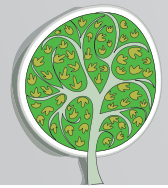




ANNUAL REPORT
2012



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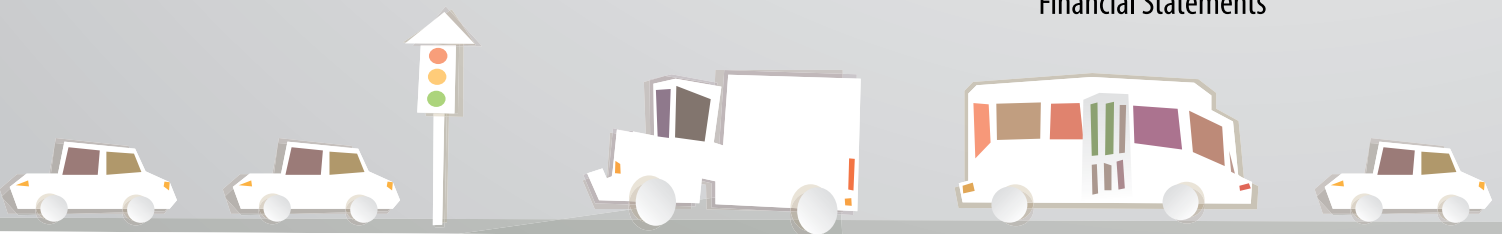


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Safura Tower (Level-11), 20, Kemal Ataturk Avenue, Banani, Dhaka-1213.

Notice of the 16th Annual General Meeting

Notice is hereby given that the 16th Annual General Meeting of the Shareholders of LankaBangla Finance Limited will be held on March 31, 2013 at 11:00 a.m. at Spectra Convention Centre, House # 19, Road # 7, Gulshan-1, Dhaka-1212 to transact the following businesses:

AGMA-01-16-13

To receive and adopt the Directors' Report, Auditors' Report and Audited Financial Statements for the year ended December 31, 2012

AGMA-02-16-13

To declare dividend for the year 2012

AGMA-03-16-13

To elect Directors in place of those who shall retire by rotation in accordance with the provision of Articles of Association of the Company and to appoint Independent Director as per regulation of Bangladesh Securities & Exchange Commission

AGMA-04-16-13

To appoint Auditors of the Company for the year 2013 until conclusion of 17th AGM and to fix their remuneration

AGMA-05-16-13

To transact any other business with the permission of the Chair

Dated: March 14, 2013

By Order of the Board

Mostafa Kamal FCA
Company Secretary

Notes:

- The record date is fixed on March 14, 2013. The Shareholders, whose names will appear in the Share Register of the Company at the close of business on the record date, will be eligible to attend the meeting and get dividend.
- The Board of Directors has recommended 10% Stock Dividend i.e. 10 (ten) Bonus Shares for every 100 (one hundred) Ordinary Shares.
- A shareholder eligible to attend and vote in the AGM may appoint a 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 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 or www.lbsbd.com or 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. An Investor can make a written complaint to LankaBangla Finance Limited also. Upon receipt of the complaint, designated cell at LankaBangla takes immediate steps to resolve the complaint.

Accolades



We are honored with “12th ICAB National Award for Best Published Accounts and Reports 2011” by the Institute of Chartered Accountants of Bangladesh (ICAB) in a row for last 6 years which recognizes our relentless efforts towards transparency in disclosure of information and adherence to best accounting practices

“ICMAB Best Corporate Award 2012” by the Institute of Cost & Management Accountants of Bangladesh (ICMAB) is another milestone in recognition of our sincerity towards accountability



Vision

Our vision is to be the most preferred financial service provider in creating, nurturing and maximizing value to the stakeholders, thereby, ***GROWING TOGETHER***



Mission

Our Mission is to:

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



Core Values

We have strong values that are well embedded in our culture.

We believe that the following values will help us deliver our strategy.

Cherish a sense of ownership

Be customer centric

Grow as a team

Act with integrity & professionalism

Deal with respect



Our Strategy

We revisited our strategic direction based on broad-head priorities and to execute the strategies we plan to start big and build momentum in 2013:

Diversify portfolio prudently for value with increased focus on core product portfolio

- Build a strong core product portfolio with more focus on corporate financial services
- Drive consumer finance to excel through a differentiated strategy
- Build momentum in SME financial services
- Grow our leading position in capital markets
- Expand geographical reach in the major cities/township of the country
- Collaborate with large corporate houses for mutual beneficial relationship
- Manage enterprise risk effectively
- Maintain good asset quality and strive to keep incremental infection zero

Prudent Balance Sheet Management

- Strengthen our capital base and improve our funding positions
- Diversify our funding sources
- Optimize the deployment of fund and capital across core business and the subsidiaries

Simplify processes and reduce cost

- Continually improve key areas of customer service
- Simplify processes and ensure disciplined expense management
- Upgrade our technology that will make us more efficient and competitive

Create a sustainable brand

- Invest in brand and promote our services to chosen markets
- Ensure good governance and transparency
- Increase contribution to the national exchequer through increasing profitability
- Increase support to underprivileged population in health and education through LB Foundation
- Assume environmental stewardship and responsibility in changing lives of the ordinary

Nurture our people through leadership and skill development

- Nurture high skilled talent pool
- Create congenial work environment to deliver the best
- Ensure attractive benefit packages
- Promote high ethical standards





Forward Looking Statement

Going forward, in our view, consolidation within the financing industry in Bangladesh is both necessary and inevitable. In an increasingly competitive environment customers' expectation will continue rising, financial institutions will only be able to effectively manage the cost of intermediation by leveraging the economies of scale. Accordingly, LankaBangla plans to emerge not only as a one stop hub for all financial solutions but also a financial institute of choice.

We sharpened our focus recently on the following strategic priorities - diversify portfolio with key focus on core product portfolio, manage balance sheet prudently, simplify processes to reduce cost, create a sustainable brand and nurture our human resources to deliver the best. We believe that clustering strategic priorities in this manner will enable flawless execution of the medium term strategic plan.

We plan to strengthen our Corporate and Retail financial services to deliver our clients on time financing at superior experience. We are planning to expand our business horizon in major cities/township of the country with key focus in SME (Small & Medium Enterprise) financing. Recognizing SME segments value addition and employment generation capabilities we are keen to finance various initiatives especially start-up enterprises as well as ones looking to scale up.

While we engage in doing things we will be maintaining strict compliance and good governance in norms and regulations to ensure long term sustainability of the company. Putting priority in ecological balance of the environment, we plan to grow together with our stakeholders.

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 price less 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. Compliance 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 sorts 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 started its journey long back in 1997 as a joint-venture financial institution with multinational collaboration having license from Bangladesh Bank under Financial Institution Act-1993. Now LankaBangla is the country's leading provider of integrated financial services including corporate financial services, retail financial services, SME financial services, stock broking, corporate advisory and wealth management services.

Under the broadest umbrella of products and service offerings, we are the lone financial institution to operate credit card (MasterCard and VISA) and also provide third party card processing services to different banks in Bangladesh. LankaBangla is a primary dealer of government securities since November 2009. The company got listed in both of the bourses of country i.e. DSE & CSE in 2006.

LankaBangla is the market leader in the capital market services and giving all out efforts to develop an efficient, vibrant and transparent capital market in Bangladesh. Through our subsidiary, LankaBangla Securities limited we are providing top notch broking services and leading the industry with cutting edge trading, top rate research and customer service. Another subsidiary, LankaBangla Investments limited is a premier investment bank in the country providing corporate advisory, issue management and portfolio management services. The other subsidiary, LankaBangla Asset Management Company Limited is providing professional wealth management services.

We recently have gone through business process reengineering to build capacity to offer our clients superior experience than any time ever. The company now operates in centralized administrative framework through cutting edge technology environment. LankaBangla is serving with wide operational periphery covering major business hubs of the country.

We are the recipient of National Award for Best Published Accounts and Reports for the last consecutive six years declared by the Institute of Chartered Accountants of Bangladesh (ICAB) and also received SAFA award for the last two years which represent the quality we maintain in disclosure of information.

LankaBangla practises participatory management and adheres to industry best practices in all endeavors. Increasing stakeholders' value is a natural driving force for the people at LankaBangla. Our long standing sustainability efforts are creating environmental and social value while we step ahead. By embracing high ethical standards, governance and transparency, we dream to grow big. Our ethos is simple. We envision our success being the growth partner of our enterprising clients. We are committed to change the lives of the ordinary.



Milestones of LankaBangla

Incorporation of the Company	5th November, 1996
Commencement of Business	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 shares in Stock Exchanges	1st November, 2006
Commencement of Operation of Chittagong Branch	10th February, 2007
Registration of Second Subsidiary (LankaBangla Asset Management Company Ltd.)	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
First Participation in the Auction of Govt. Securities as Primary Dealer	1st December, 2009
Registration of Third Subsidiary (LankaBangla Investments Ltd.)	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
Commercial Launching of Narsingdi Branch	28th January 2013
Commercial Launching of Comilla Branch	3rd February, 2013
Commercial Launching of Jessore Branch	13th February, 2013

Corporate Information

Registered Name of the Company	LankaBangla Finance Limited												
Legal Form	Public Limited Company, listed with Dhaka Stock Exchange and Chittagong Stock Exchange, having incorporated in Bangladesh on November 5, 1996 under Companies Act, 1994												
Company Registration Number	C-31702 (823)/96												
Bangladesh Bank Licence No.	FID(L) - 1053/41-1088												
Corporate Office	Safura Tower (Level 11) 20 Kemal Ataturk Avenue, Banani Dhaka-1213, Bangladesh Phone: (8802) 9883701-10, Fax: (8802) 8810998												
Company E mail	info@lankabangla.com												
Company Website	www.lankabangla.com												
Corporate, Retail & SME Financial Services Division	Safura Tower (Level 8) 20 Kemal Ataturk Avenue, Banani Dhaka-1213, Bangladesh Phone: (8802) 9883701-10, Fax: (8802) 8810998 E-mail: info@lankabangla.com												
Card Centre	Faruk Rupayan Tower (Level 6) 32 Kemal Ataturk Avenue, Banani Dhaka 1213, Bangladesh Phone:(88 02) 9820664, 9820665, 9882268, 9882171 Fax:(88 02) 9820671 E-mail: cards@lankabangla.com												
Liability Sales	Safura Tower (Level 11) 20 Kemal Ataturk Avenue, Banani Dhaka-1213, Bangladesh Phone: (8802) 9883701-10, Fax: (8802) 8810998 Mobile: 01733225588 E-mail: lbf.liability@lankabangla.com												
Tax Consultant	Adil & Associates 50, Purana Paltan Line (3rd floor) Dhaka-1000, Bangladesh												
Legal Advisors	Sadat Sarwat & Associates House #28, Road #23 Gulshan-1, Dhaka-1212												
Principal Bankers	<table border="0"> <tr> <td>Prime Bank Limited</td> <td>Al-Arafah Islami Bank Limited</td> </tr> <tr> <td>Shahjalal Islami Bank Limited</td> <td>Dhaka Bank Limited</td> </tr> <tr> <td>AB Bank Limited</td> <td>ONE Bank Limited</td> </tr> <tr> <td>National Bank Limited</td> <td>United Commercial Bank Limited</td> </tr> <tr> <td>Janata Bank Limited</td> <td>Standard Chartered Bank</td> </tr> <tr> <td>Bank Asia Limited</td> <td>Commercial Bank of Ceylon Limited</td> </tr> </table>	Prime Bank Limited	Al-Arafah Islami Bank Limited	Shahjalal Islami Bank Limited	Dhaka Bank Limited	AB Bank Limited	ONE Bank Limited	National Bank Limited	United Commercial Bank Limited	Janata Bank Limited	Standard Chartered Bank	Bank Asia Limited	Commercial Bank of Ceylon Limited
Prime Bank Limited	Al-Arafah Islami Bank Limited												
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AB Bank Limited	ONE Bank Limited												
National Bank Limited	United Commercial Bank Limited												
Janata Bank Limited	Standard Chartered Bank												
Bank Asia Limited	Commercial Bank of Ceylon Limited												

Branches & Subsidiaries

<p>Agrabad Branch</p>	<p>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</p>
<p>Khatungonj Branch</p>	<p>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</p>
<p>Sylhet Branch</p>	<p>Khayrun Bhaban (Level 3) Holding No. 102 Azadi, Mirboxtula, Sylhet, Bangladesh Phone: (88 0821) 2830870-1 Fax: (88 0821) 2830873 E-mail: sylhet@lankabangla.com</p>
<p>Comilla Branch</p>	<p>349/Ka, New Omri Mansion (3rd Floor) Badurtola, Kandir Par Comilla-3500, Bangladesh Phone: (88 081) 73371-3 E-mail: comilla@lankabangla.com</p>
<p>Narsingdi Branch</p>	<p>56/1 Jalpatty Road, (2nd Floor) Madhabdi Bazar, Narsingdi-1600 Bangladesh Phone: (88 02) 9446030-1 E-mail: narsingdi@lankabangla.com</p>
<p>Jessore Branch</p>	<p>Mohashin Super Market (2nd Floor) 10 R. N. Road Jessore-7400, Bangladesh Phone: (88 0421) 71146-8 E-mail: jessore@lankabangla.com</p>
<p>Bangshal Booth</p>	<p>5, Bangshal Lane (57 New Shahid Sayed Nazrul Islam Sharani) Phone: (88 031) 9550482, 9513822 Fax: (88 02) 7112904 E-mail: bangshal@lankabangla.com</p>
<p>LankaBangla Securities Ltd. (Subsidiary of LankaBangla Finance Limited)</p>	<p>A-A Bhaban (Level 5) 23, Motijheel Commercial Area, Dhaka-1000, Bangladesh Tel: (8802) 9563901-5 Fax: (8802) 9563902 Web: www.lbsbd.com</p>

Branches of LankaBangla Securities Limited

LankaBangla Investments Ltd.
(Subsidiary of LankaBangla
Finance Limited)

LankaBangla Asset Management Company Ltd.
(Subsidiary of LankaBangla
Finance Limited)

Principal Branch:

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

Banani Branch:

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

Karwan Bazar Branch:

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

Islampur Branch:

Jahangir Tower (11th Floor)
114-116, Islampur Road,
Dhaka, Phone: +880-2-
7396117, 7393573, 7393306
Fax: +880-2-7391196
E-mail: nadim@lbsbd.com

Narayangonj Branch:

Haji Plaza (2nd Floor)
53/1, S.M. Maleh Road
Tan Bazar, Narayangonj
E-mail: mokhles@lbsbd.com

Chittagong Main Branch:

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

Khatungonj Branch:

Asma Chamber, 1016 (Old)
Ramjoy Mohajan Lane
Khatungonj, Chittagong
Phone: +880-31-630011,
632276, 626709
Fax: +880-31-627312
E-mail: nazim@lbsbd.com

Nasirabad Branch:

Rahima Center (5th Floor)
1839, CDA Avenue, Nasirabad,
Chittagong
Phone: +880-31-2554171-3
Fax: +880-31-2554174
E-mail: munir@lbsbd.com

Sylhet Branch:

R N Center (4th Floor)
Chowhatt a, Sylhet-3100
Phone: +880-821-711143,
711752, 711912
Fax: +880-821-711918
E-mail: shamsuddin@lbsbd.com

Comilla Branch:

Nahar Plaza (1st Floor)
67/58, Nazrul Islam Avenue
Kandirpar, Comilla
E-mail: nazir@lbsbd.com

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

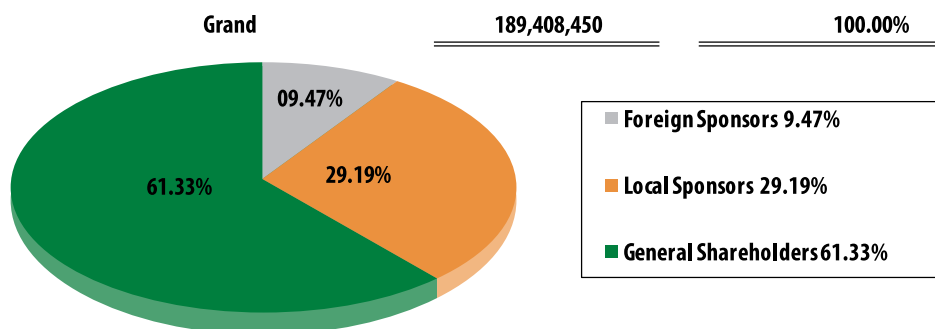
Safura Tower (Level 15)
20 Kemal Ataturk Avenue, Banani
Dhaka-1213, Bangladesh
Phone: (8802) 9820219-20, Fax: (8802) 9820221
E-mail: amcl@lankabangla.com

Shareholding Structure of LankaBangla as on December 31, 2012

<u>Authorised Capital</u>	<u>Taka</u>
300,000,000 ordinary shares of Tk.10 each	3,000,000,000
<u>Issued, Subscribed and Paid up Capital</u>	
189,408,450 ordinary shares of Tk.10 each	1,894,084,500

Details of shareholding structure is as under:

<u>Sponsors:</u>		Total Holding (No. of Share)	% of Shareholding
a) Foreign Institutions:			
Sampath Bank PLC (Sri Lanka)		17,940,000	9.47%
Sub-Total		17,940,000	9.47%
b) Local Institutions:			
ONE Bank Limited		9,200,000	4.86%
SSC Holdings Limited		2,032,050	1.07%
Shanta Apparels Limited		3,293,700	1.74%
Sub-Total		14,525,750	7.67%
c) Individuals:			
Mr. Mohammad A. Moyeen		8,029,444	4.24%
Mr. Mahbubul Anam		8,435,859	4.45%
Mr. Tahsinul Huque		7,379,550	3.90%
Mrs. Aneesha Mahial Kundanmal		14,785,481	7.81%
Mrs. Jasmine Sultana		2,139,000	1.13%
Sub-Total		40,769,334	21.52%
Sponsors Local		55,295,084	29.19%
Sponsors Total		73,235,084	38.67%
d) General Shareholders:		116,173,366	61.33%
Grand		189,408,450	100.00%



Profile of the Directors of the Board

Mr. Mahbulul Anam

Director

is a Mechanical Engineer from BUET. He has long experience of 26 years in different businesses including Freight Forwarding, Travel Related Services, International Courier etc. He has been running a number of reputable business houses in country in Management capacity. Mr. Anam is the Managing Director of Expo Freight 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 Organizing Committee of Cricket World Cup 2011.



Mr. Mohammad A. Moyeen

Chairman

is a leading industrialist and entrepreneur in Bangladesh. He is associated and involved with a number of businesses and industries which include, among others, Apollo Hospitals Dhaka, International School Dhaka, Tropica Garments Limited and WAC Logistics Limited. He is also the Chairman of LankaBangla Securities Limited, a leading brokerage house of the country and LankaBangla Investments Limited, a leading Merchant Bank of the country. Mr. Moyeen is an Architect from BUET.



Mr. I.W. Senanayake

Director

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 was also the Chairman of the Bank. 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. Aravinda Perera

Director

is the Managing Director of Sampath Bank PLC. He worked as Chief Operating Officer, Deputy General Manager, Corporate Banking and played other roles spanning a career of 25 years at Sampath Bank. Prior to joining the Bank he worked as a Senior Project Officer, DFCC and Departmental, Manager and Service Engineer at Ceylon Tobacco Company and engineer at National Milk Board. He is a Fellow Member of Institute of Bankers, Sri Lanka, Chartered Institute of Management Accountants, UK, Chartered Engineer and member of the Institute of Engineers, Sri Lanka. He completed his MBA from the University of Sri Jayawardenapura and Bachelor of Science degree in Engineering from the University of Moratuwa. He is a Member of Credit Committee, Board Risk Management Committee, HR & Remuneration Committee, Strategic Planning Committee and Board Treasury Committee of Sampath Bank PLC.



Mr. Farman R. Chowdhury

Director

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. He is serving ONE Bank Limited as Managing Director since 2007.



Mr. Mirza Ejaz Ahmed

Director

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 Limited 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.



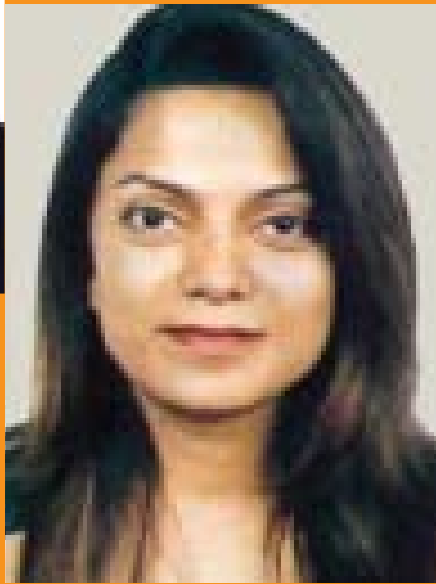
Mrs. Aneesha Mahial Kundanmal
Director



Mr. Tahsinul Huque
Director

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.

has completed B. A. (Honors) in Public Administration from University of Dhaka and is 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. She is the wife of Mr. B. W. Kundanmal, a renowned business personality.



Mr. Al-Mamoon Md. Sanaul Huq
Independent Director

accomplished his post graduation diploma in Management Accounting from Highbury College of Technology, Portsmouth, UK. He has also completed his Bachelor of Science and Master of Science in Applied Chemistry from University of Dhaka. He worked as Controller General of Accounts, Ministry of Finance, Government of People's Republic of Bangladesh. He has vast experience in working in Audit Department of Controller & Auditor General of Bangladesh. Mr. Huq has also working experience as consultant with some international organizations like World Bank. He attended a number of trainings, workshops and seminars at home and abroad.



M. Ehsanul Haque
Independent Director

is a senior banker with thirty three years experience in the finance industry and diverse consulting fields. During his career in banking, Mr. Haque worked at senior positions at various banks and financial institutions, both national and international, including eight years as Managing Director and Chief Executive Officer. He was previously the Managing Director of Prime Bank Limited, IDCOL, BRAC Bank and BRAC Afghanistan Bank. He implemented Global Best Practices in banking in Bangladesh, India, Vietnam and Afghanistan. He started his career as a Management Trainee in Grindlays Bank PLC (now Standard Chartered Bank). Mr. Haque has specialist skills in the areas of new organization set-up, corporate/commercial, SME, retail banking, risk management, loan assessment and asset valuation, internal controls, audit measures, strategic development and implementing best practice in all areas within a bank. Mr. Haque has completed his masters degree in Economics from Jahangirnagar University. Mr. Haque tendered his resignation from the Board of LankaBangla Finance Limited and its subsidiary Company namely LankaBangla Investments Limited with effect from January 03, 2013.



Mr. Mohammed Nasir Uddin Chowdhury
Managing Director

an Old Faujian, accomplished his graduation and post – graduation from the University of Chittagong. Prior to his new assignment as Managing Director 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 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. His role was instrumental in the development of LBSL & Merchant Banking Operation of LankaBangla Finance which was later 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.

Names of the Directors together with a list of entities in which they have Interest

Directors' interests in different entities are stated below:

Sl. No	Name of Directors	Status in the Institution	Name of the firms/companies in which there is interest as proprietor, partner, director, managing agent, guarantor, employee etc.
1.	Mr. Mohammad A. Moyeen	Chairman	Tropica Garments Limited Airline Cargo Resources Limited Air & Sea International Logistics Limited Colloid Enterprises Limited Cross Freight Lines Limited Expo Express Services Limited Freight Care Aviation Services Limited LankaBangla Securities Limited LankaBangla Investments Limited Orchid Air Limited Pulsar Shipping Agencies Limited SG Logistics (Pvt.) Limited Standard Paper Products Limited STS Educational Group Limited STS Holdings Limited Swift Logistics Services Limited The M & M Limited UCL Logistic Limited Wings Aviation Limited WAC Logistics Limited Global Aviation Services Limited Wings Express Limited Wings Logistics Limited Wings Ocean Freight Limited Wings Tours & Travels Limited Global Ground Services Limited Voytech Limited BizBangla Media Limited Uniworld Logistics Limited Wings Spence Aviation Limited Wings Classic Tours & Travels Limited ITCL
2.	Mr. Mahbul Anam	Director	Air & Sea International Logistics Limited Airline Cargo Resources Limited Airlines Services Limited Allied Aviation Services Limited Aerones International Limited Aramex Dhaka Limited BizBangla Media Limited Cargo Center Limited Colloid Enterprises Limited Cross Freight Lines Limited Expo Express Services Limited Expo Freight Limited

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.
			Freight Care Aviation Services Limited LankaBangla Securities Limited Global Aviation Services Limited Orchid Air Limited Pulsar Shipping Agencies Limited S.G Logistics (Pvt.) Limited Standard Paper Products Limited STS Educational Group Limited STS Holdings Limited The M & M Limited Tropica Garments Limited SDV Bangladesh Private Limited UCL Logistic Limited Voyager Airlines Limited Voytech Limited WAC Logistics Limited Wings Classic Tours & Travels Limited Wings Express Limited Wings Aviation Limited Wings Spence Aviation Limited Wings Ocean Freight Limited
3.	Mrs. Aneesha Mahial Kundamal	Director	Royal Park Limited
4.	Mr. Tahsinul Huque	Director	N/A
5.	Mr. I.W. Senanayake and Mr. Aravinda Perera (Representative of Sampath Bank Limited)	Director	N/A
6.	Mr. Farman R. Chowdhury (Representative of ONE Bank Limited)	Director	N/A
7.	Mr. Mirza Ejaz Ahmed (Representative of SSC Holdings Limited)	Director	Shirt Makers Limited International Shirt Line Limited Section Seven Limited Section Seven Apparels Limited Section Seven Agro Limited Section Seven International
8.	Mr. Al- Mamoon Md. Sanaul Huq	Independent Director	N/A
9.	Mr. Ehsanul Haque	Independent Director	N/A

Board Committees

Executive Committee		Audit Committee	
Mohammad A. Moyeen	Chairman	Al-Mamoon Md. Sanaul Huq	Chairman
Mahbubul Anam	Member	Mohammad A. Moyeen	Member
Farman R Chowdhury	Member	Mahbubul Anam	Member
Aneesha Mahial Kundanmal	Member	Mirza Ejaz Ahmed	Member
Al-Mamoon Md. Sanaul Huq	Member	Farman R Chowdhury	Member

Management Committee (MANCOM)

Sl. No.	Designation	Name	Position in the Committee
1.	Managing Director	Mohammed Nasir Uddin Chowdhury	Chairman
2.	Deputy Managing Director	Khawaja Shahriar	Member
3.	EVP & Head of Operations	A.K.M. Kamruzzaman	Member
4.	SVP & Head of Treasury & FI	Quamrul Islam	Member
5.	SVP & Head of Retail Financial Services	Khurshed Alam	Member
6.	SVP & Chief Risk Officer	Mohammed Kamrul Hasan	Member
7.	SVP & Group Company Secretary	Mostafa Kamal	Secretary
8.	VP & Head of Corporate Financial Services	Mohammad Shoaib	Member
9.	VP & Chief Credit Officer	Kazi Masum Rashed	Member
10.	AVP & Head of IT	Sheik Mohammad Fuad	Member





Management Team



Mohammed Nasir Uddin Chowdhury
Managing Director

Mohammed Nasir Uddin Chowdhury joined LankaBangla Finance Limited (LBFL) as Managing Director on December 1, 2011. Prior to joining LankaBangla Finance, Mr Chowdhury was the Chief Executive Officer of LankaBangla Securities Limited from July 2002 to April 2011 and Director of MIDAS Financing Limited representing LBSL 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 to 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 LankaBangla Securities & Merchant Banking Operation of

LankaBangla Finance which was later on converted into a subsidiary of LBFL.

Mr Chowdhury is an Old Faujian, completed his graduation and post-graduation from the University of Chittagong.

Khwaja Shahriar
Deputy Managing Director

Khwaja Shahriar Joined LankaBangla Finance Limited as Deputy Managing Director on June 11, 2012. Prior to his current position he held different positions in the banking sector. He served BRAC Bank Limited for quite some time in different positions including the Head of Corporate Banking, Head of Cash Management, Custodial Services & Probashi Banking. He also served in various positions as Senior Executive in both GSP Finance Company Limited and Bangladesh Finance & Investment Company Limited. Mr Shahriar also worked for Uttara Bank Limited, AB Bank Limited and Green Delta Insurance Company Limited.

Mr Shahriar completed his BA (Hons) and MA in

English from Dhaka University. He also obtained his Bachelor of Business in Banking and Finance from Monash University, Melbourne and Master of Business Administration in Finance from Victoria University, Melbourne, Australia.



A. K. M. Kamruzzaman, FCMA
Head of Operations

A. K. M. Kamruzzaman, FCMA, is working as the Executive Vice President & Head of Operations, with the responsibility of Asset Operations, Legal Affairs, Recovery & Monitoring, Special Asset Management (SAM), Liability Operations and Treasury Operations. During his long ten and half years tenure with LankaBangla, he has got the rare opportunity to work in almost all the functional areas of the company in different capacities as Head of Business, Head of Credit & Investment, Head of Credit Administration, Head of Accounts, Company Secretary and Head of Administration.

Mr Kamruzzaman is a post graduate in Accounting from the University of Dhaka; he is also an MBA from

the Institute of Business Administration (IBA) of the University of Dhaka and a Fellow Member (FCMA) of the Institute of Cost & Management Accountants of Bangladesh (ICMAB)





Quamrul Islam

Chief Financial Officer and Head of Treasury & FI

Quamrul Islam, Senior Vice President joined erstwhile Vanik Bangladesh Limited on October 7, 1997 which was later renamed as LankaBangla Finance Limited. During his tenure of office he held different positions and looked after the functions of Finance and Treasury. Currently he is discharging the responsibility as Head of Treasury & Financial Institutions. He is also the Chief Financial Officer of the Company.

Mr Islam obtained his post graduation in Accounting from the Faculty of Business Studies of Dhaka University. He started his career with "PRAN Group" one of the largest conglomerates of the country as a Management Trainee Officer in early 1997.

Khurshed Alam

Head of Retail Financial Services

Khurshed Alam, Senior Vice President joined the then Vanik Bangladesh Limited in July 1998. He is currently looking after the Retail Financial Services Division. As a long term serving employee, he worked in various departments of the Company including Finance, Administration, HR, Portfolio Management, Credit Card, Home Loan and SME Finance.

Mr Khurshed started his career in 1992 as a Probationary Officer - Finance & Accounts in Rupali General Insurance Company Limited. He obtained his Honors and Masters in Management under the University of Dhaka. He also got his Post Graduate Diploma in Personnel Management (DPM) from Bangladesh Institute of Management.



Mohammed Kamrul Hasan, FCA

Chief Risk Officer

Mohammed Kamrul Hasan, Senior Vice President heads the Risk Management Division which is responsible for managing the Enterprise Risk at LankaBangla and its subsidiaries.

Mr Hasan was appointed as Vice President in February 2007. He possesses extensive experience in Accounting, Auditing and Finance. Mr. Hasan holds Bachelor Degree in Accounting from the National University of Bangladesh. He is a Fellow member of the Institute of Chartered Accountants of Bangladesh (ICAB).





Mostafa Kamal, FCA

Group Company Secretary

Mostafa Kamal, Senior Vice President joined LankaBangla in February 2009. Currently, he is working as the Group Company Secretary of LankaBangla Finance Limited and its subsidiaries. He also worked in the company as Head of HR and Administration. Mr Kamal completed his B.Com (Hons.) and M.Com in Accounting from the University of Dhaka. He is a Fellow member of the Institute of Chartered Accountants of Bangladesh (ICAB).

Prior to joining in LankaBangla he was the Head of ICC of IPDC of Bangladesh Limited and also served Rahman Rahman Huq, Chartered Accountants, (Member Firm of KPMG International) as Manager, Audit and Advisory Services from September 2003

to June 2006. Mr Kamal held the position of the Chairman of Dhaka Regional Committee of The Institute of Chartered Accountants of Bangladesh for the year 2010-2011. Mr Kamal played a very vital role in opening Dhaka Chapter of Information System Audit and Control Association (ISACA) of USA. Presently, he is the Director, Academic Relations of ISACA Dhaka Chapter. Previously, he held the position of Director, Communication of ISACA Dhaka Chapter. Mr Kamal is an active member of various Committees of ICAB.

Mohammad Shoaib

Head of Corporate Financial Services

Mohammad Shoaib, Vice President, joined LankaBangla Finance as Assistant Vice President in May 2007. He is currently working as the Head of Corporate Financial Services Division looking after the Corporate Asset & Liability Businesses.

Mr. Shoaib has over 10 years of financial services experience and has held various senior management positions in credit & investment, corporate finance, retail finance, SME finance and credit administration. Prior to joining LankaBangla, he was Branch In-charge, Chittagong Branch of Prime Finance & Investment Limited. He is a Bachelor in Business Administration with Honors in Accounting and a

Masters in Business Administration in Accounting & Information Systems from the University of Dhaka.



Kazi Masum Rashed

Chief Credit Officer

Kazi Masum Rashed, Chief Credit Officer, is responsible for Credit Risk Management Division of LankaBangla Finance Limited.

He joined LankaBangla Finance Limited in June, 2011 with more than ten years experience in banking sector with exposure in credit & banking.

Mr. Masum obtained his M.Com from Finance and Banking Department and MBA from the Institute of Business Administration (IBA) of the University of Dhaka. He has attended a number of trainings, seminars and workshops both in home and abroad.





Sheik Mohammad Fuad

Head of IT

Sheik Mohammad Fuad, Assistant Vice President joined LankaBangla Finance in 1999. He held various positions in the Company and currently is working as the Head of IT.

Mr. Fuad is ITIL Certified and a member of PMI. His core strength lies in managing IT infrastructure, IT security and networking.

He was successfully involved in Core Banking software implementation project, credit card software migration, tier 4 Data Centre establishment, enhancement of security, installation of layer 3 network for branch connectivity, central Antivirus system, attendance system and video surveillances.



We, at LankaBangla,
believe in teamwork.

We have been

striving to bring in diversity to our
team through knowledge sharing,
skills development and expertise.

Believing in the power of qualified,
dedicated and

result oriented talent pool,
we have embedded the essence of
team spirit and thereby grown up as

Team LankaBangla.



Management Committees

Enterprise Risk Management Committee

Sl. No.	Designation	Name	Position in the Committee
1.	Managing Director	Mohammed Nasir Uddin Chowdhury	Chairman
2.	Deputy Managing Director	Khwaja Shahriar	Member
3.	Head of Operations	A.K.M. Kamruzzaman	Member
4.	Head of Treasury & FI	Quamrul Islam	Member
5.	Head of Retail Financial Services	Khurshed Alam	Member
6.	Chief Risk Officer	Mohammed Kamrul Hasan	Secretary
7.	Head of Corporate Financial Services	Mohammad Shoaib	Member
8.	Chief Credit Officer	Kazi Masum Rashed	Member
9.	Head of Finance & Accounts	Shamim Al Mamun	Member
10.	Head of IT	Sheik Mohammad Fuad	Member

Management Credit Committee:

Sl. No.	Designation	Name	Position in the Committee
1.	Managing Director	Mohammed Nasir Uddin Chowdhury	Chairman
2.	Deputy Managing Director	Khwaja Shahriar	Member
3.	Head of Operations	A.K.M. Kamruzzaman	Member
4.	Head of Retail Financial Services	Khurshed Alam	Member
5.	Head of Corporate Financial Services	Mohammad Shoaib	Member
6.	Chief Credit Officer	Kazi Masum Rashed	Secretary

Asset Liability Management Committee:

Sl. No.	Designation	Name	Position in the Committee
1.	Managing Director	Mohammed Nasir Uddin Chowdhury	Chairman
2.	Deputy Managing Director	Khwaja Shahriar	Member
3.	Head of Treasury & FI	Quamrul Islam	Secretary
4.	Head of Retail Financial Services	Khurshed Alam	Member
5.	Head of Corporate Financial Services	Mohammad Shoaib	Member
6.	Chief Credit Officer	Kazi Masum Rashed	Member
7.	Head of Finance & Accounts	Shamim Al Mamun	Member

Central Compliance Unit (Anti Money Laundering Committee):

Sl. No.	Designation	Name	Position in the Committee
1.	Chief Risk Officer & CAMLCO	Mohammed Kamrul Hasan	Head
2.	Deputy Managing Director	Khwaja Shahriar	Member
3.	Head of Operations	A.K.M. Kamruzzaman	Member
4.	Head of Treasury & FI	Quamrul Islam	Member
5.	Head of Retail Financial Services	Khurshed Alam	Member
6.	Head of Finance & Accounts	Shamim Al Mamun	Secretary

IT Development Committee:

Sl. No.	Designation	Name	Position in the Committee
1.	Deputy Managing Director	Khwaja Shahriar	Chairman
2.	Head of Operations	A.K.M. Kamruzzaman	Member
3.	Head of Treasury & FI	Quamrul Islam	Member
4.	Head of Retail Financial Services	Khurshed Alam	Member
5.	Chief Credit Officer	Kazi Masum Rashed	Member
6.	Head of IT	Sheik Mohammad Fuad	Secretary

Human Resources & Remuneration Committee:

Sl. No.	Designation	Name	Position in the Committee
1.	Managing Director	Mohammed Nasir Uddin Chowdhury	Chairman
2.	Deputy Managing Director	Khwaja Shahriar	Member
3.	Head of Operations	A.K.M. Kamruzzaman	Member
4.	Head of Treasury & FI	Quamrul Islam	Member
5.	Chief Credit Officer	Kazi Masum Rashed	Member
6.	Manager, HR	Md. Mahbulul Wahid	Secretary

Credit Card Approval Committee:

Sl. No.	Designation	Name	Position in the Committee
1.	Deputy Managing Director	Khwaja Shahriar	Chairman
2.	Head of Operations	A.K.M. Kamruzzaman	Member
3.	Head of Treasury & FI	Quamrul Islam	Member
4.	Chief Credit Officer	Kazi Masum Rashed	Secretary

BASEL II Implementation Committee:

Sl. No.	Designation	Name	Position in the Committee
1.	Managing Director	Mohammed Nasir Uddin Chowdhury	Chairman
2.	Deputy Managing Director	Khwaja Shahriar	Member
3.	Head of Operations	A.K.M. Kamruzzaman	Member
4.	Head of Treasury & FI	Quamrul Islam	Member
5.	Head of Retail Financial Services	Khurshed Alam	Member
6.	Chief Risk Officer	Mohammed Kamrul Hasan	Secretary
7.	Head of Corporate Financial Services	Mohammad Shoab	Member
8.	Chief Credit Officer	Kazi Masum Rashed	Member
9.	Head of Finance & Accounts	Shamim Al Mamun	Member

Internal Control and Compliance Committee:

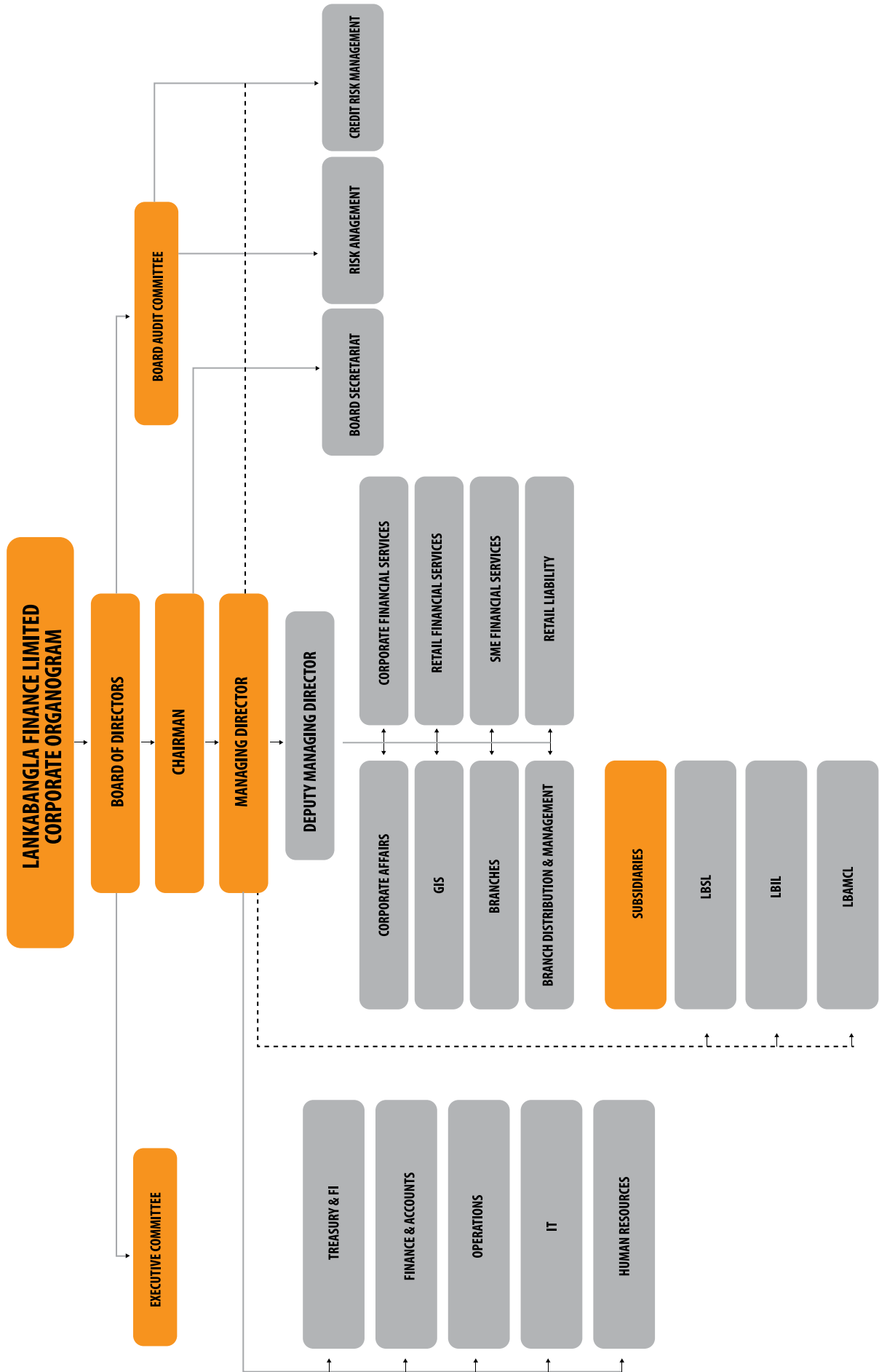
Sl. No.	Designation	Name	Position in the Committee
1.	Managing Director	Mohammed Nasir Uddin Chowdhury	Chairman
2.	Deputy Managing Director	Khwaja Shahriar	Member
3.	Head of Operations	A.K.M. Kamruzzaman	Member
4.	Head of Treasury & FI	Quamrul Islam	Member
5.	Head of Retail Financial Services	Khurshed Alam	Member
6.	Chief Risk Officer	Mohammed Kamrul Hasan	Secretary
7.	Group Company Secretary	Mostafa Kamal	Member
8.	Head of Corporate Financial Services	Mohammad Shoab	Member
9.	Chief Credit Officer	Kazi Masum Rashed	Member
10.	Head of IT	Sheik Mohammad Fuad	Member

Purchase Committee (Sub-Committee of MANCOM):

Sl. No.	Designation	Name	Position in the Committee
1.	Deputy Managing Director	Khwaja Shahriar	Chairman
2.	Head of Treasury & FI	Quamrul Islam	Member
3.	Group Company Secretary	Mostafa Kamal	Secretary
4.	Head of IT	Sheik Mohammad Fuad	Member

Capital Market Operations Committee

Sl. No.	Designation	Name	Position in the Committee
1.	Managing Director	Mohammed Nasir Uddin Chowdhury	Chairman
2.	Deputy Managing Director	Khwaja Shahriar	Member
3.	Head of Treasury & FI	Quamrul Islam	Member
4.	Manager, Capital Markets	M A Faisal Mahmud	Secretary





Corporate Financial Services Division

The **CORPORATE FINANCIAL SERVICES DIVISION** of LankaBangla takes ownership to focus exclusively on corporate and institutional clients domiciled or conducting business in its footprint, offering clients access to its extensive branch network.

The division delivers services through 4 (four) units namely Corporate & Institutions Unit, Project & Structured Finance Unit, Emerging & Commercial Business Unit and Corporate Liability Unit.

Corporate & Institutions Unit:

The smart Relationship Managers, equipped with efficient management skill and sound knowledge about the industry and market, are here to provide a full array of corporate financial solutions like lease finance, term finance, bridge finance, club finance, working capital finance and structured financial products.

Project & Structured Finance Unit:

LankaBangla's Project & Structured Finance Unit is a specialized unit comprising of experienced professionals who are expert in conducting the technical, financial and economic feasibility of all types of projects, product structuring etc. The Project & Structured Finance Unit structures syndication finance, equity participations, agency arrangements and vetting of project risks by appraising financial feasibility and viability of the customers' projects during the pre-booking stage and also monitors the progress of the project implementation during the post-booking stage. LankaBangla also handles mergers, acquisitions etc.

Emerging & Commercial Business Unit:

With the change of time, financial needs of business are changing. A company may be set up with heavy machinery, equipments, buildings, etc.; but to run the business effectively and efficiently, the existence of a sound working capital is a must. Keeping all these views in mind LankaBangla is striving to introduce the dynamic financial services like Factoring, Supply Chain Solutions, Distributor Finance, Reverse Factoring, Bill Discounting, etc. through a dedicated team of business acumen under this unit.

Corporate Liability Unit:

LankaBangla welcomes the opportunity to respond to the request for a proposal by the corporate clients. We understand that the corporate clients of LankaBangla are seeking a qualified and committed financial partner for investment of the fund, specifically for Term Deposit solution.

In addition to traditional industries like RMG, Steel, Pharmaceuticals, Textiles, Transportation, Ship Breaking & Trading sector, LankaBangla has enhanced its footprints into Packaging, Food, Power, Real-estate and Construction, Glassware, Healthcare, Plastic & Polymer, Telecommunications, Ship Building, Agri-Business etc.



Retail Financial Services Division

LankaBangla Finance Limited is one of the leading financial institutions in Bangladesh offering a wide variety of retail financial services to cater to the full scope need of innovative, customized solutions and services. The **RETAIL FINANCIAL SERVICES DIVISION** currently offers auto loan, home loan, personal loan, loan against deposit, mortgage loan (for any purpose) and credit cards. The division delivers services through 4 (Four) units namely Auto Loan Unit, Mortgage Loan Unit, Personal Loan Unit and Card Center.

Auto Loan Unit:

The unit deals with all sales, marketing, business promotions, relationship management with customers and auto dealers, customer service activities including planning, budgeting, target setting & allocation, and also execution, monitoring & evaluation of sale deals, customer service quality, etc.

Home Loan Unit:

The activities of Home Loan Unit includes sales, marketing, business promotions, relationship management with customers & developers, customer service management, etc. including planning, budgeting, target setting & allocation and also execution, monitoring and evaluation of sale deals, customer service quality, etc. The products are mainly Home Loans for purchasing, constructing or renovation of homes or takeovers of existing home loans with other financiers and Mortgage Loans for any purpose against mortgage of properties.

Personal Loan Unit:

Any purpose loans for personal exigencies are offered under Personal Loan Unit which deals with all sales, marketing, business promotions, relationship management, customer service activities including planning, budgeting, target setting & allocation and also execution, monitoring & evaluation of sale deals, customer service quality, etc. Loan against lien of deposits, shares of listed companies, savings instruments etc. are also offered under the unit for any purpose.



Credit Card Division

Card Centre deals with issuing and acquiring of MasterCard and issuing of VISA credit cards; There are mainly two categories of cards – Gold & Classic; individual and corporate. LankaBangla is the lone Financial Institute that offers cards and provides third party card processing services through its state-of-the-art card software. The unit deals with all sales, marketing, business promotions, relationship management, customer service activities including planning, budgeting, target setting and allocation, execution, monitoring and evaluation of sale deals, customer service quality, etc.



SME Financial Services Division

Keeping in mind that Small and Medium Enterprises (SME) are the economic growth engines of Bangladesh, LankaBangla strengthened its **SME FINANCIAL SERVICES DIVISION**. The division deals with all sales, marketing, business promotions, relationship management, customer service activities including planning, budgeting, target setting & allocation and also execution, monitoring & evaluation of sale deals, customer service quality, etc.



Treasury & FI Division

The **TREASURY & FI DIVISION** at LankaBangla is mainly responsible for the balance sheet management. The scope of functions of the division mainly is separated into two broad heads; treasury front office and treasury mid office. The treasury front office is assigned to buy, sell and trade in money market instruments, securities, equity and ensure compliance with board's policy. Treasury mid office is responsible for the critical functions of independent market risk monitoring, measurement, analysis and reporting for the Asset Liability Management Committee.

Treasury & FI Division is internally structured in four major units, namely - Asset Liability Management Unit, Money Market Unit, FI & Central Bank Dealings Unit and Capital Markets Unit. Treasury at LankaBangla is a financial hub which operates as a financial clearinghouse for all other parts of the organization. Treasury ensures the availability of funds at the right time, right place at the possible minimum cost.

The core functions are as under :

Treasury Front Office:

- Significant interactions with various trading and delivery teams.
- Money Market Operation, i.e. Dealings with Overnight/Placement/Treasury Line etc.
- Striking of deals (trading) and ensuring profits from trading.
- Credit Relationship with Banks & FIs
- Maintenance of CRR and SLR

- Liquidity Management by prudent Cash Management
- Primary Dealership Operation by Primary & Secondary Trading
- Repo & Reverse Repo dealings i.e. ALS/LS, Repo & Special Repo with Central Bank, Interbank Repo

Treasury Middle Office:

- Monitoring, measurement, analysis and reporting of risks, namely-
 - Interest Rate Risks
 - Liquidity Risks
- Asset Liability Management (ALM)

Capital Markets Unit:

Capital Markets Unit at LankaBangla is responsible for formulating equity and fixed income investment strategies, trading at proprietary fund and effectively managing risks thereon. The portfolio is managed following a rigorous top down-bottom up investment process driven by economic, sector and company fundamental research and technical-quantitative analysis.



Retail Liability Division

The management has adopted the strategy to reduce bank borrowing dependencies by increasing core deposits to balance the heat of extreme volatility of money market. In this regard a separate division has been formed named **RETAIL LIABILITY DIVISION** under which deposits are being collected from retail customers. Different liability products are been offered to customers to cater to their requirements. The retail liability division has been formed with a number of professional deposit collecting teams. Separate retail deposit teams have been deployed throughout the branches and the members of the teams work under the predefined target.

The division runs under the target as agreed under the yearly budget and duly distributed among the sales teams.



Operations Division

LankaBangla, towards its endeavor to the best practices of customer service excellence, effective utilization of time & resources, and high quality corporate governance, has centralized its operational activities under **OPERATIONS DIVISION** independent of its business and compliance divisions.

Operations Division takes the ownership of all activities commencing after establishment of a relationship with the customer either in the form of obtaining a loan or opening a deposit or liability account. The operating activities encompass all asset and liability products like corporate finance including factoring of accounts receivables, retail finance including home loan, auto loan, personal loan, credit card, SME finance, retail and corporate deposit, bank borrowing, call loan, capital market investment, etc.

The centralized Operations Division is divided under 6 (six) units, namely Asset Operations Unit, Legal Affairs Unit, Asset Recovery & Monitoring Unit, Special Asset Management Unit, Liability Operations Unit, Treasury Operations Unit.

Asset Operations Unit:

The unit deals with CIF (Customer Information Folio) Completion & Validation, Account Set-up, Security & Charge Documents Preparation, Asset Acquisition, Pre-Appraisal Documents Authentication Check, Post Appraisal Documents Authentication, Disbursement, Execution, and Follow-up of pending documents.

Legal Affairs Unit:

The unit looks after Security & Charge Documents Vetting,

Property Documents Vetting, Genuineness check of Property Documents, Security/ Charge Documents safeguarding.

Recovery & Monitoring Unit:

The unit looks after post disbursement activities like monitoring, collection, early alert raising, etc. until settlement through regular due date and overdue status reminders vide SMS, e-mails, letters, telecommunications, meetings, discussions, visits, etc.

SAM (Special Asset Management) Unit:

For managing NPL cases, a dedicated unit is in place to directly monitor, put into action and intensify recovery and collection drives through dedicated internal recovery officers and also third party collection service providers, where necessary. Litigation Department of SAM Unit is well organized with the assistance of leading law firms of the country to ensure all out legal actions for collection.

Liability Operations Unit:

It deals with Term Deposit Receipt (TDR) account opening, KYC, CIF, instrument issuing, interest servicing to depositors, loan against TDR, customers' statements, tax certificates and other query servicing, pre-encashment/ maturity request processing, settlement management, etc.

Treasury Operations Unit:

It deals with treasury back office activities related to day-to-day treasury deals, call money market operations, facilities taken from other banks and financial institutions, capital market investments, and also primary dealership operations.



Finance and Accounts Division

The **FINANCE AND ACCOUNTS DIVISION** is one of the most important divisions of the Company, as it helps to provide various financing and accounting information necessary to make various decisions. Finance and Accounts division is responsible for the proper record keeping and production of financial information to the stakeholders of the company.

For achieving the control objective of segregation of duties, the division is divided into two units i.e. Business Finance Unit and Financial Reporting & Budgeting Unit.

Business Finance Unit:

It deals with day-to-day business transactions and processing of various business activities including all asset and liability products like corporate finance, retail finance, SME finance, capital & money market investments, deposit, bank borrowing, primary dealership, etc.

Financial Reporting & Budgeting Unit:

The unit encompasses a number of duties i.e. general financial transactions recording, preparation of financial statements, budgeting and budgetary control, development of financial and tax strategies, performance measurement that supports the company's strategic direction, preparation and analysis of MIS related to the financial health of the organization and also regulatory reporting.



IT Division

IT DIVISION is responsible for creating, operating & maintaining IT infrastructure for the whole organization.

There are approximately 160 nos. of Desktops, 75 Laptops and 18 nos. higher end Rack Servers which are providing access to business software of all the users. LAN (Local Area Network) with a capacity of 300 nodes has been created at Head Office as well as in 7 branches with Layer 2 and Layer 3 connectivity. Customized software development and maintenance are done by IT Division. It has also installed Central Antivirus server for securing all local users' computing devices; file server to ensure that users data have not been lost if their own workstations crash; proxy server to make faster browsing for local users; bandwidth manager to ensure proper usage of bandwidth.

IT Division works through 3 (three) separate units namely **DBA & Application Development Unit, Infrastructure, Network & Security Unit and Maintenance & Support Unit**. The Division conducts IT operations, the routine delivery of IT services such as, workstation (whether desktop/ laptop) delivery, data backup of core organizational software, user level support for hardware, software or network. SMS services for customers to send sms regarding loan or credit card bill or due date reminder or transaction are also looked after by the division. Scheduled maintenance of different servers which includes hardware maintenance as well as software/patch/kernel up-gradation, database maintenance and replacement of equipment at the end of its service life, etc. are also looked after regularly and consistently.

As a financial organization, for LankaBangla, IT division has to comply with the rules of Bangladesh Bank ICT Policy for Financial Institute.



General & Infrastructure Services Division

LankaBangla has put in place the centralized **GENERAL & INFRASTRUCTURE SERVICES (GIS)** Division to ensure that all general, logistics, and infrastructure services are planned, organized, executed, and monitored on a continuous manner to ensure timely, cost-effective, and result oriented support to all segments and operations of the company.

GIS Division's functions are divided under 3 (three) units, namely Logistics & Support Unit, Procurement Unit, and Infrastructure & Development Unit.

Logistics & Support Unit:

It deals with day-to-day support activities for making available printing & stationery materials, office supplies, ensuring floor cleaning & environmental standard maintenance, transport management, storage, etc.

Procurement Unit:

The unit processes all sorts of procurement planning, approval with the recommendation of Purchase Committee of the management and approval of the competent authority, and procurement.

Infrastructure & Development Unit:

It undertakes all infrastructure and development activities like planning, acquisition and development of new office premises for expansion of head office, Branches, Booths; opening of new branches and booths; and their launching, etc.



Human Resources Division

HUMAN RESOURCES DIVISION of LankaBangla is operating under guidance of HR Committee. HR Division serves HR activities from planning to separation. The division is mostly focusing on quality HR recruitment, retention and development of the resources for meeting future need. In 2012, the division implemented a robust HRIS system for the company which is going still through further development stages to cater to the 360 degree HR requirement on a timely, efficient and effective manner.

The HR Division conducts its activities through 3 (three) separate units namely **HR Administration Unit**, **Learning & Development Unit** and **Recruitment, Compensation & Benefit Management Unit**.



Credit Risk Management Division

In compliance with Enterprise Risk Management strategy, LankaBangla has established an independent **CREDIT RISK MANAGEMENT DIVISION** which is separate from business and operations divisions. All credit proposals are independently assessed – different risk factors and mitigation plans are identified in line with company's Board approved credit policy and placed before Management Credit Committee (MCC) for onward recommendation to the appropriate approval authority. Any findings, be it positive or negative, relevant to make note of, is also highlighted for perusal of the approving authority for consideration.

Credit Risk Management Division regularly monitors the quality of loan portfolio and actively works on Early Alert Reports generated by business/ operations units. Analysis on delinquent asset portfolio not only helps to chart the right course of lending but also allows maintaining the NPL at its minimum level. Over the last one and half year it has become possible, by following Board's guidance and management's strict adherence to corporate lending policy, to keep the quality of lending at its best possible profile.

At LankaBangla, industry best practices are implemented to ensure the quality of lending portfolio and relentless effort is in place to retain the culture of applying due diligence at all levels of credit risk management. Regular audit from RMD (Risk Management Division) are conducted in addition to central Bank's audit for meticulous compliance of policy issues.



Risk Management Division

RISK MANAGEMENT DIVISION (RMD) at LankaBangla is committed to adopt sound risk management principles and to manage risk in accordance with recognized best practices. In order to deliver this objective a consistent and systematic approach to managing risk is adopted by all staff in all areas of the company's activities. The Risk Management Division is maintaining the highest possible integrity for services provided by LankaBangla & ensures Safeguard company's assets (people, property, reputation and financials). RMD has created an environment where LankaBangla employees assume responsibility for managing Risk and identifying possible risks in their respective areas of control. RMD ensures that LankaBangla management can appropriately maximize its opportunities and minimize its threats.

The Risk Management Division which directly reports to the Board Audit Committee (BAC) is divided in 3 (three) departments, namely **Internal Audit & Inspection Unit**, **Enterprise Risk Management Unit** and **Internal Control & Compliance Unit**.



Board Secretariat Division

The role of the **BOARD SECRETARIAT DIVISION** is to serve as a liaison between the Board of Directors, the management, the shareholders, the regulators and other stakeholders concerning the operations of the Company. The Board Secretariat employees' mission is to assist the Board members and facilitate the management in carrying out their respective roles and responsibilities effectively and to serve the stakeholders by providing required information regarding the activities of LankaBangla Finance Limited (including its subsidiaries) as well as the Board of the respective company. The Board Secretariat is reportable to the Board and for administrative purpose to the Managing Director. The Board Secretariat is the authorized representative of the Board of Directors. The Board Secretariat is often the first contact point for the shareholders regarding the operation of the Company. The concerned employees of the Secretariat prepare meeting notices, arrange Board and its Committee and shareholders' meetings, produce and distribute meeting materials and ensure all of the required arrangements in this regard. The concerned employees prepare the official minutes of the meetings which to be kept in perpetuity.

Products & Services We Offer at Lankabangla

LankaBangla is partnering country's economic growth by sharing knowledge and building capacity of the entrepreneurial efforts in Bangladesh. We are contributing to the development of the root of growth through Agribusiness financing, boosting new generation ventures with SME financing and empowering women through Woman Entrepreneur Finance. Our services are:

Corporate Financial Services

- Lease Finance
- Term Finance
- Working Capital Finance
- Bridge Finance
- Club Finance
- Project & Structured Finance
- Factoring & Reverse Factoring
- Supply Chain Solutions
- Distributor Finance
- Bill Discounting
- Corporate Liability

Retail Financial Services

- Auto Loan
- Home Loan
- Mortgage Loan
- Short Term Secured Loan
- Personal Loan
- Credit Card

Primary Dealership

- Treasury Bill & Treasury Bond
- Primary Trading of Govt. Securities
- Secondary Trading of Govt. Securities
- REPO & Reverse REPO

SME Financial Services

- Small Enterprise Finance
- Medium Enterprise Finance
- Woman Entrepreneur Finance
- Commercial Vehicle Finance
- JICA- SME Finance

Merchant Banking Operation
Through Subsidiary - LankaBangla Investments Limited

- Margin loan
- Issue management
- Underwriting
- Advisory services
- Investors' portfolio management services

Liability Sales

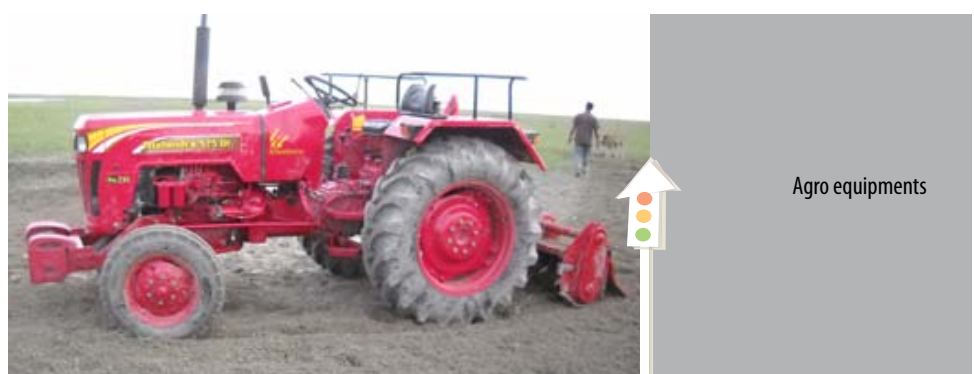
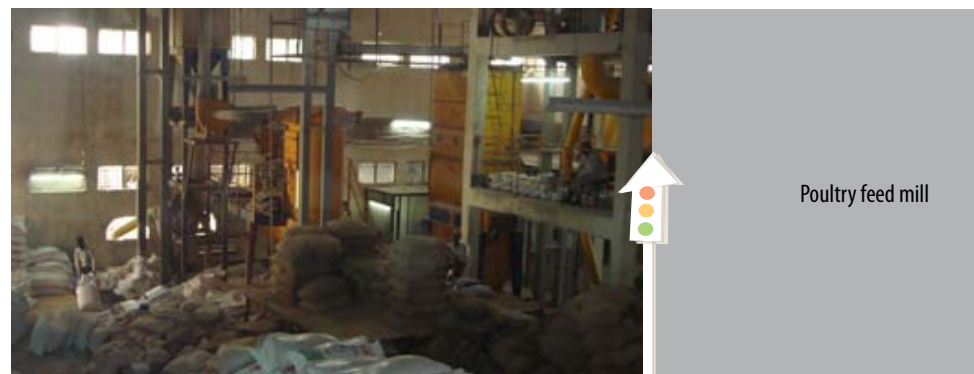
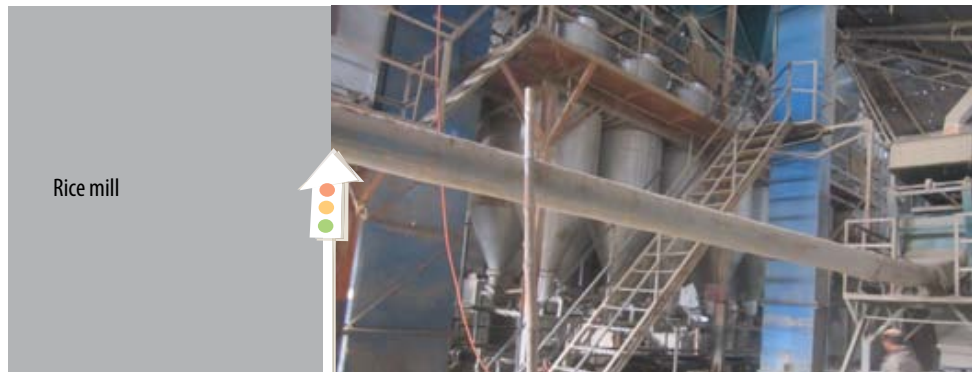
- Periodic Return Term Deposit
- Cumulative Term Deposit
- Double Money
- Triple Money
- Earn First
- Agroj (Sr. Citizen)
- Shohoj Sanchoy
- Money Builders (DPS)

Stock Brokerage Services
Through Subsidiary - LankaBangla Securities Limited

- Stock Brokerage
- Trading Facility through NITA
- CDBL Services
- Internet Trading
- Research Services

Projects Financed by LankaBangla

LankaBangla is proud to finance a number of Agro-based projects



Food processing industry financed for food security of the nation

Mango pulp processing plant



Free flow iodized salt manufacturing plant



Meat processing plant



Beverage plant



We are partner in building the nation

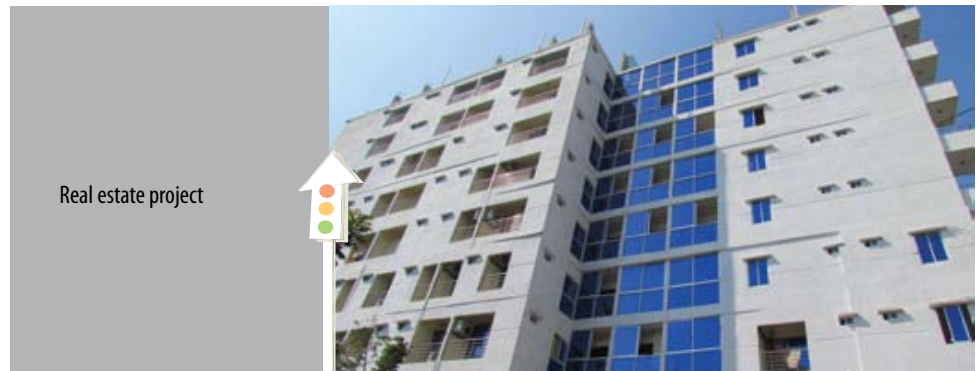
Cement manufacturing plant



Ready mix processing plant



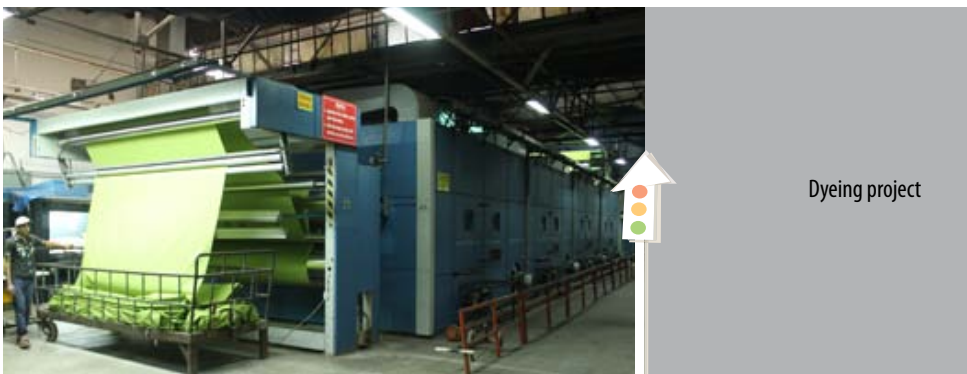
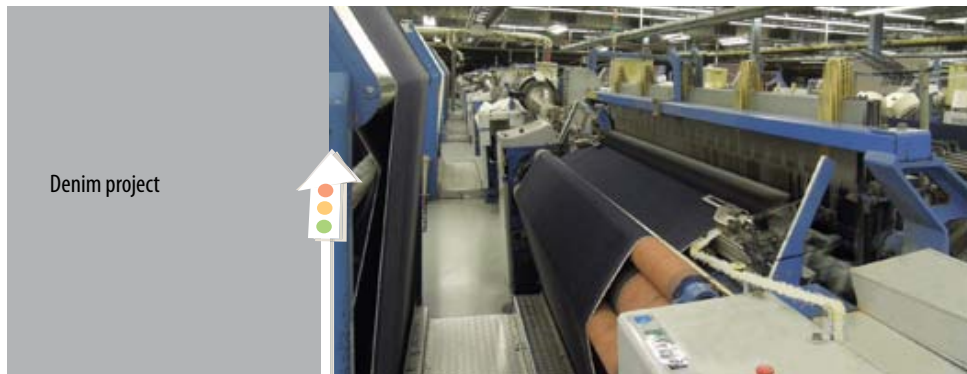
Real estate project



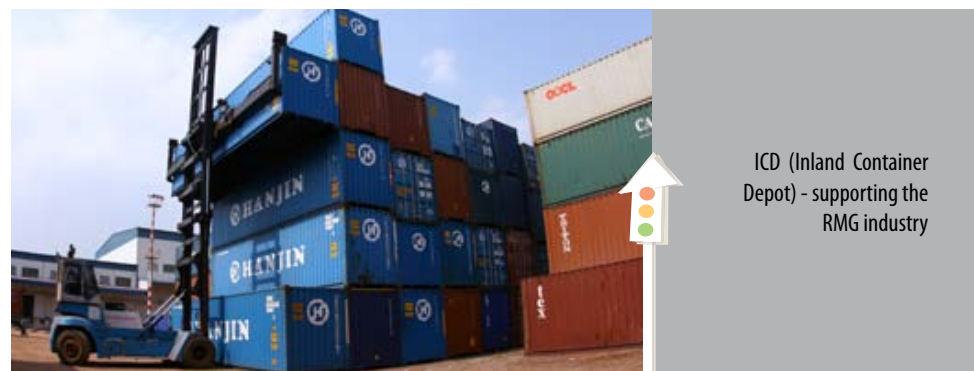
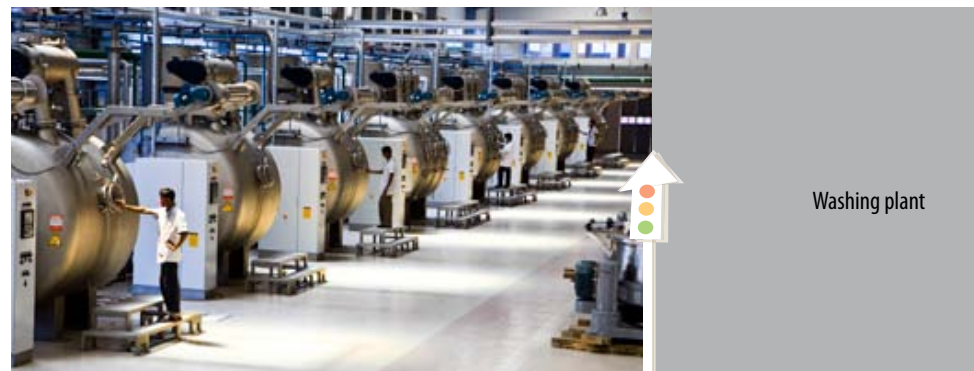
Furniture manufacturing concern



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



RMG (Ready Made Garments) projects – we financed with the commitment to expand and diversify the best performing sector of the country



We are expanding investments in diversified sectors

Powering the country
we also participated in
financing power plant



During the last couple of years,
the nation became indepen-
dent in steel and engineering-
we have strong footage in
financing the sector

We financed the
largest ship builder
in the country



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

Keeping in mind the importance of healthcare of the nation, we extended finance in the sector



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



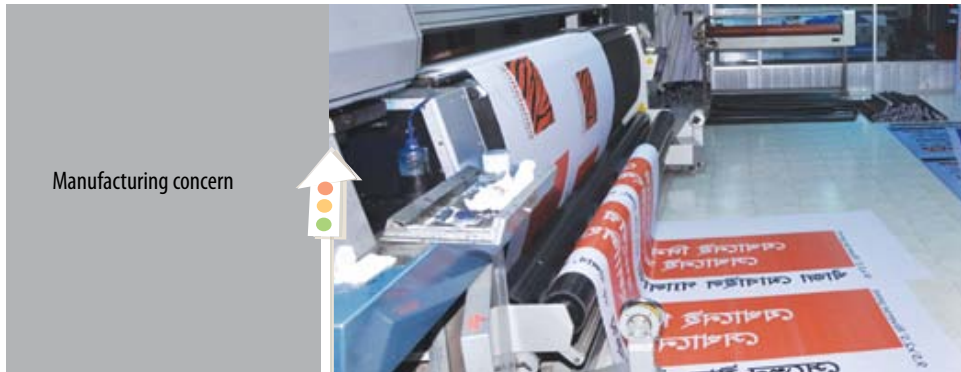
Plastic product and processing industry, we are also present in the sector extending finance



We are also financing ICT infrastructure, the backbone of the nation



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



An Eventful Year for LankaBangla

The 15th AGM of
LankaBangla Finance
on session



The directors of LankaBangla
Finance on Board Meeting

A snap of LankaBangla
Securities Board Meeting



Audit Committee meeting
of LankaBangla in progress

Audit Committee meeting of LankaBangla Securities



A snap of LankaBangla Investments Ltd board meeting

LankaBangla Aasset Management company board meeting



LankaBangla donates eye equipment to Kishoreganj Eye Hospital

LankaBangla Finance
Narsingdi Branch opening
ceremony



LankaBangla donates to CCP
Foundation to setup a school

MOU signing ceremony
between LankaBangla
Finance & AIUB



British High commissioner
of Bangladesh
Mr. Robert W Gibson visits
LankaBangla Securities
office

Friendship football match between LankaBangla & AIUB



CEO of LankaBangla Securities receiving first prize from Chittagong Stock Exchange

MOU signing ceremony between LankaBangla Finance & Executive Motors Ltd.



The Art camp for the School students in Chittagong

MOU signing ceremony between LankaBangla Finance & bti



Shareholders of LankaBangla Finance in 15th AGM



MOU signing ceremony between LankaBangla Investments & LEADS Corporation



Friendly football match between LankaBangla Finance & LankaBangla Securities



Winner of friendly football match receiving trophy on LankaBangla family day in Dhaka



Female employees and guests on LankaBangla family day in Dhaka



A shareholder is delivering speech

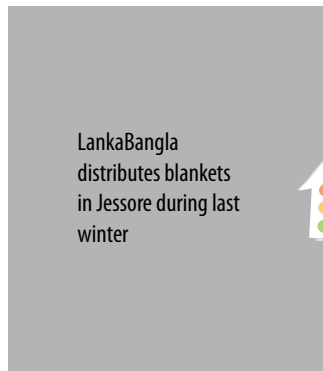


A snap from corporate dinner arranged by LankaBangla Securities





LankaBangla donates talented underprivileged students



LankaBangla distributes blankets in Jessore during last winter



LankaBangla donates to Eminence ECD Centre for education of underprivileged children



Kids are enjoying at LankaBangla family day in Chittagong



Consolidated Financial Highlights



Consolidated Financial Highlights

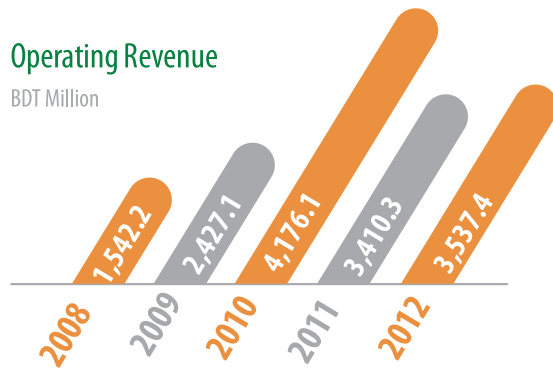
All figures in BDT million except %

Particulars	2008	2009	2010	2011	2012	Growth of 2012 over 2011	5 Year CAGR (%) / Average*
Total Assets	8,108.87	13,435.00	19,322.24	22,380.00	25,336.57	13.21%	32.95%
Total Liabilities	7,186.40	11,335.07	14,532.20	16,659.83	18,862.61	13.22%	27.28%
Business Disbursement	3,258.97	4,689.28	4,275.50	4,443.70	6,369.79	43.34%	18.24%
Property Plant and Equipment	85.30	92.46	195.00	189.06	238.13	25.96%	29.26%
Current Assets	5,554.92	8,839.66	8,985.65	9,345.29	19,887.03	112.80%	37.55%
Current Liabilities	4,793.27	7,394.94	7,869.65	8,945.25	10,804.71	20.79%	22.53%
Net current assets	761.65	1,444.72	1,116.00	400.04	9,082.32	2170.35%	85.83%
Non Current Assets	2,553.95	4,595.93	10,336.59	13,034.71	5,449.54	-58.19%	20.86%
Long Term Liabilities	2,393.12	3,940.13	6,662.55	7,714.58	8,057.90	4.45%	35.46%
Term Deposits	2,627.30	4,432.90	4,560.00	5,309.62	7,615.92	43.44%	30.48%
Total Investment Portfolio	6,869.63	10,699.17	15,064.57	18,703.35	21,851.25	16.83%	33.55%
Operational Performance							
Operating Revenue	1,542.18	2,427.07	4,176.11	3,410.33	3,537.43	3.73%	23.07%
Operating Expenses	1,069.97	1,362.38	1,513.72	2,023.40	3,298.18	63.00%	32.50%
Financial Expenses	707.16	936.61	1,016.08	1,396.57	2,147.52	53.77%	32.01%
Net Profit Before Tax	472.21	908.07	2,331.10	1,304.04	510.31	-60.87%	1.96%
Net Profit After Tax	377.64	744.08	1,700.15	791.1	326.30	-58.75%	-3.59%
Turnover of Share Trading by LBSL	127,605.37	242,210.58	560,366.03	229,161.62	135,335.25	-40.94%	1.48%
Financial Ratios							
Gross Profit Ratio	30.62%	43.87%	63.75%	40.67%	6.76%	-83.37%	23.72%
Cash reserve ratio (Required 2.5%)	3.69%	4.21%	5.68%	4.76%	2.79%	-41.41%	3.77%
Statutory Liquidity Reserve (Required 5%)	21.37%	8.74%	18.03%	11.05%	8.23%	-25.53%	9.64%
Capital Adequacy Ratio (2011: Test Run. Effct. From 2012)	-	-	-	10.32%	19.64%	90.31%	14.98%
Gross Non performing assets to gross advances/Non performing loans (assets) to total loans (assets)	6.13%	5.38%	7.90%	6.51%	3.93%	-39.63%	5.97%
Cost to Income Ratio	75.76%	62.59%	44.18%	61.76%	85.57%	38.56%	65.97%
Current Ratio	1.16	1.2	1.14	1.04	1.84	76.98%	1.28
Debt Equity Ratio	7.79	5.4	3.03	2.92	2.91	-0.22%	4.41
Financial Expense Coverage Ratio	1.53	1.79	2.67	1.57	1.15	-26.63%	1.74
Return on Equity (%)	40.94%	35.42%	35.49%	13.83%	5.04%	-63.56%	26.14%
Return on Assets (%)	4.66%	5.54%	8.80%	3.53%	1.29%	-63.52%	4.76%
Equity Parameters							
Authorized Capital	1,000.00	1,000.00	1,000.00	3,000.00	3,000.00	0.00%	31.61%
Paid-up Capital	385	442.75	531.3	823.52	1,894.08	130.00%	48.93%
Shareholders' Equity	922.48	2,100.53	4,790.04	5,720.17	6,473.96	13.18%	62.76%
No. of Share Outstanding	38.50	44.28	53.13	82.35	189.41	130.00%	48.93%
Net Asset Value (NAV) Per Share *	4.87	11.09	25.29	30.20	34.18	13.18%	62.76%
Earnings Per Share (EPS) *	1.99	3.93	8.98	4.51	1.77	-60.86%	-2.98%
Market Price Per Share (Closing)	196.6	313.8	497.9	170.2	59	-65.33%	-25.99%
Price Earnings Ratio (Times)	20.04	22.41	15.56	17.72	33.39	88.45%	21.82
Dividend Payment (C-cash & B- bonus)	15% B 15% C	20% B 15% C	55% B -	30% B -	10% B -	-66.67% -	32%
Dividend Payout Ratio (%)	69.45%	44.15%	72.49%	52.94%	15.33%	-71.05%	-31.46%
Dividend Coverage (Times)	1.44	2.27	1.38	1.89	6.52	245.19%	45.89%
Dividend Yield (%)	1.53%	1.12%	1.10%	1.76%	1.69%	-3.70%	1.44%
Profit Per Employee (mn)	1.29	2.44	5.30	2.23	0.77	-65.55%	2.41

* Historical figures have been restated

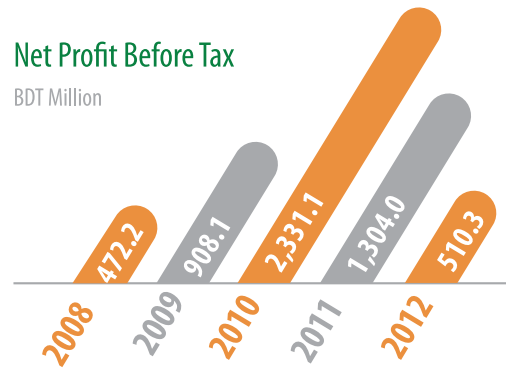
Operating Revenue

BDT Million



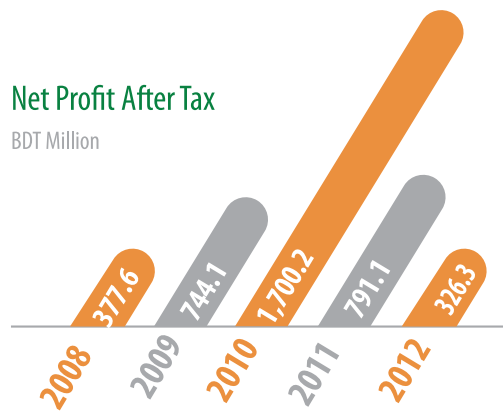
Net Profit Before Tax

BDT Million



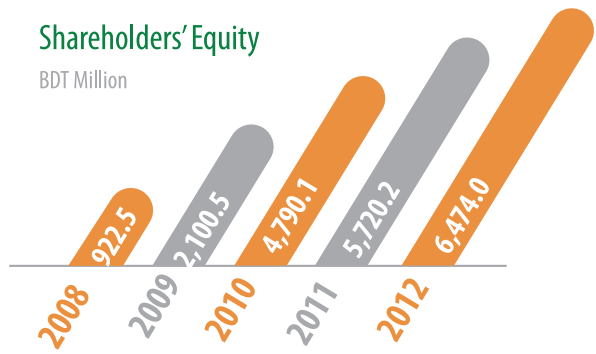
Net Profit After Tax

BDT Million



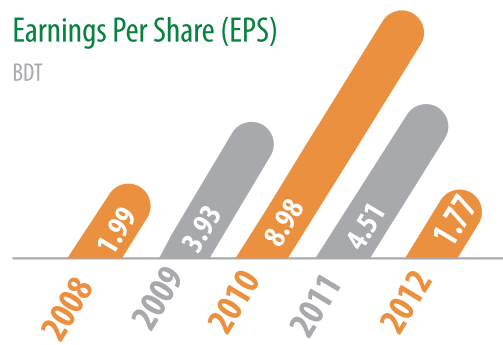
Shareholders' Equity

BDT Million



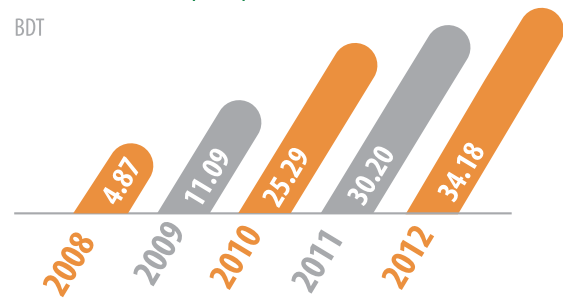
Earnings Per Share (EPS)

BDT



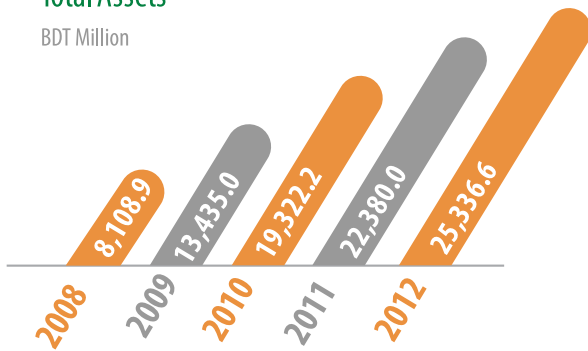
Net Asset Value (NAV) Per Share

BDT



Total Assets

BDT Million



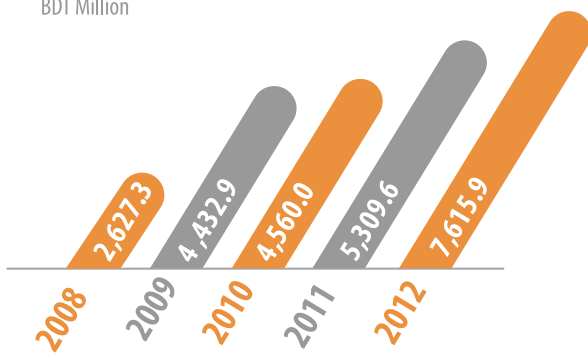
Total Investment Portfolio

BDT Million



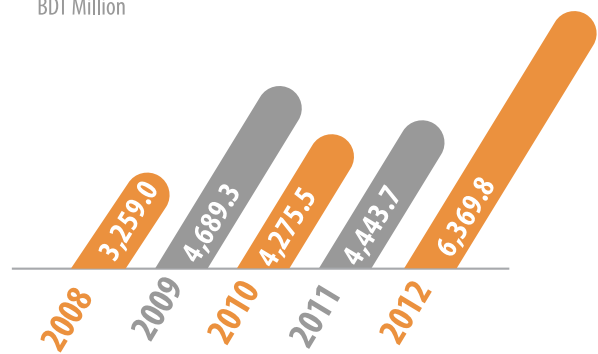
Term Deposits

BDT Million

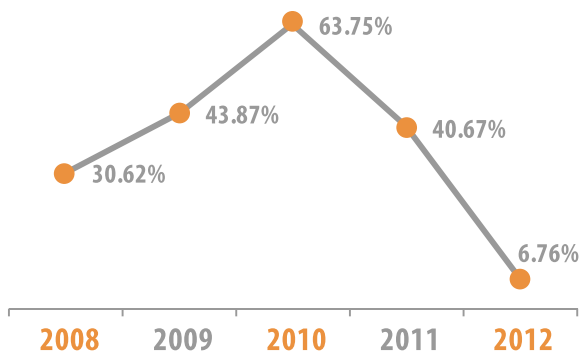


Business Disbursement

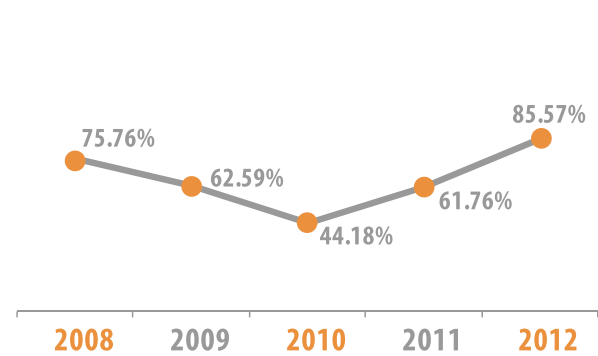
BDT Million



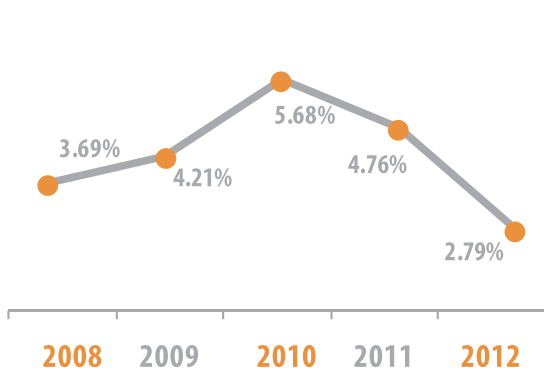
Gross Profit Ratio



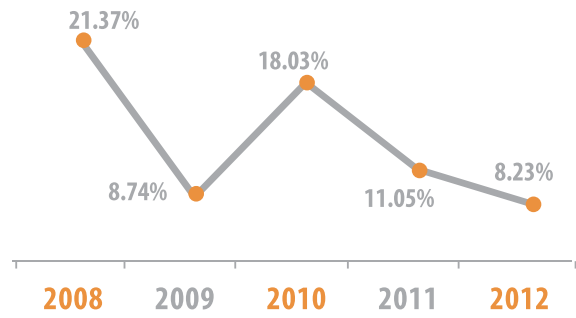
Expense to Income



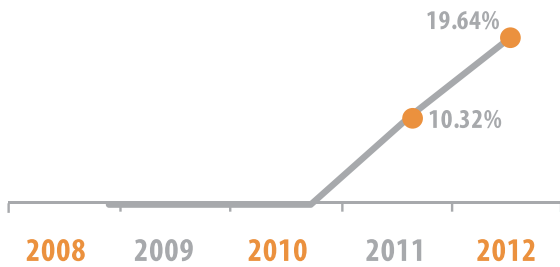
Cash Reserve Ratio (Required 2.5%)



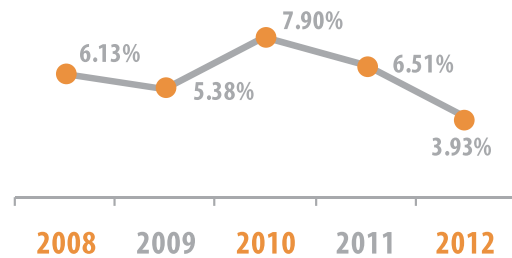
Statutory Liquidity Reserve (Required 5%)



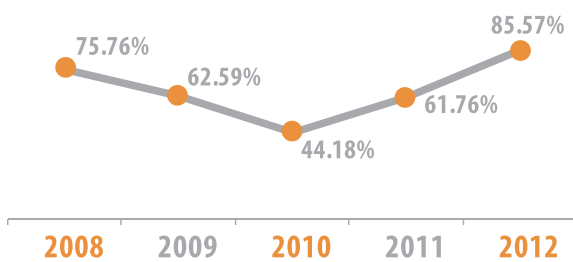
Capital Adequacy Ratio
(2011: Test Run; Effct. From 2012)



Gross Non performing assets to gross advances/Non performing loans (assets) to total loans (assets)



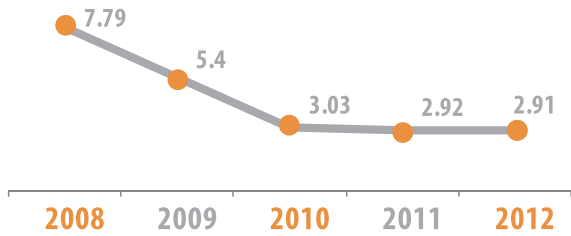
Cost to Income Ratio



Current Ratio



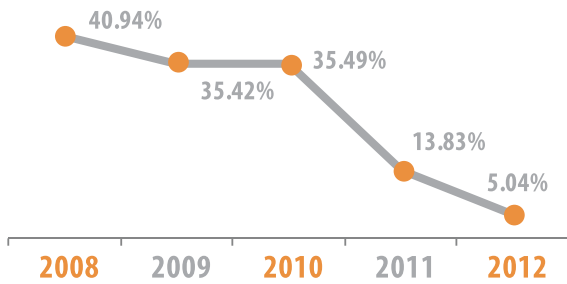
Debt Equity Ratio



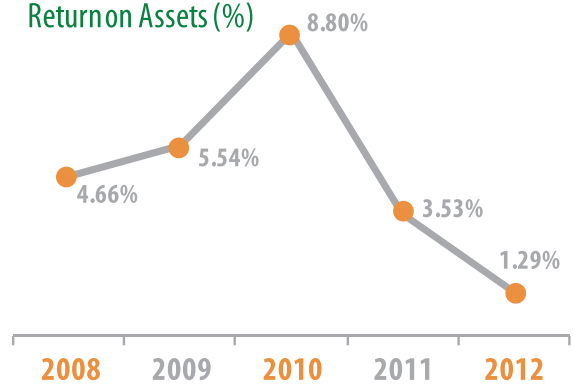
Financial Expense Coverage Ratio



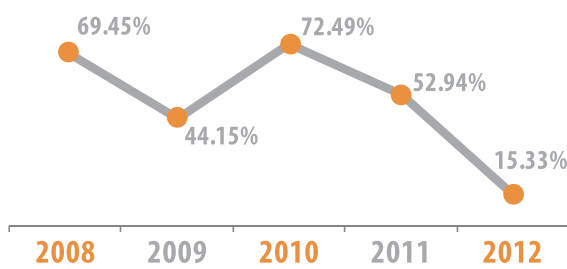
Return on Equity (%)



Return on Assets (%)

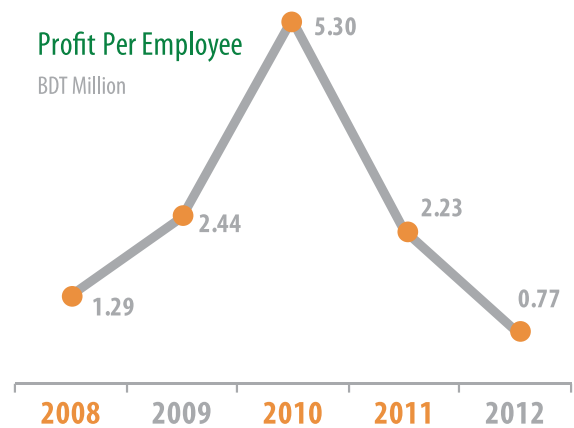


Dividend Payout Ratio (%)

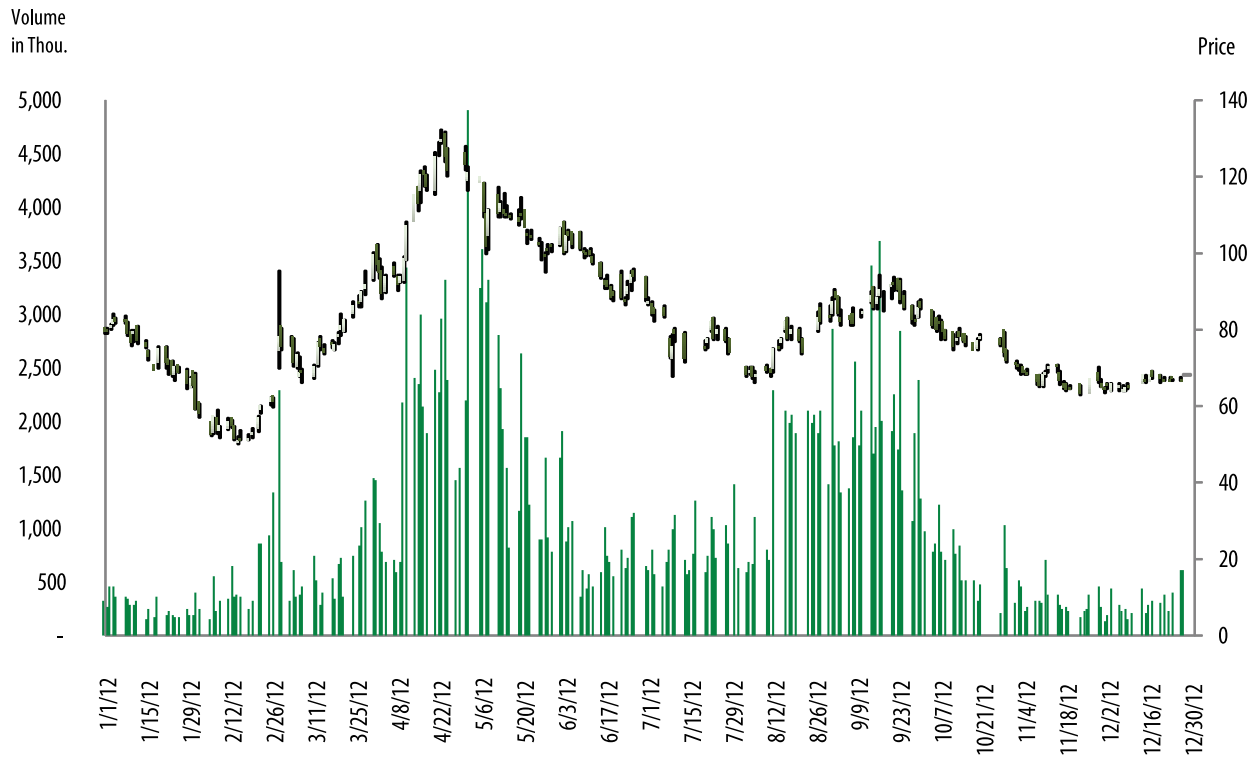


Profit Per Employee

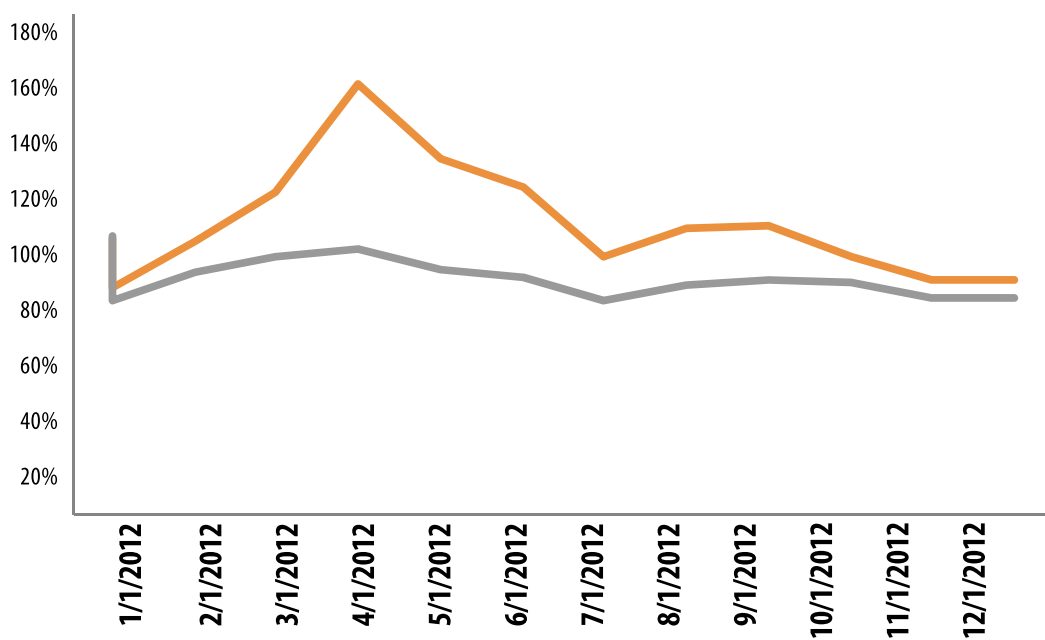
BDT Million



Stock Price Movement in 2012



Rebased DSE Gen & LANKABAFIN



Horizontal & Vertical Analysis For the last 5 years

	31 December 2012	31 December 2011	31 December 2010	31 December 2009	31 December 2008
Operating Income					
Net interest	38.1%	47.8%	18.5%	27.6%	28.5%
Interest income	192.6%	117.1%	50.7%	90.4%	113.2%
Less : Interest paid on deposits & borrowings	154.5%	69.4%	32.2%	62.8%	84.7%
Income from investment	12.6%	7.6%	11.2%	9.4%	9.2%
Commission, Exchange and Brokerage Income	34.5%	37.9%	59.9%	56.8%	45.5%
Other operational income	14.7%	6.7%	10.5%	6.2%	16.8%
Total :	100.0%	100.0%	100.0%	100.0%	100.0%
Operating Expenses					
Salary and allowances	26.2%	9.7%	7.1%	12.8%	13.4%
Rent, taxes, insurance, electricity etc.	4.9%	1.8%	0.9%	1.6%	1.9%
Legal & professional fees	0.9%	0.5%	0.2%	0.3%	0.2%
Postage, stamp, telecommunication etc.	0.6%	0.3%	0.1%	0.3%	0.7%
Stationery, printing, advertisement	1.1%	0.6%	0.3%	0.8%	1.7%
Managing director's salary & allowance	0.8%	0.1%	0.2%	0.4%	0.4%
Director fees and expenses	0.1%	0.0%	0.0%	0.0%	0.0%
Audit fees	0.0%	0.0%	0.0%	0.0%	0.0%
Charges on loan losses	25.7%	0.1%	0.1%	0.4%	0.0%
Repairs, maintenance and depreciation	4.6%	1.7%	1.0%	3.0%	4.9%
Direct Charges	-	-	4.0%	4.8%	4.7%
Other expenses	17.8%	16.3%	1.8%	4.1%	3.6%
Total :	82.8%	31.1%	15.7%	28.6%	31.7%
Net Operating Income	17.2%	68.9%	84.3%	71.4%	68.3%
Provision for loans & advance	-19.5%	4.1%	10.5%	10.5%	11.8%
Specific provision	-20.4%	2.6%	5.0%	3.9%	7.0%
General provision	0.9%	1.5%	5.5%	6.6%	4.8%
Profit before tax and reserve:	36.7%	64.8%	73.8%	60.9%	56.6%
Provision for tax	11.7%	22.1%	15.6%	11.0%	11.3%
Provision for the period	12.0%	22.0%	16.1%	11.1%	11.5%
Deferred tax expenses/(income)	-0.4%	0.1%	-0.5%	-0.1%	-0.1%
Net profit after tax:	25.0%	42.7%	58.2%	49.9%	45.2%
Non Controlling Interest	1.6%	3.4%	4.4%	0.0%	0.0%
Net Profit for the Year Attributable to Shareholders of Parent Company	23.5%	39.3%	53.8%	49.9%	45.2%

Horizontal & Vertical Analysis For the last 5 years

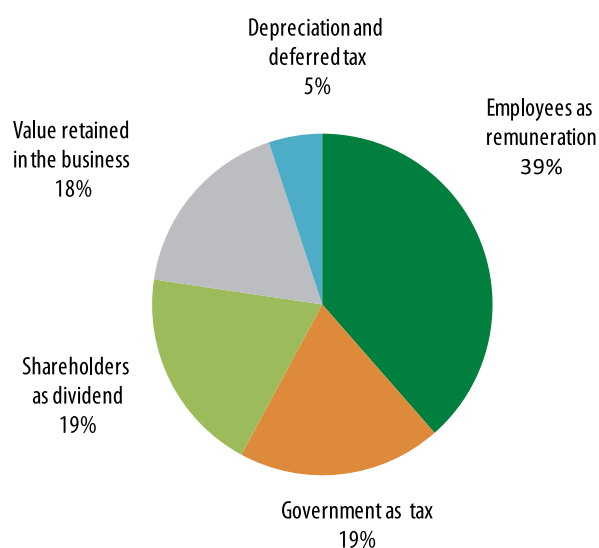
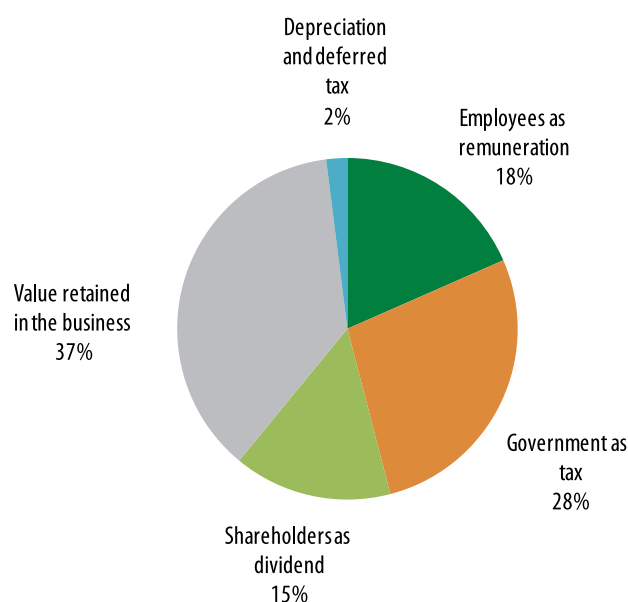
	31 December 2012	31 December 2011	31 December 2010	31 December 2009	31 December 2008
PROPERTY & ASSETS Cash	0.6%	0.5%	0.5%	0.4%	0.4%
Cash in hand	0.0%	0.0%	0.0%	0.0%	0.0%
Balance with Bangladesh Bank	0.6%	0.5%	0.5%	0.4%	0.4%
Balance with others bank and financial institutions	6.0%	9.0%	9.1%	7.7%	10.0%
Local Currency:	6.0%	9.0%	9.1%	7.7%	10.0%
Foreign Currency:	0.0%	0.0%	0.0%	0.0%	0.0%
Investment	13.4%	15.9%	11.9%	13.1%	3.0%
Government securities	4.4%	8.1%	7.0%	5.5%	-
Others investment	9.0%	7.9%	4.9%	7.7%	3.0%
Lease, Loans and advances	73.8%	46.6%	49.0%	60.0%	71.9%
Fixed assets	0.9%	0.8%	1.0%	0.7%	1.0%
At cost	0.9%	1.6%	1.7%	1.6%	2.3%
Less: Accumulated depreciation	0.0%	0.8%	0.7%	1.0%	1.3%
Other assets	5.2%	27.0%	28.4%	18.1%	13.5%
TOTAL ASSETS:	100.0%	100.0%	100.0%	100.0%	100.0%
LIABILITY & CAPITAL					
Liabilities	64.9%	61.5%	56.5%	70.8%	71.8%
Borrowings from Bangladesh Bank, Other Banks & Financial Institutions	34.9%	37.8%	32.9%	37.8%	39.5%
Term deposits	30.1%	23.7%	23.6%	33.0%	32.3%
Other liabilities	8.7%	11.3%	17.0%	13.6%	16.9%
Capital/Shareholder's Equity	25.6%	25.6%	24.8%	15.6%	11.3%
Paid up Capital	7.5%	3.7%	2.7%	3.3%	4.7%
Share Premium	4.3%	4.9%	5.6%	0.0%	0.0%
Retained earnings	9.6%	13.4%	12.7%	6.4%	4.3%
Proposed dividend	0.0%	0.0%	0.0%	1.2%	1.4%
Payable to LB Foundation	0.0%	0.0%	0.0%	0.0%	0.0%
Fair Value Measurement Reserve	1.8%	2.0%	2.3%	3.7%	0.0%
General Reserve	0.2%	0.2%	0.2%	0.0%	0.0%
Statutory Reserve	2.2%	1.4%	1.1%	1.0%	0.9%
Non-Controlling Interest	0.8%	1.7%	1.8%	0.0%	0.0%
TOTAL LIABILITIES:	100.0%	100.0%	100.0%	100.0%	100.0%

Value Added Statement (Consolidated)

For the year ended 31 December 2012

The value added statement represents the wealth created by LankaBangla Finance Limited and its subsidiaries through operational activities and shows how it was distributed in respective areas to meet certain obligations. A portion of added value has also been retained in the company for future investment and expansion.

	31 Dec 2012 Taka	%	31 Dec 2011 Taka	%
Value added				
Operating revenue	3,537,428,780		3,410,331,343	
Cost of borrowing	(2,147,517,286)		(1,396,568,663)	
Excise duty	1,009,105		800,900	
VAT	18,996,561		11,019,071	
Provisions	(73,651,484)		(82,877,901)	
Operating expenses excluding staff cost and depreciation	(364,736,659)		(297,349,836)	
Available for distribution	971,529,017	100%	1,645,354,914	100%
Distribution of value addition				
Employees as remuneration	374,750,592	39%	303,634,971	18%
Government	187,334,367	19%	455,158,750	28%
Income tax	167,328,701		443,338,779	
Excise duty	1,009,105		800,900	
VAT	18,996,561		11,019,071	
Shareholders as dividend	189,408,450	19%	247,054,500	15%
	751,493,409	77%	1,005,848,221	61%
Retained for expansion and future growth				
Value retained in the business	170,908,464	18%	612,031,381	37%
Deferred tax	(5,037,107)	-1%	1,645,537	0%
Depreciation	54,164,251	6%	25,829,775	3%
Amount distributed	971,529,017	100%	1,645,354,914	100%
Number of employees at the end of the year	425		355	
Value created per employee (BDT)	2,285,951		4,634,803	
Number of shares	149,408,450		82,351,500	
Value created per share (BDT)	7		20	
Distribution of value added				
Employees as remuneration	39%		18%	
Government as tax	19%		28%	
Shareholders as dividend	19%		15%	
Value retained in the business	18%		37%	
Depreciation and deferred tax	5%		2%	

Total Distribution: 2012**Total Distribution: 2011**

Market Value Added (MVA) Statement

For the year ended 31 December 2012

Market Value Added (MVA) statement reflects the Company's performance evaluated by the market through the shares. MVA is the difference between total market value and total book value of the share of the company. A high value of MVA indicate that company has created substantial wealth for the shareholder. The share market value of the Company stood at Tk 11,175.1 million whereas the book value of the shares stood at Tk 1,894.09 million, resulting a Market Value Addition of Tk 9,281.01 million as of December 31, 2012. The calculation of Market Value Added is given below:

Particulars	2012		
	No. of Share	Value in Taka	Taka
Market Value	189408450	59	11,175,098,550
Book Value	189408450	10	1,894,084,500
Market Value Added			9,281,014,050

Particulars	2011		
	No. of Share	Value in Taka	Taka
Market Value	82,351,500	170.2	14,016,225,300
Book Value	82,351,500	10	823,515,000
Market Value Added			13,192,710,300

However the MVA in 2012 comparing to 2011 shows a decline which is due to prolonged crisis in the Capital Market.

Economic Value Added (EVA) Statement

For the year ended 31 December 2012

Economic value added is a value-based financial performance measure which reflects the absolute amount of shareholders' value created or destroyed during each year. It provides a measurement of a company's economic success or failure over a period of time. Such a yardstick is useful to investors who wish to place confidence with the Company to retain their fund for better earnings as compared to other similar companies or similar industry. Economic value added is calculated by taking a company's net operating profit after tax, subtracting from it, the cost of average equity. EVA is calculated by applying following formula:

$$\text{EVA} = (\text{NOPAT} - \text{Cost of average equity})$$

NOPAT

NOPAT is the net operating profit after tax which is calculated by deducting the income tax expense from operating profit.

	2012	2011
Operating income	3,537,428,780	3,410,331,343
Operating expenses	(2,941,168,789)	(2,023,409,245)
Operating profit	596,259,991	1,386,922,098
Income tax	(162,291,594)	(444,984,316)
NOPAT	433,968,397	941,937,782

Equity

Shareholders' equity is the total amount of equity at the year end plus accumulated provision for doubtful losses.

	2012	2011	2010
Shareholders' equity at year end	6,666,609,360	6,087,231,098	5,272,220,541
Accumulated provision for doubtful losses	367,964,857	637,575,065	634,760,882
Equity	7,034,574,217	6,724,806,163	5,906,981,423

Average equity

Average equity is calculated by averaging opening and closing equity of a year.

	2012	2011	2010
Shareholders' equity	7,034,574,217	6,724,806,163	5,906,981,423
Average equity	6,879,690,190	6,315,893,793	

Cost of equity

Cost of equity reflects shareholders' expected return. Eventually this is the opportunity cost for shareholders for investing their funds in the company. Interest on 5 years Government Treasury Bond plus a standard risk premium has been assumed to be the cost of equity.

	2012	2011
Interest rate on 5 Years Government Treasury Bond as on 31 December	11.5%	8.5%
Standard Risk premium	2%	2%
Cost of equity	13.5%	10.5%

ECONOMIC VALUE ADDED

	2012	2011
NOPAT	433,968,397	941,937,782
Average Shareholders' equity	6,879,690,190	6,315,893,793
Cost of capital	13.5%	10.5%
Cost of average equity	928,758,176	663,168,848
EVA	(494,789,779)	278,768,934

Statement of Contribution to Government Exchequer

For the year ended 31 December 2012

Being a legitimate and ethical company, LankaBangla treats Government one of the most important stakeholders and try to contribute to Government for the betterment of the country. During the year 2012, LankaBangla Finance Limited and its subsidiaries have paid a handsome amount of Tk. 262.30 million to Government exchequer (in the form of income tax, withholding tax, VAT, withholding VAT and excise duty) which reflects its fair commitment towards contributing to the nation.

Forms of Contribution	Amount
Income Tax	237,659,256
Salary	14,991,739
Interest on savings deposit	51,359,192
Payment of Supplier	10,162,194
Advance Corporate Tax	160,404,930
Others	741,201
VAT	23,630,685
Excise Duty	1,009,105
Total Paid to Government Exchequer	262,299,046

Human Resource Accounting

The value of our Human Capital is estimated at approximately BDT 12,316.49 million at the end of 2012.

To estimate the value of our Human Capital we have used extensively Lev & Schwartz model of Human resource accounting. We keep it in good faith human capital as like as one of several forms of holding wealth for our business, as money, securities and physical capital. Hence, the value we arrived herein is an important factor to explain or to predict the future economic growth of the company.



Assumptions used in Human Capital Valuations:

- All existing employees to continue serving the company up to retirement age of 60.
- Employee payouts/remunerations include all direct and indirect benefits provided to them.
- Annual increment is estimated to be granted at 8%-12% on an average over the years.
- The future benefits of all employees in each year are discounted at 13.70% to calculate present value, which comes with the last on the run 10 years Treasury bond rate plus 1.9% premium for risks.
- The value herein is an internal assessment based on the above stated assumptions and subject to change for any deviation with the assumptions.

The sweetener of the plain vanilla industry we are serving is the relatively large number of young aged human resources. It's our professionals who make the products unique, execute deals with utmost care and reinforces our promise to grow hand in hand with our customers.



Message from the Chairman

“Serving customers through top class and innovative services and managing risks through a comprehensive risk management policy are at the heart of our business. Ensuring good governance and safeguarding the interest of the stakeholders are our core objectives.”

In the name of Allah, the most beneficent and the most merciful,
Distinguished Shareholders, guests of honor, ladies and gentlemen,
May Peace, Mercy and Blessings of Allah be upon you.

It is indeed an honor and pleasure for me to be here with you in the 16th Annual General Meeting of LankaBangla Finance Limited. On behalf of the Board of Directors and myself, I would like to express my heartfelt thanks and profound gratitude to all of you for your continuous support and guidance in achieving excellence in the performance of the Company. You are aware that there were concerns about slowdown in investment, inflation, rising oil prices and about corporate performance. There was a sense of pessimism around the national economy amid high volatility in equity and currency markets in Bangladesh in 2012.

Strategic approach at LankaBangla was to sustain and consolidate its position by navigating short term challenges and the volatility. This strategy has been executed across all businesses, while ensuring that capabilities continue to be built to participate in the growth opportunity that our country provides. The Board continues to focus on sound governance that encourages and supports sustainable long-term value creation. We are proud that LankaBangla is considered as a leader in best practices in corporate governance and we continually work to strengthen our policies and procedures and adopt new standards as they evolve. We are committed to becoming more open and transparent with our stakeholders.

In 2012 net profit after tax of LankaBangla Finance Limited stood at Tk. 1,235.72 million achieving a growth of 165% over the net profit after tax of the year 2011. Nevertheless, due to adverse effects of economic activities, especially in the country's Capital Market, our consolidated net profit after tax in 2012 stood at Tk. 326.30 million indicating a negative growth of 59% over the last year.

During the year, we witnessed a 16.83% growth in lending portfolio. We had a good year in our recovery efforts resulting in lowering the Non Performing Loan (NPL) ratio to 3.39% from 6.51%. This reflects our stringent risk management and recovery efforts. To support the rapid lending growth we have achieved a substantial Term Deposit growth of 43.44%. We have reduced the dependence on borrowing and enhanced our deposit base to a significant level. Right Share issued in May 2012 has enabled LankaBangla to raise its Tier-I capital to Tk. 3,783.20 million. Capital adequacy ratio of the Company stood at 19.64% as against the required ratio of 10%. The enhanced fund base of the Company at the end of the year 2012 has placed us on a sound position ensuring full

compliance with BASEL II requirements. At present we are able to cater to growing loan demand, large-scale projects and core operational activities in the year ahead.

Considering the capital structure of the Company as well as future dividend prospect, the Board of Directors of your Company has recommended 10% stock dividend for the year 2012. We are hopeful that, if the Bangladesh Capital Market improves and other economic indicators become favorable, we will be able to give good dividend to you in the future again.

It is our endeavor to control the cost in an efficient manner without hampering the business activities. LankaBangla continues to vigilantly monitor credit trends in the loan portfolio. Stringent management of credit, market and operational risks has strengthened the financial health of the Company. This has also been possible through efficient utilization of resources to ensure value maximization for our stakeholders. In 2012 new products and services were launched by redefining business segments, extending area of operations, restructuring of the operation processes supported by the state-of-the-art technologies, better Human Capital management and capacity building through training and development.

LankaBangla is very much committed for well being of the society. Through LB Foundation we are contributing to better education and health care services to the poor people of the country. Presently we are awarding scholarship to 70 nos. of poor meritorious students, who obtained GPA-5 in SSC and/or HSC Examination(s). We are committed to support them till completion of their desired level of education. We are proud to inform you that with the help of your company some students are pursuing their education at the renowned public universities and medical colleges; continuity of whose education was at great risk. Moreover, a few organizations are supported by LB Foundation for operating educational programs for children of the slum areas. We regularly support Kishoreganj Eye Hospital to provide high quality free eye care services to the rural poor people for prevention and/or eradication of avoidable blindness.

During the year 2012 LankaBangla paid Tk. 262.30 million as advance tax and withholding tax and made tax provision of Tk. 168.22 million which represents our commitment to contribute to the economic development of the country. Our strategy over the next few years is to build the brand image of LankaBangla as a strong, dynamic, reliable and prudent financial institution.

We will seek new customers and explore new markets, with particular interest in SME financing, asset management, automobile loan financing, corporate advisory services, corporate finance facilities, home loan finances, domestic factoring, strengthening research and development department to enhance investment and provide support to capital market business etc.

Our endeavors range from maintaining higher paid-up capital base, higher and faster growth rate, higher dividend pay-out ratio. Your company continues to follow prudent policy of building adequate provisions for doubtful accounts & future losses to face the challenges of rainy days. I would like to express my gratitude to my fellow Board members for their invaluable contribution. We are grateful for their insights and contributions to the company.

With an aim for a greater participation in the financial sector, we have widened our operational network by opening new branches in 2012 at Narsingdi, Comilla and Jessore. Few more branches will be opened in 2013.

The year 2012 was a special year for the Company in the arena of technological innovation. Our operational activities were upgraded with the integration of advanced IT based solutions and frameworks that deployed and delivered state of the art service.

We are pleased to inform you that LankaBangla has been awarded credit rating A2 in long term and ST3 in short term by Credit Rating Agency of Bangladesh Limited (CRAB). Besides, we are receiving National Award in every year for best published accounts and reports by the Institute of Chartered Accountants of Bangladesh (ICAB) and also received SAFA Award demonstrating the transparency in disclosure of our information.

I am proud to mention that our success is being possible because of our dedicated and loyal employees and the cooperation and support of our valued business partners. It is actually the customers who have made things happen for us and encouraged us in the path of growth. I would also like to extend my gratitude to Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Registrar of Joint Stock Companies and Firms, National Board of Revenue and all other regulatory authorities for their valuable guidance, support and cooperation. Finally, we stay committed to serve all our stakeholders. On behalf of the Board of Directors, I pledge that we will continue to add value for the stakeholders through execution of prudent business strategies whilst ensuring that we contribute towards the achievement of national priorities.



Mohammad A. Moyeen
Chairman



Review from the Managing Director

We always wanted to reach the ordinary wherever they are with our services. As such, our strategy towards enhanced accessibility was well supported during the year, with the commissioning of 3 new branches in major business hubs of the country. The enhanced distribution network is undoubtedly a platform for greater mobilization of services going forward.

Prolonged strain in external trade restrains activities at home

The financial year under review was essentially a year of mixed feelings. Developing countries have been affected by the economic slowdown in high-income countries. Growth in these countries is 1-2 percentage points below than it was in the pre-crisis period. At an estimated 5.1 percent, GDP growth in developing countries during 2012 was among the slowest in 10 years. However, the Bangladesh economy emerged largely unscathed from this global crisis, averaging over 6% growth between FY09 and FY11. Until recently, the euro area continues to pose a large downside risk to the global outlook. In particular, risks of prolonged stagnation in the euro area fades outlook for our export and thus slowing economic activity at home.

Aggregate non-performing loans (NPLs) at banks stood BDT 427.25bn or over 10% of their total outstanding loans of BDT 4,261.52bn as of December, 2012. For the first time, the size of NPLs increased by BDT 200.16bn in a single year, the figure is BDT 64.43bn the last quarter alone. The rapid increment in the NPL ratio in a pretty short span of time indicates how fast the financial system is getting affected due to weak business outlook. A large number of businesses and exporters failed to repay their outstanding bank loans during the period due to slowdown in exports to the global market.

As such, we were quite keen to check loan related irregularities and strengthened risk management capacity with efficient risk professionals and more efficient process flows.

Building Quality Assets

Asset quality remained an area of critical focus. We worked towards the achievement of a significantly reduced NPA portfolio and in this regard it is indeed pleasing to note that we have successfully bettered the NPA of 6.51% achieved in 2011 to a commendable 3.93% in 2012. The Company continued with a persistent strategy towards NPA contraction and the levels achieved in 2012 remain the lowest achieved in last couple of years.

In pursuit of Growth

Within the industry both the composition of the financing and the pricing of lending have been changed. Consumer finance share is being limited while credit in productive capacity is being encouraged. Considering the demographic and socio economic picture of Bangladesh in mind, we understand that broad based economic acceleration is possible only with true

focus on SME and Agriculture finance. Being a responsible lender, LankaBangla is enhancing its capacity to improve the lives of the people through increased focus in SME. Our retail outlets with SME focus is increasing every year. Going forward, we are confident that we would be contributing a good pie in the SME financing in Bangladesh.

We always wanted to reach the ordinary with our services wherever they are. As such, our strategy towards enhanced accessibility was well supported during the year, with the commissioning 3 new branches in major business hubs of the country. The enhanced distribution network is undoubtedly a platform for greater mobilization of services going forward.

The Interest Rate Regime

At consumer level both deposit and lending rate rose significantly in FY12 and rates remained at this level in the first half of FY13. More liquidity at the short end of the money market continues to reduce call money rates. Call money rate fell to 9.34% at the end of December, 2012 from 17.15% at the end of December, 2011. T bill rates reduced in the last quarter of the year. But large bank holding of domestic government debt with little secondary market transactions have resulted in longer tenure (T bond) interest rates rising progressively. The average interest-rate spread of all banks has gradually been coming down since November last when the spread was at 5.41%, but it fell to 5.33% in December last.

Financial and Operational Performance

The year 2012 appeared as the most challenging year in the recent past. However, with relentless endeavors and strategies LankaBangla Finance Limited posted an after tax profit of Tk. 1,235.72 Million whilst Group after tax profit stood at Tk. 326.30 million. The consolidated earnings per share during the year under review was Tk. 1.77 compared to previous year's Tk. 4.51. Investment size of the company at the end of 2012 stood at Tk. 21,851.25 million marking 16.8% growth over last year. Growth in advance was supported by our marketing and operational activities. Throughout the year we have concentrated on the core product portfolio and find out growth opportunities in credit across all sectors. Encouragingly, credit demand from the biggest groups of the country was evident, signaling opportune business segment in the lending portfolio. However, this enlarged demand for lending served to place pressure on liquidity as loan growth outpaced deposit growth during the year. Our treasury team responded appropriately and managed increased funding. We shifted successfully from traditional bank line dependence and liability sales team is contributing effectively through

increased mobilization of retail and corporate deposits. LankaBangla Finance Limited continued to maintain a healthy capital base with Total Capital Adequacy ratio at 19.64% at the end of the year under review. Despite intensive workouts our cost to income ratio is still remained very high at 85.5%. This is mainly because of relatively small earnings we secured this year. Key focus in 2012 therefore, will be to enlarge the net income which could be supported by maintaining the existing fixed cost structure.

IT to Leverage Future Dynamics

We do believe Information Technology will be playing the most critical role in the coming day's making the traditional FI business model an interactive and inclusive one. As such, in 2012, we invested heavily into IT with a view to building a more robust and scalable IT infrastructure. We are on the process of implementing our core banking platform 'BankUltimus' and developed various e-finance and e-governance modules for better tracking our business and operations.

Consolidating Wealth Management Strengths

True that following a gloomy year for Bangladesh's capital market, our year-end turnover and profitability has declined. However, we still are leading the industry with highest market share in brokerage. We are stepping forward to market a research based efficient capital market in Bangladesh. Yet this is noteworthy to mention that LankaBangla Investments Limited managed five issues that came to the market this year. This is a great step forward for the company. LankaBangla Asset Management Company is now ready for wealth management services with professional fund management skills.

Planning Future Business

LankaBangla sharpened its focus during the year on the following strategic priorities - diversify portfolio with key focus on core product portfolio, manage balance sheet prudently, simplify processes and reduce cost, create a sustainable brand and nurture our human resources to deliver the best. We believe that clustering strategic priorities in this manner will enable flawless execution of the medium term strategic plan.

I firmly believe that for the future sustainability of the financial business, we need to rethink the business model, moving away from the traditional model. Thus, we need to be mindful of the necessity to achieve a better balance of asset growth with liquidity and capital buffers.

Gratitude

I would like to extend my sincere appreciation to the Governor of Bangladesh Bank and other officials at the central bank for the tremendous support throughout the year. My deepest gratitude awes to the Chairperson and Board Directors for their continuous and consistent support, encouragement, wisdom, input and guidance. I'm grateful to our shareholders for their confidence and trust placed in the company. Special thanks to our invaluable customers who continued to be with us despite intensified competition in the industry. I also express gratitude to our lenders, depositors, regulators and other stakeholders for their continued support. To my LankaBangla team, thank you for your persistent perseverance and passion. We have many more great things to achieve together for the future, and I am confident that we would be the most preferred financial service provider of the country and shall be growing together.



Mohammed Nasir Uddin Chowdhury
Managing Director & CEO



Sustainability Report

At LankaBangla,
we strive to build a more
sustainable future in every step we take—
from delivering our customers,
nurturing our peoples,
enlightening society,
preserving environment
to strategic corporate level decision-making.

From MD's Desk

Sustainability is long term story of LankaBangla from the way we reached today's position to the way we think to provide enduring value to our people, customers, shareholders and the community. It is my pleasure to submit you the LankaBangla Sustainability Report 2012.

Our sustainability focus deeply correlated to our strategic priorities and the related five areas of focus are – superior customer experience, technological and operational excellence, trust and team spirit, community development & sustainable bottom line.

During the year 2012, we have continued to build sustainable practices into every aspect of our business, working to create long-term value for our customers, employees, shareholders and the community.

Our customers

We remain committed to provide our customers superior and unparalleled experience in the financial services industry in Bangladesh. Over the years, we have supported this goal through our ongoing investments in customer service activities.

Through our process reengineering project, we were able to decrease our service delivery lead time to the lowest at 3 days.

Our people

We have continued to work towards creating a culture of trust and team spirit. We effectively targeted right execution of our HR policy & maintained geographical, cultural and gender diversity to the workplace. Our people maintained high spirits and collaborative workplace culture.

We also continued to provide training and development opportunities for our people and actively worked to support the health and well being of all staff.

Our community

As per our long term commitment to our community, we invested both in nurturing underprivileged people at our doorsteps and in the environment we breathe in.

Forward Looking Strategic priorities

Looking ahead, we have committed to five strategic priorities that will help maintain the momentum in LankaBangla. These strategic priorities are:

1. A strong company – strong in all aspects including capital, funding and liquidity, and provisioning for risks;



2. Sustainable superior experience to customers and continue building customer relationships while our customers will lead the market in cross sell.
3. Materially simplify products and processes. We will further simplify products and processes to improve productivity and enhance the customer experience; and
4. One team approach. It is our people, working together, who make the difference for customers. We will continue to build a culture that supports our people, encourages diversity and works collaboratively for customers. This is critical to long-term success.
5. In every financial solution we provide our approach would be exerting environmental responsibility we have and to uplift the standard of people's living standard.

Finally, it continues to be a privilege to lead this great company. I would like to take the opportunity to pass on my gratitude to the 600 people who make up the LankaBangla family. They have clearly demonstrated the power of pulling together and being effective in their approach and actions. I would also like to thank our customers for their continued engagement and commitment. Finally, our thanks to you our shareholders. We value and appreciate your support and will continue to work hard to enhance the value of your investment in your company.

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 16th Annual General Meeting of the Company. The Board of Directors takes the pleasure in presenting the Annual Report for the year ended December 31, 2012 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 Companies Act, 1994, Financial Institutions Act, 1993 and the Guidelines issued by Bangladesh Securities and Exchange Commission, Bangladesh Bank and other regulatory authorities. In the year 2012, 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.

I am pleased to report that in 2012, LankaBangla Finance Limited achieved an amount of Tk. 1,235.71 million as net income, meeting or exceeding all financial and operational objectives. In each quarter of 2012, we have achieved consistent results and had good performance ensuring strong organic growth and increasing contributions. This has consistently proven to be very beneficial throughout the continuing volatile and uncertain global economic conditions. These results continue to demonstrate that we have the right strategy and we are executing it well.

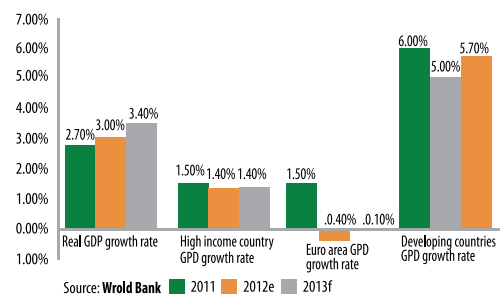
Challenging environment

Our results during the year 2012 once again demonstrate LankaBangla's ability to earn significant return through a prolonged period of slower economic growth as well as a more stringent and rapidly changing regulatory environment. We are managing the Company and our risk profile with the view that these conditions will persist for the foreseeable future. In this environment, it is more important than ever that we earn and maintain the trust of our customers and work with them to grow and become financially better off. Customers must be able to trust that their money will be protected and that all payments can be made with confidence. LankaBangla has a critical role to play in putting customers' deposits back to work in the financial system, providing loans and financial solutions that help drive economic growth, innovation and job creation. In this role, at LankaBangla, we are committed to have a strong and stable

presence and making positive contributions to the economy and communities where we operate.

World Economy in 2012

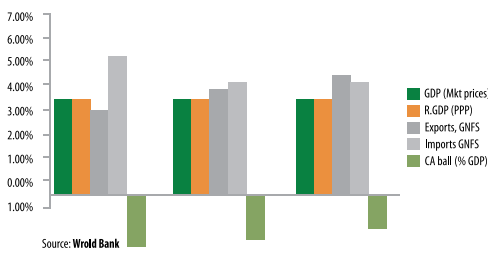
World Economy in 2012 Real GDP growth(%)



Four years after the initiation of the global financial crisis, the economy of the world continues to strive. Developing countries are still the main components of global growth, but their growth has slowed down compared with the pre-crisis period. To recuperate pre-crisis growth rates, developing countries must once again give emphasis to internal productivity enhancement policies. While headwinds from restructuring and fiscal consolidation will persist in high-income countries, they should become less concentrated allowing for a slow acceleration in growth over the next several years. GDP growth around 5.1 percent in developing countries during 2012 was among the slowest in 10 years. Enhanced financial conditions, monetary policy relaxation, and somewhat stronger high-income country growth is expected to progressively raise developing-country growth to 5.5 percent in 2013 roughly in line with these countries' underlying potential. In high-income countries, high unemployment, fiscal consolidation, and a narrow business confidence will continue in the year 2013. During this period, GDP is expected to increase on an average 1.3 percent. Developing countries have been affected by the economic slowdown in high-income countries, growth in these countries is 1-2 percentage points below than it was in the pre-crisis period. To recover the pre-crisis growth rates, developing countries will need to emphasize on productivity, enhancing policy in domestic field rather than increase in demand. Major risks include the loss of capital market access by vulnerable Euro Area countries, ceiling on debt and shocks on commodity price. In order to overcome the slow growth and continuous volatility, developing countries need to avoid pro-cyclical policy and to strengthen the macroeconomic indicators.

Regional Round Up

Regional Round Up
Forecast summary of south asian countries



Economic growth in South Asia undermined considerably in 2012 to an anticipated 5.4 percent, from 7.4 percent during the previous year. Delayed monsoon rains, shortage in electricity supply, imbalance in macroeconomic factors including high volume of fiscal deficits and lofty inflation, and policy and security uncertainties contributed to subdued economic activity in the South Asian region, which also faced downbeat impacts from the Euro Area debt crisis and a weak global economy. In India, the largest economy in this region, growth is projected to slow down to 5.4 percent in 2012 from 6.5 percent in the year 2011. In Pakistan, the second largest economy in the region, growth remained steady at a projected 3.8 percent in 2012-2013 fiscal year compared with 3.7 percent in 2011-12. Bangladesh's growth is projected to grow to 7.20 percent in 2012-13, which was 6.32 percent in 2011-12. Nepal's GDP is expected to grow to 3.8 percent in 2012-13 and Sri Lanka's GDP growth slowed to an estimated 6.1 percent in 2012. In contrast, Afghanistan's economy grew robustly by about 11 percent mostly due to a good harvest. Industrial production in South Asia was slow until the third quarter of 2012, owing to domestic difficulties as well as weak external demand, but picked up in the fourth quarter. The debt crisis in the Euro Zone, the largest export market for South Asian countries, had severe knock on effects on the export performance of South Asian countries, but exports in some countries appear to be turning a corner. Agriculture, which accounts for half of the employment in South Asia, was hit by weak monsoon rains. Remittances rose 12.5 percent to \$109 billion, buoyed by flows from Arabian Gulf countries that benefited from elevated oil prices. Net private capital flows to the region remained stable at \$72.6 billion in 2012, which was \$72.5 billion in 2011. On the other hand, bank lending and foreign direct investment (FDI) declined in 2012.

World Economy Outlook for 2013

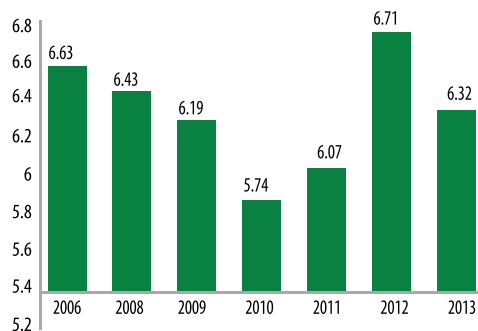
The major challenges faced by high-income countries are predominantly related to fiscal sustainability and high unemployment, are largely anchored in the short run. High

cyclical unemployment and excess spare capacity are also problems in several developing European countries, while high structural unemployment remains an abiding challenge in many countries in the North Africa & Middle East. However, the most of developing countries are facing a different set of challenges. Unlike high-income countries, they have by and large recovered from the 2008-09 crises. For most of these countries, the policy focus needs to shift back to structural efforts to enhance potential growth, and away from demand management. At the same time, they need to continue working toward reducing both domestic and external vulnerabilities. The World Bank has forecasted to increase the growth of world economy. The estimated growth for 2012 is 3% and forecast for 2013 is 3.4%, which was 2.7% in 2011. Growth in high-income country during the year 2012 was around 1.4% and forecast for 2013 is 1.4%, which was 1.5% in 2011. Growth in developing countries during the year 2012 stood around 5% and forecast for 2013 is 5.7%, which was 6% in 2012.

Bangladesh Economy

The economy of Bangladesh has experienced very stable growth over the last decade. From the year 2011 to 2012, The Gross Domestic Product (GDP) in Bangladesh expanded 6.30 percent. The GDP growth rate in Bangladesh is quite consistent as it has been observed from 1994 until 2012; Bangladesh GDP Annual Growth Rate averaged 5.6 Percent reaching an all time high of 6.71 percent in June of 2011. The growth for 2011-12 was 6.32% despite the uncertainty in the global economy. The government has targeted GDP growth rate at 7.2 per cent for the next fiscal year (FY 2012-13).

Real GDP Growth Rate of Bangladesh (%)



Source: Bangladesh Bank

Agriculture/Industry/Service Sector:

Sector Contribution

	2008-09	2009-10	2010-11	2011-12(p)
Sector Share				
Agriculture	20.48	20.29	20.01	19.29
Industry	29.86	29.93	30.38	31.26
Service	49.66	49.78	49.60	43.45
Growth				
Agriculture	4.12%	5.24%	5.13%	2.53%
Industry	6.46%	6.49%	8.20%	9.47%
Service	6.32%	6.47%	6.22%	6.06%

Agriculture has a significant contribution to Bangladesh economy which comprises around 19% of the country's gross domestic product (GDP). The growth rate of agricultural sector is around 2.53% in 2011-12(p) where the last year growth rate was around 5.13%. The government support such as subsidy, timely supply of seeds, access to finance, distribution of fertilizers along with favorable weather played a vital role in this growth.

Industrial growth in 2011-12 was staggering 9.47% in comparison to 8.20% in 2010-11. Growth in industrial sector mainly came from 9.76% growth in manufacturing sector. This staggering growth reflects the 5.9% export growth that we achieved in 2011-12. Service sector contributes the most to our GDP which comprises around 44% of our GDP. Growth in service sector was 6.06% in 2011-12 which was 6.22% in 2009-10. Overall economy grew by 6.32% in 2011-12. The estimate for 2012-13 was set to 7.2% in the budget of 2012-13.

National Budget Highlights

DESCRIPTION	FY13 B		FY13 B		GROWTH FY 13 OVER RB FY 12(%)
	CRORE TK.	% OF GDP	CRORE TK.	% OF GDP	
Revenue Collection	139,670	13.4	114,885	12.6	21.6
Total Expenditure	191,738	8.4	161,213	17.6	18.9
ADP	55,000	5.3	41,080	4.5	33.9
Non-ADP	136,738	5.3	41,080	4.5	33.9
Overall Deficit (Excl Grants)	52,068	5	46,328	5.1	12.4
Financing					
Foreign Grants	6,044	0.6	4,460	0.5	35.5
Foreign Loan (Net)	12,540	1.2	7,399	0.8	69.5
Foreign Loan	20,398	2	14,036	1.5	45.3
Amortization	7,858	0.8	6,637	0.7	18.4
Domestic Borrowing	33,484	3.2	34,469	3.8	2.9
Bank Borrowing (Net)	23,000	2.2	29,115	3.2	0.21
Non-Bank Borrowing (Net)	10,484	1	5,354	0.6	95.8
Total Aid Requirement (Net)	18,584	1.8	11,859	1.3	56.7
Total Aid Req (Net, Bin USD)	2	-	2	-	52.9
Total Aid Req (Gross)	26,442	2.5	18,496	2	43
Total Aid Req (Gross, Bin USD)	3	-	2	-	39.5

Source: Ministry of Finance

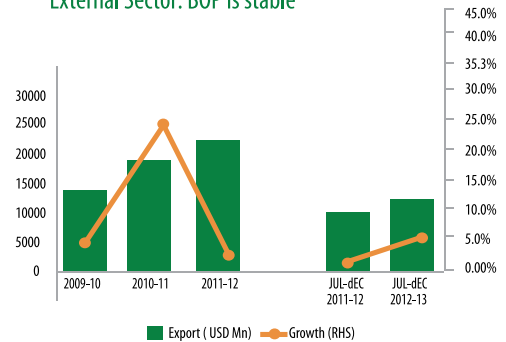
With a size of BDT 1.63 Trillion, largest in its history, the budget has gross revenue target of BDT 1396 Billion. The national budget for FY2013 has envisaged an expenditure package of Tk. 191,738 crore which is 18.9 per cent or Tk. 30,525 crore higher than the revised budget for FY2012. As

a share of GDP, the proposed public expenditure (18.4 per cent of GDP) in FY2013 is about 0.8 percentage points higher than that of FY2012 (17.6 per cent in the revised budget). The estimated growth target of 21.6 per cent for revenue mobilization indicates a faster growth on the earnings side when compared with the expenditure side. At the same time, development expenditure is expected to grow faster (31.7 per cent) than non-development revenue expenditure (8.4 per cent). The proposed ADP, to the tune of Tk. 55,000 crore, is equivalent to 28.7 per cent of total public expenditure; this is 25.5 per cent in the revised budget for FY2012.

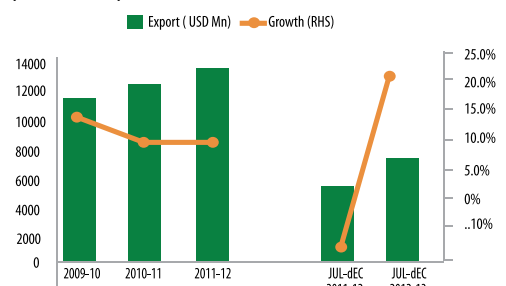
External Sector: BOP is stable

Throughout the first ten months of FY2012 the BOP was under severe pressure. The balance of BOP was negative at USD 106 million. However, the last two months of fiscal year 2012, the BOP situation started to see some positive turn as trade balance remained in control due to falling of import payments. During the same time frame, impressive growth of remittance inflow (22.4% in FY 2012) played a significant and impressive role in improving overall BOP scenario. The foreign aid inflow remained low during this time, also showed signs of improvement during this time.

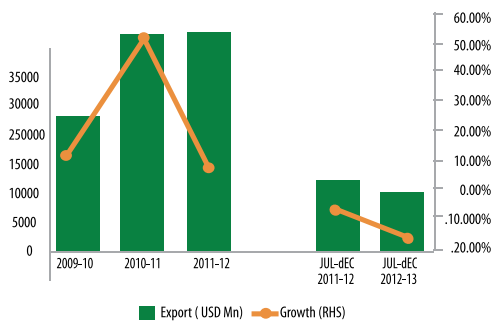
External Sector: BOP is stable



Export which is the key component of BOP increased by only 1.3 percent compared to the same period of FY2011. The underperformance of knit-RMG was one of the main reasons. The fall of export earnings might be particularly attributed to the fall of cotton price, average international price of cotton declined by (-) 44.7 per cent compared to the matching period of the previous fiscal.



On the other side, imports did not reduce at such extent during the first ten months of FY2012, leading immense pressure on the BOP position. But during last two months the reign of imports was in under control. It happened as Import of petroleum products registered a whopping 39.1 percent growth in the July-March phase of FY2012 which later came down to 19.5 percent at the end of FY2012.



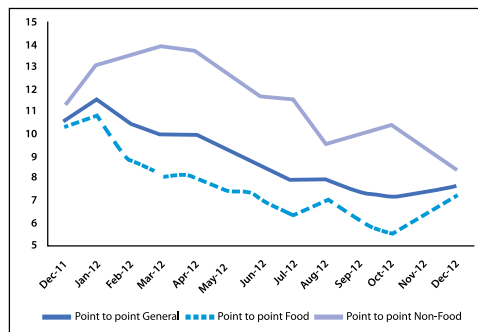
Over the year 2012 remittance inflows was the most comfort zone for the Bangladesh economy. In most months of 2012 the remittance inflows surpassed the previous amount on point to point basis. We see the international reserve stands at 12750.6million USD at the end of December 2012, getting large contributions from remittance inflows and reduced amount of import. Despite some setbacks in manpower export in Middle East and sudden political imbalance in Libya this uptrend exhibits great resilience from Bangladesh's perspective. Recent developments in manpower export in Malaysia and Hong Kong give a notion that the growth in remittance inflows will sustain in next year in spite of expected sluggish growth in developed economies.

Inflation

Overall inflation was in declining trend during the year 2012. Point to Point General inflation declined from 10.63 to 7.69 on point to point basis. Food inflation declined from 10.4 to 7.33(Dec- 2012) on point to point basis. Non food inflation which was 11.98 on Dec -11 declined to 8.43 on Dec-12 on point to point basis. Non food inflation is the only category which experienced fluctuation during this time frame. Bumper production of Boro Harvest and reduction in food price contributed in gradual decrease of food inflation. Frequent energy price hike in 2012 causes the instability in Non food inflation. To reduce the amount of subsidy in energy government increased the fuel price several times. This is main reason for variable non food inflation. The decrement in inflation between the two periods (2.0 percentage point) was mainly contributed by the fall in food inflation while non-food inflation increased sharply between these two periods. Incremental non-food inflation between these periods

was due mainly to prices of gross rent, fuel & lighting that contributed 76 percent of the increase in non-food inflation. As per new base year of 2005-06, December, 2012 inflation (p-to-p) was 7.14 percent, up from November's 6.55 percent. Food inflation went up to 5.28 percent in December from 3.94 percent of November. Nonfood inflation, conversely, dropped to 10.03 percent in December from 10.68 percent of November.

Inflation

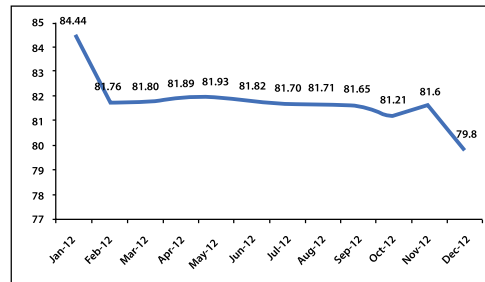


On the very beginning of 2013 the government declared another fuel price hike. Current energy price hike also includes diesel which will affect the farmers directly in the upcoming harvesting season. According to the government officials and considering the proposals of power distribution authorities we anticipate that government may increase energy price in upcoming month, which will contribute mainly in increasing the non food inflation. So the overall inflationary pressure will go through an increased burden and it is very unlikely that the government may meet its inflationary target.

Electricity Tariff Rate

Tariff rate of electricity has seen a huge increment in last year. To reduce the huge amount of subsidy in fuel and power sector government increased the bulk purchase price by almost 50%. This huge increment ultimately increased the retail sales tariff. In retail sales tariff the effect is on an average more than 50%. Considering the fuel price hike on the beginning of January 2013, we may anticipate that another energy price hike is underway.

Exchange rate



Exchange rate against USD was stable in this year. Good forex reserve, lower growth in import and high remittance inflow helped the central bank to enjoy stability in exchange market. In the last quarter of 2012 government also get upward trend in foreign loan disbursements. All these factors helped to the BDT to appreciate against the USD in the end of 2013. But government intervened in the exchange market to keep the stability and hold the appreciation of BDT against USD. As long as the remittance inflows continue the growth rate and the trade deficit narrows, it is expected that the exchange rate may remain stable in year 2013.

Monetary Policy

Monetary policy stance in second half of 2011-12 (January to June, 2012) and first half of 2012-13 (July to December, 2012) stated its focus on the continuation for restraining domestic credit expansion by reducing unproductive and speculative use of credit to combat inflation.

Money Supply

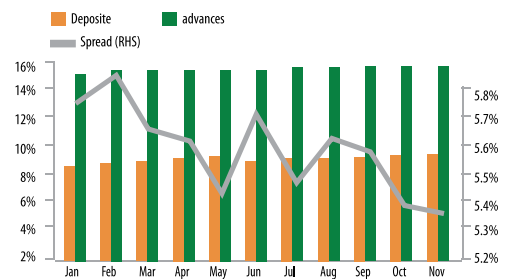
Broad money recorded an increase of Tk.86,229.50 crore or 18.56 percent at the end of November 2012 against the increase of Tk.69,870.00 crore or 17.70 percent at the end of November 2011. Of the sources of broad money, net domestic assets (NDA) rose by Tk.54,179.60 crore or 13.47 percent and net foreign assets (NFA) increased by Tk.32,049.90 crore or 51.35 percent. Increase in NFA eased pressure on external sector as well as on liquidity position. In July-November 2012 of FY13, broad money grew by 6.51 percent against the growth of 5.45 percent in the same period of FY12.

Domestic Credit Supply

Domestic credit recorded an increase of 14.94 percent at the end of November 2012 against the increase of 25.94 percent in corresponding time last year (y-o-y basis). The rise in domestic credit at the end of November 2012 was due to the rise of private sector credit by 17.41 percent, and credit to the

public sector by 6.86 percent. In July-November 2012 of FY13, domestic credit growth of 4.79 percent was lower than the corresponding growth of 8.99 percent. Credit to the private sector during July-November 2012 registered a growth of 4.15 percent which was lower than the growth of 6.20 percent recorded at the same period of the preceding fiscal.

Interest Rate



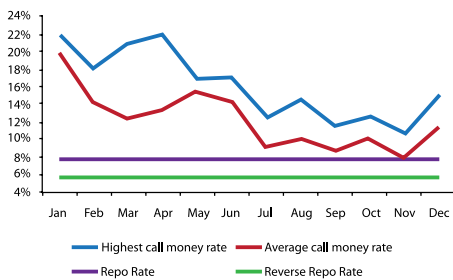
Schedule banks' weighted average interest rates

Source: Bangladesh bank

Due to the restrained monetary policy of Bangladesh Bank, squeezing money supply made it difficult for banks to attract necessary deposits in 2012. In the process, commercial banks raised interest rates on both deposits and lending during the period. Interest spread witnessed upward movement and was around 5.50 percent throughout the year. Despite repetitive pressure from Bangladesh bank, commercial banks failed to bring down interest spread at around 5.0 percent. Most of the banks managed to keep credit-deposit ratio (CDR) at the safe limit through increasing deposit and simultaneously slowing down lending. Bangladesh Bank in its Monetary Policy Statement (MPS) directed banks to invest in the productive sectors avoiding speculative sectors. So banks saw shrinking avenue for diversifying its loan portfolio. In addition, banks remained cautious in lending because of rising Non-performing Loan (NPL) risk arising from dwindling economic condition. Published data of Bangladesh Bank as of December 2012 shows that commercial banks offered interests rate up to 12.50 percent on fixed deposits while 11.00 percent on savings account. On the other hand, interest rate on term loans to large and medium scale industries ranged from 11.50 percent to 17.50 percent and 12.50 percent to 24.0 percent for term loans to small industries. In addition, banks charged up to 13.0 percent for agricultural loans; 19.50 percent for Trade financing; 20.50 percent for Housing loan; 21.50 percent for consumer credit; and 20.50 percent for NBFIs. Interest rate on working capital loans to large and medium scale industries ranged from 12.50 percent to 18.00 percent and 12.50 percent to 19.0 percent for term loans to small industries.

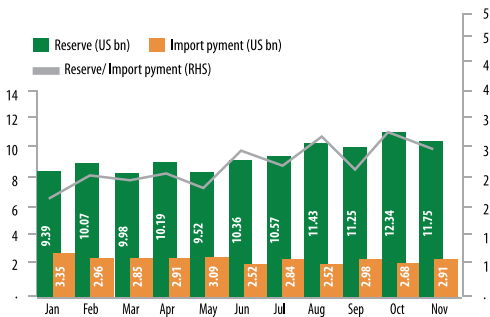
Repo, Reverse Repo and Call Money Rate

Monthly Call money, Repo and Reverse Repo Rate



Repo and reverse repo rate remained unchanged at 7.75 percent and 5.75 percent respectively in 2012 after an upward revision by 50 basis points in 8 January, 2012. Call money rate cooled down in 2012 due to prudent liquidity support from central bank and more focused liquidity management from the part of private commercial banks. Government banks and NBFs were the prime borrowers in the call money market. The country's banks and NBFs transacted a total of BDT 3,497.95 billion in the call money market in 2012 against BDT 9,484.28 billion in 2011.

Foreign Exchange Reserves



According to global standard the foreign exchange reserve at any point of time should be enough to meet the three months import bills at least. The foreign exchange reserve of Bangladesh stood highest in the history of Bangladesh at USD12,750.58 million as of the end of December where it was USD11,753.96 million by end of November 2012. Without ACU liability the foreign exchange reserve is enough to meet the payment of import bills of 4.23 times. Statistically it is seen that, based on the average of previous twelve months (December 2011–November 2012) the import bills are USD 2874.03 million per month. The import balance of November 2012 stood at USD 2,908.5 million where it was USD 2,639.3 million in October. The import balance was 10.20 percent

higher than that of October 2012 but it was 7.41 percent lower compared to November 2011 position. Aggregately it is seen that the trend of import has been decreasing compared to the last fiscal year. The import payment of July–November 2012 stands lower by 6.90 percent compared to previous fiscal year. The total composites of import payment includes, import for EPZ at USD 12,726.10, imports under Loans/Grants USD20.70 million, July–November 2012 stand lower, imports under direct investment USD 48.80 million and short-term loan by BPC USD 1,085.50 million. Fresh opening of import LCs during July–November 2012 decreased by 9.65 percent to USD14,200.16 million compared to the same period of the previous fiscal position. Negative growth in LC opening indicating that import payment may not shoot up in near future to put pressure on BOP and exchange rate.

Capital Market Performance in 2012



Stock market continued its downward trend in 2012 amid sharp volatility. It seems the market was suffering from lack of investors' confidence. DGEN started with 5,351.75 points on the first trading day of 2012 but lost more than 1132 points throughout the year and ended at 4,219.31 points. Dhaka Stock Exchange is one of the worst performers in the world in 2012.

Worst corporate earnings declaration, liquidity crunch in the money market and rising inflation might have kept both retail and institutional investors away from active stock market participation. In addition, most brokerage firms lost their equity due to rising negative equity. So these firms became unable to extend any margin loan. Accordingly, trading volumes evaporated substantially and indices of both bourses were very volatile in 2012. Average trade volume went down from BDT 6.64 billion in 2011 to BDT 4.21 billion in 2012. However, annualized volatility of DGEN measured by standard deviation declined to 32.83 percent in 2012 from 47.68 percent in 2011.

Share turnover velocity ratio, an indicator of market liquidity, sheer weakness of market activity in the bourse. The ratio declined to 40.19 percent in 2012 from 56 percent in 2011.

Turnover velocity ratio reached the highest at 140.87 percent in 2010.

Unlike the previous year, manufacturing sector was on the top in the DSE turnover going ahead of financial sector. Manufacturing sector accounted for 34.29 percent of the total DSE turnover in 2012 while financial sector contributed 33.43 percent.

Primary market performance was notable in 2012 despite the worst situation of the secondary market. A total of 17 companies successfully floated IPOs worth BDT 12.08 billion in 2012 while the aggregate issued capital of 14 IPOs was BDT 19.91 billion in 2011.

Bangladesh Economic Outlook for 2013

The latest World Bank projections anticipate Euro zone growth to decline to -0.3 percent in 2012 and rise slightly to 1.1 percent in 2013, compared with 1.7 percent in 2010 and an estimated 1.6 percent in 2011. The initial major impact on Bangladesh would be a decline in EU imports and trade finance, with a lesser impact from the US. Bangladesh may suffer from second-round effects as well, including declines in non-garment exports to and remittances from regions hit hardest in the first round. Export growth in FY12 slowed down to 9 percent. In addition, the initiative of US congress to reconsider GSP facility for Bangladesh may threaten overall export to US and EU in 2013.

Considering the revised growth of Readymade garments sector which is 4% for the next year and decline in import of capital machineries, we can conclude that large scale manufacturing production might drop down further in 2013. As Bangladesh Bank has an intention to control the import figure and remittance inflow may continue the growth for next year, FOREX reserve will continue growth in FY 2013. So Balance of Payment (BOP) and exchange rate may escape hard time in this year.

Government took expansionary fiscal policy for FY2012-13. So government investment and domestic demand should remain high. Tax collection may decrease from financial industry in 2012-13 due to earnings plunge in the industry. So achieving target for tax revenue collection would be a major challenge for NBR. External financing is expected to go down in the coming days and government may seek borrowing from banking system.

Central bank sought restrained monetary policy from 2011 to control double digit inflation and accommodate steady GDP growth. Though at present most of the economic indicators

highlight the success of the Central Bank's restrained monetary policy, the critical situation is not over yet. Rising power tariff and greater demand may have been driving Non-Food Inflation higher over the last 2 months and may continue to do so in the coming months as government is mulling for further energy price hike. Food inflation may go up because of the rising production and transportation cost for fuel price hike.

Industry outlook and prospects in 2013

Due to economic downturn during the year 2012, the year was very challenging for NBFIs along with other related industries of Bangladesh. This challenge is posed by several factors, viz., liquidity crisis due to high Government borrowing from banking sector, severe high interest rate, less investment in the sectors in which clients of NBFIs operate, problem in national infrastructure in terms of power and gas, fall in stock market etc.

In our view, the setback in the economy will be more apparent in 2013. Monetary authority will perhaps continue its tightening measure in money flow and thus the private sector credit growth in 2013. On another front import has every reason to discourage to safeguard BoP as export is predicted to slow down in H2, FY 2012-2013. 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 in 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 2013. Considering this outlook, your Company has already chalked out short and medium term strategy to put all our 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.

Principal Activities

The principal activities of the Company and the group during the year were lease finance, term finance, mortgage financing, credit card operation, SME, auto loan, factoring, brokerage services, merchant bank services and asset management services etc. There were no significant changes in the nature of principal activities of the Company and the group during the financial year under review.

Corporate Governance

In the management of the Company, the Directors have placed emphasis on confirming to the best corporate governance practices and procedures. Accordingly, systems and structures have been introduced or improved from time to time to enhance risk management measures and to improve accountability and transparency. A separate report on Corporate Governance is given on page 129-146.

Risk and Internal Control

The board considers that strong internal controls are integral part to the sound management of the Company and it is committed to maintain strict financial, operational and risk management control of all of its activities.

The directors are ultimately responsible for the Company's system of internal control and for review its effectiveness. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable not absolute assurance against material misstatement or loss. There is an ongoing process for identifying, recording, evaluating and managing the risk that are faced by the Company and the directors have reviewed the process through the audit committee.

The board of directors is satisfied with the effectiveness of the system of the internal control for the year under review and up to the date of approval of the financial statements.

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 exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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

Financial Review of 2012

2012 was also 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 2012. 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 keep 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. 6,369.79 million compared to Tk. 4,443.70 million in 2011. 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. 22,380.00 million in 2011 to Tk.25,336.00 million in 2012. Even in the backdrop of the economy in 2012, LankaBangla's investment portfolio reach Tk. 2,851.25 million in 2012 compared to Tk. 18,703.35 in 2011. However, due to high cost of fund, margin on interest income decreased this year.

In 2012 net profit after tax of LankaBangla Finance Limited stood at Tk. 1,235.72 million achieving a growth of 165% over the net profit after tax of the year 2011. Operating Revenue decreased by 3.73% while operating expenses increased by 63%. The profit before provision & tax has decreased by 60.87% during the year. The profit before tax stood at Tk. 510.31 million in 2012 with a decrement of 60.87 % 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. 326.30 million. The return on average equity remained 5.04% during 2012 and Earnings per Share (EPS) stood Tk. 1.77 and NPL ratio is 3.93% which has improved from 6.51% in 2011

Performance Reporting by Business Segment

The outgoing year was very challenging for LankaBangla Finance Limited due to sharp decline of interest margin, low activities in the capital markets. Expenditure increased in one front for the capacity building for future business, on the other front income in major heads has been decreased.

Business Segment Reporting

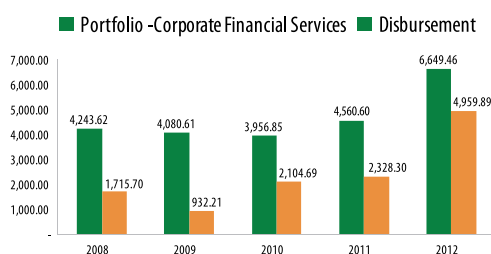
For the year ended in 2012

Particulars	LankaBangla finance Ltd.	LankaBangla Securities Ltd.	LankaBangla Investment Ltd.	LankaBangala Management Company Ltd.	Total
Income	1,803,919,441	771,408,596	81,798,781	25,467,267	2,682,594,085
Less: Inter segment income	(1,292,682,591)	-	-	-	(1,292,682,591)
Total income	511,236,850	771,408,596	81,798,781	25,467,267	1,389,911,494
Allocated expenses	291,920,670	440,480,990	46,707,812	14,542,030	793,651,502
Provision against loans and advance	85,950,216	-	-	-	85,950,216
Profit/(loss) before tax	133,365,964	330,927,606	35,090,969	10,925,237	510,309,776
Income tax including deferred tax	(2,224,377)	142,877,050	12,871,630	8,767,291	162,291,594
Net profit	135,590,341	188,050,556	22,219,339	2,157,946	348,018,182
Segment Assets	19,796,416,759	8,302,410,949	4,366,724,823	636,333,055	33,101,885,586
Segment Liability	19,796,416,759	8,302,410,949	4,366,724,823	636,333,055	33,101,885,586

Core Business Review

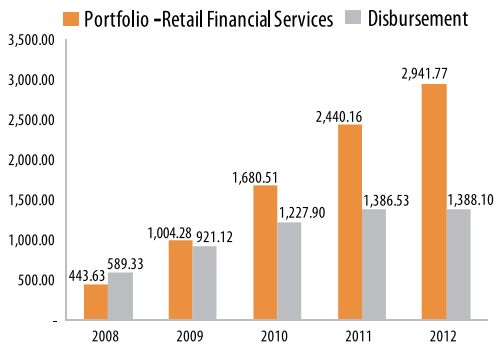
Corporate Financial Services

After years of stagnated activities, Corporate Financial Services at LankaBangla reverted back to the acceleration in 2012. Throughout the year we have concentrated on the corporate financial services portfolio and find out growth opportunities in credit across all sectors. Encouragingly, credit demand from the biggest groups of the country was evident, signaling opportune business segment in the lending portfolio. We disbursed BDT 4,959.89 million in 2012 registering a staggering 113.03% growth over 2011.



Retail Financial Services

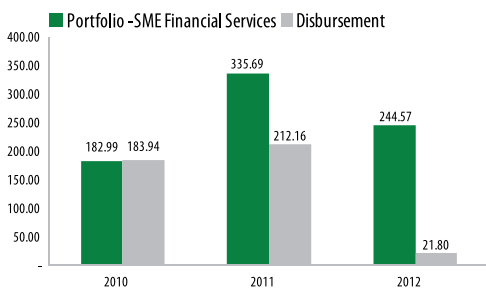
In the last 5 years, Retail Financial Services division at LankaBangla posted cumulative growth of 60.47%. Last year Retail Financial Services grew 20.56%. Auto loan portfolio grew impressive 51.90% last year while we went slowly in home loan due to gloomy outlook in real estate sector. We have disbursed BDT 1,388.10 million in 2012 in retail segment.



SME Financial Services

SME financing in Bangladesh is of great essence due to relatively high labor intensity, dependence on indigenous skills and technology, contributions to entrepreneurship development and innovativeness and growth of industrial linkages. Considering the demographic and socio economic picture of Bangladesh in mind, we understand that broad based economic acceleration is possible only with true focus on SME and Agriculture finance. Being a responsible lender LankaBangla is enhancing its capacity to improve the lives of the people through increased focus in SME.

In 2012, LankaBangla worked hard for capacity building in SME. In last 3 years of experience, we rightly identified that, SME financing models should be well placed before large expansion in this segment. We opened three branches in the major



Treasury Operations

The treasury division is the financial hub which operates as a financial clearing house for all other parts of an organization. Treasury ensures the availability of funds at the right time, right place at the possible minimum cost. A well run efficient treasury becomes the crucial part of an organization like us and provides benefit to its different segments.

The tight money market situation which was initiated from later part of year 2010 had also persisted upto half of the year 2012. The interbank money market experienced some volatility during that time. The year started with a high call rate of 20 percent and continued to remain as high as 15

percent till most part upto June 2012. Consequently rates started to ease somewhat, but on the backdrop of limited liquidity support and increase the policy repo and reverse repo rate by 50 basis points from the central bank, call money rates began to rise and remained within the range of 9 to 15 percent for rest of the months of the year 2012.

Credit in both domestic and private sector have also observed sharp declines compared to the previous fiscal, leading to surplus fund in the interbank market. Currently the rate is hovering around 10 percent range and is expected to remain around the same level in next few months.

Most of the lending banks increased their rates significantly, resulting our borrowing cost went up to some extent during the year. Despite the volatility of market, treasury generated funds to support the business departments. We have been able to explore the opportunities to build up new credit relationship with some banks for the first time. The treasury has increased its capacity during this time to deal with money market comparatively in a large way. Due to prudent financial management, we had been able to maintain the CRR/SLR balance satisfactorily and service all kinds of debt obligations on due time.

As a core risk area we have addressed the Asset Liability Management prudently with the define norms of Bangladesh Bank. The Company reviewed its ALM and Balance Sheet ratios periodically and took necessary measures as needed time to time.

The Company has formed a separate liability department under which deposits are being collected from customers. As our strategic objective is to reduce the bank dependencies, we are nurturing a pool of professional deposit collecting teams who are working enthusiastically outside to penetrate the market by our deposit products. With this effort the deposit collection has been accelerated and a growth of 43.44% has been achieved during the year 2012 compare to previous year.

Like previous year we also suffered a lot in 2012 with our Primary Dealership operation at the time of primary and secondary trading. The treasury division devoted themselves for generating fund by repo both from Bangladesh Bank and Inter Bank to hold Govt. securities under Primary Dealership operation.

Due to massive down turn, the capital market operation under treasury division didn't able to perform as target; but we have concentrated on some strategic investments which will give return eventually in future.

Primary Dealership Operation

No matter it has been proved that we are passing a hurdle time in Primary Dealership operation since last quarter of 2010 when liquidity crisis becomes acute. Due to tight monetary policy, Bangladesh bank was quite reluctant to extend adequate repo facility during the year 2012. As a result we moved to interbank repo facilities with relatively higher rate of interest which leads us to incur significant amount of interest loss. Our another headache was our holding position of Govt. securities i.e. Tk.1,801.81 million as of January 1, 2012. Compare to our balance sheet size the holding was little bit high and we devoted ourselves in secondary trading thorough out the year. We had been able to sell Tk.1,964.21 million of Govt. securities (T-Bill & T-Bond) throughout the year 2012. Most of the secondary transactions were taken place in OTC market with premium offered by counterparties as the secondary market is totally imperfect. As a result we had to incurred capital loss just to free the cash flow.

Our Human Capital

Human capital policy at LankaBangla Finance Limited is based on the recognition that its people are its most valuable asset. Prudent development, deployment and management of its human resources have been a key contributor to the Company's Success records. We have found that sensitivity to the needs and aspirations of individual employees is as conducive to successful human resources management as an accurate assessment of employee capabilities, potentials and attitudes. We thus value the contributions an employee exerts in the organization and adopted policy to reward efforts accordingly.

Recruitment and Assignments

Our recruitment system has been designed to ensure that the employees recruited for the service in the Company match with the job requirements relevant to the position being hired for. All recruitment policies within the Company are in line with the statutory employment laws of Bangladesh and in accordance with the approval of the Company's Board of Directors.

Compensation Policy

LankaBangla Finance Limited decides the scales of the employees belonging to different grades from time to time. The salary structure of the Company is reviewed in every two years to allow adjustments to update with the change in the cost of living indices.

Occupational Health and Safety

Dealing responsibly with the issues of work-life balance of our employees requires a serious, holistic approach. The physical and mental well-being of our staff is important to us, specially considering the stressful effects of the performance driven culture. Effective counseling for needy employees plays pivotal role in this respect. For us, at LankaBangla Finance Limited, promoting the well-being of our employees is considered as a long-term investment.

Towards achieving the objective of a healthy workforce, adequate provisions have been made. The Company has in place a comprehensive Life Insurance and Hospitalization Insurance scheme for all permanent employees.

Diversity and Equal Opportunity

The Company's recruitment and career development policies provide equal opportunities for all citizens in the country. It is our policy that the best qualified applicants be hired without regard to race, colour, age, religion, gender, national origin, physical or mental disability, veteran status, sexual preference, marital status and any other characteristic protected by law. The Company is committed to developing and maintaining a diverse workforce and to treating all individuals with dignity and respect.

Training and Education

All newly recruited employees are inducted through a comprehensive orientation programme prior to their placements. Further, employees are provided with on the job training based on standard training modules in addition to customized training programmes as needed.

Gender and Wages

LankaBangla Finance Limited does not discriminate with regard to gender when remunerating employees. Salaries depend on the respective grade of the employee and performance, with no gender-based differentiation whatsoever.

Goals and Performance

Through the compassionate management of its human capital, LankaBangla Finance Limited creates a dedicated team that is passionate about what they do. Thus our 'optimal team' initiates, directs and synergizes its common creativity towards achieving continuous excellence and greater levels of customer satisfaction.

Organizational Responsibility

LankaBangla Finance Limited’s HR function is headed by the Managing Director. He is assisted by a Relationship Manager and two Senior Relationship Officer on aspects related to Human Resource Management and Human Resource Development.

Training and Awareness

LankaBangla Finance Limited is committed at all times to ensure that its people develop to their utmost potential and to equip them to face challenges ahead effectively and with dignity.

Towards this objective, the members of the Human Resource Management Division are regularly trained to labour laws and regulations including training on diversity, equal opportunities and gender sensitivity. They guide the other members of staff who need their assistance.

Key Performance Indicators of HR Practices and Decent Work Responsibility

Employment: Total by Employee type, Region and Gender

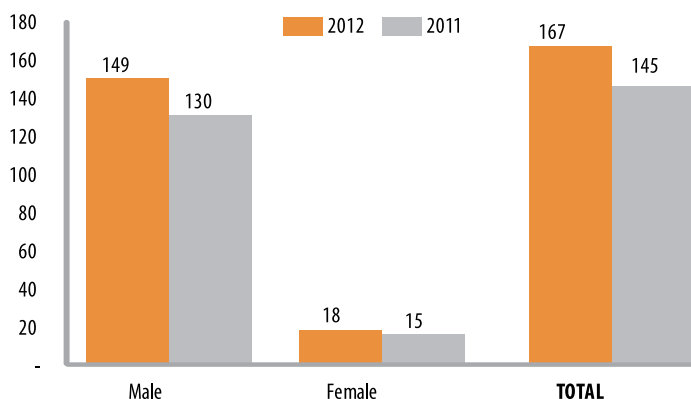
The tables and graphs given below provide information on total workforce by region, employment type, age analysis, service analysis, gender.

LankaBangla recently opened three new branches in three major business hubs of the country to serve the countrymen.

District-Wise Breakdown of Human Capital as at December 31

District	2012				2011			
	No. of Branches	No. of Employees			No. of Branches	No. of Employees		
		Male	Female	Total		Male	Female	Total
Dhaka	2	144	21	165	1	119	14	133
Chittagong	2	23	—	23	1	16	1	17
Sylhet	1	6	—	6	1	6	—	6
Narsingdi	1	2	—	2	-	-	—	—
Comilla	1	2	—	2	-	-	—	—
Jessore	1	3	—	3	-	-	—	—
Total	8	180	21	201	-	141	15	156

Growth of Employees:



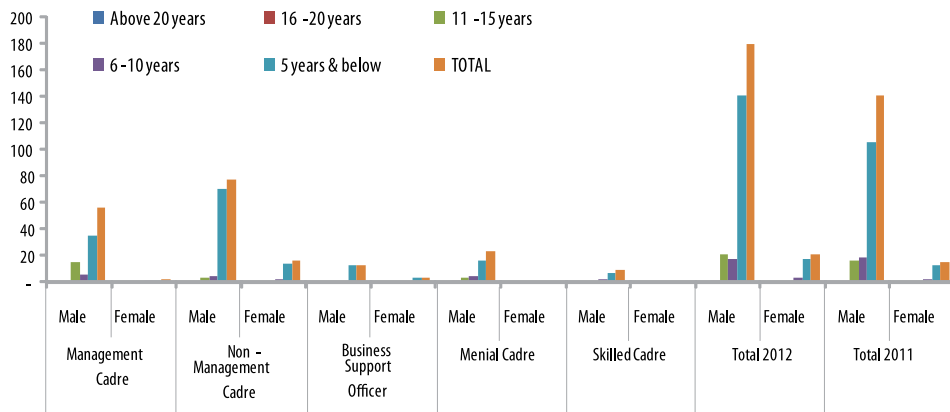
Employment Type: Full-Time and Outsourced

To boost-up the liability sales and to explore the lending opportunity in the market, LBFL employed PMO's in different business units in 2012. The percentage of full-time employees is almost similar to that of 2011 and contractual employees decreased in this period. Although the numbers grow significantly as shown below:

Employment type	No. of Employment		Composition in %	
	2012	2011	2012	2011
Full-time	2012	2011	2012	2011
Male	149	130	89%	90%
Female	18	15	11%	10%
Total	167	145	100%	100%
Contractual	2012	2011	2012	2011
Male	31	11	91%	100%
Female	3	—	9%	—
Total	34	11	100%	100%
PMO	2012	2011	2012	2011
Male	123	—	94%	—
Female	8	—	6%	—
Total	131	—	100%	—

Category	Management Cadre		Non-Management Cadre		Business Support Officer		Menial Cadre		Skilled Cadre		Total 2012		Total 2011	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
51-60 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41-50 years	11	-	2	1	1	-	4	-	-	-	18	1	10	-
31-40 years	34	2	36	5	5	-	6	-	6	-	87	7	67	8
21-30 years	11	-	40	10	7	3	11	-	3	-	72	13	61	7
20 years & below	-	-	-	-	-	-	3	-	-	-	3	-	3	-
Total	56	2	78	16	13	3	24	-	9	-	180	21	141	15

Category	Management Cadre		Non-Management Cadre		Business Support Officer		Menial Cadre		Skilled Cadre		Total 2012		Total 2011	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Above 20 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16-20 years	-	-	-	-	-	-	1	-	-	-	1	-	-	-
11-15 years	15	-	3	-	-	-	3	-	-	-	21	-	16	-
6-10 years	6	1	5	2	-	-	4	-	2	-	17	3	19	2
5 years & below	35	1	70	14	13	3	16	-	7	-	141	18	106	13
Total	56	2	78	16	13	3	24	-	9	-	180	21	141	15



Employment Status

Contract Employees confirmed in service in 2012 increased in number attributable to the growth of the Branch network during the period under review.

Employment Status	No. of Employees		Composition in %	
	2012	2011	2012	2011
Confirmed in service	184	134		
Undergoing training or on probation	17	22	8%	14%
Total	201	156	8%	14%

Employees by Grade

Management Cadre comprised 58 persons in 2012, accounting around 29% of the total staff strength. Non-Management Cadre including Senior Relationship Officers/Senior Officers, Relationship Officers, and Assistant Relationship Officers/Assistant Officers accounted for 47%. Business Support Officer accounted only 8% whereas it was only 4% in 2011. The balance comprised Menial and Skilled Cadres. The number of employees of all grades increased over the previous year with the expansion of branch operations.

Category	2012		2011	
	No. of Employees	Percentage	No. of Employees	Percentage
Management cadre	58	29%	49	31%
Non-Management Cadre	94	47%	79	51%
Business Support Officer	16	8%	6	4%
Menial Cadre	24	12%	18	12%
Skilled Cadre	9	4%	4	3%
Total	201	100%	156	100%

New Employees Hired

During the period 2011 to 2012, LankaBangla Finance Limited hired 109 new staff members, details of which by employee grade are given below:

Category	No. of Employees Hired	
	2012	2011
Management Cadre	11	14
Non- Management Cadre	25	30
Business Support	11	3
Menial Cadre	7	2
Skilled Cadre	5	1
Total	59	50

Employees Attrition

There were 13 resignations from service during the year under review. Employee attrition in LankaBangla Finance Limited increased marginally in comparison with the past year due to improve in deployment opportunities present in the country.

Category	Gender-wise Turnover		Percentage of Employees		Gender-wise Percentage Attrition	
	2012	2011	2012	2011	2012	2011
Male	10	9	77%	90%	6%	6%
Femal	3	1	23%	10%	14%	7%
Total	13	10	100%	100%	20%	13%

Percentage of Employee Turnover by Gender 2011 - 2012

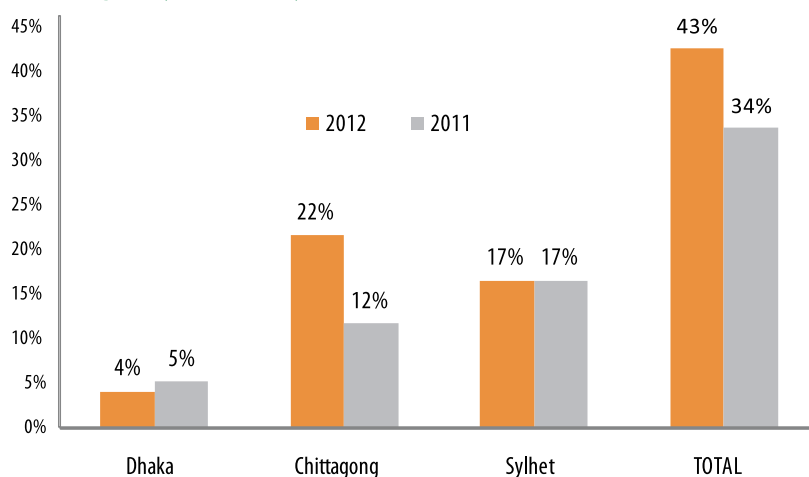
Gender-wise Employee Turnover



Employee Attrition Rate by Age

Category	No. of Employees Left		Percentage of Employee Attrition Rate (%)	
	2012	2011	2012	2011
51-60 years	-	-	-	-
41-50 years	1	1	5 %	10%
31-40 years	3	5	3%	7%
21-30 years	9	4	11%	6%
20 years & below	-	-	-	-
Total	13	10	19%	23%

Geography wise Employee Turnover



Benefits Policy and Regime

The Company follows a policy of continuous improvement in respect of the working lives of its employees. In addition to this, LankaBangla Finance Limited has taken further steps to enhance the facilities and benefits afforded to its staff:

- Performance- related bonus.
- Fuel allowance for Management Cadres and transport allowance for Non-Management Cadre.
- Holiday allowance.
- All staff are members of Employees' Provident Fund administered by Board of Trustees according to the provisions of the Employees' Provident Fund Act and the regulations framed from time to time there under.
- Medical benefits enjoyed by all employees include life insurance and hospitalization insurance and staff loan schemes (all concessionary interest rates) to tide over any personal exigency.

Occupational Health and Safety- Employee Representation on Health and Safety Committees:

LBFL and all of its employees are to protect and enhance the environment in which they live. All will comply with all laws and strive to do more. LBFL do not compromise safety or environmental protection for profit. LBFL believes environmental stewardship as an obligation and support this commitment with the necessary personnel and financial resources.

The following principles will guide and measure our corporate goals and objectives in Health, Safety and Environment:

- We are committed to continuously improving our Health, Safety and Environment performance;
- We will continually promote employee safety on and off the job;
- We conduct our business so it meets or exceeds all applicable laws and regulations and minimises risk to our employees, the public and the environment;
- We will endeavour to do business with companies and contractors that share our expectations for Health, Safety and Environment performance and commitment and we will regularly assess their performance;
- We will use our influence with companies in which we have partial ownership so they will want to meet the Health, Safety and Environment Commitment of the Company;
- We believe all employees are responsible and accountable for Health, Safety and Environment performance.

LBFL provides the training necessary to ensure that all the Company personnel are sensitive to the importance of our Health, Safety and Environment policy, understand the nature of the laws and regulations that govern our activities and have skills to implement our policy and comply with Health, Safety and Environment requirements.

Training and Education: Training and Professional Development

LankaBangla Finance Limited is dedicated to improving the professional competencies and performance of all its employees. In the year under review, the Company spent a total of BDT. 1,503.58 thousand on training and education programs for employees. All employees are subject to an annual performance review, at which they receive feedback on their performance and their development needs and potential as identified by the reviewers.

Since 2011, the Company has followed a systematic approach to the identification of high performers among its employees. Through training; leadership competencies are identified and a pool of talent is created to serve the long term needs of the Company.

A total of 61 training programs involving 2,560 man-hours of training were executed during the year. These programs were categorized as in-house, external and overseas training. Given the Company's strong commitment towards developing a learning culture, it is pertinent to note that employees underwent a total of 2,560 man-hours of training during the year on various knowledge-building programs whereas it was only 320 man-hours in 2011. This works out to an average of 16.84 man-hours of training per employee.

	2012			2011		
Training	No of Pograms	No of Participants	Person Hours	No of Programes	No of participants	Person Hours
Overseas Training	2	2	51	-	-	-
External Training	56	80	2,014	23	19	320
In-House Training	3	70	495	-	-	-

Our Investment on Training

To further strengthen the staff development process, the Company increased its investment on training from BDT. 150.50 thousand in 2011 to BDT. 1,503.58 thousand in 2012. This approximately 900% increase will also support our intensive efforts to improve customer experience across all business units, with long term benefits accruing to the Bank.

Career Development Review

All employees of the Company irrespective of their gender received formal performance and career development reviews during 2012. Annual performance reviews and the reviews conducted upon completion of probationary periods help the Company in identifying and enhancing the salient skills and developing them as needed.

Outlook

In the coming year, steps will be taken to further enhance productivity, including a closer alignment of the workforce plan with

the business plan.

Feedback received during the employee engagement survey identified specific areas where action is needed. This includes devising viable career paths for all staff categories; improving process efficiency by effecting transfers with a minimum of disruption to the business; and improving the support services available to employees.

We are working on creating an internal talent pool that is competent to fill the vacancies that we currently have in some Managerial position, by enhancing managerial competencies through specific development interventions and by fast-tracking employees with high potential as well as by maintaining transparency with respect to the career progression and mobility for all staff. We will also strive to improve engagement amongst less productive staff.

LankaBangla Finance Limited will continue to benchmark and provide a fair and attractive compensation package for all levels of staff, while improving the quality of the staff appraisal process.

Information Technology

To serve best and cognoscenti service to customer, internal department with current and future demand of financial and business system LBFL invested huge in its IT infrastructure and software development. Investment in IT department mainly focused on business integrity and ensuring smooth IT operations so that organization can confirm maximum ROI. IT Department led by Deputy Managing Director with Department Head consisting of highly professionals personnel. IT Personnel's are involved with software development, software integration, database migration, database integration from different platforms of database, world renowned credit cards (VISA/MASTER) IT operations, network and infrastructure development, redundancy links with different vendor, hardware and troubleshooting of different network, pc devices.

LBFL has successfully implemented developments in IT such as: Core Banking software, Database migration, 500 sq. ft. tier 4 Data Center which includes backup cooling system, backup power distribution system, central surveillance CCTV system, central Antivirus Server, Terminal Server to reduce PC costing, separate network zone implementation, new branches connectivity. Department has future plan such as: central backup system, virtualization and cloud computer concept in private network, layer-3 network implementation for branch network.

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 burses 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 decreased to Tk. 4,540.71 million from Tk. 4,716.76 million in 2011. The operating income of the Company decreased to Taka 407.09 million in 2012 by 61.34% from Taka 1,052.98 million in 2011 and the net profit after tax of the Company decreased by almost 65.26% 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 2012.

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 2012, 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. 12.73 million and Net profit after tax was Tk. 34.34 million in 2011.

LankaBangla Assets Management Company Limited, a fully owned subsidiary of LankaBangla Finance Limited. Operating profit of was Tk. 14.61 million and Net profit after tax was Tk. 4.09 million in 2011.

Branch Operation

With an aim for a greater participation in the financial sector, we have widened our operational network by opening new branches in 2012 in Narsingdi, Comilla and Jessore. Few more branches will be opened in 2013.

Financial Result and Proposed Dividend and Appropriation of Profit

The Company posted pretax profit for the year end 2012 amounting to Taka 1,233.49 million, indicating increase in growth of 127.81% from Taka 541.44 million in 2011 while net profit after tax increased by 164.80% from Taka 466.65 million of 2011 to Taka 1,235.71 million in 2012. 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 10% for the year 2012.

The Directors are pleased to report the financial results for the year 2012 and recommend the following appropriations:

Net Profit After Tax for the Year 2012	1,235,717,601
Retained Earnings brought forward	439,252,245
Profit available for appropriation	1,674,969,846
Less: Statutory reserve	247,143,520
Less: Transferred to LB Foundation	12,357,176
Amount available for declaration of dividend	1,415,465,150
Less: Dividend(Proposed 10% Stock)	189,408,450
Retained Earnings carried forward	1,226,060,700

Right issue

During the year, the Company had issued 82,351,500 shares to the existing shareholders at par value (BDT 10 each share) totaling of BDT 823,515,000 offered on the basis of 1 right share for 1 existing share.

The proceeds from the right issue had been utilized for the following purposes:

Sl. No.	Particulars	Taka
1	Payment of high cost borrowing	370,000,000
2	Increase of lending portfolio	453,515,000
	Total	823,515,000

Key Operating and Financial Data

Key operating and financial data for last five years as per Notification No. SEC /CMRRCD /2006-158/129/Admin/44 dated 07 August 2012 is shown in page 67.

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.

Related Party Disclosure

The directors have also disclosed the transactions, if any, that could be classified as related party transactions in terms of Bangladesh Accounting Standard – 24: “Related party disclosures” which is adopted in the preparation of financial statements. Those transactions disclosed by the directors are given in the note 33 to the financial statements.

Directors’ remuneration

Details of directors’ emoluments paid during the year are given in notes 27 to the financial statements.

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.

Recognition

As a reward of our relentless efforts to the best practices of corporate and financial reporting, we were awarded by the Institute of Chartered Accountants of Bangladesh (ICAB) third Prize in Non-Banking Financial Sector for the best published Annual Reports and Annual Audited Accounts for the year 2011.

Our subsidiary Company LankaBangla Securities Limited achieved certificate for outstanding performance for being ranked 1st in terms of turnover for consecutive Six years from 2006 to 2012 by both the Dhaka Stock Exchange (DSE) & for consecutive Seven years from 2005 to 2012 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 18.

Election of Directors

In accordance with Article 98 of the Company’s Articles of Association Mr. Mohammed A. Moyeen, Mr. I.W. Senanayake and Mr. Farman R. Chowdhury retire and being eligible, all of them offered themselves for re-election.

Board Meeting & Attendance

During the year 2012, Five Meetings of the Board of Directors were held. The attendance of the Directors is shown in the Annexure-3, page 145.

Auditors

In the 15th Annual General Meeting of the Company, M/s. Syful Shamsul Alam & Co., Chartered Accountants as statutory auditors of the Company for the year 2012 until conclusion of the 16th AGM at a consolidated fee of Tk. 150,000. Being eligible for the re-appointment, the exiting auditors M/s. Syful Shamsul Alam & Co., Chartered Accountants, offered themselves for re-appointment. As proposed by the Audit Committee, the Board recommends M/s. Syful Shamsul Alam & Co., Chartered Accountants, for further appointment as the auditor of the Company until completion of conclusion of the 17th AGM.

Reporting on Corporate Governance Compliance

Pursuant to Clause 5.00 of SEC Notification No. Notification No. SEC/ CMRRCD /200658 /129/ Admin/44 dated 07 August 2012 the Company’s compliance status is shown in Annexure-1 page 136.

Additional Disclosures

The Directors, in accordance with SEC Notification No. Notification No. SEC/ CMRRCD /200658 /129/ Admin/44 dated 07 August 2012; confirm compliance with the financial reporting framework for the following;

- The financial statements prepared by the management present fairly the Company’s state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained. Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards and International Financial Reporting Standards, as applicable in Bangladesh, have been followed in the preparation of the financial statements. The system of internal control is sound in design and has been effectively implemented and monitored.

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

Events after the Reporting Period:

Dividend Information:

The Board of Director in its 80th Meeting held on March 03, 2013 has recommended 10% Stock Dividend for the year ended on 31 December 2012 for placement before shareholder at 16th Annual General Meeting of the Company scheduled to be held on 31 March 2013.

Fair Value of Share Portfolio:

Due to recent upheaval in the capital market of Bangladesh, the fair market values 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 Syful Shamsul Alam & 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 2012 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

প্রিয় শেয়ারহোল্ডারগণ,

লংকাবাংলা ফাইন্যান্স লিমিটেডের পরিচালনা পর্ষদের পক্ষ থেকে প্রতিষ্ঠানটির ১৬ তম বার্ষিক সাধারণ সভায় আপনাদের স্বাগত জানাতে পেরে আমি খুবই আনন্দিত। ৩১শে ডিসেম্বর শেষ হওয়া ২০১২ সালটির বাৎসরিক প্রতিবেদন পরিচালনা পর্ষদ-এর পক্ষ থেকে আপনাদের সামনে আনন্দের সাথে উপস্থাপন করছি। এই প্রতিবেদনটিতে ব্যবসায়িক পরিকল্পনা, মূল্যায়ন, ঝুঁকি ব্যবস্থাপনা, প্রাতিষ্ঠানিক নিয়মাবলী পৃথক এবং একত্রে যাচাইকৃত আর্থিক প্রতিবেদন, বিনিয়োগকারীদের সম্পর্কে এবং টেকসই সংযোজনসমূহ নিয়ে আলোচনা করা হয়েছে। এই বার্ষিক প্রতিবেদনটি ১৯৯৪ সালে প্রবর্তিত কোম্পানি আইন, আর্থিক প্রতিষ্ঠান আইন ১৯৯৩ বাংলাদেশ সিকিউরিটিজ এক্সচেঞ্জ কমিশন, বাংলাদেশ ব্যাংক ও অন্যান্য নীতি নির্ধারক প্রতিষ্ঠানের নির্দেশ অনুযায়ী তৈরি করা হয়েছে। ২০১২ সালে লংকাবাংলা ফাইন্যান্স লিমিটেডের ব্যবসার উলেখযোগ্য প্রবৃদ্ধি হয়েছে। অর্থনৈতিক সংকটের মধ্যে কঠিন সময়েও আমরা সুনির্দিষ্ট দৃষ্টিভঙ্গি নিয়ে ব্যবসা গোছানো এবং প্রতিটি কর্মক্ষেত্রের মান উন্নয়নে প্রক্রিয়াগত কৌশল অবলম্বন করেছি। আর্থিক বাজারে বৈশ্বিক এবং স্থানীয় অস্থিরতার ফলে সৃষ্ট উলেখযোগ্য পরিমাণ বাধা-বিপত্তি থাকা সত্ত্বেও আমরা বেশ কিছু কর্ম পরিচালনার ক্ষেত্রে সাফল্য অর্জন করেছি। আমি এটা জানিয়ে খুবই আনন্দিত যে ২০১২ সালে লংকাবাংলা ফাইন্যান্স লিমিটেড সমস্ত আর্থিক ও কর্ম পরিচালনার লক্ষ্য পূরণ করে ১২৩৫.৭১ মিলিয়ন টাকা মুনাফা করেছে। ২০১২ সালে প্রতি ত্রৈমাসিকে আমরা একই রকম ভাল ফল পেয়েছি এবং সামগ্রিক শক্তিশালী প্রবৃদ্ধি নিশ্চিত করে ও সকলের অবদান বাড়িয়ে ভাল ভাবে কার্যাবলী পরিচালনা করেছি। বিশ্ব ব্যাপী লাগাতার অস্থির ও অনিশ্চিত আর্থিক অবস্থার মধ্যেও লংকাবাংলা ফাইন্যান্স সময়ের আবের্তে লাভজনক প্রতিষ্ঠান হিসাবে প্রমাণিত হয়েছে। এটা বুঝিয়ে দেয় যে আমরা সঠিক পরিকল্পনা করেছি এবং তা সুন্দরভাবে প্রতিফলন করেছি।

প্রতিকূল পরিবেশ

২০১২ সালে প্রাপ্ত আর্থিক ফল আবারও এটাই দেখায় যে দীর্ঘস্থায়ী ধীর গতির অর্থনৈতিক প্রবৃদ্ধির সাথে সংকটময় পরিস্থিতিতে ও দ্রুত পরিবর্তনশীল নীতিমালা পরিবর্তনের পরিবেশের মধ্যেও লংকাবাংলা ফাইন্যান্স লিমিটেড উলেখযোগ্য মুনাফা অর্জন করতে সক্ষম। ভবিষ্যতেও এই পরিস্থিতি দীর্ঘদিন চলবে এমন দৃষ্টিভঙ্গি নিয়েই আমরা আমাদের কোম্পানি এবং ঝুঁকির বিষয়গুলো পরিচালনা করি। এই প্রতিকূল পরিবেশেও আমরা আমাদের গ্রাহকদের আস্থা অর্জন করি এবং তা ধরে রাখি, তাদের সাথে একত্রে উন্নয়নের অংশীদার ও অর্থনৈতিকভাবে সমৃদ্ধ হই। আমাদের সম্মানিত গ্রাহকগণ অবশ্যই আস্থা রাখতে সক্ষম হবেন যে তাদের আমানত নিরাপদ থাকবে। লংকাবাংলা তার গ্রাহকদের আমানতের টাকা আর্থিক ব্যবসায় খাটানো, ঋণ এবং আর্থিক কার্যাবলীর মাধ্যমে অর্থনৈতিক উন্নতি, নতুনত্ব এবং কর্মসংস্থান সৃষ্টিতে লংকাবাংলার গুরুত্বপূর্ণ ভূমিকা রয়েছে। অর্থনীতিতে একটি শক্তিশালী ও স্থিতিশীল উপস্থিতি এবং আমাদের পরিচালিত ব্যবসায়িক কার্যাবলীর মাধ্যমে অর্থনীতিতে ইতিবাচক অবদান রাখার অঙ্গীকারে আবদ্ধ লংকাবাংলা।

বিশ্ব অর্থনীতি ২০১২

বিশ্বব্যাপী আর্থিক সংকট শুরু হওয়ার চার বছর পেরিয়ে গেছে, এখনও বিশ্বের অর্থনীতিতে খারাপ অবস্থা চলছে। উন্নয়নশীল দেশগুলো এখনও বৈশ্বিক উন্নয়নের প্রধান অংশ, কিন্তু তাদের প্রবৃদ্ধির হার বিশ্ব আর্থিক সংকট সৃষ্টির আগের সময়ের তুলনায় ধীর গতি হয়ে গেছে। সংকট পূর্ব প্রবৃদ্ধি ফিরিয়ে আনতে উন্নয়নশীল দেশগুলো অবশ্যই আবারো অভ্যন্তরীণ উৎপাদনশীলতা সমৃদ্ধকরণ নীতিমালার উপর জোর দেবে। উচ্চ আয়ের দেশগুলোতে চলমান পুনর্গঠন এবং আর্থিক সমন্বয় প্রবাহে তাদের উচিত আগামী কয়েক বছরে ধীর গতির প্রবৃদ্ধি উপর অল্প গুরুত্ব

দেওয়া। ২০১২ সালে উন্নয়নশীল দেশগুলোর প্রবৃদ্ধির হার ৫.১%-এর আশেপাশেই ছিল যা গত ১০ বছরে সবচেয়ে কম। সমৃদ্ধ অর্থনৈতিক অবস্থা, আর্থিক নীতিমালায় শৈথিল্য, উচ্চ আয়ের দেশে যথাসম্ভব শক্তিশালী প্রবৃদ্ধি উন্নয়নশীল দেশগুলোর প্রবৃদ্ধি ২০১৩ সালে ৫.৫% পর্যন্ত বাড়িয়ে দেবে আশা করা যায়, যদি ঐ দেশগুলোর সাথে তাল মিলিয়ে থাকা যায়। উচ্চ আয়ের দেশসমূহে প্রচুর বেকারত্ব, আর্থিক সংকোচন এবং ব্যবসায় মন্দাবস্থা ২০১৩ সাল জুড়ে থাকবে। এই সময়ের মধ্যে আশা করা হচ্ছে জিডিপি গড়ে ১.৩ পর্যন্ত বাড়বে। উচ্চ আয়ের দেশগুলোতে অর্থনীতির গতি ধীর হয়ে যাওয়ায় তা উন্নয়নশীল দেশগুলোতে প্রভাব ফেলবে, এসব দেশের প্রবৃদ্ধি সংকট পূর্ব অবস্থার চেয়ে ১-২% পয়েন্ট কমে রয়েছে। সংকট পূর্ব প্রবৃদ্ধির হার ফিরিয়ে আনতে উন্নয়নশীল দেশগুলোর উৎপাদনশীলতা এবং চাহিদা না বাড়িয়ে বরং অভ্যন্তরীণ পর্যায়ে নীতিমালা সমৃদ্ধকরণের উপর জোর দেওয়া উচিত। প্রধান ঝুঁকিগুলোর মধ্যে রয়েছে ইউরোপীয় দেশসমূহের পুঁজি বাজারে অস্থিতিশীলতা, সর্বোচ্চ ঋণগ্রস্ততা এবং দ্রব্যের অবমূল্যায়ন। ধীর গতির প্রবৃদ্ধি এবং লাগাতার অস্থিরতা হতে উত্তরণের জন্য উন্নয়নশীল দেশগুলোর প্রয়োজন অস্থিতিশীল আর্থিক নীতিমালা এড়িয়ে যাওয়া এবং বৃহত্তর অর্থনীতির নির্দেশকগুলো শক্তিশালী করা।

আঞ্চলিক দৃশ্যপট

২০১২ সালে দক্ষিণ এশিয়ার অর্থনৈতিক প্রবৃদ্ধি উলেখযোগ্য পরিমাণে ক্ষতিগ্রস্ত হয়ে যা আশংকাজনকভাবে ৫.৪%-এ নেমে আসে, যা আগের বছরে ৭.৪% ছিল। অপর্যাপ্ত মৌসুমী বৃষ্টি, বিদ্যুত সরবরাহের ঘাটতি, অধিক পরিমাণের অর্থনৈতিক ঘাটতি ও ব্যাপক মুদ্রাস্ফীতির মতো ভারসাম্যহীন বৃহত্তর অর্থনীতির নিয়ামকসমূহ, নীতিমালা ও নিরাপত্তার অনিশ্চয়তা দক্ষিণ এশীয় অর্থনীতির গতিকে কমিয়ে রাখার জন্য দায়ী, যার ফলে ইউরোপীয় ঋণ সংকট এবং বৈশ্বিক দুর্বল অর্থনীতিরও মুখোমুখি হয়েছে। এই অঞ্চলের বৃহত্তম অর্থনীতির দেশ ভারতে ২০১২ সালে উন্নয়ন প্রবৃদ্ধির লক্ষ্যমাত্রা ৫.৪%-এ দাঁড়িয়েছে, যা ২০১১ সালে ৬.৫% ছিল। এই অঞ্চলের দ্বিতীয় বৃহত্তম অর্থনীতির দেশ পাকিস্তানে প্রবৃদ্ধির হারের লক্ষ্যমাত্রা ২০১২-১৩ সালে ৩.৮%-এ স্থির ছিল যা তুলনামূলকভাবে ২০১১-১২ সালে ৩.৭% ছিল। ২০১২-১৩ সালে বাংলাদেশের প্রবৃদ্ধির লক্ষ্যমাত্রা ছিল ৭.২% যা ২০১১-১২ সালে ৬.৩২% ছিল। ২০১২-১৩ সালে আশা করা হচ্ছে নেপালের জিডিপি বেড়ে ৩.৮% হবে আবার শ্রীলঙ্কার জিডিপি ২০১২ সালে ধীরগতি হয়ে ৬.১%-এ নামবে। আবার অন্যদিকে, বাস্পার ফসল ফলার কারণে আফগানিস্তানের প্রবৃদ্ধির হার নাটকীয়ভাবে বেড়ে ১১% হয়েছে। অভ্যন্তরীণ বিশৃংখলা ও স্বল্প বাহ্যিক চাহিদার কারণে ২০১২ সালের তৃতীয় ত্রৈমাসিক পর্যন্ত দক্ষিণ এশিয়ায় শিল্প উৎপাদন ধীরগতি সম্পন্ন ছিল, তবে বছরের শেষ ত্রৈমাসিকে তা উর্দ্ধমুখি হয়। দক্ষিণ এশিয়ার বৃহত্তম রপ্তানি বাজার ইউরোপীয় অঞ্চলের ঋণ সংকট দক্ষিণ এশিয়ার রপ্তানিতে ব্যাপক আঘাত হানে, তবে কিছু দেশের রপ্তানি তুলনামূলকভাবে তাদের অর্থনীতির চাকা বেশ চাঙ্গা করে দেয়। দক্ষিণ এশিয়ার অর্ধেক কর্মসংস্থান সৃষ্টি করে কৃষিক্ষেত্র, যা বৃষ্টি স্বল্পতার কারণেও ক্ষতিগ্রস্ত হয়। তেলের মূল্য বৃদ্ধিতে লাভবান হওয়া উপসাগরীয় আরব দেশসমূহ থেকে আসা প্রবাসী অর্থ ১২.৫% বেড়ে ১০৯ বিলিয়ন ডলারে দাঁড়ায়। ২০১২ সালে এই অঞ্চলে মোট বেসরকারি পুঁজি বিনিয়োগের পরিমাণ ৭২.৬ বিলিয়ন ডলার যা ২০১১ সালের ৭২.৫ বিলিয়ন ডলারের তুলনায় বেশী হয়েছে। অন্যদিকে ব্যাংক ঋণ আর সরাসরি বিদেশী বিনিয়োগের পরিমাণ ২০১২ সালে কমে যায়।

২০১৩ সালে বিশ্ব অর্থনীতির এক ঝলক

উচ্চ আয়ের দেশগুলো প্রধান যে বাধাগুলোর মুখোমুখি হয় সেগুলো প্রধানত অর্থনৈতিক স্থায়িত্ব এবং ব্যাপক বেকারত্ব স্বল্প সময়েই দৃষ্টিগোচর হয়। চলমান ব্যাপক বেকারত্ব আর অতিরিক্ত কর্মহীন দক্ষ জনশক্তি বিভিন্ন ইউরোপীয় দেশসমূহের সমস্যা হয়ে দাঁড়িয়েছে যেখানে

উত্তর আফ্রিকা আর মধ্যপ্রাচ্যের অনেক দেশে বিশাল বেকারত্ব বিপত্তি হিসাবে রয়ে গেছে। যাহোক, বেশিরভাগ উন্নয়নশীল দেশগুলো বিভিন্ন ধরনের প্রতিকূলতার সম্মুখীন হচ্ছে। উচ্চ আয়ের দেশগুলো ২০০৮-৯ সালের সংকট থেকে অনেকটাই উতরে গেছে। এই দেশগুলোর সম্ভাব্য প্রবৃদ্ধি বাড়তে বেশিরভাগেরই অবকাঠামোগত উন্নয়ন লক্ষ্য করা উচিত। অন্তর্গত উন্নয়নশীল এবং চাহিদার বিষয়গুলো থেকে দূরে থাকা উচিত। একই সময়ে তাদের অভ্যন্তরীণ ও বাহ্যিক দুর্বলতাগুলো কমিয়ে ফেলতে কাজ করে যাওয়া উচিত। বিশ্ব ব্যাংক বিশ্বের অর্থনৈতিক প্রবৃদ্ধি বাড়ানোর ভবিষ্যদ্বাণী করেছে। ২০১২ সালের নির্ধারিত প্রবৃদ্ধি ৩% এবং ২০১৩-এর লক্ষ্যমাত্রা ৩.৪% যা ২০১১ সালে ২.৭% ছিল। উচ্চ আয়ের দেশগুলো ২০১২ সালে প্রবৃদ্ধির হার ছিল ১.৪%, এবং ২০১৩ সালের লক্ষ্যমাত্রা হচ্ছে ১.৪% যা ২০১১ সালে ১.৫% ছিল। উন্নয়নশীল দেশে ২০১২ সালে প্রবৃদ্ধির হার ছিল ৫% এবং ২০১৩ সালের লক্ষ্যমাত্রা হচ্ছে ৫.৭%, যা ২০১২ সালে ছিল ৬%।

বাংলাদেশের অর্থনীতি

গত কয়েক দশকে বাংলাদেশের অর্থনীতিতে স্থির প্রবৃদ্ধি দেখা গেছে। ২০১১ থেকে ২০১২ সালে বাংলাদেশে জিডিপি বেড়ে ৬.৩% হয়েছে। ১৯৯৪ সাল থেকে ২০১২ সাল পর্যন্ত বাংলাদেশে ধারাবাহিকভাবে স্থির প্রবৃদ্ধি দেখা গেছে: বাংলাদেশে গড়ে বাৎসরিক প্রবৃদ্ধির হার ৫.৬%, যার পরিমাণ ২০১১ সালের জুন মাসে বেড়ে সবচেয়ে বেশি হয়ে ছিল ৬.৭১%-এ। বিশ্ব অর্থনীতিতে অনিশ্চয়তা সত্ত্বেও ২০১১-১২ সালের প্রবৃদ্ধির হার ছিল ৬.৩২%। পরের অর্ধবছরে ২০১২-১৩ সরকার জিডিপি প্রবৃদ্ধির লক্ষ্যমাত্রা নির্ধারণ করে ৭.২%।

কৃষি/শিল্প/সেবা খাত:

খাত অনুযায়ী অবদান

বাংলাদেশের অর্থনীতিতে কৃষি খাত একটি উলেখযোগ্য ভূমিকা পালন করে যা এদেশের জিডিপি প্রায় ১৯%। ২০১১-১২ সালে কৃষিখাতে প্রবৃদ্ধির হার প্রায় ২.৫৩%, অথচ আগের বছরেই প্রবৃদ্ধির হার ছিল ৫.১৩%। ভূর্ভুক, সময় মতো বীজ সরবরাহ, ঋণের সহজলভ্যতা আর সার বিতরণের মতো সরকারি সহায়তার সাথে সাথে সহায়ক আবহাওয়াও এই প্রবৃদ্ধিতে ব্যাপক ভূমিকা পালন করেছিল। ২০১১-১২ সালে শিল্পখাতের প্রবৃদ্ধি নাটকীয়ভাবে বেড়ে ৯.৪৭%-এ পৌঁছায় যা ২০১০-১১ সালে ৮.২% ছিল। শিল্পখাতের এই নাটকীয় প্রবৃদ্ধির প্রভাবে রপ্তানি প্রবৃদ্ধি দাঁড়ায় ৫.৯% যা আমরা ২০১১-১২ সালে অর্জন করি। সেবাখাত আমাদের জিডিপিতে সবচেয়ে বেশি অবদান রাখে যার পরিমাণ ৪৪%। ২০১১-১২ সালে সেবাখাতের প্রবৃদ্ধির হার ছিল ৬.০৬%, যা ২০০৯-১০ সালে ছিল ৬.২২%। ২০১১-১২ সালে মোটের উপর অর্থনৈতিক প্রবৃদ্ধি ছিল ৬.৩২%। ২০১২-১৩ সালের বাজেটে প্রবৃদ্ধির লক্ষ্যমাত্রা নির্ধারিত হয়েছিল ৭.২%।

সংক্ষেপে জাতীয় বাজেট

তথ্যসূত্র : অর্থ মন্ত্রণালয়

১,৬৩,০০০ কোটি টাকার বাজেট - যা বাংলাদেশের ইতিহাসে বৃহত্তম, তার উপর নির্ভর করে এবার মোট আয় নির্ধারণ করা হয়েছে ১৩৯৬ বিলিয়ন টাকা। ২০১৩ অর্ধ বছরের জাতীয় বাজেটে মোট ১৯১,৭৩৮ কোটি টাকা ব্যয়ের হিসেব করা হয়েছে যা ২০১২ অর্ধবছরে ব্যয়কৃত ৩০,৫২৫ কোটি টাকা বা ১৮.৯% বেশি। জিডিপি'র অংশ হিসেবে সরকারি ব্যয় এর লক্ষ্য জিডিপি'র ১৮.৪%, যা ২০১২ অর্ধবছরের চেয়ে ০.৮% বেশি (সংশোধিত বাজেটের ১৭.৬%)। ২১.৬% উন্নয়ন-লক্ষ্য নির্ধারণ করার ফলে ব্যয়ের তুলনায় এবছর আয়ের পরিমাণ বেশি হবে বলে আশা করা যাচ্ছে। একই সময়, উন্নয়ন ব্যয় (৮.৪%) রাজস্ব ব্যয়ের তুলনায় বেশি হবে (৩১.৭%) বলে আশা করা হচ্ছে। প্রস্তাবিত উন্নয়ন বাজেটে যা এডিপিতে ৫৫,০০০ কোটি টাকা, মোট সরকারি

ব্যয় সংশোধিত বাজেটের এর ২৮.৭% - এর সমতুল্য; যা ২০১২ এর জন্য সংশোধিত বাজেট এর ২৫.৫%।

বহিঃ খাত : স্থিতিশীল ব্যালেন্স অফ পেমেণ্ট

২০১২ অর্ধবছরের প্রথম দশ মাস ইউএস ডলার চাপের মধ্যে ছিল। ইউএস ডলারসাম্য ১০৬ লক্ষ ইউএস ডলার ঋণাত্মক ছিল। তবে ২০১২ সালের শেষ দুই মাস আমদানি ব্যয় নিয়ন্ত্রিত করার কারণে ইউএস ডলার পরিস্থিতির কিছু ইতিবাচক অবস্থার সৃষ্টি হয়েছে। একই সময়ে বর্ধিত রেমিটেন্স প্রবাহের মাধ্যমে (২০১২ অর্ধবছরে ২২.৪%) ব্যালেন্স অফ পেমেণ্ট আরও স্থিতিশীল হয়। এই সময়কালে বিদেশি সাহায্যের পরিমাণ তুলনামূলকভাবে কম ছিল, যা উন্নয়ন ব্যয়ে পরিলক্ষিত হয়। এই সময় ব্যালেন্স অফ পেমেণ্টে এই রপ্তানী গুরুত্বপূর্ণ ভূমিকা পালন করে, তবে ২০১১ অর্ধবছরের তুলনায় রপ্তানী আয় বেড়েছে মাত্র ১.৩%। তৈরি পোষাক শিল্পের আশানুরূপ ভূমিকা না থাকাটা অনেকটাই দায়ী। রপ্তানী আয় কম হবার অন্যতম আরেকটি কারণ আন্তর্জাতিক বাজারে তুলার মূল্য কমে যাওয়া। পূর্ববর্তী অর্ধবছরের তুলনায় এর মূল্য ৪৪.৭% কমেছে।

অন্যদিকে ২০১২ অর্ধবছরের প্রথম দশ মাসে আমদানী কমেই। তবে শেষ দুই মাসে আমদানী ব্যবস্থাকে নিয়ন্ত্রনে নিয়ে আসা হয়। ২০১২ অর্ধবছরের জুন-জুলাই মাসে পেট্রোলিয়ামজাত পণ্যের দাম হঠাৎ করেই ৩৯.১% বেড়ে যাওয়ায় এই অবস্থার সৃষ্টি হয়, যদিও বছরের শেষে এই মূল্য ১৯.৫% নেমে আসে।

২০১২ সালে রেমিটেন্স প্রবাহ ছিল বাংলাদেশের জন্য স্বস্তির একটি বিরাট কারণ। রেমিটেন্স এর পরিমাণ ধারাবাহিকভাবে সারা বছর জুড়ে বেড়েছে। তবে বছরের শেষে বর্ধিত রেমিটেন্স এবং আমদানীর পরিমাণ কমে যাওয়াতে ডিসেম্বর ২০১২-তে আমাদের আন্তর্জাতিক মুদ্রার সঞ্চিতির পরিমাণ ছিল ১২,৭৫০.৬০ ইউএস ডলার। মধ্যপ্রাচ্যে জনশক্তি রপ্তানীর হার কমে যাওয়া এবং লিবিয়ায় রাজনৈতিক অস্থিরতার পরও বাংলাদেশের এই অব্যাহত উন্নয়নের ধারা আমাদের অর্থনৈতিক স্থিতিশীলতাই প্রমাণ করে। মালয়েশিয়া এবং হংকং এর বর্তমান জনশক্তি পাঠানোর সুযোগ সৃষ্টি হওয়াতে আমরা রেমিটেন্স এর মাধ্যমে প্রাপ্ত আয়ের পরিমাণ স্থিতিশীল থাকবে বলে আশা করা যায়।

মুদ্রাস্ফীতি

২০১২ জুড়ে মুদ্রাস্ফীতি কমে থাকে। পয়েন্ট টু পয়েন্ট মুদ্রাস্ফীতি ১০.৬৩ থেকে ৭.৬৯ এ নেমে আসে। খাদ্য খাতে মুদ্রাস্ফীতির হার ২০১২ এর ডিসেম্বরে ১০.৪ থেকে ৭.৩৩ তে নেমে আসে। অন্যান্য খাতে মুদ্রাস্ফীতির হার ডিসেম্বর'১১-এর তুলনায় ডিসেম্বর ২০১২ সালে ১১.৯৮ থেকে ৮.৪৩ এ নেমে আসে। এই একটি মাত্র খাতে আমাদের অর্থনীতি অস্থিতিশীলতা লক্ষ্য করা যায়। পাশাপাশি বোরো ধানের বাম্পার ফলন এবং খাদ্যবস্তুর মূল্য কমে যাওয়াতে খাদ্য খাতে মুদ্রাস্ফীতির পরিমাণ ছিল কম। তবে ২০১২ সালে জ্বালানী তেলের দাম ধারাবাহিকভাবে বেড়ে যাওয়ায় অন্যান্য খাতে মুদ্রাস্ফীতির হার তুলনামূলকভাবে বেশি ছিল। জ্বালানী খাতে সরকারি সাহায্যের পরিমাণ কমাতে সরকার বেশ কয়েকবার জ্বালানী তেলের দাম বাড়ায়। এই কারণেই খাদ্য ব্যতীত অন্যান্য খাতে মুদ্রাস্ফীতির হার বেশি ছিল। খাদ্য খাতে মুদ্রাস্ফীতি কমে যাওয়াতে এবং অন্যান্য খাতে তা উদ্ধমুখী থাকায় মোট মুদ্রাস্ফীতি গত ২ মেমাসের তুলনায় ২.০ পয়েন্ট কমে যায়। পরিবহন ভাড়া বৃদ্ধি, জ্বালানী ও বিদ্যুতের মূল্য বৃদ্ধিই অন্যান্য খাতে মুদ্রাস্ফীতি বৃদ্ধির জন্য ৭৬% দায়ী।

ভিত্তি বছর ২০০৫-২০০৬ এর তুলনায়, ডিসেম্বর ২০১২ তে পয়েন্ট টু পয়েন্ট মুদ্রাস্ফীতি নভেম্বরে ৬.৫৫ এর তুলনায় ৭.১৪ এ এসে দাঁড়ায়। একই সময়ে খাদ্য খাতে মুদ্রাস্ফীতির পরিমাণ ৩.৯৪% থেকে বেড়ে দাঁড়ায় ৫.২৮%-এ। অন্যান্য খাতে এই পরিমাণ এই সময়ে

১০.৬৮% থেকে নেমে আসে ১০.০৩% এ।

২০১৩ সালের শুরুতে সরকার আবারও জ্বালানীর মূল্য বৃদ্ধির ঘোষণা দেয়। ডিজেলের মূল্য বৃদ্ধি হবার ফলে এবার কৃষিজীবীরা সমস্যার সম্মুখীন হবেন। সরকারীভাবে প্রাপ্ত তথ্যমতে সামনের মাসে সরকার জ্বালানীর মূল্যবৃদ্ধির ঘোষণা দিতে পারে যা খাদ্য ব্যতীত অন্যান্য সকল ক্ষেত্রের মুদ্রাস্ফীতির হারে প্রভাব ফেলবে। সুতরাং মোট মূল্যস্ফীতির পরিমাণ অনেকটা বেড়ে যাবে এবং তা সামাল দিতে সরকারকে চাপের মধ্যে পড়তে হতে পারে।

বিদ্যুৎ এর মূল্য

গত বছর বিদ্যুতের মূল্য অনেকটাই বেড়ে যায়। জ্বালানী ও বিদ্যুৎ খাতে সরকারী সাহায্যের পরিমাণ কমাতে সরকার বড় পরিসরে ক্রেতার ক্ষেত্রে মূল্য প্রায় ৫০% বাড়িয়ে দেয়। এর ফলে সাধারণ ব্যবহারকারীদের প্রদেয় বিলের পরিমাণ বেড়ে দাঁড়ায় ৫০% এরও বেশি। জানুয়ারি ২০১৩ এ জ্বালানী খাতে মূল্য বৃদ্ধির কথা বিবেচনা করে আমরা পরবর্তীতে আরও মূল্যবৃদ্ধির আশংকা করতে পারি।

বিনিময় হার

এ বছর ইউএস ডলারের হিসাবে আমাদের বৈদেশিক মুদ্রার বিনিময় হার স্থিতিশীল ছিল। আমদানী নিয়ন্ত্রিত হওয়াতে এবং রেমিটেন্স এর পরিমাণ বেড়ে যাওয়াতে কেন্দ্রীয় ব্যাংক মুদ্রা বাজারকে মোটামুটি স্থিতিশীল রাখতে পেরেছে। বছরের শেষ তিন মাসে বৈদেশিক সাহায্যের ক্ষেত্রেও সরকার সুবিধাজনক অবস্থায় ছিল। এ সকল কারণে ইউএস ডলারের বিপরীতে বাংলাদেশী টাকার মূল্য বৃদ্ধি পায়। সরকারী হস্তক্ষেপের কারণে এই ধারা অব্যাহত থাকে। যতক্ষণ পর্যন্ত রেমিটেন্স এর পরিমাণ ঠিক থাকবে এবং রপ্তানী আয় এর ক্ষেত্রে স্থিতিশীল থাকবে ২০১৩ সালে আমাদের মুদ্রা বিনিময় হার অপরিবর্তিত থাকবে বলে আশা করা যায়।

মুদ্রানীতি

২০১১-১২ এর দ্বিতীয়ার্ধে (জানুয়ারি-জুন ২০১২) এবং ২০১২-১৩ এর প্রথমার্ধে (জুলাই-ডিসেম্বর ২০১২) মুদ্রাস্ফীতি রোধ করতে সরকার অলাভজনক ক্ষেত্রগুলোতে অর্থ ব্যয়ের পরিমাণ কমিয়ে দেয়। অর্থের জোগান

নভেম্বর ২০১১ এর ১৭.৭০% বৃদ্ধি, টাকার অংকে যা ৬৯.৮৭০ কোটি টাকা, তার তুলনায় নভেম্বর ২০১২ তে প্রবৃদ্ধির পরিমাণ ছিল ১৮.৫৬% বা ৮৬.২২৯ কোটি টাকা। মোট অভ্যন্তরীণ উৎস হইতে প্রাপ্ত অর্থের মাধ্যমে প্রকৃত অভ্যন্তরীণ সম্পদের পরিমাণ বেড়েছে ৫৪.১৭৯.৬০ কোটি টাকা অথবা ১৩.৪৭%। অন্যদিকে প্রকৃত সম্পদের পরিমাণ বেড়েছে ৩২.০৪৯.৯০ কোটি টাকা, বা ৫১.৩৫%। প্রকৃত বৈদেশিক সম্পদের বৃদ্ধির ফলে বহিঃস্থাত সমূহে তারল্য অবস্থানের ক্ষেত্রেও প্রবৃদ্ধি বয়ে আনে। ২০১৩ অর্থবছরের জুলাই-নভেম্বর মাসে পূর্ববর্তী বছরের ৫.৪৫% বৃদ্ধির তুলনায় এবারের পরিমাণ ছিল ৬.৫১%।

অভ্যন্তরীণ ঋণ প্রবাহ

নভেম্বর ২০১২ সালের হিসেবে অভ্যন্তরীণ ঋণ বৃদ্ধির পরিমাণ ছিল ১৪.৯৪%। গত বছর একই সময়ে এই পরিমাণ ছিল ২৫.৯৪%। নভেম্বরের শেষে অভ্যন্তরীণ ঋণ এর বৃদ্ধির কারণ হিসেবে ব্যক্তি খাতে ঋণের ১৭.৪১% বৃদ্ধি এবং সরকারি খাতে ঋণের ৬.৮৬% বৃদ্ধির কথা উল্লেখ করা যেতে পারে।

২০১৩ অর্থবছরের জুলাই-নভেম্বর মাসে অভ্যন্তরীণ ঋণ প্রবাহের বৃদ্ধি

ছিল ৪.৭৯%, যা পূর্ববর্তী অর্থবছরের ৮.৯৯% প্রবৃদ্ধির তুলনায় কম। এই সময়ে ব্যক্তি খাতে ঋণ প্রবাহের পরিমাণ ছিল ৪.১৫% যা পূর্ববর্তী অর্থবছরের ৬.২০% চাইতে কম।

ব্যাংক এর গড় সুদের হার

সূত্র: বাংলাদেশ ব্যাংক

বাংলাদেশ ব্যাংক এর অর্থ সংরক্ষণ করার প্রবণতার কারণে অন্যান্য ব্যাংকসমূহের ডিপোজিট সংগ্রহের হার ছিল অনেক কম। এই অবস্থার প্রেক্ষিতে বাণিজ্যিক ব্যাংকগুলো সর্বক্ষেত্রেই সুদের হার বাড়িয়ে দেয় এবং বছর জুড়ে গড় সুদের হার এর ব্যাপ্তি ছিল ৫.৫০%। বাংলাদেশ ব্যাংক এর অব্যাহত চাপ প্রয়োগের পরও বাণিজ্যিক ব্যাংকগুলো এই হার ৫.০০% এ নামিয়ে আনতে ব্যর্থ হয়। বেশিরভাগ ব্যাংকগুলোই সিডিআর নিয়ন্ত্রনে রাখতে ঋণের পরিমাণ কমিয়ে জমার পরিমাণ বাড়িয়ে দেয়। মুদ্রানীতিতে বাংলাদেশ ব্যাংক বাণিজ্যিক ব্যাংকগুলোকে লাভজনক ব্যবসায় বিনিয়োগ এর পরিমাণ বাড়িয়ে দিতে নির্দেশ দেয়। এর ফলে ঋণ প্রদানের ক্ষেত্রেও বাণিজ্যিক ব্যাংকগুলো যথাযথ ভূমিকা পালনে ব্যর্থ হয়। উপরন্তু ব্যাংকগুলো অর্থনৈতিক মন্দার কারণে অনাদায়ী ঋণের ব্যাপারেও আশঙ্কায় থাকে। বাংলাদেশ ব্যাংক থেকে প্রাপ্ত তথ্য অনুযায়ী বাণিজ্যিক ব্যাংকগুলো স্থায়ী আমানতের উপর ১২.৫০% এবং সঞ্চয়ী আমানতের উপর ১১.০০% পর্যন্ত সর্বোচ্চ সুদের সীমা নির্ধারণ করে দেয়। অপরদিকে বড় ও মাঝারি শিল্পে মেয়াদী ঋণে সুদের হার ১১.৫০% থেকে ১৭.৫০% এবং ক্ষুদ্র শিল্পে সুদের হার নির্ধারণ করে ১২.৫০% থেকে ২৪.০% পর্যন্ত। কৃষি ঋণ এর ক্ষেত্রে ১৩%, ট্রেড ফাইন্যান্সিং এর ক্ষেত্রে ১৯.৫০%, হাউজিং লোন এ ২০.৫০%, কনসুমার ক্রেডিট এ ২১.৫০%, এবং এনবিএফআই এর ক্ষেত্রে ২০.৫০% সুদের হার কার্যকর করা হয়। বড় ও মাঝারি শিল্পে চলতি মূলধনী ঋণে সুদের হার ১২.৫০% থেকে ১৮.০০% এবং ক্ষুদ্র ব্যবসার ক্ষেত্রে চলতি মূলধনী ঋণে সুদের হার ১২.৫০% থেকে ১৯% পর্যন্ত নির্ধারিত হয়।

রিপো, সঞ্চিতি এবং মুদ্রাবাজার

৮ জানুয়ারি ২০১২ তে ৫০ বেসিস পয়েন্ট উন্নীত হওয়াতে রিপো এবং সঞ্চয়ী রিপো হার ৭.৭৫% এবং ৫.৭৫% এ অপরিবর্তিত থাকে। কেন্দ্রীয় ব্যাংক এর সহায়তায় বাণিজ্যিক ব্যাংকগুলোতে মুদ্রাবাজারে সুদের হার স্থিতিশীল অবস্থায় থাকে। মুদ্রাবাজারে সরকারী ব্যাংকসমূহ এবং এনবিএফআই-রা কল মানি মার্কেট থেকে মূলত টাকা ধার করে। ২০১১ সালের ৯.৪৮৪.২৮ বিলিয়ন টাকার পরিবর্তে দেশীয় ব্যাংকসমূহ এবং এনবিএফআই-রা মোট ৩,৪৯৭.৯৫ বিলিয়ন টাকার লেনদেন সম্পন্ন করে।

বৈদেশিক মুদ্রার তহবিল সঞ্চিতি

আন্তর্জাতিক মুদ্রানীতি অনুযায়ী যে কোন সময়ে বৈদেশিক মুদ্রার সঞ্চিতি কমপক্ষে তিন মাসের আমদানী বিলের সমপরিমাণ হতে হয়। ২০১২ সালের নভেম্বরে বাংলাদেশের বৈদেশিক মুদ্রার সঞ্চিতি ছিল ১১,৭৫৩.৯৬ মিলিয়ন ইউএস ডলার এবং ডিসেম্বরে বাংলাদেশের ইতিহাসে সর্বোচ্চ ১২,৭৫০.৫৮ মিলিয়ন ইউএস ডলারে উন্নীত হয়। যা আকু দায় ব্যতীত বৈদেশিক মুদ্রার সঞ্চিতি আমদানী খাতের ৪.২৩ গুণ ব্যয় করতে সক্ষম। গত ১২ মাসের হিসাব অনুযায়ী (ডিসেম্বর ২০১১-নভেম্বর ২০১২) জাতীয় আমদানী বিল ছিল মাসিক ২,৮৭৪.০৩ মিলিয়ন ইউএস ডলার। অক্টোবর ২০১২ তে আমদানী ব্যালেন্স ছিল ২,৬৩৯.৩ মিলিয়ন ইউএস ডলার, নভেম্বরে তা ছিল ২,৯০৮.৫ মিলিয়ন ইউএস ডলার। অক্টোবর ২০১২ এর তুলনায় তা ১০.২০% বেশি হলেও নভেম্বর ২০১১ এর তুলনায় তা ছিল ৭.৪১% কম। গত অর্থবছরের তুলনায় আমদানীর পরিমাণ উলেখজনকভাবে কম বলে পরিলক্ষিত হচ্ছে। গত অর্থবছরের তুলনায় জুলাই-নভেম্বর ২০১২ তে আমদানী খাতে খরচের পরিমাণ ছিল ৬.৯০% কম। মোট আমদানীর

হিসাব অনুযায়ী ইপিজেড এর মাধ্যমে আমদানীর পরিমাণ ১২,৭২৬.১০ ইউএস ডলার, ঋণ বা অনুদানের ভিত্তিতে আমদানী হয়েছে ২০.৭০ মিলিয়ন ইউএস ডলার। ২০১২ জুলাই-নভেম্বরে সরাসরি বিনিয়োগের ক্ষেত্রে আমদানীর পরিমাণ ৪৮.৮০ মিলিয়ন ডলার এবং বিপিসি এর মাধ্যমে স্বল্পমেয়াদী ঋণে আমদানীর পরিমাণ ১,০৮৫.৫০ মিলিয়ন ইউএস ডলার। গত বছরের একই সময়ের তুলনায় ২০১২ সালের জুলাই-নভেম্বরে কমেছে ৯.৬৫% অথবা ১৪,২০০.১৬ মিলিয়ন ইউএস ডলার। এলসি খোলার ক্ষেত্রে এই নিম্নমুখী প্রবণতা অদূর ভবিষ্যতে আমদানী ব্যয়কে উলেখজনকভাবে বৃদ্ধি করবে বলে মনে হয় না।

২০১২ সালে পুঁজি বাজার

২০১২ সালের পুঁজি বাজারের ধারাবাহিক পতন অপরিবর্তিত রয়ে গেছে। ধারণা করা যায়, অর্থ লগ্নিকারীদের ঝুঁকি গ্রহণ না করার প্রবণতাই এর মূল কারণ। ডিজিইএন ২০১২ সালের প্রথম দিনে ৫,৩৫১.৭৫ পয়েন্ট দিয়ে কার্যক্রম শুরু করলেও পুরো বছরে তা ১১৩২ পয়েন্ট হারায়। বছরটি শেষ হয় ৪,২১৯.৩১ পয়েন্ট দিয়ে। ২০১২ সালে বিশ্বের শেয়ার বাজার সমূহের মধ্যে ঢাকার পুঁজি বাজার ছিল সবচেয়ে খারাপ অবস্থানে।

ব্যাংক, আর্থিক প্রতিষ্ঠানসহ কর্পোরেট হাউজগুলোর ঋণ আয়ের ঘোষণা, তারল্য সংকট এবং মুদ্রাস্ফীতি ব্যবসায়ীদের শেয়ার বাজার থেকে দূরে সরিয়ে রাখে। উপরন্তু বেশিরভাগ ব্রোকারেজ হাউজগুলো তাদের মূলধন হারায়, যার ফলে এসব প্রতিষ্ঠানগুলো মার্জিন ঋণ প্রদান করাও বন্ধ করে দেয়। এর ফলস্বরূপ মোট লেনদেনের পরিমাণ অনেকটাই কমে যায় এবং শেয়ার বাজারগুলোতে নেতিবাচক প্রভাব পরিলক্ষিত হয়। ২০১১ সালে মোট লেনদেনের পরিমাণ ছিল ৬.৬৪ বিলিয়ন ইউএস ডলার, ২০১২ তে এসে তা দাঁড়ায় মাত্র ৪.২১ বিলিয়ন ইউএস ডলার।

বাজারে তারল্যের পরিমাপ - শেয়ার টার্নওভার ডেলোসিটি রেশিও বাজারের দুর্বলতার কথা স্মরণ করিয়ে দেয়। ২০১১ সালে এই রেশিও ছিল ৫৬% এবং ২০১২ তে তা নেমে আসে ৪০.১৯% এ, যেখানে ২০১০ সালে এই রেশিও ছিল সর্বোচ্চ ১৪০.৮৭%।

গত বছর বাংলাদেশের পুঁজি বাজারে লেনদেনের ক্ষেত্রে মূল ভূমিকা রেখেছিল আর্থিক খাত। এবার ম্যানুফ্যাকচারিং শিল্পে পুঁজি বাজারের মূল চালিকাশক্তি। ২০১২ সালে এই খাতের অবদান ছিল ৩৪.২৯%, আর আর্থিক খাতের ভূমিকা ছিল ৩৩.৪৩%।

সেকেন্ডারি মার্কেটের দূরবস্থার পরও প্রাইমারি মার্কেটের অবস্থান ছিল অনেকটাই দৃঢ়। ২০১১ সালে ১৪ প্রতিষ্ঠানের আইপিও'র মোট মূল্য ছিল ১৯.৯১ বিলিয়ন ইউএস ডলার। ২০১২ তে এসে ১৭টি প্রতিষ্ঠান ১২.০৮ বিলিয়ন ইউএস ডলার আইপিও অবমুক্ত করে।

২০১৩ সালে বাংলাদেশের অর্থনৈতিক লক্ষ্য:

বিশ্বব্যাংক এর সর্বশেষ হিসাব অনুযায়ী ২০১২ তে ইউরোজোন এর প্রবৃদ্ধি ০.৩% হ্রাস পাবে এবং ২০১৩ সালে তা ১.১% বাড়তে পারে। তুলনামূলকভাবে দেখলে ২০১০ ও ২০১১ সালে এই বৃদ্ধির পরিমাণ ছিল যথাক্রমে ১.৭% ও ১.৬%। এর ফলে বাংলাদেশ থেকে ইউরোজোন এর আমদানী অনেকাংশে কমে যাবে। এছাড়াও বাংলাদেশ তৈরি পোষাক শিল্প ছাড়া অন্যান্য শিল্পে আন্তর্জাতিক বাজার হারাতে এবং রেমিটেন্স থেকে প্রাপ্ত আয়ের পরিমাণও কমে যাবে বলে আশংকা করা যায়। ২০১২ সালে রপ্তানী আয় ৯% কমে যায়। বাংলাদেশকে জিএসপি সুবিধা প্রদান করার ব্যাপারে আমেরিকান কংগ্রেস এর পুনঃগৃহীত সিদ্ধান্ত ২০১৩ সালে আমেরিকা এবং ইউরোপিয়ান ইউনিয়নে বাংলাদেশের রপ্তানীকেও হুমকির মুখে ফেলতে পারে। আগামী বছর তৈরি পোষাক শিল্পে ৪% প্রবৃদ্ধি এবং আমদানীকৃত

যন্ত্রপাতির সংখ্যা আরও কমে যাবার ফলে এই শিল্প ২০১৩ সালে আরও বড় সমস্যার সম্মুখীন হতে পারে। বাংলাদেশ ব্যাংক আমদানী ক্ষেত্রে খরচের উপর নজরদারি বাড়াবে এবং রেমিটেন্স হতে প্রাপ্ত আয়কে আরও দৃঢ়ভাবে নিয়ন্ত্রণ করবে বলে ২০১৩ অর্থবছরে বৈদেশিক মুদ্রার সঞ্চিতি বাড়বে বলে আশা করা যায়। সুতরাং ব্যালেন্স অফ পেমেণ্ট এবং মুদ্রা বিনিময় হার আশঙ্কাজনক কোন ঝুঁকির মুখে পরবে না বলেই আশা করা যায়।

সরকার ইতিমধ্যেই ২০১২-১৩ অর্থবছরকে কেন্দ্র করে বিশদ পরিকল্পনা হাতে নিয়েছে। সুতরাং সরকারি সাহায্য এবং বাজার চাহিদা বেশি থাকবে। আর্থিক শিল্প খাতে নিয়োজিত প্রতিষ্ঠানগুলোর ব্যবসায়িক মন্দার কারণে এক্ষেত্রে কর আদায়ের হার কমে যেতে পারে। জাতীয় রাজস্ব বোর্ডের জন্য এই বছরের টার্গেট অর্জন করা দুঃসাধ্য হবে বলেই আমাদের ধারণা। আন্তর্জাতিক সাহায্যের পরিমাণ কমে যাবে বলে সরকার সম্ভবত ব্যাংকগুলোর কাছ থেকে অর্থ সাহায্য গ্রহণ করতে বাধ্য হবে।

কেন্দ্রীয় ব্যাংক প্রবৃদ্ধির হারকে নিয়ন্ত্রণে রাখতে ২০১১ সাল থেকে কিছুটা রক্ষণশীল অর্থনৈতিক সিদ্ধান্ত গ্রহণ করে আসছে। যদিও ইতিমধ্যেই এর সুফল লক্ষ্য করা যাচ্ছে, সমস্যার এখানেই শেষ নয়। জ্বালানী ও বিদ্যুতের খরচ উর্ধ্বমুখী হওয়ায় ইতিমধ্যেই খাদ্য ব্যতীত অন্যান্য শিল্পে গত ২ মাস ধরে মুদ্রাস্ফীতি লক্ষ্য করা যাচ্ছে এবং তা আরও কয়েক গুণ বৃদ্ধি পেতে পারে। জ্বালানী খরচ বৃদ্ধির ফলে খাদ্যপণ্যের দাম বাড়তে পারে এবং জানুয়ারি ২০১৩ সালে অনুষ্ঠিতব্য এমপিএস-এ বাংলাদেশ ব্যাংক কোন প্রকার ছাড় দেবেনা বলেই ধরে নেয়া যায়।

২০১৩ - শিল্প ও সম্ভাবনা

অর্থনৈতিক মন্দার কারণে এনবিএফআই এবং সম্পৃক্ত অন্যান্য বেশ কিছু শিল্প সমস্যার সম্মুখীন হয়েছে। এর পেছনে কাজ করছে ব্যাংক থেকে সরকারের ধার করা অর্থ, উচ্চ সুদের হার, বিদেশী বিনিয়োগের খাতে মন্দা, বিদ্যুৎ ও জ্বালানীর অপ্রতুলতা এবং শেয়ার বাজারের ব্যর্থতা।

আমাদের ধারণা অর্থনৈতিক এই মন্দাভাব ২০১৩ সালেও অব্যাহত থাকবে। অর্থ নিয়ন্ত্রক সংস্থাগুলো আরও কঠোরভাবে টাকার লেনদেন নিয়ন্ত্রণ করবে। অন্যভাবে বলতে গেলে ২০১২-২০১৩ অর্থবছরে আমদানী কমে, কারণ রপ্তানী খাতে মন্দা দেখা দেবে বলে ধারণা করা যাচ্ছে। রেমিটেন্স এর মাধ্যমে প্রাপ্ত আয়ের ব্যাপারে আমরা আশাবাদি এবং অর্থবছরের দ্বিতীয়ার্ধে রেমিটেন্স এর পরিমাণ আরও বাড়বে বলে আশা করা যাচ্ছে। মধ্যপ্রাচ্যের সমস্যা মিটে যাবার সাথে সাথেই বাংলাদেশ থেকে আরও মানবসম্পদ ঐ এলাকায় কর্মসংস্থানের জন্য যাওয়ার সুযোগ পাবে। উচ্চ হারের সুদ এবং কঠোর মুদ্রানীতির কারণে ব্যবসা ক্ষেত্রে প্রবল মন্দাভাব দেখা দিতে পারে। এই সব কিছুই ফলস্বরূপ নিত্যপ্রয়োজনীয় জিনিসপত্রের দাম বাড়বে এবং এসব কথা মাথায় রেখেই আমাদের ভবিষ্যত ব্যবসায়িক পরিকল্পনা নির্ধারণ করা হয়েছে যেন আমাদের প্রদত্ত সেবার ক্ষেত্রে কোন হেরফের না হয়।

মূল ব্যবসায়িক কর্মকাণ্ড

এ বছর প্রতিষ্ঠানের মূল কর্মকাণ্ডের মধ্যে ছিল লিজ ফাইন্যান্স, টার্ম ফাইন্যান্স, মর্টগেজ ফাইন্যান্সিং, ক্রেডিট কার্ড অপারেশন, এসএমই, অটো লোন, ফ্যাক্টরিং, ব্রোকারেজ সেবা, মার্চেন্ট ব্যাংক ও গ্র্যান্ডস্ট্র ম্যানেজমেন্ট সার্ভিস। এ বছর আমাদের প্রতিষ্ঠানে তেমন কোন বৃহৎ পরিবর্তন বা নীতিমালায় কোনপ্রকার পরিমার্জন হয়নি।

কর্পোরেট গভার্নেন্স / প্রাতিষ্ঠানিক নিয়মকানুন

প্রতিষ্ঠানের ব্যবস্থাপনার ক্ষেত্রে পরিচালকগণ সর্বোচ্চ মনযোগ প্রদান করেছেন একটি সুনিয়ন্ত্রিত এবং পরীক্ষিত পদ্ধতির মাধ্যমে প্রতিষ্ঠানকে পরিচালিত করতে। এছাড়াও নিয়মিতভাবে আমাদের ব্যবসায়িক কর্মকাণ্ডকে ত্বরান্বিত করতে এবং ঝুঁকিমুক্ত রাখতে আমরা নিয়মিতভাবে নানান কৌশল এবং নিয়মকানুন এর প্রবর্তন করে থাকি।

ঝুঁকি এবং অভ্যন্তরীণ নিয়ন্ত্রণ

আমাদের বোর্ডের সদস্যদের মতে, যে কোন অর্থনৈতিক ও ব্যবসায়িক ঝুঁকি এড়াতে সবসময় আমাদের সম্পূর্ণভাবে প্রস্তুত থাকতে হবে। প্রতিষ্ঠানের পরিচালকরাই আমাদের প্রতিষ্ঠানের সফলতার পেছনে মূল চালিকাশক্তি হিসেবে কাজ করেন। যে কোন ঝুঁকির সম্মুখীন হবার আগেই যেন তা সম্পর্কে আগে থেকে জানা যায় এবং তা প্রতিরোধ করা যায় সেজন্য আমাদের রয়েছে নিজস্ব কিছু কৌশল। এই অভ্যন্তরীণ ঝুঁকি ব্যবস্থাপনা পদ্ধতিতে আমাদের বোর্ড সম্ভ্রষ্ট এবং তারা আমাদের এ বছরের আর্থিক বিবরণ সম্পর্কে সম্পূর্ণ অবগত।

অর্থনৈতিক ঝুঁকি ব্যবস্থাপনা

প্রতিষ্ঠানের ব্যবস্থাপনা পরিষদের উপরই সম্পূর্ণভাবে এই দায়িত্ব অর্পিত। নিম্নোক্ত বিষয়গুলোর মাধ্যমে কোম্পানী যে কোন সময় ঝুঁকির বা সফটের মুখে পড়তে পারে। যেমন: ক্রেডিট সংকট, তারল্য সংকট, বাজার সংকট।

এসব ক্ষেত্রে কোম্পানী কোন অবস্থায় কি কৌশল গ্রহণ করবে তার বিবরণ আলাদা একটি নোট এর মাধ্যমে প্রকাশ করা হয়েছে।

২০১২ সালের অর্থনৈতিক পর্যালোচনা

তারল্য সফট এবং অর্থনৈতিক মন্দার কারণে ২০১২ সাল জুড়ে আমরা নানান সমস্যার সম্মুখীন হয়েছি। তার পরও লংকাবাংলা ব্যবসার নানান ক্ষেত্রকে সম্প্রসারিত ও উন্নীত করেছে। তবে সব ধরনের সমস্যার মাঝে থেকেও আমরা আমাদের সব বাধাকে অতিক্রম করে এগিয়ে যাবার চেষ্টা করেছি। অর্থনৈতিক মন্দা সত্ত্বেও ২০১১ সালে প্রদত্ত ঋণের পরিমাণ ৪৪৪৩.৭০ মিলিয়ন টাকা, এর বিপরীতে ২০১২-তে অংকটা বেড়ে দাঁড়িয়েছে ৬৩৬৯.৭৯ মিলিয়ন টাকা। পাশাপাশি আমানত সংগ্রহের ক্ষেত্রে আমরা আমাদের আসনকে মজবুত কাঠামোর উপর প্রতিষ্ঠা করতে সক্ষম হয়েছি।

২০১২ সালে কোম্পানির করপূর্ব লভ্যাংশ হয়েছে ৫১০.৩১ মিলিয়ন টাকা, ২০১১ সাল থেকে ৬০.৮৭ শতাংশ কম। অন্যদিকে কর-পরবর্তী লভ্যাংশ ২০১১-এর ৩২৬.৩০ মিলিয়ন টাকা।

২০১২ ছিল প্রবৃদ্ধি ও সমৃদ্ধির পথে চ্যালেঞ্জিং একটি বছর। আর্থিক বাজারের সামগ্রিক পরিস্থিতি, কোম্পানির বর্তমান আর্থিক সক্ষমতা এবং ভবিষ্যত বিনিয়োগ সম্ভাবনা বিবেচনায় নিয়ে পরিচালনা পর্ষদ ২০১২ সালের জন্য ১০ শতাংশ বোনাস শেয়ার সুপারিশ করেছে।

২০১২ সালের আর্থিক প্রতিবেদন প্রকাশ করতে পেরে পরিচালকবৃন্দ আনন্দিত এবং তারার নিম্নলিখিত এ্যাপ্রোপ্রিয়েশনের সুপারিশ করেছেন।

২০১২ সালে কর পরবর্তী মুনাফা	১,২৩৫,৭১৭,৬০১
অবনতিত মুনাফার জের	৪৩৯,২৫২,২৪৫
উপযোজনযোগ্য মুনাফা	১,৬৭৪,৯৬৯,৮৪৬
বাদ : সংবিধিবদ্ধ সঞ্চিতি	২৪৭,১৪৩,৫২০
বাদ : লংকাবাংলা ফাউন্ডেশনের স্থানান্তরিত	১২,৩৫৭,১৭৬
লভ্যাংশ ঘোষণার জন্য অন্তিত মুনাফা	১,৪১৫,৪৬৫,১৫০
বাদ লভ্যাংশ: (১০% বোনাস শেয়ার)	১৮৯,৪০৮,৪৫০
অবনতিত মুনাফা জেরকৃত	১,২২৬,০৬০,৭০০

কর্পোরেট আর্থিক সেবা

বছর জুড়ে অর্থনৈতিক মন্দার মাঝেও আমাদের অগ্রগতি ও ব্যবসায়িক কর্মকাণ্ডে কোন রকম নেতিবাচক প্রভাব পড়েনি। ২০১২ সালে আমাদের প্রদত্ত ঋণের পরিমাণ ছিল ৪,৯৫৯.৮৯ মিলিয়ন ইউএস ডলার, ২০১১ এর তুলনায় যা ১১৩.০৩% বেশি।

২০১১ সালের তুলনায় আমাদের কর্পোরেট পোর্টফোলিও ৪,৫৬০.৬০ মিলিয়ন টাকা থেকে বেড়ে ২০১২ সালে হয়েছে ৬,৬৪৯.৪৬ মিলিয়ন টাকা, অর্থাৎ ৪৫.৮০% বৃদ্ধি পেয়েছে। কর্পোরেট ফাইন্যান্স বিভাগ এই সময়ে নিয়মিতভাবে সব ধরনের কর্পোরেট সেবা প্রদান করেছে।

রিটেইল ফাইন্যান্সিয়াল সেবা

গত ৫ বছরে লংকা বাংলার রিটেইল ফাইন্যান্স বিভাগ ব্যবসার ক্ষেত্রে ৬০.৪৭% উন্নতি করেছে। গত বছর রিটেইল ফাইন্যান্সিয়াল সেবা ২০.৫৬% বৃদ্ধি পায়। অটো লোনের ক্ষেত্রে উন্নয়নের মাত্রাটি ছিল ৫১.৯০%। তবে আবাসন শিল্পে মন্দাভাব পরিলক্ষিত হওয়ায় আমরা হোম লোন প্রদান করার ব্যাপারে সাবধানতা অবলম্বন করেছি। রিটেইল খাতে ২০১২ সালে আমরা মোট ১,৩৮৮.১০ মিলিয়ন টাকা প্রদান করেছি।

এসএমই ফাইন্যান্সিয়াল সেবা

বহুবিধ কারণে বাংলাদেশের এসএমই খাতে অর্থাৎ গুরুত্বপূর্ণ। ক্ষুদ্র ও মাঝারি ব্যবসা এবং কৃষি খাতে বিনিয়োগের প্রয়োজনীয়তা বুঝি বলেই আমরা এই ক্ষেত্রগুলোতে বিনিয়োগের ব্যাপারে গ্রাহকদের সর্বাঙ্গিক সেবা প্রদান করে চলেছি।

ট্রেজারি কার্যাবলী

একটি প্রতিষ্ঠানের মূল চালিকাশক্তি হিসেবে তার ট্রেজারি বিভাগ সার্বক্ষণিকভাবে কাজ করে। ২০১০ সালে আর্থিক বাজারে যেই অর্থনৈতিক মন্দাভাব পরিলক্ষিত হচ্ছিল তা ২০১২ এর মাঝামাঝি পর্যন্ত আমাদের মোকাবিলা করতে হয়েছে। বর্তমানে কল মানি রেট ৯ থেকে ১৫% এর মধ্যে রয়েছে এবং আরও কিছুকাল এই অবস্থা চলতে থাকবে বলে আশা করা যাচ্ছে।

আমরা একটি পূর্ণাঙ্গ দায়ব্যবস্থাপনা বিভাগ প্রতিষ্ঠা করেছি, যার মাধ্যমে আমরা আমানত সংগ্রহ করে থাকি। আমাদের ব্যবসায়িক লক্ষ্য ব্যাংক এর উপর থেকে নির্ভরতা কমানো। এই লক্ষ্য মাথায় রেখেই আমরা এগিয়ে চলেছি প্রতিনিয়ত এবং এই খাতে অর্জন করেছি ৩২% ব্যবসায়িক প্রবৃদ্ধি।

মানবসম্পদ

মানবসম্পদই আমাদের প্রতিষ্ঠানের প্রাণ। তাদের যথাযত কাজের সুযোগ প্রদান করা থেকে শুরু করে ভাল কাজের ফলস্বরূপ পুরস্কার প্রদান করার ব্যবস্থা আমাদের প্রতিষ্ঠানে রয়েছে। নিয়োগ প্রদান এবং কার্যপদ্ধতি

আমাদের নিয়োগ পদ্ধতিটিকে এমনভাবে সাজানো হয়েছে যেন যে যার কাজ সঠিকভাবে এবং সঠিক সময়ে করতে পারে।

বেতন-ভাতা

লংকা বাংলায় আমরা প্রতি ২ বছর পরপর বেতন কাঠামো পরিবর্তন করে থাকি যেন আমাদের প্রতিষ্ঠানে যারা কর্মরত আছেন তারা পরিবর্তিত বাজারদর, দ্রব্যমূল্যের উর্দ্ধগতি ইত্যাদি বিষয়ের সাথে মানিয়ে চলতে পারেন।

শারীরিক ও মানসিক সুস্থতা

কর্মকর্তা-কর্মচারীদের মানসিক ও শারীরিক যে কোন প্রকার সমস্যা থেকে দূরে রাখতে আমরা সবসময় সচেষ্ট। এই কারণে আমাদের প্রতিটি কর্মচারীর জন্য রয়েছে জীবনবীমা এবং হসপিটালাইজেশন বীমা সুবিধা।

প্রশিক্ষণ ও শিক্ষা

প্রত্যেক নতুন কর্মকর্তাকে প্রাথমিক প্রশিক্ষণ ও কর্মক্ষেত্রে নতুন নতুন বিষয়ভিত্তিক শিক্ষা এবং জ্ঞান দান করে চাকুরিতে নিয়োগ প্রদান করা হয়।

নারী-পুরুষ বৈষম্য ও ভাতা

লংকা বাংলা কোন প্রকার বিভেদ ও বৈষম্যকে প্রশ্রয় দেয়না। প্রত্যেক কর্মচারী তার কাজ, মেধা ও যোগ্যতার হিসেবে পদ অনুযায়ী বেতন পেয়ে থাকে।

লক্ষ্য এবং কর্মক্ষমতা

লংকা বাংলা দলগত প্রচেষ্টার মাধ্যমে গ্রাহকদের পূর্ণাঙ্গ সেবা প্রদান করার পক্ষপাতি। একসাথে সবাই মিলে আমরা নিরবচ্ছিন্নভাবে সেবা প্রদান করার ব্যাপারে বদ্ধপরিকর।

প্রাতিষ্ঠানিক দায়িত্ববোধ

লংকা বাংলার মানবসম্পদ বিভাগ পরিচালিত হয় ব্যবস্থাপনা পরিচালকের অধীনে। একজন রিলেশনশিপ ম্যানেজার এবং দু'জন রিলেশনশিপ অফিসার প্রতিষ্ঠানে কর্মরত সকল শ্রেণীর কর্মকর্তা-কর্মচারির ভালমন্দ দেখাশোনা করতে সার্বক্ষণিকভাবে সহায়তা প্রদান করে।

কর্মকর্তা প্রশিক্ষণ

আমরা বিশ্বাস করি যে পর্যাপ্ত প্রশিক্ষণের মাধ্যমেই গড়ে তোলা সম্ভব আত্মবিশ্বাসী, নির্ভরযোগ্য একটি পেশাগত দল। সেই লক্ষ্যে মানবসম্পদ বিভাগ এর আওতায় আমরা আমাদের প্রতিটি সদস্যের কর্মক্ষমতা ও দক্ষতা উন্নয়নে নিয়মিতভাবে প্রশিক্ষণের আয়োজন করি।

মানবসম্পদ বিভাগের কাজের ধরন এবং মূল দায়িত্ব

সম্প্রতি লংকা বাংলা দেশের মানুষের সেবায় আরও বেশি অবদান রাখতে ৩টি নতুন শাখার উদ্বোধন করেছে।

নিয়োগের ধরন

ব্যবসায়িক সাফল্যের লক্ষ্যে লংকা বাংলা তার ব্যবসার বিভিন্ন শাখায় প্রোডাক্ট মার্কেটিং অফিসার নিয়োগ করেছে। ফুল টাইম কর্মকর্তার সংখ্যা ২০১২ সালে ২০১১ সালের চেয়েও বেশি।

শাখা সংখ্যা বৃদ্ধির পরিপ্রেক্ষিতে ২০১২ সালে চুক্তিবদ্ধ কর্মচারীদের সংখ্যা বৃদ্ধি পেয়েছে।

গ্রেড অনুযায়ী কর্মকর্তাদের হিসাব

২০১২ সালে ম্যানেজমেন্ট ক্যাডার হিসাবে ৫৮ জন কর্মরত ছিলেন যা মোট কর্মকর্তা সংখ্যার ২৯%। নন-ম্যানেজমেন্ট ক্যাডার যার মধ্যে আছেন রিলেশনশিপ অফিসার, এবং গ্র্যাসিস্টেট রিলেশনশিপ অফিসার/গ্র্যাসিস্টেট অফিসার ৪৭%, এবং বিজনেস সাপোর্ট অফিসার হলেন মোট সদস্য সংখ্যার ৮%, ২০১১ সালে যা ছিল ৪%। লংকা বাংলার নতুন শাখা সংখ্যা বৃদ্ধির পরিপ্রেক্ষিতে সকল গ্রেড এর অফিসারদের সংখ্যা বৃদ্ধি পেয়েছে।

নতুন কর্মকর্তা নিয়োগ

২০১১ থেকে ২০১২ সাল পর্যন্ত লংকা বাংলা ফাইন্যান্স লিমিটেড নতুন ১০৯ জন কর্মকর্তাকে নিয়োগ প্রদান করেছে।

চাকুরি ছাড়ার হার

২০১২ সালে মোট ১৩ জন কর্মকর্তা লংকা বাংলা ফাইন্যান্স থেকে অব্যাহতি নিয়েছেন। গত বছরের তুলনায় এবার চাকুরি ছাড়ার হার কিছুটা বেশি।

প্রশাসন ও সুযোগ-সুবিধার নীতিমালা

কর্মীদের কর্মজীবনের নিয়মিত উন্নয়নে কোম্পানি একটি নীতিমালা অনুসরণ করে। এর সাথে লংকাবাংলা ফাইন্যান্স লিমিটেড কর্মীদের সুযোগ-সুবিধা প্রদান করতে বিভিন্ন পদক্ষেপ গ্রহণ করেছে:

- কর্ম তৎপরতা সম্পর্কিত বোনাস
- ম্যানেজমেন্ট পর্যায় জ্বালানী ভাতা আর নন-ম্যানেজমেন্ট পর্যায় যাতায়াত ভাতা
- অবকাশ যাপন ভাতা
- সকল কর্মীরাই প্রভিডেন্ট ফান্ড আইন অনুযায়ী ট্রাস্টি বোর্ড পরিচালিত প্রভিডেন্ট ফান্ডের সদস্য এবং সময়ের আবর্তে এর নীতিমালারও পরিবর্তন করা হয়
- সমস্ত কর্মীরা জীবন বীমা, চিকিৎসা বীমাসহ চিকিৎসা সুবিধা এবং ব্যক্তিগত প্রয়োজন মেটাতে কর্মচারী ঋণ স্কিম-এর সুবিধা ভোগ করেন

পেশাগত স্বাস্থ্য ও নিরাপত্তা- স্বাস্থ্য ও নিরাপত্তা কমিটিতে কর্মীদের প্রতিনিধিত্ব:

লংকাবাংলা ফাইন্যান্স লিমিটেড ও এর কর্মীরা তাদের চারপাশের পরিবেশ রক্ষা ও যত্নে তৎপর। সবাই সহশিষ্ট সব আইন মেনে চলবেন এবং আরও কোম্পানির জন্য বেশি কিছু করার প্রচেষ্টা করবেন। লংকাবাংলা ফাইন্যান্স লিমিটেড তাদের মুনাফার জন্য ঝুঁকি নিরাপত্তা বা পরিবেশ রক্ষার বিষয়ে আপোষ করে না। লংকাবাংলা ফাইন্যান্স লিমিটেড তার দায়িত্ব হিসাবে পরিবেশের যত্নে বিশ্বাস করে এবং এই প্রতিশ্রুতি রক্ষায় প্রয়োজনীয় অর্থ ও লোকবল সহায়তা প্রদান করে।

নিম্নে উল্লেখিত নীতিমালাসমূহ আমাদের স্বাস্থ্য, নিরাপত্তা এবং পরিবেশ বিষয়ে প্রাতিষ্ঠানিক উদ্দেশ্য ও লক্ষ্যসমূহের নির্দেশনা দেবে ও পরিমাপ করবে:

- আমরা সব সময় স্বাস্থ্য, নিরাপত্তা এবং পরিবেশ উন্নয়নের স্বার্থে প্রতিজ্ঞাবদ্ধ
- আমরা সব সময় কাজের ভিতরে ও বাইরে কর্মী নিরাপত্তার কথাই বলব
- আমরা সংশ্লিষ্ট আইন এবং নীতিমালা মেনেই ব্যবসা পরিচালনা করি যাতে আমাদের কর্মী, জনতা এবং পরিবেশ কোন ঝুঁকির মধ্যে না থাকে
- আমরা সেই সব কোম্পানি ও সরবরাহকারীদের সাথে কাজ করব যারা স্বাস্থ্য, নিরাপত্তা এবং পরিবেশ বিষয়ে তৎপর এবং প্রতিজ্ঞাবদ্ধ এবং নিয়মিত তারা তাদের কর্মকান্ড যাচাই করবে
- আমাদের অংশীদারীতে থাকা কোম্পানিগুলোকেও আমরা উদ্বুদ্ধ করবো যাতে তারা তাদের প্রতিষ্ঠানের স্বাস্থ্য, নিরাপত্তা এবং পরিবেশ বিষয়ে প্রতিজ্ঞাবদ্ধ হয়
- আমরা বিশ্বাস করি সমস্ত কর্মীগণ স্বাস্থ্য, নিরাপত্তা এবং পরিবেশ বিষয়ে দায়িত্বশীল এবং কর্তব্যপরায়ণ।

সমস্ত কর্মীগণ যাতে স্বাস্থ্য, নিরাপত্তা এবং পরিবেশ নীতিমালা'র গুরুত্ব, আইনের প্রকারভেদ এবং আমাদের কর্মকান্ডের সাথে স্বাস্থ্য, নিরাপত্তা এবং পরিবেশ কীভাবে জড়িত এবং তা কীভাবে প্রয়োগ করতে হয় তা বুঝতে পারে এবং তাদের এগুলো নিশ্চিত করতে লংকাবাংলা প্রয়োজনীয় প্রশিক্ষণ দেয়।

প্রশিক্ষণ ও শিক্ষা: প্রশিক্ষণ ও পেশাদারিত্ব উন্নয়ন

লংকাবাংলা ফাইন্যান্স লিমিটেড তার সমস্ত কর্মীদের প্রতিযোগিতাপূর্ণ পেশাদারিত্ব-এর উন্নয়নে সদা নিবেদিত। মান যাচাই-এর জন্য এ বছরে কোম্পানি ১৫০৩.৫৮ হাজার টাকা ব্যয় করেছে কর্মীদের প্রশিক্ষণ ও শিক্ষা কর্মকাণ্ডে। প্রত্যেক কর্মীরই বছর শেষে কাজের মান যাচাই করা হয় যাতে তারা তাদের কর্মকান্ড পরিমাপ করা হয় এবং বিচারকদের বিচারে তাদের উন্নয়নে প্রয়োজনীয় প্রশিক্ষণও দেওয়া হয়।

২০১১ সাল থেকে পদ্ধতিগতভাবে তার কর্মীদের কর্মদক্ষতা নির্ণয় করে আসছে। কোম্পানির দীর্ঘ মেয়াদী প্রয়োজনে সেবা দান করার জন্য প্রশিক্ষণ ও প্রতিযোগিতাপূর্ণ নেতৃত্বের মাধ্যমে মেধাবীদের একটি দল তৈরি করা হয়েছে।

এ বছরে মোট ৬১টি প্রশিক্ষণ কর্মকান্ডের মাধ্যমে ২৫৬০ কর্ম-ঘন্টার আয়োজন করা হয়েছিল। প্রশিক্ষণের ধরনগুলো হলো অফিস অভ্যন্তরে ও বাইরে এবং বিদেশ থেকে প্রশিক্ষণ। এটা গুরুত্বপূর্ণ যে কোম্পানিতে শেখার প্রচলন সৃষ্টি করার জন্য বিভিন্ন বিষয়ের উপর ২৫৬০ কর্ম-ঘন্টার এই আয়োজন করা হয় যা আগের বছরে মাত্র ৩২০ কর্ম-ঘন্টা ছিল। এর ফলে প্রতিটি কর্মী ১৬.৮৪ কর্ম-ঘন্টার প্রশিক্ষণ নেন।

প্রশিক্ষণের জন্য বিনিয়োগ

কর্মী উন্নয়ন পদ্ধতি শক্তিশালী করতে কোম্পানি প্রশিক্ষণ ব্যয় বাড়িয়ে ১৫০.৫০ হাজার (২০১১) থেকে ২০১২ সালে ১৫০৩.৫৮ হাজার টাকা করা হয়েছে। ৯০০% বাড়ানো এই ব্যয় প্রতিষ্ঠানের দীর্ঘ মেয়াদী লাভের সাথে আমাদের সমস্ত ব্যবসায় মানসম্মত গ্রাহক সেবা প্রদান করবে।

পেশাগত উন্নয়ন মূল্যায়ন

২০১২ সালে লিঙ্গভেদ বিচার না করে আমাদের কর্মীদের কর্ম তৎপরতা এবং পেশাগত উন্নয়নের মূল্যায়ন করা হয়েছে। বাৎসরিক কর্মতৎপরতা এবং আবেক্ষাধীন কর্মতৎপরতার মূল্যায়ন করা হয় এবং এর ভিত্তিতে কর্মীদের দক্ষতা ও উন্নয়নের জন্য প্রয়োজনীয় প্রশিক্ষণ দেওয়া হয়।

দৃষ্টিভঙ্গি

আগত বছরে উৎপাদনশীলতা আরও সমৃদ্ধ করতে ও ব্যবসা পরিকল্পনা অনুযায়ী মানবসম্পদ পরিকল্পনা প্রণয়ন করতে বিভিন্ন উদ্যোগ নেয়া হবে।

কর্মী নিয়োগ-এর জরিপ থেকে পাওয়া তথ্য অনুযায়ী নির্দিষ্ট কিছু ক্ষেত্র নির্ণয় করা গেছে যেখানে উদ্যোগ নেয়া প্রয়োজন। এতে সব ধরনের কর্মীদের নির্দিষ্ট পেশাগত নির্দেশনা, ব্যবসায় স্বল্প নেতিবাচক প্রভাব ফেলে এমন পরিবর্তনের মাধ্যমে পদ্ধতিগত দক্ষতার উন্নয়ন এবং কর্মীদের সহায়তায় উন্নয়নের বিষয়সমূহ অন্তর্ভুক্ত রয়েছে।

আমরা ব্যবস্থাপনাগত দক্ষতা সৃষ্টির মাধ্যমে অভ্যন্তরীণ মেধাবীদের দল তৈরিতে কাজ করে যাচ্ছি যারা আমাদের বর্তমানের ব্যবস্থাপনায় ফাঁকা পদসমূহ পূরণ করতে পারবে। আমরা প্রত্যেক কর্মীদের পেশাগত উন্নয়নে অগ্রগতির সাথে গতিশীলতার বিষয়টিও গুরুত্ব দেই। আমরা তুলনামূলক কম উৎপাদনশীল কর্মীদের উন্নয়নে সমানভাবে যত্নশীল।

লংকাবাংলা ফাইন্যান্স লিমিটেড মানদণ্ড বজায় রাখবে এবং কর্মীদের মূল্যায়নের পদ্ধতির উন্নয়নের সাথে সাথে সকল কর্মীদের ন্যায্যসঙ্গত ও আকর্ষণীয় বেতন প্রদান করবে।

তথ্যপ্রযুক্তি

গ্রাহকদের ও অভ্যন্তরীণ বিভাগকে সেবা ও নিখুঁত সেবা দান করার জন্য এবং আর্থিক ও বাণিজ্যিক পদ্ধতিতে ভবিষ্যতের চাহিদা পূরণের লক্ষ্যে লংকাবাংলা ফাইন্যান্স লিমিটেড তথ্য প্রযুক্তির অবকাঠামো নির্মাণ ও সফটওয়্যার উন্নয়নের জন্য ব্যাপক বিনিয়োগ করেছে। তথ্য প্রযুক্তি বিভাগের বিনিয়োগ মূলতঃ ব্যবসা সমন্বয় এবং মসৃণ তথ্য প্রযুক্তি পরিচালনার উপর গুরুত্ব দেবে যাতে কোম্পানির লগ্নীকৃত অর্থের সর্বোচ্চ ফেরত আসা নিশ্চিত হয়। দক্ষ পেশাজীবীদের সমন্বয়ে বিভাগীয় প্রধানকে সাথে নিয়ে তথ্য প্রযুক্তি বিভাগ পরিচালিত হচ্ছে উপ-ব্যবস্থাপনা পরিচালকের নেতৃত্বে। তথ্য প্রযুক্তির কর্মীরা সফটওয়্যার উন্নয়ন, সফটওয়্যার সমন্বয়, ডাটাবেইজ স্থানান্তর, বিভিন্ন ডাটাবেইজ প্যাচফর্ম থেকে ডাটাবেইজ সমন্বয়, বিশ্বের প্রসিদ্ধ ক্রেডিট কার্ড (ডিসা/মাস্টার) সুহের তথ্য প্রযুক্তিগত পরিচালনা, নেটওয়ার্ক ও অবকাঠামোগত উন্নয়ন, বিভিন্ন বিক্রোতাদের সাথে পুনঃ সংযোজন, হার্ডওয়্যার ও বিভিন্ন নেটওয়ার্কের সমস্যার সমাধান ও কম্পিউটার যন্ত্রাংশ নিয়ে জড়িত আছেন।

লংকাবাংলা ফাইন্যান্স লিমিটেড তথ্য প্রযুক্তিতে সফলভাবে উন্নয়ন ঘটিয়েছে যেমন: প্রকৃত ব্যাংকিং সফটওয়্যার, ডাটাবেইজ স্থানান্তর, কুলিং সিস্টেমসহ ৫০০ বর্গফুটের টিয়ার ৪ ডাটা সেন্টার, ব্যাকআপ পাওয়ার ডিস্ট্রিবিউশন সিস্টেম, কেন্দ্রীয়ভাবে নজরদারীর জন্য সিসিটিভি সিস্টেম, কেন্দ্রীয় এন্টি ভাইরাস সার্ভার, পিসি ব্যয় কমাতে টার্মিনাল সার্ভার, পৃথক নেটওয়ার্ক জোন প্রয়োগ এবং নতুন শাখা সমূহ তথ্যপ্রযুক্তির আওতায় সংযোজন। এই বিভাগের ভবিষ্যৎ পরিকল্পনাসমূহ হচ্ছে: কেন্দ্রীয় ব্যাক সিস্টেম, প্রাইভেট নেটওয়ার্কে ভার্চুয়লাইজেশন এবং ক্লাউড কম্পিউটার, শাখা নেটওয়ার্কের জন্য লেয়ার-৩ নেটওয়ার্ক প্রয়োগ।

সাবসিডিয়ারি কোম্পানি

দেশের শীর্ষস্থানীয় ব্রোকারেজ হাউজ লংকাবাংলা সিকিউরিটিজ লিমিটেড-এর লংকাবাংলা ফাইন্যান্স লিমিটেড-এর প্রথম সাবসিডিয়ারি কোম্পানি। গত ৬ বছর ধরে ঢাকা স্টক এক্সচেঞ্জ লিমিটেড এবং ৭ বছর ধরে চট্টগ্রাম স্টক এক্সচেঞ্জ লিমিটেড-এ লেনদেন-এর ভিত্তিতে বাংলাদেশের বৃহত্তম ব্রোকেং হাউজ হিসাবে প্রতিষ্ঠিত হয়েছে। লংকাবাংলা সিকিউরিটিজ লিমিটেড তার পেশাগত দক্ষতার কারণে বহুল পরিচিতি অর্জন করেছে।

লংকাবাংলা ফাইন্যান্স লিমিটেড-এর দ্বিতীয় সাবসিডিয়ারি কোম্পানি লংকাবাংলা ইনভেস্টমেন্ট লিমিটেড ইতোমধ্যে শীর্ষ স্থানীয় অন্যতম মার্চেন্ট ব্যাংক হিসাবে নিজেকে প্রতিষ্ঠিত করেছে। লংকাবাংলা ইনভেস্টমেন্ট লিমিটেড বিভিন্ন ধরনের বিনিয়োগ ব্যবস্থাপনা সেবা প্রদান করে, যেমন প্রাতিষ্ঠানিক পরামর্শ এবং ব্যবসার উন্নয়ন নির্দেশনা, প্রাথমিক গণপ্রস্তাব, অবলোকন, আর্থিক পুনর্বিন্যাস, পোর্টফোলিও ব্যবস্থাপনা ইত্যাদি। ২০১২ সালে লংকাবাংলা ইনভেস্টমেন্ট লিমিটেড আলফা প্রাস নামে নতুন ডিসক্রিশনাল ম্যানেজমেন্ট সার্ভিস চালু করে যা স্বল্প অভিজ্ঞ ব্যক্তি বা প্রতিষ্ঠানকে পোর্টফোলিও ব্যবস্থাপনা সেবা দিয়ে থাকে। লংকাবাংলা ইনভেস্টমেন্ট লিমিটেড ২০১১ সালে কমিশন লাভ করে ১২.৭৩ মিলিয়ন টাকা এবং কর প্রদানের পর মোট লাভ করে ৩৪.৩৪ মিলিয়ন টাকা।

লংকাবাংলা এ্যাসেট ম্যানেজমেন্ট কোম্পানি লিমিটেড বাংলাদেশ সিকিউরিটি এক্সচেঞ্জ কমিশন কর্তৃক লাইসেন্স প্রাপ্ত লংকাবাংলা ফাইন্যান্স লিমিটেড-এর তৃতীয় সাবসিডিয়ারি, যা সম্পদ ব্যবস্থাপনা কাজে নিয়োজিত কোম্পানি।

শাখা বিস্তার

আর্থিক খাতে ব্যাপক অংশগ্রহণের লক্ষ্যে আমরা ২০১২ সালে নরসিংদি, কুমিল্লা এবং যশোরে শাখা খোলার মাধ্যমে আমাদের কর্মকর্তা বিস্তৃত করেছি। ২০১৩ সালে আরও কিছু শাখা খোলা হবে।

আর্থিক ফলাফল এবং প্রস্তাবিত ডিভিডেন্ড এবং লাভের আনুপাতিক ব্যবহার

২০১২ সালে কর প্রদান পূর্বক কোম্পানি ১২৩৩.৪৯ মিলিয়ন টাকা মুনাফা অর্জন করে যা ২০১১ সালের ৫৪১.৪৪ মিলিয়ন টাকার তুলনায় ১২৭.৮১% প্রবৃদ্ধিকে নির্দেশ করে। কর প্রদানের পর পূর্ববর্তী বছর ২০১১ সালে প্রকৃত মুনাফা ছিল ৪৬৬.৬৫ মিলিয়ন টাকা যা ১৬৪.৮৪% বেড়ে ২০১২ সালে দাঁড়ায় ১,২৩৫.৭১ মিলিয়ন টাকা। ২০১১ সাল প্রবৃদ্ধি ও উন্নয়নের পথে বিপত্তির বছর ছিল। আর্থিক বাজারের সামগ্রিক অবস্থা, বর্তমানে কোম্পানির আর্থিক ক্ষমতা এবং ভবিষ্যতে বিনিয়োগের সম্ভাবনা বিচার করে পর্বদ ২০১২ সালে ১০% হারে লভ্যাংশ প্রদানের সিদ্ধান্ত নিয়েছে

রাইট ইস্যু

এই বছরে কোম্পানি প্রতিটি শেয়ার ১০ টাকা দরে ৮২,৩৫,১৫,০০ টি শেয়ার ইস্যু করে যার পরিমাণ মোট ৮২,৩৫,১৫,০০০ টাকায় দাঁড়ায় এবং প্রতি ১টি শেয়ারে জন্য ১টি রাইট শেয়ার প্রদান করা হয়।

প্রধান পরিচালনা এবং আর্থিক উপাত্ত

গত পাঁচ বছরের পরিচালনা এবং আর্থিক উপাত্ত ০৭ আগস্ট ২০১২ তারিখের SEC /CMRRCD /২০০৬-১৫৮/১২৯/Admin/৪৪ নোটিশ অনুযায়ী ৬৬ নং পৃষ্ঠায় উল্লেখ করা হয়েছে।

অবিতরণকৃত লভ্যাংশের প্রয়োগ পরিকল্পনা

ব্যবসায়িক কর্মকান্ড চালাতে কোম্পানির প্রচুর অর্থের প্রয়োজন হয়। তাই অবিতরণকৃত লভ্যাংশ নতুন বিনিয়োগ এবং কোম্পানি আইন ১৯৯৪-এর শিডিউল-১ এর ১০০ অনুচ্ছেদ অনুযায়ী ভবিষ্যতের জরুরী অবস্থা মোকাবেলা করতে ব্যয় হবে। এছাড়া এই বাড়তি অর্থ দিয়ে ঋণ ইকুইটি অনুপাত চালানো যাবে এবং কোম্পানির ঋণগ্রহণ শক্তি সমৃদ্ধ করা যেতে পারে।

পরিচালকবৃন্দের ভাতা

এ বছরে পরিচালকবৃন্দের প্রদত্ত বেতন-ভাতার বিবরণ আর্থিক বিবরণীতে দেওয়া আছে।

সরকারি কোষাগারে অবদান

রাজস্ব সংগ্রহে সরকারকে সহায়তা করা এবং এভাবে দেশের অর্থনীতির উন্নয়নে অবদান রাখার উদ্দেশ্যে লংকাবাংলা ফাইন্যান্স লিমিটেড নিয়মিত রাষ্ট্রীয় কোষাগারে বিভিন্ন খাতে প্রাপ্ত কর ও ভ্যাট প্রদান করে আসছে। এছাড়া কোম্পানির আয় থেকে আয়করও কোম্পানি দিয়ে আসছে।

স্বীকৃতি

কর্পোরেট এবং আর্থিক প্রতিবেদনে আমাদের কঠোর পরিশ্রমের স্বীকৃতি স্বরূপ ইন্সটিটিউট অব চার্টার্ড একাউন্ট্যান্টস বাংলাদেশ ননব্যাংকিং আর্থিক খাতে ২০১১ সালে প্রকাশিত শ্রেষ্ঠ বার্ষিক প্রতিবেদন-এ ৩য় পুরস্কার প্রদান করেছে।

লংকাবাংলা ফাইন্যান্স-এর অধীন সাবসিডিয়ারি লংকাবাংলা সিকিউরিটিজ লিমিটেড ২০০৬ থেকে ২০১২ পর্যন্ত টানা ৬ বার সেরা লেনদেনের ভিত্তিতে ১ম ব্রোকারেজ পুরস্কার এবং চট্টগ্রাম স্টক এক্সচেঞ্জ দ্বারা একই কারণে ২০০৫ থেকে ২০১২ পর্যন্ত টানা ৭ বার শ্রেষ্ঠ ব্রোকারেজ পুরস্কারের সনদ অর্জন করে।

শেয়ার হোল্ডিং প্যাটার্ন

২০০৬-এর ২০ শে ফেব্রুয়ারি নোটিশ নং SEC/CMRRCD /২০০৬-১৫৮/Admin/০২-০৮ -এর অনুচ্ছেদ অনুযায়ী শেয়ার হোল্ডিং প্যাটার্ন নির্ধারিত হয়েছে। যা পরিশিষ্ট-৩, পৃষ্ঠা ১৮ উল্লেখিত।

পরিচালকবৃন্দের নির্বাচন

কোম্পানির আর্টিকেলস্ অব এসোসিয়েশনের ৯৮ ধারা অনুযায়ী জনাব মোহাম্মদ এ. মঈন, জনাব আই. ডব্লিউ সেনা নায়েক এবং জনাব ফারমান আর. চৌধুরী মেয়াদ শেষে, পুনর্নির্বাচনের যোগ্য হওয়ায় পরিচালকবৃন্দ পুনরায় নিয়োগের প্রস্তাব করেন।

পর্বদ সভা এবং উপস্থিতি

২০১২ সালে পরিচালনা পর্বদের সভা অনুষ্ঠিত হয়। পরিচালকদের উপস্থিতি ১৪৫ পৃষ্ঠায় পরিশিষ্ট-৩ এ বর্ণিত আছে।

হিসাব নিরীক্ষাকারী

কোম্পানির ১৫তম বার্ষিক সাধারণ সভায় মেসার্স সাইফুল শামসুল আলম এন্ড কোম্পানি, চার্টার্ড একাউন্ট্যান্ট, বিধিসম্মত নিরীক্ষক হিসাবে

১৬তম বার্ষিক সাধারণ সভা শেষ হওয়া পর্যন্ত ২০১২ সালের নিরীক্ষা করবেন আর এর জন্য ফি নেবেন ১৫০,০০০ টাকা। বর্তমান নিরীক্ষক মেসার্স সাইফুল শামসুল আলম এন্ড কোম্পানি, চার্টার্ড একাউন্টেন্ট, যোগ্যতার বলে নিজেরাই এই নিরীক্ষা কাজ পুনরায় করার প্রস্তাব দিয়েছে। নিরীক্ষা দলের প্রস্তাবের ভিত্তিতে পরিচালনা পর্ষদ ১৭তম বার্ষিক সাধারণ সভা পর্যন্ত মেসার্স সাইফুল শামসুল আলম এন্ড কোম্পানি, চার্টার্ড একাউন্টেন্ট-কে পুনরায় নিয়োগ করার অনুমোদন দেয়।

প্রতিষ্ঠান কর্তৃপক্ষের মান অনুযায়ী প্রতিবেদন পেশ

০৭ আগস্ট ২০১২'র ধারা নম্বর SEC/ CMRRCD /২০০৬৫৮ /১২৯/ Admin/88 -এর ৫.০০ নম্বর অনুচ্ছেদ অনুযায়ী কোম্পানির মান-এর অবস্থান ১৩৬ পৃষ্ঠায় পরিশিষ্ট-১-এ দেখানো হয়েছে।

অতিরিক্ত প্রমাণ

পরিচালকগণ ০৭ আগস্ট ২০১২ তারিখে এসইসি দেওয়া নোটিশ নম্বর SEC/ CMRRCD /২০০৬৫৮ /১২৯/ Admin/88, বরাত দিয়ে নিম্নে উল্লিখিত বিষয়সমূহের আর্থিক প্রতিবেদন কাঠামোর মান নিশ্চিত করেন:

- ব্যবস্থাপনা কর্তৃক প্রস্তুতকৃত আর্থিক বিবৃতিসমূহ সত্যতার সাথে কোম্পানির পরিস্থিতি, এর পরিচালনার ফলাফল এবং ইকুইটিতে নদগ অর্ধের প্রবাহ এবং পরিবর্তন প্রকাশ করে
- কোম্পানির যথাযথ হিসাবের বই মেনে চলা হয়। আর্থিক প্রতিবেদন প্রস্তুতির সময় উপযুক্ত হিসাব নীতিমালা ধারাবাহিকভাবে প্রয়োগ করা হয় এবং হিসাবের অনুমান ও মুক্তি সংগত ও ন্যায্য সংগতভাবে করা হয়েছে
- আর্থিক প্রতিবেদন প্রস্তুতিতে হিসাবের আন্তর্জাতিক মান এবং বাংলাদেশে প্রযোজ্য আন্তর্জাতিক আর্থিক প্রতিবেদন মান অনুসরণ করা হয়েছে। অভ্যন্তরীণ নিয়ন্ত্রণ এবং নিরীক্ষণ সফল এবং কার্যকরীভাবে প্রয়োগ এবং তদারকী করা হয়েছে
- চলমান সংস্থা হিসাবে কোম্পানির সামর্থ্য নিয়ে কোন সন্দেহ নেই
- এ বছরে কোন অস্বাভাবিক লাভ বা ক্ষতি নেই
- রাইট শেয়ার ইস্যু করার পর আর্থিক ফলাফল ক্ষতিগ্রস্ত হয়নি
- চতুর্মাসিক আর্থিক কর্মকাণ্ড এবং বাৎসরিক আর্থিক প্রতিবেদনে উল্লেখযোগ্য কোন পার্থক্য নেই
- কোম্পানি এবং অধীন কোম্পানিসমূহের স্থায়ী সম্পদ এবং বাজার মূল্যে কোন বিশদ পরিবর্তন নেই
- কোম্পানি তার কোন পরিচালককে বা প্রাতিষ্ঠানিক কোন ব্যক্তিকে শেয়ার ভোগের বা ডিবেঞ্চর সুবিধা প্রদান করে নাই।

প্রতিবেদন সময়ের পরের কার্যসমূহ

ডিভিডেন্ট তথ্য:

২০০৩ সালের ৩রা মার্চে অনুষ্ঠিত কোম্পানির ৮০ তম সভায় পরিচালনা পর্ষদ ৩১শে ডিসেম্বর ২০১২ পর্যন্ত ১৬তম বার্ষিক সাধারণ সভায় (৩১শে মার্চে অনুষ্ঠেয়) শেয়ারহোল্ডারগণের কাছে উপস্থাপনের জন্য ১০% স্টক ডিভিডেন্ট অনুমোদন করেছেন।

স্বীকৃতি

পরিচালনা পর্ষদ আন্তরিকতা ও ধন্যবাদের সাথে সকল সম্মানিত গ্রাহক, বিনিয়োগকারী, ঋণ গ্রহণকারী, পৃষ্ঠপোষক ও ব্যবসায়িক অংশীদারগণের কাছে তাদের সহায়তার জন্য কৃতজ্ঞ। পর্ষদ বাংলাদেশ ব্যাংক, বাংলাদেশ সিকিউরিটি এক্সচেঞ্জ কমিশন (বিএসইসি), ঢাকা স্টক এক্সচেঞ্জ (ডিএসই), চট্টগ্রাম স্টক এক্সচেঞ্জ (সিএসই), যৌথ মূলধন কোম্পানি ও ফার্মের রেজিস্ট্রার, জাতীয় রাজস্ব বোর্ড (এনবিআর), এবং অন্যান্য নীতি নির্ধারক কর্তৃপক্ষের কাছে বিভিন্ন সময়ে তাদের সহায়তা, মূল্যবান নির্দেশনা ও পরামর্শের জন্য কৃতজ্ঞ। যথা সময়ে আর্থিক প্রতিবেদন সুসম্পন্ন করার জন্য মেসার্স সাইফুল শামসুল আলম এন্ড কোম্পানি, চার্টার্ড একাউন্টেন্ট-এর প্রতিও আমরা কৃতজ্ঞ।

২০০৬ সাল থেকে লংকাবাংলা ফাইন্যান্স লিমিটেড তাদের প্রতিযোগীদের তুলনায় দ্রুত ও স্থির প্রবৃদ্ধি নথিভুক্ত করে আসছে। এই সাফল্যের অন্যতম বড় কারণ হলো শক্তিশালী কর্ম নৈতিকতা যা সর্বস্তরে উৎপাদনশীলতা বাড়িয়েছে। পরিচালনা পর্ষদের পক্ষ থেকে আমি ব্যবস্থাপনা বিভাগ ও সকল কর্মীদের আন্তরিক ধন্যবাদ জানাই তাদের শ্রম, ঐকান্তিক কর্ম প্রচেষ্টা এবং ত্যাগের জন্য।

পরিচালনা পর্ষদে আমার সকল সহকর্মীদের ধন্যবাদ জানাই যারা ঘরে-বাইরে বিভিন্ন প্রতিকূল পরিস্থিতিতেও তাদের সার্বিক সহায়তা দিয়েছেন এবং ২০১২ সালকে আর একটি সফল বছর হিসাবে তৈরি করেছেন। পরিশেষে, পরিচালনা পর্ষদ সম্মানিত শেয়ারহোল্ডারগণকে ধন্যবাদ জানাই এবং নিশ্চয়তা দেই যে তারা যেভাবে আস্থা ও আত্মবিশ্বাসের সাথে কোম্পানির উন্নয়ন ও প্রবৃদ্ধিতে সহায়তা করেছেন একইভাবে তারা শেয়ারহোল্ডারগণের সম্পদ ও আয় বাড়িয়ে তুলবেন। চলুন উন্মুক্ত এবং সং অংশীদারিত্বের উৎসাহে আন্তরিকভাবে কাজ করি। পরিচালনা পর্ষদ প্রতিজ্ঞা করছে যে, আপনাদের সমালোচনা আন্তরিকভাবে শোনা হবে, সব সময় এগুলোকে গুরুত্ব দেওয়া হবে এবং কোম্পানির বৃহত্তর স্বার্থে পরিচ্ছন্ন সিদ্ধান্ত গ্রহণ করা হবে।



পরিচালনা পর্ষদের পক্ষ থেকে
মোহাম্মদ এ. মঈন

Subsidiary Companies

Subsidiary i LankaBangla Securities Limited

LankaBangla Securities Ltd (LBSL)'s scrupulous investment in time and labor to create a better investment pathway for their clientele in the Bangladesh Stock Market has made them become the leading equity brokerage house in the country.

LBSL began as Vanik Bangladesh Securities Ltd in 1997 with their activities confined only within the Chittagong Stock Exchange (CSE) Ltd. A year later, they made a step ahead and introduced themselves to the Dhaka Stock Exchange (DSE). They rebranded themselves as LankaBangla Securities Ltd. in 2005 following a restructuring of the company.

At LankaBangla Securities Ltd., they specialize in developing the country's most efficient stock brokerage workforce with unmatched skills and consummate perfectionism. Also, in whichever corner of the country the customers are, LBSL gets them covered as they could find their 10 branches spread in the leading cities and townships countrywide.

LBSL is the leader in terms of customer transactions. That's why they are again crowned as the largest brokerage house in terms of transaction value for the 7th consecutive time in DSE and 8th in CSE in 2012. Quality, convenience, and reliability are some things that they provide the customers at the highest level they can expect from their broker and that is the key that LBSL has such a strong network of key clients all over the world. Furthermore, the local and international recognitions from financial institutions, custodian banks, corporations, international fund managers, and other fellow brokers for their professionalism has laid the foundation of their strength and further success.

LBSL is a 90.91% owned subsidiary of LankaBangla Finance Ltd (LBFL) which is one of the leading listed non banking financial institutions in Bangladesh engaged in Leasing financing, Consumer financing, Merchant Banking, Corporate Financing, Corporate Advisory and M&A; LBFL is shared by a group of highly successful local business entrepreneurs of Bangladesh, the Sampath Bank Limited of Sri Lanka, the One Bank Limited of Bangladesh, and the general mass. With all these on the back, LBSL is undoubtedly a global one which knows the customer preferences, acts on the clientele choice, and guarantees the most comfortable investment environment while the clients choose to invest in Bangladesh. Recent historical volatility in the stock market has tested the mettle of all participants. Adherence to upholding utmost integrity of stock market, loyalty to the clients, state of the art information technology and above all robust internal control and firm wide risk management system has severed and will continue to server, cement, and enhance the position of LankaBangla Securities Ltd in Bangladesh Capital Market.

Services

Brokerage Services

LBSL provides "Trade Execution Service" for its clients in Dhaka and Chittagong Stock Exchange. They trade in the portfolio accounts maintained with LankaBangla Investments Limited and IDLC Finance Ltd as well as they provide custodial services to clients for safe custody of securities. In addition, they provide extended credit facilities through their margin trading services.

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

LBSL has successfully launched services of NITA Trading through which Non-Resident Bangladeshis (NRBs) are able to transact under 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. The choice of an object oriented approach and using the latest technology has given them the flexibility to extend their product and service range as well as ensuring performance, security and scalability.

Internet Trading

LBSL has adopted internet trading facilities for its distance clients for trade execution. LBSL's step toward internet trading is not only enriching the door of potential clientele but also ensuring the company's participation in the overall development of Bangladesh Capital Market.

CDBL Services

LBSL operates as a Full Service DP at both DSE and CSE. Apart from their BO Account Opening and Maintenance services, they provide their clientele with Dematerialization and Rematerialization services. They offer safe transfers and transmission through CDBL as well as they provide their customers with customized services related to Pledging, Un-pledging and Confiscation of Securities.

Research Services

LBSL firmly believes in the knowledge-based investment in the capital market to keep pace with the advanced market and sophisticated clients. Apart from efficient and effective brokerage services, LBSL is backed by the strength of a comprehensive Research Unit, which provides a range of services from company, industry and country research to corporate valuation. One of the important functions of LBSL is to carry out capital market research for themselves and their valued customers. Their Research & Analysis

Department is one of the most important departments which is solely dedicated to these functions. Currently the Research and Analysis Department is comprised of 10 Research Analysts. The team puts its effort to analyze the capital market along with the fundamental and technical indicators of listed securities of DSE and CSE. The approach is to understand the psychology and trend history of the market, and most importantly the actions of investors. Much of the effort involves publishing Daily Market Report, Weekly Market Report, Monthly Market Pulse, Macro Economic Review, Sector Updates, Specific Company Valuations, and IPO Analysis.

Business Overview of LankaBangla Securities Limited

Capital market performance in 2012 was marked by bearishness and volatility. In this time the benchmark index DGEN has declined by 19.74 percent, though economic indicators were more favorable this year compared to 2011. Liquidity condition in 2012 has improved compared to 2011 but investors were still not confident regarding the market direction.

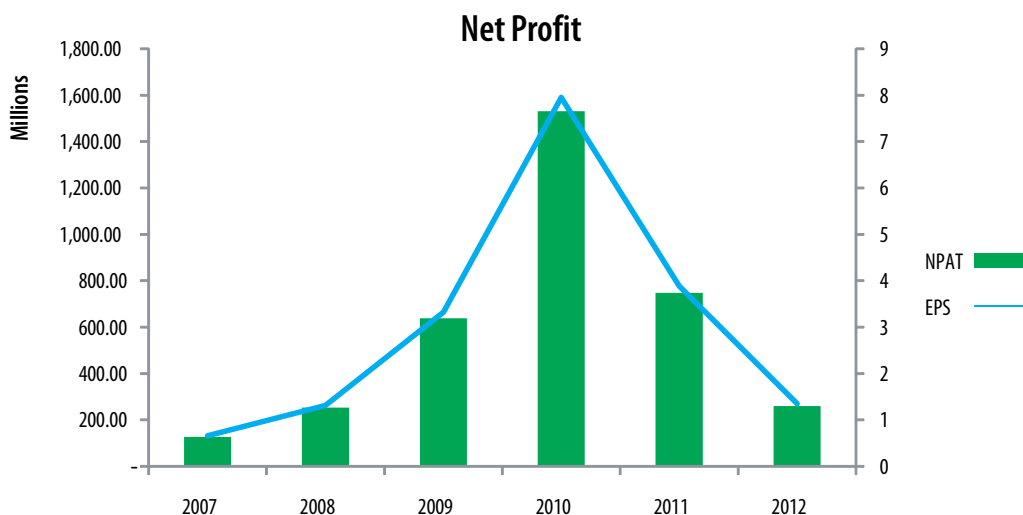
Turnover activity also declined in both the exchanges. Average daily turnover in DSE and CSE fell by 36.67 percent and 38.04 percent respectively in 2012. Market share of LBSL at DSE and CSE fell slightly compared to end of year 2011. However LBSL successfully maintained its leadership in terms of turnover in both the exchanges. Market share in DSE and CSE was 6 percent and 6.77 percent respectively.

(Numbers are in BDT mn)	2012	2011	2010	2009	2008
Turnover in DSE	119,601.54	199,964.07	492,422.93	198,992.86	99,167.20
Turnover in CSE	15,733.71	29,197.55	67,943.10	43,217.72	28,438.22
Total Turnover of LBSL	135,335.25	229,161.62	560,366.03	242,210.58	127,605.42
Market Share in DSE	6.00%	6.41%	6.14%	6.75%	7.42%
Market Share in CSE	6.77%	7.84%	9.96%	13.34%	14.10%

Net Profit after Tax has decreased by almost 34.73 percent compared to the similar period of the previous year as because of the heavy turnover fall in the both bourses. Another reason was increase in interest expense which increased 107.5 percent in 2012. Brokerage income has gone down by 37.36 percent. Margin loan facility to clients has slightly increased in the year 2012 and stood at BDT 4506.231 million.

Particulars(Numbers are in BDT mn)	2012	2011	2010	2009	2008	2007	2006
Shareholders' Equity	4,540.72	4,716.76	4,403.05	1,612.64	481.09	228.27	103.27
Total Assets	8,302.41	7,698.24	6,535.66	2,696.06	1,141.91	855.68	295.99
Total Liabilities	3,761.69	2,981.48	2,132.61	1,083.42	660.82	627.41	192.72
Revenue from Brokerage	475.12	758.51	1,886.93	842.74	376.28	204.10	53.17
Net Profit After Tax	259.68	747.62	1,530.59	638.15	252.82	126.82	31.43
Return on Assets	3.13%	10.50%	33.16%	33.25%	25.31%	22.02%	0.00%
Return on Equity	5.72%	15.85%	34.77%	39.57%	52.55%	55.56%	30.43%
Earnings per Share	1.35	7.77	15.90	6.63	2.63	1.32	0.33

Shareholders' equity and total borrowing have increased in the year 2012. Total liabilities have increased by 26.16 percent during this period. This increase in liability was mainly due to increased borrowing to finance working capital need of the company. As turnover activity went down and investors stayed inactive with their holdings, margin loan kept increasing which though generated income from interest, did not reflect in cash flow. Company also made some investments during the year. Investment in listed securities was approximately BDT 225 million in listed securities and BDT 65.5 million in unlisted securities.



Business Strategy and Implementation

The company has taken business strategy by analyzing the near future economic outlook, capital market prospects, and competitor 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 2013, the most priority will be given in developing 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 the company and the management of LBSL wants to be prepared to take the challenge in the coming changing business environment.

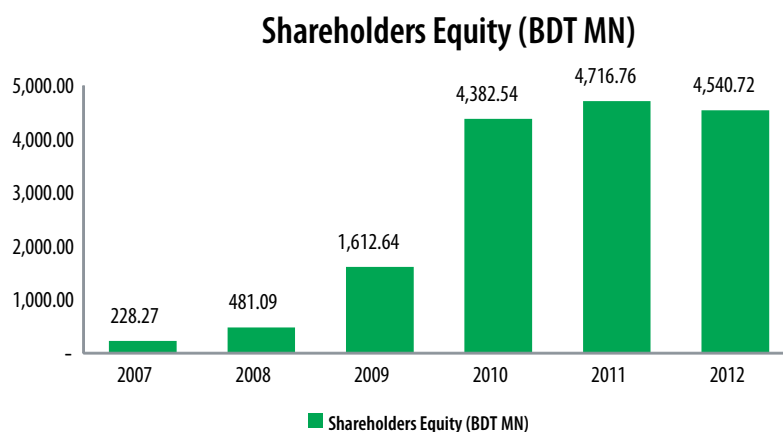
Sustain Leading Position in the Market

LankaBangla Securities Ltd has been able to sustain the top position among the stock brokers in the country's both stock

exchanges in DSE and CSE for the last seven and eight years respectively and thus it has become the market leader in brokerage service. Over the last few years, it has maintained a sustained market share of more than 6 percent in Dhaka Stock Exchange and more than 6.5 percent in Chittagong Stock Exchange.

Focus on Strengthening Equity Base

LBSL has Shareholders' Equity balance of more than BDT 4,500 million which itself is as large as any medium size bank or any financial institution. Such a strong equity base not only gives advantages over its competitors and makes it more financially solvent but also gives shield to market risk and other types of risks. The following figure shows the growth path of equity over the years:



Seasoned and Experienced Human Resource

LBSL has knowledgeable, well educated, and experienced management team with strong network and has efficient, energetic, and committed employees with lowest employee turnover in the industry. It has sound HR policy to ensure congenial working environment and better career opportunity. 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. As shown in the table following, at December 2012, the accumulated service experience of all its employees is more than 915 years.

Particulars	As on Dec 31, 2012
Total Service Length	915 Years
Total Employee	208
Average Service Length	4 Years
Maximum Service Length	15 Years
Maximum Age	51 Years
Minimum Age	21 Years

The human resource 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 (meaning to have very strong capacity) by the Credit Rating Agency of Bangladesh (CRAB) based on the audited Financial Statements of 2011 and other relevant information. This rating indicates that the company has a 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 the management to ensure the viable ROI of the organization. The diversification of business and changes in the technologies forward the 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 CTO (Chief Technology Officer) along with a dedicated IT team. They have already 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. They are gradually moving to the virtualization and introduction of the Cloud Concept. Moreover, for continuous enriching of IT infrastructure, LBSL received 'BEST IT USERS AWARD' in 2009.

LBSL management has seen the future business to be oriented with IT infrastructure development; hence, state of the art technology has been installed to ensure 24X7 services to our valued clients and stakeholders. LBSL has setup its Data Center and Triangle Failover Sites to ensure the business continuation plan. The recent implementation and development of LBSL IT are the Data Center, the Enterprise Resource Planning (ERP) System, the Financial Information Exchange (FIX) Server aimed for real time market data service, the Financial Web Portal, and the Mailing Services. The Order Management System (OMS) for Direct Market Access (DMA) is currently in progress which would exponentially change the market participation to provide trading access from anywhere with facilitation of the Algorithmic Trading (AL).

Corporate Governance Culture

To bring economic efficiency, to ensure transparency and accountability of individuals in the organization, and to properly preserve and increase shareholders' wealth, the Board of Directors of LBSL strongly supports the principles of good corporate governance. LBSL ensures compliance with the Securities and Exchange Rules 1987, the Companies Act 1994, and other applicable laws and regulations. LBSL has an internal audit committee which regularly performs internal audit function. Besides, the company's account is always audited by external auditors on regular quarterly basis. There is an effective internal control and compliance system 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.

International Exposure

Apart from NITA trading, LankaBangla Securities Ltd. (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, any client of an international broker can trade in the Bangladesh Capital Market through LBSL. To make it better, LBSL foreign trade execution team has a Bloomberg terminal on its dedicated foreign trade desk which connects the team with every fund manager around the globe assuring 100% compliant trading for the foreign clients.

Focus on Diversification

Possessing a strong equity base, LBSL focuses on the diversification strategy following which LBSL has made an

equity participation in BizBangla Media Limited which is publishing the country's first Bengali business daily 'The Daliy Bonik Barta'. Besides, LankaBangla Securities Limited is one among the directors of MIDAS Financing Limited and Financial Excellence Limited (FinExcel). LBSL has already initiated establishing an independent IT subsidiary.

Achievements and Recognition

LankaBangla Securities started its journey under the umbrella of 'LankaBangla' brand. Over time it has become the largest stock brokerage in the country through developing a strong team of highly skilled and experienced professionals. LBSL has 10 branches and a dedicated team of 208 employees. 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. In 2010, Mr. Mohammed Nasir Uddin Chowdhury, the former Chief Executive Officer and Director of LankaBangla Securities Limited was selected as Senior Vice President of Dhaka Stock Exchange Limited. Besides, LankaBangla Securities Limited has earned Best "IT USE Award-2009" from Bangladesh Association of Software & Information Services (BASIS). Furthermore, LankaBangla Securities Limited has grabbed the top position for the seventh consecutive year in DSE and eighth consecutive year in CSE in 2012. Recently, the British and the Canadian high commissioners in Bangladesh visited LankaBangla Securities Limited and expressed positive observations over the company.

Subsidiary ii

LankaBangla Investments Limited

Profile:

LankaBangla Investments Limited (LBI) was incorporated in Bangladesh with the Registrar of Joint Stock Companies and Firms (RJSCF), vide registration no. C 83568/10 dated 29 March 2010 as a Private Limited Company under the Companies Act, 1994. This Company is a fully owned subsidiary of LankaBangla Finance Limited. LBI inherited its merchant banking operation from its parent company, LankaBangla Finance Limited, which was the first merchant bank to offer discretionary portfolio management services back in 1997. During the period of 1999-2005, its operation became stagnant due to the market condition. At the end of 2006, its merchant banking operation started again with a nondiscretionary portfolio product along with issue management and underwriting services. By the end of 2010, it became one of the top merchant banks.

In 2010, to respond to the regulatory desire to spin off its merchant banking operation under a separate company to bring more transparency and regulatory control, LankaBangla Investments Limited was formed as a fully owned subsidiary and it obtained full-fledged merchant banking license form SEC on 02, January, 2011 and officially started its operation on 16th January, 2011 taking ownership of the entire merchant banking obligations of LankaBangla Finance Limited.

LBI 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 LBI render these services efficiently.

LBI 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 LBI brings out the best solutions for each individual with different investment objectives. LBI has a commanding view of 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, LBI 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.

Services

Primary Market Services:

1. **Equity Placement:**
Our services include: Transaction feasibility analysis, Capital raising, Pricing & valuation, Negotiating with investors, and Effective project management to successful closing.

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.

2. **Issue Management:**
We manage issues for Initial Public Offering (IPO), Repeat Public Offering (RPO), Bonds, and Preference Shares.

LBI 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 Right Issue/Offer management into successful completion.

3. **Underwriting:**

LBI provides underwriting services for public issues to create efficiencies in the capital markets and reduce risk for new, repeat and right issues.

LBI has underwritten a large number of issues in various industries.

4. Corporate and Financial Advisory

In today's environment of complex transactions and competitive markets, increasing the value of business requires skills and experience. Thus we help clients to undertake the right decision the right way to make their business more competitive and profitable by providing integrated and objective advisory services. We provide assistance in due diligence, support the creation of financial models, act as financial advisors, aid in overall project management and provide solutions on financial and corporate matters. Whatever the size, nature or location of a company or deal - we can play a critical role throughout the deal lifecycle. LBI also provides restructuring advisory services to underperforming companies and companies experiencing liquidity problems, in all sectors and in all markets. We provide a prompt and strategic review of the situation and then develop and implement a tailored strategy to help turn around business performance.

5. Mergers and Acquisitions **LankaBangla Investments Ltd acts as the financial advisor for the total Merger or Acquisition transaction whether the client is the bidder or the target.**

LankaBangla Investments Ltd 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 LBI help companies steer through profitable opportunities starting from origination to closure. Our knowledge of company law, business acumen, relationships and resources help facilitate achieve successful transactions. Our 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.

6. Divestiture **LBI as a part of advisory activity engages in counseling for divestiture procedures**

A divestiture is the activity of completely or partially selling an investment in an internal trading partner to an "external organization", that is to a company that does not belong to the subgroup or consolidated group. LBI as a part of advisory activity engages in counseling for divestiture procedures like: whether to divest slowly over time or in a chunk, analysis of divestiture on capital market, financial reporting adjustments, determination of realistic price expectation, prepare marketing documents, Discreetly locate multiple qualified buyers, Negotiate on behalf of the sellers to obtain the best

selling price, arrange financing to make the transaction a reality and so on.

Completed Projects of 2012

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, Aamra Technologies Limited, Envoy Textiles Limited, Argon Denims Limited and Rights Issue of International Leasing and Financial Services Limited. LBI has also completed the acquisition of controlling shares of Information Technology Consultants Limited.

Ongoing Projects

LankaBangla Investments Limited is currently working as Issue Managers for IPOs of Aman Feed Limited, The Peninsula Chittagong Limited, Aman Cement Mills Limited, Aman Cotton Fibrous Limited, Cutting Edge Industries Limited, Lub-rref (Bangladesh) Limited and Peninsula Chittagong Limited. We are also engaged in right share of MIDAS Financing Limited.

We also signed MoU with Leads Corporation Limited and Regent Textile Mills Limited who are willing to go public in fixed price method. Our client United Power Generation & Distribution Limited are willing to go public under Book Building method.

We are also providing advisory services for Link3 Technologies Limited in capital raising through private placement.

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. LBI provides support for efficient execution of trades through LankaBangla Securities Limited. Apart from execution of trades, LBI also provides the investors with a range services, which include:

- Clients have absolute discretionary power to make their buy and sell decisions from the securities approved by the portfolio manager.
- All the securities purchased by the clients shall remain in line in favor of portfolio manager.
- Portfolio manager will administer the investment of the clients and also provide the total custodian services.
- Clients will enjoy trading facility in both the Dhaka and Chittagong Stock Exchange.
- To facilitate the clients to enhance their return on

investments through leveraging, the portfolio manager will extend margin loan to the clients.

- No restriction on capital withdrawal by the clients.
- Fund management fee is one of the lowest in the industry.
- No trigger selling without discussing with the client.

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. LBI has the power to take decisions for managing Discretionary Investment Portfolios according to specific needs and constraints of each investor.

Alpha Plus

The features of **Alpha Plus** discretionary portfolio management service include:

- Dedicated investment managers will invest your assets with their best judgment and market outlook
- Investment policy will be specially designed to attain your individual goals and objectives
- All the market related data and information will be closely monitored on your behalf
- Appropriate securities will be identified according to your investment needs
- Forecasting and judging possible market movements will take place with proper scrutiny
- Investment process will be highly professional with strict risk analysis

- Rebalancing of your portfolio will be done according to market scenario and future predication

Research Services:

LBI Research Team is one of the knowledge leaders in the capital market arena of Bangladesh. The analysts and researchers deliver LBI'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.

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

Subsidiary iii

LankaBangla Asset Management Company Limited

Who we are

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. It got license from Bangladesh Securities and Exchange Commission (BSEC) on June 24, 2012 vide registration code no: SEC/Asset Manager/2012/17 to operate as a full-fledged asset management company.

Established in 2007, LankaBangla Asset Management Company Limited (LBAMCL) is a 99.99% subsidiary of LankaBangla Finance Limited, one of the leading providers of financial services in Bangladesh. LBAMCL is the asset management business of the LankaBangla group. Backed by the group's strong operating history and strong footprint in the financial sector LBAMCL makes continual investments in the asset management and client service platform, resulting in a client-focused, solutions-driven orientation.

Company's Activities

- 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 as relevant rules and regulations permit.
- To float, administer and manage any mutual fund, growth fund or any other allotted scheme approved by the Government for the time being as relevant rules and regulations permit.
- 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 upon approval of regulatory authorities.

What we offer

Discover our many investment choices, including mutual funds, discretionary portfolio management, provident fund management etc. It is focused to meet the professional investment management demand of a wide range of Investors. It will manage funds of institutional investors like banks, insurance companies, other financial institutions, and other corporate bodies as well as funds of the high net worth individuals.

Why invest with us

With LBAMCL you can stay focused on what matters to your long term success. We also help you make smart decisions by making sure you have the information and perspective you

need. Due to this reason you can help increase your chances of success by making partnership with us.

Whether you're investing for yourself and your family, or on behalf of an organization, we want to make sure that the investment principles and the strict investment process we follow are in the best interest for clients like you. Our dedication towards superior service, outstanding performance, low costs, and commitment to the integrity, loyalty, and respect for the investors make up our and our clients' ongoing success.

Our investment philosophy

Our investment approach is founded on the belief that both fundamental and technical analysis is related to returns. We give special attention to minimize downside volatility while evaluating the risk embedded in portfolio construction. We take benefits of the tactical asset allocation in the short or midterm but maintain the strategic asset allocation in the long term.

Our Products and Services

Closed-end Mutual Fund

A closed-end fund is a publicly traded fund that raises a fixed amount of capital from sponsors, institutional investors and from initial public offering (IPO). The fund comes with a fixed number of units and the units can only be purchased and sold in the market.

We manage different closed-end mutual funds having different investment strategies like current income, balanced growth capital appreciation etc. We always try to achieve investment objectives of the fund based on extensive research and fundamental analysis.

Unit Fund

In the unit fund the investors can buy or sell as much as amount they want to. The fund has virtually no limit of units. The buying or selling price of a unit is always tied to the Net Asset Value (NAV) of that unit. It is not traded in the stock exchanges but can be bought or sold very easily from selling agents.

Our management of open end mutual fund is also based on specific strategy as per the demand of different type of investors. Units can be bought or sold in any working day from a list of easily available selling agents.

Discretionary Portfolio Management

We offer the service of discretionary portfolio management where our experienced and seasoned portfolio managers take

investment decision to manage clients' money. We carefully extract the risk-return profile of the investors, prepare the investment policy statement (IPS), and manage the fund according to the investor specific IPS.

We also build portfolio according to different investment style and investors can put funds in any style specific portfolio. Our fund management fee structure is very comparative.

Islamic Shariah based Products

There is a heavily growing demand of Islamic Shariah (IS) based products. Keeping this in mind we offer a full range of IS based products for both institutional and individual investors.

Our IS based products and services ranges from mutual funds of both closed-end and open end types to discretionary portfolio, provident fund, and investment advisory services. An independent Shariah council provides and updates approved IS based securities to best serve the clients' needs and demand.

Provident Fund, Pension Fund, and Gratuity Fund Management

Employees are the key for building a successful organization. To attract and retain employees for the long term an organization offers contributory provident fund and gratuity fund to employees. On behalf of the organization and the employees we offer provident fund, pension fund and gratuity fund management services.

We have the size, scope and expertise to meet our clients' specific requirements, which include liability matching, accounting solutions and growing assets for meeting obligations well into the future. We work with our clients to help minimize their funding volatility while systematically improving the funding position of their portfolios, and provide research tailored to the specific needs of the organizations. We also help an organization to build such fund for the first time and to look after the regulatory affairs like taking permission of NBR for a recognized provident fund or pension fund.

Financial Planning Services

Different persons have different investment base and different liquidity needs. Different organizations have different asset-liability structure. That's why we offer financial planning services for both individual and institutional clients. We give advice on appropriate strategic asset allocation strategies on the basis of risk return profile and different constraints of the investors.

Statement on Corporate Governance



Corporate Governance is the system by which a Company is directed, controlled and managed. In LankaBangla Finance Limited (LBFL), the Corporate Governance Framework guides our drives towards progress by way of developing and implementing appropriate corporate strategies. The approach to governance is predicated on the belief that there is a link between high-quality governance and the creation of long-term stakeholder value. In pursuing the Corporate Objectives, we have committed to the highest level of governance and strive to foster a culture that values and rewards exemplary ethical standards, personal and corporate integrity and mutual respect.

The Board of Director, led by the Chairman, is responsible for the governance of the Company, and developing effective Governance Framework to meet challenges, both in the short and long term. The Board is committed to reviewing and improving our systems to provide transparency and accountability, and initiate transformational changes whenever necessary to ensure best practices are maintained and enhanced according to the principles of Corporate Governance.

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

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

The extent of compliance by LankaBangla for the year ended 31st December 2012 with the above rule and directive principles and best practices are given in the **Annexure-**

Annexure - 1

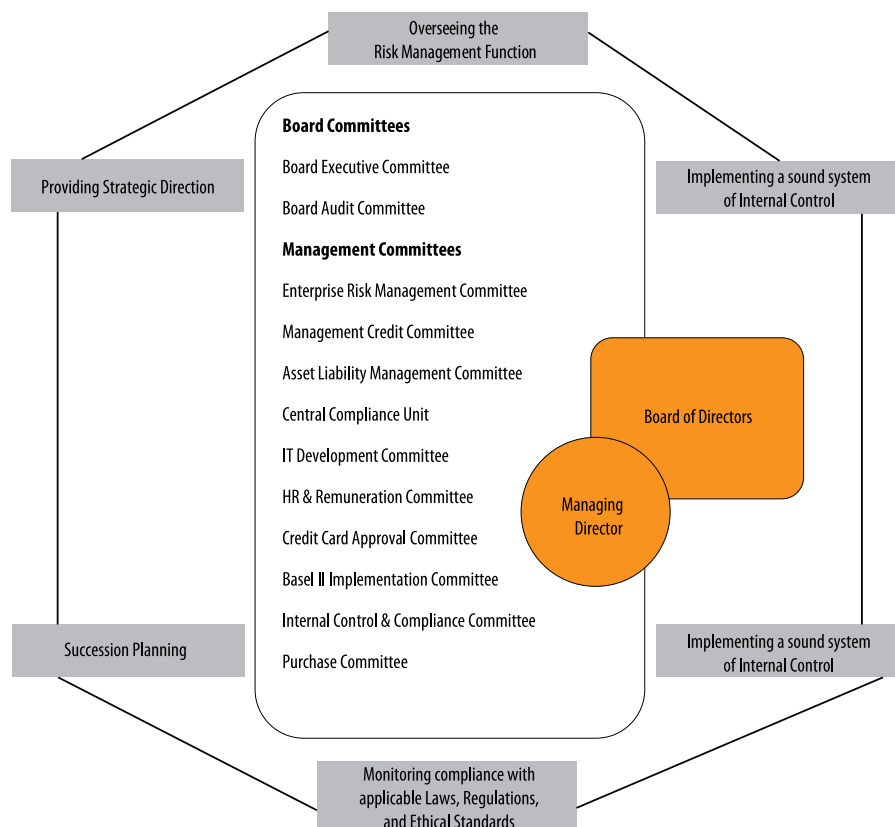
The Code of the best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission (SEC) of Bangladesh.

Annexure-2

LankaBangla's level of compliance with the requirement of the Bangladesh Bank circular DFIM Circular No. 07, dated; 25 September, 2007.

CORPORATE GOVERNANCE FRAMEWORK

Good Corporate Governance practices are not just a matter for the Board but are at the heart of everything that we do within the Company. The Bank operates within a comprehensive Governance framework, which is outlined in the diagram below and set out in the report that follows:



LANKABANGLA INITIATIVES ON CORPORATE GOVERNANCE DURING THE YEAR 2012 AT A GLANCE:-

- a) Further strengthening the composition of the Board with the appointment of Non-Executive Independent Directors in compliance with the SEC Notification No. SEC/CMRRCD/2006-158/129/ Admin/44 dated 07 August 2012.
- b) Appointment of Deputy Managing Director as part of formalization of key management and to enable the Managing Director to enhance focus on strategic initiatives.
- c) Re-Constitutions of the Board Audit Committee and Board Executive Committee.
- d) Strengthening the process of business operation through rearrangement of Corporate Organogram.
- e) Review of the Credit Manual Policy by the Board Audit Committee and Board of Directors.
- f) Approval of Product Program Guidelines on Home Loan, Auto Loan, Credit Cards, SME Loan, Personal Loan by the Board.
- g) Strengthening the process of identification, recording and disclosure of Related Party Transactions.
- h) Expansion of geographical presence to cover more customer base by opening 03 new Branches countrywide.

BOARD GOVERNANCE

Board Composition and Frequency

The present Board comprises of 10 non-executive directors of whom 04 are nominee directors and 02 are 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 the Annual Budget for the Company for the coming year is placed to discuss and approve.

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

The Board also delegates its authority and powers to specialized committees to undertake detailed monitoring, advisory and oversight of tasks, such as financial audit, risk management, Internal Controls, credit controls and approvals, compensation and management development for leadership.

These committees confer greater quality on the stewardship and fiduciary responsibilities of the Board.

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

Selection and Term of Appointment of New Director

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

- Regularly review the size and composition of the Board and the mix of expertise, skills, experience and perspectives that may be desirable to permit the Board to execute its functions;
- Identify any competencies not adequately represented and agree the process necessary to be assured that a candidate nominated by the shareholders with those competencies is selected;

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

Retirement and Re-election of Directors

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

Independence of Directors

Pursuant to the Notification No. SEC/CMRRCD/2006-158/129/ Admin/44, dated;- 07 August 2012, In LankaBangla, the Board comprises 10 non-executive members, of which two are totally independent, being 1/5th total number of Director.

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. Independent director of LankaBangla bring their special expertise and knowledge to bear on the strategy and

enterprise of the company. They each bring an independent judgment on issues of conformance and performance.

Board Role and Responsibilities

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

Broadly, the responsibilities of the Board include the following:

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

Chairman of the Board of Director

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

Role of the Chairman

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

Separation of the role of Chairman and the Chief Executive Officer

At LankaBangla, in accordance with the DFIM Circular No. 07, dated 25-09-2007, 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.

Role of the CEO & Managing Director

The MD/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.

The CEO & managing Director performs the following key responsibilities :-

- Establishes and directs the vision and mission of the team. In this capacity, the CEO is the source of visionary strength of the Company and keeps it on a consistent track to achieving the vision;
- Responsible for directing the operational activities of the Company by scheduling the utilization of the Company's resources, including people and capital equipment. In this way, the CEO gets things done through the efforts of the people in the Company. The CEO is responsible for establishing and executing the Company's operating plan that is necessary to achieve the Company's objectives;
- Selects the people for the management team and improves the performance of people through ongoing counseling. As a coach, the CEO works with people to help them become greater contributors by helping them improve their efficiency and effectiveness.

BOARD COMMITTEES

Membership

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.
- Board Audit Committee (BAC), supervises the Company's risk management, 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. Al-Mamoon Md. Sanaul Huq. 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 issues 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.

Board Audit Committee

The Audit Committee comprises of Mr. Mahbubul Anam, Mr. Mirza Ejaz Ahmed, Mr Farman R Chowdhury, all non-executive Directors and Mr. Al-Mamoon Md. Sanaul Huq (Chairman), is independent director. In addition to the review of the LBFL Financial Statements, the Audit Committee reviews and evaluates 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 171.

BOARD MEETINGS AND ATTENDANCE

In the year under review, there were a total of 05 scheduled Board meetings. At these meetings, the Board reviews 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 are distributed to the directors in advance of the said meetings to provide sufficient time for the directors to prepare ahead for such meetings.

The table shown in page 145 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 2012.

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 co-ordinate 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 the mentioned 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

Report from External Auditors

The External Auditors have performed procedures set out in Bangladesh Securities & Exchange Commission (SEC) Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969, to meet the compliance requirement of the Corporate Governance directive. Their findings presented in their report dated 3 March 2013 addressed to the Board are consistent with the matters disclosed below and did not identify any inconsistencies to those reported below by the Board.

31 December 2012 are given in the Notes to the Financial Statements.

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.

Etical Stanard - 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 websites. A dedicated investor relations team supports the Company's CEO and Chief Financial Officer (CFO) and Company Secretary in maintaining a close dialogue with institutional investors.

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



Nurul Faruk Hasan & Co.
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Our Ref: LBFL-1201-13-01

03 March 2013

LankaBangla Finance Limited
Safura Tower (level-8)
20 Kemal Ataturk Avenue
Banani, Dhaka-1213 .
Bangladesh.

Subject: Audit Opinion on the implementation status of the conditions of Corporate Governance Guidelines implemented for the period from 07 August 2012 to 31 December 2012

Dear Sirs,

We have checked the relevant documents regarding the compliance of the provisions of Corporate Governance Guidelines issued by the Bangladesh Securities Exchange Commission (BSEC) under Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 for the period ended 31 December 2012.

In our opinion, LankaBangla Finance Limited has complied with the conditions of Corporate Governance Guidelines of BSEC for the period ended 31 December 2012. Actual status against each requirement of the Corporate Governance Guidelines is shown in **Annexure-1**.

Thanking you.

Yours faithfully,


(Nurul Faruk Hasan & Co.)
Chartered Accountants



LankaBangla Finance Limited

Status of compliance with the conditions imposed by the Commission's
Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the
Securities and Exchange Ordinance, 1969:

(Report under Condition No. 7.00)

Annexure-1

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
1	Board of Directors			
1.1	Board's Size	✓		
1.2	Independent Directors			
	(i) Independent Directors (At least 1/5 of total number of directors shall be independent directors.	✓		
	(ii) (a) Who either does not hold any share in the company or holds less than 1% of the total paid-up shares of the company;	✓		
	(b) Who is not sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds 1% or more shares of the total paid-up shares of the company;	✓		
	(c) Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;	✓		
	(d) Who is not a member, director or officer of any stock exchange;	✓		
	(e) Who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;	✓		
	(f) Who is/was not a partner or an executive during the preceding 3 years of concern company's statutory audit firm;	✓		
	(g) Who shall not be an independent director in more than 3 listed companies;	✓		
	(h) Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank/NBF;	✓		
	(i) Who has not been convicted for a criminal offence involving moral turpitude.	✓		
	(iii) The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM);	✓		
	(iv) The post of independent director(s) can not remain vacant for more than 90 (ninety) days;	✓		
	(v) The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded;	✓		
	(vi) The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	✓		
1.3	Qualification of Independent Director			
	(i) Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business;	✓		
	(ii) The person should be a Business Leader/Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/professional experiences;	✓		
	(iii) In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	N/A		
1.4	Chairman of the Board and Chief Executive Officer be different persons	✓		
1.5	The Director's Report to Shareholders:			
	(i) Industry outlook and possible future developments in the industry;	✓		
	(ii) Segment-wise or product-wise performance;	✓		
	(iii) Risks and concerns;	✓		
	(iv) A discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin;	✓		
	(v) Discussion on continuity of any Extra-Ordinary gain or loss;	N/A		



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
(vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report;	✓		
(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments;	N/A		
(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer , Direct Listing, etc;	N/A		
(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report;	N/A		
(x)	Remuneration to Directors including independent Directors;	✓		
(xi)	The Financial Statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
(xii)	Proper books of account of the issuer company have been maintained;	✓		
(xiii)	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;	✓		
(xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed;	✓		
(xv)	The system of internal control is sound in design and has been effectively implemented and monitored;	✓		
(xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed;	✓		
(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained;	N/A		
(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be Summarized;	✓		
(xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given;	✓		
(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed;	✓		
(xxi)	The pattern of shareholdings:			
(a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	✓		
(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	✓		
(c)	Executives (top 5) salaried employees of the company, other than the Directors, CEO, CFO, Company Secretary and Head of Internal Audit;	✓		
(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	N/A		
(xxii)	Appointment/Reappointment of Directors:			
(a)	A brief resume of the Director;	✓		
(b)	Nature of his/her expertise in specific functional areas;	✓		
(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board;	✓		
2	Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS):			
2.1	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	✓		
2.2	CFO and Company Secretary shall attend the meetings of Board of Directors.	✓		
3	Audit Committee:			
(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors;	✓		



Nurul Faruk Hason & Co.

Annexure-1

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
	(ii) The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	✓		
	(iii) The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		
3.1	Constitution of the Audit Committee:			
	(i) The Audit Committee shall be composed of at least 3 (three) members;	✓		
	(ii) The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director;	✓		
	(iii) All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience;	✓		
	(iv) When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee;	✓		
	(v) The company secretary shall act as the secretary of the Committee;	✓		
	(vi) The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
3.2	Chairman of the Audit Committee:			
	(i) The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director;	✓		
	(ii) Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	✓		
3.3	Role of the Audit Committee:			
	(i) Oversee the financial reporting process;	✓		
	(ii) Monitor choice of accounting policies and principles;	✓		
	(iii) Monitor Internal Control Risk management process;	✓		
	(iv) Oversee hiring and performance of external auditors;	✓		
	(v) Review along with the management, the annual financial statements before submission to the board for approval;	✓		
	(vi) Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;	✓		
	(vii) Review the adequacy of internal audit function;	✓		
	(viii) Review statement of significant related party transactions submitted by the management;	✓		
	(ix) Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors;	✓		
	(x) When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.	✓		
3.4	Reporting of the Audit Committee			
3.4.1	Reporting to the Board of Directors:			
	(i) The Audit Committee shall report on its activities to the Board of Directors;	✓		
	(ii) The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:			
	(a) Report on conflicts of interests;	N/A		
	(b) Suspected or presumed fraud or irregularity or material defect in the internal control system;	N/A		



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
	(c) Suspected infringement of laws, including securities related laws, rules and regulations;	N/A		
	(d) Any other matter which shall be disclosed to the Board of Directors immediately.	N/A		
3.4.2	Reporting to the Authorities: If any report which material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	N/A		
3.5	Reporting to the Shareholders and General Investors: Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	N/A		
4	External/Statutory Auditors should not engage the following services:			
	(i) Appraisal or valuation services or fairness opinions;	✓		
	(ii) Financial information systems design and implementation;	✓		
	(iii) Book-keeping or other services related to the accounting records or financial statements;	✓		
	(iv) Broker-dealer services;	✓		
	(v) Actuarial services;	✓		
	(vi) Internal audit services;	✓		
	(vii) Any other service that the Audit Committee determines;	✓		
	(viii) No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company;	✓		
5	Subsidiary Company:			
	(i) Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company;	✓		
	(ii) At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company;	✓		
	(iii) The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	✓		
	(iv) The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company too;	✓		
	(v) The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	✓		
6	Duties of Chief Executive Officer (ceo) and Chief Financial Officer (CFO):			
	The CEO and CFO shall certify to the Board that:			
	(i) They have reviewed financial statements for the year and that to the best of their knowledge and belief:			
	(a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		
	(b) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	✓		
	(ii) There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	✓		
7	Reporting and Compliance of Corporate Governance:			
	(i) The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis;	✓		
	(ii) The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	✓		



Status of compliance with the conditions imposed by the SEC

Annexure - 2

Statement of compliance on the Good Governance guideline issued by the Bangladesh Bank, vide

the DFIM Circular No. 7 dated 25 September 2007, Bangladesh Bank issued a policy on responsibility & accountability of Board of Directors, Chairman & Chief Executive of the financial institution. The Board of Directors of the Company has taken appropriate steps to comply with the guidelines and implemented the same.

SL No.	Particulars	Compliance Status
1.	Responsibilities and authorities of the Board of Directors:	
	(ka) Work-planning and strategic management:	
	(1) The Board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goal and in the issues relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor at quarterly rests the development of implementation of the work-plans.	Complied
	(2) The Board shall have its analytical review incorporated in the Annual report as regard the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders of its opinions/recommendations on future plans and strategies.	Complied
	(3) The Board will set the Key Performance Indicator (KPI)s for the CEO and other senior executives and will evaluate half yearly / yearly basis.	Complied
	(kha) Formation of sub-committee:	
	Executive Committee may be formed in combination with directors (excluding any alternate Director) and management of the Company only for rapid settlement of the emergency matters (approval of loan/lease application, write-off, rescheduling etc.) arisen from the regular business activities.	Complied
	(Ga) Financial management:	
	(1) Annual budget and statutory financial statements shall be adopted finally with the approval of the Board.	Complied
	(2) Board shall review and examine in quarterly basis various statutory financial statements such as statement of income-expenses, statement of loan/lease, statement of liquidity, adequacy of capital, maintenance of provision, legal affairs including actions taken to recovery of overdue loan/lease.	Complied

SL No.	Particulars	Compliance Status
	(3) Board shall approve the Company's policy on procurement and collection and shall also approve the expenditures according to policy. The Board shall delegate the authority on the Managing Director and among other top executives for approval of expenditure within budget to the maximum extent.	Complied
	(4) The Board shall adopt the operation of bank accounts. Groups may be formed among the management to operate bank accounts under joint signatures.	Complied
	(Gha) Management of loan/lease/investments:	
	(1) Policy on evaluation of loan/lease/investment proposal, sanction and disbursement and its regular collection and monitoring shall be adopted and reviewed by the Board regularly based on prevailing laws and regulations. Board shall delegate the authority of loan/lease/investment specifically to management preferably on Managing Director and other top executives.	Complied
	(2) No director shall interfere on the approval of loan proposal associated with him. The director concerned shall not give any opinion on that loan proposal.	Complied
	(3) Any syndicated loan/lease/investment proposal must be approved by the Board.	Complied
	(Uma) Risk management:	
	Risk Management Guideline framed in the light of Core Risk Management Guideline shall be approved by the Board and reviewed by the Board regularly.	Complied
	(Ca) Internal control and compliance management:	
	A regular Audit Committee as approved by the Board shall be formed. Board shall evaluate the reports presented by the Audit Committee on compliance with the recommendation of internal auditor, external auditors and Bangladesh Bank Inspection team.	Complied
	(Cha) Human resource management:	
	Board shall approve the policy on Human Resources Management and Service Rule. Chairman and director of the Board shall not interfere on the administrative job in line with the approved Service Rule.	Complied

SL No.	Particulars	Compliance Status
	Only the authority for the appointment and promotion of the Managing Director/Deputy Managing Director/ General Manager and other equivalent position shall lie with the Board in compliance with the policy and Service Rule. No director shall be included in any Executive Committee formed for the purpose of appointment and promotion of others.	Complied
	(Ja) Appointment of CEO:	
	The Board shall appoint a competent CEO for the Company with the approval of the Bangladesh Bank and shall approve any increment of his salary and allowances.	Complied
	(Jha) Benefits offer to the Chairman:	
	Chairman may be offered an office room, a personal secretary, a telephone at the office, a vehicle in the business-interest of the Company subject to the approval of the Board.	Complied
02.	Responsibilities of the Chairman of the Board of Directors:	
	(Ka) Chairman shall not participate in or interfere into the administrative or operational and routine affairs of the Company as he has no jurisdiction to apply executive power;	Complied
	(Kha) The minutes of the Board meetings shall be signed by the Chairman;	Complied
	(Ga) Chairman shall sign-off the proposal for appointment of Managing Director and increment of his salaries & allowances;	Complied
03.	Responsibilities of Managing Director:	
	(Ka) Managing Director shall discharge his responsibilities on matters relating to financial, business and administration vested by the Board upon him. He is also accountable for achievement of financial and other business targets by means of business plan, efficient implementation of administration and financial management;	Complied

SL No.	Particulars	Compliance Status
	(Kha) Managing Director shall ensure compliance of Financial Institutions Act 1993 and other relevant circulars of Bangladesh Bank and other regulatory authorities;	Complied
	(Ga) All recruitment/promotion/training, except recruitment /promotion/training of DMD, shall be vested upon the Managing Director. He shall act such in accordance the approved HR Policy of the Company;	Complied
	(Gha) Managing Director may re-schedule job responsibilities of employees;	Complied
	(Uma) Managing Director may take disciplinary actions against the employees except DMD;	Complied
	(Cha) Managing Director shall sign all the letters/ statements relating to compliance of polices and guidelines. However, Departmental/Unit heads may sign daily letters/statements as set out in DFIM circular no. 2 dated 06 January 2009 if so authorized by MD.	Complied

COMPLIANCE REPORT ON SEC'S NOTIFICATION**Annexure -3****Compliance of Section 1.4(j)****Board of Directors meeting held during 2012 and attendance by each director:**

Composition of the Board	Meeting held	Attended
Mr. Mohammed A. Moyeen	05	05
Mr. I.W. Senanayake	05	03
Mr. M.Y. Aravinda Perera	05	02
Mr. B W Kundanmal (Alternate Director of Mrs. Aneesha Mahial Kundanmal)	05	03
Mr. Farman R. Chowdhury	05	04
Mr. Mirza Ejaz Ahmed	05	03
Mr. Mahbubul Anam	05	05
Dr. M Mahbubul Haque (Alternate Director of Mr. Tahsinul Huque)	05	04
Mrs Jasmine Sultana*	05	01
Mr. Al-Mamoon Md. Sanaul Huq (Independent Director)	05	04
Mr. M. Ehsanul Haque (Independent Director)**	05	01
Mr. Mohammed Nasir Uddin Chowdhury (MD)	05	05

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

* Mrs Jasmine Sultana has tendered her resignation from Board of the company w. e. f. July 30, 2012.

** Mr. M Ehsanul Haque resigned from the Board of the company w. e. f. January 03, 2013. Prof. Mahmood Osman Imam has been appointed in place of him.

Board Executive Committee meeting held during 2012 and attendance by each director:

Composition of the Board	Meeting held	Attended
Mr. Mohammed A. Moyeen	10	08
Mr. B W Kundanmal (Alternate Director of Mrs. Aneesha Mahial Kundanmal)	10	00
Mr. Farman R. Chowdhury	10	09
Mr. Mahbubul Anam	10	06
Mr. Al-Mamoon Md. Sanaul Huq (Independent Director)	10	09

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

Board Audit Committee meeting held during 2012 and attendance by each member:

Composition of the Board	Meeting held	Attended
Mr. Al-Mamoon Md. Sanaul Huq (Independent Director)	04	03
Mr. Mohammed A. Moyeen	04	03
Mr. Mahbubul Anam	04	04
Mr. Farman R. Chowdhury	04	04
Mr. Mirza Ejaz Ahmed	04	02

Compliance of Section 1.4(k)**The pattern of Shareholding****a) Parent/Subsidiary/Associated companies and other related party :**

Name	Relation	Shares Held
Sampath Bank Plc., Srilanka	Related Party	17,940,000

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

Name	Relation	Shares Held
Mr. I.W. Senanayake	Representative of Sampath Bank Limited }	17,940,000
Mr. Aravinda Perera		
Mr. Farman R. Chowdhury	Representative of ONE Bank Limited	9,200,000
Mr. Mirza Ejaz Ahmed	Representative of SSC Holdings Limited	2,032,050
Mrs. Aneesa Mahial Kundanmal	Alternate Director Mr. B W Kundanmal	14,785,481
Mr. Tahsinul Huque	Alternate Director Dr. M. Mahbubul Huque	7,379,550
Mr. Mohemmad A. Moyeen		8,029,444
Mr. Mahbubul Anam		8,435,859
Mr. Al-Mamoon Md. Sanaul Huq		None
Mr. M. Ehsanul Haque		None
Mr. Mohammed Nasir Uddin Chowdhury	Managing Director	None
Mr. Mostafa Kamal FCA	Company Secretary	None
Mr. Quamrul Islam	Chief Financial Officer	None
Mr. Mohammed Kamrul Hasan FCA	Head of Internal Audit	3,299

c) Executives (Top five salaried employees of the company, other than Directors, CEO, CFO and Head of Internal Audit)

Designation	Name	Shares Held
Deputy Managing Director	Mr. Khwaja Shahrir	None
Executive Vice President	Mr. AKM Kamruzzaman	None
Sr. Vice President	Mr. Khurshed Alam	None
Vice President	Mr. A.K.M. Rezaul Karim	None
Vice President	Mr. Mohammed Shoaib	None

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

Statement on Ethics and Compliance



Our approach

LankaBangla pays close attention to the moral concerns in order to make the ethical decisions on a day-to-day basis over and above observing the law, one of the basic professional requirements for the NBFIs. We, at LankaBangla believe that the upholding of an ethical culture in financial sector is of critical interest to the customers, employees, regulators alike and to the NBFIs themselves as a secured, reliable and efficient financial sector system in one of the pillars of economic stability of any country. Hence, nurturing an ethical culture is of utmost importance for financial institutions, like any other organization. Our core ethical values include honesty, integrity, fairness, responsible citizenship, and accountability.

Enforcing a corporate code of ethics requires understanding and active participation by everyone in the FI since the Code spells out the expected standards of behavior and sets the operating principles to be followed. Every official should ensure that the company at all times maintains high ethical standards and adequate internal control measures are in place guarding against unethical practices and irregularities.

Code of Ethics & Principles 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. Principles of conduct at LankaBangla govern each employee to act ethically in daily activities. Our employee Code of Ethics & Principles of Conduct applies 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 turn to the commitments we make to our stakeholders.

Effectiveness of Code, Efforts of the Company

- To apply core values and principles consistently
- For management to display the fullest support to the Code and serve as role models for compliance
- To ensure that all personnel strictly comply with the Code
- To ensure that fair rewarding and punishment be effective under a transparent system
- To communicate the contents to all employees and even make the Code available to those outside the Company
- To review and revise regularly

Additionally

- Establishing the relevant facts and indentifying the ethical issues
- Taking stock of all stakeholders or parties involved
- Having an objective assessment of each stakeholder's position
- Identifying viable alternatives and their efforts on stakeholders
- Comparing and evaluating the likely consequences of each alternative with reference to the standards expected
- Selecting the most appropriate course of action

In a nutshell, our business ethics means, "Choosing the good over the bad, the right over the wrong, the fair over the unfair and the truth over the untruth". Strict compliance, confidentiality, avoidance of conflicts of interest, encouraging the reporting by the Officers of the Company on illegal and unethical behavior are also amongst the guiding principles of the Company's Code of 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. 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 Management Division. Any employee, contractor or consultant can confidentially report concerns about conduct, practices or issues to our Risk Management Division.

To help our employees in applying the principles of our Code of Conduct and Ethics and the Conduct and Ethics Policy Framework, we have been offering training courses 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 Policy Manual” covers our Code of Conduct and Ethics, standards and behaviours 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 Committee.

Compliance with our Code of Conduct and Ethics is monitored by ICC Unit of Risk Management Division, who ensures 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 Company’s consolidated financial statements.



Statement on Risk Management



Strong risk management capabilities is vital to the success of a well-managed financial institution. The Risk Management function is the central resource for driving such capabilities in LankaBangla, and complements the risk and control activities of other functions including Internal Audit and Internal Control & Compliance.

The key components of LBFL's risk management approach are: strong risk governance; robust and comprehensive processes to identify, measure, monitor, control and report risks; sound assessments of capital adequacy relative to risks; and a rigorous system of internal control reviews involving internal and external auditors.

Risk Management in LankaBangla

We believe that sound risk management is essential to ensuring success in our risk-taking activities. Our philosophy is to ensure that risks and returns remain consistent with our established risk appetite. To achieve this, we regularly refine our risk management approaches to ensure that we thoroughly understand the risks we are taking to identify any emerging portfolio threats at an early stage, and to develop timely and appropriate risk-response strategies. The key elements of enterprise-wide risk management strategy are:

- **Risk appetite** – The Board of Directors approves the Company's risk appetite, and risks are managed in alignment with the risk appetite. Risk-taking decisions must be consistent with strategic business goals and returns should compensate for the risk taken.
- **Risk framework** – The Company's risk management framework for all risk types are documented, comprehensive, and consistent.
- **Holistic risk management** – Risks are managed holistically, with a view to understand the potential interactions among risk types.
- **Qualitative and quantitative evaluations** – Risks are evaluated both qualitatively and with appropriate quantitative analyses and robust stress testing. Risk models are regularly reviewed to ensure they are appropriate and effective.

The Board of Directors and senior management provide the direction for the Company's effective risk management that emphasizes calculated risk-taking and proactive risk management. This is reinforced with appropriate risk management staff, ongoing investments in risk systems, regular review and enhancement of risk management policies and procedures for consistent application, overlaid with a strong internal control environment throughout the Group. Accountability for managing risks is jointly owned among customer facing and product business units, dedicated

functional risk management units, as well as other support units such as Operations and Technology. Internal Audit also provides independent assurance that the Company's risk management system, control and governance processes are adequate and effective. Rigorous portfolio management tools such as stress testing and scenario analyses identify possible events or market conditions that could adversely affect the Company. These results are taken into account in the Company's capital adequacy assessment.

Risk Governance and Organisation

The Board of Directors establishes the Company's risk appetite and risk principles. The Board Audit Committee is the principal Board committee that oversees the Company's risk management.

It reviews and approves the Company's overall risk management philosophy, risk management frameworks, major risk policies, and risk models. The Board Audit Committee also oversees the establishment and operation of the risk management systems, and receives regular reviews as to their effectiveness. The Company's various risk exposures, risk profiles, risk concentrations, and trends are regularly reported to the Board of Directors and senior management for discussion and appropriate action.

The Board Audit Committee is supported by Risk Management Division, which has functional responsibility on a day-to-day basis for providing independent risk control and managing credit, market, operational, liquidity, and other key risks. Within the division, risk officers are dedicated to establishing Company wide policies, risk measurement and methodology, as well as monitoring the Company's risk profiles and portfolio concentrations. The Company's risk management and reporting systems are designed to ensure that risks are comprehensively captured in order to support well-considered decision making, and that the relevant risk information is effectively conveyed to the appropriate senior management executives for those risks to be addressed and risk response strategies to be formulated. To ensure the objectivity of the risk management functions, compensation of risk officers is determined independently of other business areas and is reviewed regularly to ensure compensation remains competitive with market levels.

Credit officers are involved in transaction approvals, and personal approval authority limits are set based on the relevant experience of the officers and portfolio coverage. Representatives from the division also provide expertise during the design and approval process for new products offered by the Group. This ensures that new or emerging risks from new products are adequately identified, measured, and managed within existing risk systems and processes.

Various risk management committees have been established for active senior management oversight, understanding, and dialogue on policies, profiles, and activities pertaining to the relevant risk types. These include the Enterprise Risk Management Committee, the Management Credit Committee, the Asset and Liability Management Committee, the Steering Committee for BASEL-II Implementation and the ICT Committee. Both risk-taking and risk control units are represented on these committees, emphasizing shared risk management responsibilities. LBFL Internal Audit conducts regular independent reviews of loan portfolios and business processes to ensure compliance with the Company's risk management frameworks, policies, processes, and methodologies.

Basel II

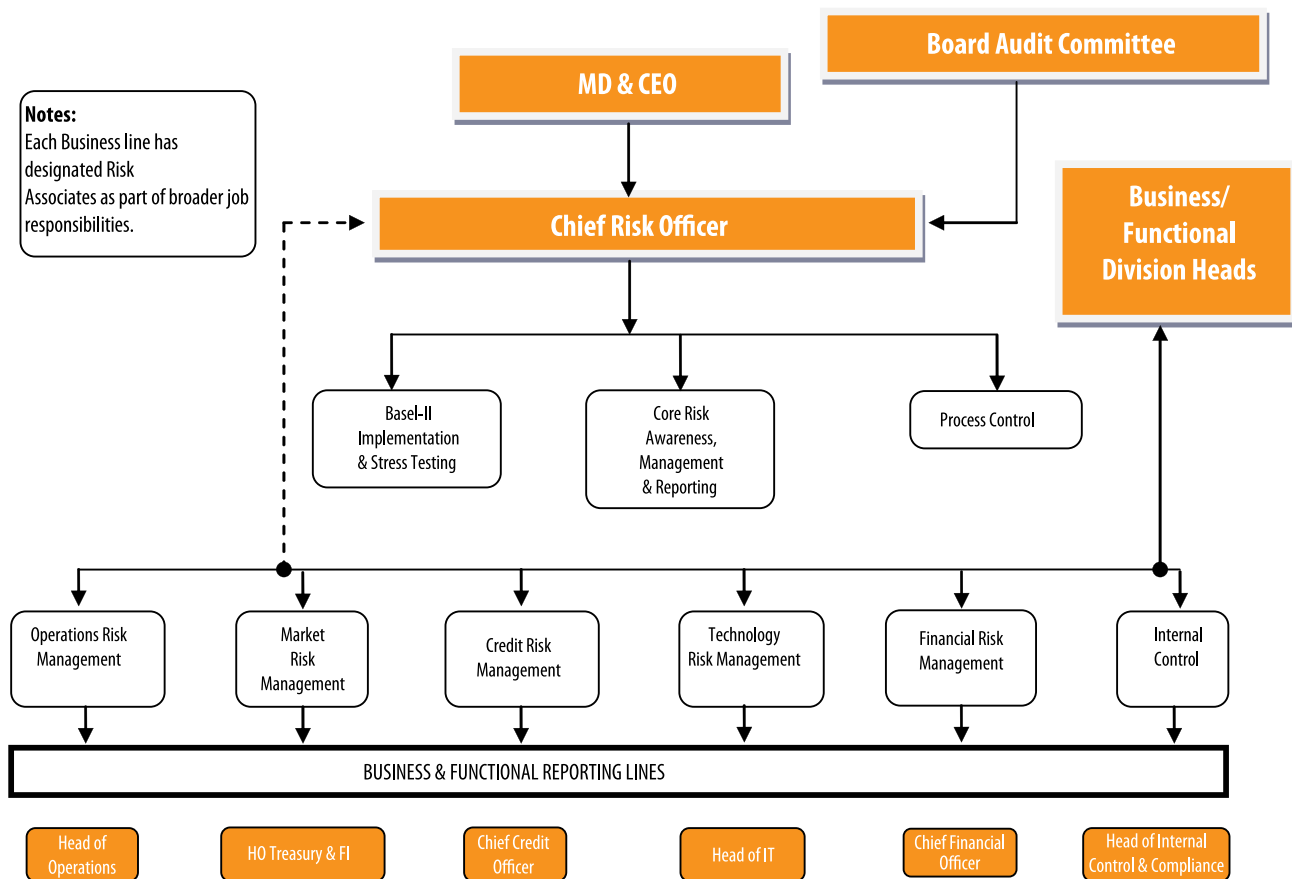
LankaBangla has implemented Bangladesh Bank's Guidelines (Basel Accord for Financial Institutions) on Risk Based Capital Adequacy Requirements for FIs incorporated in Bangladesh with effect from 1 January 2011. Bangladesh Bank adopts the Basel Committee on Banking Supervision's proposal on "International Convergence of Capital Measurement and Capital Standards," commonly referred to as BASEL II. This framework provides a stronger linkage between capital requirements and the level of risks undertaken by banks and FIs to enhance their risk management practices and establishes minimum capital requirements to support credit, market, and operational risks. As part of enhanced public disclosures on risk profile and capital adequacy required under the mentioned guidelines.

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.

The Company has adopted the standardized approaches for market risk and operational risk. Market risk-weighted assets are marked to market and are risk weighted according to the instrument category, maturity period, credit quality grade, and other factors. Operational risk-weighted assets are derived by applying specified beta factors or percentages to the annual gross income for the prescribed business lines in accordance with regulatory guidelines. Initiatives are in place to move toward Internal Model Approach for market risk. Capital adequacy assessments and plans, incorporating stress test results, are submitted quarterly to Bangladesh Bank. Implementing the Basel II framework is an integral part of our efforts to refine and strengthen, as well as to ensure our management of risks is appropriate for the risks we undertake. Company management remains vigilant to ongoing industry and regulatory developments, including risk-adjusted compensation and new standards established in the Basel II Framework published in December 2010. We are constantly reviewing to further improve and refine our businesses and risk management capabilities as well as engaging in dialogue with industry peers and regulators to position ourselves for the far-reaching consequences of these reforms.

Risk Management Structure



Credit Risk Management

Credit risk arises from the risk of loss of principal or income on the failure of an obligor or counterparty to meet their contractual obligations. As our primary business is lending, the Company is exposed to credit risks from loans to retail, corporate, and institutional customers. Trading and investment banking activities, such as trading of shares, debt securities, securities underwriting, and settlement of transactions, also expose the Company to counterparty and issuer credit risks.

The Company seeks to take only credit risks that meet our underwriting standards. We seek to ensure that risks are commensurate with potential returns that enhance shareholder value.

Credit Risk Management Oversight and Organization

The Management Credit Committee is the senior management committee that supports the CEO and the Board Audit Committee in managing the Company's overall credit

risk exposures, taking a proactive view of risks and to position the credit portfolio. The Management Credit Committee also reviews the Company's credit risk philosophy, framework, and policies, and aligns credit risk management with business strategy and planning. The Management Credit Committee recommends credit approval authority limits, reviews the credit profile of material portfolios, and recommends actions where necessary to ensure that credit risks remain within established risk tolerances.

The Credit Risk Management ("CRM") departments have functional responsibility for credit risk management, including formulating and ensuring compliance with Group wide risk policies, guidelines, and procedures. Other Group risk departments are responsible for risk portfolio monitoring, risk measurement methodology, risk reporting, risk control systems, and remedial loan management.

Regular risk reporting is made to the Board of Directors, Board Audit Committee, and the Management Credit Committee in a timely, objective, and transparent manner. These reports include various credit risk aspects such as portfolio

quality, credit migration, expected losses, and concentration risk exposures by business portfolio and geography. Such reporting allows senior management to identify adverse credit trends, formulate and implement timely corrective action, and ensure appropriate risk-adjusted decision making.

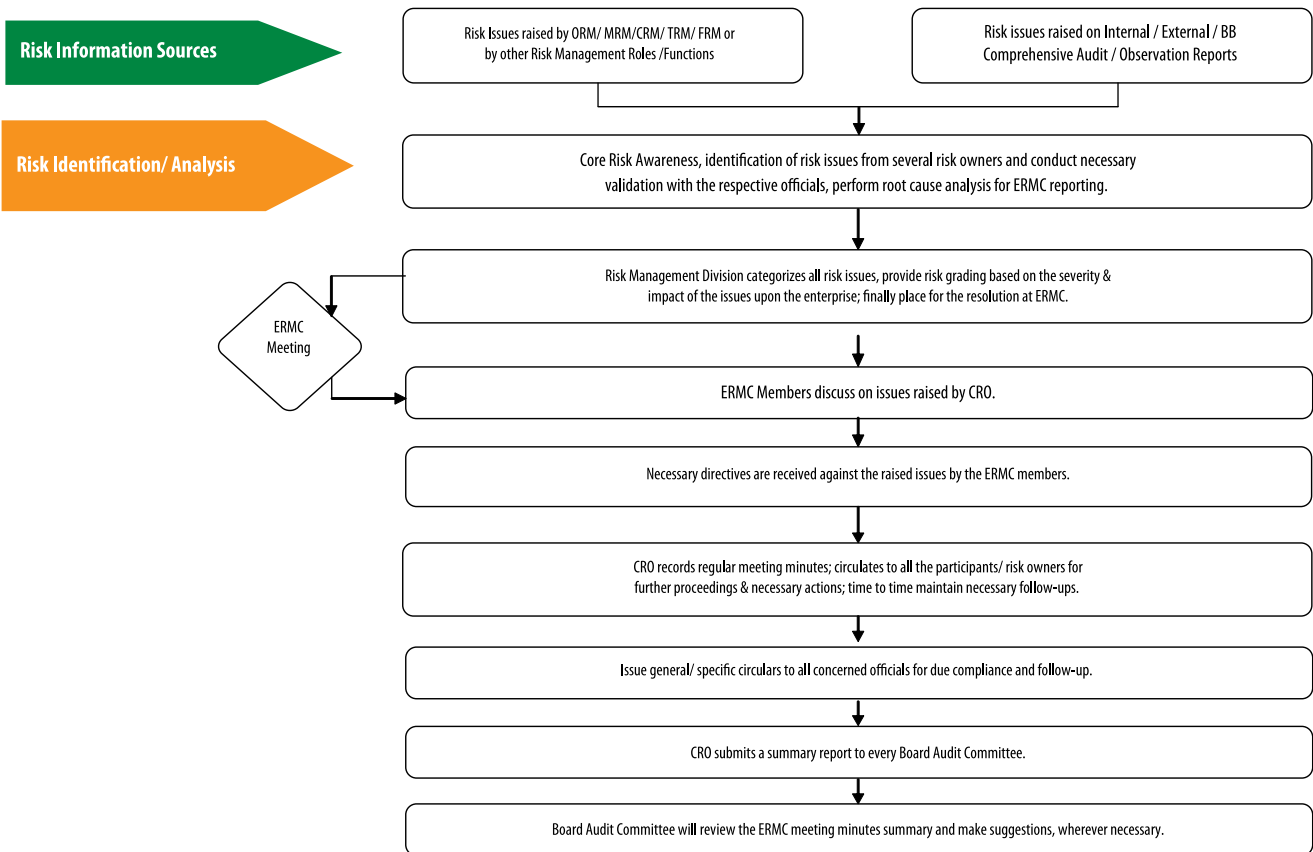
Credit Risk Management Approach

Our credit risk management framework includes comprehensive credit risk policies for approval and management of credit risk, as well as methodologies and models to quantify these risks in a consistent manner. While Group policies set our minimum credit risk management standards, the key to our success lies also in the experience

and sound judgment of our credit officers and embedded regular credit review process. The internal audit review also provides an independent assessment of the effectiveness and adequacy of our credit risk management practices.

Credit underwriting criteria are regularly updated to reflect prevailing economic conditions in our key markets. In addition, we remain selective in purchasing debt securities. Portfolio reviews and stress tests are conducted regularly to identify any portfolio vulnerabilities. Fair dealing is an integral part of LBFL's core corporate values: credit extensions are only offered after a comprehensive assessment of the borrower's creditworthiness, as well as the suitability and appropriateness of the product offering.

Risk Management Process Flow



Lending To Consumers and SME Businesses

Credit risks for the consumer and SME business sectors are managed on a portfolio basis. Such products include mortgage loans, credit cards, auto loans, commercial property loans, factoring and business term loans. Loans are underwritten under product programs that clearly define the target market, underwriting criteria, terms of lending, maximum exposure, credit origination guidelines, and verification processes to prevent fraud. The portfolios are closely monitored using MIS analytics. Scoring models are used in the credit decision process for some products to enable objective risk evaluations and consistent decisions, cost efficient processing, and behavioral score monitoring of expected portfolio performance.

Lending to Corporate and Institutional Customers

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, collaterals, or other credit support. Credit extensions have to meet pre-defined target market and risk acceptance criteria. To ensure objectivity in credit extensions, co-grantor approvals – or joint approvals – are required from both the business units as well as credit controllers from the credit risk function.

Credit Risk Grading (CRG):

Credit risk grading is an important tool for credit risk management as it helps the Financial Institutions to understand various dimensions of risk involved in different credit transactions. The process allows to compare different borrowers under a standardized scale and the aggregation of such grading across the borrowers, activities and the lines of business can provide better assessment of the quality of credit portfolio.

Frequency of Preparing CRG:

The credit risk grading system is vital to take decisions both at the pre-sanction stage as well as post-sanction stage. At the pre-sanction stage, risk grading helps the sanctioning authority to decide whether to lend or not to lend, the lending price, the extent of exposure etc.

At the post-sanction stage, credit grading helps decide about the depth of the review or renewal, frequency of review, periodicity of the grading, and other precautions to be taken.

Functions of Credit Risk Grading

Well-managed credit risk grading systems promote financial institution safety and soundness by facilitating informed

decision-making. In line with Bangladesh Bank core risk manual and following the industry best practices, for each and every loan cases CRG score is calculated using the pre-determined CRG format suitable for respective loan products. This allows FI management and examiners to monitor changes and trends in risk levels. The process also allows FI management to manage risk to optimize returns.

Use of Credit Risk Grading:

- The Credit Risk Grading matrix allows application of uniform standards to credits to ensure a common standardized approach to assess the quality of an individual obligor and the credit portfolio as a whole.
- As evident, the CRG outputs would be relevant for credit selection, wherein either a borrower or a particular exposure/facility is rated. The other decisions would be related to pricing (credit spread) and specific features of the credit facility.
- Risk grading would also be relevant for surveillance and monitoring, internal MIS and assessing the aggregate risk profile. It is also relevant for portfolio level analysis.

Credit Risk Grading Process:

The following step-wise activities outline the detail process for arriving at credit risk grading

Step I: Identify all the Principal Risk Components (Quantitative & Qualitative)

Step II: Allocate weightings to Principal Risk Components

Step II: Input data to arrive at the score on the key parameters

Step II: Arrive at the Credit Risk Grading based on total score obtained

Credit Risk Control

Credit Risk mitigation

Transactions are entered primarily on the strength of a borrower's creditworthiness, ability to repay, and repayment sources. To mitigate credit risk, the Company accepts collateral as security, subject to credit policies on collateral eligibility. Types of collateral include cash and marketable securities; residential and commercial real estate; commercial & private vehicles; and other tangible business assets, such as inventory and equipment.

The value of collateral is prudently assessed on a regular basis, and valuations are performed by independent appraisers. Discounts are applied to the market value of collateral, reflecting the quality, liquidity, volatility, and collateral type. The loan-to-value ratio is a key factor in the credit granting decision. LBFL also accepts guarantees from individuals, corporates, and institutions as a form of support. Some netting and collateral agreements may contain rating

triggers, although the thresholds in the majority of our agreements are identical in the event of a one-notch rating downgrade. Given the Company's investment grade rating, there is minimal increase in collateral required to be provided to our counterparties if there is a one-notch downgrade of our credit rating.

Managing Credit Risk Concentrations

Credit risk concentrations exist in lending to single customer groups, borrowers engaged in similar activities, or diverse groups of borrowers that could be affected by similar economic or other factors. To manage these concentrations, exposure limits are established for single borrowing groups, counterparties, industry segments. Limits are aligned with the Company's business strategy and resources, and take into account the credit quality of the borrower, available collateral, regulatory requirements, and country risk ratings. Limits are typically set taking into consideration factors such as impact on earnings and capital as well as regulatory constraints.

The Company is in compliance with Section 14 of the Financial Institutions Act, 1993 which limits its exposure to any single client in Bangladesh to not more than 30% of our Equity.

Remedial Management

The Company has been able to anticipate areas of potential weakness at an early stage through the regular monitoring of the credit quality of our exposures, with an emphasis on a proactive and forward-looking approach to early problem recognition. We value long-term relationships with our customers by working closely with them at the onset of their difficulties. Applying specialist remedial management techniques even before the loan becomes non-performing allows us to maintain sound asset quality and promote customer loyalty and retention. Loans are categorised as "Special Mention", while non-performing loans ("NPLs") are categorised as "Substandard", "Doubtful", or "Bad & Loss" in accordance with FID Circular No. 08 & 11 of Bangladesh Bank. These indicators allow us to have a consistent approach to early problem recognition and effective remedial management.

LankaBangla has established specialist and centralised units to manage problem exposures to ensure timely NPL reduction and maximise loan recoveries. Time, risk-based, and discounted cash flow approaches are deployed to optimise collection and asset recovery returns, including monitoring set indicators like delinquency buckets, adverse status, and behavioral score trigger points for consumer NPLs. The Company uses a suite of collection information systems to constantly fine-tune and optimise its objectives of recovery, effectiveness, and customer retention.

Provision For Lease/Loans

The Company maintains provision for loans that are sufficient to absorb credit losses inherent in its loan portfolio. Total loan provision comprise specific provision against each NPL and a portfolio provision for all loans on books to cover any losses that are not yet evident. The Company's policy for loan provisions is guided by Bangladesh Bank's FID Circular No. 08 & 11. Assessment for impairment is conducted on a loan-by-loan basis. The exceptions are homogenous loans (such as housing loans, consumer loans, and credit card receivables) below a certain materiality threshold, where such loans may be pooled together according to their risk characteristics and collectively assessed according to the degree of impairment, taking into account the historical loss experience on such loans. Portfolio allowances are set aside based on management's credit experiences and judgment for estimated inherent losses that may exist but have not been identified to any specific financial asset. Credit experiences are based on historical loss rates that take into account geographic and industry factors. A minimum 2%/5% for House Loan and 1% Provision for Other Lease/Loan portfolio is being made as the mentioned FID Circulars.

Write-Offs

Loans are written off against Provisions when recovery action has been instituted and the loss can be reasonably determined.

Ceasing of Interest Accrual on Loans

When a loan is classified as "Special Mention Account", "Substandard", "Doubtful", or "Bad & Loss", interest income ceases to be recognized in the income statement on an accrual basis. However, this non-accrual of interest does not preclude the Company's entitlement to the interest income as it merely reflects the uncertainty in the collectability of such interest income.

Collateral Held Against NPLs

Land, Real estate, Shares, FDRs in Bangladesh forms the main type of collateral for the Company's NPLs. The realisable value of the collateral is used to determine the adequacy of the collateral coverage. Proceeds from the sale of collateral pledged for a particular loan cannot be applied to other classified loans unless the accounts are related and legal cross collateralization of the facilities have been provided for.

Market Risk Management

Market risk is the risk of loss of income or market value due to fluctuations in market factors such as interest rates, foreign exchange rates, equity and commodity prices, or changes in volatility or correlations of such factors. LBFL is exposed to market risks from its trading and client servicing activities.

Company's market risk management strategy and market risk limits are established within the Company's risk appetite and business strategies, taking into account macroeconomic and market conditions. Market risk limits are subject to regular review.

Market Risk Management Oversight and Organisation

The Enterprise Risk Management Committee is the senior management committee that supports the Board Audit Committee and the CEO in market risk oversight. The Enterprise Risk Management Committee establishes market risk management objectives, framework, and policies governing prudent market risk taking, which are backed by risk methodologies, measurement systems, and internal controls. The Enterprise Risk Management Committee is supported at the working level by the Risk Management Division (RMD). RMD is the independent risk control unit responsible for operationalising the market risk management framework to support business growth while ensuring adequate risk control and oversight.

Market Risk Management Approach

Market risk management is a shared responsibility. Business units are responsible for undertaking proactive risk management along with their pursued trading strategies, while the Risk Management Division acts as the independent monitoring unit that ensures sound governance practices. Key risk management activities of identification, measurement, monitoring, control, and reporting are regularly reviewed to ensure they are commensurated with the Company's market risk taking activities.

Market Risk Identification

Risk identification is addressed via the Company's new product approval process at product inception. Market risks are also identified by our risk managers who proactively interact with the business units on an ongoing basis.

Stress Testing and Scenario Analyses

The Company also performs stress testing and scenario analyses to better quantify and assess potential losses arising from low probability but plausible extreme market conditions. The stress scenarios are regularly reviewed and fine-tuned to ensure that they remain relevant to the Company's trading activities, risk profile, and prevailing and forecast economic conditions. These analyses determine if potential losses from such extreme market conditions are within the Company's risk tolerance and capital level.

Asset Liability Management

Asset liability management is the strategic management of the balance sheet structure and liquidity needs, covering funding liquidity risk management, structural interest rate management and structural foreign exchange management.

Asset Liability management Oversight and Organization

The Asset Liability Management Committee ("ALCO") is responsible for the oversight of our Group liquidity and balance sheet risks. The ALCO is chaired by the CEO and includes senior management from the business, risk and support units. The ALCO is supported by the Treasury Department with a Line reporting to Risk Management Division.

Asset Liability Management Approach

The Asset Liability Management framework comprises liquidity risk management, structural interest rate risk management and structural foreign exchange risk management.

Liquidity Risk

The objective of liquidity risk management is to ensure that there are sufficient funds to meet contractual and regulatory financial obligations as well as to undertake new transactions. Our liquidity management process involves establishing liquidity management policies and limits, regular monitoring against liquidity risk limits, regular stress testing, and establishing contingency funding plans. These processes are subject to regular reviews to ensure that they remain relevant in the context of prevailing market conditions.

Liquidity monitoring is performed daily within a framework for projecting cash flows on a contractual and behavioral basis. Simulations of liquidity exposures under stressed market scenarios are performed and the results are taken into account in the risk management processes. Structural liquidity indicators such as liquidity and deposit concentration ratios are employed to maintain an optimal funding mix and asset composition. Funding strategies are in place to provide effective diversification and stability in funding sources across tenors, product and geography. In addition, we maintain a level of liquid assets exceeding the regulatory requirement for use in the event of a liquidity crisis. These assets comprise statutory reserve eligible securities as well as marketable shares and debt securities.

Operational Risk Management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and management,

or from external events. Operational risk includes legal risk and reputation risk. The Company's operational risk management aims to minimise unexpected and catastrophic losses and to manage expected losses. This enables new business opportunities to be pursued in a risk-conscious and controlled manner.

Operational Risk Management Oversight and Organisation

The Enterprise Risk Management Committee ("ERMC") is the senior management committee that oversees the execution of the Company's Operational Risk Management, Information Security and Technology Risk practices, and ensures that the respective risk management programs are appropriate, effective, and support the Company's business strategy. EMRC also has oversight over the management of the Company's fiduciary, reputational and legal risks. The Risk Management Division establishes the framework, including policies and methodologies for Operational Risk Management. The RM division also provides independent oversight of operational risk monitoring and control. These programs are actively implemented through the respective operational risk co-ordinators or managers in the business units.

Operational Risk Management Approach

The Company manages operational risks through a framework that ensures operational risks are properly identified, managed, monitored, mitigated, and reported in a structured and consistent manner. The framework is underpinned by an internal control system that reinforces the Company's control culture by establishing clear roles and responsibilities for staff and preserving their rights in executing their control functions without fear of intimidation or reprisal. The Company recognises the importance of establishing a risk-awareness culture in the managing of operational risk through embedding risks management in the Company's core processes.

Each business unit undertakes regular self-assessment of the risk and control environment to identify, assess, and measure its operational risks, which include regulatory and legal risks. Risk metrics are also used to detect early warning signals and drive appropriate management actions before risks materialise into material losses. Senior management also attests annually to the CEO and Board Audit Committee on the effectiveness of the internal control system, as well as report key control deficiencies and appropriate remedial plans. Operational risk losses and incidents are used as information for reporting and for providing risk profiling information to senior management and the Board Audit Committee.

For information security, the Company protects and ensures the confidentiality, integrity, and availability of its information assets through implementing appropriate

security controls to protect against the misuse or compromise of information assets. New and appropriate security technologies are regularly identified and implemented as part of the Company's technology risk management strategy to mitigate any possible threats to the Company's information technology environment. To mitigate the impact of unforeseen operational risk events, Company management has implemented business continuity management and crisis management programmes to ensure the uninterrupted availability of all business resources to support essential business activities.

The Company's Fraud Risk Management and whistle-blowing programmes help prevent and detect fraud or misconduct, as well as enable rapid and co-ordinated incident responses, including establishing the cause, remedial actions, and damage control procedures. The Company is on the way to strengthening its Fraud Risk Management infrastructure to manage emerging threats through new programmers and initiatives.

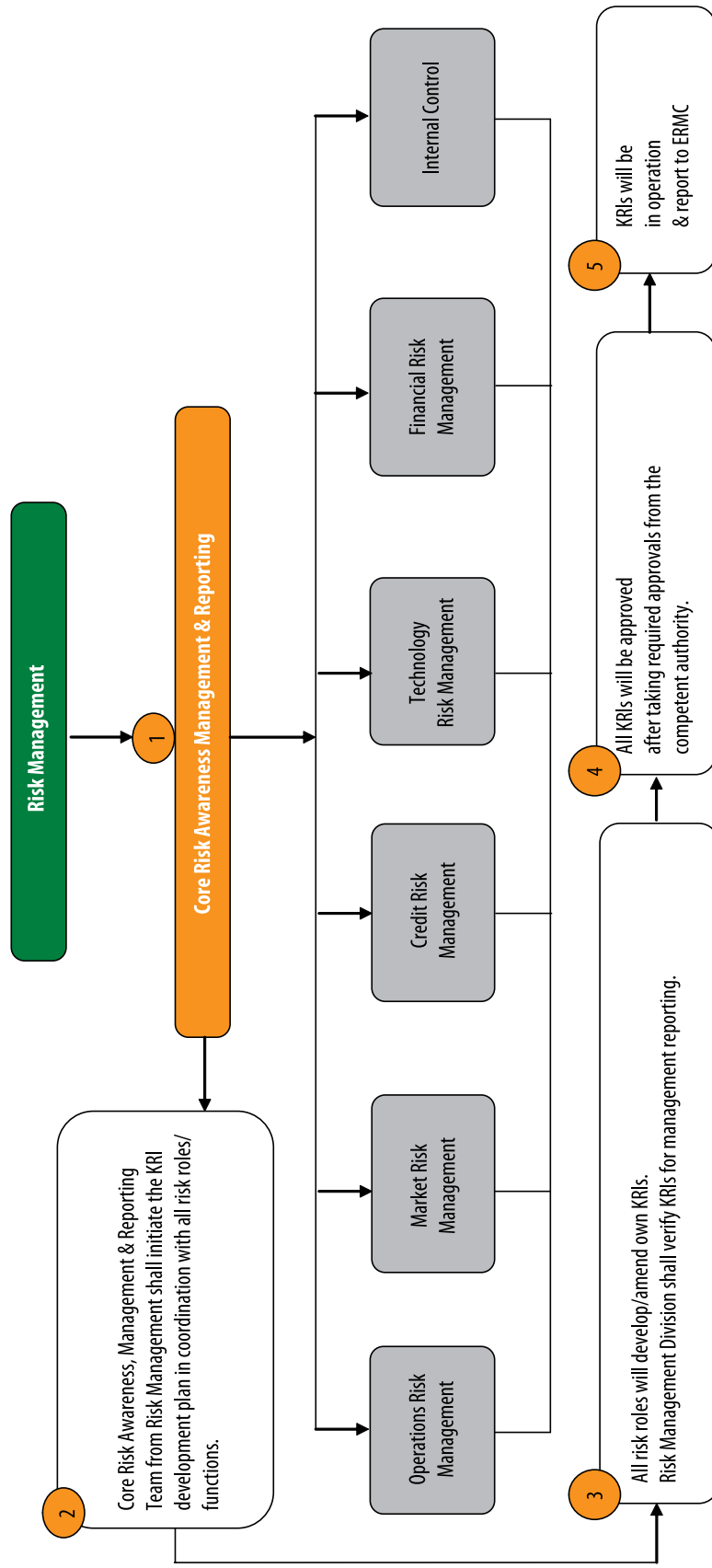
Reputation Risk Management

Reputation risk is the current or prospective risk to earnings and capital arising from adverse perception of the image of the Company on the part of customers, counterparties, shareholders, investors and regulators. The Company has a reputation risk management programme to manage any such potential current, or future adverse impact on earnings and continued access to sources of funding. The programme focuses on understanding and managing our responsibilities toward our different stakeholders, and protecting our reputation. A key emphasis of the programme is effective information sharing and engagement with stakeholders.

Regulatory, Compliance and Legal Risks

Each business unit is responsible for the adequacy and effectiveness of controls in managing the Regulatory, Compliance and Legal risks. An annual Regulatory Compliance Certification is provided by senior management to the CEO and Board Audit Management Committee on the state of regulatory & legal compliance.

Management of Key Risk Indicators



Capital Adequacy and Market Discipline

Capital adequacy is a measure of an NBF's financial strength and its ability to withstand liquidity shocks during the course of its business activities. The financial crises in industry time to time clearly revealed the need for regulators and FIs alike to review existing capital and liquidity requirements and to assess an FI's capability of absorbing losses in its daily course of business and during economic and market stress situations.

RISK ASSESSMENT UNDER BASEL II

The primary objective of the Capital Adequacy Ratio (CAR) defined under Basel II is to protect an FI's depositors, whilst maintaining confidence and giving stability to the world banking system. The regulators attempt to accomplish this by setting the capital reserves an FI needs to hold in relation to the risk the FI exposes itself to through its business activities. Keeping in line with international standards, Bangladesh Bank has supported these regulatory reforms by enhancing them in accordance with local funding and liquidity requirements. The capital adequacy of FIs & banks is monitored by Bangladesh Bank on a regular basis.

LankaBangla computes CAR as a ratio of its capital to its risk weighted assets. Calculations of the risk weight defined under credit risk and market risk are based on the standardised approach whereas operational risk is computed by using the basic indicator approach. As the Basel II guidelines are phased in and more sophisticated risk measurement systems and models are implemented, FIs will be in a position to move from the standardised methods to the more refined and robust requirements of the advanced approaches.

LBFL's Capital Adequacy Ratio (CAR) of 19.64% remains comfortably above Bangladesh Bank's current capital requirements for Tier 1 and Tier 2 Capital. Presently the CAR requirement is 10%.

LankaBangla has taken necessary measures to remain compliant, in line with Bangladesh Bank's guidelines, with its forecasted growth in the future.

Disclosure on CAMD

The capital adequacy computation (solo basis) as at 31 December, 2012 is given below:

(BDT Million)

Sl.	Particulars	Amount
A.	Eligible Capital:	
1.	Tire - 1 Capital	3,784.70
2.	Tire - 2 Capital	158.70
3.	Total Eligible Capital (1+2)	3,943.50
B.	Total Risk Weighted Assets (RWA)	20,068.90
C.	Capital Adequacy Ratio (CAR) (A3/B)*100	19.64%
D.	Core Capital to RWA (A1/B)*100	18.85%
E.	Supplementary Capital to RWA (A2/B)*100	0.79%
F.	Minimum Capital Requirement (MCR)	2,006.90

Eligible Capital

(BDT Million)

Sl.	Particulars	Amount
1.0	Tire - 1 (Core Capital)	
1.1	Fully paid-up capital/capital lien with BB	1,894.10
1.2	Statutory reserve	561.70
1.3	Non-repayable share premium account	-
1.4	General reserve	-
1.5	Retained earnings	1,415.00
1.6	Minority interest in subsidiaries	-
1.7	Non-cumulative irredeemable preferences share	-
1.8	Dividend equalization account	-
1.9	Other (if any item approved by Bangladesh Bank)	-
	Less: Shortfall in provisions required against investment in shares	(86.60)
1.10	Sub-Total (1.1 to 1.9)	3,784.70

Risk Weighted Assets (RWA)

(BDT Million)

Sl.	Particulars	Amount
A.	Credit Risk	
	1. On- Balance Sheet	16,577.80
	2. Off - Balance Sheet	-
B.	Market Risk	1,752.50
C.	Operational Risk	1,738.50
	Total RWA (A + B + C)	20,068.90

Statement on Non-Performing Loan (NPL) Management

Managing Non-performing Loan (NPL) to keep it at the lowest possible level is at the core of our business priorities. We have embedded the essence of asset quality in our business values, therefore, instituted the best local as well as international industry practices throughout our business processes.

Business Processes and Structures to Facilitate NPL Management:

NPL management is one of the topmost priorities of the management of LankaBangla. At LankaBangla, NPL management starts from the very beginning of our business processes. Step by step NPL management flow is as under:

- We have developed credit policies in line with the best practices which are the guiding principles for our sales and relationship teams which drive their business efforts towards quality business through systematic management of any potential risk of NPL.
- Our Credit Risk Management (CRM) division independently reviews the credit proposals, recommends those cases which are screened off of risk ensuring adequate protection against any potential NPL. The reporting authority of CRM division is also independent of reporting line of business division.
- The credit proposals recommended by CRM are once again reviewed by Management Credit Committee (MCC) consisting of the Managing Director, Deputy Managing Director and Heads of business divisions, operations division and CRM division, who put into a wide variety of inputs from different aspects ensuring the least possibility of NPL.
- Thereafter, credit proposals recommended by MCC are reviewed and if found acceptable, approved by the concerned authority which may be the Managing Director, the Board Executive Committee (BEC) or the Board of Directors (BOD) independently.
- Even after approval of credit facilities, the post approval activities like credit facility documentations and executions are carried out by separate department namely Asset Operations Unit and vetting of credit facility and collateral documentations are taken care of by separate department namely Legal Operations Unit under centralized Operations Division which are also independent of reporting lines of business departments and divisions to avoid conflict of interests.
- For post disbursement activities like monitoring, collection, early alerts, etc. until settlement, separate department namely Asset Recovery & Monitoring Unit continuously thrives for protection against NPL. Regular due date and overdue status reminders through SMS, e-mails, letters, telecommunications, meetings, discussions, visits, etc with the clients are consistently carried out by the department which facilitates managing NPL at the lowest possible level.
- For managing NPL cases arising out even after all the efforts as mentioned above, a dedicated department namely SAM (Special Asset Management) Unit is in place to directly monitor, put into action and intensify recovery and collection drives through dedicated internal recovery officers and also third party collection service providers, where necessary. Litigation Unit of SAM Department is well organized with the assistance of leading law firms of the country to ensure all out legal actions for collection.
- Risk Management Division and its Internal Control & Compliance (ICC) Unit, Enterprise Risk Management (ERM) Unit and Audit & Inspection (AI) Unit are consistently reviewing and monitoring the implementation and execution of the policies, procedures, and systems; blowing whistles where necessary; updating with approval of competent authority the policies, procedures, and systems with the assistance of the Information Technology (IT) Division and other stake-holding divisions;
- The senior management is vigilant to monitor and review all the relevant aspects; provides necessary directions and guidance time to time; all to ensure asset quality maintaining the NPL ratio towards its desired goals outperforming the industry ratio.
- On top of all, the Board of Directors periodically monitors and reviews the NPL movements and performance of the management in arresting NPL; provides necessary directions and guidance, thereby ensures highest quality of assets of the company to ensure a quality asset portfolio thereby maximize business and profitability growth.

Strategies for NPL Management:

The recovery strategies are carried out through the following three sub-functions:

- i) Classification of loan portfolio
- ii) Trend analysis of the overdue installments
- iii) Strategy of recovery

i) Classification of Loan Portfolio

Loans are classified into the following categories.

- a) Regular
- b) One monthly installment overdue
- c) Two monthly installment overdue
- d) Three monthly installment overdue
- e) Four monthly installment overdue
- f) Five monthly installment overdue
- g) Six monthly installment overdue
- h) Suspended account

The above mentioned classification is based on the age of the loan portfolio. The strategy of recovery is based on the age of overdue of the loan facility.

ii) Trend Analysis of the Overdue Loans

The data of the outstanding loan portfolio is formatted to generate two different types of reports from the automated computerized system, namely, Sector-wise Age Analysis and Client-wise Age Analysis. From each of these two reports a trend analysis is carried out. The details are given below. External data are utilized to do the analysis:

• Sector-wise Age analysis

This report provides information on the sectoral default level of the loan portfolio. If the default happens to be random in nature for a particular sector, the client-wise age analysis is emphasised. If any sectoral default is evident the following further analysis is carried out.

Industry Sales Analysis: This analysis is carried out by collecting data from the external sources to find the causes of the sectoral sales decline. The nature of the causes (temporary or permanent) is also analyzed.

Industry Profitability Analysis: This analysis is carried out in order to find out the fluctuation of the profit margin of the sectors. The causes of the fluctuations are also analyzed to uncover the nature of the fluctuations (temporary or permanent).

Industry liquidity Analysis: This analysis is carried out in

the context of national economic activity, monetary condition to find out the immediate liquidity situation of the industry and to be prepared to face the reality of the business.

Industry Change Analysis: This analysis is carried out to find out changes in the industry in terms of technology, investment, development of substitute product, etc.

The objectives of the sector-wise age analysis are following:

- i) Take immediate action to realise the default outstanding by way of rescheduling, suspending or terminating the agreement.
- ii) Provide investment advices to the client to help them recovering from turmoil.
- iii) Adopt alternate strategies with respect to loan finance to the sector.
- iv) Adopt new criteria for future reference in appraisal procedure.

• Client-wise Age Analysis

This analysis is carried out to discover the clients' integrity and sincerity to pay the loan installments, their business profitability, and affectivity of their business strategy in the context of present business situation. The objective is to adopt correct strategy to recover the investment.

iii) Strategy of Recovery

The recovery strategy of the asset operation is adopted based on the individual client in the light of the conclusion derived from the sector-wise age analysis and client-wise age analysis. The various recovery actions in order of intensity is given below:

1. Phone Call/ SMS
2. Letter/ E-mail
3. Visit
4. Reminder
5. 2nd Reminder
6. Visit conducted by higher level employee/s
7. Letter to guarantor/s
8. Final letter for legal notice
9. Legal Notice
10. Report to Central Bank and to other agencies
11. Terminate the loan
12. Ask the guarantor of payment/ encashment of security
13. Litigation

The application of the above mentioned options are contingent upon the age of the overdue installments, causes of the overdue, etc. Few of the application are as follows:

- a) Immediately after overdue of one installment, telephonic communication/ SMS is initiated by monitoring officer. Upon failing to obtain positive result default letter is issued to the client. If the letter does not bring in result an official visit is made by a mid-level officer to resolve the matter.
- b) If two installments are overdue, the case is analysed and necessary corrective action is taken by sending an overdue status and a claim letter; simultaneously telephone calls are made to give continuous reminder.
- c) If the above actions fail a second reminder is given to the client through letter along with telephonic conversation.
- d) If consecutively three installments are overdue the client is taken as problem case. In this case a higher level management meeting is conducted, to take corrective action with respect to rescheduling, early realisation, etc.
- e) If the above measures fail a letter showing the details of overdue and a list of already taken corrective actions is sent to the client with C.C. to the guarantor and security provider.
- f) After six monthly installments being overdue, or the account is overdue for six months, the case is taken as suspended case and legal notice, reporting to central bank, termination of loan, security encashment, final provisioning, litigation etc. are carried out chronologically.

NPL Status as on December 31, 2012:

During the year 2012, the NPL ratio of the Company declined to 3.93% from previous year's 6.51%. The absolute figures show substantial improvement with a reduction of 43.55% in classified portfolio from BDT 925.61 million in 2011 to BDT 522.53 million in 2012. The reduction in NPL in 2012 is mainly due to write offs of unrealizable assets of an amount of Tk.476.30 million which is the main contributor towards reduction in total NPL followed by collection of sizable NPL to the tune of Tk.143.80 million.

In 2012, likewise 2011, no material fresh NPL emerged which indicates the effectiveness of policies, procedures and systems that have been put into place over the last 2 years. The NPL addition during the year 2012 is mainly due to accumulation of interest on NPL accounts, which are, however, suspended from income in the books of accounts.

The movement/summary of NPL, written-off and rescheduled cases, during the year 2012 has been depicted in following tables:

	BDT million
Opening Balance as on January 1, 2012	925.61
Add: Addition During the Year	217.02
Less: Collection During the Year	143.80
Less: Adjustment/ Write-offs	476.30
Closing Balance as on December 31, 2012	522.53

Write offs:

During the year 2012, the movement in written-off accounts is as under:

Particulars	No of Accounts	BDT million
Opening Balance as on January 1, 2012	2	1.82
Add: Addition During the Year	7	476.30
Less: Collection During the Year	-	-
Closing Balance as on December 31, 2012	9	478.12

Reschedules:

During the year 2012, 22 nos of accounts with 17 nos clients having outstanding of Tk.488.64 million have been rescheduled out of which classified accounts were only 14 nos with 9 nos clients having outstanding of Tk.109.63 million.

The comparative summary of rescheduled accounts during the year 2012 and its previous year is as under:

Particulars	2012		2011	
	No of Accounts	BDT million	No of Accounts	BDT million
Rescheduled loans (total of the year)	22	488.64	13	72.15
Classified loans rescheduled	14	379.02	2	2.40
Un-classified loans rescheduled	8	109.63	11	69.75

Sector-wise NPL Status:

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

Sl. No	Particulars	Sector-wise Total Credit Portfolio (in BDT mn)	Sector-wise Credit Portfolio (in %)	Sector-wise NPL Portfolio (in BDT mn)	Sector-wise NPL % of Total Portfolio
1	Trade and Commerce	627.59	4.71%	77.78	0.58%
2	Industry	-	0.00%	-	0.00%
	A) Garments and Knitwear	602.17	4.52%	2.49	0.02%
	B) Textile	517.14	3.88%	-	0.00%
	C) Jute and Jute-Products	-	0.00%	-	0.00%
	D) Food Production and Processing Ind.	143.05	1.07%	8.82	0.07%
	E) Plastic Industry	-	0.00%	-	0.00%
	F) Leather and Leather-Goods	-	0.00%	-	0.00%
	G) Iron, Steel and Engineering	1,310.96	9.85%	-	0.00%
	H) Pharmaceuticals and Chemicals	417.76	3.14%	16.92	0.13%
	I) Cement and Allied Industry	-	0.00%	-	0.00%
	J) Telecommunication and IT	23.86	0.18%	-	0.00%
	k) Paper, Printing and Packaging	60.67	0.46%	9.12	0.07%
	L) Glass, Glassware and Ceramic Ind	-	0.00%	-	0.00%
	M) Ship Manufacturing Industry	281.94	2.12%	-	0.00%
	N) Electronics and Electrical Products	18.36	0.14%	18.36	0.14%
	O) Power, Gas, Water & Sanitary Service	62.62	0.47%	32.01	0.24%
	P)Transport and Aviation	190.02	1.43%	150.37	1.13%
	Industry Total	3,628.55	27.26%	238.10	1.79%
3	Agriculture	545.48	4.10%	37.91	0.28%
4	Housing	1,673.49	12.57%	-	0.00%
5	Others	-	0.00%	-	0.00%
	A) Merchant Banking	3,406.55	25.59%	-	0.00%
	B) Margin Loan	-	0.00%	-	0.00%
	C) Others	3,430.70	25.77%	168.74	1.27%
	Others Total	837.25	51.36%	168.74	1.27%
	Grand Total	13,312.36	100.00%	522.53	3.93%

Movement of Provision for loans and advances/ investments:

Movement of Provision for loans and advances/ investments is shown in note no. 12.04 of financial statements at page no. 218.

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 2012 like-wise 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 2013 in recovery of NPL accounts.

On the other hand, in order to check against any further significant NPL, we have extensively reorganized our Organogram, separated business division, CRM division, Operations division, strengthened pool of qualified human resources in the departments, enhanced lawyers' panel incorporating leading law firms, reengineered business and operational processes putting into a strong risk management framework in place which resulted in very insignificant fresh classification in year 2012.

We are committed that at the end of year 2013, we will be able to reduce NPL below the benchmark ratio.

Statement on Corporate Social Responsibility



It is the core corporate responsibility of LankaBangla to the society to pursue its corporate value enhancement through innovation and sound business practice. LankaBangla recognizes that its business activities have direct and indirect impact on the societies in which it operates, and therefore sound business practice requires that business decisions give due consideration to the interests of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other organizations. LankaBangla Group will endeavor to conduct its business accordingly.

In line with this basic view, LankaBangla conducts CSR activities with a focus on sustainability in two areas. First, LankaBangla endeavors to ensure the sustainability of its business operations. To this end, LankaBangla has established effective systems for corporate governance and compliance to ensure sound business practices. At the same time, it promotes efforts to ensure the quality and environmental soundness of its products and services over the entire supply chain and value chain including its operations. We also believe in the importance of fostering diverse and lively workplaces and employees with a high level of social awareness. Recognizing fully that its business activities affect both society and the environment in direct and indirect ways, we take steps to minimize that impact to the best of its ability.

Second, LankaBangla strives to contribute to the realization of a sustainable society. To this end, LankaBangla spreads its hands towards the underprivileged people of the community. We support the community to develop their health, education and living standards.

Working with the Communities

“LankaBangla is committed to building a brighter future for underprivileged people in Bangladesh. 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 not only tied 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. This belief is reflected in our Mission and our day to day business operation. We are proud to share how actions support our mission to encompass economic, social and ecological value to our stakeholders.

Supporting Education of Underprivileged Brilliant Students

We are inspired to a knowledge based society. In Bangladesh, we continue to support underprivileged brilliant students who are fighting against darkness to enlighten the society. We are regularly awarding scholarship to such kind of poor meritorious students, who obtained GPA-5 in SSC and/or HSC Examination(s) since 2009. Presently we are awarding scholarship to 70 nos. of poor meritorious students, who obtained GPA-5 in SSC and/or HSC Examination(s). We are committed to support them till completion of their desired level of education with in Bangladesh. We are proud to inform you that with the help of your company some students are pursuing their education at the renowned public universities and medical colleges, continuity of whose education was at great risk.

We have also extended our hands to two organizations, which are organizing informal education programs in the slum areas of Dhaka City Corporation. **Eminence** is operating some ECD (Early Childhood Development) education programs for the underprivileged children in slum areas to support them keep in education track. We have provided Eminence an amount of one year's operating cost to run one ECD Centre in 2012. **CCP Foundation** is also operating same kind of informal education for the underprivileged children in Slum area of Uttara. We also provided them one year's operating cost for the centre.

Helping Victims of Natural Calamities

Bangladesh remains the most vulnerable to the impacts of climate change and gets affected in natural calamities like floods, cold waves etc. almost every year. When our countrymen get affected in calamities we support them by extending relief to the victims and their loved ones. So far we have distributed enough blankets to the underprivileged peoples of Bangladesh. Since 2010 the value of the support is around Tk. 1.0 million.

Health Caring for Underprivileged Rural Peoples

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 cases of blindness is caused by cataract. To support the underprivileged people Kishoreganj Eye Hospital (KEH) was established in 2006 on the mission to provide high quality eye care services to the community rural people for prevention on 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's eye care in this region. We have donated treatment cost of about 5,000 patients' eye surgeries to Kishoreganj Eye Hospital (KEH) and provided some medical equipments valued Tk. 1.7 million to support the treatments of the people of Kishoreganj area. We assure our continuous

support to KEH for the betterment of the KEH and the peoples of that area.

Support to Boost Up Children for Better Future

LB Foundation organized a chess training session and Art Camp for the Children of LankaBangla employees in Dhaka. Also we have organized another Art Camp for the School Children under the slogan of "Borner Uthsashe Bangla Amar" in Chittagong in February 2013 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 initiate such programs in future on regular basis.

Support to the Retired Govt. Officials

LB Foundation donated an amount of Tk. 500,000/= to "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 entrepreneurs in SME loan disbursement. Time to time trainings are also arranged for women to do business smoothly with formal financial channel. We ensure suitable workplace gender equality.

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 mother nature from deterioration and lessen the climate change impacts. LankaBangla Finance Limited has already taken active steps within its limitations to contribute to people and the Earth, and to continue to coexist 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 with 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 saving 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 systems to ensure secured financial information flow to its clients in Bangladesh. With the launch of e-mail based Customer Statement Delivery System, LankaBangla 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 one of the largest biological Effluent Treatment Plant (ETP) of the world, 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 ecosystem, land air and water, in line with our broad corporate mission we defined. with a view to reduce the use of printing materials LankaBangla has started use of electronic devices particularly, iPad for the meetings of the Board and its committees as well as the meetings of the management.

Environment Related Initiatives

With the pace of development, we are observing rapid deterioration of environment due to over-exploitation and unbalance use of chemicals, water contamination, and unprecedented growth in passenger vehicles, destruction and degradation of land, forest and aquatic resources. However, while environmental factors are growing in importance, the systematic use of environmental information throughout the financial service industry is still not widespread. Given this fact, financial institutions have a strong vested interest in performing extensive due diligence, prior to committing funds, and on an ongoing basis to ensure and/or enhance value.

Lankabangla takes environmental stewardship ahead of each year realizing the present generation's responsibility to the future. By adopting Environmental Risk Management (ERM) Guidelines for Banks and Financial Institutions in Bangladesh, LankaBangla closely monitor the environmental impact of every steps and effectively mitigates any risks arise thereon. With more emphasis on environmental risk management programs, at LankaBangla, a noticeable increase has occurred in the amount of screening and due diligence efforts to gather information on potential environmental risks.

We take every effort to delight our clients being the growth partner in financing environment friendly products or initiatives. LankaBangla takes pride for being one of the financiers of a project having one of the largest biological Effluent Treatment Plant (ETP) of the world, 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. Green financing has been growing steadily in our portfolio.

With around 160 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. 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. In future we dream to enhance our effort on preserving ecosystems, land air and water, in line with our broad corporate mission we defined.

Green Financing



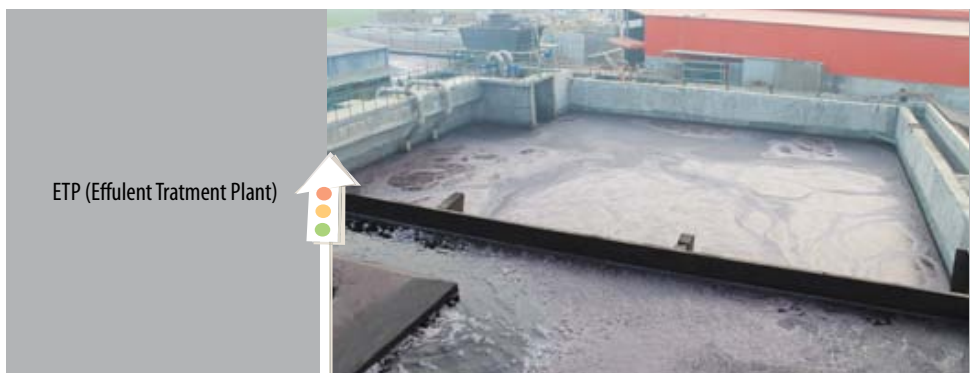
Auto brick manufacturing plant



Solar energy



lube oil recycling plant



ETP (Effluent Treatment Plant)



Board Audit Committee's Report

The Composition of The Committee

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

- Mr. Al-Mamoon Md. Sanaul Huq- Independent Director (Chairman)
- Mr. Mohammad A. Moyeen
- Mr. Mahbul Anam
- Mr. Mirza Ejaz Ahmed
- Mr. Farman R Chowdhury

Mr. Al-Mamoon Md. Sanaul Huq who was a member of Audit committee, was appointed Chairman of the Committee w.e.f 30 July 2012.

The Chairman of the Committee, an Independent non-executive director was a consultant World Bank Dhaka Office, Controller General of Accounts and Comptroller & Auditor General of Bangladesh.

The Committee is responsible and reports to the Board of Directors. The Managing Director and the Chief Financial Officer attend committee meetings by invitation. The Company's Senior Vice President & Company Secretary functions as the Secretary of the Committee.

Terms of Reference

The Terms of Reference of the Audit Committee clearly defines the roles and responsibility of the Audit Committee. The Terms of Reference is periodically reviewed and revised with the concurrence of the Board of Directors. The Role and functions of the Committee are further regulated by the rules governing the Audit Committee as specified by the "Conditions on Corporate Governance" issued by the Securities and Exchange Commission and Guidelines on Corporate Governance & Responsibilities of Audit Committee issued by Bangladesh Bank.

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 empower to monitor, review and examine:

- a) the integrity of the financial statements of LBFL & all subsidiaries,
- b) the Company's external auditor's 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, and
- e) the compliance by the Company with legal and regulatory requirements.
- f) Examine any matter relating to the financial and other connected to the company.
- g) Monitor all Internal and External Audit and Bangladesh bank's Inspection Program.
- h) Review the efficiency of Internal Control systems and procedures, in place.
- i) Review the Quality of Accounting Policies and their adherence to Statutory and Regulatory Compliance.
- j) Review 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 on five (5) meetings during the year under review.

The attendance of Committee members at meetings is stated in the table on page 145 Managing Director/CEO attended the meetings by invitation. Members of the senior management of the company were 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 of the Company's accounting records and in terms of the Bangladesh Accounting Standards, 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 and to determine the most appropriate accounting policies after consideration of all choices available
- ◆ Strict adherence and compliance 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 Bank is well monitored.

Regulatory Compliance

The Company's procedures in place to ensure Compliance with Mandatory Bangladesh Bank's instructions and statutory requirements were 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.

Risk Management

The Committee reviewed the effectiveness of the procedures established for identifying, assessing and managing risks. The Risk Management was 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 Function

The Audit Committee approves the terms of reference of internal audit and reviews the effectiveness of the internal audit function. In line with leading practice, it to provide independent and reasonable, but not absolute, assurance

that the LankaBangla system of risk management, control, and governance processes, as designed and implemented by senior management, are adequate and effective. Internal Audit reports on the adequacy of the system of internal controls to the Audit Committee and management, but does not form any part of the system of internal controls. Internal Audit has implemented risk-based audit processes. Audit work is prioritized and scoped according to an assessment of risk exposures, including not only financial risks, but operational, compliance and strategic risks as well.

The work undertaken by Internal Audit includes the audit of the Company's system of internal controls over its key operations, review of security and access controls for the Company's computer systems, review of control processes within and around new products and system enhancements, and review of controls over the monitoring of market, liquidity, and credit risks. Internal Audit also participates in major new system developments and special projects, to help evaluate risk exposures and to help ensure that proposed compensating internal controls are adequately evaluated on a timely basis. It also ascertains that the internal controls are adequate to ensure prompt and accurate recording of transactions and proper safeguarding of assets, and that the Company complies with laws and regulations, adheres to established policies and takes appropriate steps to address control deficiencies.

The Audit Committee is responsible for the adequacy of the internal audit function, its resources and its standing, and ensures that processes are in place for recommendations raised in internal audit reports to be dealt with in a timely manner and outstanding exceptions or recommendations are closely monitored. Internal Audit reports functionally to the Audit Committee and administratively to the CEO, and has unfettered access to the Audit Committee, Board and senior management, as well as the right to seek information and explanations. The Audit Committee approves the appointment and removal of the Head of Internal Audit.

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 Board believes, with the concurrence of the Audit Committee, that the system of internal controls, including financial, operational and compliance controls and risk management systems, maintained by the Company's management and that was in place throughout the financial year and up to and as of the date of this report, is adequate to meet the needs of the company in its current business environment. The system of internal controls provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Good Governance

Highest standards in Corporate Good Governance and strict adherence to the requirements of LBFL'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 2012 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. UHY Syful Shamsul Alam & Co. Chartered Accountants, be appointed for the financial year ending 31 December 2013, subject to the approval of shareholders at the next Annual General Meeting.

Al-Mamoon Md. Sanaul Huq
Chairman – Audit Committee

Dhaka
February 25, 2013

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 an 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 oversee the control system in general, approve and review 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 review 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 114 LankaBangla Finance Limited / Annual Report 2011 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

In the corporate world the responsibilities of CEOs and CFOs are quite versatile where presentation of fair 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 2012 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 Syful Shamsul Alam & 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

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012



UHY Syful Shamsul Alam & Co

Chartered Accountants

Independent Auditors' Report to the shareholders of LankaBangla Finance Limited and its Subsidiaries

Report on the Financial Statements and Consolidated Financial Statements

We have audited the accompanying financial statements of **LankaBangla Finance Limited and its Subsidiaries** ("the Non-Banking Financial institution"), which comprise the statement of financial position as at 31 December 2012 and the related statement of comprehensive income, statement of changes in equity and statement of cash flows and statement of liquidity for the year then ended, and a summary of significant accounting policies and other explanatory notes. The consolidated financial statements of the company as at 31 December 2011 were audited by another auditor whose report dated 28 February 2012, expressed an unqualified opinion on those statements.

Management's Responsibility for the Financial Statements and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Financial Institutions Act 1993, the Companies Act 1994, the Securities and Exchange Rule 1987 and rules and regulations issued by the Bangladesh Bank and other applicable laws and regulations, 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. The assets and liabilities as at 31 December 2012 and revenue and expenses for the year ended 31 December 2012 of the Company's three subsidiaries namely the LankaBangla Securities Limited, the LankaBangla Investments Limited and the LankaBangla Asset Management Company limited have been consolidated in the consolidated financial statements. The financial statements of the subsidiaries excluding LankaBangla Asset Management Company Limited have been audited by other auditors whose reports have been furnished to us and our opinion is as far as it relate to the amounts included in respect of the company's subsidiaries is based on the reports of the other auditors. In addition, we have performed our audit procedure for consolidation purpose, based on which the financial statements of the subsidiaries have been consolidated. We conducted our audit and checked consolidation procedure 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

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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 the auditor's judgment, including the assessment of the risks of the 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 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 consolidated financial statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) give a true and fair view of the state of the affairs of the company as at 31 December 2012 and of their performance and cash flows for the year then ended and comply with the Financial Institutions Act 1993, the Companies Act 1994, the Securities and Exchange Rules 1987 and regulations issued by the Bangladesh Bank and other applicable laws and regulations.

We also report that

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of account as required by law have been kept by the Company and its subsidiaries so far as it appeared from our examination of these books and proper returns adequate for the purpose of our audit have been maintained ;

- (iii) the Company's consolidated statement of financial position and statement of comprehensive income together with the annexed notes 1 to 35 dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditure incurred and payments made were for the purpose of the Company's and its subsidiaries' business;
- (v) the consolidated statement of financial position of the Company as at 31 December 2012 and the profit for the year then ended have been properly reflected in the consolidated financial statements;
- (vi) the consolidated financial statements have been drawn up in conformity with the Financial Institutions Act 1993 and in accordance with the accounting rules and regulations issued by Bangladesh Bank;
- (vii) the records submitted by the parent company and the subsidiary companies have been properly maintained and consolidated in the financial statements;
- (viii) adequate provisions have been made for advances and other assets which are, in our opinion, doubtful of recovery;
- (ix) the information and explanations required by us have been received and found satisfactory;
- (x) it appeared from our test checks that the internal control system was adequate and satisfactory;
- (xi) the consolidated financial statements of the company conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (xii) we have reviewed over 80% of the risk weighted assets of the Company and we spent 2,500 man hours for the audit of books and accounts of the subsidiary and the company .

Dhaka, 03 March 2013

Syful Shamsul Alam & Co.
Chartered Accountants

LankaBangla Finance Limited
Consolidated Statement of Financial Position
 As at 31 December 2012

	Notes	Amount in Taka	
		2012	2011
PROPERTY AND ASSETS			
Cash		162,721,707	118,809,589
Cash in hand	3(a)	163,710	166,653
Balance with Bangladesh Bank	4	162,557,997	118,642,936
Balance with other banks and financial institutions	5(a)	1,514,003,636	2,022,806,796
Money at call and short notice		-	-
Investment	6(a)	3,395,216,186	3,569,127,500
Government securities		1,109,100,000	1,801,810,595
Other investments		2,286,116,186	1,767,316,905
Leases, loans and advances	7(a)	18,701,936,132	15,515,078,032
Lease portfolio, term finance, short term loan, etc.			
Fixed assets including land, building, furniture and fixtures	8(a)	238,132,007	189,056,039
Other assets	9(a)	1,324,557,444	965,119,493
TOTAL PROPERTY AND ASSETS		25,336,567,112	22,379,997,449
LIABILITY AND SHAREHOLDERS' EQUITY			
Liabilities		16,453,241,743	13,765,800,595
Borrowings from Bangladesh Bank, other banks and financial institutions	10(a)	8,837,322,438	8,456,176,635
Term deposits	11(a)	7,615,919,305	5,309,623,960
Other liabilities	12(a)	2,216,716,009	2,526,965,756
Shareholders' Equity		6,473,960,231	5,715,498,911
Share capital	13	1,894,084,500	823,515,000
Share premium		1,090,888,800	1,090,888,800
Statutory reserve	14	561,675,373	314,531,853
General reserve		42,650,236	39,189,066
Fair value measurement reserve		448,531,657	448,531,657
Retained earnings		2,436,129,665	2,998,842,535
Non controlling interest		192,649,129	371,732,187
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		25,336,567,112	22,379,997,449

LankaBangla Finance Limited
Consolidated Statement of Financial Position
 As at 31 December 2012

	Amount in Taka	
	2012	2011
OFF-BALANCE SHEET ITEMS		
CONTINGENT LIABILITIES		
Acceptances and endorsements	-	-
Letter of guarantee	-	-
Irrevocable letters of credit	-	-
Bill for collection	-	-
Other contingent liabilities	-	-
TOTAL CONTINGENT LIABILITIES	-	-
OTHER COMMITMENTS		
Documentary credits and short term trade-related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	1,843,426,563	1,245,000,000
TOTAL OTHER COMMITMENTS	1,843,426,563	1,245,000,000
TOTAL OFF BALANCE SHEET ITEMS	1,843,426,563	1,245,000,000

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



Chairman



Director



Managing Director

Company Secretary

This is the statement of financial position referred to in our report of even date annexed.

Dhaka, 03 March 2013

Syful Shamsul Alam & Co.
Chartered Accountants

LankaBangla Finance Limited

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	Notes	Amount in Taka	
		2012	2011
Operating Income			
Net interest		529,976,451	962,018,216
Interest income	16(a)	2,677,493,737	2,358,586,879
Less : Interest paid on deposits and borrowings	17(a)	2,147,517,286	1,396,568,663
Income from investment	18(a)	175,431,383	152,147,796
Commission, exchange and brokerage income	19(a)	479,758,258	763,978,226
Other operational income	20(a)	204,745,402	135,618,442
		1,389,911,494	2,013,762,680
Operating Expenses			
Salary and allowances	21(a)	363,850,241	301,359,971
Rent, taxes, insurance, electricity etc.	22(a)	68,793,979	37,055,189
Legal and professional fees	23(a)	12,200,497	9,178,711
Postage, stamp, telecommunication etc.	24(a)	8,567,480	5,327,599
Stationery, printing, advertisement	25(a)	15,688,053	12,093,440
Managing director's salary and allowance	26(a)	10,900,351	2,275,000
Director fees and expenses	27(a)	1,275,193	857,406
Audit fees	28(a)	457,125	563,675
Changes on loan losses		-	1,976,155
Repairs, maintenance and depreciation	29(a)	64,569,508	34,043,693
Other expenses	30(a)	247,349,075	222,109,743
		793,651,503	626,840,582
		596,259,992	1,386,922,098
Net Operating Income			
Provision for loans and advances	31(a)	73,651,484	82,877,901
General provision		33,332,760	29,635,223
Specific provision		40,318,724	53,242,678
Provision for diminution in value of investments		12,298,732	-
		510,309,776	1,304,044,197
		162,291,594	444,984,316
Provision for tax made during the year		167,328,701	443,338,779
Deferred tax expense or (income)		(5,037,107)	1,645,537
		348,018,182	859,059,881
Attributed to			
Shareholders of the Company		326,295,611	791,100,875
Non controlling interest		21,722,571	67,959,006
		348,018,182	859,059,881
Earnings per share (2011 restated)	32(a)	1.77	4.51

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



Chairman



Director



Managing Director

Company Secretary

This is the statement of comprehensive income referred to in our report of even date annexed.

Dhaka, 03 March 2013

Syful Shamsul Alam & Co.
Chartered Accountants

LankaBangla Finance Limited
Consolidated Statement of Cash Flows
For the year ended 31 December 2012

	Amount in Taka	
	2012	2011
Cash flows from operating activities		
Interest received	1,551,591,125	1,181,528,836
Interest paid	(1,460,342,694)	(1,571,746,587)
Dividend received	11,557,926	2,112,360
Fees and commission received	30,928,141	787,966,671
Income from investment	134,309,683	120,799,722
Cash paid to employees (including directors)	(333,261,369)	(258,782,145)
Cash paid to suppliers	(58,907,512)	(39,859,041)
Income taxes paid	(262,299,045)	(316,791,136)
Received from other operating activities	694,910,979	402,001,047
Paid for other operating activities	(647,527,073)	(465,868,519)
Other expenses	(265,473,773)	(220,412,145)
Cash generated from operating activities before changes in operating assets and liabilities	(604,513,612)	(379,050,937)
Increase or (decrease) in operating assets and liabilities		
Loans and advances to customers	(1,567,039,957)	(933,981,058)
Other assets	(205,667,296)	(666,314,091)
Deposits from customers	1,984,106,908	1,453,127,346
Other liabilities	(279,391,337)	(212,398,125)
Total increase or (decrease) in operating assets and liabilities	(67,991,683)	(359,565,928)
Net cash used in operating activities	(672,505,295)	(738,616,865)
Cash flows from investing activities		
Changes in investment in securities	(1,019,499,712)	(681,577,028)
Net proceeds/(payments) for sale/ (purchase) of Treasury bills	692,710,595	(456,117,582)
Purchase of property, plant and equipment	(93,466,154)	(39,815,814)
Investment in FDR	109,108,720	(140,000,000)
Sales proceeds of fixed assets	4,924,224	8,702,382
Net cash used in investing activities	(306,222,327)	(1,308,808,042)
Cash flows from financing activities		
Drawdown of Term Loan, OD and REPO	(269,654,090)	2,334,687,836
Dividend paid	(35,357,806)	-
Right Issue	823,515,000	-
Payment to LB Foundation	(4,666,525)	(4,030,984)
Net cash generated by financing activities	513,836,579	2,330,656,852
Net Increase or (decrease) in cash and cash equivalents	(464,891,043)	283,231,945
Opening cash and cash equivalents	2,141,616,385	1,858,384,440
Closing cash and cash equivalents*	1,676,725,342	2,141,616,385
* Closing cash and cash equivalents		
Cash in hand (including foreign currencies)	163,710	166,653
Balance with Bangladesh Bank and its agent bank (s)	162,557,997	118,642,936
Balance with other Banks and Financial Institutions	1,514,003,636	2,022,806,796
	1,676,725,342	2,141,616,385



Chairman



Director



Managing Director

Company Secretary

LankaBangla Finance Limited
Consolidated Statement of Changes in Shareholders' Equity
For the year ended 31 December 2012

Amount in Taka

Particulars	Share Capital	Share Premium	Statutory Reserve	General Reserve	Fair Value Measurement Reserve	Retained Earnings	Total	Non Controlling Interest	Total
Balance as at 01 January 2011	531,300,000	1,090,888,800	221,201,348	34,800,936	448,531,657	2,459,287,496	4,786,010,237	343,155,980	5,129,166,217
Prior year adjustments	-	-	-	-	-	143,054,324	143,054,324	-	143,054,324
Restated balance as at 01 January 2011	531,300,000	1,090,888,800	221,201,348	34,800,936	448,531,657	2,602,341,820	4,929,064,561	343,155,980	5,272,220,541
Items Involved in Changes in Equity									
Net profit for the year 2011	-	-	-	-	-	791,100,875	791,100,875	67,959,006	859,059,881
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	-	-	-	-	-	(4,666,525)	(4,666,525)	-	(4,666,525)
Dividend									
Cash dividend	-	-	-	-	-	-	-	-	-
Stock dividend (55%)	292,215,000	-	-	-	-	(292,215,000)	-	(39,382,798)	(39,382,798)
Balance as at 31 December 2011	823,515,000	1,090,888,800	314,531,853	39,189,066	448,531,657	2,998,842,535	5,715,498,911	371,732,187	6,087,231,099
Balance as at 01 January 2012	823,515,000	1,090,888,800	314,531,853	39,189,066	448,531,657	2,998,842,535	5,715,498,911	371,732,187	6,087,231,099
Items Involved in Changes in Equity									
Net profit for the year	-	-	-	-	-	326,295,611	326,295,611	21,722,571	348,018,182
Changes in non controlling interest	-	-	-	-	-	(376,395,279)	(376,395,279)	(177,753,223)	(554,148,502)
Appropriation to statutory reserve	-	-	247,143,520	-	-	(247,143,520)	-	-	-
Appropriation to general reserve	-	-	-	3,461,170	-	(3,461,170)	-	-	-
Transfer to LB Foundation A/C	-	-	-	-	-	(14,954,013)	(14,954,013)	-	(14,954,013)
Dividend									
Cash dividend	-	-	-	-	-	-	-	-	-
Stock dividend (30%)	247,054,500	-	-	-	-	(247,054,500)	-	(23,052,407)	(23,052,407)
Right Issue	823,515,000	-	-	-	-	-	823,515,000	-	823,515,000
Balance as at 31 December 2012	1,894,084,500	1,090,888,800	561,675,373	42,650,236	448,531,657	2,436,129,665	6,473,960,231	192,649,129	6,666,609,359

The accounting policies and explanatory notes form an integral part of these financial statements.



Chairman



Director



Managing Director

Company Secretary

LankaBangla Finance Limited
Statement of Financial Position
As at 31 December 2012

	Notes	Amount in Taka	
		2012	2011
PROPERTY AND ASSETS			
Cash		162,650,784	118,747,936
Cash in hand	3	92,787	105,000
Balance with Bangladesh Bank	4	162,557,997	118,642,936
Balance with other banks and financial institutions	5	443,140,832	363,893,370
Inside Bangladesh		443,140,832	363,893,370
Outside Bangladesh		-	-
Money at call and short notice		-	-
Investment	6	1,912,098,507	2,395,512,138
Government securities		1,109,100,000	1,801,810,594
Other investments		802,998,507	593,701,544
Leases, loans and advances	7	13,312,362,119	11,078,803,909
Fixed assets including land, building, furniture and fixtures	8	49,723,728	30,068,040
Other assets	9	3,619,278,913	1,916,780,544
TOTAL PROPERTY AND ASSETS		19,499,254,883	15,903,805,937
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities		14,219,737,572	12,436,839,825
Borrowings from Bangladesh Bank, other banks and financial institutions	10	6,542,778,927	6,867,067,805
Term deposits	11	7,676,958,646	5,569,772,020
Other liabilities	12	1,408,288,288	1,642,612,514
TOTAL LIABILITIES		15,628,025,860	14,079,452,339
Shareholders' Equity		3,871,229,023	1,824,353,598
Paid up capital	13	1,894,084,500	823,515,000
Statutory reserve	14	561,675,373	314,531,853
Retained earnings	15	1,415,469,150	686,306,745
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		19,499,254,883	15,903,805,937


LankaBangla Finance Limited

Statement of Financial Position

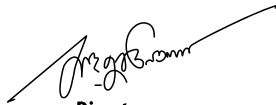
As at 31 December 2012

	Amount in Taka	
	2012	2011
OFF-BALANCE SHEET ITEMS		
CONTINGENT LIABILITIES		
Acceptances and endorsements	-	-
Letter of guarantee	-	-
Irrevocable letters of credit	-	-
Bill for collection	-	-
Other contingent liabilities	-	-
TOTAL CONTINGENT LIABILITIES	-	-
OTHER COMMITMENTS		
Documentary credits and short term trade-related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	1,843,426,563	1,245,000,000
TOTAL OTHER COMMITMENTS	1,843,426,563	1,245,000,000
TOTAL OFF BALANCE SHEET ITEMS	1,843,426,563	1,245,000,000

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



Chairman



Director



Managing Director

Company Secretary

This is the statement of financial position referred to in our report of even date annexed.

Dhaka, 03 March 2013

Syful Shamsul Alam & Co.
Chartered Accountants

LankaBangla Finance Limited
Statement of Comprehensive Income
For the year ended 31 Decemeber 2012

	Notes	Amount in Taka	
		2012	2011
Operating Income			
Net interest		303,644,664	169,272,677
Interest income	16	2,132,978,152	1,572,564,704
Less : Interest paid on deposits and borrowings	17	1,829,333,488	1,403,292,027
Income from investment	18	1,399,634,124	525,083,826
Commission, exchange and brokerage income	19	3,191,462	3,937,069
Other operational income	20	92,543,774	108,933,191
Total operating income		1,799,014,024	807,226,763
Operating Expenses			
Salary and allowances	21	153,353,725	107,522,379
Rent, taxes, insurance, electricity etc.	22	27,482,409	17,563,145
Legal and professional fees	23	9,658,289	5,722,959
Postage, stamp, telecommunication etc.	24	4,211,833	3,118,890
Stationery, printing, advertisement	25	8,019,269	8,364,463
Managing director's salary and allowance	26	10,900,351	2,275,000
Director fees and expenses	27	430,250	400,700
Audit fees	28	195,500	256,800
Charges on loan losses		-	-
Repairs, maintenance and depreciation	29	20,402,236	16,153,848
Other expenses	30	139,133,540	50,899,997
Total operating expenses		373,787,403	212,278,181
Net operating income		1,425,226,621	594,948,582
		191,733,398	53,504,129
Provision for leases, loans and advances	31	179,434,666	53,504,129
Provision for diminution in value of investments		12,298,732	-
Provision others		-	-
Profit before tax and reserve		1,233,493,224	541,444,453
Provision for tax		(2,224,377)	74,791,930
Deferred tax expenses or (income)		(2,224,377)	(3,131,048)
Provision for the year		-	77,922,978
Net profit after tax		1,235,717,601	466,652,523

LankaBangla Finance Limited
Statement of Comprehensive Income
 For the year ended 31 Decemeber 2012

Notes	Amount in Taka	
	2012	2011
	247,143,520	93,330,505
Statutory reserve	247,143,520	93,330,505
General reserve	-	-
Retained surplus	988,574,081	373,322,018
Earnings per share (EPS)	6.69	2.66
32		

Appropriations

Statutory reserve
 General reserve

Retained surplus

Earnings per share (EPS)

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



Chairman



Director



Managing Director

Company Secretary

This is the statement of comprehensive income referred to in our report of even date annexed

Dhaka, 03 March 2013

Syful Shamsul Alam & Co.
Chartered Accountants


LankaBangla Finance Limited
Statement of Cash Flows
For the year ended 31 December 2012

	Amount in Taka	
	2012	2011
Cash flows from operating activities		
Interest received	2,071,208,747	1,523,805,254
Interest paid	(1,723,605,026)	(1,403,201,397)
Dividend received	396,212,721	395,845,713
Fees and commission received	13,921,662	3,937,069
Income from investment	134,309,683	108,860,554
Cash paid to employees (including directors)	(169,574,441)	(105,861,043)
Cash paid to suppliers & others	(57,381,909)	(39,859,041)
Income taxes paid	(90,097,826)	(107,068,559)
Received from other operating activities	75,873,504	170,468,718
Paid for other operating activities	(165,437,657)	(103,748,191)
Cash generated from operating activities	485,429,458	443,179,077
Increase or (decrease) in operating assets and liabilities		
Loans and advances to customers	(2,163,334,134)	(933,981,057)
Other assets	(205,667,296)	(666,314,091)
Deposits from customers	2,237,671,326	754,833,787
Other liabilities	(279,391,337)	(212,398,125)
	(410,721,442)	(1,057,859,486)
Net cash from operating activities	74,708,016	(614,680,410)
Cash flows from investing activities		
Changes in un-quoted shares	8,842,310	2,320,857
Net proceeds from Trading in Quoted shares	(218,139,273)	(64,624,252)
Net proceeds/(payments) for sale/ purchase of Treasury bills	692,710,595	(456,117,581)
Purchase of property, plant and equipment	(28,889,948)	(11,064,760)
Sales proceeds of fixed assets	4,724,224	8,702,382
Investment in subsidiaries	(960,000,000)	(100,000,000)
Net cash used in investing activities	(500,752,092)	(620,783,354)
Cash flows from financing activities		
Drawdown of Term Loan, OD and REPO	(269,654,090)	1,105,186,628
Payment to LB Foundation	(4,666,525)	(4,030,984)
Right Issue	823,515,000	-
Net cash generated by financing activities	549,194,385	1,101,155,644
Net increase or (decrease) in cash and cash equivalents	123,150,310	(134,308,120)
Opening cash and cash equivalents	482,641,306	616,949,426
Closing cash and cash equivalents*	605,791,616	482,641,306
* Closing cash and cash equivalents		
Cash in hand	92,787	105,000
Balance with Bangladesh Bank and its agent bank(s)	162,557,997	118,642,936
Balance with other Banks and financial institutions	443,140,832	363,893,370
	605,791,616	482,641,306

The accounting policies and explanatory notes form an integral part of these financial statements.



Chairman



Director



Managing Director

Company Secretary

LankaBangla Finance Limited
Statement of Changes in Shareholders' Equity
For the year ended 31 December 2012

Particulars	Share Capital	Statutory Reserve	General Reserve	Retained Earnings	Amount in Taka	
					Total	Total
Balance as at 01 January 2011	531,300,000	221,201,348	-	466,811,928	1,219,313,276	
Items involved in changes in equity						
Prior year adjustment	-	-	-	143,054,324	143,054,324	
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)	
Stock dividend (55%)	292,215,000	-	-	(292,215,000)	-	
Balance as at 31 December 2011	823,515,000	314,531,853	-	686,306,745	1,824,353,598	
Balance as at 01 January 2012	823,515,000	314,531,853	-	686,306,745	1,824,353,598	
Items involved in changes in equity						
Net profit for the year	-	-	-	1,235,717,601	1,235,717,601	
Appropriation to statutory reserve	-	247,143,520	-	(247,143,520)	-	
Payment to LB Foundation	-	-	-	(12,357,176)	(12,357,176)	
Right Issue (1:1)	823,515,000	-	-	-	823,515,000	
Stock dividend (30%)	247,054,500	-	-	(247,054,500)	-	
Balance as at 31 December 2012	1,894,084,500	561,675,373	-	1,415,469,150	3,871,229,023	

The accounting policies and explanatory notes form an integral part of these financial statements.



Chairman



Director



Managing Director

Company Secretary

LankaBangla Finance Limited
Statement of Liquidity
For the year ended 31 December 2012

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	above 5-years term	Total
Assets						
Cash in hand (including balance with Bangladesh Bank)	162,650,784	-	-	-	-	162,650,784
Balance with banks and financial institutions	25,080,247	86,173,848	331,886,737	-	-	443,140,832
Money at call and short notice	-	-	-	-	-	-
Investments	14,937,716	38,685,952	151,008,783	598,366,057	1,109,100,000	1,912,098,507
Lease, Loans and advances	418,822,982	1,263,657,660	2,266,239,181	4,771,542,237	4,592,100,059	13,312,362,119
Fixed assets including land, building, furniture and fixtures	-	-	2,923,836	40,440,342	6,359,550	49,723,728
Other assets	198,307,291	822,142,009	1,694,456,382	779,387,068	124,986,164	3,619,278,914
Non-banking assets	-	-	-	-	-	-
Total Assets	819,799,019	2,210,659,469	4,446,514,920	6,189,735,704	5,832,545,772	19,499,254,883
Liabilities						
Borrowing from other banks, financial institutions and agents	450,000,000	456,126,327	2,453,141,441	2,172,015,883	1,011,495,276	6,542,778,927
Deposits and other accounts	450,099,787	1,415,105,534	1,397,722,787	2,542,355,270	1,871,675,267	7,676,958,645
Provision and other liabilities	63,273,884	474,197,154	391,244,924	368,557,471	111,014,855	1,408,288,288
Total Liabilities	963,373,671	2,345,429,015	4,242,109,152	5,082,928,624	2,994,185,397	15,628,025,860
Net Liquidity Surplus or (Gap)	(143,574,652)	(134,769,546)	204,405,768	1,106,807,080	2,838,360,375	3,871,229,023

LankaBangla Finance Limited

Notes to the Financial Statements

For the year ended 31 December 2012

1.00 Legal status and nature of the company

1.01 Domicile, legal form and country of operation

LankaBangla Finance Limited (hereinafter referred to as “LankaBangla” or “the Company”), a joint venture **non-banking financial institution**, was incorporated in Bangladesh with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-31702(823)/96 dated 05 November 1996 as a Public Limited Company under the Companies Act, 1994 in the name of “Vanik Bangladesh Limited”. 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	2012-2013
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	2012-2013
6.	DCCI Membership Certificate	2857	23.12.2008	2012
7.	Board of Investment	9803054-H	30.03.1998	N/A
8.	PD License	DMD-14/2009	23.11.2009	N/A
9.	Registration Number	C-31702(823)/96	05.11.1996	N/A

1.02 Subsidiary companies

LankaBangla Securities Limited

The Company is holding a subsidiary company named “LankaBangla Securities Limited” (formerly Vanik Bangladesh Securities Limited) with an equity interest of 90.91% (87,498,968 shares of Tk. 10 each totaling Tk. 874,989,680) in the subsidiary company. The subsidiary is a private limited company which was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-33276(22)/97 dated 03 July 1997 under the Companies Act, 1994. The principal activities of the company are to act as a member of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited to carry on the business of brokers or dealers in stocks, shares and securities, commercial papers, bonds, debentures, debentures stocks, foreign currencies, treasury bills and/or any financial instruments. The company has nine branches in Bangladesh namely Dhaka-Principal, Banani, Islampur, Kawran Bazar, Chittagong-Khatungonj, Nasirabad, Agrabad, Sylhet-Sylhet, Comilla-Comilla and Narayanganj- Narayanganj Branch.

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% (49,999,000 shares of Tk. 10 each totaling Tk. 499,990,000) 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 got license from Bangladesh Securities and Exchange Commission (BSEC) on June 24, 2012 vide registration no: SEC/Asset Manager/2012/17 to operate as a full-fledged asset management company.

LankaBangla Investment Limited

The Company is also holding another subsidiary company named “LankaBangla Investment Limited” with an equity

interest of 99.998% (65,999,997 shares of Tk. 10 each totaling Tk. 659,999,970) 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 Bangladesh Securities and Exchange Commission for approval to operate in the Capital Market.

1.03 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, SME, Auto loan, Personal Loan and Factoring etc.
- LankaBangla also provides brokerage services, Merchant Bank services and Asset Management Services through its majority owned subsidiary company.

2.00 Basis for preparation and Significant accounting policies

2.01 Statement of compliance

The financial statements have been prepared on a going concern basis following accrual basis of accounting except for statement of cash flows in accordance with the Companies Act 1994, the Financial Institutions Act 1993, the Securities and Exchange Rules 1987, the Listing Rules of Dhaka and Chittagong Stock Exchanges and Bangladesh Financial Reporting Standards (BFRS¹), except the circumstances where local regulations differ, and other applicable laws and regulations. The requirements of accounting standards that have been departed have been disclosed in detail in note - 2.04.

2.02 Presentation of financial statements

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.

2.03 Basis of measurement and consolidation

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

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

All inter-company balances between the Company and its subsidiaries are eliminated on consolidation.

2.04 Disclosure of departure from few requirements of 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 provisions of BFRS. As such the company has departed from those contradictory requirements of BFRS in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below along with financial impact where applicable:

2.04.1 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.

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

relevant interpretations adopted by ICAB.

2.04.2 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 BAS 39. 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.

2.04.3 Bangladesh Bank has issued templates for financial statements vide DFIM Circular# 11 dated December 23, 2009 which will strictly be followed by all banks and NBFIs. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income allowed to include in a Single Comprehensive Income Statement. As such the company does not prepare the statement of other comprehensive income. However, the company does not have any elements of OCI to be presented.

2.04.4 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.

2.04.5 Bangladesh bank requires the Company to transfer 20% of its current year's profit after tax to statutory reserve until such reserve equals to its paid up capital. The company transfers during the year an amount of BDT 247,143,520 to the statutory reserve closing balance of which is BDT 561,675,373 as at 31 December 2012. However, this is in contrary to the requirements of BAS 37 which prohibits to make a reserve unless there is a present obligation.

2.05 Components of the financial statements

The financial statements comprise of:

- a) Statement of Financial Position as at 31 December 2012;
- b) Statement of Comprehensive Income for the year ended 31 December 2012;
- c) Statement of Changes in Equity for the year ended 31 December 2012;
- d) Statement of Cash Flows for the year ended 31 December 2012; and
- e) Notes to the Financial Statements.

2.06 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.

2.07 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.

2.08 Going concern

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

2.09 Materiality and aggregation

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

2.10 Directors' responsibility statement

The Board of Directors takes the responsibility for the

preparation and presentation of these consolidated and separate financial statements.

2.11 Statement of cash flows

Statement of cash flows have been prepared in accordance with the Bangladesh Accounting Standard-7 "Statement of Cash Flows" under direct method.

2.12 Branch Accounting

The Company has 06 branches and 01 SME booth, with no overseas branch as on December 31, 2012. 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.

2.13 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 costs (if any) in respect of lease are charged in the period in which such costs 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.

2.14 Accounting for term finance

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

2.15 Investments

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

Held to maturity (HTM)

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 held to maturity (HTM).

Held for trading (HFT)

Investments classified in this category are acquired principally for the purpose of selling or repurchasing - in short trading or if designated as such by the management. After initial recognition, investments are measured at fair value and any change in the fair value is recognized in the statement of income for the period in which it arises. These investments are subsequently revalued at current market value.

Value of investments has been enumerated:

Government treasury bills-HTM	Amortized value
Government treasury bills-HFT	Market value
Government treasury bonds-HTM	Amortized value
Government treasury bonds-HFT	Market value

Investment in securities are classified broadly in two categories and accounted for as under:

Investments in listed securities

Investments in listed securities are carried at cost. Adequate provision has been made considering each individual investment (where market price is less than cost) as guided by Bangladesh Bank. Unrealized gain or losses are not recognized in the profit and loss account.

Investments in unlisted securities

Investments in unlisted securities are reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities.

Investments in subsidiaries

Investments in subsidiaries are accounted for under the cost method of accounting in the Company's financial statements in accordance with BAS-28. Accordingly, investments in subsidiaries are stated in the Company's statement of financial position at cost, less impairment losses (if any).

2.16 Recognition of fixed assets

2.16.1 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 or enhancements are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

2.16.2 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 allocated 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.

2.16.3 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 and fixture	15%
Office equipment	20%
Vehicle	25%

No depreciation is charged in the period of disposal.

2.16.4 Depreciation 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. The principal portions of lease installment paid or due are charged as depreciation in the period to which it relates.

2.16.5 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 write-off the cost of intangible assets.

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

2.17 Investment properties

Investment property is held to earn rentals or for capital appreciation or both and the future economic benefits that are associated with the investment property but not sale in the ordinary course of business. Investment property is accounted for under cost model in the financial statements

2.18 Other assets

Other assets include all balance sheet accounts not covered specifically in other areas of the supervisory activity and such accounts may be quite insignificant in the overall financial condition of the Company.

2.19 Contingent asset and contingent liability

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

2.20 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. In case of selecting and applying new accounting policies, changes in accounting policies applied and correction of errors, the amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of BAS-8. We, however, have applied the same accounting and valuation principles in 2012 as in financial statements for 2011.

2.21 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 or maturity schedule.
- d) Fixed assets are on the basis of their useful lives.
- e) Other assets are on the basis of their adjustment.
- f) Borrowings from other banks and financial institutions as per their maturity or repayment term.
- g) Deposits and other accounts are on the basis of their maturity 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.

2.22 Borrowing costs

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

2.23 Books of account

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

2.24 Foreign currency transaction

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

2.25 Revenue recognition

As per BAS 18, "Revenue" is recognized 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.

2.25.1 Income from 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 or incomes are accrued. Lease interests outstanding over 3 months are not recognized as revenue, and used to keep under interest suspense account. Fee based income and delinquent charges from lease operations are accounted for on cash basis.

2.25.2 Interest income

Interest income 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 more than 3 months. Fee based income and delinquent charges from loan operations are accounted for on cash basis.

2.25.3 Fees and commission based income

Fees and commission based income arising on services provided by the Bank are recognized on a cash basis. Commission charged to customers on is credited to income at the time of effecting the transactions.

2.25.4 Investment income

Interest income on investments is recognized on accrual basis. Capital gain on investments in shares is also included in investment income. Capital gain is recognized when it is realized.

2.25.5 Dividend income on shares

Dividend income on shares is recognized during the period in which it is declared and ascertained.

2.25.6 Credit cards

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

2.25.7 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.

2.25.8 Interest suspense account

Interest on lease finance, term finance and car loan overdue beyond three months period and interest on real estate finance overdue beyond equivalent to nine months or more periods are not recognized as revenue and credited to interest suspense account.

2.26 Cash and cash equivalent

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.

2.27 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.

2.28 Write off

Write-off describes a reduction in recognized value. It refers to recognition of the reduced or zero value of an asset. Generally it refers to an investment for which a return on the investment is now impossible or unlikely. The item's potential return is thus cancelled and removed from ("written off") the business's balance sheet.

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

2.29 Corporate tax

a. Current tax

Provision for current income tax has been made @ 42.50% as prescribed in Finance Act 2012 on the profit made by the Company considering major taxable allowances and

disallowances and the same is understated or overstated to that extent. Any shortfall or excess provision will be duly adjusted after final assessment.

b. Deferred tax

Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the statement of financial position date. The impact on the accounts of changes in the deferred tax assets and liabilities has also been recognized in the profit and loss account as per BAS-12 "Income Taxes".

2.30 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. The retirement benefits accrued for the employees of the Company as on reporting date have been accounted for in accordance with the provisions of Bangladesh Accounting Standard-19, "Employee Benefit". Bases of enumerating the retirement benefit schemes operated are outlined below:

2.30.1 Provident fund

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

2.30.2 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

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

2.30.3 Profit participation scheme

Every employee who has completed at least three months confirmed services in the concerned year will receive the incentive bonus on a pro data basis. In addition to the above condition, the employee must be on the pay roll on the day of declaration of incentive bonus.

From 2009 onwards, incentive bonus would be 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.

2.30.4 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.

2.31 Deposits and other accounts

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

2.32 Borrowings from other banks, financial institutions and agents

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

2.33 Provision for liabilities

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

2.34 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.

2.35 Earnings Per Share (EPS)

The company calculates EPS in accordance with the requirement of BAS – 33: "Earnings 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 2012 attributable to the ordinary shareholders.

Weighted average number of ordinary shares outstanding during the year

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

Basic earnings per share

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

Diluted earnings per share

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

2.36 Impairment of assets

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

2.37 Statutory reserve

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

2.38 Events after the Reporting Period

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

The proposed dividend for the year 2012 has not been recognized as a liability in the balance sheet in accordance with the BAS -10 : Events After the Reporting Period. Dividend payable to the Company's shareholders is recognized as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive payment is established.

2.39 Corporate governance

The company recognizes the importance of high standards of corporate governance and corporate social responsibility.

Through regular Board Meeting and documented procedures of independence, the company endeavors to meet the standards expected.

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

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

2.40 BASEL II and 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.

2.41 Comparative figures

Comparative information has been disclosed in respect of the period ended 31 December, 2012 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 2011 have been restated and rearranged whenever considered necessary to ensure comparability with the current period.

2.42 Date of authorization

The Board of Directors has authorized these financial statements for public issue on 03 March 2013.

2.43 Compliance of Bangladesh Financial Reporting Standards (BFRS)

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

		Amount in Taka	
		2012	2011
3.00	Cash in hand		
	Local currency	92,787	105,000
	Foreign currency	-	-
		92,787	105,000
3(a)	Consolidated cash in hand		
	LankaBangla Finance Limited	92,787	105,000
	LankaBangla Securities Limited	63,869	51,606
	LankaBangla Investments Limited	2,554	10,047
	LankaBangla Asset Management Company Limited	4,500	-
		163,710	166,653
4.00	Balance with Bangladesh Bank	162,557,997	118,642,936

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' 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

Cash reserve requirement (CRR) 2.50%:

The company requires to maintain cash with Bangladesh Bank Current Account equivalent to 2.50% of Term Deposits other than deposit taken from banks and financial institutions.

Required reserve	141,849,000	82,581,000
Actual reserve held	158,959,000	118,642,936
Surplus/ (Deficit)	17,110,000	36,061,936

Statutory liquidity requirements (SLR) 5.00%:

The Company requires to maintain SLR equivalent to 5% of total liability including 2.50% of CRR and excluding loans and deposits taken from banks and financial institutions.

Total required reserve	325,168,000	203,935,000
Actual reserve held	492,055,000	363,763,743
Total Surplus/ (Deficit)	166,887,000	159,828,743

5.00 Balance with other Banks and Financial Institutions

Inside of Bangladesh

Local Currency

Non interest bearing current account (Note - 5.01)	24,932,710	7,738,074
Interest bearing short term deposit account (Note - 5.02)	86,173,848	54,879,634
Fixed deposit account (Note - 5.03)	331,886,737	301,146,035
	442,993,295	363,763,743

Foreign Currency

Dhaka Bank Limited-USD Account (Exchange Rate: Tk. 79.75)	105,222	94,236
Dhaka Bank Limited-POUND Account (Exchange Rate Tk. 129.45)	34,407	28,503
Dhaka Bank Limited-EURO (Exchange RateTk.105.19)	7,908	6,887
	147,537	129,627
	443,140,832	363,893,370

Based on foreign currency rates as on reporting date , total gain from foreign currency is tk.19,524.86 considered as other income instead of reserve due to fewer of amount.

Outside of Bangladesh

	-	-
	-	-
	443,140,832	363,893,370

		Amount in Taka	
		2012	2011
5.01	Non interest bearing current account		
	Bank Al-falah Limited	17,055	18,555
	BRAC Bank Limited	998,974	4,484
	Dhaka Bank Limited	2,574,562	396
	Exim Bank Limited	36,810	50,738
	First Security Bank Limited	6,954	8,104
	HSBC	299,540	-
	National Bank Limited	3,871,706	2,899
	National Credit & Commerce Bank Limited	5,000	-
	ONE Bank Limited	435,700	1,806,907
	Prime Bank Limited	142,504	159,129
	Shahjalal Islami Bank Limited	10,968	35,165
	Southeast Bank Limited	317,980	12,239
	Standard Bank Limited	7,993	9,143
	Standard Chartered Bank	12,926,653	4,908,021
	The Premier Bank Limited	1,534,377	25,874
	The Trust Bank Limited	1,745,9340	696,420
		24,932,710	7,738,074
5.02	Interest bearing short term deposit account		
	Al-Arafah Islami Bank Limited	5,056	5,619
	Arab Bangladesh Bank Limited	5,407,630	2,392,938
	Bangladesh Development Bank Limited	64,485	10,005,000
	Bangladesh Krishi Bank Limited	5,000	5,000
	Bank Asia Limited	18,477,142	11,819,832
	Dhaka Bank Limited	12,230,395	11,229,101
	Dutch Bangla Bank Limited	22,703,992	15,716,426
	Eastern bank Limited	77,580	-
	Exim Bank Limited	3,532	3,955
	ICB Islami Bank Limited	82,305	79,669
	IFIC Bank Limited	757,919	42,840
	Janata Bank Limited	5,000	5,000
	Mercantile Bank Limited	4,607,949	1,583,835
	Mutual Trust Bank Limited	349,845	1,020
	National Credit & Commerce Bank Limited	153,523	50,719
	ONE Bank Limited	13,662,737	108,886
	Prime Bank Limited	1,461,227	603,491
	Pubali Bank Limited	45,821	45,003
	Shahajalal Islami Bank Limited	10,000	-
	Social Islami Bank Limited	5,091	4,750
	Standard Bank Limited	9,225	13,759
	The City Bank Limited	1,122,488	1,069,712
	The Premier Bank Limited	68,600	71,420
	United Commercial Bank Limited	4,846,837	11,189
	Uttara Bank Limited	10,470	10,470
		86,173,848	54,879,634
5.03	Fixed deposit account		
	Commercial Bank of Ceylon Limited	114,483,648	104,901,134
	Mercantile Bank Limited	60,042,272	54,669,904
	Prime Bank Limited	153,305,523	137,940,616
	Standard Bank Limited	4,055,293	3,634,380
		331,886,737	301,146,035

		Amount in Taka	
		2012	2011
Disclosures in compliance to the FID Circular # 6, dated 06 November 2003 of the Bangladesh Bank consist of the following:			
5.04	Maturity grouping of balance with other banks and financial institutions		
	Up to 1 month	25,080,247	7,867,701
	Over 1 month but not more than 3 months	86,173,848	54,879,634
	Over 3 months but not more than 6 months	331,886,737	301,146,035
	Over 6 months but not more than 1 year	-	-
	Over 1 year but not more than 5 years	-	-
	Over 5 years	-	-
		443,140,832	363,893,369
5(a)	Consolidated balance with other banks and financial institutions		
	LankaBangla Finance Limited	443,140,832	363,893,369
	LankaBangla Securities Limited (Note 5(a)i)	1,002,298,249	1,208,597,707
	LankaBangla Investments Limited (Note 5(a)ii)	68,375,123	449,103,731
	LankaBangla Asset Management Company Limited (Note 5(a)iii)	189,432	1,211,989
		1,514,003,636	2,022,806,796
5(a)i	LankaBangla Securities Limited		
	BRAC Bank Limited	73,929	30,387,679
	Commercial bank of Ceylon	69,449	1,204,052
	Dutch Bangla Bank Limited	1,809,038	2,705,362
	HSBC	413,165	1,375,963
	One Bank Limited	970,402,928	1,154,076,506
	Prime Bank Limited	383,111	8,048,817
	Shahajalal Islami Bank Limited	396,834	-
	Standard Chartered Bank	28,749,795	10,799,330
		1,002,298,249	1,208,597,707
5(a)ii	LankaBangla Investments Limited		
	Standard Chartered Bank	224,170	
	Dhaka Bank Limited	178,311	171,999
	One Bank Limited	37,730,393	6,842,689
	Shahajalal Islami Bank Limited	158,514	1,994,390
	The City Bank Limited	83,735	300,094,655
	One Bank Limited	30,000,000	140,000,000
		68,375,123	449,103,731
5(a)iii	LankaBangla Asset Management Company Limited		
	Dhaka Bank Limited	189,432	1,211,989
		189,432	1,211,989
6.00	Investment		
	In Government securities		
	Treasury bills	-	305,610,594
	Treasury Bonds (Note-6.01)	1,109,100,000	1,496,200,000
		1,109,100,000	1,801,810,594
	Other investment		
	Non marketable ordinary shares (Note-6.02)	24,569,450	18,179,760
	Marketable ordinary shares (Note-6.03)	778,429,057	575,521,784
		802,998,507	593,701,544
	Total	1,912,098,507	2,395,512,138
	Investment is Designated as follows		
	Held for Trading	778,429,057	575,521,784
	Held to Maturity	1,133,669,450	1,819,990,354
		1,912,098,507	2,395,512,138

		Amount in Taka	
		2012	2011
6.01	Treasury Bonds		
	05-Year Treasury Bond	-	241,800,000
	10-Year Treasury Bond	579,700,000	637,600,000
	15-Year Treasury Bond	294,800,000	370,100,000
	20-Year Treasury Bond	234,600,000	246,700,000
		1,109,100,000	1,496,200,000
6.02	Non marketable ordinary shares		
	BD Venture Limited	10,000,000	2,000,000
	BD. Welding Electrodes	-	260,310
	Bengal Windsor Th. Limited	8,000,000	8,000,000
	Central Depository (Bangladesh) Limited	1,569,450	1,569,450
	Information Technology Company Limited (ITCL)	5,000,000	5,000,000
	Saiham Cotton Mills Limited	-	1,350,000
		24,569,450	18,179,760
6.03	Marketable ordinary shares		
	Bank		
	Bank Asia Limited	180,481,230	127,750,860
	Uttara Bank Limited	-	939,609
	The Premier Bank Limited	3,055	985,100
		180,484,285	129,675,569
	Cement		
	Confidence Cement	-	278,107
	Heidelberg Cement Bangladesh Limited	14,937,716	14,937,715
	MI Cement Factory Limited	4,129	4,129
		14,941,845	15,219,951
	Engineering		
	Bangladesh Steel & Re-rolling Mills Limited (BSRM)	7,945,564	7,945,564
	Eastern Cables Limited	6,311,639	-
	Quasem Drycells Limited	-	4,952,050
		14,257,203	12,897,614
	Financial Institutions		
	Midas Finance and Investment Limited	131,135,369	131,135,369
	Prime Finance & Investment Limited	-	17,876,096
	Union Capital Limited	32,854	7,589,336
		131,168,223	156,600,801
	Fuel & Power		
	GBB Power Limited	5,984	-
	Jamuna Oil Company Limited	19,743,642	-
	MJL Bangladesh Limited	1,671	10,500
	Titas Gas Transmission & Distribution Company Limited	18,942,310	-
		38,693,607	10,500

	Amount in Taka	
	2012	2011
Insurance		
Agrani Insurance Company Limited	886,193	886,193
Continental Insurance Limited	2,003,707	2,003,707
Delta Life Insurance Company Limited	105,098,732	-
	107,988,632	2,889,900
IT Sector		
Aamra technologies limited	5,250,000	5,250,000
	5,250,000	5,250,000
Miscellaneous		
Beximco Limited	2,109	10,897
	2,109	10,897
Mutual Funds		
Green Delta Mutual Fund	-	10,000,000
	-	10,000,000
Pharmaceuticals & Chemicals		
Advance Chemicals Industries Limited	21,550,254	21,550,254
ACI Formulations Limited	17,172,864	17,172,863
Beximco Pharmaceuticals Limited	181,650,726	181,649,012
Square Pharmaceuticals Limited	18,092,134	-
	238,465,978	220,372,129
Tannery Industries		
Apex Tannary Limited	15,963,086	12,612,424
	15,963,086	12,612,424
Telecommunication		
Grameenphone Limited	21,230,966	-
	21,230,966	-
Textile		
Envoy Textiles Limited	9,982,000	9,982,000
Saiham Textile Mills Limited	1,125	-
	9,983,125	9,982,000
	778,429,057	575,521,784

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

Investments in nonmarketable ordinary shares are valued at cost due to fair value cannot be measured reliably.

*As at December 31, 2012 there was Tk.72,949,657 gross unrealized gain on investment in marketable ordinary shares which has been net off against Tk. 181,143,450 gross unrealized 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; January 31, 2012 issued by Bangladesh Bank.

6.04 Maturity grouping of investments

Up to 01 Month	14,937,716	575,521,784
More than 01 Month to 03 Months	38,685,952	107,291,908
More than 03 Month to 01 Years	151,008,783	198,318,686
More than 01 Year to 05 Years	598,366,057	18,179,760
More than 05 Years	1,109,100,000	1,496,200,000
	1,912,098,507	2,395,512,138

		Amount in Taka	
		2012	2011
6(a)	Consolidated Investments		
	LankaBangla Finance Limited	1,912,098,507	2,395,512,138
	LankaBangla Securities Limited (Note 6(a)i)	1,453,734,916	1,162,341,987
	LankaBangla Investments Limited (Note 6(a)ii)	22,339,655	11,273,375
	LankaBangla Asset Management Company Limited (note 6(a)iii)	7,043,108	-
		3,395,216,186	3,569,127,500
6(a)i	Investments in ordinary shares		
	Non marketable ordinary shares	184,500,000	118,969,000
	Marketable ordinary shares	1,269,234,916	1,043,372,987
		1,453,734,916	1,162,341,987
6(a)ii	Investments in ordinary shares		
	Non marketable ordinary shares	1,389,433	1,389,433
	Marketable ordinary shares	20,950,223	9,883,941
		22,339,655	11,273,374
6(a)iii	Investments in ordinary shares		
	Non marketable ordinary shares	-	-
	Marketable ordinary shares	7,043,108	-
		7,043,108	-
7.00	Leases, loans and advances		
	Lease (Note-7.01)	807,988,247	842,957,049
	Gross Lease rental receivable	1,122,663,428	1,035,207,928
	Less: Unearned Lease Income	314,675,180	192,250,879
	Term finance (Note-7.02)	4,067,170,141	2,431,178,370
	Term Loan - Personal (Note-7.03)	48,095,325	13,593,680
	Mortgage loan (Note-7.04)	1,673,486,914	1,524,003,190
	Short term finance (Note-7.05)	972,549,033	581,391,052
	Factoring debtors (Note-7.06)	205,260,592	55,684,986
	Credit card receivables (Note-7.07)	685,571,402	597,702,247
	Master Card	536,040,022	481,951,810
	VISA Card	149,531,380	115,750,437
	SME Finance (Note-7.08)	223,722,160	324,747,146
	Auto Loan (Note-7.09)	467,383,950	246,696,312
	Loan to LankaBangla Investment Limited (Note-7.10)	3,406,547,044	3,742,429,816
	Work Order Finance - Factoring (Note-7.11)	14,996,300	14,996,300
	Work Order Finance (Note-7.12)	35,429,192	39,579,544
	Trade Receivables (Note-7.13)	704,161,820	663,844,217
		13,312,362,119	11,078,803,909
	Place of disbursement:		
	In Bangladesh	13,312,362,119	11,078,803,909
	Outside of Bangladesh	-	-
		13,312,362,119	11,078,803,909
7.01	Leases		
	Balance at 01 January	842,957,049	969,270,162
	Addition during the year	443,209,170	339,037,379
	Recovery during the year	(350,251,560)	(465,350,492)
	Write off during the year	(127,926,411)	-
	Balance at 31 December	807,988,247	842,957,049
7.01.01	Nature of lease		
	Finance lease	807,988,247	842,957,049
	Operating lease	-	-
		807,988,247	842,957,049
7.02	Term Finance		
	Balance at 01 January	2,431,178,370	2,183,632,003
	Addition during the year	3,081,917,729	1,514,822,127
	Recovery during the year	(1,419,955,162)	(1,267,275,760)
	Write off during the year	(25,970,796)	-
	Balance at 31 December	4,067,170,141	2,431,178,370

		Amount in Taka	
		2012	2011
7.03	Term Loan-Personal		
	Balance at 01 January	13,593,680	-
	Addition during the year	49,239,427	13,688,099
	Recovery during the year	(14,737,782)	(94,419)
	Balance at 31 December	48,095,325	13,593,680
7.04	Mortgage loan		
	Bangladesh Bank refinance (Note-7.04.01)	760,815,082	808,329,092
	Own Finance	912,671,832	715,674,098
	Housing Finance (Note-7.04.02)	624,709,664	574,234,751
	Developers Finance (Note-7.04.03)	287,962,168	141,439,347
		1,673,486,914	1,524,003,190
7.04.01	Bangladesh Bank refinance		
	Balance at 01 January	808,329,092	858,751,017
	Addition during the year	-	-
	Recovery during the year	(47,514,010)	(50,421,925)
	Balance at 31 December	760,815,082	808,329,092
7.04.02	Housing Finance		
	Balance at 01 January	574,234,751	190,394,388
	Addition during the year	171,307,712	414,250,000
	Recovery during the year	(120,832,799)	(30,409,637)
	Balance at 31 December	624,709,664	574,234,751
7.04.03	Developers Finance		
	Balance at 01 January	141,439,347	62,556,330
	Addition during the year	213,205,291	125,000,000
	Recovery during the year	(66,682,470)	(46,116,983)
	Balance at 31 December	287,962,168	141,439,347
7.05	Short term finance		
	Balance at 01 January	581,391,052	220,083,054
	Addition during the year	1,082,290,000	663,766,810
	Recovery during the year	(691,132,019)	(302,458,812)
	Balance at 31 December	972,549,033	581,391,052
7.06	Factoring debtors		
	Balance at 01 January	55,684,986	34,859,180
	Addition during the year	991,092,743	322,260,000
	Recovery during the year	(841,517,137)	(301,434,194)
	Balance at 31 December	205,260,592	55,684,986
7.07	Credit card receivables		
	Balance at 01 January	597,702,247	430,637,948
	Addition during the year	793,540,000	721,280,000
	Recovery during the year	(705,670,845)	(554,215,701)
	Balance at 31 December	685,571,402	597,702,247
7.08	SME Finance		
	Balance at 01 January	324,747,146	182,990,057
	Addition during the year	21,800,000	211,460,000
	Recovery during the year	(122,824,986)	(69,702,911)
	Balance at 31 December	223,722,160	324,747,146

	Amount in Taka	
	2012	2011
7.09 Auto Loan		
Balance at 01 January	246,696,312	128,751,080
Addition during the year	291,953,000	165,752,206
Recovery during the year	(71,265,362)	(47,806,974)
Balance at 31 December	467,383,950	246,696,312
7.10 Loan to LankaBangla Investment Limited		
Balance at 01 January	3,742,429,816	4,176,039,592
Addition during the year	400,000,000	4,949,060,766
Recovery during the year	(735,882,772)	(5,382,670,542)
Balance at 31 December	3,406,547,044	3,742,429,816
7.11 Work Order Finance - Factoring		
Balance at 01 January	14,996,300	5,584,300
Addition during the year	-	9,412,000
Recovery during the year	-	-
Balance at 31 December	14,996,300	14,996,300
7.12 Work Order Finance		
Balance at 01 January	39,579,544	37,429,524
Addition during the year	-	2,955,145
Recovery during the year	(4,150,352)	(805,125)
Balance at 31 December	35,429,192	39,579,544
7.13 Trade receivables		
Lease rental receivables (net of write off)*	286,370,811	340,527,264
Receivable Lease Rental-Auto Loan	9,659,708	2,903,800
Receivables-Mortgage Loan	49,331,262	16,557,473
Receivables-Term Loan Personal	1,297,951	-
Short term lending receivables	111,131,344	6,312,002
Term finance receivables (net of write off)*	189,033,805	248,603,967
Term finance receivables-SME	20,843,703	10,946,477
Work Order Finance Receivable	36,493,236	37,993,235
	704,161,820	663,844,217

*During the year total write off of lease rental receivables is Tk. 142,281,367 and term finance receivables is Tk. 180,123,790.

Maturity Wise Grouping:

On Demand	-	-
Not more than 3 months	1,682,480,642	958,898,704
More than 03 Month to 01 Years	2,266,239,181	5,347,996,720
More than 01 Year to 05 Years	4,771,542,237	4,415,080,558
More than 05 Years	4,592,100,059	356,827,927
	13,312,362,119	11,078,803,909

	Amount in Taka	
	2012	2011
7.14 Classification wise leases, loans and advances/ investments		
Unclassified		
Standard	12,038,644,073	9,495,065,304
Special Mention Accounts (SMA)	751,186,118	658,126,605
	12,789,830,191	10,153,191,909
Classified		
Sub-standard	97,942,754	86,598,218
Doubtful	20,677,665	25,495,124
Bad/loss	403,911,510	813,518,659
	522,531,928	925,612,000
	13,312,362,119	11,078,803,909
Loans, advances and lease on the basis of significant concentration		
a) Loans, advances and lease to the institutions in which Directors have interest	3,425,738,713	3,820,298,830
b) Loans, advances and lease to Chief Executive and other senior executives	57,148,037	10,463,436
c) Loans, advances and lease to customer groups:		
i) Real estate finance	1,673,486,914	1,524,003,190
ii) Car Loan	467,383,950	246,696,312
iii) Personal loan	48,095,325	13,593,680
iv) Loan against deposits (LAD)	172,568,356	76,274,985
v) Small and medium enterprises	223,722,160	324,747,146
vi) Special program loan (BB refinancing scheme)	760,815,082	808,329,092
vii) Staff loan	-	-
viii) Industrial Loans, advances and leases	3,628,547,145	2,304,264,827
ix) Other loans and advances	6,337,743,188	5,780,894,677
	13,312,362,119	11,078,803,909
1) Trade and Commerce	627,590,577	525,029,542
2) Industries		
i) Garments and Knitwear	602,173,106	378,750,122
ii) Textile	517,137,790	557,555,196
iii) Jute and Jute -products	-	-
iv) Food Production and Processing industry	143,050,771	83,772,259
v) Plastic Industry	-	-
vi) Leather and Leather Goods	-	-
vii) Iron, Steel and Engineering	1,310,955,557	404,845,726
viii) Pharmaceuticals and Chemicals	417,758,105	244,632,486
ix) Cement and Allied Industry	-	17,818,054
x) Telecommunication and IT	23,864,144	90,036,546
xi) Paper, printing and Packaging	60,666,368	54,993,391
xii) Glass, Glassware and Ceramic Industry	-	16,957,649
xiii) Ship Manufacturing Industry	281,939,144	146,771,524
xiv) Electronics and Electrical Products	18,359,867	-
xv) Power, Gas, water and Sanitary Service	62,623,269	131,620,046
xvi) Transport and Aviation	190,019,024	176,511,828
	3,628,547,145	2,304,264,827
3) Agriculture	545,482,490	377,010,124
4) Housing	1,673,486,914	1,524,003,190
5) Others		
Loan to LankaBangla Investments Ltd.	3,406,547,044	3,742,429,816
Others	3,430,707,949	2,606,066,410
	13,312,362,119	11,078,803,909

7.15 Particulars of loans, advances and leases

	Amount in Taka	
	2012	2011
i) Loan considered good in respect of which the Bank/ FI is fully secured	7,529,023,573	2,789,152,399
ii) Loan considered good for which the Bank/FI holds no other security than the debtor's personal security.	685,571,402	597,702,247
iii) Loan considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	5,097,767,144	7,691,949,263
iv) Loan adversely classified for which no provision is created.	-	-
	13,312,362,119	11,078,803,909
v) Loan due by directors or officers of the Bank/ FI or any of them either jointly or separately with any other persons.	5,801,922	11,811,341
vi) Loan due by companies and firms in which the directors of the Bank/FI have interests as directors, partners or managing agent or in case of private companies as members. Note: These loans, advances and leases are given to subsidiaries Companies where some of the Directors of LankaBangla Finance Limited are Directors in those subsidiaries companies	3,425,738,713	3,820,298,830
vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors & managers or officers of the Bank/ FI or any of them either severally or jointly with any other persons.	5,801,922	11,811,341
viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Bank/ FI have interests as directors, partners or managing agents or, in case of private companies as members. Note: These loans, advances and leases are given to subsidiaries Companies where some of the Directors of LankaBangla Finance Limited are Directors in those subsidiaries companies	10,900,000	15,895,500
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	-	-
b) Amount of provision kept against loans classified as bad/ loss as at the Balance Sheet date	403,911,510	925,612,000
	403,911,510	925,612,000
c) Amount of interest credited to the interest suspense account	54,938,568	212,691,670
xi) Cumulative amount of written off loans:		
Opening Balance	1,815,124	1,815,124
Amount written off during the year	476,302,360	-
Amount received off during the year	-	-
Balance of written off loans and advances yet to be recovered	478,117,484	1,815,124
The amount of written off loans for which law suits have been filed		
Leases, Loans, and advances -geographical location-wise		
Inside Bangladesh:		
<u>Urban</u>		
Dhaka	9,862,891,929	9,062,115,812
Chittagong	3,396,135,100	1,959,307,543
Sylhet	53,335,090	57,380,554
	13,312,362,119	11,078,803,909
Outside Bangladesh:	-	-
	13,312,362,119	11,078,803,909

Amount in Taka		
2012	2011	
LankaBangla Finance Limited	9,905,815,075	7,314,686,856
LankaBangla Securities Limited	4,635,679,858	4,413,415,971
LankaBangla Investments Limited*	4,160,441,200	3,786,975,205
18,701,936,132	15,515,078,032	

7(a) Consolidated Leases, loans and advances

LankaBangla Finance Limited	9,905,815,075	7,314,686,856
LankaBangla Securities Limited	4,635,679,858	4,413,415,971
LankaBangla Investments Limited*	4,160,441,200	3,786,975,205
18,701,936,132	15,515,078,032	

* Being the amount is for margin loan against share trading.

8.00 Fixed Assets including Land, Building, Furniture and Fixtures

Freehold assets (Note 8.01)	41,446,895	25,138,307
Intangible assets (Note 8.02)	4,601,833	4,929,733
Lease hold assets (Note 8.03)	3,675,000	-
49,723,728	30,068,040	

Details at Annexure - A**8.01 Freehold assets****Cost**

Opening Balance	101,722,724	103,478,924
Add : Addition/(Disposal) during the year	28,889,949	11,064,760
	130,612,673	114,543,684
Less: Sales/ adjustment during the year	6,674,924	12,820,960
123,937,749	101,722,724	

Accumulated depreciation

Opening Balance	76,584,417	69,793,412
Add : Charged during the year	12,345,256	10,736,368
	88,929,673	80,529,780
Less: Adjustment during the year	6,438,820	3,945,363
	82,490,854	76,584,417
41,446,895	25,138,307	

Written down value**8.02 Intangible assets****Cost**

Opening Balance	27,534,021	27,534,021
Add: Acquisition during the year	-	-
	27,534,021	27,534,021
Less: Adjustment during the year	-	-
27,534,021	27,534,021	

Accumulated depreciation

Opening Balance	22,604,288	22,276,392
Add : Charged during the year	327,900	327,896
	22,932,188	22,604,288
Less: Adjustment during the year	-	-
	22,932,188	22,604,288
4,601,833	4,929,733	

Written down value**8.03 Lease hold assets****Cost**

Opening Balance	-	-
Add: Acquisition during the year	4,900,000	-
	4,900,000	-
Less: Adjustment during the year	-	-
4,900,000	-	

Accumulated depreciation

Opening Balance	-	-
Add : Charged during the year	1,225,000	-
	1,225,000	-
3,675,000	-	

Written down value

		Amount in Taka	
		2012	2011
8(a)	Consolidated Fixed Assets including Land, Building, Furniture and Fixtures		
	LankaBangla Finance Limited	49,723,728	30,068,040
	LankaBangla Securities Limited	172,785,885	148,530,288
	LankaBangla Investments Limited	15,496,043	10,151,550
	LankaBangla Asset Management Company Limited	126,351	306,161
		238,132,007	189,056,039
	Details at Annexure - B		
9.00	Other assets		
	Non income generating assets	615,363,186	255,200,619
	Advances and prepayments (Note-9.01)	607,501,182	247,327,377
	Security deposit	7,862,005	7,873,242
	Income generating assets	3,003,915,726	1,661,579,925
	Staff loan-others	5,801,922	11,811,341
	Interest & other receivables (Note-09.02)	467,764,752	899,774,414
	Investment in subsidiaries	2,530,349,052	749,994,170
	LankaBangla Securities Limited	1,274,984,870	399,995,200
	LankaBangla Asset Management Co. Limited	595,364,212	49,999,000
	LankaBangla Investment Limited	659,999,970	299,999,970
		3,619,278,913	1,916,780,544
9.01	Advances and Prepayments		
	Advance office rent	9,815,195	6,597,065
	Advance for Expenses*	18,047,445	-
	Advance Income tax**	167,460,530	156,113,327
	Prepayments and others (Note-9.01.01)	412,178,012	84,616,985
		607,501,182	247,327,377
	*Amount of TK. 6,000,000 has been paid for new software of Bank Ultimas during the year.		
	**Advance income tax represents corporate income tax paid as per Section- 64 of the Income Tax Ordinance 1984 and the amount of income tax deducted at source (TDS) by different financial institutions on the interest on bank balances of LankaBangla Finance Limited.		
9.01.01	Prepayments and others		
	Prepayments	186,100,393	16,382,450
	Receivables/(Payables)-Other MasterCard Operator (Note 9.01.01.01)	(2,115,650)	1,820,980
	Receivables/(Payables)-Samph Bank Limited	66,929,562	37,566,348
	Receivables/(Payables) with LBAMCO Limited	2,713,846	-
	Receivables against share trading	2,671,368	10
	Deferred tax Asset- (Note 09.01.01.02)	20,670,433	18,446,056
	IDCP and delinquent charge receivable	38,404,412	-
	Dividend receivable	78,750,624	-
	Other receivable	18,053,025	10,401,141
		412,178,012	84,616,985
9.01.01.01	Receivables/(Payables)-Other MasterCard Operator		
	This represents receivable/(payables) from the other master card operators which is created due to the use of credit card systems at the point of sales.		
	Bank Alfala Limited		
	Bank Asia Limited	5,750,066	5,430,082
	BRAC Bank Limited	(1,423,029)	(1,199,383)
	City Bank Limited	(1,371,786)	(1,021,212)
	Dutch Bangla Bank limited	(3,869,678)	(2,188,290)
	National Bank Limited	(889,181)	(711,262)
	ONE Bank Limited	889,855	2,083,021
	Prime Bank Limited	(518,404)	(504,017)
	Premier Bank Limited	(304,001)	(71,618)
	Standard Chartered Bank	(379,492)	3,658
		(2,115,650)	1,820,980

Amount in Taka	
2012	2011

9.01.01.02 Deferred tax Asset

Deferred tax has been calculated based on deductible taxable temporary difference arising due to difference in the carrying amount of the and its tax base in accordance with the provision of Bangladesh Accounting Standard (BAS) 12 "Income Taxes".

Particulars	Accounting base carrying amounts	Tax base carrying amounts	(Taxable)/ Deductible temporary diff.
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Deferred tax asset is arrived at as follows**Assets:**

Fixed assets net of depreciation as on 31 December 2012	49,723,728	68,294,746	18,571,018
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Liabilities:

Employee gratuity as on 31 December 2012	30,078,511	13,217	30,065,294
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Total	79,802,239	68,307,963	48,636,312
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Applicable tax rate for fixed assets and employee gratuity	42.50%
Deferred tax asset as on 31 December 2012	20,670,433
Deferred tax asset as on 31 December 2011	18,446,056
Deferred tax income accounted for during the year	2,224,377

9.02 Interest & other receivables

Interest receivable-LBIL	48,676,022	53,227,741
Interest receivables-Mortgage loan	6,941,985	5,033,623
Interest receivables-Short term lending	9,956,530	13,530,888
Interest receivables-Fixed deposit account	24,781,844	19,844,376
Interest receivables-Term finance	-	4,025,092
PD- Receivable -Treasury Bonds/Bills	25,774,086	39,741,878
Receivables/(Payables) with LBSL	351,634,285	764,370,816
	467,764,752	899,774,414

9(a) Consolidated other assets

LankaBangla Finance Limited	685,905,707	349,187,819
LankaBangla Securities Limited	559,512,462	565,304,357
LankaBangla Investments Limited	76,025,665	46,198,576
LankaBangla Asset Management Company Limited	3,113,610	4,428,741
	1,324,557,444	965,119,493

10.00 Borrowings from Bangladesh bank, other banks & financial institutions

Inside Bangladesh (Note 10.01)	6,542,778,927	6,867,067,805
Outside Bangladesh	-	-
	6,542,778,927	6,867,067,805

10.01 Inside Bangladesh**Secured:**

Bank overdraft (Note - 10.01.01)	490,518,530	317,548,693
Long term loan (Note-10.01.02)	4,025,351,565	3,278,130,642
REPO against Govt. treasury bills & bonds (Note- 10.01.03)	1,041,908,831	1,656,388,470
	5,557,778,927	5,252,067,805

Unsecured:

Call loans- (Note - 10.01.04)	450,000,000	680,000,000
Short term borrowings (Note - 10.01.05)	535,000,000	935,000,000
	985,000,000	1,615,000,000
	6,542,778,927	6,867,067,805

		Amount in Taka	
		2012	2011
10.0101	Bank overdraft		
	Secured by FDR		
	Mercantile Bank Limited	50,859,825	43,728,664
	Prime Bank Limited	215,027,022	120,044,342
	Commercial Bank of Ceylon Limited	127,131,683	153,775,687
		393,018,530	317,548,693
	Secured by Pari Passu sharing agreement		
	Bangladesh Development Bank Limited	97,500,000	-
		97,500,000	-
		490,518,530	317,548,693
10.01.02	Long term loan		
	Opening Balance	3,278,130,642	3,248,991,874
	Add: Drawdown during the year	1,920,000,000	870,000,000
		5,198,130,642	4,118,991,874
	Less: Repayment during the year	1,172,779,077	840,861,232
		4,025,351,565	3,278,130,642
	Detail of the above balance is presented bellow:		
	From Bangladesh Bank and its agents Bank		
	Bangladesh Bank (under Re-Finance)- Women Entrepreneur	45,117,911	32,244,643
	Bangladesh Bank (under Re-Finance)- Mortgage Loan	780,543,280	841,186,452
		825,661,191	873,431,095
	From other than Bangladesh Bank and its agents Bank		
	AL Arafa Islami Bank Limited	413,764,998	232,436,571
	Bank Asia Limited	79,747,686	105,921,490
	Brac Bank Limited	-	16,786,944
	Commercial Bank of Ceylon Limited	-	11,666,680
	Dutch Bangla Bank Limited	78,582,636	153,081,073
	Exim Bank Limited	46,860,074	132,604,833
	Jamuna Bank Limited	959,786	26,762,414
	Mutual Trust Bank Limited	622,872,625	180,946,762
	National Bank Limited	173,858,443	248,123,188
	Prime Bank Limited	288,472,184	326,589,866
	Shahjalal Islami Bank Limited	551,642,797	273,546,992
	Social Islami Bank Limited	23,245,687	57,746,411
	Southeast Bank Limited	123,672,527	66,177,612
	Standard Bank Limited	59,407,923	113,318,401
	The Premier Bank Limited	389,563,703	35,004,434
	The Trust Bank Limited	-	164,592,441
	The UAE-Bangladesh Investment Company Limited	17,642,976	20,000,000
	United Commercial Bank Limited	317,654,956	191,992,433
	Uttara Bank Limited	7,166,879	47,401,002
	Lease obligation-IPDC	4,574,495	-
		3,199,690,375	2,404,699,547
		4,025,351,565	3,278,130,642

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.

		Amount in Taka	
		2012	2011
10.01.03	REPO against Govt. treasury bills & bonds		
	REPO against Govt. treasury bills	-	306,222,350
	REPO against Govt. bonds	1,041,908,831	1,350,166,120
		1,041,908,831	1,656,388,470
10.01.04	Call loan		
	Delta Brac Housing Limited	-	80,000,000
	United Leasing Company Limited	-	100,000,000
	Southeast Bank Limited	100,000,000	-
	Standard Bank Limited	50,000,000	-
	The City Bank Limited	300,000,000	500,000,000
		450,000,000	680,000,000
10.01.05	Short term borrowings		
	Eastern Bank Limited	-	400,000,000
	One Bank Limited	235,000,000	535,000,000
	Standard Bank Limited	100,000,000	-
	Brac Bank Limited	200,000,000	-
		535,000,000	935,000,000
Maturity grouping of borrowings from other banks and financial institutions			
	Payable on demand	-	-
	Up to 1 month	450,000,000	1,775,532,690
	Over 1 month but within 3 months	456,126,327	1,177,538,771
	Over 3 months but within 1 year	2,453,141,441	1,253,182,953
	Over 1 year but within 5 years	2,172,015,883	1,152,298,197
	Over 5 years	1,011,495,276	828,515,194
		6,542,778,927	6,187,067,805
10 (a)	Consolidated borrowings from Bangladesh bank, other banks & financial institutions		
	LankaBangla Finance Limited	6,542,778,927	6,867,067,805
	LankaBangla Securities Limited	2,271,311,754	1,439,390,088
	LankaBangla Investments Limited	23,231,757	149,718,742
	LankaBangla Asset Management Company Limited	-	-
		8,837,322,438	8,456,176,635
11.00	Term deposits		
	From banks (Note-11.01)	1,290,000,000	1,330,000,000
	From other than banks (Note-11.02)	6,386,958,646	4,239,772,020
		7,676,958,646	5,569,772,020
11.01	From Bank		
	Agrani Bank Limited	250,000,000	250,000,000
	Bangladesh Commerce Bank Limited	200,000,000	-
	Bangladesh Development Bank Limited	100,000,000	50,000,000
	Bank Asia Limited	150,000,000	100,000,000
	Brac Bank Limited	100,000,000	-
	Dutch Bangla Bank Limited	200,000,000	-
	Janata Bank Limited	90,000,000	90,000,000
	National Credit and Commerce Bank Limited	-	20,000,000
	Rupali Bank Limited	-	200,000,000
	Shahajalal Islami Bank Limited	-	70,000,000
	Social Islami Bank Limited	-	50,000,000
	Sonali Bank Limited	-	400,000,000
	United Commercial Bank Limited	200,000,000	100,000,000
		1,290,000,000	1,330,000,000

		Amount in Taka	
		2012	2011
11.01.01	Remaining maturity grouping of term deposits		
	From Banks		
	Payable on demand	-	-
	In not more than 01 month	45,000,000	300,000,000
	In more than 01 month but not more than 06 months	301,000,000	730,000,000
	In more than 06 months but not more than 01 year	128,000,000	300,000,000
	In more than 01 year but not more than 05 years	418,600,000	-
	In more than 05 years but not more than 10 years	397,400,000	-
	In more than 10 years	-	-
		1,290,000,000	1,330,000,000
11.02	Other than Bank		
	Corporate Houses	1,428,522,228	1,060,880,740
	Employees Provident Fund	543,145,278	348,270,757
	Individual	2,605,356,887	1,670,583,639
	Insurance Companies	684,920,290	439,178,462
	Non Bank Financial Institute (NBFI)	766,744,440	491,645,012
	Non-Government Organization (NGO)	81,474,385	52,242,277
	Others	276,795,138	176,971,134
		6,386,958,646	4,239,772,020
11.02.01	Remaining maturity grouping of term deposits:		
	From other than banks		
	Payable		
	On demand		
	In not more than 01 month	405,099,787	1,041,865,143
	In more than 01 month but not more than 06 months	1,580,013,130	1,508,155,027
	In more than 06 months but not more than 01 year	803,815,191	300,000,000
	In more than 01 year but not more than 05 years	2,123,755,270	1,387,701,850
	In more than 05 years but not more than 10 years	1,474,275,268	2,050,000
	In more than 10 years	-	-
		6,386,958,646	4,239,772,020
11(a)	Consolidated term deposits		
	LankaBangla Finance Limited	7,615,919,305	5,309,623,960
		7,615,919,305	5,309,623,960
12.00	Other liabilities		
	Accrued expenses	17,593,756	11,419,008
	Advance receipt against leases-adjustment a/c	28,948,467	25,398,253
	Claims on health insurance	-	78,403
	Deferred liability-employee gratuity (Note-12.01)	30,078,511	22,327,442
	Employee provident fund payable	2,129,050	-
	Excise duty payable	1,458,653	-
	Interest payable- (Note - 12.02)	304,145,655	308,010,410
	Interest suspense account (Note-12.03)	148,336,823	212,691,670
	IPO subscription payable	68,646	68,646
	ITCL Statement A/C	49,225	82,500
	Lease rental advances	21,202,830	38,054,962
	Payable against MCBS charges	724	2,022
	Payable against merchants claims & others	5,972,662	17,019,637
	Payable against receipt from other card holders	1,593,688	1,955,563
	Payable to LB Foundation	12,357,176	4,666,525
	Payable to right share holder	214,123	-
	Provision for doubtful accounts and future losses (Note-12.04)	363,408,082	536,575,176
	Provision for taxation (Note-12.05)	454,114,673	454,114,673
	Security deposit from supplier and others	364,280	-
	Unpaid dividend	9,568,002	9,572,819
	VAT at Source	1,782,371	249,543
	VISA Statement A/C	44,581	103,351
	Welfare fund payable	-	19,879
	Withholding tax payable	4,856,311	202,032
		1,408,288,288	1,642,612,514

		Amount in Taka	
		2012	2011
12.01	Deferred liability - employee gratuity		
	Balance as at 01 January	22,327,442	17,947,647
	Provision during the year	7,764,285	6,461,750
		30,091,727	24,409,397
	Payment during the year	13,217	2,081,955
	Balance as at 31 December	30,078,511	22,327,442
12.02	Interest payable		
	Interest payable on term deposit	268,124,579	247,869,893
	Interest payable on long term borrowings	14,321,229	23,009,718
	Interest payable on short term borrowings	20,662,347	34,128,577
	Interest payable on call loan borrowings	1,037,500	3,002,222
		304,145,655	308,010,410
12.03	Interest suspense		
	Lease Finance	96,447,149	133,152,923
	Term Finance	34,644,334	73,948,218
	Credit Card	15,018,957	5,162,427
	Mortgage Loan	2,226,383	428,102
		148,336,823	212,691,670
	Movement of Interest Suspense Account		
	Balance at 01 January	212,691,670	185,069,398
	Add: Transferred to Interest Suspense during the year	54,938,568	27,622,272
	Less: Interest Suspense realized during the year	-	-
		267,630,238	212,691,670
	Less: Write off during the year	(119,293,415)	-
	Balance at 31 December	148,336,823	212,691,670
12.04	Provision for doubtful accounts and future losses		
	Lease financing	99,888,608	278,333,991
	Term finance & Short term loan	156,540,344	195,134,773
	Credit card	68,185,969	38,954,279
	Mortgage Loan	17,154,402	14,812,065
	Provision for diminution in value of investment in equity shares	21,638,759	9,340,067
		363,408,082	536,575,176
	Movement of Provision for loans and advances / investments		
	Balance at 01 January	536,575,176	556,196,993
	Provision required for the year	448,474,749	536,575,177
	Provision released during the year	(7,891,546)	(73,125,946)
	Provision charged for the year	191,733,398	53,504,129
	Write off during the year	(357,008,945)	-
	Balance at 31 December	363,408,082	536,575,176
	During the year 2012, the Company had written off its receivables of contracts as per write off policy of the Bangladesh Bank (FID circular No. 03 dated 15 March 2009)		
12.05	Provision for taxation		
	Balance as at 01 January	454,114,673	456,693,345
	Provision during the year	-	77,922,978
		454,114,673	534,616,323
	Adjusted during the year	-	80,501,650
	Balance at 31 December	454,114,673	454,114,673

Total provision for tax as on 31 December, 2011 was TK.454,114,673. During the year the Company has written off loans and advances of TK.357,008,945. There fore no additional tax provision is required.

		Amount in Taka	
		2012	2011
12(a)	Consolidated other liabilities		
	LankaBangla Finance Limited	1,404,597,346	1,642,612,543
	LankaBangla Securities Limited	620,042,003	857,027,115
	LankaBangla Investments Limited	177,661,252	20,457,585
	LankaBangla Asset Management Company Limited	14,415,408	6,868,513
		2,216,716,009	2,526,965,756
13.00	Share capital		
	Authorized	3,000,000,000	3,000,000,000
	Issued, subscribed and paid up	1,894,084,500	823,515,000

Details of shares holding position are as under:

Sponsor shareholders:

	Percentage		
a. Foreign sponsors			
Sampath Bank Limited, Sri Lanka	9.47%	179,400,000	78,000,000
b. Local sponsors			
ONE Bank Limited-OBL, Bangladesh	4.86%	92,000,000	40,000,000
SSC Holdings Limited, Bangladesh	1.07%	20,320,500	8,835,000
Shanta Apparel Limited	1.74%	32,937,000	15,190,000
Individuals	21.52%	407,693,340	177,257,985
	29.19%	552,950,840	241,282,985
General Shareholders	61.33%	1,161,733,660	504,232,020
	100%	1,894,084,500	823,515,000

Classification of shareholders by holding as required by Regulation- 37 of the Listing Regulations of Dhaka Stock Exchange Limited

Shares groups	Number of share	%
Less than 500	1,067,402	0.56
501 to 5000	13,240,145	6.99
5,001 to 10000	6,804,366	3.59
10,001 to 20000	7,466,038	3.94
20,001 to 30000	4,236,816	2.24
30,001 to 40000	3,105,662	1.64
40,001 to 50000	2,285,055	1.21
50,001 to 100000	8,741,887	4.62
100,001 to 1000000	40,836,481	21.56
Above 1000000	101,624,598	53.65
	189,408,450	100.00

The shares were listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited on October 17, 2006 and October 31, 2006 respectively, also trading in the both houses from November 01, 2006. Share trade Tk. 59.00 and Tk. 59.10 at Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited respectively at the end of the year 31 December 2012.

14.00	Statutory reserve		
	Opening balance	314,531,853	221,201,348
	Add: Transferred from profit during the year @ 20%	247,143,520	93,330,505
		561,675,373	314,531,853

		Amount in Taka	
		2012	2011
15.00	Retained earnings		
	Retained earnings as at 01 January	1,922,024,346	933,464,451
	Add: Profit/(loss) for the year	686,306,745	466,811,928
		1,235,717,601	466,652,523
	Less: Adjustment during the year:	506,555,196	247,157,706
	Transfer to statutory reserve during the year	247,143,520	93,330,505
	Prior year adjustment	-	(143,054,324)
	Payment of stock dividend: (30%)	247,054,500	292,215,000
	Transfer LB Foundation	12,357,176	4,666,525
	Retained earnings as at 31 December	1,415,469,150	686,306,745
16.00	Interest income		
	Interest income from leases	112,590,801	100,503,515
	Interest income from term finance	566,812,106	350,505,978
	Interest income from term loan personal	6,146,565	451,085
	Interest income from short term lending	184,197,021	106,722,279
	Income from credit card	159,303,867	132,636,737
	Interest income from factoring	31,812,975	9,020,317
	Interest Income from mortgage loan	213,562,462	140,818,317
	Interest Income from SME	48,991,683	46,892,329
	Interest Income from auto loan	63,880,713	31,571,057
	Interest income on fixed deposit	39,094,674	29,516,334
	Interest income on short term deposit	6,563,187	3,717,367
	Interest income on lending -subsidiaries	607,776,763	620,209,389
	Interest income during construction Period	92,245,334	-
		2,132,978,152	1,572,564,704
16(a)	Consolidated interest income		
	LankaBangla Finance Limited	1,525,201,389	963,392,744
	LankaBangla Securities Limited	595,319,037	658,384,750
	LankaBangla Investments Limited	556,852,051	736,750,917
	LankaBangla Asset Management Company Limited	121,260	58,468
		2,677,493,737	2,358,586,879
17.00	Interest paid on deposits & borrowings		
	Interest on term loans	503,806,529	377,110,639
	Interest on call loan and short notice	191,959,466	257,582,261
	Interest on Bangladesh Bank REPO	230,222,410	155,272,487
	Interest on term deposits	903,345,083	613,326,641
		1,829,333,488	1,403,292,027
17(a)	Interest paid on deposits & borrowings		
	LankaBangla Finance Limited	1,788,221,834	1,396,568,663
	LankaBangla Securities Limited	359,295,452	-
		2,147,517,286	1,396,568,663
18.00	Income from investment		
	Income from investment in share (Capital)	(14,321,088)	(6,230,824)
	Dividend income*	1,271,202,391	395,845,712
	Interest income from PD operation	142,752,820	135,468,938
		1,399,634,124	525,083,826

* Dividend income includes Tk. 874,989,670 as stock dividend received from LankaBangla Securities Limited.

		Amount in Taka	
		2012	2011
18(a)	Consolidated income from investment		
	LankaBangla Finance Limited	130,891,335	131,338,474
	LankaBangla Securities Limited	44,512,548	11,938,168
	LankaBangla Investments Limited	27,500	8,871,153
		175,431,383	152,147,795
19.00	Commission, Exchange and Brokerage Income		
	Underwriting commission	645,600	-
	Underwriting commission from Treasury Bonds/Bills	1,111,875	1,775,525
	Merchant commission of credit card	1,433,987	2,161,544
		3,191,462	3,937,069
19(a)	Consolidated Commission, Exchange and Brokerage Income		
	LankaBangla Finance Limited	3,191,462	3,937,069
	LankaBangla Securities Limited	475,121,938	758,510,208
	LankaBangla Investments Limited	1,444,858	1,530,949
		479,758,258	763,978,226
20.00	Other operational income		
	Membership fees of credit card	10,730,200	9,698,979
	Corporate finance fees	-	12,549,576
	Profit on sale of fixed asset	4,607,420	-
	Other income from fees & documentations	77,206,154	86,684,636
		92,543,774	108,933,191
20(a)	Consolidated other operational income		
	LankaBangla Finance Limited	92,543,774	108,933,191
	LankaBangla Securities Limited	(16,309,138)	(6,012,771)
	LankaBangla Investments Limited	128,435,440	32,698,022
	LankaBangla Asset Management Company Limited	75,326	-
		204,745,402	135,618,442
21.00	Salary and allowances		
	Salary & allowances	141,683,146	97,812,771
	Provident fund contribution	4,194,396	3,372,858
	Gratuity fund	7,476,184	6,336,750
		153,353,725	107,522,379
21(a)	Consolidated salary and allowances		
	LankaBangla Finance Limited	153,353,725	107,522,379
	LankaBangla Securities Limited	188,432,355	176,870,560
	LankaBangla Investments Limited	21,612,210	16,967,032
	LankaBangla Asset Management Company Limited	451,951	-
		363,850,241	301,359,971
22.00	Rent, taxes, insurance, electricity etc.		
	Office rent	20,613,849	12,595,582
	Insurance premium	2,451,054	2,431,860
	Electricity	4,417,506	2,535,703
		27,482,409	17,563,145

		Amount in Taka	
		2012	2011
22(a)	Consolidated rent, taxes, insurance, electricity etc.		
	LankaBangla Finance Limited	27,482,409	17,537,145
	LankaBangla Securities Limited	28,024,428	10,599,344
	LankaBangla Investments Limited	11,976,613	8,918,700
	LankaBangla Asset Management Company Limited	1,310,529	-
		68,793,979	37,055,189
23.00	Legal & professional fees	9,658,289	5,722,959
23(a)	Consolidated legal & professional fees		
	LankaBangla Finance Limited	9,658,289	5,722,959
	LankaBangla Securities Limited	1,998,681	342,326
	LankaBangla Investments Limited	543,527	3,113,426
		12,200,497	9,178,711
24.00	Postage, stamp, telecommunication etc.		
	Postage & courier	1,818,877	1,234,545
	Stamp charges	209,045	213,691
	Telephone bill	2,183,911	1,670,654
		4,211,833	3,118,890
24(a)	Consolidated postage, stamp, telecommunication etc.		
	LankaBangla Finance Limited	4,211,833	3,118,890
	LankaBangla Securities Limited	3,358,193	1,321,738
	LankaBangla Investments Limited	989,894	886,971
	LankaBangla Asset Management Company Limited	7,560	-
		8,567,480	5,327,599
25.00	Stationery, printing, advertisement		
	Printing & stationery	4,608,159	3,009,904
	Advertisement	3,411,110	5,354,559
		8,019,269	8,364,463
25(a)	Consolidated Stationery, printing, advertisement		
	LankaBangla Finance Limited	8,019,269	8,364,463
	LankaBangla Securities Limited	6,616,772	2,582,424
	LankaBangla Investments Limited	1,039,247	1,146,553
	LankaBangla Asset Management Company Limited	12,765	-
		15,688,053	12,093,440
26.00	Managing director's salary & allowance		
	Salary & allowances	9,647,500	2,000,000
	Provident fund contribution	964,750	150,000
	Gratuity fund	288,101	125,000
		10,900,351	2,275,000
27.00	Director fees and expenses		
		430,250	400,700
		430,250	400,700

		Amount in Taka	
		2012	2011
27(a)	Consolidated director fees and expenses		
	LankaBangla Finance Limited	430,250	400,700
	LankaBangla Securities Limited	552,943	364,706
	LankaBangla Investments Limited	292,000	92,000
		1,275,193	857,406
28.00	Audit fees	195,500	256,800
		195,500	256,800
28(a)	Consolidated audit fees		
	LankaBangla Finance Limited	195,500	256,800
	LankaBangla Securities Limited	86,625	78,000
	LankaBangla Investments Limited	115,000	182,875
	LankaBangla Asset Management Company Limited	60,000	46,000
		457,125	563,675
29.00	Repairs, maintenance and depreciation		
	Repairs and maintenance	6,504,079	5,089,584
	Depreciation	13,898,156	11,064,264
		20,402,236	16,153,848
29(a)	Consolidated repairs, maintenance and depreciation		
	LankaBangla Finance Limited	20,402,236	16,153,848
	LankaBangla Securities Limited	35,332,435	11,262,584
	LankaBangla Investments Limited	8,640,859	6,447,451
	LankaBangla Asset Management Company Limited	193,978	179,810
		64,569,508	34,043,693

		Amount in Taka	
		2012	2011
30.00	Other expenses		
	Training	1,559,321	130,500
	Staff welfare	494,387	390,218
	Membership & renewal fees	6,379,205	8,803,356
	Conveyance	1,592,553	1,586,758
	Travelling	1,091,308	1,939,274
	Internet & e-mail	1,705,886	914,795
	News paper & periodicals	32,968	33,595
	Computer accessories	1,235,624	997,863
	Fuel expense	473,526	308,531
	Vehicle maintenance/Registration	3,916,657	1,816,856
	Water & sewerage bill	597,347	312,323
	Office maintenance	5,899,038	5,072,906
	Donation & Miscellaneous expenses	224,274	775,439
	Entertainment	2,319,536	964,007
	Business promotion	2,041,722	712,041
	Bank charges	764,522	632,767
	Marketing expenses	14,687,917	6,866,071
	Recovery commission	563,343	181,496
	CDBL fee	650,551	1,891,769
	MCBS charges	12,335,874	10,959,511
	Loss on sales of fixed asset	119,300	173,215
	Inter change fees-VISA	-	958,414
	AGM & Related Expenses	4,606,481	3,567,625
	Other operational exp. Visa	2,421,563	2,386,399
	PD premium	-	441,096
	Documentation fee	5,000	-
	Capital loss on Treasury Bill/Bond	73,415,638	-
		139,133,540	50,899,997
30(a)	Consolidated other expenses		
	LankaBangla Finance Limited	139,133,540	50,899,997
	LankaBangla Securities Limited	97,176,836	165,078,709
	LankaBangla Investments Limited	10,987,657	6,122,887
	LankaBangla Asset Management Company Limited	51,042	8,150
		247,349,075	222,109,743
31.00	Provision for loans and advances		
	Provision for doubtful accounts and future losses		
	General Provision	33,332,760	29,635,223
	Specific provision	146,101,906	23,868,906
		179,434,666	53,504,129
31(a)	Consolidated provision for loans and advances		
	Provision for doubtful accounts and future losses		
	General Provision	33,332,760	29,635,223
	Specific provision	40,318,724	53,242,678
		73,651,484	82,877,901
32.00	Earnings Per Share (EPS)		
	Earning attributable to ordinary shareholders	1,235,717,601	466,652,523
	Weighted average number of ordinary shares outstanding	184,674,880	175,246,541
	Basic Earnings per Share	6.69	2.66
32(a)	Consolidated Earnings Per Share (EPS)		
	Earning attributable to ordinary shareholders	326,295,611	791,100,875
	Weighted average number of ordinary shares outstanding	184,674,880	175,246,541
	Consolidated Basic Earnings per Share	1.77	4.51

33.00 Related party disclosure

i)	Names of the Directors together with a list of entities in which they have Interest	
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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.
1.	Mr. Mohammad A. Moyeen	Chairman	<p>Tropica Garments Limited Airline Cargo Resources Limited Air & Sea International Logistics Limited Colloid Enterprises Limited Cross Freight Lines Limited Expo Express Services Limited Freight Care Aviation Services Limited LankaBangla Securities Limited LankaBangla Investments Limited Orchid Air Limited Pulsar Shipping Agencies Limited SG Logistics (Pvt.) Limited Standard Paper Products Limited STS Educational Group Limited STS Holdings Limited Swift Logistics Services Limited The M & M Limited UCL Logistic Limited Wings Aviation Limited WAC Logistics Limited Global Aviation Services Limited Wings Express Limited Wings Logistics Limited Wings Ocean Freight Limited Wings Tours & Travels Limited Global Ground Services Limited Voytech Limited BizBangla Media Limited Uniworld Logistics Limited Wings Spence Aviation Limited Wings Classic Tours & Travels Limited ITCL</p>
2.	Mr. Mahbulul Anam	Director	<p>Air & Sea International Logistics Limited Airline Cargo Resources Limited Airlines Services Limited Allied Aviation Services Limited Aeroness International Limited Aramex Dhaka Limited BizBangla Media Limited Cargo Center Limited Colloid Enterprises Limited</p>

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.
			Cross Freight Lines Limited Expo Express Services Limited Expo Freight Limited Freight Care Aviation Services Limited LankaBangla Securities Limited Global Aviation Services Limited Orchid Air Limited Pulsar Shipping Agencies Limited S.G Logistics (Pvt.) Limited Standard Paper Products Limited STS Educational Group Limited STS Holdings Limited The M & M Limited Tropica Garments Limited SDV Bangladesh Private Limited UCL Logistic Limited Voyager Airlines Limited Voytech Limited WAC Logistics Limited Wings Classic Tours & Travels Limited Wings Express Limited Wings Aviation Limited Wings Spence Aviation Limited Wings Ocean Freight Limited
3.	Mrs. Aneesha Mahial Kundanmal	Director	Royal Park Residence
4.	Mr. Tahsinul Huque	Director	N/A
5.	Mr. I.W. Senanayake and Mr. M. Y. Aravinda Perera (Representative of Sampath Bank PLC)	Director	N/A
6.	Mr. Farman R. Chowdhury (Representative of ONE Bank Limited)	Director	N/A
7.	Mr. Mirza Ejaz Ahmed (Representative of SSC Holdings Limited)	Director	Shirt Makers Limited International Shirt Line Limited Section Seven Limited Section Seven Apparels Limited Section Seven Agro Limited Section Seven International
8.	Mr. Al -Mamoon Md. Sanaul Huq	Independent Director	N/A
9.	Mr. M. Ehsanul Haque	Independent Director	N/A

ii)	Significant contracts where Company is a party and wherein Directors have interest during the year 2012	NIL
iii)	Shares issued to Directors and Executives without consideration or exercisable at a discount	NIL
iv)	Related party transactions	NIL

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 2012	Nature of Transactions
1	LankaBangla Securities Limited.	Subsidiary company	90.91	351,634,285	Receivable against share trading
2	LankaBangla Securities Limited.	Subsidiary company	90.91	14,114,271	Lease financing
3	LankaBangla Investments Limited.	Subsidiary company	99.99	3,406,547,044	Loan
4	LankaBangla Asset Management Co. Limited.	Subsidiary company	99.99	2,713,846	Accounts Receivable
5	Sampath Bank PLC.	Sponsor Shareholder	9.47	66,929,562	Master Card Operation
6	Bizbangla Media Communication Limited.	Concern related to Director's		5,077,398	Lease financing

SL. No.	Name of Related Party	Relationship	Particulars of Transaction	Nature of Transactions
1	Mr. Mohammed A. Moyeen	Director	11,105,230	TDR
2	Mr. Mahbubul Anam	Director	15,000,000	TDR
3	LankaBangla Asset Management Company Limited	Subsidiary company	61,039,341	TDR
4	Lankabangla Investments Employees' Provident Fund	Concern related to Subsidiary	2,079,463	TDR

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

34.00 Audit committee disclosures

In Compliance with the requirement of Bangladesh Bank Notification No. DFIM-13, dated 26 October, 2011 - an audit committee of LankaBangla Finance Limited (LBFL) was re-constituted by the Board of Director of LBFL in its 76th Board meeting held on 07 May 2012.

Sl. No.	Name of Directors	Status in the Organization	Status in the Committee	Educational Qualification
01	Mr. Al- Mamoon Md. Sanaul Huq	Independent Director	Chairman	B. Sc. (Hons) and M.Sc in Applied Chemistry with post graduate Diploma in Management Accounting from Highbury College of Technology, Ports-mouth, UK.
02	Mr. Mahabubul Anam	Director	Member	B. Sc. Engineer from BUET
03	Mr. Mohammed A. Moyeen	Director	Member	B.Arch. from BUET
04	Mr. Mirza Ejaz Ahmed	Director	Member	MBA from IBA
05	Mr. Farman R. Chowdhury	Director	Member	MBA from IBA

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

During the year 2012, the Audit Committee of the Board conducted 04 (Four) meetings in which among other things, the following issues were reviewed/discussed.

- a) The integrity of the financial statements of LBFL and all subsidiaries;
- b) The Company's external auditor's 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, and
- e) The compliance by the Company with legal and regulatory requirements.
- f) Examine any matter relating to the financial and other connected to the company.
- g) Monitor all Internal and External Audit and Bangladesh bank's Inspection Program.
- h) Review the efficiency of Internal Control systems and procedures, in place.
- i) Review the Quality of Accounting Policies and their adherence to Statutory and Regulatory Compliance.
- j) Review 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.

35.00 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 2012. Nothing is due from any Director of the Company as on the date of closing the accounts. During the year under audit five board of director's meetings were held. Details are as under:

SI #	Meeting No.	Date of Meeting	# of Attendances
01	75th Board Meeting	28-Feb-2012	07
02	76th Board Meeting	7-May-2012	06
03	77th Board Meeting	30-Jul-2012	07
04	78th Board Meeting	30-Oct-2012	07
05	79th Board Meeting	19-Dec-2012	08

b) Executive Committee (EC) meeting and directors' remuneration

Each Director is drawing Tk 5,000 for attending each Executive Committee Meeting. No remuneration or special payment was paid to the directors for attending board meetings or otherwise during the year 2012. During the year under audit ten of Executive Committee director's meetings were held. Details are as under:

SI #	Meeting No.	Date of Meeting	# of Attendances
01	2nd EC Meeting	5-Jan-2012	03
02	3rd EC Meeting	20-Mar-2012	03
03	4th EC Meeting	29-Apr-2012	03
04	5th EC Meeting	21-May-2012	03
05	6th EC Meeting	17-Jun-2012	04
06	7th EC Meeting	10-Sep-2012	04
07	8th EC Meeting	9-Oct-2012	03
08	9th EC Meeting	28-Nov-2012	03
09	10th EC Meeting	12-Dec-2012	03
10	11th EC Meeting	24-Dec-2012	03

c) Employees' details

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

Year-2012	Year-2011
0	0
201	141
201	141

d) Event after the Reporting Period

Dividend Information:

The Board of Director in its 80th Meeting held on 03 March 2013 has recommended 10% of Stock Dividend for the year ended 31 December 2012 for placement before shareholders at 16th Annual General Meeting of the company scheduled to be held on 31 March 2013.

e) Capital expenditure commitment

There was no capital expenditure contracted but not incurred or provided for at 31 December 2012. There was no material capital expenditure authorized by the Board but not contracted for at 31 December 2012.

f) Foreign remittances

During the year 2012, the company remitted USD 49,169.72 (in BDT 4,040,878.53) and GBP 10,310.2 (in BDT 1,365,608.67) against Technical Service Fees to the Foreign Shareholders.

Sl #	Purpose	Pay to	USD	BDT
01	Annual Membership Fee	Asian Financial Seervices Association	750	61,650
02	Annual Maintenance Fee	TSYS Card Tech	41,106.77	3,378,976.49
03	Workshop Fee	UNI Strategic PTE Limited.	2,537.95	208,873.29
04	Foreign Training Fee	National Institute of Bank Management	2,000.00	164,800
05	Fee as per Variation Form	TSYS Card Tech	2,775	226578.75

Sl #	Purpose	Pay to	GBP	BDT
01	Annual Service Fee	TSYS Card Tech	10,310.2	1,3 65,608.67

g) Contingent liabilities

There is no contingent liability of the company as on 31 December 2012.

h) Numerical presentation

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

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

Annexure-A

LankaBangla Finance Limited
Schedule of Fixed Assets
As at 31 December 2012

Particulars	COST				DEPRECIATION				Written down value as at 31 December 2011	
	Balance as at 01 January 2011	Addition during the year	Sales/ Adjustment the year	Balance as at 31 December 2012	Rate %	Balance as at 01 January 2011	Charged during the year	Adjustment during the year		Balance as at 31 December 2011
A. Freeholds assets										
Furniture & Fittings	44,190,718	3,608,062	6,811,570	40,987,210	15	22,804,871	4,003,144	1,532,035	25,275,980	
Office Equipment	42,485,263	3,956,698	4,869,390	41,572,571	20	34,261,082	3,761,506	1,843,328	36,179,260	
Motor Vehicles	16,802,945	3,500,000	1,140,000	19,162,945	25	12,727,460	2,971,719	570,000	15,129,179	
	103,478,926	11,064,760	12,820,960	101,722,726		69,793,413	10,736,369	3,945,363	76,584,419	
B. Intangible assets										
Systems and softwares	27,534,021	-	-	27,534,021	20	22,276,392	327,896	-	22,604,288	
	131,012,947	11,064,760	12,820,960	129,256,747		92,069,805	11,064,265	3,945,363	99,188,707	
C. Sub-Total (A+B)										
Particulars	Balance as at 01 January 2012	Addition during the year	Sales/ Adjustment the year	Balance as at 31 December 2012	Rate %	Balance as at 01 January 2012	Charged during the year	Adjustment during the year	Balance as at 31 December 2012	down value as at 31 December 2012
A. Freeholds assets										
Furniture & Fittings	40,987,210	9,212,968	-	50,200,178	15	25,275,980	5,151,266	-	30,427,245	19,772,932
Office Equipment	41,572,570	14,246,981	1,918,924	53,900,627	20	36,179,260	5,574,242	1,682,820	40,070,682	13,829,945
Motor Vehicles	19,162,945	5,430,000	4,756,000	19,836,945	25	15,129,178	1,619,749	4,756,000	11,992,927	7,844,019
	101,722,724	28,889,949	6,674,924	123,937,749		76,584,418	12,345,256	6,438,820	82,490,854	41,446,896
B. Intangible assets										
Systems and softwares	27,534,021	-	-	27,534,021	20	22,604,288	327,900	-	22,932,188	4,601,833
	129,256,745	28,889,949	6,674,924	151,471,770		99,188,706	12,673,156	6,438,820	105,423,042	46,048,728
D. Leaseholds assets										
Motor Vehicles	-	4,900,000	-	4,900,000	25	-	1,225,000	-	1,225,000	3,675,000
	129,256,745	33,789,949	6,674,924	156,371,770		99,188,706	13,898,156	6,438,820	106,648,042	49,723,728

Annexure -B

LankaBangla Finance Limited & its Subsidiaries
Consolidated Fixed Assets Schedule
As at 31 December 2012

Amount in Taka

Particulars	COST			DEPRECIATION				Written down value as at 31 December 2012	
	Balance as at 01 January 2012	Addition during the year	Sales/ Adjustment	Balance as at 31 December 2012	Rate %	Balance as at 01 January 2012	Charged during the year		Adjustment
I. Freeholds assets									
Building	80,476,150	-	-	80,476,150	2.5	3,339,956	2,011,904	-	5,351,860
Furniture and Fittings	52,294,105	21,354,335	7,386,405	66,262,035	15	28,080,033	7,793,475	1,350,099	34,523,409
Office Equipment	94,895,086	22,977,329	3,296,395	114,576,020	20	62,398,850	17,009,020	4,356,014	75,051,856
Office Renovation	41,566,583	1,754,716	771,178	42,550,121	20	22,517,964	7,462,301	77,118	29,903,147
Motor Vehicles	26,648,545	7,930,074	4,756,000	29,822,619	25	18,813,829	3,826,467	4,756,000	17,884,296
	215,404,319	54,016,454	16,209,978	253,210,795		131,810,676	36,091,263	10,539,231	157,362,708
II. Lease Hold Assets									
Motor Vehicle	36,233,867	4,900,000	-	41,133,867	20	-	8,083,929	-	8,083,929
III. Intangible assets									
Systems and softwares	28,279,675	49,994,969	-	78,274,644	20	36,150,060	8,014,892	-	44,164,952
Total (2012)	360,394,011	108,911,423	16,209,978	453,095,456		171,300,692	54,201,988	10,539,231	214,963,449
Total (2011)	331,152,915	44,964,515	15,760,699	360,356,731		136,149,366	41,276,887	6,125,563	171,300,690
									189,056,041

Annexure-C

LankaBangla Finance Limited
Financial Reporting by Segment of the Group
As at 31 December 2012

Particulars	LankaBangla Finance Limited	Lankabangla Securities Limited	Lankabangla Investment Limited	LankaBangla Asset Management Company Limited	Total
Income	1,803,919,441	771,408,596	81,798,781	25,467,267	2,682,594,085
Less: Inter segmental income	(1,292,682,591)	-	-	-	(1,292,682,591)
Total Income	511,236,850	771,408,596	81,798,781	25,467,267	1,389,911,494
Allocated expenses	291,920,670	440,480,990	46,707,812	14,542,030	793,651,503
Provision against loans and advances	85,950,216	-	-	-	85,950,216
Profit/(loss) before tax	133,365,964	330,927,606	35,090,969	10,925,237	510,309,775
Income tax including deferred tax	(2,224,377)	142,877,050	12,871,630	8,767,291	162,291,594
Net profit	135,590,341	188,050,556	22,219,339	2,157,946	348,018,182
Segment asset	19,796,416,759	8,302,410,949	4,366,724,823	636,333,055	33,101,885,586
Segment Capital Employed	3,871,229,023	2,730,930,012	710,608,748	73,838,589	7,386,606,372
Segment liability	15,925,187,736	5,571,480,937	3,656,116,075	562,494,466	25,715,279,214

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012





AHMED ZAKER & Co.

CHARTERED ACCOUNTANTS



A MEMBER FIRM OF KINGSTON SOREL INTERNATIONAL, DEVONSHIRE HOUSE, 60, GOSWELL ROAD, LONDON EC1M 7AD

Independent Auditors' Report to the shareholders of LankaBangla Securities Limited

We have audited the accompanying Financial Statements of LankaBangla Securities Limited, which comprise the Statement of Financial Position as at December 31, 2012 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, 2012 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.

Dhaka, 03 March 2013

Ahmed Zaker & Co.
Chartered Accountants

LankaBangla Securities Limited

Statement of Financial Position


As at December 31, 2012

	Note	2012 December 31 Taka	2011 December 31 Taka
SOURCES OF FUNDS			
Share Capital	4	1,925,014,000	962,507,000
Share Premium	5	1,200,000,000	1,200,000,000
General Reserve	6	48,387,883	43,107,542
Fair Value Measurement Reserve	8	493,394,000	493,394,000
Retained Earnings		873,924,106	2,017,752,689
Shareholders Equity		4,540,719,989	4,716,761,231
Long Term Liabilities			
Deferred Liability-Employees' Gratuity	9	42,378,015	23,372,385
Lease Finance under Capital Obligation	10	9,118,491	5,093,438
Long Term Loan	11	1,157,181,107	550,436,930
		1,208,677,613	578,902,753
Total Capital Employed		5,749,397,602	5,295,663,984
APPLICATION OF FUNDS			
Non-Current Assets (A)			
Property & Equipment	12	172,785,885	148,530,288
Investment in Stock Exchange for Membership	13	510,000,000	510,000,000
Deferred Tax Assets	27	12,505,156	8,803,706
Investment in unlisted Securities	14	184,500,000	118,969,000
		879,791,041	786,302,994
Current Assets (B)			
Advances, Deposits and Prepayments	15	511,069,796	33,383,317
Investment in Securities	16	1,269,280,059	1,043,372,987
Receivable from Clients	17	4,506,230,959	4,310,754,232
Receivable from DSE & CSE	18	129,448,899	102,661,739
Accrued Interest		4,228,079	13,117,334
Cash and Cash Equivalents	19	1,002,362,116	1,408,649,315
		7,422,619,908	6,911,938,924
Current Liabilities (C)			
Payable to Clients	20	256,297,000	377,929,796
Payable to DSE & CSE	21	26,358,220	7,011,308
Accrued Expenses	22	27,477,146	40,407,316
Other Liabilities	23	207,093,757	142,290,090
Short Term Loans	24	1,929,970,000	1,664,370,816
Lease Finance (short term portion)	25	5,012,152	5,546,958
Provision for Current Tax	26	100,805,071	165,021,650
		2,553,013,347	2,402,577,934
Net Current Assets (D)=(B-C)		4,869,606,561	4,509,360,990
Total Assets (E)=(A+D)		5,749,397,602	5,295,663,984

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



Chairman



Director & CEO

This is the Statement of Financial Position referred to in our report of even date.

Dhaka, 03 March 2013

Company Secretary




Ahmed Zaker & Co.
Chartered Accountants

LankaBangla Securities Limited
Statement of Comprehensive Income
For the year ended December 31, 2012

	Note	2012 December 31 Taka	2011 December 31 Taka
Operating Income:			
Revenue from brokerage	28	475,121,938	758,510,208
Capital gain from investment in share	29	32,976,622	9,758,165
Cash dividend		11,535,926	2,180,003
Interest income	30	63,163,530	82,931,474
Other operating income	31	188,610,579	568,083,798
Total Operating Income		771,408,596	1,421,463,648
Less: Operating & Other Expenses			
Operating expenses	33	332,947,007	317,411,607
Direct charges	34	31,364,019	51,062,785
Total Operating & Other Expenses		364,311,026	368,474,392
Operating Profit before Provision		407,097,570	1,052,989,257
Provision for Loan, Advances and Investment			
Provision for diminution in value of investment	16	4,556,775	(22,169,895)
Doubtful Debt		-	9,947,150
Total Provision for Loan, Advances and Investment		4,556,775	(12,222,745)
Operating Profit before Taxation		402,540,795	1,065,212,002
Other Income	32	20,000	1,356,706
Total Profit before Taxation		402,560,795	1,066,568,708
Less: Provision for Tax			
Current tax	26	146,578,500	314,258,687
Deferred tax	27	(3,701,450)	4,686,621
Total Provision for Tax		142,877,050	318,945,308
Net Profit after Taxation		259,683,745	747,623,400
Other comprehensive income		-	-
Total comprehensive income		259,683,745	747,623,400
Appropriation			
Retained Surplus brought forward		2,017,752,689	2,120,586,239
General Reserve	6	(5,280,341)	(4,825,800)
LB Foundation	7	(2,596,837)	-
Interim Stock dividend		(962,507,000)	-
Stock dividend for last year		-	(412,503,000)
Interim Cash dividend		(433,128,150)	(433,128,150)
Retained Earnings Carried forward		614,240,361	1,270,129,289
		873,924,106	2,017,752,689
Earnings per Share (EPS)	35	1.35	3.88

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


Chairman


Director & CEO

Company Secretary

This is the Statement of Comprehensive Income referred to in our report of even date.

Dhaka, 03 March 2013


Ahmed Zaker & Co.
Chartered Accountants

LankaBangla Securities Limited

Statement of Cash Flows


For the year ended December 31, 2012

	2012 December 31 Taka	2011 December 31 Taka
Cash Flows from Operating Activities		
Receipts from clients	11,508,927,997	18,335,921,075
Payment to clients	(8,809,045,784)	(20,605,571,227)
Receipts from DSE & CSE	6,931,103,345	19,114,551,750
Payment to DSE & CSE	(9,013,736,103)	(16,405,856,707)
Payment to CDBL	(34,607,597)	(49,086,794)
Gratuity Payment	(53,908)	(5,945,578)
Non-operating Income	1,102,194	2,204,508
Operating Expenses	(252,064,657)	(366,425,266)
	331,625,487	19,791,761
Other Operating Activities		
Interest payment	(333,684,587)	(172,381,440)
Interest Income	72,052,785	69,917,930
Advance, deposits & prepayments	(477,686,479)	42,765,878
Income Tax paid	(142,987,658)	(53,699,694)
	(882,305,939)	(113,397,326)
Net cash from operating activities	(550,680,452)	(93,605,565)
Cash Flows from Investing Activities		
Investment in Shares	(252,202,211)	(729,830,535)
Sale of Fixed Assets	200,000	1,669,256
Cash dividend income	11,535,926	2,180,003
Leased Assets	3,490,249	(12,699,152)
Acquisition of fixed assets	(59,403,545)	(9,409,123)
Net Cash used in Investing Activities	(296,379,581)	(748,089,551)
Cash Flows from Financing Activities		
Long Term Loan from Bank & Other Institutions	830,000,000	350,000,000
Repayment of Loan	(223,255,823)	(189,137,608)
Interim cash dividend	(431,570,527)	(314,996,282)
Short term Loan	265,599,184	1,164,370,816
Net Cash used in Financing Activities	440,772,834	1,010,236,926
Net increase in Cash and Cash Equivalents	(406,287,199)	168,541,811
Cash & Cash Equivalent as on January 01, 2011/2012	1,408,649,315	1,240,107,504
Cash & Cash Equivalent as on December 31, 2012	1,002,362,116	1,408,649,315

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



Chairman



Director & CEO

Company Secretary




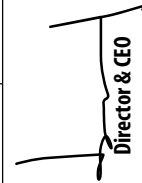
Ahmed Zaker & Co.
Chartered Accountants

Dhaka, 03 March 2013

LankaBangla Securities Limited
Statement of Changes in Equity
For the year ended December 31, 2012

Particulars	Share Capital	Share Premium	General Reserve	LB Foundation	Cash Dividend	Fair Value Measurement Reserve	Retained Earnings	Total
Balance at January 01, 2012	962,507,000	1,200,000,000	43,107,542	-	-	493,394,000	2,017,752,689	4,716,761,231
Changes during the year 2012								
Interim Bonus Share for the year 2012	962,507,000	-	-	-	-	-	(962,507,000)	-
Interim Cash Dividend	-	-	-	-	433,128,150	-	(433,128,150)	(433,128,150)
Net Profit for the year 2012	-	-	-	-	-	-	259,683,745	259,683,745
General Reserve	-	-	5,280,341	-	-	-	(5,280,341)	-
LB Foundation	-	-	-	2,596,837	-	-	(2,596,837)	(2,596,837)
Net Changes in the year 2012	962,507,000	-	5,280,341	2,596,837	433,128,150	-	(1,143,828,583)	(176,041,242)
Balance at December 31, 2012	1,925,014,000	1,200,000,000	48,387,883	2,596,837	433,128,150	493,394,000	873,924,106	4,540,719,989
Balance at January 01, 2011	550,004,000	1,200,000,000	38,281,742	-	-	493,394,000	2,120,586,239	4,402,265,981
Changes during the year 2011								
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)	-
Net Changes in the year 2011	412,503,000	-	4,825,800	-	433,128,150	-	(102,833,550)	314,495,250
Balance at December 31, 2011	962,507,000	1,200,000,000	43,107,542	-	-	493,394,000	2,017,752,689	4,716,761,231


Chairman


Director & CEO

Company Secretary


Ahmed Zaker & Co.
Chartered Accountants

Dhaka, 03 March 2013

LANKABANGLA SECURITIES LIMITED

Notes to the Financial Statements

For the year ended December 31, 2012

1.00 Company and its activities

1.01 Legal status of the company

LankaBangla Securities Limited (herein 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 was renamed as LankaBangla Securities Limited on April 27, 2005. On March 02, 2010 the Company 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:

- Statement of Financial Position;
- Statement of Comprehensive Income;
- Statement of Changes in Equity;
- Statement of Cash Flows; and
- 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 March 03, 2013 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%
Data Center & Dr.	30%
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 there to 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 LB Foundation

The Board of LankaBangla Securities Limited has decided at 69th Board Meeting to contribute 1% of net profit after tax to LB Foundation for CSR.

2.19 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:

Year of confirmed service	% of entitlement
2 years and above but less than 4 years	50% of last basic salary
4 years and above but less than 5 years	100% of last basic salary
5 years and above	150% of last basic salary

2.20 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 37.

2.21 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."

2.22 Interim Cash dividend

The board of Directors has declared 45% Interim Cash dividend i.e. Taka 4.50 per ordinary share for the year 2012 in the 69th board meeting held on October 30, 2012.

2.23 Interim Stock Dividend

The board of Directors has declared 100% Interim Stock dividend for the year 2012 in the 70th board meeting held on November 20, 2012.

2.24 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.

2.25 Branch accounting

The Company has a total 10 number of Branch offices (excluding Head Office), with no overseas branch as on December 31, 2012. 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.

4.00 Share Capital	2012	2011
	December 31	December 31
Authorised Capital	Taka	Taka
500,000,000 ordinary shares of Taka 10 each	5,000,000,000	5,000,000,000
Issued, Subscribed and Paid-up Capital	1,925,014,000	962,507,000
192,501,400 ordinary shares of Taka 10 each fully paid (2011: 96,250,700 ordinary shares of Taka 10 each fully paid)	1,925,014,000	962,507,000

Detail of Shareholding Position of the Company

Name of the Sponsor & Directors Shareholders	No. of Shares		
	2012	2011	2010
LankaBangla Finance Ltd.	175,001,386	1,750,013,860	874,989,670
Mr. Mohammad A. Moyeen	525,004	5,250,040	2,625,020
Mr. Mahbubul Anam	525,002	5,250,020	2,633,590
Mr. B W Kundanmal	2	20	10
Mr Khondoker Monir Uddin	2	20	8,680
Mr. Mohammed Nasiruddin Chowdhury	2,002	20,020	280,020
Mr. Wali Ul Islam	2,000	20,000	280,000
Mr. Mohammad Khairul Anam Chowdhury	2,000	20,000	280,000
	176,057,398	1,760,573,980	881,096,990
General Shareholders	16,444,002	164,440,020	81,410,010
	192,501,400	1,925,014,000	962,507,000

5.00 Share Premium		
Premium amount received against issue of 5,000,000 shares @ 240 per share in 2010.	1,200,000,000	1,200,000,000
	1,200,000,000	1,200,000,000

6.00 General Reserve		
Balance as on 01 January	43,107,542	38,281,742
Add: Addition during the year	5,280,341	4,825,800
	48,387,883	43,107,542
Less: Adjustment during the year	-	-
Balance at 31 December	48,387,883	43,107,542

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.

7.00 LB Foundation		
Balance as on 01 January	-	-
Add: Addition during the year	2,596,837	-
	2,596,837	-
Less: Payment during the year	-	-
Balance at 31 December	2,596,837	-

The Board of LankaBangla Securities has decided to create a LB Foundation by 1% on net profit after tax at 69th Board meeting.

	2012 December 31 Taka	2011 December 31 Taka
8.00 Fair Value Measurement Reserve		
Investment for Membership		
(i) Dhaka Stock Exchange Ltd.		
	Fair Value Measurement Reserve (Tk.)	Fair Value Measurement Reserve (Tk.)
Investment as Membership of Dhaka Stock	338,394,000	338,394,000
Sub-total	338,394,000	338,394,000
(ii) Chittagong Stock Exchange Ltd.		
	Fair Value Measurement Reserve (Tk.)	Fair Value Measurement Reserve (Tk.)
Investment as Membership of Chittagong Stock	155,000,000	155,000,000
Sub-total	155,000,000	155,000,000
Total (i+ii)	493,394,000	493,394,000
<p>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).</p> <p>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.</p>		
9.00 Deferred Liability - Employees' Gratuity		
Balance as on 01 January	23,372,385	20,961,862
Add: Addition during the year	19,059,538	8,356,101
	42,431,923	29,317,963
Less: Paid during the year	53,908	5,945,578
Balance at 31 December	42,378,015	23,372,385
10.00 Lease Finance Under Capital Obligation		
Balance as on 01 January	5,093,438	3,280,396
Add: Addition during the year	10,900,000	7,360,000
	15,993,438	10,640,396
Less: Paid during the year	6,874,947	5,546,958
Balance at 31 December	9,118,491	5,093,438
11.00 Long Term Loan		
Balance as on 01 January	550,436,930	389,574,538
Add: Drawdown during the year	830,000,000	350,000,000
	1,380,436,930	739,574,538
Less: Repayment during the year	223,255,823	189,137,608
	1,157,181,107	550,436,930
Detail of the above		
Long term portion (11.01)	434,988,413	367,823,434
short term portion (11.02)	722,192,696	182,613,496
	1,157,181,107	550,436,930

	2012 December 31 Taka	2011 December 31 Taka
11.01 Detail of the above balance is presented below:		
International Leasing Financial Services Ltd.	-	3,573,337
International Leasing Financial Services Ltd. 2	6,038,496	18,648,339
International Leasing Financial Services Ltd. 3	21,820,310	31,840,816
International Leasing Financial Services Ltd. 4	111,625,352	-
Midas Financing Limited	-	8,335,777
Midas Financing Limited 2	-	25,000,231
National Bank Limited	-	10,927,582
Prime Finance & Investment Limited	126,082,190	185,555,549
Fareast Finance Limited	67,246,256	83,941,803
One Bank Limited	-	-
Shahjalal Islami Bank Limited	102,175,809	-
	434,988,413	367,823,434
11.02 Detail of the above balance is presented below:		
LankaBangla Finance Limited	-	11,046,842
International Leasing Financial Services Ltd.	3,573,338	19,233,038
International Leasing Financial Services Ltd. 2	12,609,843	10,464,558
International Leasing Financial Services Ltd. 3	10,020,506	8,373,508
International Leasing Financial Services Ltd. 4	18,374,648	-
Midas Financing Limited	8,335,777	25,007,316
Midas Financing Limited 2	25,000,231	25,000,224
National Bank Limited	10,927,582	19,781,313
Prime Finance & Investment Limited	59,473,359	49,742,768
Fareast Finance Limited	16,695,547	13,963,929
One Bank Limited	500,000,000	-
Shahjalal Islami Bank Limited	57,181,865	-
	722,192,696	182,613,496
12.00 Property & Equipment		
Cost:		
Opening balance	215,464,263	194,021,861
Add: Addition during the year	59,403,545	23,935,153
	274,867,808	217,957,014
Less: Disposal during the year	3,785,140	2,492,750
	271,082,669	215,464,264
Less: Accumulated depreciation:		
Opening balance	66,933,977	43,306,851
Add: Charged during the year	34,115,160	25,807,326
	101,049,137	69,114,176
Less: Adjustment	2,752,354	2,180,200
	98,296,783	66,933,976
Written down value	172,785,885	148,530,288
A schedule of property & equipment is given in Annexure-A		
13.00 Investment in Stock Exchanges for Membership		
Dhaka Stock Exchange Limited - Membership	350,000,000	350,000,000
Chittagong Stock Exchange Limited - Membership	160,000,000	160,000,000
	510,000,000	510,000,000

		2012 December 31 Taka	2011 December 31 Taka		
14.00	Investment in unlisted securities				
	Particulars	No. of Shares	Cost Price	Market Price	
	Information Technology Consultants Limited	800,000	11,000,000	N/A	
	Financial Excellence Limited	150,000	1,500,000	N/A	
	BizBangla Media Limited	17,200,000	172,000,000	N/A	
			184,500,000		
15.00	Advances, Deposits and Prepayments				
	Advances				
	Office rent		7,551,150	12,863,514	
	Advance to Employee		2,134,290	1,645,840	
	Current account with LBFL		478,335,714	-	
	Advance for Bank guarantee margin		6,666,667	14,333,625	
	Advance against expenses		11,710,002	261,066	
			506,397,823	29,104,045	
	Deposits				
	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	1,500,000	
			1,691,500	1,691,500	
	Prepayments				
	Group and health insurance		2,125,080	1,790,035	
	Insurance for office equipment		622,667	343,051	
	Insurance for motor vehicle		232,726	454,686	
			2,980,473	2,587,772	
			511,069,796	33,383,317	
16.00	Investment in listed securities				
	Particulars	No. of Shares	Cost Price	Market Price	Unrealise Gain/(Loss)
	Heidelberg Cement BD Ltd	281,400	90,596,574	74,486,580	(16,109,994)
	Eastern Cables Limited	1,250,000	87,523,496	64,500,000	(23,023,496)
	Midas Financing Limited	5,200,147	266,104,526	265,207,497	(897,029)
	Bank Asia Limited	3,081,500	108,770,653	66,252,250	(42,518,403)
	Beximco Pharma Limited	1,512,500	150,705,500	84,548,750	(66,156,750)
	LR Global BD MF One	30,000,000	300,000,000	300,000,000	-
	Delta Life Insurance Limited	82,450	238,800,382	376,961,400	138,161,018
	Aamra Technologies Limited	184,800	5,250,000	6,782,160	1,532,160
	Janata Bank 1st Mutual Fund	50,000	500,000	350,000	(150,000)
	2ND ICB Mutual Fund	7,000	2,817,500	2,233,000	(584,500)
	GBB Power Limited	25,000	1,400,000	837,500	(562,500)
	Envoy Textile Limited	253,000	5,819,000	13,257,200	7,438,200
	Jamuna Oil Co. Ltd	51,740	10,908,862	9,235,590	(1,673,272)
	RAK Ceramics (BD) Limited	141	20,391	8,009	(12,383)
	MJL Bangladesh Limited	120	10,580	9,564	(1,016)
	MI Cement Factory Limited	51	4,233	4,642	409
	Ocean Containers Limited	70	410	2,093	1,683
	Rupali Bank Limited	24	2,809	1,906	(903)
	Cash form		45,144	-	-
			1,269,280,059	1,264,678,141	(4,556,775)

		2012 December 31 Taka	2011 December 31 Taka
17.00 Receivable from Clients			
LankaBangla Investments Ltd		-	-
Other clients(Notes 17.01)		4,506,230,959	4,310,754,232
		4,506,230,959	4,310,754,232
17.01 Other Clients			
Other clients includes receivable from share trading.			
18.00 Receivable from DSE & CSE			
ABG&N	DSE	38,762,141	2,759,084
ABG&N	DSE	32,015,297	53,742,844
ABG&N	DSE	34,839,969	16,791,383
ABG&N (Spot)	DSE	40,000	771,120
Z	DSE	48,500	251,040
Z	DSE	168,726	454,250
Z	DSE	36,500	16,995
Z	DSE	2,111,435	79,200
Z	DSE	1,262,550	433,225
Z	DSE	3,801,070	1,723,450
Z	DSE	796,838	2,307,570
Z	DSE	9,921,550	265,950
Z	DSE	5,322,925	145,400
Total DSE		129,127,501	79,741,511
ABG&N	CSE	-	15,742,265
ABG&N	CSE	-	3,908,550
ABG&N	CSE	-	-
ABG&N (Spot)	CSE	-	142,855
Z	CSE	71,759	168,670
Z	CSE	6,993	53,161
Z	CSE	19,235	294,335
Z	CSE	2,674	53,962
Z	CSE	-	223,485
Z	CSE	66,449	764,261
Z	CSE	35,664	1,064,208
Z	CSE	69,296	143,593
Z	CSE	49,327	360,883
Total CSE		321,398	22,920,228
Grand Total DSE & CSE		129,448,899	102,661,739
19.00 Cash and Cash Equivalents			
Cash in hand		63,869	51,606
Cash at bank (Notes 19.01)		1,002,298,248	1,408,597,709
		1,002,362,116	1,408,649,315

		2012 December 31 Taka	2011 December 31 Taka
19.01	Cash at Bank /NBFI		
	Standard Chartered Bank	749,795	10,799,330
	BRAC Bank Limited	73,929	30,387,679
	ONE Bank Limited	970,402,928	1,154,076,508
	Dutch-Bangla Bank Limited	1,809,038	2,705,362
	Hongkong and Shanghai Corporation Ltd.	413,165	1,375,963
	Prime Bank Limited	383,111	8,048,817
	Commercial Bank of Ceylon	69,449	1,204,052
	Shahjalal Islami Bank Limited	396,834	-
	FDR with LankaBangla Finance Ltd.	-	200,000,000
	FDR with Standard Chartered Bank	28,000,000	-
		1,002,298,248	1,408,597,709
20.00	Payable to Clients		
	IDLC of Bangladesh Ltd	3,745,373	3,671,702
	LankaBangla Investments Ltd	19,058,943	37,332,981
	Other clients (Notes 20.01)	233,492,684	336,925,113
		256,297,000	377,929,796
20.01	Other clients		
	Other clients includes payable from share trading.		
21.00	Payable to DSE & CSE		
	ABG&N	1,945,982	5,367,568
	Z	17,529,715	1,324,507
	Total DSE	19,475,697	6,692,075
	ABG&N	6,287,829	-
	Z	594,695	319,233
	Total CSE	6,882,523	319,233
	Grand Total DSE & CSE	26,358,220	7,011,308
22.00	Accrued Expenses		
	Telephone bill	31,673	18,902
	Incentive	24,129,032	37,860,000
	Electricity bill	357,958	221,026
	WASA bill	29,036	19,962
	Water charges	52,291	56,212
	Audit fee	86,250	78,000
	Office maintenance	637,513	348,224
	Overtime for casual employees	26,282	19,350
	Printing & stationeries	220,975	439,251
	CDBL charges	1,906,137	1,346,389
		27,477,146	40,407,316

	2012 December 31 Taka	2011 December 31 Taka
23.00 Other Liabilities		
Interest on short term loan	36,069,622	10,374,821
Other liabilities	44,181,031	3,836,250
LB Foundation	2,596,837	-
Doubtful Debt	-	9,947,150
Un-claimed Cash Dividend	1,416,713	-
Cash Dividend	39,375,032	39,382,799
Diminuation value of investment	4,556,775	-
Tax and VAT deducted at source	78,897,748	78,749,070
	207,093,757	142,290,090
24.00 Short Term Loan/Term Loan		
Balance on 1 January	1,664,370,816	500,000,000
Loan taken during the year	4,870,000,000	1,164,370,816
	6,534,370,816	1,664,370,816
Re-scheduled/repayment during the year	4,604,400,816	-
	1,929,970,000	1,664,370,816
Detail of the above balance is presented below:		
Loan taken as a short term		
LankaBangla Finance Limited	829,970,000	764,370,816
One Bank Limited	800,000,000	700,000,000
National Bank Limited	100,000,000	-
Phoenix Finance & Investment Limited	200,000,000	200,000,000
	1,929,970,000	1,664,370,816
25.00 Lease Finance Under Capital Obligation (Short term portion)		
Opening Balance	5,546,958	5,533,122
Add: Conversion from long term	6,874,947	5,546,958
	12,421,905	11,080,080
Less: Paid during the year	7,409,753	5,533,122
Closing Balance	5,012,152	5,546,958
26.00 Provision for Current Tax		
Opening Balance	165,021,650	56,743,084
Add: Provision during the year	146,578,500	314,258,687
	311,600,150	371,001,771
Less: Paid during the year	135,063,466	46,931,000
Advance tax deducted at source	7,924,192	6,768,694
Tax deducted at source on turnover	67,807,421	152,280,427
	210,795,079	205,980,121
	100,805,071	165,021,650
27.00 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	Tax Base, Taka	Taxable/Deductable Temporary Difference, Taka
Assets:			
Fixed assets net of depreciation	172,785,885	163,754,954	9,030,931
Liabilities:			
Provision for Gratuity	42,378,015	-	(42,378,015)
Total	215,163,900	163,754,954	(33,347,084)

	2012 December 31 Taka	2011 December 31 Taka
Applicable Tax Rate	-	37.50%
Deferred Tax Assets as on 31st December 2012	-	(12,505,156)
Deferred Tax Assets as on 01 January 2012	-	8,803,706
Deferred tax income accounted for during the year	-	(3,701,450)
28.00 Revenue from Brokerage		
DSE	418,568,216	663,855,454
CSE	56,553,722	94,654,754
	475,121,938	758,510,208
29.00 Capital Gain from Investment in Share		
Sales price of shares invested in different companies	100,256,180	247,173,037
Cost price of shares invested in different companies	67,258,156	237,414,872
	32,998,024	9,758,165
CDBL & Other charges	21,402	-
Capital Gain from Investment in Shares	32,976,622	9,758,165
30.00 Interest Income		
Interest on Bank Deposit		
Standard Chartered Bank	1,703	8,884,488
BRAC Bank Limited	12,385	2,802,223
One Bank Limited	27,986,725	51,303,903
FDR with LankaBangla Finance Limited	32,163,598	13,066,667
FDR with Standard Chartered Bank	2,479,167	6,581,128
Dutch-Bangla Bank Limited	69,971	77,358
Hong Kong & Shanghi Banking Corporation	3,322	3,292
Commercial Bank of Ceylon	98,070	147,422
Prime Bank Limited	67,271	29,874
Advance to Employee	281,318	35,119
	63,163,530	82,931,474
31.00 Other Operating Income		
Service charge from clients for CDBL	17,736,013	27,022,872
Sale of beneficiary owner accounts (BO) form	755,000	1,202,000
	18,491,013	28,224,872
Less: Service charge paid to CDBL	35,167,345	35,594,349
Net Income from CDBL	(16,676,332)	(7,369,477)
Interest on debit balance of clients	564,319,105	747,580,004
Less: Interest Expenses	359,379,388	173,129,237
Net Interest Income Debit Balance of clients	204,939,717	574,450,767

	2012 December 31 Taka	2011 December 31 Taka
Scrap sales	45,634	1,002,508
Monthly review	301,560	-
	347,194	1,002,508
Total Other Operating Income	188,610,579	568,083,798
32.00 Other Income		
Gain from sale of fixed assets	20,000	1,356,706
	20,000	1,356,706
33.00 Operating Expenses		
Salaries and allowances	138,456,419	124,628,065
P.F.Contribution	6,787,366	6,026,394
Gratuity	19,059,538	8,356,101
Incentive	24,129,032	37,860,000
Office rent	21,495,836	20,516,913
Telephone bill	232,211	188,550
Mobile bill	2,961,580	2,964,120
Electricity bill	3,211,852	2,599,450
Printing and stationery	5,733,172	6,009,278
Entertainment	4,326,509	4,471,961
Car maintenance	6,816,805	6,412,487
Traveling and conveyance	1,493,809	2,241,294
Interest on lease finance	2,731,759	1,740,843
Postage and courier	164,402	151,675
Newspaper and periodicals	140,514	104,967
License and renewal	2,019,047	2,310,850
Office maintenance	6,441,809	7,010,748
Repairs and maintenance	843,242	1,148,008
WASA bill	136,987	93,844
Water charges	608,830	657,632
Fuel	1,181,295	727,213
Insurance premium	3,316,740	3,381,998
Advertisement	883,600	446,782
Bank charges	426,892	448,257
Loan processing fee	1,723,668	598,275
Networking charge	9,454,995	9,091,690
Audit fee	86,625	78,000
Board meeting fees	552,943	364,706
Legal and professional expenses	1,998,681	855,815
Business promotional expenses	12,556,435	9,823,888
Training expenses	604,550	1,737,103
Uniform	212,802	259,278

	2012 December 31 Taka	2011 December 31 Taka
Depreciation on fixed assets	27,256,235	19,871,881
Depreciation on leased assets	6,858,925	5,935,445
Amortization of intangible assets (software)	-	409,706
Loss on disposal of fixed assets	852,786	-
Software maintenance fee	374,033	1,201,127
Commission of bank guarantee	15,666,959	26,352,380
AGM related expenses	454,918	122,460
IPO related expenses	600,000	-
Subscriptions	93,207	212,423
	332,947,007	317,411,607
34.00 Direct Charges		
Hawla charges	5,060,728	7,202,422
Laga charges	26,303,291	43,860,363
	31,364,019	51,062,785
35.00 Earnings per Share (EPS):		
Net profit after Tax	259,683,745	747,623,400
Number of Ordinary Shares Outstanding (Note: 34.01)	192,501,400	192,501,400
Earnings Per Share (EPS)	1.35	3.88
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.		
35.01 Number of Ordinary Shares Outstanding		
Balance on 1 January	96,250,700	55,004,000
Bonus Issued on December	96,250,700	41,246,700
	192,501,400	96,250,700
36.00 Chief Executive Officers Salary and Benegits		
Basic Pay	3,060,000	3,120,000
Allowances	2,040,000	2,440,000
Bonus	510,000	360,000
Company's Contribution to Provident Fund	306,000	312,000
	5,916,000	6,232,000
37.00 Number of Employees		

The Company paid an aggregate amount of more than taka 36,000 p. a. to 191 employees and more than taka 3,000 per month to 191 employees who were in employment for full year or part of the year.

38.00 Related Party Disclosure

During the year the Company carried out a number of transactions with related parties in the normal course of business on arm's length bases. Name of those related parties, nature of those transactions and their total value have been shown below in accordance with the provisions of BAS-24- "Related Party Disclosure."

Name of the Party	Relationship	Nature of Transaction	Transaction			
			Opening balance	Addition	Adjustment	Closing balance
LankaBangla Finance Ltd.	Sponsor Share holder	Long Term Loan	(11,046,842)	-	11,046,842	-
LankaBangla Finance Ltd.	Sponsor Shareholder	Short Term Loan	(764,370,816)	(65,599,184)	-	(829,970,000)
LankaBangla Investment Ltd.	Sponsor Share holder	IP Accounts	(37,332,981)	-	18,274,038	(19,058,943)
LankaBangla Finance Ltd.	Sponsor Shareholder	Lease	(10,640,396)	(3,490,248)	-	(14,130,644)
LankaBangla Finance Ltd.	Sponsor Share holder	Interest on Short Term Loan	(4,621,915)	(4,327,806)	-	(8,949,721)
LankaBangla Investment Ltd.	Sponsor Shareholder	Fixed Assets Acquisition	-	(4,189,812)	-	(4,189,812)
LankaBangla Investment Ltd.	Sponsor Shareholder	Portfolio	-	(795,826)	-	(795,826)
LankaBangla Finance Ltd.	Sponsor Shareholder	Current Account	-	478,335,714	-	478,335,714

LankaBangla Securities Limited
Schedule of Property & Equipment
For the year ended December 31, 2012

Annexure-A

Particulars	COST				Rate of Depreciation	DEPRECIATION				Written Down Value as on 31 December 2012 Taka
	Balance on 1 January 2012 Taka	Additions during the year Taka	Disposal during the year Taka	Balance on 31 December 2012 Taka		Charged during the year Taka	Disposal during the year Taka	Balance on 31 December 2012 Taka		
Building	80,476,150	-	-	80,476,150	2.5%	2,011,904	-	5,351,860	75,124,290	
Furniture & Fixtures	5,765,739	2,090,043	469,725	7,386,057	10%	657,590	315,299	1,884,521	5,501,537	
Office Equipment	49,189,324	5,603,817	2,544,237	52,248,904	20%	9,401,072	2,359,937	31,033,570	21,215,334	
Data Center & Dr	-	49,954,969	-	49,954,969	30%	7,493,245	-	7,493,245	42,461,724	
Office Renovation	41,566,583	1,754,716	771,178	42,550,121	20%	7,462,301	77,118	29,903,147	12,646,974	
Motor Vehicle	2,232,600	-	-	2,232,600	20%	230,120	-	2,225,740	6,860	
Leased Asset	36,233,867	-	-	36,233,867	20%	6,858,929	-	20,404,701	15,829,166	
Total Dec 31, 2012	215,464,263	59,403,545	3,785,140	271,082,669	-	34,115,160	2,752,354	98,296,783	172,785,885	
Total December 2011	194,021,860	23,935,153	2,492,750	215,464,263	-	25,807,327	2,180,200	66,933,977	148,530,286	

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012





Rahman Rahman Huq

Chartered Accountants
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Independent Auditor's Report to the Shareholders of LankaBangla Investments Limited

Report on the Financial Statements

We have audited the accompanying financial statements of LankaBangla Investments Limited ("the Company") which comprise the statement of financial position as at 31 December 2012, and the statements 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 of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in note 2.1, 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. 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 of financial statements that give a true and fair view 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 2012, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in note 2.1.

Report on Other Legal and Regulatory Requirements

In accordance with Companies Act 1994 and rules and regulations issued by Bangladesh Securities and Exchange Commission, we also report the following:

- a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c) the statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account; and
- d) Adequate provision on margin loan have been made as per rules and regulations issued by Bangladesh Securities and Exchange Commission.

Rahman Rahman Huq
Chartered Accountants

Dhaka, 03 March 2013

LankaBangla Investments Limited

Statement of financial position

as at 31 December 2012

	Note	Amount in Taka	
		2012	2011
Assets			
Property, plant and equipment	4	14,884,136	9,443,179
Capital work-in progress	5	20,000	6,255,793
Intangible assets	6	591,907	708,371
Non-current assets		15,496,043	16,407,343
Margin loan	7	4,160,441,200	3,911,638,225
Investments	8	53,436,475	151,273,374
Due from related parties	9	24,044,581	37,408,006
Other receivables	10	29,997,085	15,583,329
Advances, deposits and prepayments	11	44,931,763	24,359,456
Cash and cash equivalents	12	38,377,677	309,113,780
Current assets		4,351,228,780	4,449,376,170
Total assets		4,366,724,823	4,465,783,514
Equity			
Share capital	13	660,000,000	300,000,000
Retained earnings		50,608,748	37,878,604
Total equity		710,608,748	337,878,604
Liabilities			
Due to related parties-non-current portion	14	3,406,547,044	3,442,429,816
Loans - non-current portion	15	16,267,609	23,231,757
Non-current liabilities		3,422,814,653	3,465,661,573
Bank overdraft	8	-	126,486,985
Due to related parties-non-current portion	14	48,676,022	353,227,741
Loans - current portion	15	6,964,148	5,881,117
Other liabilities	16	115,974,110	127,831,981
Provision for tax	17	61,687,143	48,815,513
Current liabilities		233,301,422	662,243,337
Total liabilities		3,656,116,075	4,127,904,910
Total equity and liabilities		4,366,724,823	4,465,783,514

The annexed noted 1 to 29 form and integral part of these financial statements


Chairman


Director


Chief Executive Officer

Company Secretary

Dhaka, 03 March 2013


Rahman Rahman Huq
Chartered Accountants

LankaBangla Investments Limited

Statement of comprehensive income

for the year ended 31 December 2012

Note	Amount in Taka		
	2012	2011	
Operating income			
Fund based income	18	624,722,573	716,809,525
Cost of fund		(604,961,068)	(611,148,107)
Net fund based income		19,761,505	105,661,418
Fee based income	19	13,915,194	8,250,949
Other operating income	20	36,653,071	25,530,989
Total operating income		70,329,770	139,443,355
Other income	21	11,469,011	29,259,577
Total income		81,798,781	168,702,933
Operating expenses			
Salaries and allowances		(21,612,210)	(16,967,032)
Rent, taxes, insurance, utilities etc.	22	(11,976,613)	(8,918,700)
Legal and professional fees		(543,527)	(3,113,426)
Postage, stamp and telecommunication		(989,894)	(886,971)
Stationery, printing and advertising		(1,039,247)	(1,146,553)
Audit fees		(115,000)	(182,875)
Directors' fees		(292,000)	(92,000)
Repairs, maintenance and depreciation	23	(8,640,859)	(6,447,450)
Business loss	7	-	(41,596,517)
Other expenses		(10,987,657)	(6,122,887)
Total operating expenses		(56,197,007)	(85,474,410)
Profit before tax		25,601,774	83,228,522
Tax expenses:	17.1		
Current tax expense		(11,982,910)	(48,701,662)
Deferred tax expense		(888,720)	(89,964)
		(12,871,630)	(48,791,626)
Profit for the year		12,730,144	34,436,896

The annexed noted 1 to 29 form and integral part of these financial statements


Chairman


Director


Chief Executive Officer

Company Secretary

As per our annexed report of same date.

Dhaka, 03 March 2013


Rahman Rahman Huq
Chartered Accountants

LankaBangla Investments Limited
Statement of changes in equity
 for the year ended 31 December 2012

	Note	Share capital Taka	Retained earnings Taka	Total Taka
Balance at 1 January 2011		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
Balance at 1 January 2012	13	300,000,000	37,878,604	337,878,604
Issue of rights shares		360,000,000	-	360,000,000
Profit for the year		-	12,730,144	12,730,144
Balance at 31 December 2012		660,000,000	50,608,748	710,608,748



Chairman



Director



Chief Executive Officer

Company Secretary

Dhaka, 03 March 2013

LankaBangla Investments Limited

Statement of cash flows

For the year ended December 2012

Note	Amount in Taka	
	2012	2011
A) Cash flows from operating activities		
Cash received from:		
- Fees and other income	17,006,479	25,519,394
- LBFL for LBIL Employees' PF	1,598,967	-
Cash paid for:		
- Service charges to LBFL	(7,008,585)	(5,517,548)
- Rental expenses	(6,827,194)	(4,777,440)
- IT related expenses	(430,333)	(586,233)
- PF bank account	(1,496,830)	(1,400,644)
- Employees' salaries and allowances	(18,186,254)	(14,920,421)
- LBFL PF transfer to employees	(1,467,198)	-
- Other operating expenses	(9,423,726)	(12,445,442)
- Staff loan	(450,000)	-
Cash generated from operating activities before changes in operating assets and liabilities	(26,684,674)	(14,128,334)
Settlement with LBSL	660,899,513	2,078,396,343
Own portfolio investment	(5,160,000)	(9,750,000)
Rental advance	-	(2,700,000)
Client deposits	1,222,065,565	1,146,977,968
Client withdrawals	(1,475,629,983)	(2,588,050,186)
	402,175,095	624,874,125
Cash generated from operating activities	375,490,420	610,745,791
Income taxes paid	(28,359,362)	(3,740,306)
Net cash from operating activities	347,131,058	607,005,485
B) Cash flows from investing activities		
Investments in FDR	(230,000,000)	(690,000,000)
FDR Encashment	340,000,000	550,000,000
Payments for capital work-in-progress	(2,148,816)	(6,105,667)
Investment in unquoted and quoted shares	-	(33,689,500)
Proceeds from sale of own portfolio share	-	163,754,567
Dividend on own portfolio investment	22,000	12,000
Net disburse to LBFL	(330,000,000)	(124,000,000)
Procurement of property, plant and equipment	(7,147,163)	(537,112)
Refund of undersubscribed amount of underwriting-ILFSL	610,500	-
Net cash used in investing activities	(228,663,479)	(140,565,712)
C) Cash flows from financing activities		
Received on paid up capital	360,000,000	100,000,000
Loan received from Shahjalal Islami Bank Ltd.	-	30,000,000
Short term loan received from One Bank Ltd.	94,550,000	-
Short term loan repayment to One Bank Ltd.	(94,550,000)	-
Interest on short term loan from One Bank Ltd.	(2,886,844)	-
Interest payment on loan from Shahjalal Islami Bank Ltd.	(4,510,883)	-
Repayment of loan from Shahjalal Islami Bank Ltd.	(5,881,117)	(1,732,000)
Interest payment on loan from LBFL	(609,437,854)	(412,246,970)
Net cash used in financing activities	(262,716,698)	(283,978,970)
D) Net increase/(decrease) in cash and cash equivalents (A+B+C)	(144,249,119)	182,460,803
E) Cash and cash equivalents at 1 January 2012	182,626,795	165,992
F) Cash and cash equivalents at 31 December 2012 (D+E)	38,377,677	182,626,795



Chairman

Dhaka, 03 March 2013



Director



Chief Executive Officer

Company Secretary

LankaBangla Investments Limited

Notes to the financial statements

For the year ended 31 December 2012

1. Reporting entity

1.1 Company profile

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 Company has obtained Merchant Banking license (registration certificate no-MB-57/2010) from the Securities and Exchange Commission on 2 January 2011. 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.

1.2 Nature of business

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. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), rules and regulations issued by Bangladesh Securities and Exchange Commission and Companies Act 1994. In case any rules and regulations issued by Bangladesh Securities and Exchange Commission differs from those of other regulatory authorities, the rules and regulations issued by Bangladesh Securities and Exchange Commission shall prevail.

As such the Company has departed from a contradictory requirements of BFRS by complying with an optional rules and regulations issued by Bangladesh Securities and Exchange Commission which is disclosed below:

i) Provision on margin loan

BFRS: As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets or a group of financial assets.

Bangladesh Securities Exchange Commission: As per press release no.- SEC/Representative/2011/696 dated 19 February 2013 provision on the

omnibus accounts with negative equity can be maintained at least @20% on unrealised amount of loss (i.e. on the principal amount of margin loan plus related interest suspense and management fees) in the financial year ended on 31 December 2012. The Company has adopted this optional rule as a policy regarding assessment of impairment of margin loan. Such provision policies is not specifically in line with those prescribed by BAS 39.

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 2012 to 31 December 2012.

3. 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 upgradation/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. For addition to property, plant and equipment, depreciation is charged from the month of capitalisation and no depreciation is charged

in the month of disposal. Land is not depreciated.

The rates at which property, plant and equipment are depreciated for current and comparative years are as follows:

Category of assets	Rate of depreciation
Office equipment	33.33%
Furniture and fixture	15.00%
Motor vehicles	25.00%
Interior works movable	15.00%
Interior works immovable	21.43%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Intangible assets include software, integrated systems along with related hardware. Amortisation is to be provided on a straight-line basis at 20% to write off the cost of intangible assets. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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 are measured at fair value through profit or loss, 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 statement of comprehensive income.

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 an 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.

3.10.3 Tax Exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.11 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 Property, plant and equipment

	Office equipment Taka	Furniture and fittings Taka	Motor vehicles Taka	Interior Work movable Taka	Interior Work immovable Taka	Total Taka
Cost						
Balance at 1 January 2011	-	-	4,683,000	-	-	4,683,000
Acquisition/addition during the year	3,613,192	5,035,756	570,000	-	-	9,218,948
Disposal/adjustment	-	-	-	-	-	-
Balance at 31 December 2011	3,613,192	5,035,756	5,253,000	-	-	13,901,948
Balance at 1 January 2012	3,613,192	5,035,756	5,253,000	-	-	13,901,948
Acquisition/addition during the year	1,619,725	913,550	2,500,074	250,640	1,989,328	7,273,317
Transferred from CWIP	1,506,806	125,880	-	1,970,161	4,781,762	8,384,609
Disposal/adjustment	752,158	4,997,756	-	-	-	5,749,913
Balance at 31 December 2012	5,987,566	1,077,430	7,753,074	2,220,801	6,771,090	23,809,961
Accumulated depreciation						
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	1,811,155	958,583	1,689,031	-	-	4,458,769
Balance at 1 January 2012	1,811,155	958,583	1,689,031	-	-	4,458,769
Depreciation for the year	1,929,706	276,362	1,976,598	1,327,087	305,360	5,815,113
Disposal/adjustment	313,257	1,034,800	-	-	-	1,348,057
Balance at 31 December 2012	3,427,604	200,145	3,665,629	1,327,087	305,360	8,925,825
Carrying amount						
At 1 January 2011	-	-	4,449,719	-	-	4,449,719
At 1 January 2012	1,802,037	4,077,173	3,563,969	-	-	9,443,179
At 31 December 2012	2,559,962	877,285	4,087,445	893,714	6,465,730	14,884,136

5 Capital Work in Progress (CWIP)

	2012 Taka	2011 Taka
Opening balance	6,255,793	800,000
Acquisition/addition during the year	2,148,816	5,455,793
	<u>8,404,609</u>	<u>6,255,793</u>
Transferred to property plant & equipment (Note: 4)	(8,384,609)	-
Closing balance	<u>20,000</u>	<u>6,255,793</u>

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 Intangible assets

Opening balance	745,654	-
Addition during the year	40,000	745,654
Amortization	(193,747)	(37,283)
Closing balance	<u>591,907</u>	<u>708,371</u>

7 Margin loan

As per Bangladesh Securities Exchange Commission (BSEC) press release no.- SEC/Representative/2011/696 dated 19 February 2013 provision on the omnibus accounts with negative equity is required to maintain at least @20% on unrealised amount of loss (i.e. on the principal amount of margin loan plus related interest suspense and management fees) in the financial year 2012.

During the year 2012, unrealised amount of loan (i.e. on the principal amount of margin loan plus related interest suspense and management fees) is BDT 867,384,020 and the required provision @20% on such unrealised loan is BDT 173,476,804. During the year 2011, interest suspense (amounting BDT 94,885,766), management fees suspense (amounting BDT 17,668,305) and impairment (amounting BDT 41,596,517) have been recorded in books of account. However, total provision (amounting BDT 154,150,588) on unrealised amount of loan has been recorded in 2011. As such the remaining amount of required provision as per BSEC is BDT 19,326,216 (i.e. Tk 154,150,588-173,476,804) for the year 2012. During the year 2012, interest suspense (amounting BDT 165,274,651) and management fees suspense (amounting BDT 12,522,670) have been recorded as a provision on unrealised amount of loan. Accordingly, total provision (amounting BDT 177,797,321) on unrealised amount of loan has been booked in 2012 in addition to provision maintained in last year (i.e.2011).

	2012 Taka	2011 Taka
8 Investments		
Fixed deposits receipt (FDR)	30,000,000	140,000,000
Investments in quoted shares	22,047,042	9,883,941
Investments in unquoted shares	1,389,433	1,389,433
	53,436,475	151,273,374
9 Due from related parties		
Due from LankaBangla Securities Limited	24,044,581	37,408,006
	24,044,581	37,408,006
10 Other receivables		
Issue management fees receivable	2,822,550	700,000
Other receivables - primary market department	186,500	29,000
Accounts receivables - PO Department	22,819,534	10,022,389
Corporate advisory fees receivable	3,360,000	-
Receivable from employee	26,645	-
Rights issue fees receivable	-	600,000
Underwriting commission receivable	550,000	814,660
Interest receivable on FDR	231,855	3,417,280
	29,997,085	15,583,329
11 Advances, deposits and prepayments		
Advance income tax	34,876,805	4,743,605
Advance payment of salaries	-	50,000
Advance staff loans	253,066	188,824
Deposit with International Leasing and Financial Services Limited	-	4,920,500
Security deposit with CDBL	200,000	-
Prepaid rental	9,471,000	13,599,000
Prepayment against expenses	130,892	857,527
	44,931,763	24,359,456
12 Cash and cash equivalents		
Cash in hand	2,554	10,047
Cash at bank (Note 12.1)	38,375,123	309,103,733
Cash and cash equivalents	38,377,677	309,113,780
Bank overdraft used for cash management purpose	-	(126,486,985)
Cash and cash equivalents in the statements of cash flows	38,377,677	182,626,795
12.1 Cash at bank		
One Bank Limited	37,730,393	6,842,689
Dhaka Bank Limited	178,311	171,999
Shahjalal Islami Bank Limited	158,514	1,994,390
The City Bank Limited	83,735	300,094,655
Standard Chartered Bank	224,170	-
	38,375,123	309,103,733

2012 Taka	2011 Taka
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13 Share capital

Authorized

300,000,000 Ordinary shares of Tk 10 each

3,000,000,000 3,000,000,000

Issued, subscribed and paid-up:

66,000,000 (2011: 30,000,000) Ordinary shares of Tk 10 each

660,000,000 300,000,000

13.1 Particulars of Shareholdings

The shareholding position at the date statement of financial position was as follows:

Name of Shareholders	2012			2011		
	Number of shares	Value of shares Taka	% of share holding	Number of shares	Value of shares Taka	% of share holding
LankaBangla Finance Limited	65,999,997	659,999,970	99.999995%	29,999,997	299,999,970	99.999990%
Mohammad A. Moyeen	1	10	0.000002%	1	10	0.000003%
Md. Abdullah Al Karim	1	10	0.000002%	1	10	0.000003%
Ehsanul Haq	1	10	0.000002%	-	-	0.000000%
Shakil Islam Bhuiyan	-	-	-	1	10	0.000003%
Total	<u>66,000,000</u>	<u>660,000,000</u>	<u>100%</u>	<u>30,000,000</u>	<u>300,000,000</u>	<u>100%</u>

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and entitled to vote per share at meetings of the Company.

14 Due to related parties

Due to LankaBangla Finance Limited

Non current portion

3,406,547,044 3,442,429,816
3,406,547,044 3,442,429,816

Current portion

48,676,022 353,227,741
48,676,022 353,227,741

15 Loans

A loan (principal amount BDT 30,000,000) 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.

During 2012, a short term loan (amounting BDT 94,550,000) from One Bank Limited was taken and repaid during this year.

	2012 Taka	2011 Taka
16 Other liabilities		
Provision for gratuity	2,338,112	1,307,104
Provident fund	-	1,226
Customer deposits - Alpha Plus	-	491,905
Liabilities for fixed assets	-	73,846
TDS from suppliers	1,616	-
VAT payable on supplier payments	30,903	217,425
VAT Payable on fee income	225,000	-
VAT payable on professional fees	19,500	-
Payable for expenses	23,500	186,093
Internet expenses payable	10,716	-
Other IT and communications payable	11,500	-
Group life insurance costs payable	-	101,847
Rent Payable	593,412	398,120
Electricity bill payable	70,218	27,000
Water bill payable	15,000	-
Printing postage & stationery expenses payable	11,000	-
Advertisement payable	-	10,000
Payable for office maintenance & running expenses	24,350	-
Staffwelfare payable	0.35	-
Bank charges payable	3,000	-
Security service payable	37,464	-
CDBL expenses payable	14,000	167,300
TDS on professional fees	3,000	-
VAT payable on director fees	6,000	-
Provision for audit fees	100,000	104,500
Accrued interest payable - Shajalal Islami Bank Limited	65,910	82,595
Deposit suspense account	180,570	-
Specific provision - POD	72,084	-
Client positive balance	112,117,254	124,663,020
	115,974,110	127,831,981
17 Provision for tax		
Opening balance	48,815,513	1,783,431
Provision made during the year (Note-17.1)	12,871,630	48,791,626
Adjustment for prior year	-	(1,759,545)
Closing Blance	61,687,143	48,815,513
17.1 Tax expense		
Current tax		
Current year	11,982,910	48,701,662
Adjustment for prior years	-	-
	<u>11,982,910</u>	<u>48,701,662</u>
Deferred tax		
Orgination of temporary differences (Note-17.2)	888,720	89,964
	<u>12,871,630</u>	<u>48,791,626</u>
17.2 Deferred tax assets		
Deferred tax assets are arrived at as follows:	Carrying amount on the date of statement of financial position Taka	Taxable/ (deductible) temporary difference Taka
Year: 2012		
Property, plant and equipment (Note: 4)	14,884,136	12,274,311
Temporary difference		2,609,825
Income tax rate		37.50%
Deferred tax liability (A)		<u>978,684</u>

Year: 2011

Property, plant and equipment (Note: 4)	9,443,179	9,203,274	239,905
Temporary difference			239,905
Income tax rate			37.50%
Deferred tax liability (B)			89,964
Deferred tax expense/assets(A-B)			888,720

17.3 Reconciliation of effective tax rate

	2012		2011	
	Percentage	Taka	Percentage	Taka
Profit before tax	-	25,601,774	-	83,228,522
Tax using the company's applicable tax rate	37.50%	9,600,665	37.50%	31,210,696
Non-deductible expense	15.39%	3,939,025	22.06%	18,361,556
Deductible expense	-6.10%	(1,562,280)	-1.05%	(873,590)
Additional/adjustment for prior year tax provision	0.00%	-	0.00%	-
Adjustment for dividend income	0.02%	5,500	0.00%	3,000
Change in recognised deductible temporary differences	3.47%	888,720	0.11%	89,964
	50.28%	12,871,630	58.62%	48,791,626

2012 Taka	2011 Taka
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18 Fund based income

Interest on margin loan	556,107,619	587,381,650
Management fees	68,614,954	129,427,874
Total fund based income	624,722,573	716,809,525

19 Fee based income

Rights issue fees	-	800,000
Underwriting commission	1,444,858	1,530,949
Issue management fees	8,910,336	5,820,000
Corporate advisory fees	3,560,000	100,000
	13,915,194	8,250,949

20 Other operating income

Interest on client cheque dishonor	-	318,429
Documentation charges	13,500	52,500
Dividend Income from own portfolio investments	27,500	15,000
Settlement fees	34,668,266	25,145,060
Unrealized gain/loss - own portfolio investments	1,943,805	-
	36,653,071	25,530,989

	2012 Taka	2011 Taka
21 Other income		
Realized gains on quoted share, POD	1,642,192	1,025,720
Gain on IP client dividend collection	35,838	-
Gain on CDBL annual fees payment	3,336,916	-
Interest income on FDR	4,165,510	16,004,086
Interest income on STD balances	2,207,249	3,937,306
Interest income on staff loan	51,292	19,329
Miscellaneous earnings	30,014	427,704
Return from investment in unquoted shares	-	7,845,433
	11,469,011	29,259,577
22 Rent, taxes, insurance, utilities etc.		
Rent expenses	10,165,116	8,410,440
Insurance premium	658,948	119,744
Utilities expenses	1,152,549	388,516
	11,976,613	8,918,700
23 Repairs, maintenance and depreciation		
Repairs and maintenance	2,669,734	2,184,680
Depreciation expenses	5,814,661	4,225,488
Amortization of intangible assets	156,464	37,283
	8,640,859	6,447,450

24 Related parties**24.1 Parent company**

LankaBangla Finance Limited has 99.999995% shareholdings of the company. As a result, the controlling party of the company is LankaBangla Finance Limited.

24.2 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.

			2012 Taka	2011 Taka
<u>Name of the party</u>	<u>Relationship with the entity</u>	<u>Nature of transaction</u>		
LankaBangla Finance Limited	Parent	Funding	932,000,000	7,195,077,355
		Interest expense	604,961,068	611,148,107
LankaBangla Securities Limited	Subsidiary of parent	Share trading settlement	682,426,678	12,406,630,922
		Own portfolio investment	48,111,352	31,519,381
		Brokerage commission	147,410	86,271

25 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The company has exposure to the following risks from its use of financial instruments:

- * Credit risk
- * Liquidity risk
- * Market risk

25.1 Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

25.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2012 Taka	2011 Taka
Margin loan	4,160,441,200	3,911,638,225
Investments	53,436,475	151,273,374
Due from related parties	24,044,581	37,408,006
Other receivables	29,997,085	15,583,329
Cash and cash equivalents	38,377,677	309,113,780
	<u>4,306,297,017</u>	<u>4,425,016,714</u>

25.2 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.

25.3 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.

26 Contingencies and commitments

There are no contingent assets or liabilities and unrecognized contractual commitments at the date of statement of financial position.

27 Number of employees

The number of employees engaged for the whole year or part thereof who received total remuneration of Taka 36,000 or above per employee was 30 (2011: 23).

28 Capital expenditure commitment

There were no capital expenditure commitment as at 31 December 2012.

29 Events after reporting period

No material events had occurred after the date of statement of financial position to the date of issue of these financial statements, which could affect the values stated in the financial statements or required disclosure in the notes.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012



UHY Syful Shamsul Alam & Co Chartered Accountants

Auditors' Report to The Shareholders of LankaBangla Asset Management Company Limited

We have audited the accompanying financial statements of Lanka Bangla Asset Management Company Limited, which comprise the Statement of financial position as at 31 December 2012 and the Statement of comprehensive income for the year ended of 31 December 2012, and the related Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements for the year then ended 31 December 2012 and a summary of significant accounting policies and other explanatory information. The financial statements of the company as at 31 December 2011 were audited by another auditor whose report dated 28 February 2012, expressed an unqualified opinion on those statements.

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. 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 the auditors' 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.

Opinion

In our opinion, the financial statements, prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) give a true and fair view of the state of the Lanka Bangla Asset Management Company Limited's affairs as on 31 December 2012 and of the results of its operations and its cash flows for the year ended 31 December 2012 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 purposes of our audit and made due verification thereof;
- (b) in our opinion proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (c) the Company's statement of financial position dealt with by the report are in agreement with the books of accounts.

Dhaka, 03 March 2013.

Syful Shamsul Alam & Co.
Chartered Accountants

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Fax :+880-2-9560332
E-mail :ssac@ssacbd.com
Web :www.ssacbd.com

LankaBangla Asset Management Company Limited

Statement of Financial Position

As at 31 December 2012

	Notes	Amount in Taka	
		2012	2011
ASSETS			
Non-current assets			
Property, plant and equipment	3	126,350	306,160
Total non-current assets		126,350	306,160
Current assets			
Cash and cash equivalents	4	193,932	1,211,989
Interest receivable	5	3,690,942	3,163,614
Dividend receivable		16,322,625	-
Advance income tax	6	2,119,327	1,265,128
Investments	7	613,879,879	60,148,060
Total current assets		636,206,705	65,788,791
Total assets		636,333,055	66,094,951
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	8	50,000,000	50,000,000
Retained earning	9	23,838,589	9,226,438
Total equity		73,838,589	59,226,438
Liabilities			
Non-current liabilities			
Share money deposit		545,365,212	-
Total non-current liabilities		545,365,212	-
Current liabilities			
Accrued expenses	10	2,777,901	1,332,650
Provision for taxation	11	14,303,154	5,535,863
Other liabilities	12	48,199	-
Total current liabilities		17,129,254	6,868,513
Total liabilities		562,494,466	6,868,513
Total equity and liabilities		636,333,055	66,094,951

This is the statement of financial position referred to in our report of even date annexed



Chairman

Director

Chief Executive Officer

Company Secretary

This is the statement of financial position referred to in our report of even date annexed

Dhaka, 03 March 2013.

Syful Shamsul Alam & Co.
Chartered Accountants

LankaBangla Asset Management Company Limited

Statement of Comprehensive Income

For the year ended 31 December 2012

	Notes	Amount in Taka	
		2012	2011
Revenue			
Interest income	13	9,069,316	6,781,832
Dividend income	14	16,322,625	-
Other operating income		75,326	-
Total operating income		25,467,267	6,781,832
Less: Expenses			
Salary and Allowances	15	451,951	-
Rent		1,310,529	-
Bank charge		2,042	1,150
Audit fees		60,000	46,000
Excise duty		19,000	7,000
Regulatory Fees and Charges		30,000	-
Repairs and Maintenance		14,168	-
Stationery, Printing and Advertisement		12,765	-
Telecommunication, Postage, Stamp		7,560	-
Depreciation	3	179,810	179,810
Total operating expenses		2,087,825	233,960
Profit before tax		23,379,442	6,547,872
Provision for income tax		8,767,291	2,455,452
Profit for the year		14,612,151	4,092,420

The accounting policies and explanatory notes form and integral part of these Financial Statements.



Chairman

Director

Chief Executive Officer

Company Secretary

This is the statement of comprehensive income referred to in our report of even date annexed

Dhaka, 03 March 2013.

Syful Shamsul Alam & Co.
Chartered Accountants

LankaBangla Asset Management Company Limited

Statement of Cash Flows

For the year ended 31 December 2012

	Amount in Taka	
	2012	2011
A) Cash flows from Operating Activities		
Interest received	8,541,988	58,468
Realized capital gain	75,326	-
Paid to employess	(334,750)	-
Paid to suppliers	(28,773)	-
Bank Charges paid	(2,042)	(2,150)
Withholding tax payment	(854,199)	(5,847)
Other operating expenses paid	(49,000)	-
Net cash flows from operating activities (Total of "A"):	7,348,550	50,471
B) Cash flows from Investing Activities		
Investment into equity securities	(552,840,538)	-
Investment In TDR	(891,281)	(25,000,000)
Net Cash used by investing activities (Total of "B"):	(553,731,819)	(25,000,000)
C) Cash flows From Financing Activities		
Share money deposit	545,365,212	25,000,000
Net Cash used by Financing Activities (Total of "C"):	545,365,212	25,000,000
D) Net Increase/ (Decrease) in cash & cash equivalents (A+B+C)	(1,018,057)	50,471
E) Opening cash and cash-equivalents	1,211,989	1,161,518
F) Closing cash cash-equivalents (D+E)*	193,932	1,211,989
* Closing cash and cash-equivalents		
Cash in hand (including foreign currencies)	4,500	-
Balance with Bangladesh Bank and its agent bank (s)	-	-
Balance with other Banks and Financial Institutions	189,432	1,211,989
Total:	193,932	1,211,989

The accounting policies and explanatory notes form and integral part of these Financial Statements.



Chairman

Director

Chief Executive Officer

Company Secretary

Dhaka, 03 March 2013.

LankaBangla Asset Management Company Limited
Statement of Changes in Shareholders' Equity
 For the year ended 31 December 2012

Amount in Taka

Particulars	Share Capital	Statutory Reserve	Proposed Dividend	Retained Earnings	Total
Balance as at 01 January 2011	50,000,000	-	-	5,134,018	55,134,018
Profit for the year	-	-	-	4,092,420	4,092,420
Balance as at 31 December 2011	50,000,000	-	-	9,226,438	59,226,438
Balance as at 01 January 2012	50,000,000	-	-	9,226,438	59,226,438
Profit for the year	-	-	-	14,612,151	14,612,151
Balance as at 31 December 2012	50,000,000	-	-	23,838,589	73,838,589

The accounting policies and explanatory notes form and integral part of these Financial Statements.



Chairman

Director

Chief Executive Officer

Company Secretary

Dhaka, 03 March 2013.

LankaBangla Asset Management Company Limited

Notes to the financial statements

For the year ended on 31 December 2012

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. It got license from Bangladesh Securities and Exchange Commission (BSEC) on June 24, 2012 vide registration code no: SEC/Asset Manager/2012/17 to operate as a full-fledged asset management company.

1.02 Company's Activities

The principal activities of the Company 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 as relevant rules.
- to float, administer and manage any mutual fund, growth fund or any other allotted scheme approved by the Government for the time being as relevant rules
- 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 relevant rules and regulations permit.

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) 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 provisions for the year 2012 as required by the Income Tax Ordinance 1984 and Finance Ordinance 2012 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 2012 to 31 December 2012.

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 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.

2.08 Restatement of Balances

For better presentation and comparability figures have restated in few cases.

		Amount in Taka	
		2012	2011
3. Property, plant and equipment			
Opening balance as on 01.01.2012		1,025,400	1,025,400
Add: Addition/Received during the year		-	-
		1,025,400	1,025,400
Less: Adjustment during the year		-	-
		1,025,400	1,025,400
Less: Accumulative depreciation		899,050	719,240
Written down value (WDV) as on 31.12.2012		126,350	306,160
Details shown in Annexure-A			
4. Cash and cash equivalents			
Cash in hand		4,500	-
Cash at bank		189,432	1,211,989
		193,932	1,211,989
5. Interest receivable			
Opening Balance		3,163,614	2,233,650
Add: Addition during the period		8,948,056	6,723,364
Less: Adjustment during the period		8,420,728	5,793,400
		3,690,942	3,163,614
6. Advance income tax			
Opening balance		1,265,128	679,941
Add: Addition during the period		854,199	585,187
Less: Adjustment during the period		-	-
		2,119,327	1,265,128
7. Investments			
Term Deposit with LBF		61,039,341	60,148,060
Investments into listed securities		8,037,391	-
Investments into non-listed securities		544,803,147	-
		613,879,879	60,148,060
8. Share Capital :		50,000,000	50,000,000
<u>Authorised</u>			
500,000 ordinary shares of Tk. 100/- each		50,000,000	50,000,000
<u>Issued, subscribed and paid up capital:</u>			
500,000 Ordinary shares of Tk. 100/- each fully paid up.			
Details are as follows:			
	Sl #	Name of Shareholders	No. of Shares
	1.	LankaBangla Finance Limited	499,990
	2.	Mr. Mahabubul Anam	9
	3.	Mr. A. Malek Shamsher	1
			49,999,000
			900
			100
			50,000,000
			50,000,000
9. Retained Earning:			
Opening balance		9,226,438	5,134,018
Profit for the year		14,612,151	4,092,420
		23,838,589	9,226,438

	Amount in Taka	
	2012	2011
10. Accrued expenses		
Liabilities for office decoration work	-	1,025,400
Provision for audit fees	60,000	46,000
Outstanding expenses	4,055	167,500
Payable to LBF	2,713,846	93,750
	2,777,901	1,332,650
11. Provision for taxation		
Opening balance	5,535,863	3,080,411
Add: Addition during the period	8,767,291	2,455,452
Less: Adjustment during the period	-	-
	14,303,154	5,535,863
12. Other liabilities		
Employee's AIT payable	14,800	-
Payable to employees' provident fund	31,734	-
Withholding VAT payable	1,665	-
	48,199	-
13. Interest Income		
Interest on Term deposit	8,948,056	6,723,364
Interest on STD account	121,260	58,468
	9,069,316	6,781,832
14. Dividend Income		
Dividend income in the year 2012 amounting to Tk 16,322,625 represent the interim dividend @45% of LankaBangla Securities Ltd.		
15. Salary and Allowances		
Gross salary	389,834	-
Provident fund contribution	15,867	-
Festival allowances	46,250	-
	451,951	-



Chairman

Director



Chief Executive Officer



Company Secretary

Dhaka, 03 March 2013.

LankaBangla Asset Management Company Limited
Property, plant and equipment

For the year ended 31 December 2012

Annexure-A

Particulars	COST					DEPRECIATION					Amount in Taka
	Balance as at 01.01.2012	Addition during the year	Disposal/ Adjustment during the year	Balance as at 31.12.2012	Rate %	Balance as at 01.01.2012	Charged during the year	Disposal/ Adjustment during the year	Balance as at 31.12.2012	Written down value as at 31.12.2012	
Furniture & Fittings	505,400	-	-	505,400	15	303,240	75,810	-	379,050	126,350	
Office Equipment	520,000	-	-	520,000	20	416,000	104,000	-	520,000	-	
Total:	1,025,400	-	-	1,025,400		719,240	179,810	-	899,050	126,350	
Year-2011:	1,025,400	-	-	1,025,400		539,430	179,810	-	719,240	306,160	



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 16th Annual General Meeting of the Shareholders of LankaBangla Finance Limited
to be held on March 31, 2013, Sunday 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, 2013

.....
(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 72 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 16th Annual General Meeting of the Shareholders of LankaBangla Finance Limited
to be held on March 31, 2013, Sunday 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.