



LANKABANGLA FINANCE LIMITED

Corporate Head Office:

Safura Tower (Level -11), 20, Kemal Ataturk Avenue,
Banani, Dhaka-1213, Bangladesh
Phone: (+88-02) 9883701-10, Fax: (+88-02) 58810998
Web: www.lankabangla.com , E-mail: info@lankabangla.com

Rights Share Offer Document

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

BANKERS TO THE ISSUE	
One Bank Limited HRC Bhaban, 46, Kawran Bazar C/A, Dhaka-1215 Phone: (+88-02) 9118161, 9138361 Fax: (+88 02) 9134794 E-mail: info@onebank.com.bd	Investment Corporation of Bangladesh 8, Rajuk Avenue, BDBL Bhaban, (Level 14 -17) Dhaka-1000. Phone: 9563455 fax: 8802-9563313 Email: icb@agni.com.

ISSUE MANAGER



AFC Capital Limited

Saiham Sky View Tower (11th Floor), Old 45 Bijoy Nagar, Dhaka-1000.
New 195 Shaheed Nazrul Islam Soroni, Ramna, Dhaka-1000
Tel: +88-02-8392371; Fax: +88-02-8392372
E-mail: capital.afc@gmail.com
Website: www.afcl.asia

RIGHTS SHARE OFFER DOCUMENT

Date: October 31, 2017

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

Record Date for Entitlement of Rights Offer: November 26, 2017

Subscription	Opens on: December 17, 2017
	Closes on: January 14, 2018
Within Banking Hours Both Days Inclusive	

Manager to the Issue



AFC Capital Limited

Saiham Sky View Tower (11th Floor), Old 45 Bijoy Nagar, Dhaka-1000.
New 195 Shaheed Nazrul Islam Soroni, Ramna, Dhaka-1000
Tel: +88-02-8392371; Fax:+88-02-8392372
E-mail: capital.afc@gmail.com
Website: www.afcl.asia

Fully Underwritten By

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

LANKABANGLA FINANCE LIMITED



Corporate Head Office:

Safura Tower (Level -11), 20, Kemal Ataturk Avenue,
Banani, Dhaka-1213, Bangladesh
Phone: (+88-02) 9883701-10, Fax: (+88-02) 58810998
web: www.lankabangla.com , e-mail: info@lankabangla.com

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

TABLE OF CONTENTS

Sl. No.	Particulars	Page No.
1	The Rights Offer	7
	<i>The Company Profile</i>	7
	<i>The Rights Issue</i>	7
	<i>Issue Price</i>	7
2	Risk Factors	8-10
3	Date of Opening and Closing of Subscription	11
4	Purpose of raising fund through rights offer	11
5	Declaration regarding utilization of previous IPO fund	11
6	Declaration regarding utilization of previous rights issue fund	11
7	Statement of date of annual general meeting held and dividend declared	12
8	Highlights of the Company	12
	<i>Total Equity Structure of the Company as on October 31, 2016</i>	13
	<i>Market price per share of the company for last 6 (six) months</i>	13
9	Existing Services Rendered by the Company	14-15
10	Justification of the Issue Price of Rights Share	16
11	Length of time the Company has carried on business	16
12	Implementation Schedule	16
13	Quantity of Shares Held by Each Director on the Date of the Rights Share Offer Document	17
14	Composition of Shareholding Position of the Company	17
15	Beneficial owners holding shares 5% or above	17
16	List of Directors of the Company mentioning their Address and Position of The Board	18
17	List of top management mentioning their address and position of the company	19
18	Public Listed Company under Common Management	19
19	Corporate Information: December 31, 2016	20
20	Bankers to the issue of rights issue of LankaBangla Finance Limited	21
21	Net Asset Value Per Share	22-23
22	Classified information & Underwriters	24
23	Underwriters' Obligation	25
24	Directors' Take-up in the Rights Offer	25
25	Terms and Conditions of the Rights Issue	26-27
	<i>Basis of the Offer</i>	26
	<i>Entitlement</i>	26
	<i>Acceptance of the Offer</i>	26
	<i>Renunciation</i>	26
	<i>General</i>	26
	<i>Condition of Subscription</i>	26
	<i>Payment of Share Price</i>	26
	<i>Period of subscription</i>	26
	<i>Lock-in on Rights Share</i>	26
	<i>Rectification</i>	27
	<i>Issue of rights share in dematerialization form</i>	27
	<i>Others</i>	27

26	Material Contracts	27
	<i>Manager to the Issue</i>	27
	<i>Underwriters</i>	27
	<i>Bankers to the Issue</i>	27
	<i>Agreement with the Vendors</i>	27
	<i>Material Contract Regarding Acquisition of Property</i>	27
27	Distribution of Rights Share	28
28	Declaration by the Issue Manager (Form-A), Underwriters (Form-B), Auditor (Form-C) and Directors (Form-D)	28-30
29	Auditors Report in pursuance of Section-135(1) under Para-24 of part-II of the Third Schedule of the Companies Act, 1994	31-41
30	Auditors Report to the Shareholders, Audited Financial Accounts for the year ended 31 December 2016	42-118
31	Letter of offer for Rights Issue to the Shareholders	119
32	Form of Acceptance and Application for Shares, Form-A	120-121
33	Form of Renunciation, Form-B	122
34	Application by Renouncee (s), Form-C	123

Definition and Elaboration of the abbreviated words and technical terms used in the Rights Share Offer Document

Allotment	: Allotment of Share
AGM	: Annual General Meeting
BAS	: Bangladesh Accounting Standards
BB	: Bangladesh Bank
BO	: Beneficiary Owner
BSEC	: Bangladesh Securities and Exchange Commission
CDBL	: Central Depository Bangladesh Limited
Certificate	: Share Certificate
Commission	: Bangladesh Securities and Exchange Commission
Companies Act	: Companies Act, 1994 (Act No. XVIII of 1994)
CSE	: Chittagong Stock Exchange Limited
DSE	: Dhaka Stock Exchange Limited
EGM	: Extra Ordinary General Meeting
LBFL	: LankaBangla Finance Limited
IAS	: International Accounting Standards
Issue	: Rights Issue
Issue Manager	: AFC Capital Limited
Issuer Company	: LankaBangla Finance Limited
NAV	: Net Assets Value
Offering Price	: Price of the Securities of LBFL
Registered Office	: Head Office of the Company
RI	: Rights Issue
Rights Issue Rule	: Securities and Exchange Commission (Rights Issue) Rules, 2006
RJSC	: Registrar of Joint Stock Companies & Firms
Securities Market	: The Share Market of Bangladesh
Securities	: Shares of LBFL
Sponsor	: The Sponsor Shareholders of LBFL
Stockholder	: Shareholder
Subscription	: Application Money

LANKABANGLA FINANCE LIMITED



Corporate Head Office:

Safura Tower (Level -11), 20, Kemal Ataturk Avenue,
Banani, Dhaka-1213, Bangladesh
Phone: (8802) 988 3701 – 10, Fax: (8802) 881 0998
web: www.lankabangla.com , e-mail: info@lankabangla.com

RIGHTS ISSUE OF SHARES

Date: November 01, 2017

Dear Shareholder(s)

We are pleased to offer you an opportunity to participate in Rights Issue of Shares of LankaBangla Finance Limited (LBFL). The honorable shareholders of LankaBangla Finance Limited in the 9th Extra Ordinary General Meeting held on December 14, 2016 approved as One Rights Share against Two existing shares held on the record date (1R:2).

Subsequently, the company declared 15% stock dividend and 15% cash dividend on the paid up capital for the year ended December 31, 2016 that was approved in the 20th Annual General Meeting of the Company held on March 30, 2017. Since the paid-up capital has been increased due to approval of 15% stock dividend, the right issue size will be changed consequently. Accordingly, the shareholders in their 10th EGM held on June 15, 2017 approved the increased size of the Rights Issue. After consideration of 15% stock dividend, Rights offer of 159,125,470 ordinary shares of Tk.10.00 each totaling Tk.1,591,254,700.00 at 1 (One) [R] : 2 (Two) ratio i.e. 1 (One) Right share for 2 (Two) existing shares held on the record date for entitlement. The purpose of issuance of Rights Shares is to strengthen capital base as well as increase the lending portfolio of the company.

By way of satisfactory activities and services, the company has attained consolidated Net Profit (After Tax) Tk. 795,642,925.00 for the year ended on December 31, 2016 and Tk. 420,928,514.00 for the year ended on December 31, 2015.

The Company has declared 15% stock and 15% cash dividend for the year ended December 31, 2016; 15% stock and 15% cash dividend for the year ended December 31, 2015; 10% stock and 10% cash dividend for the year ended December 31, 2014; 5% stock and 15% cash dividend for the year ended December 31, 2013 and 10% stock dividend for the year ended December 31, 2012.

This success has been achieved due to strong support from our customers and efficient direction of the Board of Directors as well as patronization and active participation of all our valued shareholders.

To maintain further growth and increase the capital base of your Company, we hope you would come forward with your full support and assistance to make the offer a success.

A self-explanatory Rights Share Offer Document prepared in the light of the Securities and Exchange Commission (Rights Issue) Rules, 2006 of is enclosed herewith for your kind information and evaluation.

On the behalf of the Board of Directors,

Sd/-
Khwaja Shahriar
Managing Director

THE RIGHTS OFFER***The Company Profile***

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.

LankaBangla Finance Limited floated its shares in 2006 to general investor through Initial Public Offering (IPO) and was subsequently listed with the Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

Under the right direction of the resourceful management the company has emerged as one of the leading financial institution in the country. LankaBangla Finance Limited is the lone NBFIs who operates Master Card & VISA Card including third party processing business with other banks. The company is also involved in dealing with Securities as Broker in capital market at both DSE & CSE through its subsidiary named “LankaBangla Securities Limited” who is the business leader in this arena. The Merchant Banking Department has been converted into another subsidiary of LankaBangla Finance Limited, to comply with the statutory regulation that is catering to the premier investment banking services.

The Rights Issue

LankaBangla Finance Limited plans to increase paid-up capital through issuance of Rights Shares. The Board of Directors in the meeting held on October 25, 2016, recommended for issuance of Rights Share at 1(One) [R]: 2(Two) ratio i.e. 1 (one) Rights Share for 2 (Two) existing share held on the record date for entitlement. The proposed offer is for issuance of Rights Shares of **159,125,470** Ordinary Shares of **Tk.10.00** each at 1(One) [R]: 2(Two) ratio i.e. 1 (One) Rights Share for 2(Two) existing shares held on the record date totaling **Tk.1,591,254,700.00**

Issue Price

In the 9th Extra Ordinary General Meeting held on December 14, 2016 honorable shareholders approved Rights Offer at a ratio of **1R:2** i.e. 1 (One) rights shares for 2 (Two) existing shares held on the record date. Rights Offer of **159,125,470** ordinary Shares of **Tk.10.00** each totaling **Tk.1,591,254,700.00** (considering 15% stock dividend on the paid up capital of year ended December 31, 2016 approved by shareholders in 10th EGM held on June 15, 2017 of the company)

RISK FACTORS AND MANAGEMENT'S PLAN FOR REDUCTION OF SUCH RISKS**RISK FACTORS AND MANAGEMENT PERCEPTION ABOUT RISKS:**

Risk is always associated with investments and investing in the company involves inherent risk factors. There are a number of factors, both specific to LBFL and of a general nature, which may affect the future operating and financial performance of the LBFL and the value of an investment in LBFL. Some of these factors can be mitigated by the use of safeguards and appropriate managerial action. However, many are outside the control of LBFL and cannot be mitigated. The objective of risk management system of LBFL is to identify measure and manage risks in order to ensure the company's asset quality and protect our stakeholders.

The information given below does not assert to be exhaustive. Additional risks or uncertainties are presently not known to the company or that are currently deemed immaterial may also have a material adverse effect on LBFL's business, financial condition and operating results. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance.

Prior to accepting their Entitlements, Applicants should carefully consider the following risk factors, as well as the other information contained in this right offer documents.

Interest Rate Risk

Interest rate risk is the risk to which a financial institution is exposed because of future uncertainty of interest rate. Change in the interest rate may adversely affect the profitability of the company by narrowing the interest spread. Interest rates are typically determined by the supply of and demand for money in the economy. If at any given interest rate, the demand for funds is higher than supply of funds, interest rates tend to rise and vice versa.

Management Perception:

Though LankaBangla Finance Ltd. cannot avoid all adverse impacts of change in interest rate arises due to change in economic conditions or government regulations, LankaBangla Finance takes all available measures to insulate its profitability. Asset Liability Committee (ALCO) of LankaBangla Finance regularly analyzes interest rate sensitivity and maintains interest rate risk at a minimum level with minimum fluctuation by carrying out asset liability gap analysis. ALCO sits periodically to assess the changes in the market and along with other strategies, recommends re-pricing of interest rate of existing products to minimize and control the interest rate risk.

Industry Risk

Industry risk refers to the risk of increased competition from foreign and domestic sources leading to prices, revenues, profit margins, market share etc. which could have an adverse impact on the business, financial condition and results of operation. Financial industry of our country is facing tremendous competition and challenges. 33 NBFIs are operating business in our country and a number of organizations have applied for licenses to Bangladesh Bank.

Management Perception:

To cope with industry risk, Management of LankaBangla Finance Ltd. is paying attention to increase its market shares. By the identification of customers' need and developing new products and services, LBFL is emphasizing on penetrating new market shares. Furthermore LankaBangla always believes that diversification of products & services and revenue streams are the best way to march forward. LBFL also concentrating on capacity building by enhancing professional capabilities of the employees, upholding professional ethics and modern infrastructural facility to compete with peer companies.

Market and Technology- Related Risk**Market Risk**

Market risk is the risk of loss arising from changes or adverse movements in the level of market prices of rates of financial instruments. Market risk comprises of interest rate risk, exchanges rate risk and equity risk.

Management Perception:

LankaBangla's key objective of market risk management is managing the effects of adverse market movements on the company's earnings and capital effectively. LankaBangla's trading market risk rises mainly from the market making, arbitraging and proprietary trading activities to earn benefits from market opportunities.

Technology Risk

In the global market of 21st century developed technology obsoletes the old services/product strategy. So the existing technology is not sufficient enough to cope with future trends and needs.

Management Perception:

The management of LankaBangla puts strong importance on upgrading LankaBangla's ICT continuously. Integrated leasing and accounting software for the operation of leasing and term finance, credit card software are also in place in LankaBangla. The company is planning to establish recovery system to recover database of the company if any natural disaster occurs.

Potential or existing government regulations:

The business activity of LankaBangla is fully controlled by policies, rules and regulation framed by the Bangladesh Bank/Government. So, Bangladesh Bank/government policies in this regard may impact business operation of LBFL.

Management Perception:

The Company operates under Company's Act-1991, Financial Institution Act, 1993, Taxation Policy adopted by NBR, Bangladesh Securities and Exchange Commission (BSEC)'s Rule and Rules adopted by Bangladesh Bank. Any abrupt changes of the policies formed by those bodies will impact the business of the Company adversely. Unless adverse policies are taken, which may materially affect the industry as a whole; the business of the Company will not be affected.

Potential changes in the global or national policies:

The performance of the company may be affected due to unavoidable circumstances in Bangladesh such as political turmoil, war, terrorism, political unrest in the country may adversely affect the economy in general.

Management Perception:

The risk due to changes in global or national policies is beyond control for any company. Yet the company is well prepared for adoption of policies and preventive measures when required to reduce the risk. But severe natural calamities, which sometimes are unpredictable and unforeseen, have the potential to disrupt normal operations of LankaBangla. Political unrest leading to strikes, hortal etc. certainly play negative impact in any business.

History of Non-Operation, if any

Is there any history for the NBFIL to become non-operative from its commercial operation?

Management Perception:

LankaBangla Finance commences its business in 1997 and it has no history of non-operation till now. The Company has an independent body that is operated by its Memorandum & Articles of Association and other applicable laws Implemented by the Government. Besides, the company's financial strength is satisfactory. It has very experienced Board of Directors and Management team to make the company more efficient and stronger for commercial operations.

Operational Risk

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

Management Perception:

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

Credit Risk

Credit risk is the risk arising from the uncertainty of an obligor's ability to perform its contractual obligations. Credit risk could stem from both on and off-balance sheet transactions. An institution is also exposed to credit risk from diverse financial instruments such as trade finance products and acceptances, foreign exchange, financial futures, swaps, bonds, options, commitments and guarantees.

Management Perception:

LankaBangla Finance as a financial institution cannot fully eliminate credit risk but risk can be managed to optimize the risk adjusted return. LankaBangla manages the credit risk both at individual account level as well as at portfolio level. LankaBangla established multi-tier approval process, independent Credit Risk Management (CRM) Unit. CRM Unit ensure in depth analysis of the borrower in view of managerial capacity, financial strength, industry prospect and macroeconomic scenario. The credit committee regularly meets to review new credit proposal as well as performance of existing portfolio.

Liquidity Risk

Liquidity is the risk that the organization may not be able to meet cash flow obligation within a stipulated time. LankaBangla may lose liquidity if its credit rating falls, it experiences sudden unexpected cash outflows, or some other event causes counterparties to avoid trading with or lending to the institution.

Management Perception:

LankaBangla has a liquidity risk management system, dedicated to maintain suitable and sufficient funds to meet present and future liquidity obligations whilst utilizing the funds appropriately to take advantage of market opportunities as they arise. LankaBangla manages its liquidity mainly through domestic money and capital markets including repurchase markets. LankaBangla seeks to minimize its liquidity costs in line with the market situation by closely managing the liquidity position on a daily basis and restricting the holding of cash held above an appropriate level at any given time. As part of liquidity management, LankaBangla adheres to its funding plan, and exercises due care in using medium-term borrowings.

DATE OF OPENING AND CLOSING OF SUBSCRIPTION

Subscription opens for the rights share offer on December 17, 2017 and subscription closes for the rights share offer on January 14, 2018 (both days inclusive).

PURPOSE OF RAISING FUND THROUGH RIGHTS OFFER

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

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

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

Sd/-
Shamim Al Mamun FCA
Chief Financial Officer

Sd/-
Khwaja Shahriar
Managing Director

DECLARATION REGARDING UTILIZATION OF PREVIOUS IPO FUND

An amount of **Tk.90,000,000.00** (Taka Nine Crore) only was raised through IPO following rules, regulations and guidelines of the Bangladesh Securities & Exchange Commission and other regulatory bodies. The fund was included in the Paid up Capital of the Company and has been invested in the normal leasing and lending operations of the Company.

Sd/-
Shamim Al Mamun FCA
Chief Financial Officer

Sd/-
Khwaja Shahriar
Managing Director

DECLARATION REGARDING UTILIZATION OF PREVIOUS RIGHTS ISSUE FUND

LankaBangla Finance Limited went for Rights Offer in the year 2012 by issuing **82,351,500** ordinary shares of **Tk.10.00** each totaling **Tk. 823,515,000.00**, which has already been reflected in the audited accounts of the subsequent year of Rights Offer.

The utilization of Rights Offer fund shown in the table as under:

SI. No.	Particulars	Amount in Taka
01.	Pay off High Cost Borrowing	370,000,000.00
02.	Increase lending Portfolio	453,515,000.00
	Total	823,515,000.00

Sd/-
Shamim Al Mamun FCA
Chief Financial Officer

Sd/-
Khwaja Shahriar
Managing Director

STATEMENT OF DATE OF ANNUAL GENERAL MEETING HELD AND DIVIDEND DECLARED

Annual General Meeting (AGM) of the Company held in the last 5 (Five) years as per following table:

Financial Year	Date of AGM held & Dividend Declaration	Declared Dividend Rate (%)
2012	31.03.2013	No Cash Dividend
		10% Stock Dividend
2013	31.03.2014	15% Cash Dividend
		5% Stock Dividend
2014	19.03.2015	10% Cash Dividend
		10% Stock Dividend
2015	30.03.2016	15% Cash Dividend
		15% Stock Dividend
2016	30.03.2017	15% Cash Dividend
		15% Stock Dividend

Sd/-
Mostafa Kamal FCA
Company Secretary

Sd/-
Khwaja Shahrar
Managing Director

HIGHLIGHTS OF THE COMPANY

- The Company was incorporated on 5th November, 1996 as a Private Limited Company by shares and converted into Public Limited Company on 30 April, 2005.
- The Company commenced its commercial operation on 5th November, 1996 and has already completed 19 (Nineteen) years of successful operation.
- The Company Licensed as Financial Institution by Bangladesh Bank on 30th October, 1997
- The Authorized Capital of the Company is Tk. 1,000,000,000.00 (Taka one thousand crore) and Paid-up Capital is Tk. 2,767,399,490.00 (taka two hundred seventy six crore seventy three lac ninety nine thousand four hundred ninety only)
- The Company went to IPO in the year 2006 by issuing 9,000,000 Ordinary Shares of Tk. 10.00 each at par totaling Tk. 90,000,000.00.
- The Company was listed with the Dhaka Stock Exchange Limited on 17th October, 2006 and Chittagong Stock Exchange Limited on 31st October, 2006.
- Trading of company's shares in both Stock Exchanges on 1st November, 2006.
- The Company went to Rights Offer in the year 2010 by issuing 82,351,500 (Eight crore twenty three lac fifty one thousand five hundred) Ordinary Shares of Tk. 10.00 totaling Tk. 823,515,000.00 (Taka eighty two crore thirty five lac fifteen thousand).
- The Company has 18 (eighteen) Branches and 01 (one) SME booth.
- Registration of First Subsidiary (LankaBangla Securities Limited) on 3rd July, 1997
- Registration of Second Subsidiary (LankaBangla Asset Management Company Ltd.) on 16th July, 2007
- Registration of Third Subsidiary (LankaBangla Investments Ltd.) on 29th March, 2010
- In the 9th Extra Ordinary General Meeting held on December 14, 2016 honorable shareholders approved Rights Offer at a ratio of **1R:2** i.e. 1 (One) rights shares for 2 (Two) existing shares held on the record date that is Rights Offer of **159,125,470** Ordinary Shares of **Tk.10.00** each totaling **Tk.1,591,254,700.00** (considering 15% stock dividend on the paid up capital of year ended December 31, 2016 approved by shareholders in 10th EGM held on June 15, 2017 of the company)

The Company has been paying reasonable dividend to the shareholders.

Total consolidated equity structure of the Company as on 31 December, 2016 and 31 December, 2015 is shown below:-

Particulars	31 December, 2016 Taka	31 December, 2015 Taka
Shareholders' Equity		
Paid up Capital	2,767,399,490	2,406,434,340
Share premium	1,090,888,800	1,090,888,800
Statutory reserve	1,202,043,919	987,633,085
General reserve	46,768,017	53,849,069
Retained earnings	1,579,509,093	1,722,988,700
Total Shareholders' Equity	6,686,609,319	6,261,793,994

Market price per share of LankaBangla Finance Limited for last 6 (six) months:

Amount in Taka

Sl. No.	Particulars	Face Value	Closing Price
1	Market Price per Share as on 31 October, 2017	10.00	64.00
2	Market Price per Share as on 28 September, 2017	10.00	61.20
3	Market Price per Share as on 31 August, 2017	10.00	60.70
4	Market Price per Share as on 31 July, 2017	10.00	59.00
5	Market Price per Share as on 29 June, 2017	10.00	55.70
6	Market Price per Share as on 31 May, 2017	10.00	49.10
Total			349.70
Average Market Price Per Share			58.28

Source: *Monthly Review, Dhaka Stock Exchange Limited*

EXISTING PRODUCTS & SERVICES RENDERED BY THE COMPANY

- **Lease Finance-** LankaBangla provides lease finance facilities to all market segments of customers, starting from small & medium enterprises to large corporate organizations. The lease items include automobile, personal computer, medical laboratory equipment, industrial machinery, trucks, buses, trawlers, marine vessels, construction equipment, generator, transformer, boiler, agricultural equipment etc. LBFL also caters to the needs of balancing, modernization, replacement and enhancement requirements of the entrepreneurs for their existing projects. The lease & loan portfolio of LankaBangla is well diversified among various market segments.
- **Term Finance-** LankaBangla provides term finance to medium and large corporate entities to meet their short, medium & long term fund requirements for development of business facilities on easy and flexible terms.
- **SME Finance-** LankaBangla fosters small business to grow big with our SME financing. LBFL's aim is to encourage individuals who have the aspiration to play in big league.
- **Work Order Financing-** LankaBangla provides loans to business entities to finance work orders that they receive from private reputed companies, government, multinational companies and defense authorities. This financing is normally being for periods ranging from 6 months up to 1 year.
- **Bridge Finance-** LankaBangla offers bridge financing, a method used to maintain liquidity while waiting for an anticipated and reasonably expected inflow of cash. LBFL also offers bridge financing to be used by companies before their initial public offering to obtain necessary cash for the maintenance of operations.
- **Women Entrepreneurship-** In recent times women entrepreneurship has been the focus of the society. LankaBangla salutes the progress of women enterprising in Bangladesh and extends financial support.
- **Auto Loan-** Auto Loan is one of the popular schemes of LankaBangla. A vast number of individuals and institutions have already availed the benefits of car loan scheme, which is very simple and terms of the loan are also tailored to needs of the borrower. LBFL also has arrangements with a number of well-known car show rooms who have wide selection of brand new and reconditioned cars, from where cars can be purchased under LBFL's car loan scheme.
- **Mortgage Loan-** LankaBangla offers mortgage loan for purchasing apartment or house, constructing house, renovation and restructuring house. LBFL also offers real estate developers finance for constructing houses, office space for commercial selling purposes.
- **Project Loan Syndication-** LankaBangla offers syndication loan for capital incentive projects through raising funds from different banks and financial institutions. As a lead manager of loan LBFL offers services of Structuring, pricing, arrangement and syndication of syndicated loans.
- **Corporate Advisory Services-** LankaBangla provides advisory services for investment appraisal, project conceptualization and related services including guidance in relation to selection of projects, feasibility studies of projects, capital structuring, financial engineering, project management design and preparation of various project documents.
- **Home Loan-** At LankaBangla we take you a step closer to your dream. Whether you are purchasing your first home, refinancing of existing properties, our competitive rates and convenient features and easy to pay procedures, LankaBangla is your stop for all solutions.

- **Loan against Property**-LankaBangla's Loan against property helps you meet all your financial needs. Let your property be a shelter to your dreams. LankaBangla's Loan against property is a multi-purpose loan that can be used for increase your earning capacity or personal needs.
- **Personal Loan**-We all need a helping hand to be able to live our life to the fullest. And in this regard, we believe that we can be your right partner by providing you our Personal Loan products that will help you meet your needs so that you never have to compromise with all that life has to offer!
- **SME**-LankaBangla Finance Limited is now offering different types of SME Products based on business needs. We value and recognize each customer need and actively participate towards the development of the SME sector in Bangladesh. The value we deliver is demonstrated through our unique relationship model, industry expertise, and local market advantage.
- **Credit Card**-LankaBangla is the lone Non-Banking Financial Institution who operates Master Card & VISA Card including third party processing business with other banks. LankaBangla offers Gold Card and Classic Card both for Master Card & VISA Card.
- **Term Deposit Schemes**-LankaBangla offers flexible and diversified deposit schemes tailored to clients namely LankaBangla Cumulative Term Deposit, LankaBangla Periodic Return Term Deposit, LankaBangla Double Money Term Deposit and LankaBangla Money Builders Term Deposit.
- **Merchant Banking** -LankaBangla Finance through its subsidiary company LankaBangla Investment Limited offers a selection of investment services and opportunities to both individual and institutional clients. LankaBangla provides primary market services of Raising Capital through Equity Placement, Issue Management, Underwriting, Mezzanine Financing, Corporate and Financial Advisory Services, Mergers and Acquisitions. LankaBangla also operates portfolio management (Discretionary & Non-discretionary) services to its individual and institutional clients.
- **Stock Brokerage**-LankaBangla Finance through its first subsidiary company LankaBangla Securities Limited provides stock broking services to both bourse of the country. LankaBangla also offers full depository participation services, custodial services, credit facility through margin trading, trading facility for NRB through NITA and research services to its diverse clientele of institutions, high net worth individuals, foreign funds and retail investors.

JUSTIFICATION OF THE ISSUE PRICE OF RIGHTS SHARE

SL. No.	Particulars	LankaBangla Finance Ltd. and Its Subsidiaries (As at 31 December, 2016) Taka	LankaBangla Finance Ltd. (As at 31 December, 2016) Taka
Method 1:	Net Asset Value (NAV) per share	24.16	22.29

Method 1: Equity Based Value (NAV) per share

Amount in Taka.

SL. No.	Particulars	LankaBangla Finance Ltd. and Its Subsidiaries (As at 31 December, 2016)	LankaBangla Finance Ltd. (As at 31 December, 2016)
1	Paid up Capital (a)	2,767,399,490	2,767,399,490
2	Share Premium (b)	1,090,888,800	-
3	Statutory Reserve (c)	1,202,043,919	1,202,043,920
4	General Reserve (d)	46,768,017	-
5	Retained Earnings (e)	1,579,509,093	2,200,374,742
7	Total Shareholders' Equity (f=a+b+c+d+e)	6,686,609,319	6,169,818,152
8	Total no. of outstanding shares of Taka 10.00 each (g)	276,739,949	276,739,949
Net Assets Value per Share (h=f/g)		24.16	22.29

From the above analysis, it appears that the offer price at par by the Company is much lower than the price under equity based value method. So, the offer price is quite justified and reasonable and will be favorable and attractive to the shareholders.

LENGTH OF TIME DURING WHICH THE ISSUER HAS CARRIED ON BUSINESS [Rule-8(J)]

LankaBangla Finance Limited (LBFL), a joint-venture listed Non-Banking Financial Institution (NBFI) established with multinational collaboration, was incorporated on 05 November 1996 under the Companies Act, 1994 and obtained its license as Non-Banking Financial Institution from Bangladesh Bank under the ambit of the Financial Institution Act, 1993 on 30 October, 1997. The Company commencement its business on 05 November 1996 and has successfully completed almost 19 (Nineteen) years of operation.

IMPLEMENTATION SCHEDULE [Rule-8(K)]

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

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

Sd/-
Shamim Al Mamun FCA
Chief Financial Officer

Sd/-
Khwaja Shahriar
Managing Director

QUANTITY OF SHARES HELD BY EACH DIRECTOR/SPONSOR ON THE DATE OF THE RIGHTS SHARE OFFER DOCUMENT [Rule-8(L)]

SI. No.	Name	Position of the Company	No. of Shares [as on August 31, 2017]	% of Shareholding
1	Mr. Mohammad Abdul Moyeen	Chairman	13,491,355	4.24%
2	Mr. Indulakshin Wickramasinghe Senanayake (Nominated by Sampath Bank PLC)	Director	30,143,437	9.47%
3	Mr. Mahawaduge Yasalal Aravinda Perera (Nominated by Sampath Bank PLC)	Director		
4	Mr. Md. Fakhru Alam (Nominated by ONE Bank Limited)	Director	12,026,719	3.78%
5	Mr. Mahbubul Anam	Director	14,174,230	4.45%
6	Mrs. Aneesha Mahial Kundanmal	Director	24,513,161	7.70%
7	Mr. Tahsinul Huque	Director	12,399,383	3.90%
8	Ms. Jasmine Sultana	Sponsor	46,000	0.01%
9	Mr. Al-Mamoon Md. Sanaul Huq	Independent Director	Nil	0.00%
10	Mrs. Zaitun Sayef	Independent Director	Nil	0.00%
Total			106,794,285	33.56%

COMPOSITION OF SHAREHOLDING POSITION OF THE COMPANY

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

BENEFICIAL OWNERS HOLDING SHARES 5% OR ABOVE

As per [Rule-8(I)] of the Securities and Exchange Commission (Rights Issue) Rules, 2006; the following beneficial owners are holding shares 5% or above on the date of the Right Share offer document.

SI. No.	Name of the Shareholders	No. of Shareholding	% of Shareholding
1	Sampath Bank PLC	30,143,437	9.47%
2	Mrs. Aneesha Mahial Kundanmal	24,513,161	7.70%

Sd/-
Mostafa Kamal FCA
Company Secretary

Sd/-
Khwaja Shahriar
Managing Director

LIST OF DIRECTORS OF THE COMPANY MENTIONING THEIR ADDRESS AND POSITION OF THE BOARD

Sl. No.	Name	Position of the Company	Educational Qualification	Occupation	Address	
					Present (Business)	Permanent
1	Mr. Mohammad A. Moyeen	Chairman	Bachelor of Architecture from Bangladesh University of Engineering & Technology	Business	2/9, Block-D, Lalmatia, Dhaka	2/9, Block-D, Lalmatia, Dhaka
2	Mr. I. W. Senanayake (Nominated by Sampath Bank PLC)	Director	Technical Engineer	Business	110 Sir James Peiries Mawatha, Colombo-2, Srilanka	18/1 Alfred Place, Colombo-03, Sri Lanka
3	Mr. M.Y. Aravinda Perera (Nominated by Sampath Bank PLC)	Director	Bachelor in Engineering from University of Moratuwa and MBA from University of Sri Jayewardenepura	Service	110 Sir James Peiries Mawatha, Colombo-2 Sri Lanka	370 F2, Lake Road, Averihena, Hokandara South, Sri Lanka
4	Ms. Aneesha Mahial Kundanmal	Director	B.A.(Honors) in Public Administration from University of Dhaka	Business	House No. 45, Road No. 23, Block-B, Banani, Dhaka-1213	3/4, Asad Avenue, Mohammadpur, Dhaka-1207
5	Mr. M. Fakhru Alam (Nominated by ONE Bank Limited)	Director	MBA from Institute of Business Administration, University of Dhaka	Service	ONE Bank Limited, HRC Bhaban, 46, Kawran Bazar, C/A, Dhaka-1215	Flat-B/6, ANZ Park Shore, House No. 41, Road No. 35, Gulshan-2, Dhaka
6	Mr. Mahbubul Anam	Director	Mechanical Engineering from Bangladesh University of Engineering & Technology	Business	Expo Freight Limited (Level-6), 206/A, Tejgaon I/A, Dhaka-1208	House-4/B, Road-4, Dhaka Cantonment, Dhaka-1206
7	Mr. Tahsinul Huque	Director	Graduated in Economics & Political Science from Massachusetts, USA	Service	40 Mercer Street Apt. 32, New York, NY 10013 USA	1/8, Block -D, Lalmatia, Dhaka
8	Mr. Al Mamoon Md. Sanaul Huq	Independent Director	Management Accounting from High bury College of Technology, Ports-mouth, UK	Service	Flat No. C-5, Dom-Inno Relivo, 28 Indira Road, Tejgaon, Dhaka-1215	Village-Talgram, Post-Bijoy Kara, P.S-Chauddagram, District-Comilla
9	Mrs. Zaitun Sayef	Independent Director	MBA from IBA, University of Dhaka	Service	House No. 60/A, Road No. 7/A, Dhanmondi, Dhaka-1209	House No. 60/A, Road No. 7/A, Dhanmondi, Dhaka-1209

LIST OF TOP MANAGEMENT MENTIONING THEIR ADDRESS AND POSITION OF THE COMPANY

Sl. No.	Name	Designation	Age	Educational Qualification	Years of Experience	Address
1	Mr. Khwaja Shahriar	Managing Director	53	M.B.A	27	House#12, Apt.#A3 & B3, Road#07, Sector # 01 Uttara, Dhaka 1230
2	Mr. A. K. M. Kamruzzaman	Senior Executive Vice President	46	M.B.A	19	Flat No.#B3, House#44, Road-12, Sector No.- 10, Uttara, Dhaka
3	Mr. Khurshed Alam	Senior Executive Vice President	51	M.Com	25	House No-4/5, Road Name-Mayakanon, Bashabo, Sabujbagh Dhaka-1214
4	Mr. Quamrul Islam	Executive Vice President	45	M.Com	20	38, Purana Paltan Line, Flat-C (2 nd floor), Dhaka-1000
5	Mr. Mohammed Kamrul Hasan	Executive Vice President & Chief Risk Officer	42	B.Com, FCA	18	Apt#3/A, House No. 84, Road-12, Sector-10, Uttara Model Town, Dhaka 1230
6	Mr. Mohammad Shoaib	Senior Vice President	40	M.B.A	14	Nurun Nahar Villa, 129, South Kamalapur, Dhaka 1217
7	Mr. Mostafa Kamal	Company Secretary	42	M.Com, FCA	13	Flat No. 4A, House No. 43E, Road No. 8, Dhaka Cantonment, Dhaka 1206
8	Mr. Kazi Masum Rashed	Executive Vice President	46	M.B.A	16	12/42, Pisciculture Housing Society, Block-B, Adabar, Mohammadpur, Dhaka
9	Mr. Shamim Al Mamun	Chief Financial Officer	34	B.Sc., FCA	08	ADD Hafiz Garden, Flat # 4A, 37/Ka/1, Joar Shahara, Baridhara, Dhaka
10	Mr. Mahbubur Rahman	Senior Vice President	37	E. M.B.A (Finance)	15	Noor Zahan Monjil (2nd Floor), 39/1, B. C. Das Street, Lalbagh, Dhaka.

PUBLIC LISTED COMPANY UNDER COMMON MANAGEMENT

As per the Securities and Exchange Commission (Rights Issue) Rules, 2006; there is no Public Listed Company under the common Management of LankaBangla Finance Limited.

CORPORATE INFORMATION: December 31, 2016



Corporate Head Office: Safura Tower (Level 11),
20 Kemal Ataturk Avenue, Banani, Dhaka 1213, Bangladesh

Date of Incorporation	:	November 05, 1996
Date of Commencement	:	November 05, 1996
Nature of Business	:	Non-banking financial institution (NBFI)
Listing with Dhaka Stock Exchange	:	October 17, 2006
Listing with Chittagong Stock Exchange	:	October 31, 2006
Authorized Capital	:	Tk. 10,000 million
Paid-up-Capital	:	Tk. 2767.39 million
Shareholders' Equity	:	Tk. 6,169.81 million
Net Operating Income	:	Tk. 1,182.99 million
Total Assets	:	Tk. 57,622.49 million
Number of Employees	:	673
Number of Branches	:	18 Branches and 01 SME booth

Managing Director

Khwaja Shahriar

Company Secretary

Mr. Mostafa Kamal

Auditor

ACNABIN

Chartered Accountants

BDBL Bhaban (Level 13 & 14), 12 Kawran Bazar
Commercial Area, Dhaka-1215

Legal Advisors

Sadat Sarwat & Associates
House #28, Road #23, Gulshan-1, Dhaka-1212
&

Tax Consultant

Adil & Associates
50, purana paltan line (3rd Floor), Dhaka-1000

BANKERS TO THE ISSUE OF RIGHTS ISSUE OF LANKABANGLA FINANCE LIMITED
ONE Bank Limited

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

Investment Corporation of Bangladesh (ICB)

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

NET ASSETS VALUE PER SHARE

As on December 31, 2016 (Consolidated) the Net Assets Value (NAV) per share of the LankaBangla Finance Limited stands at **Tk.24.16**. Thus the offer price of Tk.10.00 each at par turns out to be less than the existing Net Assets Value per share. The calculation of net assets value per share is given below :

	Particulars	31.12.2016 (Consolidated) Taka	31.12.2015 (Consolidated) Taka
A	<u>PROPERTY AND ASSETS</u>		
	Cash	700,351,241	516,273,295
	Cash in hand	786,380	334,081
	Balance with Bangladesh Bank	699,564,861	515,939,214
	Balance with other Banks and Financial Institutions	4,343,232,588	1,427,389,298
	Inside Bangladesh	4,343,232,588	1,427,389,298
	Outside Bangladesh	-	-
	Investment	5,036,650,257	4,372,854,794
	Government securities	-	-
	Other investments	5,036,650,257	4,372,854,794
Leases, Loans and advances	51,244,299,783	41,819,015,931	
Loans , cash credit and overdraft etc.	51,244,299,783	41,819,015,931	
Bills discounted and purchased	-	-	
Fixed assets including land, building, furniture and fixtures	1,429,556,859	1,291,853,287	
Other assets	1,181,066,060	1,020,498,293	
Non-Banking assets	-	-	
	TOTAL PROPERTY AND ASSETS (A)	63,935,156,789	50,447,884,897
B	<u>LIABILITIES</u>		
	Borrowings from Bangladesh Bank, Other Banks and Financial Institutions	10,874,998,487	9,006,817,980
	Deposits and other accounts	40,148,492,755	30,106,707,729
	Current deposits and other accounts	-	-
	Bills payable	-	-
	Saving bank deposit	-	-
	Term deposits	40,033,189,441	29,991,564,599
Bearer certificate of deposit	-	-	
Other deposits	115,303,314	115,143,130	
Other liabilities	6,140,234,836	4,985,106,251	
	TOTAL LIABILITIES (B)	57,163,726,078	44,098,631,960
	Net Asset (A-B)	6,771,430,711	6,349,252,937
	Less: Non-controlling interest	84,821,392	87,458,943
	Net Asset (Excluding Non-controlling interest)	6,686,609,319	6,261,793,994
	Total no. of outstanding shares of Taka 10.00 each	276,739,949	240,643,434
	Net Assets Value Per Share	24.16	26.02

Equity based value per share is also equivalent to **Net Assets Value per Share** which is depicted below:

Particulars	31.12.2016 (Consolidated) Taka	31.12.2015 (Consolidated) Taka
Shareholders' Equity		
Paid up Capital	2,767,399,490	2,406,434,340
Share premium	1,090,888,800	1,090,888,800
Statutory reserve	1,202,043,919	987,633,085
General reserve	46,768,017	53,849,069
Retained earnings	1,579,509,093	1,722,988,700
Total Shareholders' Equity	6,686,609,319	6,261,793,994
Total no. of outstanding shares of taka 10.00 each	276,739,949	240,643,434
Equity Based Value per Share	24.16	26.02

From the above analysis, it appears that the issue price of ordinary share of **Tk.10.00** each whereas Net Asset Value per share is **Tk.24.16**. So, the rights share is quite justified and reasonable and also familiar and attractive to the shareholders.

CLASSIFIED INFORMATION & UNDERWRITERS [Rule-8(o)]

A.	Issue Manager	AFC Capital Limited Saiham Sky View Tower (11 th Floor), Old 45 Bijoy Nagar, Dhaka-1000. New 195 Shaheed Nazrul Islam Soroni, Ramna, Dhaka-1000, Bangladesh Tel: +88-02-8392371; Fax: +88-02-8392372 E-mail: capital.afc@gmail.com Website: www.afcl.asia
B.	Auditors	ACNABIN Chartered Accountants BDBL Bhaban (Level-13 & 14), 12 Kawran Bazar Commercial Area, Dhaka-1215, Bangladesh. Tel: +88-02-8144347-52; Fax: +88-02-8144353 E-mail: acnabin@bangla.net Website: www.acnabin.com
C.	Legal Advisor	Sadat Sarwat & Associates House #28, Road #23, Gulshan-1, Dhaka-1212 Tel: +88-02-9850355; Fax: +88-02-8824852 E-mail: sadat@sadat-sarwat.com Website: www.sadat-sarwat.com
D.	Bankers to the Issue	i) ONE Bank Limited HRC Bhaban, 46, Kawran Bazar C/A, Dhaka-1215, Bangladesh. Tel: +88-02-9118161, 9138361, 8122046, 9141397; Fax: +88-02-9134794 E-mail: info@onebank.com.bd Website: www.onebank.com.bd ii) Investment Corporation of Bangladesh Head Office: 8, Rajuk Avenue, BDBL Bhaban, (Level 14 -17) Dhaka-1000. Tel: +88-02-9563455; Fax: +88-02-9563313 E-mail: icb@agni.com Website: www.icb.gov.bd

LankaBangla Finance Limited is going to offer rights share of **159,125,470** Ordinary Shares at Tk.**10.00** each at par totaling **1,591,254,700.00**. As per Securities and Exchange Commission's guideline, the issuer of a listed security making rights issue shall appoint one or more underwriters licensed under সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মার্কেট ব্যাংকার ও পোর্টফোলিও ম্যানেজার) বিধিমালা, ১৯৯৬ to fully underwrite the rights issue on a firm commitment basis. Underwriting commission will be @ **0.10%** on the underwritten amount and there will be no additional commission for take-up unsubscribe portion of shares if any.

Sl. No.	Name of Underwriters	No. of Shares to be Underwritten	Offer price (Tk.)	Total Amount of Underwritten (Tk)	% of Total Underwriting
01	MIDAS Investment Limited MIDAS Center (10 th & 11 th Floor), House #05, Road #16(New) 27 (old), Dhanmondi, Dhaka-1209, Bangladesh	124,913,495	10.00	1,249,134,950.00	78.50%
02	AFC Capital Limited Saiham Sky View Tower (11 th Floor), Old 45 Bijoy Nagar, Dhaka-1000. New 195 Shaheed Nazrul Islam Soroni, Ramna, Dhaka-1000	15,912,547	10.00	159,125,470.00	10.00%
03	Banco Finance and Investment Limited Baitul View Tower (11 th Floor), 56/1, Purana Paltan (opposite of Baitul Mukarram Masjid), Dhaka- 1200, Bangladesh	6,365,018	10.00	63,650,180.00	4.00%
04	Citizen Securities & Investment Limited Al-Razi Complex, Suite # G-802, (8th Floor), 166-167, Shaheed Syed Nazrul Islam Sarani, Purana Paltan, Dhaka- 1000, Bangladesh	6,365,018	10.00	63,650,180.00	4.00%
05	CAPM Advisory Limited Tower Hamlet (9 th Floor), 16, Kemal Ataturk Avenue, Banani C/A, Dhaka- 1213, Bangladesh	5,569,392	10.00	55,693,920.00	3.50%
	Total	159,125,470	10.00	1,591,254,700.00	100.00%

UNDERWRITERS OBLIGATION

If and to the extent that the shares offered to the existing shareholders by the Rights Share Offer Document authorized hereunder shall not have been subscribed and paid for in cash in full by the closing date, the Company shall within **10 (ten)** days of the closure of subscription call upon the underwriters **(for full unsubscribed amount)** in writing with a copy of said writing to the Securities and Exchange Commission, to subscribe for shares not subscribed by the closing date and to pay for in cash in full, inclusive of any premium if applicable, for such unsubscribed shares within **15 (fifteen)** days after being called upon to do so. If payment is made by Cheque/Company Draft by the underwriter it will be deemed that the underwriter has not fulfilled his obligation towards his commitment under this Agreement, until such time as the Cheque/Company Draft has been encashed and the Company's account has been credited. In any case, within **7 (seven)** days after the expiry of the aforesaid **15 (fifteen)** days, the Company shall send proof of subscription and payment by the underwriters, to the Commission.

DIRECTORS' CONSENT TO TAKE-UP THE RIGHTS SHARE [RULE-8(Q)]

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

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

Sd/-
Khwaja Shahriar
 Managing Director

TERMS AND CONDITIONS OF THE RIGHTS ISSUE

Basis of the Offer

The Company records its share register of members on **November 26, 2017** for determining the shareholders who are eligible to receive this offer of shares on rights basis. The ordinary shares are now being offered on a rights basis to the shareholders holding shares on the record date at Tk. **10.00** each at par in the ratio of **01(R): 02** i.e. 01 (one) rights share for 02 (Two) existing shares held on the record date.

Entitlement

As a shareholder of the Company on the record date on **November 26, 2017** the shareholders are entitled to this Rights Offer. Only the holder(s) of a minimum of one fully paid ordinary share is entitled to receive the Rights Offer.

Acceptance of the Offer

A shareholder may accept and apply for the shares hereby offered, wholly or in part by filling in application "**Form-A**" and submitting the same along with the application money to the bankers to the issue on or before the closing date of the offer on **January 14, 2018**.

Renunciation

A shareholder may renounce all or part of the shares he/she is entitled to in favour of any other person(s) other than an infant or person of unsound mind. He/she can renounce his/her rights/entitlement of shares by signing Renunciation Form-B. Renouncee(s) shall fill in Form-C appropriately.

General

All applications should be made on the printed form provided by the company in this rights share offer documents only and should be completed in all respects. Applications which are not completed in all respects or are made otherwise than as herein provided or are not accompanied by the proper application amount of deposit are liable to be rejected and the application money received in respect thereof shall be refunded.

All communications in connection with the application for the Rights Share should be addressed to the Company quoting the registered folio number/BO ID number in the form.

Condition of Subscription

Rights Offer of **159,125,470** Ordinary Shares of **Tk. 10.00** each at par, totaling **Tk. 1,591,254,700.00** offered on the basis of **01(R):02** i.e., 1 (One) rights share for 2 (Two) existing shares held by the Shareholder(s) whose name(s) appeared in the Company's Share Register at the record date as on **November 26, 2017**.

Payment of Share Price

Payments for the full value of Shares applied for shall be made with designated Branches of Bankers to the Issue by Cash/Pay Order/Demand Draft payable to "**LankaBangla Finance Limited**" and crossed. The Pay Order/Demand Draft for payment of share price must be drawn on a Company in the same town to which the application form has been submitted. It is to be noted that all transactions above **Tk.1.00** lac must be effected through Demand Draft/Crossed Cheque/Pay Orders.

Subscription	Opens on: December 17, 2017
	Closes on: January 14, 2018
Within Banking Hours Both Days Inclusive	

Any changes or extension regarding subscription period will be notified through national dailies.

Lock-In on Rights Share

The rights share of Directors and other shareholders holding 5% or more shares shall be subject to lock-in for a period of three years from the date of closure of the rights share subscription. In the event of renunciation of rights share by aforesaid persons, the renounced shares shall also be subject to lock-in for the same period shall be operative.

The statement of lock-in on rights shares of Directors and other shareholders holding 5% or more shares is given below :

SI. No.	Name of Directors	Status	Rights Share portion	Percentage of shareholders	Date of Subscription Close	Expiry date of Lock-in
1.	Mr. Mohammad A. Moyeen	Chairman	6,745,676	4.24%	January 14, 2018	Lock-in 3 (three) years from the closing date of Subscription
2.	Mr. I. W. Senanayake (Representing Sampath Bank PLC)	Director	15,071,718	9.47%	January 14, 2018	
3.	Mr. M. Y. Aravinda Perera (Representing Sampath Bank PLC)	Director				
4.	Mr. M. Fakhrul Alam (Representing ONE Bank Limited)	Director	6,013,359	3.78%	January 14, 2018	
5.	Mrs. Aneesha Mahial Kundanmal	Director	12,256,580	7.70%	January 14, 2018	
6.	Mr. Mahbubul Anam	Director	7,087,115	4.45%	January 14, 2018	
7.	Mr. Tahsinul Huque	Director	6,199,691	3.90%	January 14, 2018	
8.	Mr. Al-Mamoon Md. Sanaul Huq	Independent Director	-	-	January 14, 2018	
9.	Mrs. Zaitun Sayef	Independent Director	-	-	January 14, 2018	

Sd/-

Khwaja Shahriar
Managing Director

Rectification

If the Bangladesh Securities and Exchange Commission raises any objection in any point/matter of the rights share offer documents or require any paper/document, the same shall be rectified/made/provided by the issuer as per directives of the BSEC prior to opening of subscription of the rights issue.

Issue of rights share in dematerialization form

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

Others

The application not properly filled in shall be treated as cancelled and deposited money will be refunded. For any reason, no profit/compensation will be paid on the refunded amount.

The offer will be deemed to have been declined if completed Application Form-A with necessary payments have not been received by **January 14, 2018** or by such later date as may be notified through national dailies to that effect.

MATERIAL CONTRACTS**Manager to the Issue**

AFC Capital Limited is appointed as manager to the issue of the rights issue of the Company. Accordingly, an agreement was made between the issue manager and the Company. The Company will pay issue management fee **Tk. 20.00 (Twenty) Lac** to the Manager to the Issue.

Underwriters

Full amount of rights offer of LankaBangla Finance Limited have been underwritten by **05 (five)** underwriters as shown in the classified information part of Right Offer Document. Each underwriter will be paid underwriting commission @ **0.10%** of the nominal value of shares underwritten by them out of the rights issue. Simultaneously, with the calling upon an underwriter to subscribe and pay for any number of shares, the company will pay no additional commission to that underwriter on the nominal value of shares required to be subscribed by them.

Bankers to the Issue

ONE Bank Limited and **Investment Corporation of Bangladesh** are the Bankers to the Issue who will collect the subscription money of the Rights Share Offer. Commission at 0.10% of the amount collected will be paid to aforesaid banks for the services rendered by them as Bank to the Issue. The Rights Issue subscription money collected from the shareholders by the Bankers to the issue will be remitted to **ONE Bank Limited, Principal Branch, SND Account No. 0013000001594** opened exclusively for the purpose of collecting fund from shareholders against subscription money for rights share.

Vendor's Agreement

LankaBangla Finance Limited has not entered into any vendor's agreement.

Material Contract Regarding Acquisition of Property

During the year 2015 the company has acquired 2 material Lands. A Govt Plot no. 23 situated at Tejgaon Industrial Area, Dhaka, land area- 10 Kathas (16.50 Decimals), Deed value- 29,00,00,000/- (Twenty Nine Crore), Deed no. 1530, Dated-05.04.2015 is acquired from Swan Industries Limited. Another Govt Plot no. 24 situated at Tejgaon Industrial Area, Dhaka, land area- 10 Kathas (16.50 Decimals), Deed value- 29,00,00,000/- (Twenty Nine Crore), Deed no. 1531, Dated-05.04.2015 is acquired from Lameeco Private Limited.

DISTRIBUTION OF RIGHTS SHARE

Rights share will be delivered to the shareholder's Beneficiary Owner accounts within 21 (Twenty One) days from the closing of subscription date. An applicant must apply for allotment of rights shares mentioning his / her BO Account number in the application form.

DECLARATION (DUE DILIGENCE CERTIFICATE)

**FORM-A
[Rule 5 and rule 8(t)]**

Declaration (due diligence certificate) about responsibility of the Issue Manager in respect of the rights share offer document of LankaBangla Finance Limited

This rights share offer document has been reviewed by us and we confirm after due examination that the rights share offer document constitutes full and fair disclosures about the rights issue and the issuer and complies with the requirements of the Bangladesh Securities and Exchange Commission (Rights Issue) Rules, 2006; and that the issue price is justified under the provisions of the Bangladesh Securities and Exchange Commission (Rights Issue) Rules, 2006.

For AFC Capital Limited

Sd/-

Mahbub H. Mazumdar FCMA
Chief Executive

**FORM-B
[Rule 6 and rule 8(t)]**

Declaration (due diligence certificate) about responsibility of the underwriter(s) in respect of the rights share offer document of LankaBangla Finance Limited

This rights share offer document has been reviewed by us and we confirm after due examination that the issue price is justified under the provisions of the Bangladesh Securities and Exchange Commission (Rights Issue) Rules, 2006, and also that we shall subscribe for the under-subscribed rights shares within fifteen days of calling thereof by the issuer. The issuer shall call upon us for such subscription within ten days of closure of the subscription lists for the rights issue.

For Underwriters

Sd/-

Mohammed Hafiz Uddin
Chief Executive Officer
MIDAS Investment Limited

Sd/-

Mahbub H. Mazumdar FCMA
Chief Executive
AFC Capital Limited

Sd/-

Mohammad Hamdul Islam
Managing Director & CEO
Banco Finance and Investment Limited

Sd/-

Tahid Ahmed Chowdhury
Managing Director & CEO
Citizen Securities & Investment Limited

Sd/-

Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited

FORM – C

[(Rule 8(h), 8(i) and 8(t)] of Securities and Exchange Commission (Rights Issue) Rules, 2006

AUDITOR’S REPORT TO THE SHAREHOLDERS OF LANKABANGLA FINANCE LIMITED

We have audited the accompanying financial statements of LankaBangla Finance Limited for the year ended 31 December 2016 in accordance with the International Standards on Auditing as applicable in Bangladesh and state that we have obtained all the information and explanations which we have required, and after due verification thereof, we report that, in our opinion:

1. These Financial Statements have been drawn up in accordance with International Accounting Standards as adopted in Bangladesh and the requirements of Securities and Exchange Rules 1987 as amended, the Companies Act 1994 and other relevant laws where applicable;
2. These financial statements which are in agreement with the books of account of the Company give a true and fair view of the state of its affairs as at 31 December 2016 and of the result of its operations and cash flows for the year then ended;
3. Proper Books of Account have been kept by the Company as required by the relevant laws; and
4. The expenditure incurred was for the purposes of the Company’s business.

We also certify that the above Company has declared the following dividend for each of the following five years immediately preceding the issue of rights share offer document under the Bangladesh Securities and Exchange Commission (Rights Issue) Rules-2006, and that the Company has duly paid off the following amounts of the declared dividend mentioned against respective year:

Financial Year	Date of AGM held & Dividend Declaration	Declared Dividend	
		Rate (%)	Dividend Paid (Tk)
2012	31.03.2013	No Cash Dividend	-
		10% Stock Dividend	189,408,450
2013	31.03.2014	15% Cash Dividend	312,523,943
		5% Stock Dividend	104,174,640
2014	19.03.2015	10% Cash Dividend	218,766,759
		10% Stock Dividend	218,766,750
2015	30.03.2016	15% Cash Dividend	360,965,151
		15% Stock Dividend	360,965,150
2016	30.03.2017	15% Cash Dividend	415,109,924
		15% Stock Dividend	415,109,920

Dhaka,
18 June, 2017

Sd/-
ACNABIN
Chartered Accountants

FORM-D
[rule 8 (t)]

Due Diligence Certificate by the Directors about their personal responsibility in respect of the Rights Share Offer Document of LankaBangla Finance Limited

This rights share offer document has been prepared, seen, reviewed and approved by us and we collectively and individually accept full responsibility for the accuracy of the information given in the rights share offer document, relevant documents and financial statements submitted to the Commission and others concerned under the Securities and Exchange Commission (Rights Issue) Rules, 2006.

We confirm, after making all reasonable enquiries, that all conditions concerning this rights issue and rights share offer document have been met. We further confirm that we have not concealed any information or statement which might have any bearing on the information already made.

In case of any default or failure on our part, civil, criminal or administrative action may be taken against us.

Sd/- Mohammad Abdul Moyeen Chairman	Sd/- Indulakshin Wickramasinghe Senanayake Director (Nominated by Sampath Bank PLC)	Sd/- Mahawaduge Yasalal Aravinda Perera Director (Nominated by Sampath Bank PLC)
Sd/- Mahbubul Anam Director	Sd/- Md. Fakhru Alam Director (Nominated by ONE Bank Limited)	Sd/- Aneesha Mahial Kundanmal Director
Sd/- Tahsinul Huque Director	Sd/- Al-Mamoon Md. Sanaul Huq Independent Director	Sd/- Zaitun Sayef Independent Director

AUDITOR REPORT IN PURSUANCE OF SECTION -135(1) UNDER PARA-24(1) OF PART-II OF THE THIRD SCHEDULE OF THE COMPANIES ACT, 1994

LankaBangla Finance Limited and Its Subsidiaries

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

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

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

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

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

Liabilities

Borrowings from Bangladesh Bank, Other Banks and Financial Institutions	10,874,998,487	9,006,817,980	11,711,474,316	11,597,381,469	8,837,322,438
Deposits and other accounts	40,148,492,755	30,106,707,729	16,760,552,643	10,827,261,549	7,615,919,305
Current deposits and other accounts	-	-	-	-	-
Bills payable	-	-	-	-	-
Saving bank deposit	-	-	-	-	-
Term deposits	40,033,189,441	29,991,564,599	16,682,970,535	10,827,261,549	7,615,919,305
Bearer certificate of deposit	-	-	-	-	-
Other deposits	115,303,314	115,143,130	77,582,108	-	-
Other liabilities	6,140,234,836	4,985,106,251	4,335,464,182	2,610,754,604	2,218,831,659
TOTAL LIABILITIES	57,163,726,078	44,098,631,960	32,807,491,141	25,035,397,623	18,672,073,402
Shareholders' Equity	6,686,609,319	6,261,793,994	6,096,318,737	6,839,911,824	6,473,960,231
Paid up Capital	2,767,399,490	2,406,434,340	2,187,667,590	2,083,492,950	1,894,084,500
Share premium	1,090,888,800	1,090,888,800	1,090,888,800	1,090,888,800	1,090,888,800
Statutory reserve	1,202,043,919	987,633,085	781,630,380	651,287,206	561,675,373
General reserve	46,768,017	53,849,069	52,741,881	45,823,827	42,650,236
Fair value measurement reserve	-	-	-	69,285,191	448,531,657
Retained earnings	1,579,509,093	1,722,988,700	1,983,390,086	2,899,133,850	2,436,129,665
Non-controlling interest	84,821,392	87,458,943	126,558,266	189,582,646	192,649,129
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	63,935,156,789	50,447,884,897	39,030,368,144	32,064,892,092	25,338,682,762
OFF-BALANCE SHEET ITEMS					
CONTINGENT LIABILITIES					
Acceptances and endorsements	-	-	-	-	-
Letter of guarantee	241,148,846	-	-	-	-
Irrevocable letters of credit	-	-	-	-	-
Bill for collection	-	-	-	-	-
Other contingent liabilities	-	-	-	-	-
TOTAL CONTINGENT LIABILITIES	241,148,846	-	-	-	-
OTHER COMMITMENTS					
Documentary credits and short term trade-related transactions	-	-	153,054,190	4,509,500	-
Forward assets purchased and forward deposits placed	-	-	-	-	-
Undrawn note issuance and revolving underwriting facilities	-	-	-	-	-
Undrawn formal standby facilities, credit lines and other commitments	6,156,822,112	6,607,801,622	6,951,826,772	4,205,131,466	1,843,426,563
TOTAL OTHER COMMITMENTS	6,156,822,112	6,607,801,622	7,104,880,962	4,209,640,966	1,843,426,563
TOTAL OFF BALANCE SHEET ITEMS	6,397,970,958	6,607,801,622	7,104,880,962	4,209,640,966	1,843,426,563

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

Particulars	2016 Taka	2015 Taka	2014 Taka	2013 Taka	2012 Taka
Operating Income					
Net interest income	1,697,464,918	1,072,362,560	932,598,725	785,109,671	529,976,451
Interest income	5,661,544,246	4,787,247,300	3,965,489,195	3,516,033,094	2,677,493,737
Less : Interest expenses on deposits & borrowings	3,964,079,328	3,714,884,740	3,032,890,469	2,730,923,423	2,147,517,286
Income from investment	483,526,596	436,307,012	198,763,111	747,945,881	175,431,383
Commission, exchange and brokerage income	566,226,015	562,067,448	677,064,510	477,642,305	479,758,258
Other operational income	599,634,180	450,938,098	258,701,186	207,214,972	204,745,402
Total operating income	3,346,851,709	2,521,675,118	2,067,127,532	2,217,912,830	1,389,911,494
Operating Expenses					
Salary and allowances	987,348,613	821,578,089	672,951,415	440,959,884	363,850,241
Rent, taxes, insurance, electricity etc.	187,066,477	159,808,261	114,990,494	88,609,383	68,793,979
Legal and professional fees	30,013,397	19,744,690	25,407,350	17,111,890	12,200,497
Postage, stamp, telecommunication etc.	20,638,151	17,006,908	17,445,187	10,512,590	8,567,480
Stationery, printing, advertisement	47,485,747	40,167,644	34,575,477	20,494,336	15,688,053
Managing director's salary and allowance	17,489,000	16,775,264	14,114,434	12,167,401	10,900,351
Director fees and expenses	2,591,389	1,822,127	1,555,710	1,544,652	1,275,193
Audit fees	1,227,625	667,584	1,364,000	603,750	457,125
Charges on loan losses	-	-	-	-	-
Repairs, maintenance and depreciation	123,478,392	109,543,227	93,637,627	72,489,849	64,569,508
Other expenses	587,201,180	424,855,180	308,802,926	227,586,113	247,349,075
Total operating expenses	2,004,539,970	1,611,968,975	1,284,844,619	892,079,847	793,651,503
Net Operating Income	1,342,311,739	909,706,143	782,282,912	1,325,832,983	596,259,991
Provisions for loans, investments and other assets	395,649,328	376,862,732	348,673,536	328,697,034	85,950,216
Provisions for leases and loans	199,224,797	132,649,299	166,529,589	278,319,351	73,651,484
Provision for diminution in value of investments	(117,107,133)	(27,138,202)	152,909,664	41,249,683	12,298,732
Provision for margin loan	313,531,665	280,292,635	26,511,282	-	-
General provision for other assets	-	(8,941,000)	2,723,000	9,128,000	-

Profit before tax and reserve	946,662,411	532,843,411	433,609,377	997,135,949	510,309,775
	151,019,485	111,914,896	(20,377,493)	42,583,388	162,291,594
Provision for tax made during the year	148,304,531	111,998,262	(15,281,752)	26,363,032	167,328,701
Deferred tax expense or (income)	2,714,954	(83,366)	(5,095,741)	16,220,356	(5,037,107)
Net profit after tax	795,642,925	420,928,514	453,986,869	954,552,560	348,018,182
Attributed to					
Shareholders of the Company	795,521,340	424,536,041	442,102,416	935,248,186	326,295,611
Non-controlling interest	121,585	(3,607,526)	11,884,453	19,304,374	21,722,571
	795,642,925	420,928,514	453,986,869	954,552,560	348,018,182
Appropriations	207,329,782	207,109,893	137,261,228	92,785,424	250,604,690
Statutory reserve	214,410,834	206,002,705	130,343,174	89,611,833	247,143,520
General reserve	(7,081,053)	1,107,188	6,918,054	3,173,591	3,461,170
Retained surplus	588,191,558	217,426,148	304,841,188	842,462,762	75,690,921
Earnings Per Share (Basic)	2.87	1.76	2.02	4.58	1.77
Earnings Per Share (Restated)		1.53	1.84	4.28	1.67

4. Comparative Consolidated Cash Flow Statement are as follows:

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

C) Cash flows from financing activities

Drawdown of term loan, overdraft and REPO	1,868,180,506	(2,704,656,335)	114,092,846	2,760,059,032	(269,654,090)
Dividend paid	(365,181,408)	(192,410,992)	(302,498,668)	-	(35,357,806)
Right Issue	-	-	-	-	823,515,000
Net cash flow from/(used in) financing activities	1,502,999,099	(2,897,067,328)	(188,405,822)	2,760,059,032	518,503,104

D) Net decrease in cash & cash equivalents **3,099,921,236** **(297,766,158)** **(303,819,019)** **868,522,428** **(464,891,043)**

E) Cash and cash equivalents at the beginning of the year **1,943,662,593** **2,241,428,751** **2,545,247,770** **1,676,725,342** **2,141,616,385**

F) Cash and cash equivalents at the end of the period **5,043,583,829** **1,943,662,593** **2,241,428,751** **2,545,247,770** **1,676,725,342**

*** Closing cash and cash-equivalents**

Cash in hand (including foreign currencies)	786,380	334,081	160,970	183,868	163,710
Balance with Bangladesh Bank and its agent bank (s)	699,564,861	515,939,214	337,386,246	194,218,842	162,557,997
Balance with other banks and financial institutions	4,343,232,588	1,427,389,298	1,903,881,535	2,350,845,060	1,514,003,636
	5,043,583,829	1,943,662,593	2,241,428,751	2,545,247,770	1,676,725,342

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

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

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

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

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

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

Dhaka,
18 June, 2017

Sd/-
ACNABIN
Chartered Accountants

LankaBangla Finance Limited

Auditor's report in pursuance of section 135(1) under para 24(1) of Part – II of the Third Schedule of the Companies Act 1994

[As per Securities and Exchange Commission (Right Issue) Rules, 2006, Rule 7(2)(h) and 8(i)]

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

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

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

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

LIABILITIES & SHAREHOLDERS' EQUITY

Liabilities

Borrowings from Bangladesh Bank, other banks and financial institutions	8,333,852,304	6,235,918,622	8,886,334,401	9,598,070,012	6,542,778,927
Deposits and other accounts	40,148,492,755	30,196,004,667	16,794,752,643	10,875,949,549	7,676,958,646
Current deposits and other accounts	-	-	-	-	-
Bills payable	-	-	-	-	-
Saving bank deposit	-	-	-	-	-
Term deposits	40,033,189,441	30,080,861,537	16,717,170,535	10,875,949,549	7,676,958,646
Bearer certificate of deposit	-	-	-	-	-
Other deposits	115,303,314	115,143,130	77,582,108	-	-
Other liabilities	2,970,331,482	2,723,890,987	2,024,152,822	1,840,753,746	1,408,288,288
TOTAL LIABILITIES	51,452,676,540	39,155,814,276	27,705,239,866	22,314,773,308	15,628,025,860
Shareholders' Equity	6,169,818,152	5,458,729,131	4,647,482,366	4,314,807,597	3,871,229,023
Paid up capital	2,767,399,490	2,406,434,340	2,187,667,590	2,083,492,950	1,894,084,500
Statutory reserve	1,202,043,920	987,633,085	781,630,380	651,287,206	561,675,373
Retained earnings	2,200,374,742	2,064,661,706	1,678,184,396	1,580,027,441	1,415,469,150
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	57,622,494,692	44,614,543,408	32,352,722,232	26,629,580,904	19,499,254,883
OFF-BALANCE SHEET ITEMS					
CONTINGENT LIABILITIES					
Acceptances and endorsements	-	-	-	-	-
Letter of guarantee	241,148,846	-	-	-	-
Irrevocable letters of credit	-	-	-	-	-
Bill for collection	-	-	-	-	-
Other contingent liabilities	-	-	-	-	-
TOTAL CONTINGENT LIABILITIES	241,148,846	-	-	-	-
OTHER COMMITMENTS					
Documentary credits and short term trade-related transactions	-	-	153,054,190	4,509,500	-
Forward assets purchased and forward deposits placed	-	-	-	-	-
Undrawn note issuance and revolving underwriting facilities	-	-	-	-	-
Undrawn formal standby facilities, credit lines and other commitments	6,156,822,112	6,607,801,622	6,951,826,772	4,205,131,466	1,843,426,563
TOTAL OTHER COMMITMENTS	6,156,822,112	6,607,801,622	7,104,880,962	4,209,640,966	1,843,426,563
TOTAL OFF BALANCE SHEET ITEMS	6,397,970,958	6,607,801,622	7,104,880,962	4,209,640,966	1,843,426,563

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

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

Appropriations	214,410,834	206,002,705	130,343,174	89,611,833	247,143,520
Statutory reserve	214,410,834	206,002,705	130,343,174	89,611,833	247,143,520
General reserve	-	-	-	-	-
Retained surplus	857,643,338	824,010,819	521,372,697	358,447,332	988,574,081
Earning per share (Basic)	3.87	4.28	2.98	2.15	6.69
Earning per share (Restated)		3.72	2.71	2.05	5.93

4. Comparative Statement of Cash Flows

Particulars	2016	2015	2014	2013	2012
	Taka	Taka	Taka	Taka	Taka
A) Cash flows from operating activities					
Interest received	5,413,751,225	4,620,811,511	3,197,952,124	3,046,920,568	2,071,208,747
Interest paid	(3,327,572,519)	(2,952,441,140)	(2,540,881,538)	(2,364,309,788)	(1,723,605,026)
Dividend received	66,895,335	23,195,772	82,196,153	10,099,023	396,212,721
Fees and commission received	274,762,656	209,960,146	131,538,085	63,669,838	13,921,662
Income from investment	94,190,730	180,657,170	94,015,542	210,002,987	134,309,683
Cash paid to employees (including directors)	(632,272,854)	(503,666,468)	(408,999,208)	(208,611,783)	(169,574,441)
Cash paid to suppliers & others	(56,018,261)	(59,648,365)	(38,858,200)	(20,245,848)	(57,381,909)
Income taxes paid	(116,685,640)	(11,606,145)	(12,481,697)	(11,307,422)	(90,097,826)
Received from other operating activities	92,634,103	57,567,679	38,749,159	50,846,717	75,873,504
Paid for other operating activities	(472,324,201)	(227,274,589)	(165,226,023)	(136,892,897)	(165,437,657)
Cash generated from operating activities before changes in operating assets and liabilities	1,337,360,574	1,337,555,571	378,004,396	640,171,398	485,429,458
Increase/ (decrease) in operating assets & liabilities					
Loans and advances to customers	(10,684,775,913)	(11,752,822,777)	(5,007,118,286)	(5,485,098,511)	(2,163,334,134)
Other assets	39,693,610	12,304,135	16,685,070	71,752,584	(205,667,296)
Deposits from customers and others	9,952,488,088	13,401,252,024	5,841,220,986	3,198,990,903	2,237,671,326
Other liabilities	(147,711,083)	301,991,440	214,082,151	204,582,597	(284,057,862)
Total (decrease)/increase in operating assets & liabilities	(840,305,297)	1,962,724,822	1,064,869,919	(2,009,772,427)	(415,387,967)
Net cash from operating activities	497,055,277	3,300,280,392	1,442,874,316	(1,369,601,028)	70,041,491

B) Cash flows from investing activities					
Changes in investment in securities	(173,777,212)	(141,995,917)	(23,842,012)	(326,745,303)	(209,296,963)
Net proceeds from Treasury bills	-	1,009,100,000	-	100,000,000	692,710,595
Purchase of property, plant and equipment	(186,414,731)	(794,860,655)	88,974,187	(42,854,255)	(28,889,947)
Sales proceeds of fixed assets	1,115,500	868,000	312,850	2,371,253	4,724,224
Investment in commercial paper	(120,000,000)	(580,000,000)	-	-	-
Investment in subsidiaries	(62,500,000)	(32,250,000)	(115,000,000)	(1,084,585,788)	(960,000,000)
Net Cash used in Investing Activities	(541,576,443)	(539,138,573)	(49,554,974)	(1,351,814,094)	(500,752,092)
C) Cash flows from financing activities					
Drawdown of Term Loan, OD and REPO	2,097,933,682	(2,650,415,779)	(711,735,611)	3,055,291,086	(269,654,090)
Dividend paid (cash dividend)	(365,138,883)	(191,800,430)	(298,564,856)	-	-
Right Issue	-	-	-	-	823,515,000
Net cash generated / (used) in financing activities	1,732,794,799	(2,842,216,209)	(1,010,300,467)	3,055,291,086	553,860,910
D) Net increase / (decrease) in cash & cash equivalents (A+B+C)	1,688,273,633	(81,074,389)	383,018,875	333,875,964	123,150,309
E) Opening cash and cash-equivalents	1,241,612,064	1,322,686,454	939,667,579	605,791,616	482,641,306
F) Closing cash and cash-equivalents (D+E)*	2,929,885,697	1,241,612,064	1,322,686,454	939,667,579	605,791,616
* Closing cash and cash-equivalents					
Cash in hand (including foreign currency)	309,720	199,834	33,417	84,656	92,787
Balance with Bangladesh Bank and its agent bank(s)	699,564,861	515,939,214	337,386,246	194,218,842	162,557,997
Balance with other Banks and Financial Institutions	2,230,011,116	725,473,016	985,266,791	745,364,081	443,140,832
	2,929,885,697	1,241,612,064	1,322,686,454	939,667,579	605,791,616
5. The history of dividend declared by the company was as follows:					
Stock	15%	15%	10%	5%	10%
Cash	15%	15%	10%	15%	-

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

Dhaka
18 June, 2017

Sd/-
ACNABIN
Chartered Accountants

AUDITOR REPORT TO THE SHAREHOLDERS, AUDITED FINANCIAL ACCOUNTS**Independent Auditor's Report
To the Shareholders of LankaBangla Finance Limited**

We have audited the accompanying consolidated financial statements of LankaBangla Finance Limited and its Subsidiaries (the "Group") as well as the separate financial statements of LankaBangla Finance Limited ("the Company") which comprise the consolidated and the separate balance sheet as at 31 December 2016, the consolidated and the separate profit and loss account, statement of changes in equity, cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements of the Group and also the separate financial statements of the Company that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRS), the Financial Institutions Act 1993, the rules and regulations issued by Bangladesh Bank, the Securities and Exchange rules 1987, the Companies Act 1994 and other applicable laws and regulations and for such internal controls 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 the consolidated financial statements of the Group and the separate financial statements of the Company based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements of the Group and the separate financial statements of the Company are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the separate financial statements of the Company give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Company as at 31 December 2016, and of the consolidated and the separate financial performance and cash flows of the Group and the Company for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) and comply with the applicable sections of the Financial Institutions Act 1993, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Report on Other Legal and Regulatory Requirements

We also report that:

- I. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof and found satisfactory;
- II. 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;
- III. the consolidated balance sheet and the consolidated profit and loss account of the Group and the separate balance sheet and the separate profit and loss account of the Company together with annexed notes from 1 to 40 dealt with by the report are in agreement with the books of account;
- IV. the expenditure incurred was for the purpose of the Group and the Company's business;
- V. the consolidated financial statements of the Group and those of the Company have been drawn up in conformity with the Financial Institution Act 1993 and in accordance with the accounting rules and regulations issued by Bangladesh Bank to the extent applicable to the Company;
- VI. the record submitted by the parent company and the subsidiary companies have been audited and consolidated properly in the financial statements;
- VII. the records and accounts of the branches have been properly maintained and consolidated in the financial statements;
- VIII. adequate provisions have been made for leases and advances and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- IX. statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- X. taxes and other duties collected and deposited to Government treasury by the Company as per Government instructions found satisfactory;
- XI. nothing has come to our attention that the Company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- XII. proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions issued by Bangladesh Bank and other regulatory authorities have been complied properly;
- XIII. the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible fraud, forgery and internal policies are being followed appropriately;
- XIV. the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/ leases found satisfactory;
- XV. the consolidated financial statements of the Group and the separate financial statements of the Company conform to the prescribed formats and standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting body of Bangladesh;
- XVI. we have reviewed over 80% of the risk weighted assets of the Group and the Company during the course of our audit and we have spent over 1,650 person hours for the audit of books and accounts of the Group and the Company; and
- XVII. all other issues which are important for the stakeholders of the Company have been adequately disclosed in the audit report;

Dhaka,
13 February 2017

Sd/-
ACNABIN
Chartered Accountants

**LankaBangla Finance Limited and its Subsidiaries
Consolidated Balance Sheet
As at 31 December 2016**

	Notes	31.12.2016 Taka	31.12.2015 Taka
PROPERTY AND ASSETS			
Cash		700,351,241	516,273,295
Cash in hand (including foreign currencies)	3	786,380	334,081
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	4	699,564,861	515,939,214
Balance with other banks and financial institutions	5	4,343,232,588	1,427,389,298
Inside Bangladesh		4,343,232,588	1,427,389,298
Outside Bangladesh		-	-
Money at call and short notice		-	-
Investment	6	5,036,650,257	4,372,854,794
Government securities		-	-
Other investments		5,036,650,257	4,372,854,794
Leases, loans and advances	7	51,244,299,783	41,819,015,931
Loans , cash credit and overdraft etc.		51,244,299,783	41,819,015,931
Bills discounted and purchased		-	-
Fixed assets including land, building, furniture and fixtures	8	1,429,556,859	1,291,853,287
Other assets	9	1,181,066,060	1,020,498,293
Non-Banking assets		-	-
TOTAL PROPERTY AND ASSETS		<u>63,935,156,789</u>	<u>50,447,884,897</u>
LIABILITY AND SHAREHOLDERS' EQUITY			
Liabilities			
Borrowings from Bangladesh Bank, other banks and financial institutions	10	10,874,998,487	9,006,817,980
Deposits and other accounts	11	40,148,492,755	30,106,707,729
Current deposits and other accounts etc.		-	-
Bills payable		-	-
Saving bank deposit		-	-
Term deposits	11.1	40,033,189,441	29,991,564,599
Bearer certificate of deposits		-	-
Other deposits	11.2	115,303,314	115,143,130
Other liabilities	12	6,140,234,836	4,985,106,251
TOTAL LIABILITIES		<u>57,163,726,078</u>	<u>44,098,631,960</u>
Shareholders' Equity		6,686,609,319	6,261,793,994
Paid up capital	13	2,767,399,490	2,406,434,340
Share premium		1,090,888,800	1,090,888,800
Statutory reserve	14	1,202,043,919	987,633,085
General reserve		46,768,017	53,849,069
Retained earnings	15	1,579,509,093	1,722,988,700
Non-controlling interest	16	84,821,392	87,458,943
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>63,935,156,789</u>	<u>50,447,884,897</u>

Notes	31.12.2016 Taka	31.12.2015 Taka
OFF-BALANCE SHEET ITEMS		
CONTINGENT LIABILITIES		
Acceptances and endorsements	-	-
Letter of guarantee	241,148,846	-
Irrevocable letters of credit	-	-
Bill for collection	-	-
Other contingent liabilities	-	-
TOTAL CONTINGENT LIABILITIES	241,148,846	-
OTHER COMMITMENTS		
Documentary credits and short term trade-related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	6,156,822,112	6,607,801,622
TOTAL OTHER COMMITMENTS	6,156,822,112	6,607,801,622
TOTAL OFF BALANCE SHEET ITEMS	6,397,970,958	6,607,801,622

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

Sd/-
Director

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

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

Dhaka,
13 February 2017

Sd/-
ACNABIN
Chartered Accountants

LankaBangla Finance Limited and its Subsidiaries
Consolidated Profit and Loss Account
For the year ended 31 December 2016

	Notes	2016 Taka	2015 Taka
Operating Income			
Interest income	17	5,661,544,246	4,787,247,300
Less : Interest expenses on deposits & borrowings	18	3,964,079,328	3,714,884,740
Net interest income		1,697,464,918	1,072,362,560
Income from investment	19	483,526,596	436,307,012
Commission, exchange and brokerage income	20	566,226,015	562,067,448
Other operational income	21	599,634,180	450,938,098
Total operating income		3,346,851,709	2,521,675,118
Operating Expenses			
Salary and allowances	22	987,348,613	821,578,089
Rent, taxes, insurance, electricity etc.	23	187,066,477	159,808,261
Legal and professional fees	24	30,013,397	19,744,690
Postage, stamp, telecommunication etc.	25	20,638,151	17,006,908
Stationery, printing, advertisement	26	47,485,747	40,167,644
Managing director's salary and allowance	27	17,489,000	16,775,264
Director fees and expenses	28	2,591,389	1,822,127
Audit fees	29	1,227,625	667,584
Charges on loan losses		-	-
Repairs, maintenance and depreciation	30	123,478,392	109,543,227
Other expenses	31	587,201,180	424,855,180
Total operating expenses		2,004,539,970	1,611,968,975
Net Operating Income		1,342,311,739	909,706,143
Provisions for loans, investments and other assets			
Provisions for leases and loans	32	199,224,797	132,649,299
Provision for margin loan		313,531,665	280,292,635
Provision for diminution in value of investments		(117,107,133)	(27,138,202)
General provision for other assets		-	(8,941,000)
Profit before tax and reserve		946,662,411	532,843,411
		151,019,485	111,914,896
Provision for tax made during the year	33	148,304,531	111,998,262
Deferred tax expense or (income)		2,714,954	(83,366)
Net profit after tax		795,642,925	420,928,514

Attributed to

Shareholders of the Company		795,521,340	424,536,041
Non-controlling interest	36.4	121,585	(3,607,526)
		795,642,925	420,928,514

Appropriations

		207,329,782	207,109,893
Statutory reserve		214,410,834	206,002,705
General reserve		(7,081,053)	1,107,188

Retained surplus

		588,191,558	217,426,148
--	--	--------------------	--------------------

Earnings Per Share (2015 restated)	34	2.87	1.53
--	----	-------------	-------------

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

Sd/-
Director

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

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

Dhaka,
13 February 2017

Sd/-
ACNABIN
Chartered Accountants

LankaBangla Finance Limited and its Subsidiaries
Consolidated Statement of Cash Flows
For the year ended 31 December 2016

	2016 Taka	2015 Taka
A) Cash flows from operating activities		
Interest received	5,643,928,216	4,799,308,668
Interest paid	(3,736,524,929)	(3,467,162,403)
Dividend received	267,597,867	95,159,729
Fees and commission received	919,862,071	824,411,542
Income from investment	294,121,128	360,880,032
Cash paid to employees (including directors)	(1,020,466,579)	(911,853,695)
Cash paid to suppliers	(101,908,389)	(45,047,728)
Income taxes paid	(235,715,801)	(175,648,515)
Received from other operating activities	242,891,136	192,876,080
Paid for other operating activities	(794,659,621)	(648,868,906)
Cash generated from operating activities before changes in operating assets and liabilities	1,479,125,099	1,024,054,804
Increase/ (decrease) in operating assets & liabilities		
Loans and advances to customers	(9,799,853,088)	(11,422,563,595)
Other assets	(183,113,452)	232,254,283
Deposits from customers	10,041,785,026	13,346,155,086
Other liabilities	957,913,557	(213,963,774)
Total increase/ (decrease) in operating assets & liabilities	1,016,732,044	1,941,881,999
Net cash flow from operating activities	2,495,857,143	2,965,936,804
B) Cash flows from investing activities		
Investment in securities	(543,795,463)	38,337,117
Net proceeds from Treasury bills	-	1,009,100,000
Purchase of property, plant and equipment	(244,124,515)	(862,872,237)
Investment in commercial paper	(120,000,000)	(580,000,000)
Sales proceeds of fixed assets	8,984,971	28,799,486
Net cash used in investing activities	(898,935,006)	(366,635,634)
C) Cash flows from financing activities		
Drawdown of term loan, overdraft and REPO	1,868,180,506	(2,704,656,335)
Dividend paid	(365,181,408)	(192,410,992)
Net cash flow from/(used in) financing activities	1,502,999,099	(2,897,067,328)
D) Net increase/(decrease) in cash & cash equivalents	3,099,921,236	(297,766,158)
E) Cash and cash equivalents at the beginning of the year	1,943,662,593	2,241,428,751
F) Cash and cash equivalents at the end of the year	5,043,583,829	1,943,662,593
* Closing cash and cash-equivalents		
Cash in hand (including foreign currencies)	786,380	334,081
Balance with Bangladesh Bank and its agent bank (s)	699,564,861	515,939,214
Balance with other banks and financial institutions	4,343,232,588	1,427,389,298
	5,043,583,829	1,943,662,593

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

Dhaka, 13 February 2017

Sd/- **Director** Sd/- **Director** Sd/- **Managing Director** Sd/- **Company Secretary**

**LankaBangla Finance Limited and its Subsidiaries
Consolidated Statement of Changes in Equity
For the year ended 31 December 2016**

Amount in Taka

Particulars	Share Capital	Share Premium	Statutory Reserve	General Reserve	Retained Earnings	Total	Non-Controlling Interest	Total Equity
Balance as at 01 January 2016	2,406,434,340	1,090,888,800	987,633,085	53,849,069	1,722,988,700	6,261,793,994	87,458,943	6,349,252,937
Items Involved in Changes in Equity								
Adjustments of non-controlling interest	-	-	-	-	-	-	-	-
Changes of non-controlling interest	-	-	-	-	(9,740,864)	(9,740,864)	(2,759,136)	(12,500,000)
Net profit for the year	-	-	-	-	795,521,340	795,521,340	121,585	795,642,925
Appropriation to statutory reserve	-	-	214,410,834	-	(214,410,834)	-	-	-
Appropriation to general reserve	-	-	-	(7,081,053)	7,081,053	-	-	-
Dividend								
Stock dividend (15%)	360,965,150	-	-	-	(360,965,150)	-	-	-
Cash dividend (15%)	-	-	-	-	(360,965,152)	(360,965,152)	-	(360,965,152)
Balance as at 31 December 2016	2,767,399,490	1,090,888,800	1,202,043,919	46,768,017	1,579,509,093	6,686,609,319	84,821,392	6,771,430,711
Balance as at 01 January 2015	2,187,667,590	1,090,888,800	781,630,380	52,741,881	1,983,390,086	6,096,318,738	126,558,266	6,222,877,003
Items Involved in Changes in Equity								
Adjustments of non-controlling interest	-	-	-	-	(17,561,042)	(17,561,042)	(25,974,779)	(43,535,821)
Changes of non-controlling interest	-	-	-	-	(22,732,982)	(22,732,982)	(9,517,018)	(32,250,000)
Net profit for the year	-	-	-	-	424,536,041	424,536,041	(3,607,526)	420,928,514
Appropriation to statutory reserve	-	-	206,002,705	-	(206,002,705)	-	-	-
Appropriation to general reserve	-	-	-	1,107,188	(1,107,188)	-	-	-
Dividend								
Stock dividend (10%)	218,766,750	-	-	-	(218,766,750)	-	-	-
Cash dividend (10%)	-	-	-	-	(218,766,759)	(218,766,759)	-	(218,766,759)
Balance as at 31 December 2015	2,406,434,340	1,090,888,800	987,633,085	53,849,069	1,722,988,700	6,261,793,994	87,458,943	6,349,252,937

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

Dhaka,
13 February 2017

Sd/-
Director

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

LankaBangla Finance Limited
Balance Sheet
As at 31 December 2016

PROPERTY AND ASSETS	Notes	31.12.2016 Taka	31.12.2015 Taka
Cash		699,874,581	516,139,048
Cash in hand (including foreign currencies)	3	309,720	199,834
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	4	699,564,861	515,939,214
Balance with other banks and financial institutions	5	2,230,011,116	725,473,016
Inside Bangladesh		2,230,011,116	725,473,016
Outside Bangladesh		-	-
Money at call and short notice		-	-
Investment	6	2,130,061,460	1,836,284,248
Government securities		-	-
Other investments		2,130,061,460	1,836,284,248
Leases, loans and advances	7	46,749,199,258	36,018,816,850
Loans , cash credit and overdraft etc.		46,749,199,258	36,018,816,850
Bills discounted and purchased		-	-
Fixed assets including land, building, furniture and fixtures	8	999,057,016	877,649,370
Other assets	9	4,814,291,262	4,640,180,877
Non-Banking assets		-	-
TOTAL PROPERTY AND ASSETS		<u>57,622,494,692</u>	<u>44,614,543,408</u>
LIABILITY AND SHAREHOLDERS' EQUITY			
Liabilities			
Borrowings from Bangladesh Bank, other banks and financial institutions	10	8,333,852,304	6,235,918,622
Deposits and other accounts	11	40,148,492,755	30,196,004,667
Current deposits and other accounts		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits	11.1	40,033,189,441	30,080,861,537
Bearer certificate of deposits		-	-
Other deposits	11.2	115,303,314	115,143,130
Other liabilities	12	2,970,331,482	2,723,890,987
TOTAL LIABILITIES		<u>51,452,676,540</u>	<u>39,155,814,276</u>
Shareholders' Equity		6,169,818,152	5,458,729,131
Paid up capital	13	2,767,399,490	2,406,434,340
Statutory reserve	14	1,202,043,920	987,633,085
Retained earnings	15	2,200,374,742	2,064,661,706
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>57,622,494,692</u>	<u>44,614,543,408</u>

Notes	31.12.2016 Taka	31.12.2015 Taka
OFF-BALANCE SHEET ITEMS		
CONTINGENT LIABILITIES		
Acceptances and endorsements	-	-
Letter of guarantee	241,148,846	-
Irrevocable letters of credit	-	-
Bill for collection	-	-
Other contingent liabilities	-	-
TOTAL CONTINGENT LIABILITIES	241,148,846	-
OTHER COMMITMENTS		
Documentary credits and short term trade-related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	6,156,822,112	6,607,801,622
TOTAL OTHER COMMITMENTS	6,156,822,112	6,607,801,622
TOTAL OFF BALANCE SHEET ITEMS	6,397,970,958	6,607,801,622

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

Sd/-
Director

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

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

Dhaka,
13 February 2017

Sd/-
ACNABIN
Chartered Accountants

LankaBangla Finance Limited
Profit and Loss Account
For the year ended 31 December 2016

	Notes	2016 Taka	2015 Taka
Operating Income			
Interest income	17	5,432,663,241	4,605,008,851
Less : Interest expenses on deposits & borrowings	18	3,565,181,315	3,218,810,010
Net interest income		1,867,481,926	1,386,198,841
Income from investment	19	195,788,600	425,653,183
Commission, exchange and brokerage income	20	-	-
Other operational income	21	368,148,389	267,527,826
Total operating income		2,431,418,914	2,079,379,850
Operating Expenses			
Salary and allowances	22	634,844,436	499,344,992
Rent, taxes, insurance, electricity etc.	23	124,707,382	96,912,936
Legal and professional fees	24	23,863,346	15,941,909
Postage, stamp, telecommunication etc.	25	14,987,359	11,844,026
Stationery, printing, advertisement	26	37,743,769	29,219,123
Managing director's salary and allowance	27	17,489,000	16,775,264
Director fees and expenses	28	736,000	691,500
Audit fees	29	718,750	318,750
Charges on loan losses		-	-
Repairs, maintenance and depreciation	30	79,655,031	58,939,008
Other expenses	31	313,674,123	226,664,527
Total operating expenses		1,248,419,196	956,652,034
Net Operating Income		1,182,999,718	1,122,727,816
Provisions for loans, investments and other assets			
Provisions for leases and loans	32	199,224,797	132,649,299
Provision for diminution in value of investments		(123,560,860)	(46,891,672)
General provision for other assets		-	(8,941,000)
Profit before tax and reserve		1,107,335,782	1,045,911,189
Provision for tax made during the year		35,281,610	15,897,665
Deferred tax expense or (Income)	33	-	-
Net profit after tax		1,072,054,172	1,030,013,524
Appropriations			
Statutory reserve		214,410,834	206,002,705
General reserve		-	-
Retained surplus		857,643,338	824,010,819
Earnings Per Share (2015 restated)	34	3.87	3.72

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

Sd/-
Director

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

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

Dhaka,
13 February 2017

Sd/-
ACNABIN
Chartered Accountants

LankaBangla Finance Limited
Statement of Cash Flows
For the year ended 31 December 2016

	2016 Taka	2015 Taka
A) Cash flows from operating activities		
Interest received	5,413,751,225	4,620,811,511
Interest paid	(3,327,572,519)	(2,952,441,140)
Dividend received	66,895,335	23,195,772
Fees and commission received	274,762,656	209,960,146
Income from investment	94,190,730	180,657,170
Cash paid to employees (including directors)	(632,272,854)	(503,666,468)
Cash paid to suppliers	(56,018,261)	(59,648,365)
Income taxes paid	(116,685,640)	(11,606,145)
Received from other operating activities	92,634,103	57,567,679
Paid for other operating activities	(472,324,201)	(227,274,589)
Cash generated from operating activities before changes in operating assets and liabilities	1,337,360,574	1,337,555,571
Increase/ (decrease) in operating assets & liabilities		
Loans and advances to customers	(10,684,775,913)	(11,752,822,777)
Other assets	39,693,610	12,304,135
Deposits from customers	9,952,488,088	13,401,252,024
Other liabilities	(147,711,083)	301,991,440
Total (decrease)/increase in operating assets & liabilities	(840,305,297)	1,962,724,822
Net cash flow from operating activities	497,055,277	3,300,280,392
B) Cash flows from investing activities		
Investment in securities	(173,777,212)	(141,995,917)
Net proceeds from Treasury bills	-	1,009,100,000
Purchase of property, plant and equipment	(186,414,731)	(794,860,655)
Sales proceeds of fixed assets	1,115,500	868,000
Investment in commercial paper	(120,000,000)	(580,000,000)
Investment in subsidiaries	(62,500,000)	(32,250,000)
Net cash used in investing activities	(541,576,443)	(539,138,573)
C) Cash flows from financing activities		
Drawdown of term loan, overdraft and REPO	2,097,933,682	(2,650,415,779)
Dividend paid	(365,138,883)	(191,800,430)
Net cash flow from/(used in) financing activities	1,732,794,799	(2,842,216,209)
D) Net increase/(decrease) in cash & cash equivalents	1,688,273,633	(81,074,389)
E) Cash and cash equivalents at the beginning of the year	1,241,612,064	1,322,686,454
F) Cash and cash equivalents at the end of the year	2,929,885,697	1,241,612,064
* Closing cash and cash-equivalents		
Cash in hand (including foreign currencies)	309,720	199,834
Balance with Bangladesh Bank and its agent bank (s)	699,564,861	515,939,214
Balance with other banks and financial institutions	2,230,011,116	725,473,016
	2,929,885,697	1,241,612,064

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

Dhaka,
13 February 2017

Sd/-
Director

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

LankaBangla Finance Limited
Statement of Changes in Equity
For the year ended **31 December 2016**

Particulars	Share Capital	Statutory Reserve	General Reserve	Retained Earnings	Total Equity
Balance as at 01 January 2016	2,406,434,340	987,633,086	-	2,064,661,706	5,458,729,132
Items involved in changes in equity					
Net profit for the year	-	-	-	1,072,054,172	1,072,054,172
Appropriation to statutory reserve	-	214,410,834	-	(214,410,834)	-
Stock dividend (15%)	360,965,150	-	-	(360,965,150)	-
Cash dividend (15%)	-	-	-	(360,965,152)	(360,965,152)
Balance as at 31 December 2016	2,767,399,490	1,202,043,920	-	2,200,374,742	6,169,818,152
Balance as at 01 January 2015	2,187,667,590	781,630,380	-	1,678,184,396	4,647,482,366
Items involved in changes in equity					
Net profit for the year	-	-	-	1,030,013,524	1,030,013,524
Appropriation to statutory reserve	-	206,002,705	-	(206,002,705)	-
Stock dividend (10%)	218,766,750	-	-	(218,766,750)	-
Cash (10%)	-	-	-	(218,766,759)	(218,766,759)
Balance as at 31 December 2015	2,406,434,340	987,633,085	-	2,064,661,706	5,458,729,131

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

Dhaka,
13 February 2017

Sd/-
Director

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

LankaBangla Finance Limited
Consolidated Statement of Liquidity
As at 31 December 2016

Amount in Taka

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)	700,351,241	-	-	-	-	700,351,241
Balance with banks and financial institutions	999,063,474	3,207,724,715	136,444,399	-	-	4,343,232,588
Money at call and short notice	-	-	-	-	-	-
Investments	842,733,314	320,704,343	756,666,269	1,269,588,241	1,846,958,090	5,036,650,257
Lease, loans and advances	3,187,364,282	8,868,861,510	13,590,362,270	15,762,712,928	9,834,998,793	51,244,299,783
Fixed assets including land, building, furniture and fixtures	8,378,580	16,757,160	75,407,220	510,983,860	818,030,040	1,429,556,859
Other assets	74,422,272	51,047,077	251,809,613	489,658,038	314,129,060	1,181,066,060
Non-banking assets	-	-	-	-	-	-
Total Assets	5,812,313,162	12,465,094,806	14,810,689,770	18,032,943,067	12,814,115,984	63,935,156,789
Liabilities						
Borrowing from other banks, financial institutions and agents	1,032,514,845	3,434,000,000	1,914,354,584	1,145,427,764	3,348,701,293	10,874,998,487
Deposits and other accounts	2,768,224,030	6,404,427,325	11,520,257,387	12,384,294,888	7,071,289,126	40,148,492,755
Other liabilities	162,623,031	1,014,121,276	792,217,434	3,256,304,870	914,968,225	6,140,234,836
Total Liabilities	3,963,361,906	10,852,548,601	14,226,829,405	16,786,027,522	11,334,958,645	57,163,726,078
Net Liquidity Surplus or (Gap)	1,848,951,256	1,612,546,205	583,860,365	1,246,915,545	1,479,157,339	6,771,430,711

LankaBangla Finance Limited

Statement of Liquidity
As at 31 December 2016

Amount in Taka

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)	699,874,581	-	-	-	-	699,874,581
Balance with banks and financial institutions	999,063,474	1,130,179,379	100,768,264	-	-	2,230,011,116
Money at call and short notice	-	-	-	-	-	-
Investments	624,246,899	28,482,661	360,317,271	311,773,608	805,241,021	2,130,061,460
Leases, loans and advances	2,771,621,114	7,918,626,349	11,325,301,892	15,453,640,125	9,280,009,778	46,749,199,258
Fixed assets including land, building, furniture and fixtures	7,101,136	14,202,272	63,910,222	174,269,676	739,573,710	999,057,016
Other assets	42,345,467	2,459,883	85,618,496	404,995,453	4,278,871,963	4,814,291,262
Non-banking assets	-	-	-	-	-	-
Total Assets	5,144,252,671	9,093,950,543	11,935,916,144	16,344,678,863	15,103,696,471	57,622,494,692
Liabilities						
Borrowing from other banks, financial institutions and agents	1,032,514,845	3,434,000,000	1,914,354,584	1,145,427,764	807,555,110	8,333,852,304
Deposits and other accounts	2,768,224,030	6,404,427,325	11,520,257,387	12,384,294,888	7,071,289,126	40,148,492,755
Other liabilities	151,197,295	71,513,443	362,364,017	214,149,801	2,171,106,926	2,970,331,482
Total Liabilities	3,951,936,170	9,909,940,768	13,796,975,988	13,743,872,453	10,049,951,162	51,452,676,540
Net Liquidity Surplus or (Gap)	1,192,316,501	(815,990,225)	(1,861,059,843)	2,600,806,411	5,053,745,309	6,169,818,152

LankaBangla Finance Limited and its Subsidiaries

Notes to the Consolidated and Separate Financial Statements
As at and for the year ended 31 December 2016

1. Legal status and nature of the company
1.1 Domicile, legal form and country of operation

LankaBangla Finance Limited (hereinafter referred to as "LankaBangla" or "the Company"), a joint venture **non-banking financial institution**, was incorporated in Bangladesh with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-31702(823)/96 dated 05 November 1996 as a Public Limited Company under the Companies Act, 1994 in the name of "Vanik Bangladesh Limited". 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	2016-2017
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	2016-2017
6.	DCCI Membership Certificate	2857	23.12.2008	2016
7.	Board of Investment	9803054-H	30.03.1998	N/A
8.	Registration Number	C-702(823)/96	05.11.1996	N/A

1.2 Subsidiary companies

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

1.2.1 LankaBangla Securities Limited

The Company is holding a subsidiary company named "LankaBangla Securities Limited" (formerly Vanik Bangladesh Securities Limited) with an equity interest of 96.51% 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 ten branches in Bangladesh namely Dhaka-Principal, Banani, Dhanmondi, Uttara, Chittagong-Khatungonj, Nasirabad, Agrabad, Sylhet-Sylhet, Comilla-Comilla and Narayangonj- Narayangonj Branch. LankaBangla Securities Limited has two subsidiaries-

I) LankaBangla Information System Limited

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

II) BizBangla Media Limited

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

1.2.2 LankaBangla Asset Management Company Limited

The Company has another subsidiary company named "LankaBangla Asset Management Company Limited" with an equity interest of 99.9998% 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.

1.2.3 LankaBangla Investment Limited

The Company has also another subsidiary company named "LankaBangla Investment Limited" with an equity interest of 99.999996% in the subsidiary company. LankaBangla Investment Limited was incorporated as private limited company with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-83568/10 dated 29 March 2010 under the Companies Act, 1994. Later on the company converted itself into a public limited company with effect from 12 June 2013. LankaBangla Investment Limited also applied for registration to the Bangladesh Securities and Exchange Commission for approval to operate in the Capital Market.

1.3 Company's activities

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

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

2. Basis for preparation and significant accounting policies

2.1 Statement of compliance

The consolidated financial statements and separate financial statements of LankaBangla have been prepared on a going concern basis following accrual basis of accounting except for statement of cash flows as per DFIM circular No # 11 dated 23 December 2009 issued by Department of Financial Institutions and Market of Bangladesh Bank with reference to the provisions of Financial Institutions Act 1993 and Bangladesh Bank's other circulars and guidelines or directives and in accordance with Bangladesh Financial Reporting Standards (BFRS¹), the Companies Act 1994, the Financial Institutions Act 1993, the Securities and Exchange Rules 1987, the Listing Rules of Dhaka and Chittagong Stock Exchanges.

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

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

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

2.2 Presentation of financial statements

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

2.3 Basis of measurement and consolidation

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

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

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

¹ The 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.

2.4 Non-Controlling Interest

Non-Controlling Interest are measured at their proportionate share of the acquires identifiable net assets at the date of acquisition as per Para 19 of BFRS – 3 “Business Combinations”.

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

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

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

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

Further details about non-controlling interest are given in **Note – 16 and Note-36.4** of Financial Statements.

2.5 Disclosure of departure from few requirements of BFRS due to mandatory compliance of Bangladesh Bank’s requirements

Bangladesh Bank is the ultimate regulatory body for Non-Banking Financial Institutions (NBFI) in Bangladesh. Some requirements of Bangladesh Bank’s rules and regulations contradict with those of 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:

Sl.	Nature of Departure	Title of BFRS	Treatment of BFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
1	Measurement of provision for leases, loans and advances (financial assets measured at amortized cost)	BAS 39 "Financial Instruments: Recognition and Measurement"	<p>An entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired.</p> <p>If any such evidence exists, the entity shall measure the amount of the loss as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset shall be reduced either directly or through use of an allowance account.</p>	<p>As per FID circular No. 08 dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No. 03, dated 29 April 2013, a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained irrespective of objective evidence of impairment on lease, loans and advances.</p> <p>Also provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue.</p>	<p>In separate Financial Statements, provision has been kept for 2016 equivalent to BDT 199.22 million as per Bangladesh Bank guidelines among which BDT 92.86 million is general provision on good loan. Also, as at 31 December 2016, accumulated provision for lease, loan and advances stand at BDT 1,061.55 million.</p> <p>In consolidated accounts, provision has been kept for 2016 equivalent to BDT 199.22 million as per Bangladesh Bank guidelines Also, as at 31 December 2016, accumulated provision for lease, loan and advances stand at BDT 1,061.55 million.</p>
2	Valuation of Investments in quoted and unquoted shares	BAS 39 "Financial Instruments: Recognition and Measurement"	<p>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 (as measured as per BFRS 13 "Fair Value") at the year-end is taken to statement of comprehensive income or revaluation reserve respectively.</p>	<p>As per FID circular No. 08 dated 03 August 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; however in case of any unrealized gain, no such gain can be recognized and investments are recognized at cost only.</p>	<p>During this year there is no impact in the financial statements due to this departure as total market value of all shares of the group are more than the cost price.</p>

Sl.	Nature of Departure	Title of BFRS	Treatment of BFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
3	Recognition of interest income for SMA and classified lease, loans and advances	BAS 39 "Financial Instruments: Recognition and Measurement"	Income from financial assets measured at amortized cost is recognized through effective interest rate method over the term of the investment. Once an financial asset is impaired, investment income is recognized in profit and loss account on the same basis based on revised carrying amount.	As per FID circular No. 03, dated 03 May 2006 , once an investment on leases, loans and advances is termed as "Special Mention Account (SMA)", interest income from such investments are not allowed to be recognized as income, rather the respective amount needs to be credited as a liability account like: interest suspense account.	At year end, in separate Financial Statements interest suspense account has increased to BDT 349.91 million from 283.80 million resulting increase of BDT 66.11 million of interest suspense. This amount has been shown in other liabilities in note 12.3, rather shown as interest income.
4	Presentation of cash and cash equivalent	BAS 7 "Statement of Cash Flows"	Cash equivalent are short term, highly liquid investments that are readily convertible to known amounts of cash and only include those investments which are for a short tenure like: 3 months or less period. In the light of above, balance with Bangladesh Bank and fixed term deposits should be treated as investment asset rather than cash equivalent as it is illiquid asset and not available for use in day to day operations.	Bangladesh Bank has issued templates for financial statements vide DFIM Circular# 11 dated December 23, 2009 which will strictly be followed by all banks and NBFIs. The templates of financial statements provided detail of presentation of statement cash flows.	Presentation of financial statements is not fully aligned with the requirements of BAS. Thus items which should be presented as "investment activities" as per BAS is shown as cash & cash equivalent.
5	Measurement of deferred tax asset	BAS 12 "Income Tax"	A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.	As per DFIM circular No. 7 dated 31 July 2011, no deferred tax asset can be recognized for any deductible temporary difference against lease, loans and advances.	During this year there is no impact in the financial statements due to this departure as the Company has no taxable income in near future.
6	Presentation and disclosure of Financial Statements	BAS 1 "Presentation of Financial Statements"	Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.	Bangladesh Bank has issued templates for financial statements vide DFIM Circular# 11 dated December 23, 2009 which will strictly be followed by all banks and NBFIs.	Presentation of financial statements is not fully aligned with all requirements of BAS.

Sl.	Nature of Departure	Title of BFRS	Treatment of BFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
	and Financial Instruments	BAS 32 "Financial Instruments : Presentation" BFRS 7 "Financial Instruments Disclosure"	BAS 1 requires separate line item for intangible assets on the face of statement of financial position. BAS 32 and BFRS 7 require specific presentation and disclosure relating to all financial instruments.	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. Intangibles assets are not separately presented on the face of statement of financial position; rather it is presented along with the line item of fixed assets. As per Bangladesh Bank guidelines, financial instruments are categorized, recognized and measured differently from those prescribed in BAS 39. As such some disclosure and presentation requirements of BFRS 7 and BAS 32 have not been made in the accounts.	
7	Preparation of "Statement of Cash Flows"	BAS 7 "Statement of Cash Flows"	The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.	As per DFIM Circular-11, Date-23 December 2009, Cash flow statement has been guided by the Bangladesh Bank which is the mixture of direct and indirect method.	Presentation of financial statements is not fully aligned with all requirements of the BAS.
8	Current/Non-current distinction	BAS-1 "Presentation of Financial Statement"	As per Para 60 of BAS-1 "Presentation of Financial statement" An entity shall present current and non-current assets and current and non-current liabilities as separate classification in its statement of financial position.	As per DFIM Circular-11, Date-23 December 2009, Bangladesh Bank has issued templates for financial statements which is applicable for all the Financial Institutions. In this templates there is no current and non-current segmentation of assets and liabilities	Presentation of financial statements is not fully aligned with all requirements of the BAS. Moreover, the liquidity statement shows the current/non-current portion of assets and liabilities in this regards.

Sl.	Nature of Departure	Title of BFRS	Treatment of BFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
9	Off-balance sheet items	BAS 1 "Presentation of Financial Statements"	There is no concept of off-balance sheet items in any BFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.	As per DFIM Circular-11, Date-23 December 2009, off balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.	Presentation of financial statements is not aligned with requirements of the BAS 1. There is no financial impact for this departure in the financial statements
10	Impairment of Margin Loan (Loans and receivables)	BAS-39 "Financial instruments: Recognition and measurement"	Measurement after initial recognition at amortized cost and recording of changes through profit and loss.	As per Bangladesh Securities and Exchange Commission (BSEC) circular # BSEC/Mukhpatro (Ditio Khondo)/2011/2205 dated 30 November 2015 provisions for the year 2015 on impairment of principal portion of margin loan may be kept at 20% on each quarter for the five quarters starting from December 2015.	As per the requirement of the BSEC circular 20% of erosion of principal portion of margin loan is kept as provision in the financial statement amounting to BDT 313.53 million.
11	Complete set of financial statements	BAS 1 "Presentation of Financial Statements"	As per BAS 1 "Presentation of Financial Statements" complete set of financial statements are i) statement of financial position, ii) statement of profit or loss and other comprehensive income, iii) statement of changes in equity, iv) statement of cash flows, v) notes, comprising significant accounting policies and other explanatory information and vi) statement of financial position at the beginning of preceding period for retrospective restatement.	As per DFIM Circular-11, Date-23 December 2009, complete set of financial statements are i) balance sheet, ii) profit and loss account, iii) statement of cash flows, iv) statement of changes in equity, v) statement of liquidity, vi) notes, comprising significant accounting policies and other explanatory information.	Presentation of financial statements is not aligned with requirements of the BAS 1. There is no financial impact for this departure in the financial statements.
12	Intangible asset	BAS 1 "Presentation of Financial Statements"	As per BAS 1 "Presentation of Financial Statements" para 54 the statement of financial position shall include separate line item for intangible assets.	As per DFIM Circular-11, Date-23 December 2009, there is no option for separate line item for intangible asset in the balance sheet. We present intangible asset in the balance sheet as part of fixed assets and provide details in annexure- A as separate line item.	Presentation of financial statements is not aligned with requirements of the BAS 1. There is no financial impact for this departure in the financial statements.

2.6 Components of the financial statements

The financial statements comprise of (As per DFIM Circular-11, Dated 23 December 2009):

- a) Consolidated and Separate Balance Sheet as at 31 December 2016;
- b) Consolidated and Separate Profit and Loss Account for the year ended 31 December 2016;
- c) Consolidated and Separate Statement of Cash Flows for the year ended 31 December 2016;
- d) Consolidated and Separate Statement of Changes in Equity for the year ended 31 December 2016;
- e) Consolidated and Separate Liquidity Statement for the year ended 31 December 2016;
- f) Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2016.

2.7 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.

2.8 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.

Significant areas are where management requiring the use of estimate and judgment

- Useful life of depreciable assets (see policy note-2.21.3).
- Provision for leases, loans, advances and investments for future impairment (see policy note-2.26).
- Provision for Gratuity scheme (see policy note-2.36.2).

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.

Changes in accounting estimates

During 2016, the Company has not adopted any change of accounting estimates and consistency applies same accounting estimates of the year of 2015.

2.9 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.

2.10 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.

2.11 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.

2.12 Directors' responsibility statement

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

2.13 Statement of cash flows

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

2.14 Branch accounting

The Company has 18 branches and a SME Booth, with no overseas branch as on 31 December 2016. 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.

2.15 Cash and cash equivalent

Cash and cash equivalents comprise cash in hand, current account with Bangladesh Bank, interest bearing and non-interest bearing bank deposit, fixed deposits and investments in call loan that are readily convertible to a known amount of cash, and that are not subject to significant risk of change in value. Cash and cash equivalents are used and maintained for day to day operation of the company and for CRR and SLR requirements of Bangladesh Bank.

2.16 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 impairment in the fair value is recognized in the statement of comprehensive income for the period in which it arises. However, as referred in **Note – 2.5**, no gain is recognized in statement of profit and loss account as per BB guidelines.

Investment in shares are classified broadly in two categories and accounted for as under:

Investments in marketable shares

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 gains are not recognized in the profit and loss account.

Investments in non-marketable shares

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 separate financial statements in accordance with BAS-27. Accordingly, investments in subsidiaries are stated in the Company's statement of financial position at cost, less impairment losses (if any).

2.17 Accounting for leases

The company, through implementation of BAS 17 "Leases", 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.

2.18 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 accrual basis.

2.19 Accounting for margin loan

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

Interest on Margin loan is charged on client's portfolio value on daily basis at the applicable rate. Whenever the probability arises that the benefit will flow to the Company this is recognized to income as per para 29 of BAS 18 'Revenue'.

2.20 Financial liabilities

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

2.21 Recognition of fixed assets

2.21.1 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.

The company purchased land at Tejgaon Industrial area measuring 20 (twenty) katha in 2015 for the purpose of construction of a high raise building (LankaBangla Tower) for its Head Office. For purchasing the said land the company borrowed a fund of Tk. 643,801,400. Recently the govt. has declared Tejgaon zone as commercial area instead of industrial area. In this regard a bill related to commercialization of the said zone has already been passed in the National Parliament and Gazette Notification thereof is in process. Legal, technical and administrative procedures from the part of LankaBangla Finance Limited are yet to be completed to make the Land ready for its intended use, i.e. construction of the Building and as such the borrowing cost related to the purchase of the said land has been capitalized as per para 19 of BAS- 23: Borrowing Cost.

2.21.2 Assets acquired under finance lease

Assets acquired under finance lease are accounted for by recording the assets at the lower of present value of minimum lease payments under the lease agreement and the fair value of the asset. The related obligation under the lease is accounted for as liability. Financial changes are 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.

2.21.3 Depreciation on fixed assets

Depreciation will be charge from the day of acquisition of assets and depreciation will be charged on daily basis. However, the depreciation method on fixed assets is charged using straight-line method at the following rates:

<u>Property and equipment</u>	<u>Rate</u>
Furniture and fixture	20%
Office equipment	20%
Motor vehicle	20%
IT equipment	33.33%
Building	2%
Land	Nil

2.21.4 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.

2.21.5 Subsequent expenditure on property, plant and equipment

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

2.21.6 Disposal of property and equipment

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

2.21.7 Intangible assets

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

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

Amortization

Amortization is calculated using the straight line method to write down the cost of intangible assets to their residual values over their estimated useful lives based on the management best estimates of four (4) years.

Subsequent expenditure

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

2.22 Other assets

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

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

2.23 Borrowings from Bangladesh Bank and other banks and financial institutions

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

2.24 Term deposits and other deposits accounts

2.24.1 Term Deposits

Term Deposits by customers and banks/NBFI 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.

2.24.2 Other deposits

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

2.25 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 BAS37 "Provisions, Contingent Liabilities and Contingent Assets".

2.26 Provision for leases, loans and advances

Generally, provision against classified loans and advances is made on the basis of quarter end review by the management and instruction contained in Bangladesh Bank FID Circular No. 08, dated 03 August 2002, FID Circular No. 11, dated 31 October 2005, and FID Circular No. 06, dated 20 August 2006. However, at the discretion of management, provision against classified loans and advances may be made on monthly basis. The provisions rates are given below

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

See details in **Annexure-C**

2.27 Interest suspense account

In compliance with Bangladesh Bank FID Circular No. 08, dated 03 August 2002, FID Circular No. 11, dated 31 October 2005, and FID Circular No. 06, dated 20 August 2006, interests on leases, loans and advances overdue beyond three months period (in case of loan duration is within 5 years) and overdue beyond six months period (in case of loan duration is more than 5 years) are not recognized as revenue and credited to interest suspense account.

Interests on mortgage finance overdue beyond nine months are not recognized as revenue and credited to interest suspense account.

See details in **Annexure-C**

2.28 Borrowing cost

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

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

2.29 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.

2.30 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.

2.31 Books of account

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

2.32 Foreign currency transaction

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

2.33 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.

2.33.1 Income from lease finance

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 charges from lease operations are accounted for on cash basis.

2.33.2 Interest income from term finance

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

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

2.33.3 Interest income from credit cards

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

2.33.4 Interest income from fixed deposit receipts

Interest on fixed deposit receipts is recognized on accrual basis.

2.33.5 Investment income

Interest income from investments in commercial paper is recognized on accrual basis as per para 30 (a) of BAS 18 'Revenue'.

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

Dividend income on shares is recognized during the year in which it is established the right to receive the payment as per para 30 (c) of BAS 18 'Revenue'.

2.33.6 Portfolio management fee

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

2.33.7 Issue Management and Corporate Advisory Fee

Issue management fee and corporate advisory fees are recognized according to the stage of completion of services as agreed and defined in Issue Management and Corporate Advisory agreement between company and clients.

2.33.8 Fees and commission based income

Fees and commission based income arising on services provided by the company are recognized on a cash basis. Commission charged to customers on is credited to income at the time of effecting the transactions.

2.33.9 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.

2.34 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.

2.35 Operating expenses

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

2.35.1 Salary and allowances

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

2.36 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:

2.36.1 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.

2.36.2 Gratuity fund

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

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

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

2.36.3 Profit participation scheme

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

2.36.4 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.

2.36.5 Employees home loan scheme

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

2.37 Corporate tax

a. Current tax

Provision for current income tax has been made as prescribed in Finance Act 2016 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".

2.38 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.

2.39 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 - 34**.

Basic earnings

This represents earnings for the period ended on 31 December 2016 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”.

2.40 Credit rating

Credit Rating Agency of Bangladesh Ltd. (CRAB) has rated the Company on 31 July 2016 with “AA₃” (Pronounced as AA Three) in the long term and ST-2 for the Short Term based on audited financial of FY2015 and other available information up to the date of rating declaration. The outlook on the rating is Stable.

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

2.41 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. This is in compliance with the requirement of BAS – 36 “Impairment of Assets”.

2.42 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.

2.43 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 2016 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.

2.44 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.

2.45 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.

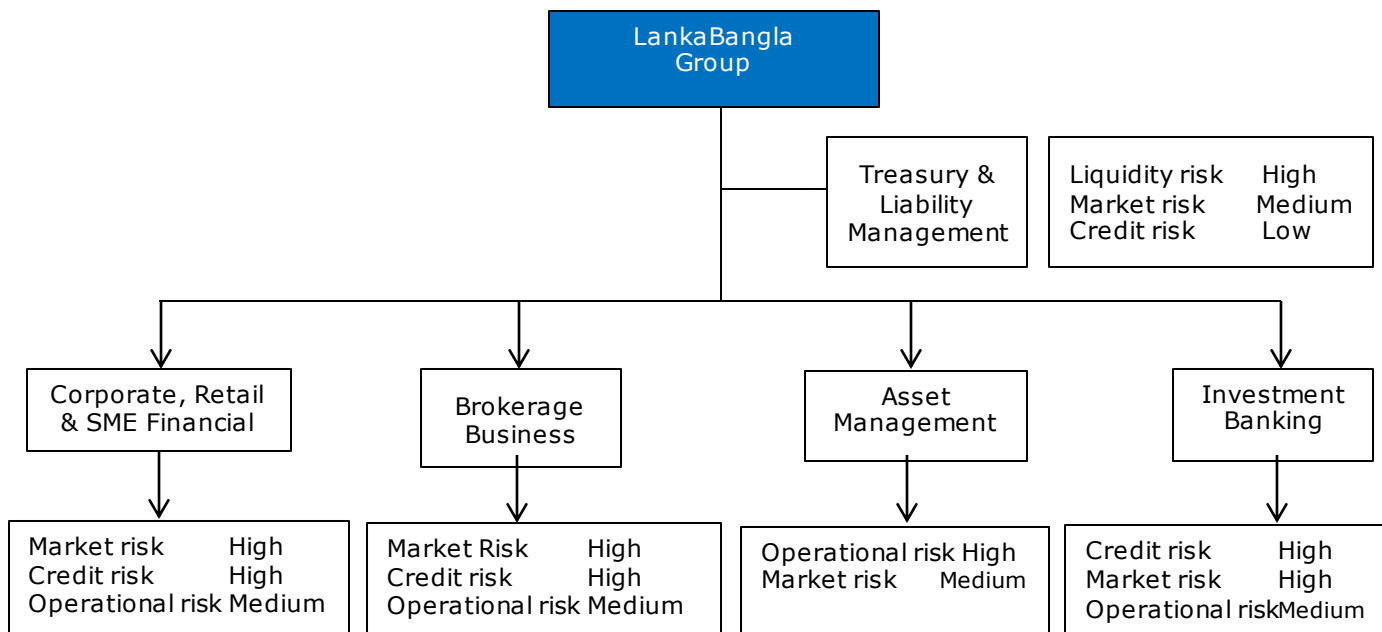
In line with Bangladesh Bank requirement, the Company has already formed BASEL Implementation Unit (BIU) to ensure timely implementation of BASEL II accord.

2.46 Financial risk management

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

- ❖ Credit risk
- ❖ Liquidity risk
- ❖ Market risks
- ❖ Operational risks

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



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

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk

management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

A. Credit risk

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

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

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

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

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

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

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

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

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

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

The Group writes off a loan or an investment debt security balance, and any related allowances for impairment losses, when Group Credit determines that the loan or security is uncollectible. This determination is made after considering information such as the occurrence of significant changes in the borrower's / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardized loans, write-off decisions generally are based on a product-specific past due status.

B. Liquidity Risk

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

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

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

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

C. Market Risk

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

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

D. Operational risks

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

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

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

for the management of operational risk in the following areas:

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

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

2.47 Segments

After incorporated the company started with lease and loan as its core financing business. By times, it diversified its business among Asset Management Operations, Merchant banking business and brokerage business. The company has decided its various operating segments considering nature of segmental business. Thus four operating segments of the Group are reported and presented. Profit and loss account of above operations and other operation have been prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), and results of its operation have been combined, item by item, with the financial results of the Company. Information about operating segment has been presented in **Note-35**.

2.48 Comparative figures

Comparative information has been disclosed in respect of the period ended 31 December 2016 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 2015 have been restated and rearranged whenever considered necessary to ensure comparability with the current period.

2.49 Date of authorization

The Board of Directors has authorized these financial statements for public issue on 13 February 2017.

2.50 Compliance of Bangladesh Financial Reporting Standards (BFRS)

SI #	Name of BAS/BFRS	Status
01	BAS 1: Presentation of Financial Statements	Partially Complied
02	BAS 2: Inventories	Not Applicable
03	BAS 7: Statements of Cash Flows	Partially 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	Partially 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	Complied
15	BAS 24: Related Party Disclosures	Complied
16	BAS 26: Accounting and Reporting by Retirement Benefit Plan	Not Applicable
17	BAS 27: Separate Financial Statements	Complied
18	BAS 28: Investments in Associates	Not Applicable
19	BAS 29: Financial Reporting in Hyperinflationary Economics	Not Applicable
20	BAS 32: Financial Instruments: Presentation	Partially 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	Partially 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	Not Applicable
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	Partially Complied
36	BFRS 8: Operating Segments	Complied
37	BFRS 10: Consolidated Financial Statements	Complied
38	BFRS 11: Joint Arrangements	Not Applicable
39	BFRS 12: Disclosure of Interests in Other Entities	Complied
40	BFRS 13: Fair Value Measurement	Complied
41	BFRS 14: Regulatory Deferral Accounts	Not Applicable
41	BFRS 15: Revenue from Contracts with Customers	Not Applicable

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

LankaBangla Group		LankaBangla Finance Limited	
31.12.2016 Taka	31.12.2015 Taka	31.12.2016 Taka	31.12.2015 Taka

3. Cash in hand

See accounting policy in note (2.15)

Local currency	786,380	334,081	309,720	199,834
Foreign currency	-	-	-	-
	786,380	334,081	309,720	199,834

Cash in hand represents the amount under impress system of petty cash to meet daily petty cash expenses requirement both for head office and branch offices.

4. Balance with Bangladesh Bank and its agent banks

See accounting policy in note (2.15)

Local currency	699,564,861	515,939,214	699,564,861	515,939,214
Foreign currency	-	-	-	-
	699,564,861	515,939,214	699,564,861	515,939,214

Balance with Bangladesh Bank has been maintained as Cash Reserve Requirement (CRR) of Bangladesh Bank through non-interest bearing current account.

4.1 Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)

Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with Financial Institution Act, 1993 and Financial Institution Regulations 1994 and FID Circular No. 06 dated 06 November, 2003 and FID Circular No. 02 dated 10 November, 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 and 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 and coin in BDT), balance with Bangladesh Bank and other banks and financial institutions, investment at call, unencumbered treasury bill, prize bond, savings certificate and any other assets approved by Bangladesh Bank.

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	704,477,490	515,792,664	704,477,490	515,792,664
Actual reserve held	708,967,039	518,786,571	708,967,039	518,786,571
Surplus/ (deficit)	4,489,549	2,993,907	4,489,549	2,993,907

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	1,481,167,221	1,078,904,834	1,481,167,221	1,078,904,834
Actual reserve held	1,505,869,487	1,089,958,034	1,505,869,487	1,089,958,034
Total surplus/ (deficit)	24,702,267	11,053,200	24,702,267	11,053,200

5. Balance with other banks and financial institutions

See accounting policy in note (2.15)

Inside of Bangladesh
Local Currency

Non interest bearing current account (Note - 5.1)	28,945,635	14,353,725	28,945,635	14,353,725
Interest bearing short term deposit account (Note - 5.2)	2,127,724,715	731,467,213	54,794,691	93,190,599
Fixed deposit receipt account (Note - 5.3)	2,186,444,399	681,445,595	2,146,152,952	617,805,926
	4,343,114,749	1,427,266,533	2,229,893,278	725,350,251

Foreign Currency

Dhaka Bank Ltd.-USD A/C (Exchange Rate Tk. 78.4100)	85,814	85,596	85,814	85,596
Dhaka Bank Ltd.-POUND A/C (Exchange Rate Tk. 95.9895)	25,804	30,761	25,804	30,761
Dhaka Bank Ltd.-EURO A/C (Exchange Rate Tk.86.0863)	6,220	6,408	6,220	6,408
	117,839	122,765	117,839	122,765

4,343,232,588	1,427,389,298	2,230,011,116	725,473,016
----------------------	----------------------	----------------------	--------------------

Outside of Bangladesh

-	-	-	-
4,343,232,588	1,427,389,298	2,230,011,116	725,473,016

LankaBangla Group		LankaBangla Finance Limited	
31.12.2016	31.12.2015	31.12.2016	31.12.2015
Taka	Taka	Taka	Taka

5.1 Non interest bearing current account

Al Arafah Islamai Bank Limited	-	34,146	-	34,146
Bank Al-Falah Limited	-	18,707	-	18,707
Bank Asia Limited	655	-	655	-
BRAC Bank Limited	263,972	252,572	263,972	252,572
Dhaka Bank Limited	6605	34,862	6,605	34,862
Dutch Bangla Bank Limited	2,060	-	2,060	-
Eastern Bank Limited	120,281	79,240	120,281	79,240
First Security Islami Bank Limited	-	3,504	-	3,504
Hongkong and Shanghai Banking Corporation (HSBC)	-	297,960	-	297,960
Jamuna Bank Limited	295	870	295	870
Mercantile Bank Limited	10,963,087	3,210,137	10,963,087	3,210,137
Mutual Trust Bank Limited	1,800	-	1,800	-
National Bank Limited	-	16,442	-	16,442
ONE Bank Limited	3,451,773	1,923,227	3,451,773	1,923,227
Prime Bank Limited	1,249	153,705	1,249	153,705
Shahjalal Islami Bank Limited	-	58,148	-	58,148
Standard Bank Limited	-	16,444	-	16,444
Standard Chartered Bank	8,594,968	738,573	8,594,968	738,573
Trust Bank Limited	5,538,889	7,515,189	5,538,889	7,515,189
	28,945,635	14,353,725	28,945,635	14,353,725

5.2 Interest bearing short term deposit account

AB Bank Limited	452,098	300,103	452,098	300,103
Bangladesh Development Bank Limited	51,868	157,103	2,405	3,095
Bangladesh Krishi Bank Limited	-	325	-	325
Bank Asia Limited	2,480,164	3,677,049	2,480,164	3,677,049
BRAC Bank Limited	-	26,312	-	2,606,561
Commercial Bank of Ceylon PLC	37,689,297	453,983	-	-
Dhaka Bank Limited	16,454,019	3,564,531	3,914,159	-
Dutch Bangla Bank Limited	1,912,151	14,235,738	1,912,151	14,218,068
Exim Bank Limited	-	230	-	230
Hongkong and Shanghai Banking Corporation	-	712,090	-	-
ICB Islami Bank Limited	-	83,708	-	83,708
IFIC Bank Limited	-	6,736	-	6,736
Jamuna Bank Limited	8,229	24,188	8,229	24,188
Meghna Bank Limited	5,252	9,611	-	-
Mercantile Bank Limited	14,931,397	7,397,612	14,931,397	7,397,612
Midland Bank Limited	1,419	-	-	-
Mutual Trust Bank Limited	678,657	47,486	678,657	47,486
National Bank Limited	-	7,470	-	-
National Credit and Commerce Bank Limited	24,976	3,172,904	-	2,720
NRB Commercial Bank Limited	-	3,930	-	3,930
ONE Bank Limited	1,991,054,418	638,336,731	2,653,354	9,023,742
Prime Bank Limited	239,217	241,269	239,217	241,269
Pubali Bank Limited	-	45,768	-	45,768
Shahjalal Islami Bank Limited	314,510	522,013	-	-
Social Islami Bank Limited	-	5,091	-	5,091
South Bangla Agriculture and Commercial Bank Limited	383,542	345,050	-	7,659
Southeast Bank Limited	-	2,202	-	2,202
Standard Bank Limited	229,094	-	-	-
Standard Chartered Bank Limited	55,727,030	52,348,506	22,515,918	49,834,858
The City Bank Limited	1,107,010	1,384,781	1,026,575	1,303,506
The Premier Bank Limited	3,897,455	4,288,554	3,897,455	4,288,554
United Commercial Bank Limited	82,911	61,420	82,911	61,420
Uttara Bank Limited	-	4,720	-	4,720
	2,127,724,715	731,467,213	54,794,691	93,190,599

LankaBangla Group		LankaBangla Finance Limited	
31.12.2016	31.12.2015	31.12.2016	31.12.2015
Taka	Taka	Taka	Taka

5.3 Fixed deposit receipt account

Commercial Bank of Ceylon PLC	62,969,129	58,946,426	62,969,129	58,946,426
Exim Bank Limited	100,000,000	100,000,000	100,000,000	100,000,000
Jamuna Bank Limited	149,970,000	-	149,970,000	-
Midas Finance Limited	250,000,000	200,000,000	250,000,000	200,000,000
Midland Bank Limited	50,000,000	-	50,000,000	-
Mutual Trust Bank Ltd	-	25,000,000	-	-
One Bank Limited	1,057,089	1,921,157	-	-
Prime Bank Limited	-	108,100,000	-	108,100,000
Shahjalal Islami Bank Limited	200,000,000	-	200,000,000	-
Social Islami Bank Limited	450,000,000	-	450,000,000	-
South Bangla Agriculture and Commerce Bank Limited	299,970,000	-	299,970,000	-
Standard Bank Limited	250,000,000	-	250,000,000	-
Standard Chartered Bank	39,234,358	36,718,512	-	-
The Premier Bank Limited	33,243,823	30,759,500	33,243,823	30,759,500
Union Bank Limited	300,000,000	120,000,000	300,000,000	120,000,000
	2,186,444,399	681,445,595	2,146,152,952	617,805,926

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

5.4 Maturity grouping of balance with other banks and financial institutions

Up to 1 month	999,063,474	14,476,490	999,063,474	14,476,490
Over 1 month but not more than 3 months	3,207,724,715	731,467,213	1,130,179,379	93,190,599
Over 3 months but not more than 6 months	136,444,399	681,445,595	100,768,264	617,805,927
Over 6 months but not more than 1 year	-	-	-	-
Over 1 year but not more than 5 years	-	-	-	-
Over 5 years	-	-	-	-
	4,343,232,588	1,427,389,298	2,230,011,116	725,473,016

6 Investment

See accounting policy in note (2.16)

Government securities

Treasury bills	-	-	-	-
Treasury Bonds	-	-	-	-

Other investments

Non marketable ordinary shares (Note - 6.1)	5,036,650,257	4,372,854,794	2,130,061,460	1,836,284,248
Marketable ordinary shares (Note - 6.2)	145,175,450	165,559,935	73,569,450	78,569,450
Investment in Commercial Paper	4,191,474,807	3,627,294,860	1,356,492,010	1,177,714,798
	700,000,000	580,000,000	700,000,000	580,000,000
	5,036,650,257	4,372,854,794	2,130,061,460	1,836,284,248

Investment is Designated as follows:

Held for Trading	1,380,621,153	1,436,806,049	191,252,901	336,619,565
Held to Maturity	3,656,029,105	2,936,048,745	1,938,808,558	1,499,664,683
	5,036,650,257	4,372,854,794	2,130,061,460	1,836,284,248

6.1 Non marketable ordinary shares

BD Venture Limited	20,000,000	20,000,000	20,000,000	20,000,000
CAPM Unit Fund	2,000,000	2,000,000	2,000,000	2,000,000
Central Depository (Bangladesh) Limited	1,569,450	1,569,450	1,569,450	1,569,450
Chittagong Stock Exchange Limited*	5,000,000	5,000,000	-	-
Dhaka Stock Exchange Limited*	11,606,000	11,606,000	-	-
Financial Excellence Limited	3,000,000	3,000,000	-	-
Information Technology Company Limited (ITCL)*	-	72,384,485	-	5,000,000
LankaBangla 1st Balanced Unit Fund	102,000,000	50,000,000	50,000,000	50,000,000
	145,175,450	165,559,935	73,569,450	78,569,450

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

Stock Exchange	Type of Shares	Number of Shares	Face Value	Face Value amount
Dhaka Stock Exchange	Floated (40%)	2,886,042	10	28,860,420
	Blocked (60%)	4,329,064	10	43,290,640
		7,215,106		72,151,060
Chittagong Stock Exchange	Floated (40%)	1,714,932	10	17,149,320
	Blocked (60%)	2,572,398	10	25,723,980
		4,287,330		42,873,300

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

**Information Technology Company Limited (ITCL) is converted to marketable ordinary share as on 10 January 2016.

LankaBangla Group		LankaBangla Finance Limited	
31.12.2016	31.12.2015	31.12.2016	31.12.2015
Taka	Taka	Taka	Taka

6.2 Marketable ordinary shares

Bank	809,129,774	760,665,448	550,133,484	529,723,137
Cement	58,583,784	191,896,774	-	-
Ceramics	8,380,136	-	-	-
Ceramics	-	9,034,092	7,276,255	7,276,255
Engineering	142,611,712	129,400,990	21,044,022	20,929,882
Food and Allied	31,112,147	21,941,045	21,941,045	21,941,045
Fuel and Power	416,670,388	219,504,362	9,875,272	-
Insurance	483,243,887	332,745,630	121,793,929	-
IT Sector	65,185,399	24,620,272	6,586,026	24,620,272
Miscellaneous	211,633	-	-	-
Mutual Funds	181,378,635	225,148,476	85,756,500	63,118,703
Non-Bank Financial Institutions	727,197,726	665,508,687	165,290,369	165,290,369
Pharmaceuticals and Chemicals	646,109,542	512,071,758	212,026,585	212,416,332
Tannery Industries	139,181,617	69,761,029	22,369,720	-
Telecommunication	30,206,785	12,724,657	-	-
Textile	452,271,641	452,271,641	132,398,803	132,398,803
	4,191,474,807	3,627,294,860	1,356,492,010	1,177,714,798

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 31 December 2016 there was Tk. 54,357,889 (Gross unrealized gain was Tk. 92,548,534.75 and gross unrealised loss was Tk.38,190,645.75) net unrealized gain on investment in marketable ordinary shares which is not charged in profit and loss account in compliance with the DFIM circular No. 11 dated; 19 September, 2011 and DFIM Circular No.02, dated; January 31, 2012 issued by Bangladesh Bank.

6.3 Strategic classification of investment in shares

Non-strategic investment in shares	1,380,621,153	1,436,806,049	191,252,901	336,619,565
Strategic investment in shares	2,810,853,655	2,190,488,811	1,165,239,108	841,095,233
	4,191,474,807	3,627,294,860	1,356,492,010	1,177,714,798

6.4 Maturity wise grouping of investments

Up to 01 Month	842,733,314	102,685,414	624,246,899	16,862,725
More than 01 Month to 03 Months	320,704,343	278,437,742	28,482,661	71,571,044
More than 03 Month to 01 Years	756,666,269	679,754,475	360,317,271	687,818,290
More than 01 Year to 05 Years	1,269,588,241	1,102,265,344	311,773,608	301,035,704
More than 05 Years	1,846,958,090	2,209,711,819	805,241,021	758,996,485
	5,036,650,257	4,372,854,794	2,130,061,460	1,836,284,248

7 Leases, loans and advances

Loans , cash credit and overdraft etc. (Note - 7.1)	51,244,299,783	41,819,015,931	46,749,199,258	36,018,816,850
Bills discounted and purchased	-	-	-	-
	51,244,299,783	41,819,015,931	46,749,199,258	36,018,816,850

7.1 Loans , cash credit and overdraft etc.

See accounting policy in note (2.17),(2.18) and (2.19)

Corporate finance

Factoring debtors	1,153,867,627	720,967,177	1,153,867,627	720,967,177
Lease finance	2,797,564,588	2,199,768,799	2,797,564,588	2,199,768,799
Real estate developers Finance	-	12,154,467	-	12,154,467
Revolving credit -secured	69,660,736	48,568,179	69,660,736	48,568,179
Short term finance	6,726,939,929	5,192,731,527	6,726,939,929	5,192,731,527
Short term loan to subsidiaries (Note - 7.1.1)	-	-	2,766,873,714	3,393,501,095
Term loan	11,456,736,830	10,420,557,539	11,456,736,830	10,420,557,539
Term loan syndication finance	513,713,742	586,981,656	513,713,742	586,981,656
Work order finance	57,297,810	57,297,810	57,297,810	57,297,810
	22,775,781,262	19,239,027,154	25,542,654,976	22,632,528,248

Retail finance

Auto loan (Note - 7.1.2)	5,056,876,007	3,123,615,510	5,026,877,641	3,091,239,700
Credit card receivables (Note - 7.1.3)	2,050,046,922	1,629,929,972	2,050,046,922	1,629,929,972
Mortgage loan (Note - 7.1.4)	6,517,446,192	4,299,031,839	6,517,446,192	4,299,031,839
Personal loan (Note - 7.1.5)	3,413,086,327	2,248,003,861	3,402,987,543	2,240,637,614
	17,037,455,449	11,300,581,182	16,997,358,298	11,260,839,125

SME finance

SME finance	4,209,185,984	2,125,449,476	4,209,185,984	2,125,449,476
	4,209,185,984	2,125,449,476	4,209,185,984	2,125,449,476

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2016 Taka	31.12.2015 Taka	31.12.2016 Taka	31.12.2015 Taka
Others				
Debit balance of share trading clients	4,748,064,585	5,594,307,500	-	-
Margin loan to share trading clients	2,473,812,503	3,559,650,618	-	-
	7,221,877,089	9,153,958,118	-	-
	51,244,299,783	41,819,015,931	46,749,199,258	36,018,816,850
Place of disbursement				
In Bangladesh	51,244,299,783	41,819,015,931	46,749,199,258	36,018,816,850
Outside of Bangladesh	-	-	-	-
	51,244,299,783	41,819,015,931	46,749,199,258	36,018,816,850
7.1.1 Short term finance-subsiidiaries				
Short term loan to subsidiaries				
LankaBangla Investments Limited	-	-	2,525,206,559	3,109,108,380
LankaBangla Securities Limited	-	-	241,667,154	284,392,715
	-	-	2,766,873,714	3,393,501,095
7.1.2 Auto Loan				
Commercial loan	4,977,287,862	3,047,230,683	4,977,287,862	3,047,230,683
Staff loan	79,588,145	76,384,828	49,589,779	44,009,018
	5,056,876,007	3,123,615,510	5,026,877,641	3,091,239,700
7.1.3 Credit card receivables				
Master card	1,294,155,294	1,061,022,683	1,294,155,294	1,061,022,683
VISA card	621,443,146	481,094,367	621,443,146	481,094,367
Master card ezipay settlement account	95,222,640	61,272,389	95,222,640	61,272,389
VISA card ezipay settlement account	39,225,843	26,540,532	39,225,843	26,540,532
	2,050,046,922	1,629,929,972	2,050,046,922	1,629,929,972
7.1.4 Mortgage loan				
Bangladesh Bank refinance loan	546,894,455	608,321,668	546,894,455	608,321,668
Commercial loan	5,760,110,365	3,557,027,062	5,760,110,365	3,557,027,062
Staff loan	210,441,372	133,683,108	210,441,372	133,683,108
	6,517,446,192	4,299,031,839	6,517,446,192	4,299,031,839
7.1.5 Personal Loan				
Loan against deposit	177,886,763	160,738,946	177,886,763	160,738,946
Staff loan	99,779,427	89,611,760	89,680,643	82,245,513
Term loan	3,135,420,137	1,997,653,155	3,135,420,137	1,997,653,155
	3,413,086,327	2,248,003,861	3,402,987,543	2,240,637,614
7.1.6 Maturity wise grouping of leases, loans and advances				
On demand	3,187,364,282	918,832,840	2,771,621,114	810,467,351
Not more than 3 months	8,868,861,510	2,664,556,868	7,918,626,349	2,632,988,416
More than 03 month to 01 years	13,590,362,270	12,375,650,736	11,325,301,892	8,316,000,118
More than 01 year to 05 years	15,762,712,928	18,403,892,280	15,453,640,125	18,403,892,279
More than 05 years	9,834,998,793	7,456,083,207	9,280,009,778	5,855,468,685
	51,244,299,783	41,819,015,931	46,749,199,258	36,018,816,850
7.1.7 Classification wise leases, loans and advances				
Unclassified				
Standard (UC)	48,830,884,347	39,786,087,762	44,335,783,821	33,985,888,681
Special Mention Accounts (SMA)	765,769,034	693,746,690	765,769,034	693,746,690
	49,596,653,381	40,479,834,452	45,101,552,856	34,679,635,371
Classified				
Sub-standard (SS)	392,822,434	271,122,016	392,822,434	271,122,016
Doubtful (DF)	177,580,680	312,397,978	177,580,680	312,397,978
Bad/loss (BL)	1,077,243,288	755,661,484	1,077,243,288	755,661,484
	1,647,646,402	1,339,181,479	1,647,646,402	1,339,181,479
	51,244,299,783	41,819,015,931	46,749,199,258	36,018,816,850
See details in annexure-C				

LankaBangla Group		LankaBangla Finance Limited	
31.12.2016	31.12.2015	31.12.2016	31.12.2015
Taka	Taka	Taka	Taka

Loans, advances and lease on the basis of significant concentration

a) Loans, advances and lease to the institutions in which Directors have interest	-	-	2,766,873,714	3,393,501,095
b) Loans, advances and lease to Chief Executive and other senior executives	78,946,246	57,253,196	78,946,246	57,253,196
c) Loans, advances and lease to customer groups:				
i) Real estate finance	5,760,110,365	3,557,027,062	5,760,110,365	3,557,027,062
ii) Car loan	4,977,287,862	3,047,230,683	4,977,287,862	3,047,230,683
iii) Personal loan	3,135,420,137	1,997,653,155	3,135,420,137	1,997,653,155
iv) Loan against deposits (LAD)	177,886,763	160,738,946	177,886,763	160,738,946
v) Small and medium enterprises	4,209,185,984	2,125,449,476	4,209,185,984	2,125,449,476
vi) Special program loan (Bangladesh Bank refinancing s	546,894,455	608,321,668	546,894,455	608,321,668
vii) Staff loan	389,808,944	299,679,696	349,711,794	259,937,639
viii) Industrial loans, advances and leases	22,775,781,262	19,239,027,154	25,542,654,976	22,632,528,248
ix) Other loans and advances	9,271,924,011	10,783,888,091	2,050,046,922	1,629,929,973
	51,244,299,783	41,819,015,931	46,749,199,258	36,018,816,850

d) Details of industrial loans, advances and leases

1) Trade and commerce	6,031,675,690	3,024,082,267	6,031,675,690	3,024,082,267
2) Industries				
i) Garments and knitwear	1,894,189,916	1,420,353,942	1,894,189,916	1,420,353,942
ii) Textile	2,209,527,265	1,523,745,941	2,209,527,265	1,523,745,941
iii) Jute and jute -products	301,832,652	255,783,420	301,832,652	255,783,420
iv) Food production and processing industry	4,722,684,265	3,866,039,628	4,722,684,265	3,866,039,628
v) Plastic industry	1,184,009,391	192,125,085	1,184,009,391	192,125,085
vi) Leather and leather goods	63,787,555	40,595,787	63,787,555	40,595,787
vii) Iron, steel and engineering	3,300,467,817	2,466,928,115	3,300,467,817	2,466,928,115
viii) Pharmaceuticals and chemicals	929,396,014	966,840,928	929,396,014	966,840,928
ix) Cement and allied industry	358,564,274	971,406,847	358,564,274	971,406,847
x) Telecommunication and IT	726,113,898	659,158,478	726,113,898	659,158,478
xi) Paper, printing and packaging	581,370,549	572,279,087	581,370,549	572,279,087
xii) Glass, glassware and ceramic industry	537,586,008	820,023,890	537,586,008	820,023,890
xiii) Ship manufacturing industry	-	-	-	-
xiv) Electronics and electrical products	278,485,406	919,868,304	278,485,406	919,868,304
xv) Power, gas, water and sanitary service	639,180,336	366,804,879	639,180,336	366,804,879
xvi) Transport and aviation	641,419,399	599,990,424	641,419,399	599,990,424
	18,368,614,744	15,641,944,756	18,368,614,744	15,641,944,756
3) Agriculture	255,531,746	315,363,374	255,531,746	315,363,374
4) Housing	6,714,351,530	5,340,808,724	6,714,351,530	5,340,808,724
5) Others				
i) Loan to subsidiaries companies	-	-	2,766,873,714	3,393,501,095
ii) Others	19,874,126,073	17,496,816,811	12,612,151,834	8,303,116,635
	51,244,299,783	41,819,015,931	46,749,199,258	36,018,816,850

7.1.8 Particulars of loans, advances and leases

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2016 Taka	31.12.2015 Taka	31.12.2016 Taka	31.12.2015 Taka
i) Loan considered good in respect of which the Bank/ FI is fully secured	16,808,856,818	12,231,506,072	16,322,978,455	10,565,156,501
ii) Loan considered good for which the Bank/FI holds no other security than the debtor's personal security.	6,059,269,084	5,763,779,482	2,050,046,922	1,629,929,972
iii) Loan considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	28,376,173,881	23,823,730,377	28,376,173,881	23,823,730,377
iv) Loan adversely classified for which no provision is created.	-	-	-	-
	51,244,299,783	41,819,015,931	46,749,199,258	36,018,816,850
v) Loan due by directors or officers of the Bank/ FI or any of them either jointly or separately with any other persons.	389,808,944	299,679,696	349,711,794	259,937,639
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.	-	-	2,766,873,714	3,393,501,095
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				
vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors and managers or officers of the Bank/ FI or any of them either severally or jointly with any other persons.	183,110,972	156,000,621	183,110,972	156,000,621
viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Bank/ FI have interests as directors, partners or managing agents or, in case of private companies as members.	-	-	-	-
Note: These loans, advances and leases are given to subsidiaries companies where some of the Directors of LankaBangla Finance Limited are Directors in those subsidiaries companies				
ix) Due from other bank/ FI companies	3,524,497	4,369,115	3,524,497	4,369,115
x) Information in respect of classified loans and advances:				
a) Classified loans for which interest/ profit not credited to income	1,647,646,402	1,339,181,479	1,647,646,402	1,339,181,479
b) Amount of provision kept against loans classified as bad/ loss as at the Balance Sheet date	482,570,155	415,894,992	482,570,155	415,894,992
	2,130,216,557	1,755,076,471	2,130,216,557	1,755,076,471
c) Amount of interest credited to the interest suspense acco	66,111,317	(4,482,789)	66,111,317	(4,482,789)
xi) Cumulative amount of written off loans:				
Opening Balance	959,567,143	737,330,708	494,701,972	517,051,972
Amount written off during the year	440,680,553	244,586,435	20,504,822	-
Amount received from written off during the year	12,250,000	22,350,000	12,250,000	22,350,000
Balance of written off loans and advances yet to be recover	1,387,997,697	959,567,143	502,956,794	494,701,972

The amount of written off loans for which law suits have been filed.

Leases, Loans, and advances -geographical location-wise
Inside Bangladesh
Urban

Dhaka	38,021,896,089	31,329,466,188	34,847,433,610	27,053,261,529
Chittagong	10,290,089,641	8,821,795,173	9,198,273,248	7,501,864,323
Sylhet	632,720,554	575,134,845	532,583,623	423,499,369
Jessore	927,089,693	549,726,510	927,089,693	549,726,510
Narshindi	368,916,795	226,397,092	286,725,713	226,397,092
Comilla	327,505,436	239,078,823	327,505,436	186,650,727
Bogra	253,255,486	46,884,066	253,255,486	46,884,066
Barisal	153,593,269	30,533,234	153,592,151	30,533,234
Khulna	69,527,190	-	69,527,190	-
Mymensingh	104,588,195	-	104,588,195	-
Narayanganj	65,430,371	-	18,937,849	-
Rajshahi	28,177,611	-	28,177,611	-
Chowmuhani	1,509,453	-	1,509,453	-
	51,244,299,783	41,819,015,931	46,749,199,258	36,018,816,850

Outside Bangladesh

	-	-	-	-
	51,244,299,783	41,819,015,931	46,749,199,258	36,018,816,850

		LankaBangla Group		LankaBangla Finance Limited	
		31.12.2016	31.12.2015	31.12.2016	31.12.2015
		Taka	Taka	Taka	Taka
8.	Fixed assets including land, building, furniture and fixtures				
	See accounting policy in note (2.21)				
	Freehold assets (Note - 8.1)	1,137,914,155	1,000,563,400	955,929,126	843,283,581
	Intangible assets (Note - 8.2)	282,295,846	276,405,276	39,200,132	29,214,282
	Lease hold assets (Note - 8.3)	9,346,858	14,884,611	3,927,757	5,151,506
		1,429,556,859	1,291,853,287	999,057,016	877,649,370
	Details are given in Annexure - A and Annexure - B				
8.1	Freehold assets				
	Land (Note - 8.1.1)	739,573,710	686,921,231	739,573,710	686,921,231
	Freehold asset other than land (Note - 8.1.2)	398,340,445	313,642,170	216,355,417	156,422,351
		1,137,914,155	1,000,563,400	955,929,126	843,343,582
8.1.1	Land				
	Opening Balance	686,921,231	-	686,921,231	-
	Add : Addition/(Disposal) during the year	52,652,479	686,921,231	52,652,479	686,921,231
		739,573,710	686,921,231	739,573,710	686,921,231
8.1.2	Freehold asset other than land				
	A. Cost				
	Opening Balance	623,628,908	494,908,085	311,962,401	232,598,422
	Add : Addition during the year	167,799,329	150,101,514	114,682,377	83,145,749
		791,428,237	645,009,598	426,644,778	315,744,170
	Less: Sales/ disposal during the year	52,218,436	21,380,690	20,224,614	3,781,769
		739,209,801	623,628,908	406,420,164	311,962,401
	B. Accumulated depreciation				
	Opening Balance	309,986,739	241,794,293	155,540,050	121,392,826
	Add : Charged during the year	77,223,070	81,748,371	53,847,657	37,566,327
		387,209,809	323,542,664	209,387,708	158,959,153
	Less: Adjusted during the year	46,340,453	13,555,925	19,322,960	3,419,103
		340,869,356	309,986,739	190,064,747	155,540,050
	C. Written down value Total (A-B)	398,340,445	313,642,170	216,355,417	156,422,351
8.2	Intangible assets				
	Goodwill (Note - 8.2.1)	234,143,286	234,143,286	-	-
	System Software (Note - 8.2.2)	48,152,561	42,261,991	39,200,132	29,154,282
		282,295,846	276,405,276	39,200,132	29,154,282
8.2.1	Goodwill*				
	Opening Balance	234,143,286	-	-	-
	Add: Addition during the year	-	234,143,286	-	-
		234,143,286	234,143,286	-	-
	Less : Impairment during the year	-	-	-	-
		234,143,286	234,143,286	-	-
	* Intangible asset, goodwill arises as a result of acquisition of 80% shares of BizBangla Media Limited by LankaBangla Securities Limited a subsidiary of LankaBangla Finance Limited as on 31 May 2015. Details calculation is given below:				
	Cost of acquisition	-	60,000,000	-	-
	Less: Share of net assets at acquisition date	-	(174,143,286)	-	-
		-	234,143,286	-	-
8.2.2	System software				
	Opening Balance	42,261,991	41,036,525	29,154,282	16,301,245
	Add: Addition during the year	23,672,707	30,039,217	19,079,875	19,916,676
		65,934,697	71,075,742	48,234,157	36,217,921
	Less : Amortized during the year	17,782,137	28,813,752	9,034,025	7,063,639
		48,152,561	42,261,991	39,200,132	29,154,282
8.3	Lease hold assets				
	A. Cost				
	Opening Balance	43,605,030	49,297,810	9,777,000	4,900,000
	Add: Addition during the year	-	6,277,000	-	4,877,000
		43,605,030	55,574,810	9,777,000	9,777,000
	Less: Adjusted during the year	1,600,040	11,969,780	-	-
		42,004,990	43,605,030	9,777,000	9,777,000
	B. Accumulated depreciation				
	Opening Balance	28,720,419	32,455,139	4,625,494	3,674,999
	Add : Charged during the year	5,537,753	7,479,060	1,223,749	950,495
		34,258,172	39,934,199	5,849,243	4,625,494
	Less: Adjustment during the year	1,600,040	11,213,780	-	-
		32,658,132	28,720,419	5,849,243	4,625,494
	C. Written down value (A-B)	9,346,858	14,884,611	3,927,757	5,151,506

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2016 Taka	31.12.2015 Taka	31.12.2016 Taka	31.12.2015 Taka
9. Other assets				
See accounting policy in note (2.22)				
Non income generating assets				
Advances and prepayments (Note - 9.1)	1,003,186,716	923,507,658	651,690,725	592,769,301
Income generating assets	177,879,344	96,990,635	4,162,600,536	4,047,411,576
Interest and other receivables (Note - 9.2)	177,879,344	96,990,635	66,663,573	13,974,613
Investment in subsidiaries:	-	-	4,095,936,963	4,033,436,963
LankaBangla Securities Limited	-	-	1,546,237,023	1,546,237,023
LankaBangla Asset Management Company Limited	-	-	879,700,000	817,200,000
LankaBangla Investment Limited	-	-	1,669,999,940	1,669,999,940
	1,181,066,060	1,020,498,293	4,814,291,262	4,640,180,877

9.1 Advances and Prepayments

Advance office rent	68,874,613	69,104,883	57,958,865	49,743,292
Advance for expenses	2,600,285	5,706,243	520,433	322,262
Advance insurance premium	1,939,450	1,791,899	1,939,450	1,791,899
Advance to employee	-	956,852	-	-
Advance to suppliers and others	10,157,183	2,364,083	10,157,183	2,364,083
Advance income tax*	351,313,982	230,516,824	319,543,947	202,858,308
Advance interest payment	6,729,787	23,361,900	6,729,787	23,361,900
Advance against floor purchase	191,968,000	191,968,000	-	-
Security and other deposit receivable	114,755,038	7,120,208	6,822,208	6,920,208
Advance for bank guarantee margin	1,058,401	319,611	-	-
Prepayments and others (Note - 9.1.1)	253,789,979	390,297,156	248,018,852	305,407,350
	1,003,186,716	923,507,658	651,690,725	592,769,301

*Advance income tax represents corporate income tax paid as per Section- 64 of the Income Tax Ordinance 1984 and the amount of income tax deducted at source (TDS) by different financial institutions on the interest on bank balances of LankaBangla Finance Limited.

9.1.1 Prepayments and others

Advance for land**	182,935,000	182,935,000	182,935,000	182,935,000
Receivables against share trading	-	-	34,371,969	-
Receivables DSE and CSE	33,964,790	46,759,317	-	-
Deferred tax asset (Note -9.1.1.1)	21,132,613	21,155,656	20,670,433	20,670,433
Dividend receivables	4,563,703	116,533,046	2,067,953	97,393,125
Capital work in progress (Note -9.1.1.2)	5,342,062	370,000	5,342,062	370,000
Receivable from Employees Provident Fund	-	-	-	1,128,321
Other receivables	5,851,812	22,544,138	2,631,435	2,910,472
	253,789,979	390,297,156	248,018,852	305,407,350

**LBFL has purchased a plot (9.07 katha of Land) from RAJUK. After completing necessary formalities, RAJUK duly allotted Plot no. 6 Road no. 3 Motijheel C/A to LBFL. The registration of the said Land is under process.

9.1.1.1 Deferred tax asset

Deferred tax has been calculated based on deductible taxable temporary difference arising due to difference in the carrying amount of the assets and its tax base in accordance with the provision of Bangladesh Accounting Standard (BAS) 12 "Income Taxes".

Particulars	Accounting base carrying amounts	Tax base amounts	Tax base carrying amounts
Deferred tax asset is arrived at as follows			
Assets:			
Fixed assets net of depreciation including leased hold assets as on 31 December 2016	216,355,417	843,988,745	627,633,328
Liabilities:			
Employee gratuity as on 31 December 2016	43,434,906	9,729,257	33,705,649
Total	259,790,323	853,718,002	661,338,977
Applicable tax rate for fixed assets and employee gratuity @40%			264,535,591
Deferred tax asset as on 31 December 2016			264,535,591
Deferred tax asset as on 31 December 2015			20,670,433
Deferred tax income need to account for during the year			243,865,158

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

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

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2016 Taka	31.12.2015 Taka	31.12.2016 Taka	31.12.2015 Taka
9.1.1.2 Capital work in progress				
Opening balance	370,000	-	370,000	-
Add: Addition during the year	4,972,062	370,000	4,972,062	370,000
	5,342,062	370,000	5,342,062	370,000
Less: Transfer to fixed assets	-	-	-	-
	5,342,062	370,000	5,342,062	370,000
9.2 Interest and other receivables				
Interest receivables from fixed deposit account	30,498,349	12,882,319	29,435,796	10,523,780
Interest receivables from Commercial Paper	37,227,778	3,450,833	37,227,778	3,450,833
Issue management fees receivable	3,772,500	5,040,000	-	-
Account receivable from PO department	30,663,233	16,886,433	-	-
Account receivable from advertisement	68,116,232	51,560,558	-	-
Account receivable from circulation	5,193,890	3,269,274	-	-
Receivable from LankaBangla 1st balanced unit fund	1,295,212	181,218	-	-
Corporate advisory fees receivable	1,112,150	3,720,000	-	-
	177,879,344	96,990,635	66,663,573	13,974,613
10 Borrowings from Bangladesh Bank, other banks and financial institutions				
See accounting policy in note (2.23)				
Inside Bangladesh (Note - 10.1)	10,874,998,487	9,006,817,980	8,333,852,304	6,235,918,622
Outside Bangladesh	-	-	-	-
	10,874,998,487	9,006,817,980	8,333,852,304	6,235,918,622
10.1 Inside Bangladesh				
Secured:				
Bank overdraft (Note - 10.1.1)	1,241,715,754	935,636,347	1,241,715,754	916,705,734
Long term loan (Note - 10.1.2)	1,688,521,479	2,665,656,043	1,003,630,699	1,432,163,901
	2,930,237,233	3,601,292,391	2,245,346,454	2,348,869,635
Unsecured:				
Call loans (Note - 10.1.3)	980,000,000	490,000,000	980,000,000	490,000,000
Short term borrowings (Note - 10.1.4)	5,648,192,316	3,183,476,603	4,190,000,000	1,665,000,000
Zero Coupon Bond (Note - 10.1.5)	1,316,568,938	1,732,048,987	918,505,850	1,732,048,987
	7,944,761,254	5,405,525,590	6,088,505,850	3,887,048,987
	10,874,998,487	9,006,817,980	8,333,852,304	6,235,918,622
10.1.1 Bank overdraft				
Secured by FDR				
Standard Chartered Bank Limited	(40,312,965)	(42,332,279)	110,559,894	(42,332,279)
Commercial Bank of Ceylon PLC	110,559,894	109,999,798	(40,312,965)	109,999,798
	70,246,929	67,667,519	70,246,929	67,667,519
Secured by Pari Passu sharing agreement				
Bangladesh Development Bank Limited	(2,698)	916	(2,698)	916
Midland Bank Limited	155,207,230	2,201,548	155,207,230	2,201,548
Bank Asia Limited	3,585,741	24,722,800	3,585,741	24,722,800
Prime Bank Limited	184,770,465	121,834,453	184,770,465	121,834,453
Dhaka Bank Limited	3,237,424	29,852,734	3,237,424	29,852,734
Dutch Bangla Bank limited	46,782,697	-	46,782,697	-
Meghna Bank Limited	-	8,658	-	8,658
Mercantile Bank Limited	45,612,188	44,085,417	45,612,188	44,085,417
Modhumoti Bank Limited	168,671,147	1,551,443	168,671,147	1,551,443
Mutual Trust Bank Limited	263,963,714	342,694,003	263,963,714	323,763,390
United Commercial Bank Limited	299,640,918	301,016,857	299,640,918	301,016,857
	1,171,468,825	867,968,828	1,171,468,825	849,038,215
	1,241,715,754	935,636,347	1,241,715,754	916,705,734
10.1.2 Long term loan				
Opening Balance	2,665,656,043	4,491,767,186	1,432,163,901	3,204,863,348
Add: Addition during the year	318,117,949	750,000,000	218,342,388	400,000,000
	2,983,773,992	5,241,767,186	1,650,506,289	3,604,863,348
Less: Adjusted during the year	1,295,252,513	2,576,111,143	646,875,589	2,172,699,449
	1,688,521,479	2,665,656,043	1,003,630,699	1,432,163,901

LankaBangla Group		LankaBangla Finance Limited	
31.12.2016	31.12.2015	31.12.2016	31.12.2015
Taka	Taka	Taka	Taka

Detail of the above balance is presented below:

From Bangladesh Bank and its agents Bank

Bangladesh Bank (under Re-Finance)- Women Entrepreneu	160,753,737	109,511,188	160,753,737	109,511,188
Bangladesh Bank (under Re-Finance)- Mortgage Loan	547,061,546	600,125,826	547,061,546	600,125,826
Bangladesh Bank (under Re-Finance)- IPFF Fund	189,000,000	189,000,000	189,000,000	189,000,000
Bangladesh Bank (Under Re-Finance)- Agro Processing Ind	24,347,769	1,000,000	24,347,769	1,000,000
	921,163,051	899,637,013	921,163,051	899,637,013

From other than Bangladesh Bank and its agents Bank

Dutch Bangla Bank Limited	78,211,725	53,848,203	78,211,725	53,848,203
Eastern Bank Limited	-	180,952,381	-	180,952,381
Fareast Finance Limited	-	23,342,251	-	-
Hajj Finance Company Limited	75,449,998	162,489,063	-	-
International Leasing and Financial Services Limited	-	63,479,266	-	-
Investment Corporation of Bangladesh (ICB)	10,789,043	52,121,257	-	-
Midland Bank Limited	49,255,458	-	-	-
Mutual Trust Bank Limited	-	291,447,008	-	291,447,008
Meghna Bank Limited	-	58,485,366	-	-
Phoenix Finance & Investment Ltd	-	170,961,484	-	-
Shahjalal Islami Bank Limited	100,201,608	148,481,145	-	-
South Bangla Agriculture and Commerce Bank Limited	436,950,663	544,780,421	-	-
Lease obligation	16,499,933	15,631,186	4,255,923	6,279,296
	767,358,427	1,766,019,030	82,467,648	532,526,887
	1,688,521,479	2,665,656,043	1,003,630,699	1,432,163,901

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
- 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.

10.1.3 Call loan

Bangladesh Commerce Bank Limited	100,000,000	-	100,000,000	-
Basic Bank Limited	40,000,000	100,000,000	40,000,000	100,000,000
Dhaka Bank Limited	-	-	100,000,000	-
Dutch Bangla Bank Limited	100,000,000	210,000,000	-	210,000,000
Janata Bank Limited	150,000,000	40,000,000	150,000,000	40,000,000
Mutual Trust Bank Limited	70,000,000	50,000,000	70,000,000	50,000,000
Pubali Bank Limited	90,000,000	40,000,000	90,000,000	40,000,000
Sonali Bank Limited	50,000,000	50,000,000	50,000,000	50,000,000
Southeast Bank Limited	100,000,000	-	100,000,000	-
United Commercial Bank Limited	280,000,000	-	280,000,000	-
	980,000,000	490,000,000	980,000,000	490,000,000

10.1.4 Short term borrowings

Brac Bank Limited	1,200,000,000	640,000,000	1,200,000,000	640,000,000
Dhaka Bank Limited	300,000,000	-	300,000,000	-
Eastern Bank Limited	740,000,000	700,000,000	740,000,000	700,000,000
IPDC of Bangladesh Limited	-	75,000,000	-	75,000,000
Jamuna Bank Limited	500,000,000	-	500,000,000	-
Midland Bank Limited	102,827,789	-	-	-
One Bank Limited	612,786,442	759,168,485	-	-
Prime Bank Limited	700,000,000	-	700,000,000	-
Shahjalal Islami Bank Limited	100,919,167	375,544,445	-	-
South Bangla Agriculture and Commerce Bank Limited	17,513	103,257,345	-	-
Standard Chartered Bank	787,266,405	280,506,327	400,000,000	-
The Premier Bank Limited	-	250,000,000	-	250,000,000
Trust Bank Limited	100,000,000	-	100,000,000	-
United Finance Limited	254,375,000	-	-	-
Uttara Bank Limited	250,000,000	-	250,000,000	-
	5,648,192,316	3,183,476,603	4,190,000,000	1,665,000,000

LankaBangla Group		LankaBangla Finance Limited	
31.12.2016	31.12.2015	31.12.2016	31.12.2015
Taka	Taka	Taka	Taka

10.1.5 Zero Coupon Bond

Bangla Telecom Limited	33,171,924	-	-	-
Central Depository Bangladesh Limited	30,617,474	57,736,121	30,617,474	57,736,121
Delsey Cotton Spinning Mills Limited	45,925,293	86,602,449	45,925,293	86,602,449
Faisal Spinning Mills Limited	66,343,848	-	-	-
Grameen One: Scheme Two	33,171,924	-	-	-
Janata Jute Mills Limited	283,216,942	346,409,797	183,701,170	346,409,797
Mr. Mahmudul Huq	66,343,848	-	-	-
Ms. Monisha Anwar Huq	66,343,848	-	-	-
Prime Bank Limited	30,615,637	57,732,657	30,615,637	57,732,657
Reliance Insurance Limited	33,171,924	-	-	-
Sk. Akijuddin Limited	398,019,814	750,555,716	398,019,814	750,555,716
Square Pharmaceuticals Limited	45,925,292	86,602,449	45,925,292	86,602,449
Universal Jeans Limited	91,850,585	173,204,899	91,850,585	173,204,899
Uttara Motor Corporation Limited	91,850,585	173,204,899	91,850,585	173,204,899
	1,316,568,938	1,732,048,987	918,505,850	1,732,048,987

On 15 December 2014, the Company issued Zero Coupon Bond face value equivalent to BDT 3,000 million. After discounting the Bond @ 11.5%, the Company received BDT 2,478,093,342. The mode of payment of the Bond is 6 equal installments (2 installments in a year, BDT 500 million in each installment). Total transaction costs incurred for issuance of the Bond is BDT 39,031,137.

Subsequently, the Zero Coupon Bond is measured at amortized cost using the effective interest method. The effective interest rate for this bond stands at 12.51% as per Para 9 of BAS 39.

Initially the Zero Coupon Bond is measured at fair value (2,478,093,342) less the transaction costs (39,031,137) i.e., 2,439,062,205 as per para 43 of BAS 39.

Maturity grouping of borrowings from other banks and financial institutions

Payable on demand	980,000,000	490,000,000	980,000,000	490,000,000
Up to 1 month	52,514,845	4,200,000	52,514,845	4,200,000
Over 1 month but within 3 months	3,434,000,000	455,759,383	3,434,000,000	75,000,000
Over 3 months but within 1 year	1,914,354,584	1,897,600,703	1,914,354,584	2,606,705,734
Over 1 year but within 5 years	1,145,427,764	4,744,117,210	1,145,427,764	1,264,575,875
Over 5 years	3,348,701,293	1,415,140,685	807,555,110	1,795,437,013
	10,874,998,487	9,006,817,980	8,333,852,304	6,235,918,622

11 Term deposits and other deposits

See accounting policy in note (2.24)

Term deposits	(Note - 11.1)	40,033,189,441	29,991,564,599	40,033,189,441	30,080,861,537
Other deposit	(Note - 11.2)	115,303,314	115,143,130	115,303,314	115,143,130
		40,148,492,755	30,106,707,729	40,148,492,755	30,196,004,667

11.1 Term deposits
Product wise break-up of term deposit

Periodic return term deposits	775,408,411	841,739,618	775,408,411	841,739,618
Cumulative term deposits	161,926,770	614,908,663	161,926,770	614,908,663
Double money term deposits	2,527,202,910	2,285,001,481	2,527,202,910	2,285,001,481
Money builders scheme	239,849,222	115,608,272	239,849,222	115,608,272
Fixed term deposit	14,950,824,477	14,023,727,619	14,950,824,477	14,113,024,557
Term deposit earn first	55,244,384	115,437,882	55,244,384	115,437,882
Term deposit shohoj sanchoy	835,056,966	635,601,529	835,056,966	635,601,529
Term deposit quick sanchoy	1,355,359	107,408	1,355,359	107,408
Term deposit triple money	292,650,588	49,382,895	292,650,588	49,382,895
Term deposit (fixed term)-3 months	257,245,771	422,326,321	257,245,771	422,326,321
Term deposit Earn First Fixed Rate	139,766,600	504,516,956	139,766,600	504,516,956
Term deposit Agroji (Senior Citizen)	1,166,872,301	753,950,573	1,166,872,301	753,950,573
Term deposit Classic TDR 2 To 3 Years	18,629,785,682	9,629,255,381	18,629,785,682	9,629,255,381
	40,033,189,441	29,991,564,599	40,033,189,441	30,080,861,537

11.2 Other deposits against leases, loans and advances
Other deposits

Corporate Clients	100,410,905	103,498,258	100,410,905	103,498,258
Retail Clients	8,947,298	5,388,410	8,947,298	5,388,410
SME Clients	5,945,111	6,256,462	5,945,111	6,256,462
	115,303,314	115,143,130	115,303,314	115,143,130

11.3 Group-wise break-up of term deposits and other deposits

Bank and Non Bank Financial Institute (NBFI)	10,720,847,500	7,899,772,481	10,720,847,500	7,899,772,481
Corporate houses	16,138,228,539	15,572,001,940	16,138,228,539	15,661,298,878
Individual	13,289,416,716	6,634,933,309	13,289,416,716	6,634,933,309
	40,148,492,755	30,106,707,729	40,148,492,755	30,196,004,667

LankaBangla Group		LankaBangla Finance Limited	
31.12.2016	31.12.2015	31.12.2016	31.12.2015
Taka	Taka	Taka	Taka

11.4 Remaining maturity grouping of term deposits and other deposits

Payable on demand	-	-	-	-
In not more than 01 month	2,768,224,030	587,286,382	2,768,224,030	587,286,381
In more than 01 month but not more than 06 months	12,808,854,650	5,916,299,743	12,808,854,650	5,916,299,743
In more than 06 months but not more than 01 year	5,115,830,062	5,186,746,511	5,115,830,062	5,186,746,511
In more than 01 year but not more than 05 years	12,384,294,888	13,922,592,273	12,384,294,888	14,011,889,212
In more than 05 years but not more than 10 years	7,071,289,126	4,493,782,820	7,071,289,126	4,493,782,820
In more than 10 years	-	-	-	-
	40,148,492,755	30,106,707,729	40,148,492,755	30,196,004,667

12. Other liabilities

See accounting policy in note (2.25),(2.26),(2.27) and (2.35)

Accrued expenses	26,789,849	26,569,087	17,729,386	22,014,279
Salaries and related expenses payable	21,269,432	5,393,246	771,626	598,703
Office rent payable	3,111,159	3,036,500	556,043	629,077
Utility bill payable	3,066,481	2,404,409	1,819,214	1,027,038
Advance receipt against leases-adjustment A/C	143,128,174	306,665,865	143,128,174	306,665,865
CDBL expenses payable	3,549,078	2,114,650	-	-
Client positive balance	34,909,717	56,829,033	-	-
Deferred liability-employee gratuity (Note - 12.1)	51,615,460	87,910,169	43,434,906	27,534,735
Deferred tax liability	2,691,911	-	-	-
Employees provident fund payable	9,595,576	2,214,629	4,723,489	-
Interest payable (Note - 12.2)	964,824,075	753,901,788	946,284,627	725,307,943
Interest suspense account (Note - 12.3)	1,160,076,143	1,093,964,825	349,912,097	283,800,779
IPO subscription payable	51,794	51,794	51,794	51,794
ITCL settlement A/C	3,942,809	283,000	3,942,809	283,000
Insurance premium payable for asset clients	57,657	-	57,657	-
Payable against MCBS charges	8,538	465	8,538	465
Payable against merchants claims and others	892,270	206,315	892,270	206,315
Payable against receipt from other card holders	3,319,119	2,635,921	3,319,119	2,635,921
Payable to LB Foundation	12,590,284	11,188,409	10,828,830	10,404,177
Payable DSE and CSE	177,154,351	27,396,281	-	-
Payable to share trading clients	1,604,018,623	584,160,008	-	-
Provisions for loans / investments (Note - 12.4)	1,460,992,545	1,506,023,770	1,061,553,115	1,006,394,000
Provision for other assets	2,910,000	2,910,000	2,910,000	2,910,000
Provision for taxation (Note - 12.5)	267,389,317	234,003,429	214,770,322	179,488,712
Receivables/(payables)-other (Note - 12.6)	13,641,531	7,855,390	13,641,531	7,855,390
MasterCard operator	-	-	-	-
Payable to right share holder	214,123	214,123	214,123	214,123
Payable against legal and professional fees	3,401,659	2,772,175	3,275,659	2,772,175
Payable to Green Delta for trustee fee	-	350,000	-	350,000
Provision for audit fee	1,487,225	794,350	858,750	398,750
Sundry creditors	21,664,757	11,000,520	21,664,757	11,000,520
Safety net deposit-factoring and others	3,020,178	2,272,141	3,020,178	2,272,141
Unpaid dividend	49,455,675	53,671,930	46,333,230	50,506,960
Privileged creditors (Note - 12.7)	74,772,274	175,393,392	73,991,939	78,476,686
VISA settlement A/C	526,490	26,287	526,490	26,287
Brokerage sharing	13,512,653	13,508,539	-	-
Other liabilities	473,102	7,318,661	-	-
Mobile phone bill payable-Handset	110,809	65,152	110,809	65,152
	6,140,234,836	4,985,106,251	2,970,331,482	2,723,890,987

12.1 Deferred liability - employee gratuity

Opening Balance	87,910,169	94,662,146	27,534,735	14,156,758
Addition during the year	52,642,228	38,994,698	25,139,378	13,650,287
Received cash	490,050	187,440	490,050	187,440
	141,042,447	133,844,284	53,164,163	27,994,485
Payment during the year	89,426,987	45,934,115	9,729,257	459,750
Closing Balance	51,615,460	87,910,169	43,434,906	27,534,735

12.2 Interest payable

Term deposit receipts	916,994,439	702,453,920	916,994,439	702,504,539
Long term loan-Bangladesh Bank	3,658,533	8,741,007	3,658,533	8,741,007
Long term loan-Bangladesh Bank-IPFF	24,919,097	13,786,840	24,919,097	13,786,840
Long term loan-Bangladesh Bank-Agro Processing Industry	160,475	31,668	160,475	31,668
Short term borrowings	18,739,447	28,831,964	200,000	187,500
Call loan borrowings	352,083	56,389	352,083	56,389
	964,824,075	753,901,788	946,284,627	725,307,943

LankaBangla Group		LankaBangla Finance Limited	
31.12.2016	31.12.2015	31.12.2016	31.12.2015
Taka	Taka	Taka	Taka

12.3 Interest suspense account

Lease finance	83,798,612	91,825,435	83,798,612	91,825,435
Term finance	152,000,644	129,559,693	152,000,644	129,559,693
Credit card	25,901,238	17,824,665	25,901,238	17,824,665
Mortgage loan	88,211,602	44,590,986	88,211,602	44,590,986
Margin Loan	810,164,046	810,164,046	-	-
	1,160,076,143	1,093,964,825	349,912,097	283,800,779

12.3.1 Movement of interest suspense account

Opening Balance	1,093,964,825	1,098,447,614	283,800,779	288,283,568
Add: Transferred to interest suspense during the year	151,352,690	10,364,366	151,352,690	10,586,783
Less: Interest suspense realized during the year	84,711,021	14,847,154	84,711,021	15,069,572
	1,160,606,494	1,093,964,825	350,442,448	283,800,779
Less: Write off during the year	530,351	-	530,351	-
	1,160,076,143	1,093,964,825	349,912,097	283,800,779

12.4 Provisions for loans / investments

Provision for leases and loans	1,061,553,115	882,833,140	1,061,553,115	882,833,140
Lease finance	363,976,057	238,732,396	363,976,057	238,732,396
Term finance and short term loan	461,682,149	439,572,274	461,682,149	439,572,274
Credit card	170,520,249	157,436,430	170,520,249	157,436,430
Mortgage loan	65,374,659	47,092,041	65,374,659	47,092,041
Margin loan	323,329,884	429,973,951	-	-
Provision for diminution in value of investment in equity st	76,109,546	193,216,679	-	123,560,860
	1,460,992,545	1,506,023,770	1,061,553,115	1,006,394,000

12.4.1 Movement of provision for loans / investments

Opening Balance	1,506,023,770	1,360,105,926	1,006,394,000	920,636,374
Provision required for the year	515,042,889	486,450,335	195,057,497	195,345,228
Provision released during the year	(119,393,560)	(109,587,602)	(119,393,560)	(109,587,602)
Provision charged for the year	395,649,328	376,862,732	75,663,937	85,757,626
Write off during the year	440,680,553	-	20,504,822	-
Closing Balance	1,460,992,545	1,506,023,770	1,061,553,115	1,006,394,000

During the year 2016, the Company had written off it's receivables of contracts as per write off policy of the Bangladesh Bank (FID circular No. 03 dated 15 March 2009) and no written off it's receivables of contracts during the year 2016.

12.4.2 Grouping of Provision for leases, loans, advances and investments
General Provision

Standard (UC)	413,556,962	325,157,854	413,556,962	325,157,686
Special Mention Account (SMA)	35,859,341	31,394,070	35,859,341	31,394,070
	449,416,303	356,551,924	449,416,303	356,551,757

Specific Provision

Sub-standard (SS)	52,000,640	25,065,438	52,000,640	25,065,438
Doubtful (DF)	36,238,736	80,783,373	36,238,736	80,782,373
Bad Loss (BL)	523,897,436	420,432,405	523,897,436	420,433,572
	612,136,812	526,281,216	612,136,812	526,281,383

Provision for margin loan

Provision for margin loan	323,329,884	429,973,951	-	-
Provision for investment in shares	76,109,546	193,216,679	-	123,560,860
	1,460,992,545	1,506,023,770	1,061,553,115	1,006,394,000

Details see in Annexure-C

12.5 Provision for taxation

Opening Balance	234,003,429	273,616,467	179,488,712	163,591,047
Provision during the year	148,304,531	112,104,402	35,281,610	15,897,665
	382,307,960	385,720,869	214,770,322	179,488,712
Adjusted during the year	114,918,643	151,717,440	-	-
	267,389,317	234,003,429	214,770,322	179,488,712

LankaBangla Group		LankaBangla Finance Limited	
31.12.2016	31.12.2015	31.12.2016	31.12.2015
Taka	Taka	Taka	Taka

12.6 Receivables/(payables)-other Master Card operator

This represents receivable/payables from the other master card operators which is created due to the use of credit card systems at the point of sales.

Bank Asia Limited	(929,773)	(641,871)	(929,773)	(641,871)
City Bank Limited	1,730	1,730	1,730	1,730
National Bank Limited	15,570	15,570	15,570	15,570
Premier Bank Limited	7,757	7,757	7,757	7,757
Balance for Master Card operation (Nostro A/C)	5,584,533	5,584,533	5,584,533	5,584,533
Standard Chartered Bank	8,961,714	2,887,671	8,961,714	2,887,671
	13,641,531	7,855,390	13,641,531	7,855,390

12.7 Privileged creditors

Three major categories of Government dues are reported. Tax deduction at source, VAT, Excise duty payable to govt. exchequer.

VAT at source	12,739,673	9,103,922	12,624,733	9,045,173
Tax deducted at source (TDS)	40,320,491	150,765,019	39,655,096	53,907,062
Excise duty deducted form customer accounts	21,712,110	15,524,450	21,712,110	15,524,450
	74,772,274	175,393,392	73,991,939	78,476,686

13. Share capital

Authorized capital	10,000,000,000	3,000,000,000	10,000,000,000	3,000,000,000
1,000,000,000 ordinary shares of Tk.10/- each				

The company increased its authorised capital from 3,000 million to 10,000 million in it's 100th board meeting held on 26 July 2016 and by passing a special resolution in it's 8th Extra Ordinary General Meeting (EGM) held on 24 October 2016.

Issued, subscribed and paid up capital	2,767,399,490	2,406,434,340	2,767,399,490	2,406,434,340
---	----------------------	----------------------	----------------------	----------------------

Details of shares holding position are as under:

Sponsor shareholders:	Percentage 31.12.2016	2016		2015	
		Number of shares	Taka	Number of shares	Taka
a. Foreign sponsors					
Sampath Bank Limited, Sri Lanka	9.47%	26,211,685	262,116,850	22,792,770	227,927,700
b. Local sponsors	25.36%	70,181,890	701,818,900	70,002,913	700,029,130
ONE Bank Limited, Bangladesh	3.78%	10,458,017	104,580,170	11,688,600	116,886,000
SSC Holdings Limited, Bangladesh	1.07%	2,968,975	29,689,750	2,581,718	25,817,180
Shanta Apparel Limited	0.11%	300,000	3,000,000	4,184,645	41,846,450
Individuals	20.40%	56,454,898	564,548,980	51,547,950	515,479,500
General shareholders	65.17%	180,346,374	1,803,463,740	147,847,751	1,478,477,510
	100.00%	276,739,949	2,767,399,490	240,643,434	2,406,434,340

Classification of shareholders by holding as required by Regulation- 37 of the Listing Regulations of Dhaka Stock Exchange Limited

Shares groups	Number of share	Percentage	Number of share	Percentage
Less than 500	824,795	0.30	731,392	0.30
501 to 5000	12,808,522	4.63	14,115,151	5.87
5,001 to 10000	10,054,174	3.63	8,760,282	3.64
10,001 to 20000	11,518,221	4.16	10,102,813	4.20
20,001 to 30000	7,558,307	2.73	6,152,562	2.56
30,001 to 40000	5,674,440	2.05	4,529,229	1.88
40,001 to 50000	5,347,664	1.93	10,209,110	4.24
50,001 to 100000	13,756,619	4.97	3,179,311	1.32
100,001 to 1000000	53,931,911	19.49	56,340,711	23.41
Above 1000000	155,265,296	56.11	126,522,873	52.58
	276,739,949	100.00	240,643,434	100.00

The company increased its paid-up capital from Tk. 2,406,434,340 to Tk. 2,767,399,490 by issuing 360,965,150 bonus share to the shareholder as approved in 19th Annual General Meeting (AGM) held on 30 March 2016.

The shares were listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited on 17 October 2006 and 31 October 2006 respectively, also trading in the both houses from 01 November, 2006. Share trade Tk. 34.80 and Tk. 34.70 At Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited respectively at the end of the year 2016.

13.1 Capital Adequacy Ratio (CAR)

"As per section 4(GHA) of the Financial Institution Rule 1994, the minimum paid up capital of the Financial Institution (FI) shall be Tk. 100 crore; Provided that the sum of paid up capital and reserves shall not be less than the minimum capital determined by the Bangladesh Bank under the Risk-Based Assets of the Company. The surplus eligible capital of the Group as well as the company at the close of business on 31 December 2016 were Tk.1,374.51 million and Tk. 1,613.61 million respectively."

		LankaBangla Group		LankaBangla Finance Limited	
		31.12.2016	31.12.2015	31.12.2016	31.12.2015
		Taka	Taka	Taka	Taka
Core Capital (Tier-1)					
Paid-up capital	(Note - 13)	2,767,399,490	2,406,434,340	2,767,399,490	2,406,434,340
Share premium		1,090,888,800	1,090,888,800	-	-
Statutory reserves	(Note - 14)	1,202,043,919	987,633,085	1,202,043,920	987,633,085
General reserves		46,768,017	53,849,069	-	-
Dividend equalization reserves		-	-	-	-
Retained earnings	(Note - 15)	1,579,509,093	1,722,988,700	2,200,374,742	2,064,661,706
Non-controlling interest		84,821,392	87,458,943	-	-
Sub-Total		6,771,430,711	6,349,252,937	6,169,818,152	5,458,729,131
Deductions from Tier-1 (Core Capital)					
Goodwill and value of any contingent assets which are shown as assets		234,143,286	234,143,286	-	-
Total Eligible Tire - 1 Capital		6,537,287,425	6,115,109,651	6,169,818,152	5,458,729,131
Supplementary capital (Tier -II)					
General provision (unclassified loans up to specified limit + SMA + off balance sheet exposure)		449,416,303	356,551,924	449,416,303	356,551,757
Assets revaluation reserves up to 50%		-	-	-	-
Revaluation reserve for securities up to 10%		-	-	-	-
All others preference shares		-	-	-	-
Others (if any other item approved by Bangladesh Bank)		-	-	-	-
Sub-Total		449,416,303	356,551,924	449,416,303	356,551,757
A) Total capital		6,986,703,728	6,471,661,575	6,619,234,454	5,815,280,888
Total assets including off -balance sheet exposures		70,333,127,747	57,055,686,519	63,779,316,804	51,222,345,030
B) Total risk weighted assets		56,121,952,259	48,250,823,201	50,056,222,400	41,028,018,699
C) Required capital based on risk weighted assets (10% on B)		5,612,195,226	4,825,082,320	5,005,622,240	4,102,801,870
D) Surplus capital (A-C)		1,374,508,502	1,646,579,255	1,613,612,214	1,712,479,018
E) Capital Adequacy Ratio		12.45%	13.41%	13.22%	14.17%
F) Core Capital to RWA		11.65%	12.67%	12.33%	13.30%
G) Supplementary Capital to RWA		0.80%	0.74%	0.90%	0.87%
14. Statutory reserve	See accounting policy in note (2.42)				
Opening Balance		987,633,085	781,630,380	987,633,085	781,630,380
Add: Transferred from profit during the year @ 20%		214,410,834	206,002,705	214,410,834	206,002,705
		1,202,043,919	987,633,085	1,202,043,920	987,633,085
15. Retained earnings					
Opening Balance		2,518,510,040	2,407,926,127	3,136,715,878	2,708,197,920
Add: Profit for the year		1,722,988,700	1,983,390,086	2,064,661,706	1,678,184,396
		795,521,340	424,536,041	1,072,054,172	1,030,013,524
Less: Adjustment during the year:		939,000,948	684,937,426	936,341,136	643,536,214
Transfer to statutory reserve during the year		214,410,834	206,002,705	214,410,834	206,002,705
Transfer to general reserve during the year		(7,081,053)	1,107,188	-	-
Changing effect of non controlling interest		-	22,732,982	-	-
Adjustment of non-controlling interest		9,740,864	17,561,042	-	-
Transferred of stock dividend		360,965,150	218,766,750	360,965,150	218,766,750
Cash dividend		360,965,152	218,766,759	360,965,152	218,766,759
		1,579,509,093	1,722,988,700	2,200,374,742	2,064,661,706
16 Non-controlling interest	See accounting policy in note (2.4)				
		Percentage of Non-controlling interest	Equity as on 31.12.2016	LankaBangla Group	
				2016	2015
				Taka	Taka
Name of Subsidiaries					
LankaBangla Securities Limited		3.4932333%	4,180,794,512	146,044,904	142,880,994
LankaBangla Investments Limited		0.0000036%	441,749,358	16	31
LankaBangla Asset Management Company Limited		0.0002000%	963,419,895	1,927	8,983
LankaBangla Information System Limited		3.6862468%	1,697,780	62,584	34,693
BizBangla Media Limited		22.7945866%	(268,871,028)	(61,288,039)	(55,465,758)
				84,821,392	87,458,943

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2016 Taka	31.12.2015 Taka	31.12.2016 Taka	31.12.2015 Taka
17 Interest income				
See accounting policy in note (2.33.1) (2.33.2), (2.33.3) and (2.33.4)				
<u>Corporate finance</u>				
Factoring finance	104,606,664	76,329,685	104,606,664	76,329,685
Lease finance	260,642,122	320,796,682	260,642,122	320,796,682
Lending to subsidiaries	-	-	325,965,295	483,216,124
Real estate developers Finance	1,343,114	2,932,662	1,343,114	2,932,662
Short term lending	864,639,604	638,294,386	864,639,604	638,294,386
Term finance	1,380,902,854	1,317,865,151	1,380,902,854	1,317,865,151
Term loan secured overdraft	6,295,292	7,460,624	6,295,292	7,460,624
Term loan syndication finance	57,838,401	96,382,416	57,838,401	96,382,416
	2,676,268,051	2,460,061,606	3,002,233,346	2,943,277,730
<u>Retail finance</u>				
Auto loan	514,479,186	353,024,563	514,479,186	353,024,563
Credit card (Note- 17.1)	403,552,585	330,975,827	403,552,585	330,975,827
Mortgage loan (Note- 17.2)	574,210,038	491,057,355	574,210,038	491,057,355
Personal loan (Note- 17.3)	427,013,795	247,792,522	425,689,291	246,548,601
	1,919,255,605	1,422,850,268	1,917,931,100	1,421,606,347
<u>SME finance</u>				
SME finance	434,105,938	186,979,790	434,105,938	186,979,790
	434,105,938	186,979,790	434,105,938	186,979,790
<u>Treasury finance</u>				
Fixed deposit accounts	128,309,605	53,471,964	75,045,134	50,474,643
Short term deposit accounts	4,150,129	49,320,996	3,347,723	2,670,341
	132,459,734	102,792,960	78,392,856	53,144,984
<u>Others</u>				
Debit balance of share trading clients	401,494,843	505,083,119	-	-
Margin loan to share trading clients	97,960,075	109,479,557	-	-
	499,454,918	614,562,675	-	-
	5,661,544,246	4,787,247,300	5,432,663,241	4,605,008,851
17.1 Credit Card				
Master Card	274,809,480	224,550,428	274,809,480	224,550,428
Visa Card	128,743,105	106,425,399	128,743,105	106,425,399
	403,552,585	330,975,827	403,552,585	330,975,827
17.2 Mortgage loan				
Bangladesh Bank refinance loan	68,680,888	66,362,609	68,680,888	66,362,609
Commercial loan	493,985,029	418,141,428	493,985,029	418,141,428
Staff loan	11,544,121	6,553,318	11,544,121	6,553,318
	574,210,038	491,057,355	574,210,038	491,057,355
17.3 Personal loan				
Loan against deposit	20,427,756	15,151,276	20,427,756	15,151,276
Staff loan	10,898,218	9,873,048	9,573,713	8,629,127
Term loan	395,687,822	222,768,198	395,687,822	222,768,198
	427,013,795	247,792,522	425,689,291	246,548,601
18. Interest expenses on deposits and borrowings				
See accounting policy in note (2.28)				
<u>Other than Bangladesh Bank</u>				
Bank overdraft	79,171,499	64,056,395	76,882,259	63,721,763
Call loan	60,888,472	108,439,167	60,888,472	108,439,167
Short term loan	193,066,734	187,030,981	193,066,734	187,030,981
Term deposits	2,966,465,005	2,332,154,318	2,970,681,267	2,337,345,229
Term loan- commercial bank	428,516,617	651,824,625	27,691,582	150,893,617
Zero Coupon Bond	187,941,863	278,577,293	187,941,863	278,577,293
	3,916,050,190	3,622,082,778	3,517,152,178	3,126,008,048
<u>Bangladesh Bank</u>				
Bangladesh Bank REPO	-	44,934,729	-	44,934,729
Term loan- Bangladesh Bank	48,029,138	47,867,233	48,029,138	47,867,233
	48,029,138	92,801,962	48,029,138	92,801,962
	3,964,079,328	3,714,884,740	3,565,181,315	3,218,810,010

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2016 Taka	31.12.2015 Taka	31.12.2016 Taka	31.12.2015 Taka
19. Income from investment				
See accounting policy in note (2.33.5)				
Commercial paper	80,486,354	3,450,833	80,486,354	3,450,833
Coupon income from treasury bond	649,711	157,473,587	649,711	157,473,587
Dividend income	155,628,524	95,159,729	67,820,926	206,947,231
Income from investment in share (Capital gain)	246,762,009	180,222,862	46,831,610	57,781,533
	483,526,596	436,307,012	195,788,600	425,653,183
20. Commission, exchange and brokerage income				
See accounting policy in note (2.33.8)				
Brokerage commission	4,293,551	560,594,048	-	-
Underwriting commission	561,932,464	1,473,400	-	-
	566,226,015	562,067,448	-	-
21. Other operational income				
See accounting policy in note (2.33.6),(2.33.7),(2.33.8),(2.33.9), (2.21.6) and (2.34)				
Corporate finance				
Fees and documentations (Note-21.1)	40,633,208	24,216,913	40,633,208	24,216,913
Portfolio and issue management fee	35,697,750	46,649,680	-	-
Write off recovery	12,250,000	22,350,000	12,250,000	22,350,000
	88,580,958	93,216,593	52,883,208	46,566,913
Retail finance				
Fees and documentations (Note-21.1)	188,165,691	131,474,972	188,165,691	131,474,972
Membership fees of credit card	21,185,600	14,664,800	21,185,600	14,664,800
Other income from credit card	78,328,932	56,103,163	78,328,932	56,103,163
	287,680,223	202,242,936	287,680,223	202,242,936
SME finance				
Fees and documentations (Note-21.1)	24,778,158	17,253,461	24,778,158	17,253,461
	24,778,158	17,253,461	24,778,158	17,253,461
Others				
Advertisement	95,371,440	40,345,956	-	-
Circulation	10,604,270	4,436,289	-	-
Corporate finance fees	7,389,500	3,273,600	(4,926)	61500
Foreign exchange gain/(loss)	(4,926)	(1,598)	751,630	(1,598)
Income from CDBL	21,617,332	28,595,710	-	-
Income from research project	1,500,000	-	-	-
Income from unit fund operation	5,764,725	-	-	-
Miscellaneous	3,443,677	1,597,632	2,060,097	778,057
Profit on sale of fixed asset	3,106,988	21,076,500	-	626,557
Round Table Conference	2,146,000	1,289,370	-	-
Scrap sales	2,537,144	1,392,348	-	-
Settlement fee	43,175,650	34,628,083	-	-
Sponsorship	1,943,043	1,591,220	-	-
	198,594,842	138,225,109	2,806,801	1,464,516
	599,634,180	450,938,098	368,148,389	267,527,826
21.1 Fees and documentations				
Corporate finance				
Factoring finance	12,141,985	9,555,231	12,141,985	9,555,231
Late payment charge-factoring	908,022	262,134	908,022	262,134
Lease finance	8,306,257	5,126,295	8,306,257	5,126,295
Revolving credit -secured	3,379,621	22,201	3,379,621	22,201
Short term loan	5,262,537	4,124,375	5,262,537	4,124,375
Term loan	9,722,822	4,960,818	9,722,822	4,960,818
Term loan syndication finance	137,508	120,860	137,508	120,860
Work order finance	187,500	45,000	187,500	45,000
Zero coupon bond	586,957	-	586,957	-
	40,633,208	24,216,913	40,633,208	24,216,913
Retail finance				
Auto loan	17,314,442	13,229,639	17,314,442	13,229,639
Credit card	105,219,449	83,036,892	105,219,449	83,036,892
Home loan	39,177,996	18,798,616	39,177,996	18,798,616
Personal loan	26,453,803	16,409,825	26,453,803	16,409,825
	188,165,691	131,474,972	188,165,691	131,474,972
SME finance				
SME finance	24,778,158	17,253,461	24,778,158	17,253,461
	24,778,158	17,253,461	24,778,158	17,253,461
	253,577,056	172,945,346	253,577,056	172,945,346

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2016 Taka	31.12.2015 Taka	31.12.2016 Taka	31.12.2015 Taka
22. Salary and allowances				
See accounting policy in note (2.35.1) and (2.36)				
Salary and allowances	870,360,251	723,692,196	557,914,991	439,796,140
Provident fund contribution	26,406,706	24,918,691	13,326,002	11,926,060
Festival bonus	40,809,065	35,603,768	22,794,378	35,603,768
Gratuity fund	49,772,590	37,363,434	40,809,065	12,019,023
	987,348,613	821,578,089	634,844,436	499,344,992
23. Rent, taxes, insurance, electricity etc.				
See accounting policy in note (2.35)				
Electricity	22,422,045	20,210,531	12,630,542	10,268,147
Insurance premium	22,563,315	19,389,405	15,496,175	12,543,959
Office rent	142,081,118	120,208,326	96,580,666	74,100,830
	187,066,477	159,808,261	124,707,382	96,912,936
24. Legal and professional fees	30,013,397	19,744,690	23,863,346	15,941,909
See accounting policy in note (2.35)				
25. Postage, stamp, telecommunication etc.				
See accounting policy in note (2.35)				
Postage and courier	2,432,624	2,029,473	2,190,920	1,759,175
Stamp charges	1,840,826	926,349	1,811,836	874,327
Telephone bill	16,364,702	14,051,086	10,984,604	9,210,524
	20,638,151	17,006,908	14,987,359	11,844,026
26. Stationery, printing, advertisement				
See accounting policy in note (2.35)				
Advertisement	22,287,951	15,663,979	20,246,961	14,246,646
Printing and stationery	25,197,795	24,503,665	17,496,808	14,972,477
	47,485,747	40,167,644	37,743,769	29,219,123
27. Managing director's salary and allowance				
See accounting policy in note (2.35.1) and (2.36)				
Salary and allowances	13,000,000	13,000,000	13,000,000	13,000,000
Provident fund contribution	804,000	804,000	804,000	804,000
Festival bonus	1,340,000	1,340,000	1,340,000	1,340,000
Gratuity fund	2,345,000	1,631,264	2,345,000	1,631,264
	17,489,000	16,775,264	17,489,000	16,775,264
28. Director fees and expenses				
See accounting policy in note (2.35)				
Board meeting and audit committee attendance fees	2,591,389	1,822,127	736,000	691,500
Other financial benefits	-	-	-	-
	2,591,389	1,822,127	736,000	691,500
29. Audit fees	1,227,625	667,584	718,750	318,750
See accounting policy in note (2.35)	1,227,625	667,584	718,750	318,750
30. Repairs, maintenance and depreciation				
See accounting policy in note (2.21.3) and (2.35)				
Depreciation	97,747,605	92,549,026	64,104,605	45,580,461
Repairs and maintenance	6,961,749	3,312,188	3,237,081	2,022,106
Software maintenance	18,769,038	13,682,013	12,313,345	11,336,441
	123,478,392	109,543,227	79,655,031	58,939,008

LankaBangla Group		LankaBangla Finance Limited	
31.12.2016	31.12.2015	31.12.2016	31.12.2015
Taka	Taka	Taka	Taka

31. Other expenses

See accounting policy in note (2.35)

AGM and related expenses	699,174	949,512	659,174	858,108
Bank charges	2,814,018	2,360,730	1,393,668	1,202,601
Bkash commission	202,438	65,381	202,438	65,381
Business promotion	58,037,946	40,977,618	33,422,079	18,143,447
CDBL fee	26,243,377	32,561,701	912,826	238,345
CIB Charge	5,145,710	3,661,270	5,145,710	3,661,270
Commission on bank guarantee	6,566,590	12,767,104	-	-
Computer accessories	553,029	399,835	517,414	382,085
Contact point verification fees	6,157,823	5,388,596	6,157,823	5,388,596
Conveyance	5,993,548	4,994,076	5,919,148	4,780,548
Cost of Newspaper, P. S Plates & Polyester film	21,900,083	11,813,037	-	-
Credit card accessories	2,747,108	2,155,252	2,747,108	2,155,252
Documentation fee	298,660	810,113	177,740	761,750
Donation and miscellaneous expenses	448,768	7,047,440	307,158	729,953
Educational expense reimbursements	403,737	96,736	398,358	96,736
Entertainment	10,425,639	8,983,604	3,940,062	2,574,844
Excise duty	1,238,027	624,520	1,150,527	609,170
Factory overhead	71,266,643	4,966,140	-	-
Fair and conference	1,530,243	1,178,440	-	-
Fuel expense	2,930,522	2,003,915	1,636,215	543,010
Hawla charges	847,498	894,994	-	-
HR event	1,845,981	2,759,410	1,845,981	2,759,410
Internet and e-mail	18,058,655	15,977,185	5,924,832	4,051,288
laga charges	38,156,413	34,990,155	-	-
LB foundation	12,590,284	11,188,409	10,828,830	10,404,177
Loss on sales of fixed asset	1,131,245	197,568	538,610	121,223
Marketing expenses	81,753,160	58,097,002	81,753,160	58,097,002
Master Card-SBLC issuance charge	1,019,197	1,072,281	1,019,197	1,072,281
MCBS charges	18,720,526	12,568,080	18,720,526	12,568,080
Meeting expense	2,648,599	1,130,643	2,648,599	1,130,643
Membership and regulatory fees	16,686,515	4,345,552	13,061,237	2,210,639
Networking charge	294,357	236,389	-	-
News paper and periodicals	1,203,819	742,601	157,888	25,931
Office maintenance	51,510,373	39,946,360	37,621,014	28,780,006
Other expenses	117,229	366,656	-	-
Other operational expenses credit card	16,346,240	12,803,858	16,346,240	12,803,858
Recovery commission	1,214,778	322,869	1,214,778	322,869
Recruitment expense	782,073	285,271	780,773	285,271
Selling & distribution expenses	6,338,716	3,472,197	-	-
SMS service charge	1,329,605	2,352,974	1,329,605	2,352,974
Staff welfare	956,577	721,114	956,579	721,114
Subscription	153,478	290,781	-	-
Third party commission	5,366,598	4,221,082	-	-
Training	11,425,699	11,737,736	8,956,877	8,909,641
Travelling	31,036,073	25,205,859	27,040,249	21,067,050
Vehicle maintenance/registration	38,307,020	33,173,592	17,201,880	15,728,346
Water and sewerage bill	1,757,387	1,949,546	1,039,821	1,061,629
	587,201,180	424,855,180	313,674,123	226,664,527

32. Provisions for loans, investments and other assets

See accounting policy in note (2.27)

Provisions for leases and loans	199,224,797	132,649,299	199,224,797	132,649,299
General provision	92,864,546	86,280,043	92,864,546	86,280,043
Specific provision	106,360,251	46,369,255	106,360,251	46,369,255
Provision for margin loan	313,531,665	280,292,635	-	-
Provision for diminution in value of investments	(117,107,133)	(27,138,202)	(123,560,860)	(46,891,672)
Specific provision for other assets	-	(8,941,000)	-	(8,941,000)
	395,649,328	376,862,732	75,663,937	76,816,627

LankaBangla Group		LankaBangla Finance Limited	
31.12.2016 Taka	31.12.2015 Taka	31.12.2016 Taka	31.12.2015 Taka

33. **Provision for tax made during the year**

See accounting policy in note (2.37)

Current tax expense	148,304,531	111,998,262	35,281,610	15,897,665
Deferred tax expense/ (income)	2,714,954	(83,366)	-	-
	151,019,485	111,914,896	35,281,610	15,897,665

34. **Earnings Per Share (EPS)**

See accounting policy in note (2.39)

Earning attributable to ordinary shareholders	795,521,340	424,536,041	1,072,054,172	1,030,013,524
Number of ordinary shares outstanding	276,739,949	276,739,949	276,739,949	276,739,949
Basic earnings per share (Restated- prior year)	2.87	1.53	3.87	3.72

34.1 **Number of ordinary shares outstanding**

Balance on 01 January	240,643,434	240,643,434	240,643,434	240,643,434
Bonus issued	36,096,515	36,096,515	36,096,515	36,096,515
	276,739,949	276,739,949	276,739,949	276,739,949

35. Segment report

35.1. Basis for segmentation

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

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

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

35.2. Information about reportable segments

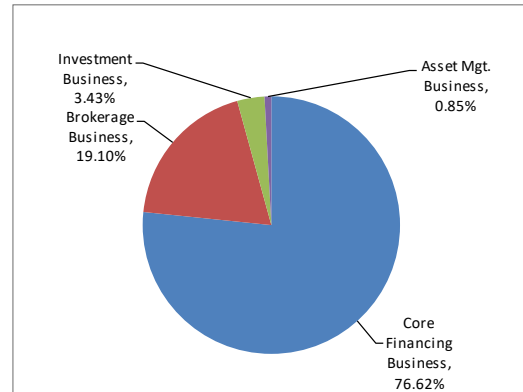
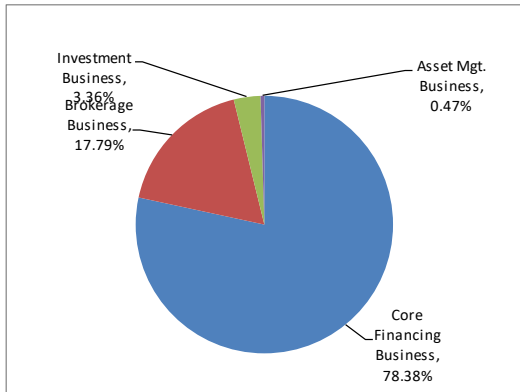
Information related to each reportable segment is set out below. Segment profit before tax, as included in internal management reports reviewed by the Group's management committee, is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to the other entities that operate within the same industries. Inter-segment pricing is determined on an arm's length basis.

Particulars	For the year 2016				Amount in Taka
	Core Financing Business	Brokerage Business	Investment Business	Asset Management Business	Consolidated
Revenue from external customers					
Interest revenue	5,106,697,946	454,317,319	98,711,229	1,817,751	5,661,544,246
Revenue from investment	195,788,600	196,151,360	67,043,121	24,543,515	483,526,596
Commission, exchange and brokerage income	-	561,932,464	4,293,551	-	566,226,015
Other operational income	368,148,389	139,015,893	86,705,174	5,764,725	599,634,180
Total revenue from external customers	5,670,634,934	1,351,417,037	256,753,074	32,125,991	7,310,931,037
Revenues from transactions with other operating segments of the same entry :					
Interest revenue	325,965,295	-	-	4,216,262	330,181,557
Revenue from operation	-	9,901,875	-	-	9,901,875
Total revenues from transactions with other operating segments of the same	325,965,295	9,901,875	-	4,216,262	340,083,432
Total segment revenue	5,996,600,229	1,361,318,912	256,753,074	36,342,254	7,651,014,469
Interest expenses					
Segment interest expenses	3,560,965,053	398,395,344	2,340,195	2,378,736	3,964,079,328
Revenues from transactions with other operating segments of the same entry	4,216,262	29,788,215	296,177,080	-	330,181,557
Total segment interest expenses	3,565,181,315	428,183,560	298,517,275	2,378,736	4,294,260,885
Operating expenses					
Segment operating expenses	1,174,412,716	636,316,154	69,011,240	27,052,256	1,906,792,366
Revenues from transactions with other operating segments of the same entry	9,901,875	-	-	-	9,901,875
Total segment operating expenses	1,184,314,591	636,316,154	69,011,240	27,052,256	1,916,694,241
Depreciation and amortization	64,104,605	27,014,891	3,614,115	3,013,994	97,747,605
Net operating income	1,182,999,719	269,804,307	(114,389,556)	3,897,268	1,342,311,738
Material non-cash items other than depreciation and amortisation					
Provision for leases, loans and advances / investments	75,663,937	7,490,868	313,531,665	(1,037,141)	395,649,328
Profit before tax and reserve	1,107,335,782	262,313,439	(427,921,220)	4,934,409	946,662,410
Provision for tax made during the year	35,281,610	110,728,820	-	2,294,102	148,304,531
Deferred tax (expense)/ Income	-	2,738,065	-	(23,111)	2,714,954
	35,281,610	113,466,885	-	2,270,991	151,019,485
Net profit after tax	1,072,054,172	148,846,554	(427,921,220)	2,663,419	795,642,925
Total segment assets	57,622,494,692	9,870,999,395	3,250,767,211	983,064,122	71,727,325,420
Inter segmental assets	2,766,873,714	-	-	-	2,766,873,714
Net segment assets	54,855,620,978	9,870,999,395	3,250,767,211	983,064,122	68,960,451,706
Amount of addition to non-current fixed assets	186,414,731	32,760,764	9,848,962	15,100,058	244,124,515
Segment capital employed	6,216,729,301	4,140,537,360	436,703,014	963,419,895	11,757,389,571
Segment liability	51,452,676,540	5,488,794,881	283,811,293	19,644,227	57,244,926,941
Inter segmental liabilities	-	241,667,154	2,525,206,559	-	2,766,873,714
Total segmental liability	57,669,405,842	9,870,999,395	3,245,720,867	983,064,122	71,769,190,226

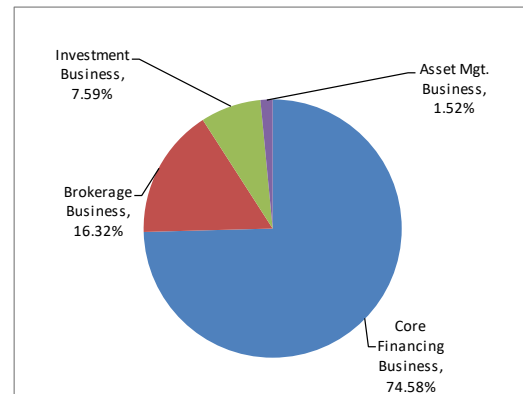
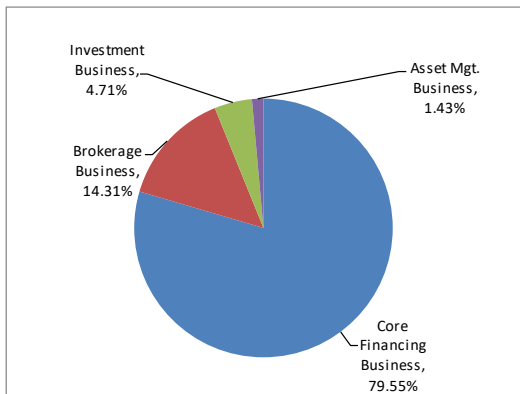
Particulars	Amount in Taka				
	For the year 2015				
	Core Financing Business	Brokerage Business	Investment Business	Asset Management Business	Consolidated
Revenue from external customers					
Interest revenue	4,121,792,727	547,742,146	116,796,496	915,930	4,787,247,300
Revenue from investment	241,901,724	107,926,624	34,128,307	52,350,356	436,307,012
Commission, exchange and brokerage income	-	560,594,048	1,473,400	-	562,067,448
Other operational income	267,527,826	98,499,813	84,807,611	102,849	450,938,098
Total revenue from external customers	4,631,222,278	1,314,762,631	237,205,815	53,369,135	6,236,559,858
Revenues from transactions with other operating segments of the same entry :					
Interest revenue	483,216,124	-	-	5,190,911	488,407,035
Revenue from investment	183,751,459	-	-	-	-
Revenue from operation	-	5,791,000	-	-	5,791,000
Total revenues from transactions with other operating segments of the same entry	666,967,583	5,791,000	-	5,190,911	494,198,035
Total segment revenue	5,298,189,860	1,320,553,631	237,205,815	58,560,046	6,730,757,893
Interest expenses					
Segment interest expenses	3,213,619,099	494,244,361	6,686,648	334,632	3,714,884,740
Revenues from transactions with other operating segments of the same entry	5,190,911	41,560,895	441,655,228	-	488,407,035
Total segment interest expenses	3,218,810,010	535,805,257	448,341,876	334,632	4,203,291,775
Operating expenses					
Segment operating expenses	911,071,573	538,926,335	66,775,610	8,437,432	1,525,210,950
Inter segment operation expenses	5,791,000	-	-	-	5,791,000
Total segment operation expenses	916,862,573	538,926,335	66,775,610	8,437,432	1,531,001,950
Depreciation and amortization	45,580,461	41,994,477	3,758,523	1,215,565	92,549,026
Net operating income	1,116,936,816	203,827,562	(281,670,195)	48,572,418	909,706,142
Material non-cash items other than depreciation and amortisation					
Provision for leases, loans and advances / investments	76,816,626	62,897,911	236,132,741	1,015,454	376,862,732
Profit before tax and reserve	1,040,120,190	140,929,651	(517,802,936)	47,556,964	532,843,409
Provision for tax made during the year	15,897,665	90,444,019	711,429	4,945,148	111,998,262
Deferred tax (expense)/ Income	-	(2,044,345)	2,123,088	(162,109)	(83,366)
	15,897,665	88,399,674	2,834,517	4,783,039	111,914,896
Net profit after tax	1,024,222,524	52,529,977	(520,637,453)	42,773,924	420,928,514
Total segment assets	44,614,543,408	9,018,988,067	4,193,676,664	927,855,528	58,755,063,667
Inter segmental assets	3,393,501,095	-	-	89,296,938	3,482,798,033
Net segment assets	41,221,042,313	9,018,988,067	4,193,676,664	838,558,590	55,272,265,634
Amount of addition to non-current assets	794,860,655	74,392,965	2,723,481	1,361,860	873,338,961
Segment capital employed	5,458,729,131	3,937,919,998	869,670,579	898,256,476	11,164,576,184
Segment liability	39,066,517,339	4,796,675,354	214,897,706	29,599,051	44,107,689,450
Inter segmental liabilities	89,296,938	284,392,715	3,109,108,380	-	3,482,798,033
Total segmental liability	44,614,543,408	9,018,988,067	4,193,676,664	927,855,528	58,755,063,667

35.2. Information about reportable segments (continued)

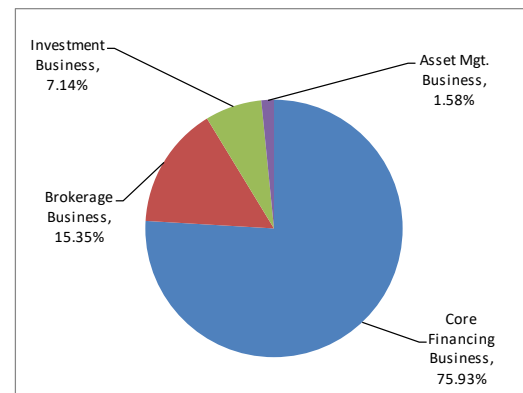
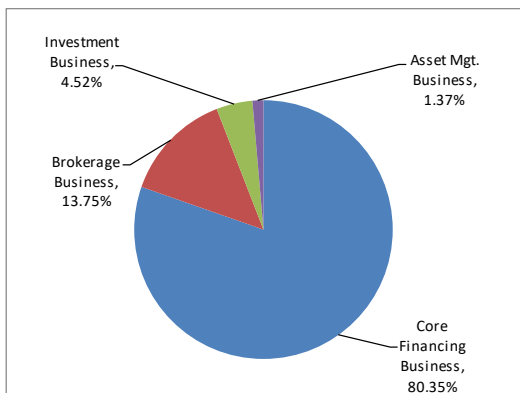
Revenue



Assets



Liabilities



36. Group subsidiaries

36.1 List of significant subsidiaries

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

Sl.	Name	Place of business	Ownership Interest
1	LankaBangla Securities Limited	Bangladesh	96.5067667%
2	LankaBangla Investments Limited	Bangladesh	99.9999964%
3	LankaBangla Asset Management Company Limited	Bangladesh	99.9998000%
4	LankaBangla Information System Limited	Bangladesh	96.3137532%
5	BizBangla Media Limited	Bangladesh	77.2054134%

36.2 Financial support given to structured entities

All the transactions with or among the subsidiaries are arms length transactions and are properly disclosed in the related party disclosure (**Note-36**). Other than those no other financial support has been given to any of the subsidiaries in the period of 2016.

36.3 Significant restrictions

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

36.4 NCI in subsidiaries

Name	% of NCI	Profit allocated to NCI	
		2016	2015
		Taka	Taka
LankaBangla Securities Limited	3.4932333%	6,091,637	2,089,212
LankaBangla Investments Limited	0.0000036%	(15)	(19)
LankaBangla Asset Management Company Limited	0.0002000%	5	428
LankaBangla Information System Limited	3.6862468%	28,725	(8,828)
BizBangla Media Limited	22.7945866%	(5,998,767)	(5,688,319)
Total		121,585	(3,607,526)

37. Related party disclosure

i) 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 interested as proprietor, partner, director, managing agent, guarantor, employee etc.
1	Mr. Mohammad A. Moyeen	Chairman	1 Tropica Garments Limited
			2 Airline Cargo Resources Limited
			3 Air & Sea International Logistics Limited
			4 BizBangla Media Limited
			5 Colloid Enterprises Limited
			6 Cross Freight Lines Limited
			7 Expo Express Services Limited
			8 Freight Care Aviation Services Limited
			9 Global Aviation Services Limited
			10 LankaBangla Securities Limited
			11 LankaBangla Investment Limited
			12 LankaBangla Information System Limited
			13 Orchid Air Limited
			14 Pulsar Shipping Agencies Ltd
			15 S.G Logistics (Pvt.) Limited
			16 Standard Paper Products Limited
			17 STS Educational Group Limited
			18 STS Holdings Limited
			19 Swift Logistics Services Limited
			20 The M & M Limited
			21 UCL Logistics Limited
			22 Uniworld Logistics Limited
			23 Voytech Limited
			24 WAC Logistics Limited
			25 Wings Aviation Limited
			26 Wings Spence Aviation Limited
			27 Wings Express Limited
			28 Wings Logistics Limited
			29 Wings Ocean Freight Limited
			30 Wings Classic Tours & Travels Limited
			31 Wings Tours & Travels Limited
			32 Global Ground Services Limited
			33 Information Technology Consultants Limited (ITCL)

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.																																																																						
2	Mr. I.W. Senanayake (Representing Sampath Bank PLC)	Director	N/A																																																																						
3	Mr. M. Y. Aravinda Perera (Representing Sampath Bank PLC)	Director	N/A																																																																						
4	Mr. Mahbulul Anam	Director	<table border="1"> <tr><td>1</td><td>Expo Freight Limited</td></tr> <tr><td>2</td><td>Airline Cargo Resources Limited</td></tr> <tr><td>3</td><td>Air & Sea International Logistics Limited</td></tr> <tr><td>4</td><td>LankaBangla Securities Limited</td></tr> <tr><td>5</td><td>BizBangla Media Limited</td></tr> <tr><td>6</td><td>LankaBangla Information System Limited</td></tr> <tr><td>7</td><td>Colloid Enterprises Limited</td></tr> <tr><td>8</td><td>Airlines Services Limited</td></tr> <tr><td>9</td><td>Allied Aviation Bangladesh Limited</td></tr> <tr><td>10</td><td>Aeroness International</td></tr> <tr><td>11</td><td>Aramex Dhaka Limited</td></tr> <tr><td>12</td><td>Cargo Center Limited</td></tr> <tr><td>13</td><td>Cross Freight Lines Limited</td></tr> <tr><td>14</td><td>Expo Express Services Limited</td></tr> <tr><td>15</td><td>Freight Care Aviation Services Limited</td></tr> <tr><td>16</td><td>Global Aviation Services Limited</td></tr> <tr><td>17</td><td>Orchid Air Limited</td></tr> <tr><td>18</td><td>Pulsar Shipping Agencies Ltd</td></tr> <tr><td>19</td><td>S.G Logistics (Pvt.) Limited</td></tr> <tr><td>20</td><td>Standard Paper Products Limited</td></tr> <tr><td>21</td><td>STS Educational Group Limited</td></tr> <tr><td>22</td><td>STS Holdings Limited</td></tr> <tr><td>23</td><td>SDV Bangladesh Private Limited</td></tr> <tr><td>24</td><td>The M & M Limited</td></tr> <tr><td>25</td><td>Tropica Garments Limited</td></tr> <tr><td>26</td><td>UCL Logistics Limited</td></tr> <tr><td>27</td><td>Voyager Airlines Limited</td></tr> <tr><td>28</td><td>Voytech Limited</td></tr> <tr><td>29</td><td>WAC Logistics Limited</td></tr> <tr><td>30</td><td>Wings Aviation Limited</td></tr> <tr><td>31</td><td>Wings Spence Aviation Limited</td></tr> <tr><td>32</td><td>Wings Express Limited</td></tr> <tr><td>33</td><td>Wings Ocean Freight Limited</td></tr> <tr><td>34</td><td>Wings Classic Tours & Travels Limited</td></tr> <tr><td>35</td><td>Eastern Cables Limited</td></tr> </table>	1	Expo Freight Limited	2	Airline Cargo Resources Limited	3	Air & Sea International Logistics Limited	4	LankaBangla Securities Limited	5	BizBangla Media Limited	6	LankaBangla Information System Limited	7	Colloid Enterprises Limited	8	Airlines Services Limited	9	Allied Aviation Bangladesh Limited	10	Aeroness International	11	Aramex Dhaka Limited	12	Cargo Center Limited	13	Cross Freight Lines Limited	14	Expo Express Services Limited	15	Freight Care Aviation Services Limited	16	Global Aviation Services Limited	17	Orchid Air Limited	18	Pulsar Shipping Agencies Ltd	19	S.G Logistics (Pvt.) Limited	20	Standard Paper Products Limited	21	STS Educational Group Limited	22	STS Holdings Limited	23	SDV Bangladesh Private Limited	24	The M & M Limited	25	Tropica Garments Limited	26	UCL Logistics Limited	27	Voyager Airlines Limited	28	Voytech Limited	29	WAC Logistics Limited	30	Wings Aviation Limited	31	Wings Spence Aviation Limited	32	Wings Express Limited	33	Wings Ocean Freight Limited	34	Wings Classic Tours & Travels Limited	35	Eastern Cables Limited
1	Expo Freight Limited																																																																								
2	Airline Cargo Resources Limited																																																																								
3	Air & Sea International Logistics Limited																																																																								
4	LankaBangla Securities Limited																																																																								
5	BizBangla Media Limited																																																																								
6	LankaBangla Information System Limited																																																																								
7	Colloid Enterprises Limited																																																																								
8	Airlines Services Limited																																																																								
9	Allied Aviation Bangladesh Limited																																																																								
10	Aeroness International																																																																								
11	Aramex Dhaka Limited																																																																								
12	Cargo Center Limited																																																																								
13	Cross Freight Lines Limited																																																																								
14	Expo Express Services Limited																																																																								
15	Freight Care Aviation Services Limited																																																																								
16	Global Aviation Services Limited																																																																								
17	Orchid Air Limited																																																																								
18	Pulsar Shipping Agencies Ltd																																																																								
19	S.G Logistics (Pvt.) Limited																																																																								
20	Standard Paper Products Limited																																																																								
21	STS Educational Group Limited																																																																								
22	STS Holdings Limited																																																																								
23	SDV Bangladesh Private Limited																																																																								
24	The M & M Limited																																																																								
25	Tropica Garments Limited																																																																								
26	UCL Logistics Limited																																																																								
27	Voyager Airlines Limited																																																																								
28	Voytech Limited																																																																								
29	WAC Logistics Limited																																																																								
30	Wings Aviation Limited																																																																								
31	Wings Spence Aviation Limited																																																																								
32	Wings Express Limited																																																																								
33	Wings Ocean Freight Limited																																																																								
34	Wings Classic Tours & Travels Limited																																																																								
35	Eastern Cables 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.	
5	Mrs. Aneesha Mahial Kundanmal	Director	1	Royal Park Residence
			2	GDS Chemical Bangladesh Limited
6	Mr. Tahsinul Huque	Director	N/A	
	Mr. M. Fakhrul Alam (Representing ONE Bank Limited)	Director	N/A	
8	Mr. Mirza Ejaz Ahmed (Representing SSC Holdings Limited)	Director	1	Shirt Makers Limited
			2	International Shirt Line Limited
			3	Section Seven Limited
			4	Section Seven Apparels Limited
			5	Section Seven Agro Limited
			6	Section Seven International Limited
			7	Share Knitwear Limited
			8	Excel Apparels Limited
			9	Lumbini Limited
			10	Star Feeds Limited
9	Mr. Al- Mamoon Md. Sanaul Huq	Independent Director	1	LankaBangla Securities Limited
			2	LankaBangla Investments Limited
			3	LankaBangla Asset Management Company Limited
10	Mrs. Zaitun Sayef	Independent Director	N/A	

ii)	Significant contracts where Company is a party and wherein Directors have interest during the period of 31 December 2016	NIL
-----	--	-----

iii)	Shares issued to Directors and Executives without consideration or exercisable at a discount	NIL
------	--	-----

iv) Related party transactions

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

SL No.	Name of Related Party	Relationship	Percentage of Holding	Outstanding 2015	Amount of transaction during the year 2016		Outstanding 2016	Nature of Transaction	Outstanding balance present in note
					Debit	Credit			
1	STS Educational Group Limited	Concern related to Directors	-	52,777,810	54,202,801	12,422,988	-	TDR	11.1
2	STS Holdings Limited	Concern related to Directors	-	428,566,260	415,356,603	92,796,010	106,005,666	TDR	11.1
3	Colloid Enterprises Limited	Concern related to Directors	-	5,000,000	73,953	5,045,475	9,971,522	TDR	11.1
4	Global Aviation Services Limited	Concern related to Directors	-	16,000,000	1,280,000	1,280,000	16,000,000	TDR	11.1
5	WAC Logistics Ltd.	Concern related to Directors	-	-	-	2,300,000	2,300,000	TDR	11.1
6	LankaBangla Securities Limited	Subsidiary Company	96.49	284,392,715	314,196,097	72,528,943	241,667,154	Short term loan	7.1
7	LankaBangla Investment Limited	Subsidiary Company	99.99	3,109,108,380	333,954,293	917,856,113	2,525,206,559	Short term loan	7.1
8	LankaBangla Asset Management Limited	Subsidiary Company	99.99	89,291,469	93,867,859	4,576,390	-	TDR	7.1

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

38. Audit committee disclosures

In Compliance with the requirement of Bangladesh Bank Notification No. DFIM-13, dated 26 October, 2011 and Bangladesh Securities & Exchange Commission (BSEC) Notification No. SEC/CMRRCD/2006-158/134/admin/44, dated 07 August 2012-an audit committee of LankaBangla Finance Limited (LBFL) was re-constituted by the 92nd Board of Director's meeting held on February 18, 2015.

Sl. No.	Name of Member	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. Mohammed A. Moyeen	Director	Member	B.Arch. from BUET
03	Mr. Mahabubul Anam	Director	Member	B. Sc. Engineer from BUET
04	Mr. M. Fakhru Alam	Director	Member	MBA
05	Mr. Mirza Ejaz Ahmed	Director	Member	MBA from IBA

The Company Secretary is to act as Secretary of the Audit committee of the Board.

During the year 2016, the Audit Committee of the Board conducted 5 (Five) 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.

39. Impact of inflation and changing prices

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

Financial statements presented herein have been prepared in accordance with International Accounting Standards and International Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), which required the measurement of the financial position and operating results in terms of historical costs. However, in some cases, particular BAS/BFRS specifically suggests to measure some assets/liabilities at fair value. Such as, BAS 39 suggests to measure investment in tradable securities at its fair value by crediting shareholders' equity.

40. Others
a) Board meeting and directors' remuneration

Each Director is drawing Taka 8,000.00 for attending five Board Meetings. No remuneration or special payment was paid to the directors for attending board meetings or otherwise during the year 2016. 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:

Sl. No.	Meeting No.	Date of Meeting	Number of presences
01	98th Board meeting	February 22, 2016	7
02	99th Board meeting	May 12, 2016	8
03	100th Board meeting	July 26, 2016	6
04	101st Board meeting	October 25, 2016	6
05	102 nd Board meeting	December 08, 2016	8

Notes:

- Director who could not attend meetings were granted leave of absence by the Board.
- Mr. Kazi Abu Muhammad Majedur Rahman has been resigned from the Board of LankaBangla Finance Limited w.e.f. July 1, 2016 and Mrs. Zaitun Sayef has been appointed as Independent Director of LankaBangla Finance Limited w.e.f. July 31, 2016.

b) Executive Committee (EC) meeting and directors' remuneration

Each Director is drawing Taka 8,000 for attending Twelve Executive Committee (EC) Meetings and Taka 8,000 for attending One Executive Committee (EC) Meeting. No remuneration or special payment was paid to the directors for attending board meetings or otherwise during the year 2016. During the year under audit twelve of Executive Committee meetings were held. Details are as under:

Sl. No.	Meeting No.	Date of Meeting	Number of presences
01	51st EC meeting	January 11, 2016	3
02	52nd EC meeting	January 25, 2016	5
03	53rd EC meeting	February 4, 2016	4
04	54th EC meeting	February 29, 2016	3
05	55th EC meeting	March 24, 2016	3
06	56th EC meeting	May 4, 2016	5
07	57th EC meeting	June 15, 2016	5
08	58th EC meeting	June 27, 2016	4
09	59th EC meeting	August 16, 2016	3
10	60th EC meeting	September 8, 2016	3
11	61st EC meeting	October 23, 2016	3
12	62 nd EC meeting	November 22, 2016	4

Notes:

- The Executive Committee of the Board of LankaBangla Finance Limited was re-constituted by the 99th Board of Director's meeting held on May 12, 2016.
- Director who could not attend meetings were granted leave of absence by the Board.
- Mr. Kazi Abu Muhammad Majedur Rahman has been resigned from the Board of LankaBangla Finance Limited w.e.f. July 1, 2016.

c) Audit Committee meeting and directors' remuneration

Each Director is drawing Taka 8,000 for attending five Audit Committee Meetings. No remuneration or special payment was paid to the directors for attending board meetings or otherwise during the year 2016. During the year under audit five of Audit Committee meetings were held. Details are as under:

Sl. No.	Meeting No.	Date of Meeting	Number of presences
01	42nd Audit Committee meeting	February 18, 2016	3
02	43rd Audit Committee meeting	May 9, 2016	3
03	44th Audit Committee meeting	July 24, 2016	4
04	45th Audit Committee meeting	October 23, 2016	4
05	46th Audit Committee meeting	December 6, 2016	3

Notes:

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

d) Employees' details

	Year-2016	Year-2015
No. of employee received TK.3,000 per month	0	0
No. of employee received more than Tk.3,000 per month	673	520
	673	520

e) Event after the Reporting Period
Dividend Information

The Board of Director in its 103th Meeting held on 13 February 2017 has recommended to the shareholders @ 15% of Stock Dividend and @ 15% of Cash Dividend for the yearended 31 December 2016. This will be considered for approval of shareholders at 20th Annual General Meeting (AGM) of the company scheduled to be held on 30 March 2017.

f) Right Issue

The Company has decided to increase its paid up capital through issuance of right share in order to strengthen its capital base and capital adequacy ratio. Board in its 101st Meeting held on 25 October 2016 has approved 2:1 right issue at par. The Shareholders duly approved the issue in 9th EGM held on 14 December 2016. Company duly applied for the approval of the same to Bangladesh Securities and Exchange Commission (BSEC).

g) Capital expenditure commitment

There was no capital expenditure contracted but not incurred or provided for at 31 December 2016. There was no material capital expenditure authorized by the Board but not contracted for at 31 December 2016.

h) Foreign remittances

During the period 2016, the company remitted **USD 350,590.15, GBP 5,429.60, SGD 7,049.17** and **RS 362,250.00 (Total in BDT 29,180,756.77)** against Various Technical Service Fees to the Foreign Shareholders and training provider.

SI #	Purpose	Pay to	USD*	GBP*	SGD*	RS*	BDT
01.	Training Fee -2016	Various Training provider abroad	20,926.97	-	8,399.17	638,250.00	3,075,787.58
02.	Annual Maintenance Fee	TSYS Card Tech	44,797.04	-	-	-	3,530,006.75
03.	Annual Service Fee	TSYS Card Tech	666.00	5,429.60	-	-	676,770.08
04.	Enhancement Fee	TSYS Card Tech	11,100.00	-	-	-	874,184.94
05.	Annual Membership Fee	Asian Financial Services Association	250.00	-	-	-	29,398.00
06.	Dividend Payment	Sampath Bank PLC	334,582.00	-	-	-	281,137,369.00
		Mr. Tahsinul Huque	66,285.32	-	-	-	5,197,432.00
Total			478,607.33	5,429.60	8,399.17	638,250.00	294,520,948.35

*USD=United States Dollar

*GBP=Great Britain Pound

*SGD=Singapore Dollar

*RS= Indian Rupees

i) Financial highlights

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

j) Interim financial statements

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

Interim Reporting Period	Publication Date
January to March (1 st quarter ended)	13 May 2016
January to June (Half Year ended)	27 July 2016
January to September (3 rd quarter ended)	26 October 2016

k) Change in and disagreement with Auditors

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

l) 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.

m) General

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

Dhaka,
13 February 2017

Sd/-
Director

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

LankaBangla Finance Limited and its Subsidiaries
Consolidated Fixed Assets Schedule
As at 31 December 2016

Particulars	C O S T				Rate %	D E P R E C I A T I O N				Amount in Taka
	Balance as at 01.01.2016	Addition during the year	Sales/ Adjustment during the year	Balance as at 31.12.2016		Balance as at 01.01.2016	Charged during the year	Adjustment during the year	Balance as at 31.12.2016	Written down value as at 31.12.2016
I. Freeholds assets										
Land	686,921,231	52,652,479	-	739,573,710	-	-	-	-	-	739,573,710
Building	106,454,150	-	-	106,454,150	2.5	12,029,697	2,661,354	-	14,691,050	91,763,100
Furniture and Fittings	183,159,339	60,049,048	24,097,751	219,110,635	20	86,103,358	24,926,315	21,849,398	89,180,276	129,930,360
Office Equipment	169,048,653	31,241,492	10,532,034	189,758,111	20	120,169,933	22,385,736	9,856,309	132,699,361	57,058,750
IT Equipment	59,031,158	52,464,042	2,600,394	108,894,806	33.33	22,021,968	17,467,855	2,230,325	37,259,498	71,635,308
Office Renovation	69,395,465	13,533,662	7,378,207	75,550,920	20	47,134,617	5,618,374	7,378,207	45,374,784	30,176,136
Motor Vehicles	36,540,144	10,511,085	7,610,050	39,441,179	20	22,527,167	4,163,435	5,026,215	21,664,387	17,776,792
	1,310,550,139	220,451,808	52,218,436	1,478,783,511		309,986,739	77,223,070	46,340,453	340,869,356	1,137,914,155
II. Intangible assets										
Goodwill	234,143,286	-	-	234,143,286	-	-	-	-	-	234,143,286
System Software	143,358,383	23,672,707	-	167,031,089	25	101,096,392	17,782,137	-	118,878,529	48,152,560
	377,501,669	23,672,707	-	401,174,375		101,096,392	17,782,137	-	118,878,529	282,295,846
III. Lease Hold Assets										
Motor Vehicle	43,605,030	-	1,600,040	42,004,990	20	28,720,419	5,537,753	1,600,040	32,658,132	9,346,858
At 31 December 2016	1,731,656,838	244,124,514	53,818,476	1,921,962,876		439,803,550	100,542,959	47,940,493	492,406,017	1,429,556,859

As at 31 December 2015

Particulars	C O S T				Rate %	D E P R E C I A T I O N				Amount in Taka
	Balance as at 01.01.2015	Addition during the year	Sales/ Adjustment during the year	Balance as at 31.12.2015		Balance as at 01.01.2015	Charged during the year	Adjustment during the year	Balance as at 31.12.2015	Written down value as at 31.12.2015
I. Freeholds assets										
Land	-	686,921,231	-	686,921,231	-	-	-	-	-	686,921,231
Building	115,246,150	-	8,792,000	106,454,150	2.5	10,679,543	2,771,254	1,421,100	12,029,697	94,424,453
Furniture and Fittings	165,942,699	17,390,606	173,966	183,159,339	20	68,291,410	17,917,231	105,283	86,103,358	97,055,981
Office Equipment	98,083,947	75,298,658	4,333,951	169,048,653	20	90,697,330	33,428,876	3,956,272	120,169,933	48,878,720
IT Equipment	39,574,903	20,877,235	1,420,980	59,031,158	33.33	15,659,451	7,775,993	1,413,477	22,021,968	37,009,190
Office Renovation	51,589,268	21,006,390	3,200,193	69,395,465	20	39,996,649	10,338,161	3,200,193	47,134,617	22,260,848
Motor Vehicles	24,471,119	15,528,625	3,459,600	36,540,144	20	16,469,910	9,516,856	3,459,600	22,527,167	14,012,977
	494,908,085	837,022,744	21,380,690	1,310,550,139		241,794,293	81,748,371	13,555,925	309,986,739	1,000,563,400
II. Intangible assets and goodwill										
Goodwill	-	234,143,286	-	234,143,286	-	-	-	-	-	234,143,286
System Software	113,319,166	30,039,217	-	143,358,383	25	72,282,641	28,813,752	-	101,096,392	42,261,991
	113,319,166	264,182,503	-	377,501,669		72,282,641	28,813,752	-	101,096,392	276,405,277
III. Lease Hold Assets										
Motor Vehicle	49,297,810	6,277,000	11,969,780	43,605,030	20	32,455,139	7,479,060	11,213,780	28,720,419	14,884,611
At 31 December 2015	657,525,061	1,107,482,247	33,350,470	1,731,656,838		346,532,072	118,041,183	24,769,705	439,803,550	1,291,853,287

LankaBangla Finance Limited
Schedule of Fixed Assets
As at 31 December 2016

Particulars	C O S T				D E P R E C I A T I O N					Amount in Taka
	Balance as at 01.01.2016	Addition during the year	Sales/ Adjustment during the year	Balance as at 31.12.2016	Rate %	Balance as at 01.01.2016	Charged during the year	Adjustment during the year	Balance as at 31.12.2016	Written down value as at 31.12.2016
I. Freeholds assets										
Land	686,921,231	52,652,479	-	739,573,710	-	-	-	-	-	739,573,710
Furniture & Fittings	159,437,491	44,885,873	13,376,685	190,946,678	20	72,226,584	21,211,879	13,082,761	80,355,702	110,590,976
Office Equipment	78,456,216	18,255,716	4,431,875	92,280,057	20	51,966,802	14,186,212	4,186,475	61,966,539	30,313,518
IT Equipment	57,660,750	51,393,798	2,416,054	106,638,494	33.33	21,015,962	16,963,038	2,052,898	35,926,102	70,712,393
Motor Vehicles	16,407,945	146,990	-	16,554,935	20	10,330,703	1,545,702	-	11,876,405	4,678,530
	998,883,632	167,334,856	20,224,614	1,145,993,874		155,540,050	53,906,831	19,322,133	190,124,748	955,869,126
II. Intangible assets										
Systems and Software	63,135,308	19,079,875	-	82,215,183	25	33,981,026	8,974,025	-	42,955,051	39,260,132
III. Leaseholds assets										
Motor Vehicles	9,777,000	-	-	9,777,000	20	4,625,494	1,223,749	-	5,849,243	3,927,757
At 31 December 2016	1,071,795,940	186,414,731	20,224,614	1,237,986,057		194,146,570	64,104,605	19,322,133	238,929,041	999,057,015

As at 31 December 2015

Particulars	C O S T				D E P R E C I A T I O N					Written down value as at 31.12.2015
	Balance as at 01.01.2015	Addition during the year	Sales/ Adjustment during the year	Balance as at 31.12.2015	Rate %	Balance as at 01.01.2015	Charged during the year	Adjustment during the year	Balance as at 31.12.2015	Written down value as at 31.12.2015
I. Freeholds assets										
Land	-	686,921,231	-	686,921,231	-	-	-	-	-	686,921,231
Furniture & Fittings	143,614,589	15,852,502	29,600	159,437,491	20	57,794,181	14,462,003	29,600	72,226,584	87,210,906
Office Equipment	33,439,033	46,121,372	1,104,189	78,456,216	20	38,428,777	14,287,051	749,026	51,966,802	26,489,414
IT Equipment	38,207,855	20,873,875	1,420,980	57,660,750	33.33	15,104,941	7,324,497	1,413,477	21,015,962	36,644,788
Motor Vehicles	17,336,945	298,000	1,227,000	16,407,945	20	10,064,927	1,492,776	1,227,000	10,330,703	6,077,242
	232,598,422	770,066,979	3,781,769	998,883,632		121,392,826	37,566,327	3,419,103	155,540,050	843,343,582
II. Intangible assets										
Systems and Software	43,218,632	19,916,676	-	63,135,308	25	26,917,387	7,063,639	-	33,981,026	29,154,282
III. Leaseholds assets										
Motor Vehicles	4,900,000	4,877,000	-	9,777,000	20	3,674,999	950,495	-	4,625,494	5,151,506
At 31 December 2015	280,717,053	794,860,655	3,781,769	1,071,795,940		151,985,211	45,580,461	3,419,103	194,146,570	877,649,370

Lankabangla Finance Limited

 Classification of leases, loans and advances with provisions and interest suspenses
 As on 31 December 2016

Amount in Taka

Products	Total	Balance Outstanding						Base for Provision				Amount of Provision Required	Interest in Suspense				
		Unclassified (UC)			Classified			SMA	Sub Standard (SS)	Doubtful (DF)	Bad/ Loss (BL)		SMA	Classified	Total		
		Standard	Standard-SME	SMA	Sub Standard (SS)	Doubtful (DF)	Bad/ Loss (BL)										
Corporate																	
Factoring	1,153,867,627	1,152,485,657	-	-	-	-	1,381,970	-	-	-	943,229	12,468,086	-	438,741	438,741		
Lease Finance	2,797,564,588	2,417,749,175	-	-	-	28,717,728	351,097,684	-	-	9,222,227	202,246,898	231,035,503	-	77,506,303	77,506,303		
Secured Overdraft	69,660,736	64,151,257	-	-	-	5,509,479	-	-	-	-	-	641,513	-	2,040,479	2,040,479		
Short Term Loan	6,726,939,929	6,726,938,913	-	-	-	-	1,017	-	-	-	-	67,269,389	-	-	-		
Short Term loan to Subsidiaries	2,766,873,714	2,766,873,714	-	-	-	-	-	-	-	-	-	27,668,737	-	-	-		
Term Loan	11,456,736,830	10,800,864,248	-	209,349,910	232,033,696	47,977,239	166,511,737	200,002,242	178,667,807	25,424,856	45,002,894	211,457,638	9,347,668	97,175,675	106,523,343		
Syndication Finance	513,713,742	513,713,742	-	-	-	-	-	-	-	-	-	5,137,137	-	-	-		
Work Order Finance	57,297,810	-	-	-	-	-	57,297,810	-	-	-	-	28,218,596	-	6,179,214	6,179,214		
	25,542,654,976	24,442,776,705	-	209,349,910	232,033,696	82,204,447	576,290,218	200,002,242	178,667,807	34,647,083	276,411,617	583,896,599	9,347,668	183,340,412	192,688,081		
Retail Finance																	
Auto Loan	5,026,877,641	4,825,748,115	-	150,525,114	33,278,707	2,775,246	14,550,459	147,773,598	31,989,635	2,391,252	12,682,732	75,922,446	2,751,516	3,540,793	6,292,309		
Home Loan	6,517,446,192	6,061,661,530	-	152,722,446	55,379,061	44,473,298	203,209,858	133,249,950	580,235	4,364,187	3,311,909	72,889,163	19,472,495	66,629,806	86,102,301		
Credit Cards	2,050,046,922	1,759,392,397	-	109,165,024	22,583,775	14,572,340	144,333,387	96,542,587	17,240,940	12,721,780	138,290,118	170,520,249	12,622,437	13,264,410	25,886,847		
Personal Loan	3,402,987,543	3,272,754,908	-	95,400,987	21,049,800	11,330,707	2,451,140	92,869,338	19,950,860	9,578,547	2,159,127	48,309,589	2,531,649	3,143,113	5,674,762		
	16,997,358,298	15,919,556,950	-	507,813,571	132,291,343	73,151,590	364,544,845	470,435,474	69,761,670	29,055,766	156,443,887	367,641,447	37,378,098	86,578,122	123,956,219		
SME																	
SME	4,209,185,984	-	3,973,450,167	48,605,553	28,497,395	22,224,644	136,408,225	46,749,099	11,573,722	8,774,624	87,741,260	106,714,396	1,858,284	31,409,513	33,267,797		
Total	46,749,199,258	40,362,333,654	3,973,450,167	765,769,034	392,822,434	177,580,680	1,077,243,288	717,186,814	260,003,199	72,477,473	520,596,764	1,058,252,443	48,584,049	301,328,047	349,912,097		

- * Segregation of outstanding (Unclassified and Classified), base for provision, provision and interest suspense have been calculated based on Bangladesh Bank guidelines
- * Base for provision for SMA has been calculated according to total outstanding minus interest suspense
- * Base for provision for SS, DF and BL have been calculated according to total outstanding minus interest suspense minus eligible securities
- * Provision has been calculated according to below rates of Bangladesh Bank guidelines

Particulars	Percentage
Standard except SME Standard (UC)	1.00%
Standard-SME (UC)	0.25%
Special Mention Account (SMA)	5.00%
Sub Standard (SS)	20.00%
Doubtful (DF)	50.00%
Bad/ Loss (BL)	100.00%

Highlights
(As per Bangladesh Bank guidelines)

Amount in taka (million)

SI #	Key indicators	LankaBangla Group		LankaBangla Finance Limited	
		2016	2015	2016	2015
1	Paid-up capital	2,767.40	2,406.43	2,767.40	2,406.43
2	Total capital	6,686.61	6,261.79	6,169.82	5,458.73
3	Capital surplus	1,374.51	1,646.58	1,613.61	1,712.48
4	Total assets	63,935.16	50,447.88	57,622.49	44,614.54
5	Total deposits	40,148.49	30,106.71	40,148.49	30,196.00
6	Total loans, advances and leases	51,244.30	30,396.39	46,749.20	36,018.82
7	Total contingent liabilities and commitments	6,156.82	6,607.80	6,156.82	6,607.80
8	Credit deposit ratio	1.28	1.01	1.16	1.19
9	Percentage of classified loans against total loans, advances and leases	3.22%	4.41%	3.52%	3.72%
10	Profit after tax and provision	795.64	420.93	1,072.05	1,030.01
11	Amount of classified loans during current period	1,647.65	1,339.18	1,647.65	1,339.18
12	Provisions kept against classified loans	612.14	526.28	612.14	526.28
13	Provision surplus against classified loan	3.30	-	3.30	-
14	Cost of fund	7.80%	9.23%	7.80%	9.23%
15	Interest earnings assets	56,258.47	43,811.93	49,650.15	37,309.81
16	Non-interest earnings assets	7,676.69	6,635.96	7,972.35	7,304.73
17	Return on investment (ROI)	1.31%	0.88%	1.94%	2.42%
18	Return on assets (ROA)	1.24%	0.83%	1.86%	2.31%
19	Income from investment	483.53	436.31	195.79	425.65
20	Earnings Per Share (EPS) (restated :2015)	2.87	1.53	3.87	3.72
21	Net income per share (restated:2015)	2.87	1.53	3.87	3.72
22	Market price per share	34.80	29.00	34.80	29.00
23	Price earnings ratio	12.11	18.90	8.98	7.79

LANKABANGLA FINANCE LIMITED



Corporate Head Office:

Safura Tower (Level -11), 20, Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh
Phone: (8802) 988 3701 – 10, Fax: (8802) 881 0998
web: www.lankabangla.com , e-mail: info@lankabangla.com

Folio/Bo Account No:

Date:

Name:

Address:

LETTER OF OFFER FOR RIGHTS ISSUE

Dear Shareholder(s)

We are pleased to offer you an opportunity to participate in Rights Issue of Shares of LankaBangla Finance Limited (LBFL). The honorable shareholders of LankaBangla Finance Limited in the 9th Extra Ordinary General Meeting held on December 14, 2016 approved as One Rights Share against Two existing shares held on the record date (1R:2).

Subsequently, the company declared 15% stock dividend and 15% cash dividend on the paid up capital for the year ended December 31, 2016 that was approved in the 20th Annual General Meeting of the Company held on March 30, 2017. Since the paid-up capital has been increased due to approval of 15% stock dividend, the right issue size will be changed consequently. Accordingly, the shareholders in their 10th EGM held on June 15, 2017 approved the increased size of the Rights Issue. After consideration of 15% stock dividend, Rights offer of **159,125,470** ordinary shares of Tk.10.00 each totaling **Tk.1,591,254,700.00** at 1 (One) [R] : 2 (Two) ratio i.e. 1 (One) Right share for 2 (Two) existing shares held on the record date for entitlement. The purpose of issuance of Rights Shares is to strengthen capital base as well as increase the lending portfolio of the company.

If you wish to accept the above Rights Share in full or in part, you are required to submit completed Application Form-A annexed hereto with necessary payments.

You may, however, renounce your rights in respect of all or part of your entitlement in favor of others in which case the Renunciation Form-B and Form-C annexed here to be submitted duly filled in by you and the Renouncee(s) along with necessary payments.

The rights cannot be exercised for fraction of a share i.e. below full unit of share.

All the payments for accepted shares are to be made in cash or by P.O/DD/Cheque @Tk.10.00 each per share and to be deposited with any of the branches of Bankers to the Issue during Banking hours from **December 17, 2017 to January 14, 2018** (both days inclusive). Any extension of time will be notified through national dailies. Payments through P.O/DD/Cheque payable to **LankaBangla Finance Limited** and must be drawn on a Bank in the same town where the Branch of Bankers to the Issue in which the application form has been submitted is situated. It is to be noted that all transaction above Tk. 1.00 (One) lac must be affected through demand draft/crossed cheque/pay orders.

The offer will be deemed to have been declined if completed Application Form-A and/or Renunciation Form-B and Form-C with necessary payments have not been received **January 14, 2018** or by such later date as may be notified through national dailies to that effect.

A self-explanatory Rights Share Offer Documents is attached for your kind information and evaluation.

By order of the Board

Sd/-

Khwaja Shahriar
Managing Director

"শেয়ার বাজারে বিনিয়োগ ঝুঁকিপূর্ণ, জেনে ও বুঝে বিনিয়োগ করুন।"

Application Form-A

LANKABANGLA FINANCE LIMITED



Rights Issue of **159,125,470** Ordinary Shares of **Tk.10.00** at par on the basis of **1R:2** (One Rights Share against two existing share held) offer to the Shareholders whose name appeared in the share register at the close of business on **November 26, 2017**.

Subscription Period	Opens on: December 17, 2017
	Closes on: January 14, 2018
Within Banking Hours Both Days Inclusive	

FORM OF ACCEPTANCE AND APPLICATION FOR SHARES

The Managing Director
LankaBangla Finance Limited
 Corporate Head Office: Safura Tower (Level -11),
 Kemal Ataturk Avenue, Banani,
 Dhaka-1213, Bangladesh

Dated:...../...../.....
 Application Sl. No. #
 (Bank's Seal)

Dear Sir,

I/We apply for allotment of ordinary shares indicated below in response to your letter of Rights Offer and Subject to the Memorandum and Articles of Association of the Company. I/We hereby agree to accept the shares as may be allotted to me/us on the terms laid down in the letter of offer and enclose the necessary remittance @**Tk.10.00** per share in cash or by Draft/Pay order/Cheque no..... dated..... drawn on..... Bank Branch.

Holder's Folio/BO Account No.	No. of Shares held at the close of business on November 26, 2017	No. of Shares offered	No. of Shares Accepted	Total Amount Paid

Yours faithfully,

1.	Name (in block letter)	:	
	Signature	:	
	Address	:	

2.	Name (in block letter)	:	
	Signature	:	
	Address	:	

BO Account No.														
-----------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--

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

Note: Signature must be the same as furnished earlier. Incomplete or incorrectly filled application form may be rejected.

ACKNOWLEDGEMENT RECEIPT OF SHARE MONEY

Received with thanks Tk..... (Taka.....) only from Mr./Ms..... Folio/BO Account No..... for.....no.(s) of Rights Share of **LankaBangla Finance Limited** in Cash/Draft/Pay Order/Cheque No..... dated..... of BankBranch.

Application Sl. No.

(Bank's Seal)

Signature of Receiving Officer
Date:

BANKERS TO THE ISSUE
ONE Bank Limited

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

Investment Corporation of Bangladesh (ICB)

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

"শেয়ার বাজারে বিনিয়োগ ঝুঁকিপূর্ণ, জেনে ও বুঝে বিনিয়োগ করুন।"
Renunciation Form -B
LANKABANGLA FINANCE LIMITED


Rights Issue of **159,125,470** Ordinary Shares of **Tk.10.00** at par on the basis of **1R:2** (One Rights Share against two existing share held) offer to the Shareholders whose name appeared in the share register at the close of business on **November 26, 2017**.

Subscription Period	Opens on: December 17, 2017
	Closes on: January 14, 2018
Within Banking Hours Both Days Inclusive	

FORM OF RENUNCIATION

(যার বিওতে শেয়ার আছে তার জন্য প্রযোজ্য)

The Managing Director
LankaBangla Finance Limited
 Corporate Head Office: Safura Tower (Level -11),
 Kemal Ataturk Avenue, Banani,
 Dhaka-1213, Bangladesh

Dated:...../...../.....
 Application Sl. No. #
 (Bank's Seal)

Dear Sir,

I/We hereby renounce my/our rights to the shares offered to me/us as noted below in favor of person(s) accepting the same and signing in Application by Renounce(s) and apply for allotment in his/her/their name(s).

Holder's Folio/BO Account No. <small>(যার বিওতে শেয়ার আছে তার জন্য প্রযোজ্য)</small>	No. of Shares held at the close of business on November 26, 2017	No. of Shares offered	No. of Shares Renounced	Value of Shares Renounced

Yours faithfully,

1.	Name (in block letter)	:	
	Signature	:	
	Address	:	

2.	Name (in block letter)	:	
	Signature	:	
	Address	:	

Name(s) of Renouncee(s) <small>(যার বিওতে শেয়ার যাবে তার জন্য প্রযোজ্য)</small>	BO A/C No
1.Name	
2.Name	

N.B. Use photocopy in case of renouncement favoring more than 2 (two) persons

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

Note: Signature must be the same as furnished earlier. Incomplete or incorrectly filled application form may be rejected.

"শেয়ার বাজারে বিনিয়োগ ঝুঁকিপূর্ণ, জেনে ও বুঝে বিনিয়োগ করুন।"

Renunciation Form -C

LANKABANGLA FINANCE LIMITED



APPLICATION BY RENOUNCEE(S)

(যার বিত্তে শেয়ার যাবে তার জন্য প্রযোজ্য)

The Managing Director
LankaBangla Finance Limited
 Corporate Head Office: Safura Tower (Level -11),
 Kemal Ataturk Avenue, Banani,
 Dhaka-1213, Bangladesh

Dated:...../...../.....
 Application Sl. No. #
 (Bank's Seal)

Dear Sir,

As the shareholder(s) at pre-page has/have renounced his/her/their rights to the shares offered, in my/our favor, I/We do hereby apply for the number of share noted above as renounced, by making payment of Tk..... being the value of Shares @Tk. 10 per share.

Yours faithfully,

1 Signature:	2 Signature:
Name (in block letters):	Name (in block letters):
S/O. D/O. W/O.:	S/O. D/O. W/O.:
Address:	Address:

BO Account No.											

BO Account No.											

(যার বিত্তে শেয়ার যাবে তার জন্য প্রযোজ্য)

N.B. use photocopy in case of renouncement favoring more than 2 (two) persons

Signature of the Renouncer(s): (যার বিত্তে শেয়ার আছে তার জন্য প্রযোজ্য)	1		2	
--	---	--	---	--

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

Note: Signature must be the same as furnished earlier. Incomplete or incorrectly filled application form may be rejected.

ACKNOWLEDGEMENT RECEIPT OF SHARE MONEY

(যার বিত্তে শেয়ার যাবে তার জন্য প্রযোজ্য)

Received with thanks Tk..... (Taka.....) only from
 Mr./Ms.....Folio/BO Account No.....
 for.....no.(s) of Rights Share of **LankaBangla Finance Limited** in Cash/Draft/Pay Order/Cheque
 No..... dated..... of BankBranch.

Application Sl. No.

(Bank's Seal)

**Signature of Receiving Officer
 Date:**