year	15,313,710	8,219,740
	<b>332,114,338</b>	<b>279,058,598</b>
<b>ii) Asset under finance lease</b>		
Opening Balance	-	38,590,987
Add: Addition during the year	-	7,059,600
	-	45,650,587
Less: Disposal during the year	-	21,500,000
	-	24,150,587
<b>iii) Intangible assets</b>		
Opening Balance	27,943,727	28,623,388
Add: Acquisition during the year	745,654	89,750
	28,689,381	28,713,138
Less: Sales/Adjustment during the year	446,989	-
	<b>28,242,392</b>	<b>28,713,138</b>
<b>Total cost (A)</b>	<b>360,356,730</b>	<b>331,922,323</b>

		Amount in Taka	
		2011	2010
<b>B. Accumulated Depreciation</b>			
<b>i) Freehold assets</b>			
Opening Balance		113,872,974	80,191,428
Add : Charged during the year		40,948,991	30,503,960
		154,821,965	110,695,388
Less: Adjustment during the year		6,125,563	6,592,941
		<b>148,696,403</b>	<b>104,102,447</b>
<b>ii) Leasehold Assets</b>			
Opening Balance		-	27,249,370
Add : Charged during the year		-	4,021,157
		-	31,270,527
Less: Adjustment during the year		-	21,500,000
		-	9,770,527
<b>ii) Intangible assets:</b>			
Opening Balance		22,276,392	20,942,401
Add : Charged during the year		327,896	2,103,402
		22,604,288	23,045,803
Total (B)		<b>171,300,691</b>	<b>136,918,777</b>
<b>C. Written Down Value (A-B)</b>	<b>Total:</b>	<b>189,056,039</b>	<b>195,003,546</b>
<b>9.00 Other assets:</b>			
Trade receivables (Note-9.01)		5,077,260,188	4,629,086,773
Advances (Note 09.02)		238,815,103	170,209,038
Prepayments & other receivables ( Note-09.03)		216,304,389	187,549,448
		-	
Investment in:		510,000,000	510,000,000
Dhaka Stock Exchange Limited-Membership		350,000,000	350,000,000
Chittagong Stock Exchange Limited-Membership		160,000,000	160,000,000
	<b>Total:</b>	<b>6,042,379,681</b>	<b>5,496,845,259</b>
<b>09.01 Trade receivables:</b>			
Lease installment receivables		340,527,264	261,489,237
Term finance receivables		248,603,967	164,434,814
Short term lending receivables		6,312,002	8,533,875
Receivables- Mortgage Loan		16,557,473	9,109,483
Term finance receivables-SME		10,946,477	949,200
Receivable Lease Rental-Auto Loan		2,903,800	310,620
Work order finance receivable		37,993,235	62,439,465
Receivables from trade clients		4,310,754,232	3,828,174,164
Receivables from DSE & CSE		102,661,739	293,645,915
	<b>Total:</b>	<b>5,077,260,188</b>	<b>4,629,086,773</b>

	Amount in Taka	
	2011	2010
<b>9.02 Advances:</b>		
Staff loan-others	13,646,005	6,529,775
Advance office rent	33,059,579	33,638,882
Security deposit/Lease deposit	23,898,367	42,414,979
Advance income tax	162,122,059	60,245,598
Advance for others	6,089,093	26,579,804
Advance payment for accounting software	-	800,000.00
<b>Total:</b>	<b>238,815,103</b>	<b>170,209,038</b>

**9.03 Prepayments & other receivables:**

Prepayments	18,970,220	15,623,675
Interest receivables-Fixed deposit account	26,425,270	18,744,598
Interest receivables-Short term deposit account	-	4,690,901
Interest receivables-Term finance	4,025,092	4,128,882
Interest receivables-Short term lending	13,530,888	-
PD-Coupon receivable -Treasury Bonds	39,741,878	18,460,984
PD-Coupon receivable -Treasury Bills	-	671,334
PD- Underwriting commission receivable- Treasury bond	-	128,625
PD- Underwriting commission receivable- Treasury bill	-	103,375
Interest receivables-Factoring	1	65,604
Interest receivables-Mortgage loan	5,033,623	-
Receivables/(Payables)-Other Master Card Operator	1,820,980	58,499,320
Receivables/(Payables)-Sampth Bank Ltd.	37,566,348	-
Issue management fees receivable	700,000	-
Right issue fees receivable	600,000	-
Underwriting commission receivable	814,660	-
Receivables against share trading	10	3,588,599
Deferred tax liabilities/(asset)	27,249,762	28,805,336
Other receivables	39,825,657	34,038,215
<b>Total:</b>	<b>216,304,389</b>	<b>187,549,448</b>

**10.00 Borrowings from Bangladesh bank, other banks & financial institutions:****Secured**

Bank Overdraft (Note - 10.01)	444,035,678	420,384,567
Long term Loan-( Note-10.02)	3,840,752,487	3,638,566,419
REPO against Govt. treasury bills & bonds(Note - 10.03)	1,656,388,470	717,504,736
<b>Sub-Total:</b>	<b>5,941,176,635</b>	<b>4,776,455,722</b>

**Unsecured**

Short term borrowings (Note - 10.04)	1,835,000,000	775,000,000
Call loans- (Note - 10.05)	680,000,000	800,000,000
<b>Sub-Total:</b>	<b>2,515,000,000</b>	<b>1,575,000,000</b>
<b>Total:</b>	<b>8,456,176,635</b>	<b>6,351,455,722</b>

	Amount in Taka	
	2011	2010
<b>10.01 Bank Overdraft:</b>		
Mercantile Bank Limited	43,728,664	65,640,322
Prime Bank Limited	120,044,342	202,054,297
One Bank Limited	126,486,985	-
Commercial Bank of Ceylon Limited	153,775,687	152,689,948
<b>Total:</b>	<b>444,035,678</b>	<b>420,384,567</b>

**10.02 Long term Loan- net of current maturity:****Detail of the above balance is presented bellow:**

Bangladesh Bank (under Re-Finance)- Women Entrepreneur	32,244,643	7,975,000
Bangladesh Bank (under Re-Finance)- Mortgage Loan	841,186,452	883,794,144
BRAC Bank Limited	16,786,944	38,559,082
Prime Bank Limited	326,589,866	340,131,914
Social Investment Bank Limited	57,746,411	99,771,522
Shahjalal Islami Bank Limited	296,778,749	44,796,306
The Trust Bank Limited	164,592,441	204,655,068
United Commercial Bank Limited	191,992,433	10,534,846
United Leasing Company Limited	-	1,788,378
Arab Bangladesh Bank	-	25,663,970
Bank Alfalah Limited	-	6,940,000
Bank Asia Limited	105,921,490	130,272,931
Commercial Bank of Ceylon Limited	11,666,680	40,555,560
Exim Bank Limited	132,604,833	194,557,911
National Bank Limited	278,832,083	361,786,240
The UAE-Bangladesg Investment Company Ltd.	20,000,000	-
The Premier Bank Limited	35,004,434	55,022,171
Standard Bank Limited	113,318,401	160,758,154
Jamuna Bank Limited	26,762,414	49,288,341
Uttara Bank Limited	47,401,002	88,232,637
Dutch Bangla Bank Limited	153,081,073	210,767,994
Mutual Trust Bank Limited	180,946,762	245,730,576
Southeast Bank Limited	66,177,612	95,090,683
AL Arafa Islami Bank Ltd.	232,436,571	-
International Leasing & Financial Services Limited	92,133,599	124,365,731
Fearest Finance Limited	97,905,732	-
Prime Finance & Investment Limited	235,298,314	-
MIDAS Financing	83,343,548	192,075,134
LBFL	-	25,452,126
<b>Total:</b>	<b>3,840,752,487</b>	<b>3,638,566,419</b>

**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.)

c. 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. The company has offered corporate guarantee in some cases as demanded by the lending institutions. The rates of long term borrowing varies between 12% to 13% p.a. except refinance from Bangladesh Bank which is 5% and the tenure being 3 to 5 years.

	Amount in Taka	
	2011	2010
<b>10.03 REPO against Govt. treasury bills &amp; bonds</b>		
REPO against Govt. treasury bills	244,404,815	284,026,293
REPO against Govt. bonds	1,411,983,655	433,478,443
<b>Total:</b>	<b>1,656,388,470</b>	<b>717,504,736</b>
<b>10.04 Short term borrowings:</b>		
One Bank Limited	1,235,000,000	235,000,000
UAE-Bangladesh Investment Company Ltd.	-	20,000,000
The City Bank Limited	-	200,000,000
United Leasing Company Limited	-	50,000,000
Eastern Bank Limited	400,000,000	70,000,000
Phoenix Finance & Investment Limited	200,000,000	200,000,000
<b>Total:</b>	<b>1,835,000,000</b>	<b>775,000,000</b>
<b>10.05 Call loan:</b>		
Midas Financing Ltd.	-	20,000,000
Rupali Bank Ltd.	-	200,000,000
The City Bank Ltd.	500,000,000	-
Dutch Bangla Bank Limited	-	100,000,000
United leasing company	100,000,000	30,000,000
Sonali Bank Limited	-	100,000,000
Delta Brac Housing Limited	80,000,000	200,000,000
One Bank Ltd.	-	50,000,000
Bank Al falah Ltd.	-	100,000,000
<b>Total:</b>	<b>680,000,000</b>	<b>800,000,000</b>
<b>11.00 Term deposits:</b>		
From banks	1,330,000,000	2,030,000,000
From other than banks	3,979,623,960	2,529,998,233
<b>Total:</b>	<b>5,309,623,960</b>	<b>4,559,998,233</b>
<b>12.00 Other liabilities:</b>		
Interest payable (Note- 12.01)	308,010,416	307,919,780
Accrued Expenses	51,826,324	204,930,652
Provision for taxation (Note - 12.2)	673,487,699	518,300,271
Welfare fund payable	19,879	19,879
IPA/ Managed equity fund	-	260,409
Payable to Sampath Bank Limited, Sri Lanka	-	9,266,831
Advance receipt against leases	24,353,635	28,430,119
Payable against merchants claims	17,019,637	9,666,256
Payable against receipt from other card holders	1,955,563	1,053,658
Withholding tax payable	202,032	375,935
Payable against MCBS Charges	2,022	46,589,015



	Amount in Taka	
	2011	2010
AIT on credit card payable	101,419	357,895
IPO subscription payable	68,646	58,646
Claims on health insurance	78,403	139,416
VAT on credit card payable	70,050	45,689
VISA settlement account	103,351	85,351
Deferred liability-employee gratuity ( Note-12.03)	47,006,931	38,909,509
Interest suspense ( Note-12.04)	212,691,672	185,069,398
Provision for doubtful accounts and future losses ( Note-12.05)	637,575,065	634,760,882
Provision against reduction of share portfolio price	-	44,605,895
Lease rental advance	39,099,602	119,955,029
Unpaid dividend	9,572,819	9,686,084
ITCL statement A/C.	82,500	96,000
VAT - Payable - VISA	78,075	15,332
Excise Duty Payable	-	7,150
Payable DSE & CSE	7,011,308	9,229,034
Payable to share trading clients	340,521,790	1,080,844,478
Other liabilities	151,360,395	26,913,062
<b>Total:</b>	<b>2,522,299,231</b>	<b>3,277,591,656</b>

**12.01 Interest payable:**

Interest payable on term deposit	247,869,893	223,965,030
Interest payable on long term borrowings	23,009,718	41,311,957
Interest payable on short term borrowings	34,128,577	41,952,514
Interest payable on call loan borrowings	3,002,222	690,279
<b>Total:</b>	<b>308,010,410</b>	<b>307,919,780</b>

**12.02 Provision for taxation:**

Balance as at 01 January	518,300,271	246,146,977
Provision during the period	443,428,744	507,827,856
	961,729,015	753,974,833
Adjusted during the period	(288,241,316)	(235,674,562)
<b>Total:</b>	<b>673,487,699</b>	<b>518,300,271</b>

**12.03 Deferred liability-employee gratuity:**

Balance as at 01 January	38,909,509	21,240,958
Provision during the year	16,167,714	18,730,951
	55,077,223	39,971,909
Payment during the year	8,070,292	1,062,400
<b>Total:</b>	<b>47,006,931</b>	<b>38,909,509</b>

**12.04 Interest Suspense:**

Lease Finance	133,152,923	105,185,997
Term Finance	73,948,218	74,065,401
Credit Card	5,162,429	5,368,000
Mortgage loan	428,102	450,000
<b>Total :</b>	<b>212,691,672</b>	<b>185,069,398</b>

	Amount in Taka	
	2011	2010
<b>Movement of total interest suspense is as below:</b>		
Balance as at 01 January	185,069,398	141,430,245
Provision charged for the year	27,622,274	43,639,153
Less: Written off during the year	212,691,672	185,069,398
	-	-
<b>Total:</b>	<b>212,691,672</b>	<b>185,069,398</b>

#### 12.05 Provision for doubtful accounts and future losses

Lease financing	278,333,991	232,978,950
Term finance & Short term loan	195,134,773	250,055,837
Credit card	38,954,279	27,560,436
Mortgage Loan	14,812,065	23,165,770
Provision on receivable from clients	110,339,957	100,999,889
<b>Total:</b>	<b>637,575,065</b>	<b>634,760,882</b>

#### 13.00 Share capital :

<b>Authorized</b>		3,000,000,000	1,000,000,000
<b>Issued, subscribed and paid up</b>		823,515,000	531,300,000
Details of shares holding position are as under:			
<b>Sponsor shareholders:</b>			
<b>a. Foreign sponsors</b>			
	Percentage		
Sampath Bank Limited, Sri Lanka	9.47%	78,000,000	60,000,000
	<b>9.47%</b>	<b>78,000,000</b>	<b>60,000,000</b>
<b>b. Local sponsors</b>			
ONE Bank Limited-OBL, Bangladesh	4.86%	40,000,000	40,000,000
SSC Holdings Limited, Bangladesh	1.07%	8,835,000	5,700,000
Shanta Apparel Limited	1.84%	15,190,000	9,800,000
Individuals	21.52%	177,257,985	114,359,990
	<b>29.30%</b>	<b>241,282,985</b>	<b>169,859,990</b>
General Shareholders	<b>61.23%</b>	<b>504,232,020</b>	<b>301,440,010</b>
	<b>100.00%</b>	<b>823,515,000</b>	<b>531,300,000</b>

Classification of shareholders by holding as required by Regulation- 37 of the Listing Regulations of Dhaka Stock Exchange Ltd.

Shares groups	Number of share	No. of shareholder	%
Less than 500	801,626	2,540	0.97
501 to 5000	6,266,086	3,751	7.61
5,001 to 10000	2,585,052	357	3.14
10,001 to 20000	2,715,781	189	3.30
20,001 to 30000	1,609,143	66	1.95
30,001 to 40000	1,612,604	45	1.96
40,001 to 50000	1,261,875	28	1.53
50,001 to 100000	6,017,282	88	7.31
100,001 to 1000000	20,329,818	73	24.69
Above 1000000	39,152,233	13	47.54
	<b>82,351,500</b>	<b>7,150</b>	<b>100.00</b>

The shares were listed with Dhaka Stock Exchange Ltd. And Chittagong Stock Exchange Ltd. on 17 October 2006 and 31 October 2006 respectively, also trading started in the both houses from 01 November 2006.

Share traded Tk. 170.20 and Tk. 170.50 at Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited respectively at the end of the year 2011.

	Amount in Taka	
	2011	2010
<b>14.00 Interest income:</b>		
Interest income from leases	102,479,662	195,485,909
Interest income from term finance	350,505,978	277,441,913
Interest income from short term lending	115,783,561	43,130,803
Income from credit card	132,636,737	115,073,862
Interest income on margin trading	716,809,525	735,477,515
Interest income from factoring	9,020,317	1,570,294
Interest Income from mortgage loan	140,818,317	90,549,842
Interest income from term loan personal	451,085	-
Interest Income from SME	46,892,329	9,618,156
Interest Income from auto loan	31,571,057	5,212,362
Interest income on fixed deposit	128,451,895	48,283,941
Interest income on short term deposit	7,713,141	79,257,486
Interest Income Debit Balance of clients	575,453,275	-
<b>Total:</b>	<b>2,358,586,879</b>	<b>1,601,102,083</b>
<b>15.00 Interest paid on deposits &amp; borrowings:</b>		
Interest on term loans	377,110,639	285,292,635
Interest on call loan and short notice	257,582,261	183,358,773
Interest on Bangladesh Bank REPO	155,272,487	35,452,157
Interest on term deposits	606,603,277	511,979,208
<b>Total:</b>	<b>1,396,568,663</b>	<b>1,016,082,773</b>

	Amount in Taka	
	2011	2010
<b>16.00 Income from Investment:</b>		
Income from investment in share	12,398,494	298,400,773
Dividend income	4,280,364	5,436,752
Interest income from PD operation	135,468,938	49,055,252
<b>Total:</b>	<b>152,147,795</b>	<b>352,892,777</b>
<b>17.00 Commission, Exchange and Brokerage Income:</b>		
Underwriting commission	1,530,949	571,220
Underwriting commission from Treasury Bonds/Bills	1,775,525	792,940
Merchant commission of credit card	2,161,544	3,351,737
Brokerage commission	758,510,208	1,886,933,339
<b>Total:</b>	<b>763,978,226</b>	<b>1,891,649,236</b>
<b>18.00 Other operational income:</b>		
Membership fees of credit card	9,698,979	9,181,200
Corporate finance fees	13,449,576	12,190,000
Portfolio & Issue Management Fee	5,820,000	177,878,422
Other income from fees & documentations	114,000,035	38,319,247
Interest on employees loan & others	19,329	-
Income from CDBL	(7,369,477)	92,894,362
<b>Total:</b>	<b>135,618,442</b>	<b>330,463,231</b>
<b>19.00 Salary and allowances:</b>		
Salary & allowances	164,631,029	102,794,070
Provident fund contribution	5,783,416	4,174,009
Gratuity fund	9,679,190	10,810,596
Profit incentive bonus	15,144,000	107,698,460
<b>Total:</b>	<b>195,237,635</b>	<b>225,477,135</b>
<b>20.00 Rent, taxes, insurance, electricity etc.:</b>		
Office rent	29,212,787	21,683,839
Insurance premium	3,904,403	3,061,084
Electricity	3,963,999	3,208,164
<b>Total:</b>	<b>37,081,189</b>	<b>27,953,087</b>
<b>21.00 Legal &amp; professional fees:</b>	<b>Total: 9,178,711</b>	<b>5,952,740</b>
<b>22.00 Postage, stamp, telecommunication etc.:</b>		
Postage & courier	2,182,186	938,712
Stamp charges	213,691	269,427
Telephone bill	2,931,722	2,672,076
<b>Total:</b>	<b>5,327,599</b>	<b>3,880,215</b>

	Amount in Taka	
	2011	2010
<b>23.00 Stationery, printing, advertisement:</b>		
Printing & stationery	6,560,168	7,084,236
Advertisement	5,533,272	3,163,033
<b>Total:</b>	<b>12,093,440</b>	<b>10,247,269</b>
<b>24.00 Managing director's salary &amp; allowance:</b>		
Salary & allowances	2,000,000	4,800,000
Provident fund contribution	150,000	360,000
Gratuity fund	125,000	450,000
<b>Total:</b>	<b>2,275,000</b>	<b>5,610,000</b>
<b>25.00 Director fees and expenses:</b>	<b>Total: 638,582</b>	<b>523,550</b>
<b>26.00 Audit fees:</b>	<b>Total: 516,875</b>	<b>294,250</b>
<b>27.00 Charges on loan losses:</b>		
Credit Card receivable	-	1,956,426
Lease assets	-	-
<b>Total:</b>	<b>1,976,155</b>	<b>1,956,426</b>
<b>27.00 Repairs, maintenance and depreciation:</b>		
Equipment maintenance	8,213,918	7,102,425
Depreciation	25,829,775	24,617,830
<b>Total:</b>	<b>34,043,693</b>	<b>31,720,255</b>
<b>28.00 Other expenses:</b>		
Training	825,341	927,604
Staff welfare	390,218	363,187
Membership & renewal fees	8,803,356	2,771,910
Conveyance	1,586,758	1,204,495
Traveling	2,835,792	680,133
Internet & e-mail	914,795	907,007
News paper & periodicals	75,582	150,169
Computer accessories	997,863	1,376,213
Fuel expense	599,416	988,871
Vehicle maintenance/Registration	4,381,851	3,308,263
Water & sewerage bill	612,914	654,096
Office maintenance	7,877,205	7,747,944
Donation & Miscellaneous expenses	775,439	2,877,827
Entertainment	2,752,791	2,816,410
Business promotion	4,641,596	3,047,970
Bank charges	820,220	1,481,654
Marketing expenses	6,866,071	3,751,882
Recovery commission	181,496	453,998

	Amount in Taka	
	2011	2010
CDBL fee	1,891,769	883,446
MCBS charges	10,959,511	8,942,081
Loss on sales of fixed asset	173,215	908,249
Inter change fees-VISA	(958,414)	17,415
AGM & Related Expenses	3,616,609	
Loan processing fee	239,310	389,938
Corporate guarantee charge	10,540,952	5,504,156
IPO related expenses	-	344,142
Subscription	84,969	264,977
Uniform	103,711	55,004
Hawla charges	7,202,422	13,118,675
laga charges	43,860,363	113,109,911
PD premium	441,096	16,181
License and renewal fee	924,340	1,133,076
Networking charge	3,636,675	2,433,339
Other expenses	199,816,471	1,393,725
<b>Total:</b>	<b>328,471,703</b>	<b>184,023,948</b>

**30.00 Provision for loans and advances :**

Specific provision	29,635,223	134,720,875
General provision	53,242,678	158,254,264
<b>Total:</b>	<b>82,877,901</b>	<b>292,975,139</b>

**Provision for doubtful accounts and future losses:**

Lease financing	2,773,161	84,053,627
Term finance and Short term lending	16,655,062	90,747,062
Credit card	-	6,542,045
Mortgage Loan	10,207,000	10,632,516
Provision on receivable from clients	-	100,999,889
<b>Total:</b>	<b>29,635,223</b>	<b>292,975,139</b>

**31.00 Provision for tax made during the year :**

Current tax expense	443,338,779	507,827,856
Deferred tax expense/ (income)	1,645,537	(16,050,453)
<b>Total:</b>	<b>444,984,316</b>	<b>491,777,403</b>

In calculating deferred tax, temporary difference arising from freehold assets and liability for gratuity were considered.

**32.00 Earning per share (EPS):**

Earning attributable to ordinary shareholders	791,100,875	1,700,153,444
Number of ordinary shares outstanding	82,351,500	53,130,000
<b>Basic Earning per Share</b>	<b>9.61</b>	<b>32.00</b>

**33.00 Related party disclosure:**

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

SL. No.	Name of Related Party	Relationship	Share holding (%)	Transactions	
				2011	Nature of Transactions
1	LankaBangla Securities Ltd.	Subsidiary company	90.90	790,679,969	Short Term Loan & Term Loan
2	LankaBangla Investments Ltd.	Subsidiary company	99.99	3,795,657,557	Loan
3	LankaBangla Asset Management Co. Ltd.	Subsidiary company	99.99	(63,217,924)	Term Deposit
4	Sampath Bank Ltd.	Sponsor Shareholder	11.29	37,566,348	Master Card Operation

**34.00 Disclosures of Directors Relation:**

Directors' interests in different entities are stated below:

Sl. No.	Name of Directors	Status in the Institution	Name of the firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.
01	Mr. Mohammad A. Moyeen	Chairman	Tropica Garments Ltd., WAC Logistics Ltd., Wings Ocean Freight Ltd., Swift Logistics Services Ltd. S G Logistics (Pvt) Ltd., Standard Paper Products Ltd., LankaBangla Securities Ltd., Freight Care Aviation Services Ltd., Expo Express Services Ltd., The M & M Ltd., STS Educational Group Ltd., UCL Logistic Ltd., Airline Cargo Resources Ltd., Wings Logistic Ltd., Cross Freight Lines Ltd., Orchid Air Ltd., STS Holdings Ltd., Global Aviation Services Ltd., Wings Tours & Travels Ltd., Global Ground Services Ltd., Wings Express Ltd., Pulsar Shipping Agencies Ltd., Air & Sea International Logistics Ltd., Wings Aviation Ltd., Colloid Enterprise Ltd., LankaBangla Investments Ltd., Voytech Ltd.

02	Mr. Mahbubul Anam	Director	Allied Aviation Bangladesh Ltd., Airlines Services Ltd., Expolanka Bangladesh Ltd., Pulsar Shipping Agencies Ltd., Voyager Airlines Ltd., Tropica Garments Ltd., Wings Air Cargo Ltd., Wings Ocean Freight Ltd., Standard Paper Products Ltd., LankaBangla Securities Ltd., Freight Care Aviation Services Ltd., Expo Express Services Ltd., The M&M Ltd., STS Educational Group Ltd., UCL Logistic Ltd., Airline Cargo Resources Ltd., Air & Sea International Logistics Ltd., SDV Bangladesh (Pvt.) Ltd., Cross Freight Lines Ltd., Orchid Air Ltd., STS Holdings Ltd., Global Aviation Services Ltd., Wings Classic Tours & Travels Ltd., S G Logistics (Pvt) Ltd., Wings Express Ltd.,
03	Mrs. Jasmine Sultana	Director	Shanta Washing Plant Ltd., Moazzem Garments Industries Ltd., Universal Business Machines Ltd., Metro Home Ltd., Dhaka Bank Ltd., Shanta Capital Management Ltd., SPL Holdings Ltd.
04	Mrs. Aneesha Mahial Kundanm	Director	Royal Park Residence, GDS Chemical Bangladesh Ltd
05	Mr. Tahsinul Huque	Director	N/A
06	Mr. I.W. Senanayake and Mr. G.L.H. Premaratne Amarasuriya (Representative of Sampath Bank Limited)	Director	N/A
07	Mr. Farman Rahman Chowdhury (Representative of One Bank Limited)	Director	N/A
08	Mr. Mirza Ejaz Ahmed (Representative of SSC Holdings Limited)	Director	Section Seven Ltd., International Shirt Line Ltd., Shirt Makers Ltd., Excel Apparels Ltd., Section Seven Apparels Ltd.



**35.00 Compliance of Bangladesh Accounting Standards (BAS) and Bangladesh Financial**

Reporting Standards (BFRS):

Name of BAS/BFRS	BAS/BFRS No.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	N/A
Statements of Cash Flows	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting Period	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant and Equipments	16	Applied
Leases	17	Applied
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting for Govt. Grants and disclosures of Govt. Assistances	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plan	26	N/A
Consolidated and Separate Financial Statements	27	Applied
Investments in Associates	28	N/A
Interest in Joint Ventures	31	N/A
Financial Instruments: Presentation	32	*Applied
Earning Per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Financial Instrument: Recognition and Measurement	39	*Applied
Investment Property	40	N/A
Agriculture	41	N/A
Share Base Payments	2	N/A
Business Combinations	3	N/A
Non-Current Assets Held for Sale and discontinued operations	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosure	7	*Applied
Operating Segments	8	Applied

*Subject to departure described in note-2.04*

**36.00 Audit Committee Disclosures:**

In Compliance with the requirement of Securities and Exchange Commission (SEC) Notification No. SEC/CMMRRCD/2006-158/Admin/02-08, dated 20 February, 2006 - an audit committee of *LankaBangla Finance Limited* (LBFL) was first constituted by the Board of Director of LBFL in its 47th Board meeting held on 21 May 2006.

Sl. No.	Name of Member	Status in the Organization	Status in the Committee	Educational Qualification
01	Mr. Mahbulul Anam	Director	Chairman	B.Sc (Mechanical Engineering)
02	Mr. Mirza Ejaz Ahmed	Director	Member	MBA, IBA, University of Dhaka
03	Mr. Farman R Chowdhury	Director	Member	MBA, IBA, University of Dhaka
04	Salauddin Ahmed Khan	Independent Director	Member	MBA

The Company Secretary is to act as Secretary of the Audit committee of the Board.

During the year 2011, the Audit Committee of the Board conducted 05 (Five) meetings in which among other things, the following issues were reviewed/discussed.

- > Terms of Reference of the Audit Committee as stated in the Securities and Exchange Commission (SEC) Notification No. SEC/CMMRRCD/2006-158/Admin/02-08, dated 20 February, 2006.
- > Reviewing the Internal Audit Reports along with Executive Summary of the different LBFL branches/departments conducted by the Internal Audit Team of the Company from time to time and also the status of Compliance thereof.
- > Reviewing the organogram of Internal Control & compliance Department as recommended By the Bangladesh Bank prudential guidelines.
- > Reviewing the progress of strengthening the internal Control & procedure, strict compliance of Anti-money Laundering Act. And also the Internal Audit team of the Company.
- > The committee places its report regularly to the Board of the Company for review and monitoring the activities with recommendations on internal control System, compliance of rules and regulation of the Regulatory Boards.

### 37.00 Others:

#### a) Board meeting and directors' remuneration:

Each Director is drawing Tk 5,000 for attending each Board Meeting. No remuneration or special payment was paid to the directors for attending board meetings or otherwise during the year 2011. Nothing is due from any Director of the Company as on the date of closing the accounts. During the year under audit 07 board of director's meetings were held.

#### b) Employees' details:

	Year-2011	Year-2010
No. of employee received TK.3,000 per month	-	-
No. of employee received more than Tk.3,000 per month	141	135
	<b>141</b>	<b>135</b>

#### c) Events after the Reporting Period:

##### Right Share:

##### Parent:

The Board of Director of LankaBangla Finance Limited in its 72nd Meeting held on September 24, 2011 has recommended issuance Right Share @ 1R : 1 (i.e. One Right Share for One Ordinary Share held) at par value of Tk. 10.00 each approved by the shareholders in the 6th EGM and also approved by Securities & Exchange Commission on January 31, 2012. Record date of Right Share issue is on February 28, 2012.

##### Dividend Information:

The Board of Director in its 75th Meeting held on 28 February 2012 has recommended 30% Stock Dividend for the year ended on 31 December 2011 for placement before shareholder at 15th Annual General Meeting of the company scheduled to be held on 28 March 2012.

##### Fair Value of Share Portfolio:

Due to recent upheaval in the capital market of Bangladesh the fair market value of investment portfolio fall drastically from BDT 550,949,716 (as on 31 December 2011, the date of Statement of Financial Position) to BDT 459,321,299 (as on 26 February 2011, the date of issue of report by the Board of LankaBangla Finance Limited. Accordingly, the unrealized loss (net of unrealized gain) from share portfolio increased to BDT110,966,249 from BDT 9,340,068 (as on 31 December 2011) for which provision has already been made in the financial statements.

#### d) Capital Expenditure Commitment:

There was no capital expenditure contracted but not incurred or provided for at December 31, 2011. There was no material capital expenditure authorized by the Board but not contracted for at December 31, 2011.

**e) Director's interest in contracts with the company**

There was no transaction resulting in Director's interest with the Company and no leasing facilities have been made available to the Directors.

**f) Foreign remittances:**

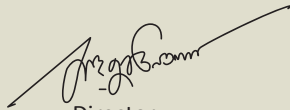
During the year 2011, the company remitted **USD 39,074.88** (in BDT 2,868,288) and **GBP 10,015.64** (in BDT 1,191,288.88) against Technical Service Fees to the Foreign Shareholders.

**g) General:**

- i) All shares have been fully called up and paid up.
- ii) Bank Balances shown in the accounts are duly reconciled.



Chairman



Director



Managing Director



Company Secretary

Dated, Dhaka  
February 28, 2012



**Auditors' Report and  
Audited Financial Statements of**  
LankaBangla  
Securities Limited

## AUDITORS' REPORT

We have audited the accompanying Financial Statements of LankaBangla Securities Limited, which comprised of the Statement of Financial Position as at December 31, 2011 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow for the year then ended and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards along with Rules & Regulation Issued by the Securities and Exchange Commission. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing, those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion


In our opinion, the Financial Statements have been prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) give a true and fair view of the state of the affairs of the Company as of December 31, 2011 and of the results of its operations and its cash flows for the year ended and comply with the Companies Act 1994, Securities and Exchange Commission Rule 1987, Dhaka Stock Exchange Rule 1954, Chittagong Stock Exchange Rule 1995 and other applicable laws and regulations.

### Report on Other Legal and Regulatory Requirements

We also report that;

- a) 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;
- b) in our opinion proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) the company's Statement of Financial Position, Statement of Comprehensive Income and Statement of Cash Flow dealt with by the report are in agreement with the books of accounts;
- d) the expenditures incurred and payments made during the year were for the purpose of the business of the Company.

Date: Dhaka  
February 28, 2012

  
Ahmed Zaker & Co.  
Chartered Accountants

# LankaBangla Securities Limited

## Statement of Financial Position

As at December 31, 2011

	Notes	December 31, 2011 Taka	December 31, 2010 Taka
<b>SOURCES OF FUNDS</b>			
Share Capital	4	962,507,000	550,004,000
Share Premium	5	1,200,000,000	1,200,000,000
General Reserve	6	43,107,542	38,281,742
Fair Value Measurement Reserve	7	493,394,000	493,394,000
Retained Earnings		2,017,752,689	2,120,586,239
<b>Shareholders Equity</b>		<b>4,716,761,231</b>	<b>4,402,265,981</b>
<b>Long Term Liabilities</b>			
Deferred Liability-Employees' Gratuity	8	23,372,385	20,961,862
Lease Finance under Capital Obligation	9	10,640,396	8,813,518
Long Term Loan	10	550,436,930	389,574,538
		<b>584,449,711</b>	<b>419,349,918</b>
<b>Total Capital Employed</b>		<b>5,301,210,942</b>	<b>4,821,615,899</b>
<b>APPLICATION OF FUNDS</b>			
<b>Non-Current Assets (A)</b>			
Investment in Stock Exchange for Membership	11	510,000,000	510,000,000
Fixed Assets less Accumulated Depreciation	12	148,530,288	150,715,009
Intangible Asset	13	-	409,706
Deferred Tax Assets	26	8,803,706	13,490,327
Investment in unlisted Securities	14	118,969,000	28,703,180
		<b>786,302,994</b>	<b>703,318,222</b>
<b>Current Assets (B)</b>			
Advances, Deposits and Prepayments	15	33,383,317	76,149,195
Receivable from Clients	16	4,310,754,232	3,828,174,164
Receivable from DSE & CSE	17	102,661,739	293,645,915
Accrued Interest		13,117,334	103,790
Investment in Listed Securities	18	1,043,372,987	394,050,108
Cash and Cash Equivalents	19	1,408,649,315	1,240,107,504
		<b>6,911,938,924</b>	<b>5,832,230,675</b>
<b>Current Liabilities (C)</b>			
Payable to Clients	20	377,929,796	974,130,464
Payable to DSE & CSE	21	7,011,308	9,229,034
Accrued Expenses	22	40,407,316	140,464,670
Other Liabilities	23	142,290,090	33,365,746
Short Term Loans	24	1,664,370,816	500,000,000
Provision for Current Tax	25	165,021,650	56,743,084
		<b>2,397,030,976</b>	<b>1,713,932,998</b>
<b>Net Current Assets (D)=(B-C)</b>		<b>4,514,907,948</b>	<b>4,118,297,677</b>
<b>Total Assets (E)=(A+D)</b>		<b>5,301,210,942</b>	<b>4,821,615,899</b>

The annexed notes 1-39 form an integral part of these financial statements.

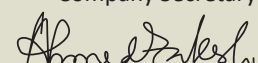
  
Chairman

  
Director & CEO

  
Company Secretary

Dated, Dhaka  
February 28, 2012

Signed as per our separate report of same date

  
Ahmed Zaker & Co.  
Chartered Accountants

# LankaBangla Securities Limited

## Statement of Comprehensive Income

For the year ended December 31, 2011

	Note	December 31, 2011 Taka	December 31, 2010 Taka
<b>Operating Income:</b>			
Revenue from brokerage	27	758,510,208	1,886,933,339
Capital gain from investment in share	28	11,938,168	86,382,426
Interest income	29	82,931,475	69,194,921
Other operating income	30	377,636,832	54,274,751
<b>Total Operating Income</b>		<b>1,231,016,683</b>	<b>2,096,785,437</b>
<b>Less: Operating &amp; Other Expenses</b>			
Operating expenses	32	126,964,641	137,339,716
Direct charges	34	51,062,785	126,228,586
		<b>178,027,426</b>	<b>263,568,302</b>
<b>Operating Profit before Provision</b>		<b>1,052,989,257</b>	<b>1,833,217,135</b>
<b>Provision for Loan, Advances and Investment</b>			
Provision for diminuation in value of investment	23.01	(22,169,895)	22,169,895
Doubtful Debt		9,947,150	-
<b>Total Provision for Loan, Advances and Investment</b>		<b>(12,222,745)</b>	<b>22,169,895</b>
<b>Operating Profit before Taxation</b>		<b>1,065,212,002</b>	<b>1,811,047,240</b>
Other Income	31	1,356,706	-
<b>Total Profit before Taxation</b>		<b>1,066,568,708</b>	<b>1,811,047,240</b>
<b>Less: Provision for Tax</b>			
Current tax	25	314,258,687	284,912,368
Deferred tax expenses/income	26	4,686,621	(4,451,185)
<b>Total Provision for Tax</b>		<b>318,945,308</b>	<b>280,461,183</b>
<b>Net Profit after Taxation</b>		<b>747,623,400</b>	<b>1,530,586,057</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>747,623,400</b>	<b>1,530,586,057</b>
<b>Appropriation</b>			
Retained Surplus brought forward		2,120,586,239	728,282,724
General Reserve	6	(4,825,800)	(38,281,742)
Interim Cash Dividend		(433,128,150)	-
Stock dividend for last year		(412,503,000)	(100,000,800)
		<b>1,270,129,289</b>	<b>590,000,182</b>
<b>Retained Earnings Carried forward</b>		<b>2,017,752,689</b>	<b>2,120,586,239</b>
<b>Earnings per Share (EPS)</b>	36	<b>7.77</b>	<b>15.90</b>

The annexed notes 1-39 form an integral part of these financial statements.

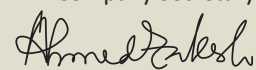
  
Chairman

  
Director & CEO

  
Company Secretary

Dated, Dhaka  
February 28, 2012

Signed as per our separate report of same date

  
Ahmed Zaker & Co.  
Chartered Accountants

# LankaBangla Securities Limited

## Statement of Changes in Equity

For the year ended December 31, 2011


Particulars	Share Capital	Share Premium	General Reserve	Cash Dividend	Fair Value Measurement Reserve	Retained Earnings	Total
<b>Balance at January 01, 2011</b>	550,004,000	1,200,000,000	38,281,742	-	493,394,000	2,120,586,239	4,402,265,981
<b>Changes during the year 2011</b>							
Net Profit for the year 2011	-	-	-	-	-	747,623,400	747,623,400
Bonus Share for the year 2010	412,503,000	-	-	-	-	(412,503,000)	-
Interim Cash Dividend	-	-	-	433,128,150	-	(433,128,150)	(433,128,150)
General Reserve	-	-	4,825,800	-	-	(4,825,800)	-
<b>Net Changes in the year 2011</b>	<b>412,503,000</b>	<b>-</b>	<b>4,825,800</b>	<b>433,128,150</b>	<b>-</b>	<b>(102,833,550)</b>	<b>314,495,250</b>
<b>Balance at December 31, 2011</b>	<b>962,507,000</b>	<b>1,200,000,000</b>	<b>43,107,542</b>	<b>-</b>	<b>493,394,000</b>	<b>2,017,752,689</b>	<b>4,716,761,231</b>
<b>Balance at January 01, 2010</b>	400,003,200	-	-	-	493,394,000	728,282,724	1,621,679,924
Adj. for Defered Tax Asset 2009	-	-	-	-	-	9,039,142	9,039,142
<b>Changes during the year 2010</b>							
Net Profit for the year 2010	-	-	-	-	-	-	-
Bonus Share for the year 2009	100,000,800	-	-	-	-	1,530,586,057	1,530,586,057
Share Issue	50,000,000	-	-	-	-	(100,000,800)	-
Share Premium	-	1,200,000,000	-	-	-	-	50,000,000
General Reserve	-	-	38,281,742	-	-	(38,281,742)	1,200,000,000
<b>Net Changes in year 2010</b>	<b>150,000,800</b>	<b>1,200,000,000</b>	<b>38,281,742</b>	<b>-</b>	<b>-</b>	<b>1,392,303,515</b>	<b>2,780,586,057</b>
<b>Balance at December 31, 2010</b>	<b>550,004,000</b>	<b>1,200,000,000</b>	<b>-</b>	<b>-</b>	<b>493,394,000</b>	<b>2,120,586,239</b>	<b>4,402,265,981</b>



Chairman




Director & CEO



Company Secretary

Dated, Dhaka  
February 28, 2012

Signed as per our separate report of same date



Ahmed Zaker & Co.  
Chartered Accountants



# LankaBangla Securities Limited

## Statement of Cash Flows

For the year ended December 31, 2011


	December 31, 2011	December 31, 2010
	Taka	Taka
<b>Cash Flows from Operating Activities</b>		
Receipts from operational revenue	758,510,208	1,886,933,339
Direct charges	(51,062,785)	(126,228,586)
(Increase)/Decrease in operating assets	233,750,055	(160,746,428)
Increase/(Decrease) in operating liabilities	(2,217,726)	(33,492,841)
Gratuity Payment	(5,945,578)	(873,400)
Non-operating Income	726,813,317	395,113,216
Operating Expenses	(116,526,347)	(95,282,482)
Other Expenses	(174,789,521)	(142,923,721)
	<b>1,368,531,623</b>	<b>1,722,499,098</b>
<b>Other Operating Activities</b>		
Interest payment	(168,545,190)	(116,723,929)
Interest Income	69,917,931	69,091,132
Income Tax paid	(205,980,121)	(235,674,562)
	<b>(304,607,380)</b>	<b>(283,307,359)</b>
<b>Net cash from operating activities</b>	<b>1,063,924,242</b>	<b>1,439,191,739</b>
<b>Cash Flows from Investing Activities</b>		
Investment in Shares	(739,588,700)	(309,494,129)
Capital gain from investment in share	11,938,168	86,382,426
Sale of Fixed Assets	1,669,256	-
Leased Assets	1,826,878	(5,352,726)
Acquisition of Software	-	(50,000)
Acquisition of fixed assets	(23,935,153)	(103,620,788)
<b>Net Cash used in Investing Activities</b>	<b>(748,089,551)</b>	<b>(332,135,217)</b>
<b>Cash Flows from Financing Activities</b>		
Long Term Loan from Bank & Other Institutions	350,000,000	110,000,000
Repayment of Loan	(189,137,608)	(103,734,274)
Issuance of Shares	-	50,000,000
Share Premium	-	1,200,000,000
Interim Cash Dividend	(393,745,352)	-
(Increase)/Decrease debit balance to clients	(482,580,068)	(2,514,536,729)
Increase/(Decrease) credit balance to clients	(596,200,668)	520,978,070
Short term Loan	1,164,370,816	380,000,000
<b>Net Cash used in Financing Activities</b>	<b>(147,292,880)</b>	<b>(357,292,933)</b>
Net increase in Cash and Cash Equivalents	168,541,811	749,763,589
Cash & Cash Equivalent as on January 01, 2011	1,240,107,504	490,343,915
<b>Cash &amp; Cash Equivalent as on December 31, 2011</b>	<b>1,408,649,315</b>	<b>1,240,107,504</b>



Chairman



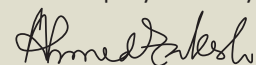
Director & CEO



Company Secretary

Dated, Dhaka  
February 28, 2012

Signed as per our separate report of same date



Ahmed Zaker & Co.  
Chartered Accountants

# LankaBangla Securities Limited

## Notes to the Financial Statements

### 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 Lanka Bangla 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, Kawran Bazar, Chittagong-Khatungonj, Nasirabad, Agrabad, Sylhet-Sylhet, Comilla-Comilla and Narayangonj- Narayangonj Branch.

### 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 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, 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 Bangladesh Financial Reporting Standards (BFRS's) including Bangladesh Accounting Standards (BASs) 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 Date of authorization

The Board of Directors through its approval on February 28, 2012 has authorized these financial statements.

#### 2.05 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.

#### 2.06 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 Bangladesh Accounting Standard (BAS) 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.

### 2.07 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 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

### 2.08 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.

### 2.09 Property 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 Bangladesh Accounting Standard (BAS) 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 Bangladesh Accounting Standard (BAS) 17 “Leases”. The corresponding obligation under the lease is accounted for as liability.

#### ii) Subsequent expenditure on property and equipment

Subsequent expenditure is capitalised 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%
Lease Assets	20%

Half year's depreciation is charged in the year in which the related assets are put into use and disposed off irrespective of the date.

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 recognised in the Comprehensive Income statement.

#### **2.10 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 capitalised only when it increases the future economic benefits in the specifications to which it relates. All other expenditure is expensed as incurred.

#### **2.11 Investment in stock exchanges for membership**

Investments for membership are initially recognized at cost (which includes transaction costs) and are subsequently re-measured at fair value based on quoted bid prices. Surplus arising from changes in the fair value of investment for membership are transferred to fair value measurement reserve.

#### **2.12 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, investment in quoted shares has been revalued at cost at reporting date. Net of unrealized gain and loss has not been recognized in profit and loss account.

#### **2.13 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 Bangladesh Accounting Standards (BAS) 7, "Cash flow statement" under direct method.

#### **2.14 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 Bangladesh Accounting Standard (BAS) 12 "Income Taxes". Deferred Tax is recognised 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 recognised for all taxable temporary differences. Deferred Tax assets are generally recognised 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

#### **2.15 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 Bangladesh Accounting Standard (BAS) 18 "Revenue Recognition":

##### **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.

## 2.16 Earning per share

The Company calculates earning per share in accordance with Bangladesh Accounting Standard (BAS) 33 “Earning Per Share” which has been shown in the face of the Profit and Loss Account.

## 2.17 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.

## 2.18 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 a funded 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. This scheme is approved by the National Board of Revenue (NBR) and administered by an independent Board of Trustees.

Following benefits are payable on retirement, death or leaving service:

<u>Year of confirmed service</u>	<u>% of entitlement</u>
2 years and above but less than 4 years	50% of last basic salary
4 years and above but less than 6 years	100% of last basic salary
6 years and above	150% of last basic salary

## 2.19 Related party disclosure

As per Bangladesh Accounting Standards (BAS)-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 38.

## 2.20 Proposed Dividend

Proposed dividend has not been recognized as a liability in the balance sheet in accordance with Bangladesh Accounting Standard (BAS)-10 “Event after the Balance Sheet Date.

## 2.21 Interim Cash dividend

The board of Directors has declared 45% Interim Cash dividend i.e. Taka 4.50 per ordinary share for the year 2011 in the 65<sup>th</sup> board meeting held on December 19, 2011

## 2.22 Reclassifications

To facilitate comparison, certain relevant balances pertaining to the previous year has been rearranged/ restated/reclassified whenever considered necessary to conform to current period’s presentation.

## 2.23 Branch accounting

The Company has a total 8 number of Branch offices (excluding Head Office), with no overseas branch as on December 31, 2011. Accounts of the branches are maintained at the head offices which are included in the accompanying financial statements.

## 3.00 Directors’ responsibility statement

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

		December 31, 2011 Taka	December 31, 2010 Taka
<b>4.00 Share Capital</b>			
Authorised Capital			
500,000,000 ordinary shares of Taka 10 each		<b>5,000,000,000</b>	<b>1,000,000,000</b>
Issued, Subscribed and Paid-up Capital		<b>962,507,000</b>	<b>550,004,000</b>
96,250,700 ordinary shares of Taka 10 each fully paid (2010: 55,000,400 ordinary shares of Tk. 10 each fully paid)		<b>962,507,000</b>	<b>550,004,000</b>
<b>Detail of Shareholding Position of the Company</b>			
<b>Name of the Sponsor &amp; Directors Shareholders</b>	<b>No. of Shares</b>		
LankaBangla Finance Ltd.	87,498,967	874,989,670	499,994,090
Mr. Mohammad A. Moyeen	262,502	2,625,020	1,500,010
Mr Mahbubul Anam	263,359	2,633,590	1,504,910
Mr Khondoker Monir Uddin	868	8,680	4,960
Mrs. Aneesha Mahial Kundanmal	1	10	10
Mr. Mohammed Nasiruddin Chowdhury	28,002	280,020	160,010
Mr. Wali Ul Islam	28,000	280,000	10
	88,081,699	880,816,990	503,164,000
<b>General Shareholders</b>	8,169,001	81,690,010	46,840,000
	<b>96,250,700</b>	<b>962,507,000</b>	<b>550,004,000</b>
<b>5.00 Share Premium</b>			
Premium amount received against issue of 5,000,000 shares @ 240 per share in 2010.		1,200,000,000	1,200,000,000
		<b>1,200,000,000</b>	<b>1,200,000,000</b>
<b>6.00 General Reserve</b>			
Balance as on 01 January		38,281,742	-
Add: Addition during the period		4,825,800	38,281,742
		<b>43,107,542</b>	<b>38,281,742</b>
Less: Adjustment during the period		-	-
<b>Balance at 31 December</b>		<b>43,107,542</b>	<b>38,281,742</b>
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. Margin loan is Tk. 4,310,754,233.25 as on December 31, 2011.			
<b>7.00 Fair Value Measurement Reserve</b>			
		<b>Fair Value Measurement Reserve (Tk.)</b>	<b>Fair Value Measurement Reserve (Tk.)</b>
<b>Investment for Membership</b>			
<b>(i) Dhaka Stock Exchange Ltd.</b>			
Investment as Membership of Dhaka Stock Exchange		338,394,000	338,394,000
<b>Sub-total</b>		<b>338,394,000</b>	<b>338,394,000</b>

	Fair Value Measurement Reserve (Tk.)	Fair Value Measurement Reserve (Tk.)
<b>(ii) Chittagong Stock Exchange Ltd.</b>		
Investment as Membership of Chittagong Stock Exchange	155,000,000	155,000,000
<b>Sub-total</b>	<b>155,000,000</b>	<b>155,000,000</b>
<b>Total (i+ii)</b>	<b>493,394,000</b>	<b>493,394,000</b>

Investments for membership are initially recognized at cost (which includes transaction costs) and are subsequently re-measured at fair value based on current quoted bid price (in case of CSE Membership based on current bid price and DSE Membership based on fair market value). Surplus arising from changes in the fair value of investment for membership are transferred to Fair Value Measurement Reserve (FVMR).

Investment in Stock Exchanges for membership are stated at fair value determined by Ahmad Ahmad and Associates, a financial consulting firm. Fair Value of investment in Stock Exchange for Membership is incorporated in the financial statements as on 31.12.2009. Fair Value Measurement Reserve are not available for distribution as dividend to the Shareholders of the company.

#### 8.00 Deffered Liability - Employees' Gratuity

Balance as on 01 January	20,961,862	9,384,671
Add: Addition during the year	8,356,101	12,450,591
	<b>29,317,963</b>	<b>21,835,262</b>
Less: Paid during the year	5,945,578	873,400
Balance at 31st December	<b>23,372,385</b>	<b>20,961,862</b>

#### 9.00 Lease Finance Under Capital Obligation

Balance as on 01 January	8,813,518	7,106,644
Add: Addition during the year	7,360,000	6,300,000
	16,173,518	13,406,644
Less: Paid during the year	5,533,122	4,593,126
Balance at 31st December	<b>10,640,396</b>	<b>8,813,518</b>

#### 10.00 Long Term Loan

<b>Balance as on 01 January</b>	389,574,538	383,308,812
Add: Drawdown during the year	350,000,000	110,000,000
	739,574,538	493,308,812
Less: Repayment during the year	189,137,608	103,734,274
	<b>550,436,930</b>	<b>389,574,538</b>

#### Detail of the above balance is presented below:

Lanka Bangla Finance Limited	11,046,842	25,452,126
International Leasing Financial Services Ltd.	22,806,375	39,166,777
International Leasing Financial Services Ltd. 2	29,112,897	38,167,797
International Leasing Financial Services Ltd. 3	40,214,324	47,031,157
Midas Financing Limited	33,343,093	58,325,130
Midas Financing Limited 2	50,000,455	75,000,004
Midas Financing Limited 3	-	58,750,000
National Bank Limited	30,708,895	47,681,547
Prime Finance & Investment Limited	235,298,317	-
Feareast Finance Limited	97,905,732	-
	<b>550,436,930</b>	<b>389,574,538</b>

	December 31, 2011 Taka	December 31, 2010 Taka
<b>11.00 Investment in Stock Exchanges for Membership</b>		
Dhaka Stock Exchange Limited - Membership	350,000,000	350,000,000
Chittagong Stock Exchange Limited - Membership	160,000,000	160,000,000
	<b>510,000,000</b>	<b>510,000,000</b>

**12.00 Fixed Assets Less Accumulated Depreciation****Cost:**

Opening balance	194,021,861	86,626,393
Add: Addition during the year	23,935,153	110,680,389
	<b>217,957,014</b>	<b>197,306,782</b>
Less: Disposal during the year	2,492,750	3,284,921
	<b>215,464,264</b>	<b>194,021,861</b>
Less: Accumulated depreciation:		
Opening balance	43,306,851	26,966,997
Add: Charged during the year	25,807,326	19,624,775
	<b>69,114,176</b>	<b>46,591,772</b>
Less: Adjustment	2,180,200	3,284,921
	66,933,976	43,306,851
<b>Written down value</b>	<b>148,530,288</b>	<b>150,715,009</b>

A schedule of fixed assets is given in Annexure-A

**13.00 Intangible Asset (Software)**

Balance as at 1st January	409,706	752,745
Add: Addition during the year	-	50,000
	409,706	802,745
Less: Amortization off during the year	409,706	393,039
Balance at 31st December	-	<b>409,706</b>

**14.00 Investment in unlisted securities**

Particulars	No. of Shares	Cost Price	Market Price
Information Technology Consultants Limited	500,000	5,000,000	N/A
Envoy Textile Limited	253,000	5,819,000	N/A
Financial Excellence Limited	150,000	1,500,000	N/A
Aamra Technologies Limited	140,000	5,250,000	N/A
BizBangla Media Limited	10,000,000	100,000,000	N/A
GBB Power Limited	20,000	1,400,000	N/A
		<b>118,969,000</b>	

**15.00 Advances, Deposits and Prepayments****Advances**

Office rent	12,863,514	9,127,891
Advance for new branch opening	-	8,453,143
Advance to Employee	1,645,840	-
Advance for Bank guarantee margin	14,333,625	15,485,655
Advance against expenses	261,066	510,334
	<b>29,104,045</b>	<b>33,577,023</b>



		December 31, 2011 Taka	December 31, 2010 Taka
<b>Deposits</b>			
Clearing house		25,000	25,000
PCS Bangladesh (Pvt.) Ltd.		64,000	64,000
Security deposit with CDBL		102,500	102,500
Security deposit for Banani Office		1,500,000	250,000
Security deposit to One Bank Ltd.		-	40,000,000
		<b>1,691,500</b>	<b>40,441,500</b>
<b>Prepayments</b>			
Group and health insurance		1,790,035	1,493,571
Insurance for office equipment		343,051	303,385
Insurance for motor vehicle		454,686	333,716
		<b>2,587,772</b>	<b>2,130,672</b>
		<b>33,383,317</b>	<b>76,149,195</b>
<b>16.00 Receivable from Clients</b>			
LankaBangla Investments Ltd		-	106,719,314
Other clients(Notes 16.01)		4,310,754,232	3,721,454,850
		<b>4,310,754,232</b>	<b>3,828,174,164</b>
<b>16.01 Other Clients</b>			
Other clients includes receivable from share trading.			
<b>17.00 Receivable from DSE &amp; CSE</b>			
ABG&N	DSE	2,759,084	6,903,170
ABG&N	DSE	53,742,844	18,027,080
ABG&N	DSE	16,791,384	83,455,255
ABG&N (Spot)	DSE	771,120	18,594,220
Z	DSE	251,040	65,990,523
Z	DSE	454,250	720,600
Z	DSE	16,995	2,822,963
Z	DSE	79,200	-
Z	DSE	433,225	-
Z	DSE	1,723,450	1,316,800
Z	DSE	2,307,570	22,890,000
Z	DSE	265,950	1,658,035
Z	DSE	145,400	667,750
<b>Total DSE</b>		<b>79,741,512</b>	<b>223,046,395</b>
ABG&N	CSE	-	12,038,824
ABG&N	CSE	15,742,265	20,981,969
ABG&N	CSE	3,908,550	32,628,967
ABG&N (Spot)	CSE	142,855	4,949,760
Z	CSE	168,670	-
Z	CSE	53,161	-
Z	CSE	294,335	-
Z	CSE	53,962	-
Z	CSE	223,485	-
Z	CSE	764,261	-
Z	CSE	1,064,208	-
Z	CSE	143,593	-

		December 31, 2011 Taka	December 31, 2010 Taka
Z	CSE	360,883	-
<b>Total CSE</b>		<b>22,920,227</b>	<b>70,599,520</b>
<b>Grand Total DSE &amp; CSE</b>		<b>102,661,739</b>	<b>293,645,915</b>

**18.00 Investment in listed securities**

Particulars	No. of Shares	Cost Price	Market Price As on 31st Dec'11	Unrealise Gain/(Loss)
Heidelberg Cement BD Ltd	200,000	70,168,000	51,180,000	(18,988,000)
Eastern Cables Limited	1,249,800	87,510,996	71,363,580	(16,147,416)
Rupali Bank Limited	20	140	2,732	2,592
MI Cement Factory Limited	51	4,241	5,636	1,395
MJL Bangladesh Limited	105	10,580	10,490	(90)
Ocean Containers Limited	56	5,945	3,690	(2,255)
Midas Financing Limited	2,744,145	108,947,347	176,722,938	67,775,591
LR Global BD Mutual Fund One	30,000,000	300,000,000	318,000,000	18,000,000
Bank Asia Limited	2,500,000	107,000,000	95,500,000	(11,500,000)
RAK Ceramics (BD) Limited	129	5,664	10,114	4,450
Janata Bank 1st Mutual Fund	50,000	500,000	445,000	(55,000)
2ND ICB Mutual Fund	7,000	2,817,500	2,303,000	(514,500)
Delta Life Insurance Limited	76,450	215,702,574	235,091,395	19,388,821
Beximco Pharma Limited	1,250,000	150,700,000	117,000,000	(33,700,000)
		<b>1,043,372,987</b>	<b>1,067,638,575</b>	<b>24,265,588</b>

**19.00 Cash and Cash Equivalents**

Cash in hand	51,606	77,122
Cash at bank/nbfi (Notes 19.01)	1,408,597,709	1,240,030,382
	<b>1,408,649,315</b>	<b>1,240,107,504</b>

**19.01 Cash at Bank/NBFI**

Standard Chartered Bank	10,799,330	3,907,003
BRAC Bank Limited	30,387,679	44,269,171
ONE Bank Limited	1,154,076,508	1,166,836,962
Dutch-Bangla Bank Limited	2,705,362	1,796,829
Hongkong and Shanghai Corporation Ltd.	1,375,963	9,599,047
Trust Bank Limited	-	942
Prime Bank Limited	8,048,817	1
LankaBangla Finance Limited	200,000,000	-
Commercial Bank of Ceylon	1,204,052	13,620,427
	<b>1,408,597,709</b>	<b>1,240,030,382</b>

**20.00 Payable to Clients**

IDLC Investment Ltd	3,671,702	50,363,538
LankaBangla Investments Ltd	37,332,981	-
Other clients (Notes 20.01)	336,925,113	923,766,926
	<b>377,929,796</b>	<b>974,130,464</b>

**20.01 Other Clients**

Other clients includes payable from share trading.

		December 31, 2011 Taka	December 31, 2010 Taka
<b>21.00 Payable to DSE &amp; CSE</b>			
ABG&N	DSE	5,367,568	6,671,027
Z	DSE	1,324,507	2,558,007
<b>Total DSE</b>		<b>6,692,075</b>	<b>9,229,034</b>
ABG&N	CSE	-	-
Z	CSE	319,233	-
<b>Total CSE</b>		<b>319,233</b>	-
<b>Grand Total DSE &amp; CSE</b>		<b>7,011,308</b>	<b>9,229,034</b>

**22.00 Accrued Expenses**

Telephone bill	18,902	21,502
Mobile bill	-	10,763
Incentive	37,860,000	123,785,670
Office rent	-	966,750
Electricity bill	221,026	221,158
Newspaper	-	3,018
WASA bill	19,962	25,340
Water charges	56,212	56,491
Audit fee	78,000	60,000
Office maintenance	348,224	296,628
Overtime for casual employees	19,350	49,579
Professional Fees	-	20,000
Printing & stationeries	439,251	108,937
CDBL charges	1,346,389	14,838,834
	<b>40,407,316</b>	<b>140,464,670</b>

**23.00 Other Liabilities**

Provident fund	-	(14,400)
Interest on short term loan	14,211,071	9,627,024
Doubtful Debt	9,947,150	-
Cash Dividend	39,382,799	-
LankaBangla Investments ltd	-	636,361
Tax deducted at source from salary	-	16,664
Tax and VAT deducted at source	78,749,070	22,928
Provision for diminuation in value of investment ( Notes 23.01)	-	22,169,895
Other liabilities	-	907,274
	<b>142,290,090</b>	<b>33,365,746</b>

**23.01 Gain for Appreciation in Value of Investment**

Balance as at 1st January	22,169,895	-
Add: Addition during the year	-	22,169,895
	<b>22,169,895</b>	<b>22,169,895</b>
Less: Adjustment for appreciation in value of investment	22,169,895	-
Balance at 31st December	-	<b>22,169,895</b>

	December 31, 2011 Taka	December 31, 2010 Taka
<b>23.02 Allocation of Provision in Value of Investment</b>		
Listed Securities	-	22,169,895
Unlisted Securities	-	-
	<b>-</b>	<b>22,169,895</b>
<b>24.00 Short Term Loan/Term Loan</b>		
Balance on 1 January	500,000,000	120,000,000
Loan taken during the period	1,164,370,816	1,150,000,000
	<b>1,664,370,816</b>	<b>1,270,000,000</b>
Re-scheduled/repayment during the period	-	770,000,000
	<b>1,664,370,816</b>	<b>500,000,000</b>
<b>Detail of the above balance is presented below:</b>		
Lanka Bangla Finance Limited	764,370,816	300,000,000
One Bank Limited	700,000,000	-
Phoenix Finance & Investment Limited	200,000,000	200,000,000
	<b>1,664,370,816</b>	<b>500,000,000</b>
<b>25.00 Provision for Current Tax</b>		
Opening Balance	56,743,084	7,505,278
Add: Provision during the year	314,258,687	284,912,368
	<b>371,001,771</b>	<b>292,417,646</b>
Less: Paid during the year	46,931,000	8,688,238
Advance tax deducted at source	6,768,694	7,073,956
Tax deducted at source on turnover (25.01)	152,280,427	219,912,368
	<b>205,980,121</b>	<b>235,674,562</b>
	<b>165,021,650</b>	<b>56,743,084</b>

**25.01 Tax Deducted at Source on Turnover**

As per section 53BBB of Income Tax Ordinance 1984, the company provide Income Tax Tk. 152,280,427 against turnover tax applying rate of 0.050% & 0.10% during the year 2011.

**26.00 Deferred Tax**

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 Bangladesh Accounting Standard (BAS) 12 "Income Taxes".

Particulars	Carrying Amount at Balance Sheet Taka	December 31, 2011	December 31, 2010
		Taka	Taka
		Taxe Base, Taka	Taxable/ Deductable Temporary Difference, Taka
<b>Assets:</b>			
Fixed assets net of depreciation	148,530,287	148,634,452	(104,165)
<b>Liabilities:</b>			
Provision for Gratuity	23,372,385	-	(23,372,385)
<b>Total</b>	<b>171,902,672</b>	<b>148,634,452</b>	<b>(23,372,385)</b>
Applicable Tax Rate			37.50%
<b>Deferred Tax Assets as on 31st December 2011</b>			<b>8,803,706</b>
Deferred Tax Assets as on 01 January 2010			13,490,327
<b>Deferred tax income accounted for during the year</b>			<b>(4,686,621)</b>
<b>27.00 Revenue from Brokerage</b>			
DSE		663,855,454	1,652,225,916
CSE		94,654,754	234,707,423
		<b>758,510,208</b>	<b>1,886,933,339</b>
<b>28.00 Capital Gain from Investment in Share</b>			
Sales price of shares invested in different companies		247,173,037	1,371,006,783
Cost price of shares invested in different companies		237,414,872	1,285,683,119
		9,758,165	85,323,664
Cash Dividend Received		2,180,003	1,058,762
<b>Capital Gain from Investment in Shares</b>		<b>11,938,168</b>	<b>86,382,426</b>
<b>29.00 Interest Income</b>			
<b>Interest on Bank Deposit</b>			
Standard Chartered Bank		8,884,488	15,010,644
BRAC Bank Limited		2,802,223	1,879,408
One Bank Limited		51,303,903	51,641,368
FDR with LankaBangla Finance Limited		13,066,667	-
STD with LankaBangla Finance Limited		6,581,128	-
Dutch-Bangla Bank Limited		77,358	163,969
Hong Kong & Shanghi Banking Corporation		3,292	352,443
Commercial Bank of Ceylon		147,422	147,088
Prime Bank Limited		29,874	-
Advances to Employee		35,119	-
		<b>82,931,475</b>	<b>69,194,921</b>

	December 31, 2011 Taka	December 31, 2010 Taka
<b>30.00 Other Operating Income</b>		
Service charge from clients for CDBL	27,022,872	43,619,002
Sale of beneficiary owner accounts (BO) form	1,202,000	3,134,300
	28,224,872	46,753,302
Less: Service charge paid to CDBL	35,594,349	117,835,409
<b>Net Income from CDBL</b>	<b>(7,369,477)</b>	<b>(71,082,107)</b>
Interest on debit balance of clients	747,580,004	456,979,505
Less: Interest Expenses	173,129,237	126,350,953
<b>Net Interest Income Debit Balance of clients</b>	<b>574,450,767</b>	<b>330,628,552</b>
Excess provision in last year	-	737,882
Sale of scrap	1,002,508	-
	<b>1,002,508</b>	<b>737,882</b>
<b>Total Other Operating Income</b>	<b>568,083,798</b>	<b>260,284,327</b>
Less: Other operating expenses (Note: 33.00)	190,446,966	206,009,576
	<b>377,636,832</b>	<b>54,274,751</b>
<b>31.00 Other Income</b>		
Gain from sale of fixed assets	1,356,706	-
	<b>1,356,706</b>	-
<b>32.00 Operating Expenses</b>		
Salaries and allowances	49,851,226	37,621,107
P.F.Contribution	2,410,558	1,762,139
Gratuity	3,342,440	4,980,236
Incentive	15,144,000	49,514,268
Office rent	8,206,765	5,188,363
Telephone bill	75,420	174,040
Mobile bill	1,185,648	973,844
Electricity bill	1,039,780	1,042,809
Printing and stationery	2,403,711	2,574,332
Entertainment	1,788,784	1,965,924
Car maintenance	2,564,995	1,721,433
Traveling and conveyance	896,518	266,663
Interest on lease finance	696,337	502,806
Postage and courier	60,670	67,781
Newspaper and periodicals	41,987	36,302
License and renewal	924,340	1,133,076
Office maintenance	2,804,299	3,002,726
Repairs and maintenance	459,203	1,162,332
WASA bill	37,538	39,399
Water charges	263,053	227,267
Fuel	290,885	355,182
Insurance premium	1,352,799	1,037,453
Advertisement	178,713	260,962

	December 31, 2011 Taka	December 31, 2010 Taka
Bank charges	179,303	205,654
Loan processing fee	239,310	389,938
Networking charge	3,636,676	2,433,339
Audit fee	31,200	24,000
Board meeting fees	145,882	152,000
Legal and professional expenses	342,326	1,207,490
Business promotional expenses	3,929,555	2,377,110
Training expenses	694,841	661,236
Uniform	103,711	55,004
Depriciation on fixed assets	7,948,752	6,241,447
Depriciation on leased assets	2,374,178	1,608,462
Amortization of intangible assets(software)	163,882	157,216
Software maintenance fee	480,451	103,100
Commission of Bank guarantee	10,540,952	5,504,156
AGM Related Expenses	48,984	344,142
Subscriptions	84,969	264,977
	<b>126,964,641</b>	<b>137,339,716</b>

### 33.00 Other Operating Expenses

Salaries and allowances	74,776,839	56,431,661
P.F.Contribution	3,615,836	2,643,209
Gratuity	5,013,661	7,470,355
Incentive	22,716,000	74,271,402
Office rent	12,310,148	7,782,544
Telephone bill	113,130	261,060
Mobile bill	1,778,472	1,460,767
Electricity bill	1,559,670	1,564,214
Printing and stationery	3,605,567	3,861,499
Entertainment	2,683,177	2,948,885
Car maintenance	3,847,492	2,582,150
Traveling and conveyance	1,344,776	399,995
Interest on lease finance	1,044,506	754,209
Postage and courier	91,005	101,672
Newspaper and periodicals	62,980	54,452
License and renewal	1,386,510	1,699,614
Office maintenance	4,206,449	4,504,090
Repairs and maintenance	688,805	1,743,498
WASA bill	56,306	59,098
Water charges	394,579	340,900
Fuel	436,328	532,774
Insurance premium	2,029,199	1,556,179

	December 31, 2011 Taka	December 31, 2010 Taka
Advertisement	268,069	391,443
Bank charges	268,954	308,481
Loan processing fee	358,965	584,907
Networking charge	5,455,014	3,650,009
Audit fee	46,800	36,000
Board meeting fees	218,824	228,000
Legal and professional expenses	513,489	1,811,235
Business promotional expenses	5,894,333	3,565,665
Training expenses	1,042,262	991,854
Uniform	155,567	82,506
Depreciation on fixed assets	11,923,129	9,362,171
Depreciation on leased assets	3,561,267	2,412,694
Amortization of intangible assets (software)	245,824	235,823
Software maintenance fee	720,676	154,650
Commission of Bank guarantee	15,811,428	8,256,234
AGM Related Expenses	73,476	516,213
Subscriptions	127,454	397,465
	<b>190,446,966</b>	<b>206,009,577</b>

**34.00 Direct Charges**

Hawla charges	7,202,422	13,118,675
Laga charges	43,860,363	113,109,911
	<b>51,062,785</b>	<b>126,228,586</b>

**35.00 Retained Surplus brought forward**

Balance at 1 January	-	719,243,582
Adjustment for def. tax*	-	9,039,142
Restated /Adjusted retained surplus	-	<b>728,282,724</b>

\*Due to adoption of the policy on Deferred Tax as per BAS 12 "Income Tax" the opening balance of the affected component of equity for the earliest prior period presented has been adjusted/ restated as per BAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors.

**36.00 Earnings per Share (EPS):**

Net profit after Tax	747,623,400	1,530,586,057
Number of Ordinary Shares Outstanding (Note: 35.01)	96,250,700	96,250,700
Earnings Per Share (EPS)	<b>7.77</b>	<b>15.90</b>

Earnings per Share has been calculated in accordance with BAS-33: "Earnings Per Share (EPS)".

\*\*\* Previous year's EPS has been restated by the current year's outstanding shares.



	December 31, 2011 Taka	December 31, 2010 Taka
<b>36.01 Number of Ordinary Shares Outstanding</b>		
Balance on 1 January	55,004,000	40,000,320
Bonus Issued on March	41,246,700	15,003,680
	<b>96,250,700</b>	<b>55,004,000</b>

**37.00 Chief Executive Officers Salary and Benegits**

Basic Pay	3,120,000	5,040,000
Allowences	2,440,000	4,200,000
Bonus	360,000	840,000
Company's Contribution to Provident Fund	312,000	504,000
	<b>6,232,000</b>	<b>10,584,000</b>

**38.00 Number of Employees**

The Company paid an aggregate amount of more than taka 36,000 p. a. to 195 employees and more than taka 3,000 per month to 195 employees who were in employment for full year or part of the year.

## LankaBangla Securities Limited

### Schedule of Fixed Assets

For the year ended December 31, 2011

Particulars	COST				"Rate of Depreciation"	DEPRECIATION				Written Down Value as on 31 December 2011 Taka
	Balance on 1 January 2011 Taka	Additions during the year Taka	Disposal during the year Taka	Balance on 31 December 2011 Taka		Balance on 1 January 2011 Taka	Charged during the year Taka	Disposal during the year Taka	Balance on 31 December 2011 Taka	
Building	80,476,150	-	-	80,476,150	2.5%	1,328,052	2,011,904	-	3,339,956	77,136,194
Furniture & Fixtures	5,360,799	404,940	-	5,765,739	10%	985,902	556,328	-	1,542,230	4,223,509
Office Equipment	42,635,141	6,604,183	50,000	49,189,324	20%	14,987,866	9,024,569	20,000	23,992,435	25,196,889
Office Renovation	39,166,583	2,400,000	-	41,566,583	20%	14,685,403	7,832,561	-	22,517,964	19,048,619
Motor Vehicle	2,232,600	-	-	2,232,600	20%	1,549,100	446,520	-	1,995,620	236,980
Lease Assets	24,150,587	14,526,030	2,442,750	36,233,867	20%	9,770,527	5,935,445	2,160,200	13,545,772	22,688,095
<b>Total December 31, 2011</b>	<b>194,021,860</b>	<b>23,935,153</b>	<b>2,492,750</b>	<b>215,464,263</b>	<b>-</b>	<b>43,306,850</b>	<b>25,807,327</b>	<b>2,180,200</b>	<b>66,933,977</b>	<b>148,530,286</b>
<b>Total December 31, 2010</b>	<b>86,626,393</b>	<b>110,680,389</b>	<b>3,284,921</b>	<b>194,021,861</b>	<b>-</b>	<b>26,966,997</b>	<b>19,624,775</b>	<b>3,284,921</b>	<b>43,306,851</b>	<b>150,715,009</b>

**Auditors' Report and  
Audited Financial Statements of**  
LankaBangla  
Investments Limited



# LankaBangla Investments Limited

## Auditors' Report to the Shareholders of LankaBangla Investments Limited

We have audited the accompanying financial statements of LankaBangla Investments Limited ("the Company") which comprise the balance sheet as at 31 December 2011, and the profit and loss account, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other relevant explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), 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.

### Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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


### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2011 and the results of its financial performance and its cash flows for the year then ended in accordance with BFRSs and comply with the Companies Act, 1994, and other applicable laws and regulations.

### We also report that:

- a) 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;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- c) the balance sheet and profit and loss account dealt with by the report are in agreement with the books of account.

Dhaka, 27 February 2012

  
Rahman Rahman Huq  
Chartered Accountants

# LankaBangla Investments Limited

## Balance Sheet

as at 31 December 2011

	Note	2011 Taka	2010 Taka
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	9,443,179	4,449,719
Capital work-in progress	5	6,255,793	800,000
Intangible assets	6	708,371	-
<b>Total non-current assets</b>		<b>16,407,343</b>	<b>5,249,719</b>
<b>Current assets</b>			
Margin loan	7	3,786,975,205	-
Cash and cash equivalents	8	309,113,780	165,992
Investments	9	151,273,374	200,000,000
Other receivables	10	15,583,329	-
Advances, deposits and prepayments	11	24,359,456	14,551,239
<b>Total current assets</b>		<b>4,287,305,144</b>	<b>214,717,231</b>
<b>Total assets</b>		<b>4,303,712,487</b>	<b>219,966,950</b>
<b>Equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	12	300,000,000	200,000,000
Retained earnings		37,878,604	3,441,708
<b>Total equity</b>		<b>337,878,604</b>	<b>203,441,708</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Due to related parties	13	3,442,429,816	14,626,811
Loans - non-current portion	14	23,231,757	-
<b>Total non-current liabilities</b>		<b>3,465,661,573</b>	<b>14,626,811</b>
<b>Current liabilities</b>			
Bank overdraft	8	126,486,985	-
Due to related parties	13	315,819,735	-
Loans - current portion	14	5,881,117	-
Provision for tax	15	48,815,513	1,783,431
Other liabilities	16	3,168,961	115,000
<b>Total current liabilities</b>		<b>500,172,310</b>	<b>1,898,431</b>
<b>Total liabilities</b>		<b>3,965,833,883</b>	<b>16,525,242</b>
<b>Total equity and liabilities</b>		<b>4,303,712,487</b>	<b>219,966,950</b>

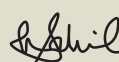
The annexed notes 1 to 27 form an integral part of these financial statements.



Chairman



Director



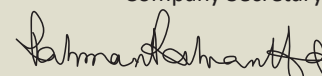
Chief Executive Officer



Company Secretary

Dated, Dhaka  
February 27, 2012

As per our annexed report of the same date



Rahman Rahman Huq  
Chartered Accountants

# LankaBangla Investments Limited

## Profit and Loss Account

for the year ended 31 December 2011

	Note	2011* Taka	2010* Taka
<b>Operating income</b>			
Fund based income	17	716,809,525	-
Cost of fund		(611,148,107)	-
<b>Net fund based income</b>		<b>105,661,418</b>	-
Fee based income	18	8,250,949	-
Other operating income	19	25,530,989	-
<b>Total operating income</b>		<b>139,443,355</b>	-
Other income	20	29,259,577	6,974,330
<b>Total income</b>		<b>168,702,933</b>	<b>6,974,330</b>
<b>Operating expenses</b>			
Salaries and allowances		(16,967,032)	-
Rent, taxes, insurance, utilities etc.	21	(8,918,700)	-
Legal and professional fees		(3,113,426)	-
Postage, stamp and telecommunication		(886,971)	-
Stationery, printing and advertising		(1,146,553)	-
Audit fees		(182,875)	(115,000)
Directors' fees		(92,000)	-
Repairs, maintenance and depreciation	22	(6,447,450)	(233,281)
Impairment	7	(41,596,517)	-
Other expenses		(6,122,887)	(1,400,910)
<b>Total operating expenses</b>		<b>(85,474,410)</b>	<b>(1,749,191)</b>
<b>Profit before tax</b>		<b>83,228,522</b>	<b>5,225,139</b>
Income tax:	15		
Current tax expense		(48,701,662)	(1,783,431)
Deferred tax charge		(89,964)	-
		(48,791,626)	(1,783,431)
<b>Profit for the year</b>		<b>34,436,896</b>	<b>3,441,708</b>


\*Please see note 2.6

The annexed notes 1 to 27 form an integral part of these financial statements.

  
Chairman


  
Director

  
Chief Executive Officer

  
Company Secretary

Dated, Dhaka  
February 27, 2012

As per our annexed report of the same date

  
Rahman Rahman Huq  
Chartered Accountants

# LankaBangla Investments Limited

## Statement of Changes in Equity

for the year ended 31 December 2011

	Share capital Taka	Retained earnings Taka	Total Taka
<b>Balance at 29 March 2010</b>	-	-	-
Issue of ordinary shares	200,000,000	-	200,000,000
Profit for the period	-	3,441,708	3,441,708
<b>Balance at 1 January 2011</b>	200,000,000	3,441,708	203,441,708
Issue of rights shares	100,000,000	-	100,000,000
Profit for the year	-	34,436,896	34,436,896
<b>Balance at 31 December 2011</b>	<b>300,000,000</b>	<b>37,878,604</b>	<b>337,878,604</b>

# LankaBangla Investments Limited

## Statement of Cash Flows

For the year ended 31 December 2011

	Note	2 011* Taka	2010* Taka
<b>A) Cash flows from operating activities</b>			
Cash received from fees and other income		25,519,394	192,386
Cash paid for service charges to LBFL		(5,517,548)	-
Cash paid for rental payments		(4,777,440)	-
Cash paid for IT related expenses		(586,233)	-
Transfer to provident fund bank account		(1,400,644)	-
Tax payment		(3,740,306)	-
Cash paid to employees		(14,920,421)	-
Cash paid for other operating expenses		(12,445,442)	(26,424)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>		<b>(17,868,640)</b>	<b>165,962</b>
Settlement with LBSL		2,078,396,343	-
Own portfolio investment		(9,750,000)	-
Rental advance		(2,700,000)	-
Client deposits		1,146,977,968	-
Client withdrawals		(2,588,050,186)	-
<b>Total increase in operating assets and liabilities</b>		<b>624,874,125</b>	-
<b>Cash generated from operating activities</b>		<b>607,005,485</b>	<b>165,962</b>
<b>Net cash inflows from operating activities</b>		<b>607,005,485</b>	<b>165,962</b>
<b>B) Cash flows from investing activities</b>			
Investment in FDR		(140,000,000)	-
Investment in Related Party		-	(200,000,000)
Receipt from LBFL for bank account opening		-	30
Payment for capital work-in-progress		(6,105,667)	-
Investment in unquoted and quoted shares		(33,689,500)	-
Proceeds from sale of own portfolio shares		163,754,567	-
Dividend on own portfolio investment		12,000	-
Net disbursement to LBFL		(124,000,000)	-
Procurement of property, plant and equipment		(537,112)	-
<b>Net cash used in investing activities</b>		<b>(140,565,712)</b>	<b>(199,999,970)</b>
<b>C) Cash flows from financing activities</b>			
Paid up capital received		100,000,000	200,000,000
Loan received from Shajalal Islami Bank		30,000,000	-
Installment payment on Shajalal Islami Bank loan		(1,732,000)	-
Interest payment on LBFL loan		(412,246,970)	-
<b>Net cash used in financing activities</b>		<b>(283,978,970)</b>	<b>200,000,000</b>
<b>D) Net increase in cash and cash equivalents (A+B+C)</b>		<b>182,460,803</b>	<b>165,992</b>
<b>E) Opening cash and cash equivalents</b>		<b>165,992</b>	<b>-</b>
<b>F) Closing cash and cash equivalents (D+E)</b>	8	<b>182,626,795</b>	<b>165,992</b>

\*Please see note 2.6



# LankaBangla Investments Limited

## Notes to the financial statements

as at and for the year ended 31 December 2011

### 1.0 Reporting entity

LankaBangla Investments Limited (hereinafter referred to as “LankaBangla” 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. The address of the Company’s registered office is 20, Kemal Ataturk Avenue, Banani, Dhaka-1213. This Company is a fully owned subsidiary of LankaBangla Finance Limited.

LankaBangla has obtained Merchant Banking license (registration certificate no-MB-57/2010) from the Securities and Exchange Commission on 2 January 2011. The activities of the Company include services broadly classified as fee and fund based services, such as underwriting of securities, issue management, portfolio management, corporate financial services etc.

### 2.0 Basis of preparation

#### 2.1 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994 and other applicable laws and regulations.

The format of the financial statements follows the requirements of BFRSs which is to some extent different from the requirements of the Companies Act, 1994; however, such differences are not material and in the view of management, BFRS format as mentioned in BAS 1 gives a better presentation to the shareholders.

#### 2.2 Basis of measurement

The financial statements have been prepared on historical cost basis except for financial instruments at fair value through profit or loss measured at fair value.

#### 2.3 Basis of accounting

The financial statements except for cash flow information have been prepared on accrual basis of accounting.

#### 2.4 Functional and presentation currency and level of precision

The financial statements are presented in Bangladesh Taka (Taka/Tk) currency, which is the Company’s functional currency. All financial information presented in Taka have been rounded to the nearest Taka.

#### 2.5 Use of estimates and judgments

The preparation of the financial statements in conformity with BFRSs 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 recognised in the period in which the estimate is revised and in any future periods affected.

#### 2.6 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 1 January 2011 to 31 December 2011. Financial information for 2010 represents the period from 29 March 2010 to 31 December 2010. The Company did not engage in operations during this period.

### 3.0 Significant accounting policies

The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these financial statements.

#### 3.1 Property, plant and equipment

##### 3.1.1 Recognition and measurement

Items of property, plant and equipment are measured initially at cost and subsequently at cost less accumulated depreciation in compliance with Bangladesh Accounting Standard (BAS) 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 up gradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

### 3.1.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised 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 recognised in the profit and loss account as incurred.

### 3.1.3 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 recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Depreciation is charged at the following rates starting from the month of acquisition of assets:

Category of assets	Rate of depreciation
Office equipment	33.33%
Furniture and fixture	15%
Motor vehicle	25%

**No depreciation is charged in the month of disposal.**

### 3.1.4 Disposal of fixed assets

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 recognised net with "other income" in profit or loss account.

### 3.1.5 Impairment

#### Financial assets

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 recognised in profit or loss.

#### Non financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised in profit and loss account 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.

### 3.2 Intangible assets

Intangible assets are to be initially recognised at cost including any directly attributable cost. Intangible assets that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is to be provided on a straight-line basis at 20% to write off the cost of intangible assets. Intangible assets include software, integrated systems along with related hardware.

### 3.3 Financial instruments

Non-derivative financial instruments comprise investments in shares and FDR, trade receivables, cash and cash equivalents, margin loans, share capital and interest - bearing borrowings.

#### 3.3.1 Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

#### 3.3.2 Investment in FDR (Fixed Deposit Receipt)

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 recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

#### 3.3.3 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and all call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

#### 3.3.4 Share capital

Only ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary share are recognised as a deduction from equity, net of any tax effects.

#### 3.3.5 Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

### 3.4 Financial risk management

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's management policies are established to identify and analyse the risk faced by the Company to set appropriate risk limits and controls and to monitor risk 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 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. The Company has exposure to the following risks from its use of financial instruments.

- > Credit risk
- > Liquidity risk
- > Market risk

### 3.5 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 payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to profit and loss account.

### 3.6 Revenue recognition

As per Bangladesh Accounting Standard (BAS) 18 Revenue, revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

#### Interest:

Interest is charged on client's balance (due to us) on daily basis at the applicable rate.

#### Management fee:

Management fee is charged on client's portfolio value (at market price) on daily basis at the applicable rate.

#### Fee based income:

Fee based income is recognised when a service is rendered in line with the related agreement.

### 3.7 Income and expenditures

Income and expenditures are recognised on accrual basis. Income is only recognised if its realisation is reasonably certain.

### 3.8 Statement of cash flows

The net cash flow from operating activities is determined for the year under direct method as per Bangladesh Accounting Standard (BAS) 7 Statement of Cash Flows.

### 3.9 Employee benefits

The Company operates an unfunded gratuity scheme, provision in respect of which is made annually covering all its permanent eligible employees. This scheme is qualified as defined benefit plan. There is also a unrecognised provident fund for all permanent employees of the Company. This qualifies as defined contribution plan.

#### 3.9.1 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 recognised 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 recognises 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.

#### 3.9.2 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 recognised Employees' Gratuity Fund is being considered as defined benefit plan as it meets the recognition criteria. The Company's obligation is to provide the agreed benefits to current employees as per condition of the fund.

### 3.10 Tax

#### 3.10.1 Current tax

Income tax expense is recognised in profit or loss. 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 "Private Limited Company"; hence the applicable tax rate is 37.50%.

#### 3.10.2 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 recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. 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 realised.

### 3.11 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### 3.12 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.

## 4.0 Property, plant and equipment - 2011

Particulars	Office equipment Taka	Furniture and fittings Taka	Motor vehicles Taka	Total Taka
<b>Cost</b>				
Balance at 1 January 2011	-	-	4,683,000	4,683,000
Acquisition during the year	3,613,192	5,035,756	570,000	9,218,948
Disposal/adjustment	-	-	-	-
Balance at 31 December 2011	<u>3,613,192</u>	<u>5,035,756</u>	<u>5,253,000</u>	<u>13,901,948</u>
Rate of depreciation	33.33%	15%	25%	
<b>Depreciation</b>				
Balance at 1 January 2011	-	-	233,281	233,281
Depreciation for the year	1,811,155	958,583	1,455,750	4,225,488
Disposal/adjustment	-	-	-	-
Balance at 31 December 2011	<u>1,811,155</u>	<u>958,583</u>	<u>1,689,031</u>	<u>4,458,769</u>
<b>Carrying amount</b>				
At 1 January 2011	-	-	4,449,719	4,449,719
At 31 December 2011	<u>1,802,037</u>	<u>4,077,173</u>	<u>3,563,969</u>	<u>9,443,179</u>

## 4.1 Property, plant and equipment - 2010

Particulars	Office equipment Taka	Furniture and fittings Taka	Motor vehicles Taka	Total Taka
<b>Cost</b>				
Balance at 29 March 2010	-	-	-	-
Acquisition during the period	-	-	4,683,000	4,683,000
Disposal/adjustment	-	-	-	-
Balance at 31 December 2010	<u>-</u>	<u>-</u>	<u>4,683,000</u>	<u>4,683,000</u>

Rate of depreciation	33.33%	15%	25%	
<b>Depreciation</b>				
Balance at 29 March 2010	-	-	-	-
Depreciation for the period	-	-	233,281	233,281
Disposal/adjustment	-	-	-	-
Balance at 31 December 2010	-	-	233,281	233,281
<b>Carrying amount</b>				
At 29 March 2010	-	-	-	-
<b>At 31 December 2010</b>	-	-	<b>4,449,719</b>	<b>4,449,719</b>

### 5.0 Capital work in progress

Capital work in progress includes payment for new office interior work and networking work that are yet to be commissioned for being operated in a manner intended by management.

### 6.0 Intangible assets

	2011 Taka	2010 Taka
Acquisition during the year	745,654	-
Amortisation during the year	(37,283)	-
Closing balance	708,371	-

### 7.0 Margin loan

Margin loan	3,941,125,793	-
Impairment:		
Fund based income (Note 17)	(112,554,071)	-
Principal	(41,596,517)	-
	3,786,975,205	-

Impairment of margin loan has been calculated with reference to the decline in the market value of underlying equity securities as on 31 December 2011.

### 8.0 Cash and cash equivalents

Cash in hand	10,047	-
Cash at bank (Note 8.1)	309,103,733	165,992
Cash and cash equivalents	309,113,780	165,992
Bank overdraft used for cash management purpose	(126,486,985)	-
<b>Cash and cash equivalents in the statements of cash flows</b>	<b>182,626,795</b>	<b>165,992</b>

Cash at bank includes Tk. 300,000,000 which was deposited, on 27 December 2011, by LankaBangla Finance Limited (LBFL) from its bank account to current account no. 1101344138001 of the City Bank Limited maintained by LankaBangla Investments Limited (LBIL). Subsequently on 19 January 2012, LBIL issued a cheque amounting to Tk. 300,000,000 in favour of LBFL by crediting the same amount in its books. The corresponding effects of these transactions were given in current portion of due to related parties presented in note 13 to the financial statements.

	2011 Taka	2010 Taka
<b>8.1 Cash at bank</b>		
One Bank Limited	6,842,689	-
Dhaka Bank Limited	171,999	165,992
Shahjalal Islami Bank Limited	1,994,390	-
The City Bank Limited	300,094,655	-
	<u>309,103,733</u>	<u>165,992</u>
<b>9.0 Investments</b>		
Fixed deposits	140,000,000	200,000,000
Investments in quoted shares	9,883,941	-
Investments in unquoted shares	1,389,433	-
	<u>151,273,374</u>	<u>200,000,000</u>
<b>10.0 Other receivables</b>		
Issue management fees receivable	700,000	-
Other receivables - primary market department	29,000	-
Rights issue fees receivable	600,000	-
Underwriting commission receivable	814,660	-
Accounts receivables	10,022,389	-
Interest receivable on FDR	3,417,280	-
	<u>15,583,329</u>	<u>-</u>
	2011 Taka	2010 Taka
<b>11.0 Advances, deposits and prepayments</b>		
Advance income tax	4,743,605	19,239
Advance payment of salaries	50,000	-
Advance staff loans	188,824	-
Deposit with International Leasing and Financial Services	4,920,500	-
Prepaid rental	13,599,000	14,532,000
Prepayment against expenses	857,527	-
	<u>24,359,456</u>	<u>14,551,239</u>
<b>12.0 Share capital</b>		
Authorised		
300,000,000 Ordinary shares of Tk 10 each	<u>3,000,000,000</u>	<u>3,000,000,000</u>

**Issued and fully paid-up**

The issued, subscribed and fully paid up capital of the entity is Tk 300,000,000 divided into 30,000,000 ordinary shares of Tk 10 each. The break up of issued, subscribed and paid up capital of Tk 300,000,000 as on 31 December 2011 is as follows:

**The shareholding position at the balance sheet date was as follows:**

Name of Shareholders	Number of shares	% of share holding	2011 Taka	2010 Taka
LankaBangla Finance Limited	29,999,997	99.99999%	299,999,970	199,999,970
Mohammad A. Moyeen	1	0.000003%	10	10
Md. Abdullah Al Karim	1	0.000003%	10	10
Shakil Islam Bhuiyan	1	0.000003%	10	10
<b>Total</b>	<b>30,000,000</b>	<b>100%</b>	<b>300,000,000</b>	<b>200,000,000</b>

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised 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.

**13.0 Due to related parties****Non current portion**

Due to LankaBangla Finance Limited	3,442,429,816	14,626,811
	<u>3,442,429,816</u>	<u>14,626,811</u>

**Current portion**

Due to LankaBangla Finance Limited	353,227,741	-
Due from LankaBangla Securities Limited	(37,408,006)	-
	<u>315,819,735</u>	<u>-</u>

For a detailed discussion on Tk. 300,000,000 included in the current portion of due to LankaBangla Finance Limited, please refer to note no. 8 Cash and cash equivalents.

**14.0 Loans**

A loan was taken from Shajalal Islami Bank Limited for a tenure of 4 years for the purpose of meeting the renovation costs of the new office, office equipment, networking equipment and different types of active devices. Amount due within next 12 months has been shown as a current liability.

**15.0 Provision for tax**

	2011 Taka	2010 Taka
Opening balance	1,783,431	-
Provision made during the period	48,791,626	1,783,431
Payment made during the year	(1,759,545)	-
	<u>48,815,513</u>	<u>1,783,431</u>

Provision for tax is made @ 37.5% considering the significant allowance and disallowable items.

**16.0 Other liabilities**

Provision for gratuity	1,307,104	-
Accrued rent expenses	398,120	-
Provision for utility expenses	27,000	-
Payable for other expenses	186,093	-
VAT payable	217,425	-
CDBL expenses payable	167,300	-
Advertisement payable	10,000	-



	2011 Taka	2010 Taka
Customer deposits - AlphaPlus	491,905	-
Provident fund	1,226	-
Payable for insurance expenses	101,847	-
Liability for capital expenditure and tax at sources	73,846	-
Interest payable - Shahjalal Islami Bank Limited	82,595	-
Provision for audit fees	104,500	115,000
	<u>3,168,961</u>	<u>115,000</u>
<b>17.0 Fund based income</b>		
Interest on margin loan	688,940,616	-
Management fees	140,422,980	-
Total fund based income	829,363,596	-
Impairment of fund based income	(112,554,071)	-
Net fund based income	<u>716,809,525</u>	<u>-</u>
<b>18.0 Fee based income</b>		
Rights issue fees	800,000	-
Underwriting commission	1,530,949	-
Issue management fees	5,820,000	-
Corporate advisory fees	100,000	-
	<u>8,250,949</u>	<u>-</u>
<b>19.0 Other operating income</b>		
Interest on client cheque dishonor	318,429	-
Documentation charges	52,500	-
Dividend Income from own portfolio investments	15,000	-
Settlement fees	25,145,060	-
	<u>25,530,989</u>	<u>-</u>
<b>20.0 Other income</b>		
Realised gains on quoted shares	1,025,720	-
Return from investment in unquoted shares	7,845,433	-
Interest income on FDR	16,004,086	6,781,944
Interest income on savings account balances	3,937,306	192,386
Interest income on staff loan	19,329	-
Miscellaneous earnings	427,704	-
	<u>29,259,577</u>	<u>6,974,330</u>
<b>21.0 Rent, taxes, insurance, utilities etc.</b>		
	2011 Taka	2010 Taka
Rent	8,410,440	-
Insurance premium	119,744	-
Utilities	388,516	-
	<u>8,918,700</u>	<u>-</u>

	2011 Taka	2010 Taka
<b>22.0 Repairs, maintenance and depreciation</b>		
Repairs and maintenance	2,184,680	-
Depreciation expenses	4,225,488	233,281
Amortisation of intangible assets	37,283	-
	<u>6,447,450</u>	<u>233,281</u>

### 23.0 Related party transactions

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 BAS 24: Related Party Disclosures.

Name of the party	Relationship with the entity	Nature of transaction	2011	2010
LankaBangla Finance Limited	Parent	Long term loan	7,195,077,355	28,592,699
		Interest expense	611,148,107	-
LankaBangla Securities Limited	Subsidiary of parent	Share trading settlement	12,406,630,922	-
		Own portfolio investment	31,519,381	-
		Brokerage commission	86,271	-

### 24.0 Financial risk management

The Company management has overall responsibility for the establishment and oversight of the company's risk management framework. 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

#### Credit risk

The carrying amount of financial assets represents the maximum credit exposure. As of 31 December 2011 this exposure volume was Tk 4,262,945,688.

#### 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.

#### 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.

**25.0 Contingencies and commitments**

There are no contingent assets or liabilities and unrecognised contractual commitments at the balance sheet date.

**26.0 Events after reporting period**

There are no material events that had occurred after the reporting period to the date of issue of these financial statements, which could affect the figures stated in the financial statements.

**27.0 Number of employees**

During the year ended on 31 December 2011 there were 23 (2010: 22) employees who received salary Tk 36,000 or above per year.



**Auditors' Report and  
Audited Financial Statements of**  
LankaBangla  
Asset Management  
Company Limited

# LankaBangla Asset Management Company Limited

## AUDITOR'S REPORT TO THE SHAREHOLDERS OF LankaBangla Asset Management Company Limited

We have audited the accompanying statement of financial position of LankaBangla Asset Management Company Limited as at 31 December 2011 and the related statement of comprehensive income, Statement of Cash Flow and the relevant explanatory notes thereto for the year then ended. The preparation of these financial statements is the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

### Management's Responsibility for the Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards 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.

### Auditor's Responsibility:

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion:

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the company's affairs as at 31 December 2011 and of the result of its operations and its cash flows for the period then ended and comply with the applicable sections of the Companies Act, 1994 and other applicable laws and regulations.

We also report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books; and
- (c) The company's statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account and returns.

Dated, Dhaka;  
February 28, 2012

*S. F. Ahmed & Co.*  
**S. F. Ahmed & Co.**  
Chartered Accountants

# LankaBangla Asset Management Company Limited

## Statement of Financial Position

As at 31 December 2011

	Notes	Amount in Taka	
		31-Dec-11	31-Dec-10
<b>PROPERTY &amp; ASSETS</b>			
<b>Fixed Assets</b>			
At cost	Sch-A	1,025,400	1,025,400
Less: Accumulated Depreciation		719,240	539,430
		<b>306,160</b>	<b>485,970</b>
<b>Current Assets</b>			
Withholding income tax	4	1,265,128	679,941
Interest receivable on TDR	5	3,163,614	2,233,650
Cash and Cash Equivalents	6	61,360,049	56,101,518
		<b>65,788,791</b>	<b>59,015,109</b>
<b>Total Assets:</b>		<b>66,094,951</b>	<b>59,501,079</b>
<b>EQUITY and LIABILITIES:</b>			
Share capital	7	50,000,000	50,000,000
Retained earning	8	9,226,438	5,134,018
<b>Total Equity:</b>		<b>59,226,438</b>	<b>55,134,018</b>
<b>Current Liabilities</b>			
Liabilities for expenses	9	1,332,650	1,286,650
Provision for taxation	10	5,535,863	3,080,411
<b>Total Current Liabilities</b>		<b>6,868,513</b>	<b>4,367,061</b>
<b>Total Equity and Liabilities</b>		<b>66,094,951</b>	<b>59,501,079</b>

The accompanying notes form an integral part of this financial statements and are to be read in conjunction therewith.



Chairman



Managing Director

Signed in terms of our separate report of even date annexed.



Company Secretary

Dated, Dhaka  
February 28, 2012

S. F. Ahmed & Co.  
S. F. Ahmed & Co.  
Chartered Accountants

# LankaBangla Asset Management Company Limited

## Statement of Comprehensive Income

For the year ended 31 December 2011

	Notes	Amount in Taka	
		"01 January 2011 to 31 December 2011"	"01 January 2010 to 31 December 2010"
<b>Revenue</b>			
Interest income	11	6,781,832	3,674,205
<b>Less: Expenses</b>		<b>233,960</b>	<b>215,360</b>
Bank Charge		1,150	6,800
Audit Fees		46,000	28,750
Excise duty		7,000	-
Depreciation	Sch-A	179,810	179,810
<b>Net Earnings before Tax</b>		<b>6,547,872</b>	<b>3,458,845</b>
Provision for taxation		2,455,452	1,297,067
<b>Net Earnings after Tax</b>	5	<b>4,092,420</b>	<b>2,161,778</b>

The accompanying notes form an integral part of this financial statements and are to be read in conjunction therewith.



Chairman



Managing Director



Company Secretary

Signed in terms of our separate report of even date annexed.

Dated, Dhaka  
February 28, 2012

*S. F. Ahmed & Co.*  
S. F. Ahmed & Co.  
Chartered Accountants

# LankaBangla Asset Management Company Limited

## Statement of Cash Flows

For the year ended 31 December 2011

Notes	"01 January 2011 to 31 December 2011"	"01 January 2010 to 31 December 2010"
<b>A) Cash flows from Operating Activities</b>		
Interest received on STD account	58,468	102,147
Bank Charge	(2,150)	(6,800)
Withholding tax payment	(5,847)	(10,215)
<b>Net cash flows from operating activities (Total of "A"):</b>	<b>50,471</b>	<b>85,132</b>
<b>B) Cash flows from Investing Activities</b>		
Investment in FDR	-	(25,000,000)
<b>Net Cash used by investing activities (Total of "B"):</b>	<b>-</b>	<b>(25,000,000)</b>
<b>C) Cash flows From Financing Activities</b>		
Share money deposit	-	25,000,000
<b>Net Cash flows by Financing Activities (Total of "C"):</b>	<b>-</b>	<b>25,000,000</b>
<b>D) Net Increase/ (Decrease) in cash &amp; cash equivalents (A+B+C)</b>	<b>50,471</b>	<b>85,132</b>
<b>E) Opening cash and cash-equivalents</b>	<b>1,161,518</b>	<b>1,076,386</b>
<b>F) Closing cash cash-equivalents (D+E)*</b>	<b>1,211,989</b>	<b>1,161,518</b>
<b>* Closing cash and cash-equivalents</b>		
Cash in hand (including foreign currencies)	-	-
Balance with Bangladesh Bank and its agent bank (s)	-	-
Balance with other Banks and Financial Institutions	1,211,989	1,161,518
<b>Total:</b>	<b>1,211,989</b>	<b>1,161,518</b>



Chairman



Managing Director



Company Secretary

Dated, Dhaka  
February 28, 2012



# LankaBangla Asset Management Company Limited

## Statement of Changes in Shareholders' Equity

For the year ended on 31 December 2011

Particulars	Share Capital	Statutory Reserve	Retained Earnings	"Balance as on 31st December"
Balance as at 01 January 2010	25,000,000	-	2,972,240	27,972,240
Share Capital Issued during the year	25,000,000	-	-	25,000,000
Net profit for the year	-	-	2,161,778	2,161,778
<b>Balance as at 31 December 2010</b>	<b>50,000,000</b>	<b>-</b>	<b>5,134,018</b>	<b>55,134,018</b>
Balance as at 01 January 2011	50,000,000	-	5,134,018	55,134,018
Share Capital Issued during the period	-	-	-	-
Net profit for the period	-	-	4,092,420	4,092,420
<b>Balance as at 31 December 2011</b>	<b>50,000,000</b>	<b>-</b>	<b>9,226,438</b>	<b>59,226,438</b>



Chairman



Managing Director



Company Secretary

Dated, Dhaka  
February 28, 2012

# LankaBangla Asset Management Company Limited

## Notes to the Financial Statements

For the year ended on 31 December 2011

### 1.00 Legal Status and Nature of the Company

#### 1.01 Domicile, Legal Form and Country of Operation

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 has also applied for registration to the Securities and Exchange Commission for approval of operations in the Capital Market as Trustee of Mutual Fund under the Securities and Exchange Commission (Mutual Fund) Regulations, 2001, which is under process.

#### 1.02 Company's Activities

The principal activities of the Company will, interalia, include the following;-

- > to manage the assets of any trusts or funds of any type and/or character and to hold, acquire, sell or deal with such assets of any trust or funds.
- > to float, administer and manage any mutual fund, growth fund or any other allotted scheme approved by the Government for the time being.
- > To 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.

### 2.00 Significant Accounting Policies

#### 2.01 Basis of Preparation and Presentation of Financial Statements

The financial statements have been prepared and the disclosure have been made in accordance with the requirements of Bangladesh Accounting Standards (BAS) , Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, The securities and Exchange Rules, 1987 and other applicable laws and regulations.

#### 2.02 Books of Accounts:

The Company maintains its books of accounts for main business in electronic form through soft automation and a separate set of books of accounts for the merchant banking operation as required under the regulations of Securities and Exchange Commission.

#### 2.03 Recognition of Fixed Assets and Depreciation

These are recognized initially at cost in compliance with the BAS 16, Property Plant and Equipment. The cost of acquisition of an asset comprises of its purchase price and any direct attributable cost of bringing the assets to its working condition for its intended use.

Depreciation has been charged for the year using straight line method at the following rate, so as to write off the assets over their expected useful life;

Furniture & fixture	15%
Office equipment	20%

#### 2.04 Provision for Income Tax

The Company has made income tax provision for the year 2011 as required by the Income Tax Ordinance 1984 and Finance Ordinance 2011 in compliance to the Bangladesh Accounting Standards- 12 (BAS- 12, "Income Taxes").

#### 2.05 Period of Accounts

The Financial Statements have been prepared for the period from 01 January 2011 to 31 December 2011.

#### 2.06 Reporting Currency and level of Precision

The financial statements are expressed in Bangladeshi Taka Currency and rounded off to the nearest integer.

**2.07 Revenue Recognition:**

As per BAS 18, Revenue is recognized when it was probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

**2.08 Restatement of Balances:**

For letter presentation and comparability figures have restated in few cases.

**3.00 Information on Financial Statement****3.01 Components of Financial Statements**

Following are the components of the financial Statement

- i. Statement of Financial Position.
- ii. Statement of Comprehensive Income.
- iii. Statement of Cash Flow.
- iv. Statement of Changes in Equity.
- v. Explanatory notes to the Financial Statements.

**3.02 Comparatives**

Comparative figures and accounting titles have been rearranged where necessary to conform to the changes in presentation in financial statements for current period.

**3.03 General**

- i. The figures have been rounded off to the nearest Bangladeshi taka.
- ii. The financial statement has been prepared covering the period from 01 January 2011 to 31 December 2011.

	Amount in Taka	
	"01-Jan-2011 to 31-Dec-2011"	"01-Jan-2010 to 31-Dec-2010"
<b>4.00 Withholding Income Tax</b>		
Opening balance	679,941	9,726
Add: Addition during the period	585,187	670,215
Less: Adjustment during the period	-	-
	<b>1,265,128</b>	<b>679,941</b>
<b>5.00 Interest Receivable on FDR</b>		
Opening balance	2,233,650	5,261,667
Add: Addition during the period	6,723,364	3,571,983
Less: Adjustment during the period	5,793,400	6,600,000
	<b>3,163,614</b>	<b>2,233,650</b>
<b>6.00 Cash and Cash Equivalents:</b>		
Cash in hand	-	-
Dhaka Bank (Account No.- 206150000001590)	1,211,989	1,161,518
FDR with LankaBangla Finance Limited	60,148,060	54,940,000
	<b>61,360,049</b>	<b>56,101,518</b>

			Amount in Taka	
			"01-Jan-2011 to 31-Dec-2011"	"01-Jan-2010 to 31-Dec-2010"
<b>7.00 Share Capital :</b>				
<b>Authorised</b>				
500,000 ordinary shares of Tk.100/- each			<b>50,000,000</b>	<b>50,000,000</b>
Issued, subscribed and paid up capital:				
500,000 Ordinary shares of Tk. 100/- each fully paid up.				
Details are as follows:				
<b>Sl #</b>	<b>Name of Shareholders</b>	<b>No. of Shares</b>		
1.	LankaBangla Finance Limited	499,990	49,999,000	49,999,000
2.	Mr. Mahabubul Anam	9	900	1000
3.	Mr. A. Malek Shamsheer		100	-
<b>Total:</b>			<b>50,000,000</b>	<b>50,000,000</b>
<b>8.00 Retained Earning:</b>				
Opening balance			5,134,018	2,972,240
Net Earnings after Tax- during the period			4,092,420	2,161,778
<b>Total:</b>			<b>9,226,438</b>	<b>5,134,018</b>
<b>9.00 Liabilities for Expenses :</b>				
Liabilities for office decoration work			1,025,400	1,025,400
Outstanding audit fees			46,000	28,750
Outstanding expenses			167,500	167,500
Payable to LankaBangla Finance Ltd			93,750	65,000
<b>Total:</b>			<b>1,332,650</b>	<b>1,286,650</b>
<b>10.00 Provision for Taxation</b>				
Opening balance			3,080,411	1,783,344
Add: Addition during the period			2,455,452	1,297,067
Less: Adjustment during the period			-	-
<b>Total:</b>			<b>5,535,863</b>	<b>3,080,411</b>
<b>11.00 Interest Income</b>				
Interest on Term deposit			6,723,364	3,571,983
Interest on STD account			58,468	102,222
<b>Total:</b>			<b>6,781,832</b>	<b>3,674,205</b>

# LankaBangla Asset Management Company Limited

## Fixed Assets Schedule

for the year ended 31 December 2011

Schedule -A

Amount in Taka


Particulars	COST			DEPRECIATION					Written down value as at 31.12.2011	
	"Balance as at 01.01.2011"	Addition during the year	Disposal/ Adjustment during the year	Balance as at 31.12.2011	"Rate %"	"Balance as at 01.01.2011"	Charged during the year	Disposal/ Adjustment during the year		"Balance as at 31.12.2011"
Furniture & Fittings	505,400	-	-	505,400	15	227,430	75,810	-	303,240	202,160
Office Equipment	520,000	-	-	520,000	20	312,000	104,000	-	416,000	104,000
<b>Total 31 December 2011:</b>	<b>1,025,400</b>	<b>-</b>	<b>-</b>	<b>1,025,400</b>		<b>539,430</b>	<b>179,810</b>	<b>-</b>	<b>719,240</b>	<b>306,160</b>
<b>Total 31 December 2010:</b>	<b>1,025,400</b>	<b>-</b>	<b>-</b>	<b>1,025,400</b>		<b>359,620</b>	<b>179,810</b>	<b>-</b>	<b>539,430</b>	<b>485,970</b>



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- Loan Against Property(LAP)
- Women Entrepreneur Loan
  - Fully Secured Loan
- Loan for Commercial Vehicle

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

### Proxy Form

I/We ..... of ..... being a shareholder of LankaBangla Finance Limited do hereby appoint Mr/Ms ..... of ..... (or failing) Mr/Ms ..... of ..... as my/our Proxy to attend and vote on my/our behalf at the 15th Annual General Meeting of the Shareholders of LankaBangla Finance Limited to be held on March 28, 2012, Wednesday at 11:00 a.m. at Spectra Convention Centre, House No. 19, Road No. 7, Gulshan-1, Dhaka- 1212 or at any adjournment thereof or any ballot to be taken in consequence thereof.

Signed this ..... day of March, 2012



..... (Signature of the Proxy)

..... Signature of the Shareholder(s)

BO ID No .....

No. of shares being held .....

Notes :

- i) This Form of Proxy, duly completed must be deposited at least 48 hours before the meeting at the Company's Registered Office. Proxy is invalid if not signed and stamped as indicated above.
ii) Signature of the Shareholder should agree with the specimen signature registered with the Company.



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

### Attendance Slip

I/We hereby record my/our attendance at the 15th Annual General Meeting of the Shareholders of LankaBangla Finance Limited to be held on March 28, 2012, Wednesday at 11:00 a.m. at Spectra Convention Centre, House No. 19, Road No. 7, Gulshan-1, Dhaka- 1212.

..... Name of the Shareholder(s)/Proxy (in Block Letters)

..... Signature of the Shareholder(s)/Proxy

BO ID No .....

No. of shares being held .....

N.B. : Shareholders attending the Meeting in person or by proxy are requested to complete Attendance Slip and deposit the same at the entrance of the Meeting Hall.

## **LankaBangla Finance Limited**

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

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website: [www.lankabangla.com](http://www.lankabangla.com)