



# ➔ EMBRACING INNOVATION IN A CHANGING DIGITAL WORLD

Business sectors are being reshaped at an astounding pace, fuelled predominantly by new digital innovations. In times of radical innovation, companies are always faced with a mixture of risks and opportunities. Traditionally, the ones with the best ability to adapt to continuously changing environments today have always been tomorrow's winners. Businesses need a profound understanding of what's happening in order to develop a structured sustainable approach, and should simultaneously be creating a stimulating environment for innovative experimentation and collaboration. Hence embracing digital innovation is eminent for top of the line financial services. The encouragement of innovation in processes, products and markets will be a game changer in the coming days. In the ecosystem, the resulting gains in revenue and business value translate into faster business times, greater sustainability and create a service edge for customers. Let's thrive on the innovative outcome of a digitally changing world.



## VISION

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



## MISSION

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



## CORE VALUES

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

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

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### Access it

Get access to LankaBangla's website



### Feedback

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

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Notice is hereby given that 25th Annual General Meeting (AGM) of LankaBangla Finance Limited will be held on 31 May 2022 (Tuesday) at 11:00 a.m. The AGM will be held using digital platform (<https://lankabanglafinance.bdvirtualagm.com>) to transact the following businesses:

<b>AGMA-01-25-22</b>	To receive and adopt the Directors' Report, Auditors' Report and Audited Financial Statements for the year ended on December 31, 2021
<b>AGMA-02-25-22</b>	To declare dividend for the year 2021
<b>AGMA-03-25-22</b>	To elect directors in place of those who shall retire by rotation in accordance with the provision of Articles of Association of the Company
<b>AGMA-04-25-22</b>	To appoint Statutory Auditors of the Company for the year 2022 until conclusion of 26th AGM and to fix their remuneration
<b>AGMA-05-25-22</b>	To appoint Compliance Auditor as per Corporate Governance Code for the year 2022 and to fix their remuneration
<b>AGMA-06-25-22</b>	To transact any other business with the permission of the Chair:

**Dated: 10 May 2022**

By Order of the Board



**Mostafa Kamal FCA**  
Company Secretary

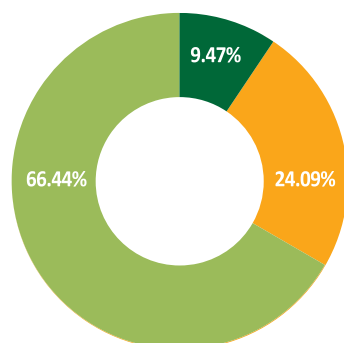
### **Notes:**

- ▶ The record date was fixed on 9 May 2022 (Monday). The Shareholders, whose names will appear in the Share Register of the Company at the close of business on the record date, will be eligible to attend the meeting and get dividend.
- ▶ Pursuant to the Bangladesh Securities and Exchange Commission's Order No. SEC/SRMIC/94-231/91 dated 31 March 2021, the AGM will be conducted by using digital platform.
- ▶ The Board of Directors has recommended 10.00% Cash Dividend (i.e. BDT 1.00 per share of BDT 10.00 each).
- ▶ A shareholder entitled to attend and vote at the AGM may appoint a Proxy to attend and vote in his/her stead. The "Proxy Form", duly filled, signed and stamped with BDT 20.00 must be sent through email at [share.lbfl@lankabangla.com](mailto:share.lbfl@lankabangla.com) not later than 48:00 hours before commencement of the AGM.
- ▶ Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018, the Company will send the annual report-2021 in soft format to the email of the shareholders available in their Beneficial Owner (BO) accounts maintained with the Depository. Soft copy of the annual report 2021 will also be available in the Company's website at [www.lankabangla.com](http://www.lankabangla.com).
- ▶ The shareholders will be able to submit their questions/comments and vote electronically 24 hours before commencement of the AGM and during the AGM. For logging into the system, the shareholders need to put their 16-digit Beneficial Owner (BO) ID number and other credential as proof of their identity by visiting the link <https://lankabanglafinance.bdvirtualagm.com>.
- ▶ We encourage the shareholders to log in to the system prior to the meeting on 31 May 2022. Please allow ample time to login and establish your connectivity. The webcast will start at 12:01 a.m. (Bangladesh Time) on 29 May 2022. Please contact +8801678006138 in case of any technical difficulties in accessing the virtual meeting.

# SHAREHOLDING STRUCTURE

As on 31 December 2021

Authorised Capital:	No. of Share	Taka
(Ordinary Shares of TK. 10.00 each)	1,000,000,000	10,000,000,000
Paid up Capital:	No. of Share	Taka
(Ordinary Shares of TK. 10.00 each)	538,838,623	5,388,386,230
Details of shareholding structure is as under:		
Sponsors and/or directors	Total Holding (No. of Share)	% of Shareholding
<b>a) Foreign Institution:</b>		
Sampath Bank PLC (Sri Lanka)	51,036,605	9.47%
<b>Sub-Total</b>	<b>51,036,605</b>	<b>9.47%</b>
<b>b) Local Institution:</b>		
ONE Bank Limited	20,362,737	3.78%
<b>Sub-Total</b>	<b>20,362,737</b>	<b>3.78%</b>
<b>c) Individuals:</b>		
Mr. Mohammad A Moyeen	22,842,546	4.24%
Mrs. Aneesha Mahial Kundanmal	41,503,844	7.70%
Mr. Mahbubul Anam	23,998,741	4.45%
Mr. Tahsinul Huque	20,993,703	3.90%
Mrs. Jasmine Sultana	77,883	0.01%
<b>Sub-Total</b>	<b>109,416,717</b>	<b>20.31%</b>
<b>Sponsor/Director Local</b>	<b>129,779,454</b>	<b>24.09%</b>
<b>Sponsors and/or directors Total</b>	<b>180,816,059</b>	<b>33.56%</b>
<b>General Shareholders</b>	<b>358,022,564</b>	<b>66.44%</b>
<b>Grand Total</b>	<b>538,838,623</b>	<b>100.00%</b>



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

# LIST OF DIRECTORS

Sl. No.	Name	Position	Appointment Date
1	Mr. Mohammad A. Moyeen	Chairman	November 5, 1996
2	Mr. I. W. Senanayake (Representing Sampath Bank PLC)	Director	November 27, 2008
3	Mr. Nanda Fernando (Representing Sampath Bank PLC)	Director	February 13, 2018
4	Mr. B. W. Kundanmal (Alternate of Mrs. Aneesha Mahial Kundanmal)	Alternate Director	November 5, 1996
5	Mr. M. Fakhru Alam (Representing ONE Bank Limited)	Director	July 30, 2013
6	Mr. Mahbubul Anam	Director	November 5, 1996
7	Mr. Dr. M. Mahbubul Huque (Alternate of Mr. Tahsinul Huque)	Alternate Director	November 5, 1996
8	Mrs. Zaitun Sayef	Independent Director	September 7, 2020
9	Mr. Md. Mehmood Husain	Independent Director	April 29, 2021
10	Mr. Abdul Malek Shamsher	Independent Director	March 29, 2018

#### Notes:

- ▶ The tenure of office of Independent Director, Mr. Abdul Malek Shamsher has expired on March 28, 2021.
- ▶ The shareholders in 24th AGM dated April 29, 2021 have appointed Mr. Md. Mehmood Husain as Independent Director of the Company. Mr. Husain has resigned from the Board on December 2, 2021.

# MESSAGE FROM THE CHAIRMAN



The year 2021 was unprecedented and served as a litmus test for society. LankaBangla viewed two options in the face of adversity: thrive or perish. We thrived because our core values, innate strengths, and the agility that comes with being a dynamic organization guided us. We are now prepared for the next major stride by promoting best practices and excellence throughout the organization, including our offerings, performance, systems, processes, people, and customer-centricity.



**Mohammad A. Moyeen**

Chairman

## Dear fellow shareholders,

Despite the challenges caused by the COVID-19 pandemic, economic scenario of Bangladesh has been favorable, and our efforts to counter the negative consequences of the pandemic have been largely successful. Bangladesh is one of the few countries that has been recognized for its vigorous efforts in improving its economic situation even amidst the pandemic. The key drivers of this economic turnaround were the all-time high remittance inflows being received in last year along with flourishing in RMG export market, which resulted in best ever Foreign Exchange Reserve.

## Strategies implemented in 2021

### *Focusing on welfare of employees*

Welfare of employees was also a priority in 2021 likewise the previous year. We continued the dual model of work in 2021 to ensure the safety of employees with minimal physical presence at office premises. We have also motivated and helped employees to be vaccinated.

### *Digitalization in customer service*

We also emphasized on safety of customers by encouraging them to use all of our digital tools (chatbot, updated FinSmart app, 24/7 customer center and communication with RM) for

all of their purposes. Customers were also served amidst the countrywide lock down.

### *Rationalization of operating expenses*

We were able to optimize our operational expenses without jeopardizing productivity and any disruption. The cost cutting approach was taken for the administrative areas and implemented with the help of people from all functions across the Company.

### *Cash and liquidity management*

Efficient management of working capital was another high prioritized area we worked on meticulously. Keeping the worst case scenarios in mind with regards to potential liquidity risks, we tightened our approach when it came to our collection process, eventually ensuring improved deposit management schemes, as well as receiving foreign funds which demonstrates exceptional creditworthiness and efficient management.

### *Embracing sustainability in business practices*

LBFL aspires to be the nation's leading provider of financial services for sustainable business practices. Aligned with this vision, it has begun its sustainability journey by presenting the first "Sustainability Report" to fuel dreams and, as a result,

augment long-term value creation for its stakeholders. This Sustainability Report was developed using the GRI Standards.

### Awards and recognition

LankaBangla was successful in achieving a feat of awards with excellence in MasterCard Credit Business (Domestic) and MasterCard Contactless in the 2021. Furthermore, it got an honorable mention in Bangladesh Fintech Award 2021, for fintech innovation of the year for Shikha Chatbot. LankaBangla has further received the Payment Card Industry Data Security Standard (PCI DSS), meaning that the organization has met all credit card security requirements making it the first NBFi in Bangladesh to achieve such accreditation.

### Performance of 2021 at a glance

- ▶ We disbursed around BDT 34,269 Mn, upped by BDT 12,263 Mn from the previous year;
- ▶ We received foreign funds amounting to BDT 3,487 Mn further demonstrating strong creditworthiness;
- ▶ Our asset portfolio increased by BDT 4,065 Mn to BDT 58,775 Mn, out of which the main contributing factor was SME finance, contributing around BDT 2,017 Mn of the total asset portfolio which was another demonstration of our viability;
- ▶ As the capital market rebounded in bullish manner, it helped us reverse a significant amount of provisions for capital market investment and increased capital market income; eventually helping us revive in the current market condition to a great extent;
- ▶ PAT of the Company increased by BDT 327 Mn soared by 33% from the previous year despite surge in huge provision due to the lifting of flexibility on asset classification by the central bank;
- ▶ Consolidated ROE stands at 12.60%, upped from 10.02% from last year;
- ▶ Consolidated ROA now stands at 1.53% from 1.17% of last year.

### Paving a journey of 25 years

Constantly striving to stay true to its vision of being the most preferred financial service provider in creating, nurturing, and maximizing value for stakeholders, LankaBangla has successfully grown together, it has paved its journey of 25 long years. With the strong support of its stakeholders, LankaBangla has remained steadfast in its core values of cherishing a sense of ownership, growing as a team, and acting with integrity and professionalism, which has allowed us to weather any storm. Our strong performance during these difficult times is a showcase to our unwavering commitment to building a resilient franchise across the country.

### Future strategies

As I write this report, two of the most important sources of fuel-gas-wheat producing European countries are at war with one another, thereby jeopardizing the world's economic status even

more. With the prices of the aforementioned goods rising due to the current conditions, the existent inflation crisis is anticipated to spiral, leading disposable income to fall even further and people's savings status to deteriorate.

Bangladesh, like other Southeast Asian countries, has begun to feel the economic strain caused by the ongoing war. The rise in the global oil prices increased the country's other commodity prices, which has been reflected through the cost of doing business, while Bangladesh-Russian trade has taken a hit stemmed due to the sanctions. Owing to the pandemic, the shipping costs were spiraling, which further skyrocketed due to the conflicted countries. Additionally, there is a rise in the costs of RMG exporters, which accounts for the vast majority of the country's exports. The World Bank also touches on the point of the economic impact being twofold, invoking both the internal inflation and rising import prices.

Major strategies for 2022 will be:

- ▶ Launching of the hub and spokes model;
- ▶ Continuing further optimization of the discretionary expenses;
- ▶ Continuous improvement in asset quality;
- ▶ Continuing growth of SME Asset Portfolio;
- ▶ Rapid digital transformation of the company by using online application system, FinSmart and Chabot;
- ▶ Ensuring better management of NPL and regularize collection process accordingly;
- ▶ Exploiting the capital market condition, optimizing the bullish trend by keeping the potential risks in mind.

Liquidity management will be a continued process for 2022 as well, along with ensuring proper trade-off between liquidity and profitability. We will also focus on retail long term deposits as well as ensure refinancing under government stimulus packages. It is our goal at LankaBangla to continue to grow together and that the firm and its shareholders will profit.

In a changing context, playing our role as part of the solution within the wider industry is crucial. Responding to market and social issues, assisting our customers, employees, and communities now and in the future, and creating value for all of our stakeholders in a prudent manner are the guiding principles of Growing Together! I am certain that the lessons we learnt while we saw through the betters and worsts on various fronts as a nation and the insights we gathered on the fragile economic condition in 2021 will enable us to perform a much better job in 2022.



**Mohammad A. Moyeen**  
Chairman



# DIRECTORS' REPORT

## Dear Stakeholders,

On behalf of the Board of Directors of LankaBangla Finance Limited, I am very happy to welcome you in 25th Annual General Meeting of the Company.

The Board of Directors of LankaBangla Finance Limited have pleasure in presenting their Annual Report for the year ended 31st December 2021 which includes reports on business strategy and review, risk management, corporate governance, investor relations and a sustainability supplement. It includes Audited Financial Statements of the Organization, Consolidated Financial Statements of the Group for the year and the Auditors' Report on those Financial Statements. The Financial Statements were reviewed and approved by the Board of Directors on 11 April 2022.

In the year 2021, LankaBangla Finance Limited recorded remarkable growth on its core business. With a good penetration in loan products, LankaBangla made good profit growth in 2021.

We are pleased to report that during the year 2021, LankaBangla Finance Limited earned consolidated after tax net profit of BDT 1,305.89 million, meeting or exceeding all financial and operational objectives.

In each quarter of 2021, we have achieved consistent result and had good performance ensuring strong organic growth and increasing contributions. This has consistently proven to be very beneficial throughout the challenging global economic conditions. These results continue to demonstrate that we have the right strategy and we are executing it well.

## 1. General

LankaBangla Finance Limited (LBFL) started commercial operations since 1997 obtaining license from Bangladesh Bank under the Financial Institutions Act, 1993. LBFL also obtained license from Securities and Exchange Commission vide No. MB-1.064/98-05 to transact public shares in the Capital Market as a Merchant Banker. The Company went for public issue in 2006 and its shares are listed in both Dhaka Stock Exchange and Chittagong Stock Exchange on 17 October 2006 and 31 October 2006 respectively.

The corporate office of LBFL is located at Safura Tower (Level 11), 20 Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh.

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

LBFL's Vision, mission, core values and code of conduct are given in the page number 01 of the Annual Report. The business activities of the organization are conducted at a high level of ethical standard in achieving its Vision.

## 3. Principal Business Activities

### 3.1 LBFL

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

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

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

## 4. Economic Review of 2021

### 4.1 World Economy

World economic outlook is provided on from pages 49 to 50.

### 4.2 Regional Economy

Details of Bangladesh economy is provided on from pages 50 to 54.

## 5. Industry Outlook

The non-bank financial institutions (NBFIs) comprise a rapidly growing segment of the financial system in Bangladesh. The NBFIs have been contributing toward increasing both the quality and quantity of financial services and thus mitigating the lapses of existing financial intermediation to meet the growing needs of different types of investment in the country. The non-bank financial institutions - commonly known as NBFIs - may have become exposed to market volatilities because of their overdependence on a small number of large investors and debtors.

According to Bangladesh Bank, 56.2% of all deposits in NBFIs were between Tk. 1 crore to Tk. 50 crore. Moreover, only 5,019 depositors across the entire NBF establishment were responsible for these deposits. In terms of loans, 60.6% of total funds were distributed among only 6,587 borrowers.

Experts fear that if a large chunk of these large depositors withdraws their funds for some unforeseen economic shock (like the Covid-19 pandemic) or a dip in confidence in the market, the NBFIs may face a liquidity crisis. And top of that, in 2021, Bangladesh Bank declared that 13 out of the 34 NBFIs currently operating in Bangladesh had slipped into the red zone by the end of 2020. The number used to be 10 back in 2019.

Generally, infection rate, defined as the ratio of non-performing loans to total distributed loans is the main metric for categorising financial institutions into three zones: red, yellow and green, with the colours corresponding to weak, moderate and satisfactory performance, respectively. Experts cite systemic problems such as a high degree of non-performing loans and lack of oversight from the central bank as some of the issues plaguing the NBF sector.

## 6. Review of Operation of LankaBangla

A review of financial and operational performance of LBFL and the Group together with important events that took place during the year 2021 are contained in the Chairman's Message (pages 06 - 07), the Managing Director's Review (pages 29 - 33), and the CFO's Reviews (pages 34-40). These reports form an integral part of the Annual Report of the Board of Directors.

## 7. Future Developments

Since the inception of LankaBangla Finance Limited has always prioritized the sectors that present a growth potential on a long term basis. The digital transformation has enabled the financial service industry to thrive using a superior informational advantage. LBFL is now moving towards technology-driven business solutions powered by a cultural environment that prioritizes efficiency & highest ethical standards. LBFL focuses on a business expansion drive through its existing and extended branch network, concentrating more on Retail and SME business to increase its market share and profitability. This will be further accompanied by a more vigorous drive on innovative product development, process

improvements and staff development, aimed at fulfilling the rapidly changing customer needs in the challenging market conditions and maximizing the value that we create for all the stakeholders. Few more branches will be opened in the upcoming year. Further an overview of the future development of LBFL and the Group is given in the Chairman's Message (pages 06 - 07), the Managing Director's Review (pages 29 - 33), and the CFO's Reviews (pages 34 - 40). These reports form an integral part of the Annual Report of the Board of Directors.

## 8. Financial Statements

The Financial Statements of LBFL and the Group have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) laid down by the Institute of Chartered Accountants of Bangladesh, and comply with the requirements of DFIM circular No # 11 dated 23 December 2009 issued by Department of Financial Institutions and Market of Bangladesh Bank and Bangladesh Bank's other circulars and guidelines or directives, the Companies Act 1994, the Securities and Exchange Rules 1987, the Listing regulations of Dhaka and Chittagong Stock Exchanges. The aforementioned Financial Statements for the year ended 31st December 2021 duly signed by the Company secretary, Managing Director, the Chairman of the Audit Committee and the Chairman of the Board are given on pages from 62 which form an integral part of this Annual Report.

## 9. Directors' Responsibility for Financial Reporting

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

## 10. Auditors Report

The Auditors of LBFL are Hussain Farhad & Co., Chartered Accountants carried out the audit on the Financial Statements of LBFL and the Group for the year ended 31st December 2021 and their report on those Financial Statements, as required by the Companies Act 1994 is given on pages from 56 to 61.

## 11. Significant Accounting Policies

Significant Accounting policies adopted in the preparation of the Financial Statements are given on pages from 78 to 149 which comply with provisions of BFRSs and the Companies Act 1994.

## 12. Financial Review

Following the initial impact of economic crisis arising from COVID-19 pandemic, LankaBangla managed to exhibit a note able progress in many of the business lines during 2021. Mentionable amounts of disbursements were made in Corporate, Retail and SME business. Furthermore, utilizing upturn index and increased transaction volume in bourse have led to an overall success for the company. Cost of borrowing has decreased by 1.69% in 2021 compared to 2020. Total asset of the group has increased by 9% from BDT 81.84 billion in 2020 to BDT 88.93 billion in 2021.

Total Asset disbursement of LankaBangla Finance for the year 2021 has increased by 55.7% compared to 2020, due to sufficient liquidity

most of the year. Total disbursed amount in 2021 was BDT 34,269 million compared to BDT 22,007 million in 2020. On the deposit side, our total term deposits increased by 1.2% from BDT 47,427.81 million in 2020 to BDT 48,005.90 million in 2021. The percentage of classified loans (NPL) for the company has increased to 6.57% in 2021 compared to 4.70 in 2020.

### 13. Core Business Review

#### 13.1 Corporate Financial Services

LankaBangla's focus on extending its Corporate Business portfolio has continued throughout 2021. A total of BDT 13,447 million of corporate lending has been disbursed for the year 2021 compared to BDT 9,034 million of 2020, which illustrates a massive 48.9% growth compared to the previous year. Disbursement in 2021 was driven mostly by Term Loan and Factoring. Subsequently, the corporate asset portfolio has also increased by BDT 2,700 million in 2021, from BDT 23,483 million in 2020 to BDT 26,183 million in 2021, showing an 11.5% growth compared to previous year.

#### 13.2 Retail Financial Services

During the year 2021, the Company has continued to concentrate more in retail financial activities. Total BDT 14,938 million was disbursed during 2021 under retail financial services in the form of auto loan, home loan, personal loan, credit card and staff loan. The disbursement growth is 40.2% in 2021 from 2020. The retail asset portfolio stood at BDT 22,645 million at the end of 2021.

##### 13.2.1 Home Loan

Total Home Loan disbursement in 2021 was BDT 888 million comprising of Mortgage Loan and Staff Home Loan. The disbursement has increased by a massive 440% compared to the home loan disbursement of 2020. Home Loan portfolio, on the other hand, has decreased by 7.9% in 2021. At the end of 2021, Home Loan portfolio stood at BDT 10,146 million which was BDT 11,017 million in 2020.

##### 13.2.2 Auto Loan

In 2021, BDT 1,478 million has been disbursed as auto loan compared to 262 million in 2020 resulting in 464.8% increase in disbursement. The auto loan portfolio has also increased by 0.48% in 2021 from BDT 4,513 million in 2020 to BDT 4,535 million at the end of 2021.

##### 13.2.3 Personal Loan

Personal Loan disbursement has increased by 75.7% in 2021 with a total figure of BDT 1,495 million. The Personal Loan portfolio is comprised of Loan against Deposit, Term Loan and Staff Loan. Portfolio for the Personal Loan in 2021 was BDT 3,475 million, which has reduced by 6% from BDT 3,697 million in 2020.

##### 13.2.4 Credit Card

During 2021, a total of 22,306 new credit cards were issued by LankaBangla. The card portfolio has increased by 12.4% in 2021 to BDT 4,488 million from BDT 3,995 million in 2020. Number of active credit card users has increased from 105,670 in 2020 to 107,307 in 2021 resulting in a growth of 1.5%. Monthly average spending by all credit card users has also increased in 2021 in comparison to previous year. Average monthly credit card usage in 2021 has increased to BDT 923 million from BDT 781 million in 2020.

#### 13.3 SME

SME, the heart of worldwide growth of economies, is emerging as the most powerful and sustainable pillars of Bangladesh economy. Our country is moving towards SME led industrial development, and as such growth of SME Financial Service in LankaBangla Finance is also remarkable. In 2021, SME loan disbursement of LankaBangla Finance limited has more than doubled than that of 2020. The total SME disbursement in 2021 is BDT 5,884 million compared to BDT 2,320 million in 2020, thereby resulting in a 153.7% increase. At the end of 2021, SME portfolio stood at BDT 9,948 million compared to BDT 8,005 million in 2020 resulting in 24.3% increase in portfolio. Management has taken a series of strategies to foster more disbursement in this sector and boost the portfolio size to a sizeable amount as this sector is less rate sensitive and more profitable.

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

#### 13.4 Liability Management

Total Term Deposit portfolio in 2021 was BDT 48,005.90 million from BDT 47,427.81 million in 2020, resulting in 1.22% increase compared to the portfolio of 2020. In this regard, the Retail and Bank & FI Liability (Treasury) units played an important role.

##### 13.4.1 Retail Liability Management

Retail Liability's core focus on retail deposits has resulted in a portfolio of BDT 25,523 million at the end of 2021 which shows a significant growth of 5.4% from the portfolio of 2020. Retail liability mobilization for the year was BDT 11,161 million compared to 2021 figure of BDT 11,515 million in 2020.

##### 13.4.2 SME Liability Management

SME Liability's portfolio at the end of 2021 stood at BDT 3,918 million which shows a slight de-growth of 5.4% from 2020 portfolio. SME liability mobilization was BDT 2,077 million in 2021. This is made possible due to strong personnel of product marketing officers.

##### 13.4.3 Corporate Liability Management

Corporate Liability portfolio consists of a diverse deposit portfolio of corporate clients. The value of the portfolio stands at BDT 12,105 million at the end of 2021 decreasing by 5.4% from 2020. Corporate liability mobilization for the year was BDT 5,014 million compared to BDT 7,503 million of 2020.

#### 13.5 Treasury Operations

The Treasury Division of LankaBangla Finance Limited plays a crucial role in managing fund, understanding the market, taking advantage of arbitrage opportunities, making profitable investments in both equity and fixed income securities. Treasury maintained optimum liquidity buffer throughout the year maintaining adequate coverage for future cash outflows. It

played a pivotal role in keeping the company resilient through prudent projection, keeping borrowing lines open, and proper implementation of liquidity management plan.

Treasury ensured prudent cash management by channelling all the cash flows of the company in an effective and efficient manner, which led to optimum utilization of fund. The division has also continued to play an important role in keeping the cost of fund of the company under control. During 2021, the cost of fund has been brought down significantly by taking advantage of the low interest rate regime, carefully negotiating with counterparties leveraging the strong foundation of the company and solid repayment history, and also sourcing fund from cheaper sources. Treasury has solidified its relationship with the existing counterparties and developed relationship with new ones through effective relationship management practices to flare out its financial flexibility.

During 2021, Treasury sourced three long-term foreign currency loans amounting USD 36 million, one syndicated term loan of BDT 5,000 million, and has also issued a zero-coupon bond with total face value of BDT 3,000 million. Treasury also remained focused on identifying, assessing, and mitigating balance sheet risk areas to ensure long-term sustainability and growth. By remaining supple and actively engaging in the money market, the division earned sizable revenue in addition to ensuring liquidity from the short-term placements of fund in the money market.

Investment portfolio of the company stood at BDT 3,883 million at the end of 2021 and grew by 28.34% year-on-year. Treasury has contributed significantly to the bottom line of the company by proactively rebalancing the portfolio and actively dealing in capital market activities. A considerable amount of capital gain and dividend has been realized from the investment in equity shares and a portion of the provision for diminution in value of investment has been reversed during the year which has directly augmented the profit of the company. Moreover, a better diversification has been made in the investment portfolio by making a better mix of both equity and fixed income securities, which will ultimately ensure more stable flow of income in the future.

## 14. Credit Rating

Credit Rating Agency of Bangladesh Limited (CRAB) has rated LankaBangla Finance Limited on July 19, 2021, with 'AA3' rating in the long term and 'ST-2' rating in the short term based on audited financial statements as of December 31, 2020, un-audited financial statements as of March 31, 2021 and other relevant quantitative as well as qualitative information up to the date of rating declaration. The outlook on the rating is 'Stable.'

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

## 15. Financial Results and Appropriations

### 15.1 Revenue

Total Revenue of the Group for the year 2021 was BDT 10,294 million registering a 6% growth over 9,690 million of 2020. Total revenue of LBFL for the year 2021 was BDT 7,579 million compared

to BDT 8,277 million in 2020.

### 15.2 Profitability

The Group has recorded increase of net profit after tax of 33% and increased in operating profit also 92% in 2021. LBFL's operating profit increased by 36% and net profit after tax reduced by 26% in 2021. Consolidated net profit after tax for the year 2021 was BDT 1,306 million which was BDT 978 million in previous year. LBFL's net profit after tax for the year 2021 was BDT 609 million compared to BDT 826 million in 2020.

Particulars	Consolidated		LBFL	
	2021	2020	2021	2020
Total Revenue	10,294.29	9,689.62	7,579.37	8,276.80
Total Expenses	7,747.04	8,360.31	6,331.85	7,360.51
Operating Profit	2,547.25	1,329.31	1,247.53	916.29
Provisions	841.85	151.03	547.67	(1.51)
Profit before Tax	1,705.40	1,178.28	699.86	917.80
Tax	399.50	199.77	90.86	92.08
Profit after Tax	1,305.89	978.52	609.00	825.72

### 15.3 Appropriation

Particulars	in million BDT
Net Profit After Tax for the year 2020	609.00
Retained Earnings brought forward	1,466.86
Profit available for appropriation	2,075.86
Less: Statutory Reserve	121.80
Amount available for declaration of dividend	1,954.06
Less: Dividend (Proposed 10.00% Cash)	538.84
Retained Earnings carried forward	1,415.22

### 15.4 Dividend

Considering the overall environment of financial market, current financial strength of the Company, and future investment prospect the Directors recommended 10.00% Cash Dividend i.e. BDT 1.00 per share BDT 10.00 each for the year 2021. The dividend is subject to approval of the shareholders at the Annual General Meeting.

The Board was satisfied that LBFL would meet the solvency test immediately after the proposed dividend, which will be paid in 2022.

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

## 16. Reserves

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

Particulars	Consolidated		LBFL	
	2021	2020	2021	2020
Share premium	1,090.89	1,090.89	-	-
Statutory reserve	2,049.58	1,927.78	2,049.58	1,927.78
General reserve	50.84	45.41	-	-
Capital Reserve	13.96	-	-	-
Revaluation Reserve	-	-	1,681.85	1,018.07
Retained earnings	2,085.15	1,641.73	1,954.06	2,161.28
<b>Total reserves</b>	<b>5,290.41</b>	<b>4,705.81</b>	<b>5,685.50</b>	<b>5,107.13</b>

## 17. Key Operating and Financial Data

Key operating and financial data for last five years as per Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018 is shown in pages 41 to 46.

## 18. Plan for Utilization of Undistributed Profits

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

## 19. Capital Expenditure

Total capital expenditure on acquisition of property, plant and equipment and intangible assets of Group and the LBFL for the year ended 31 December 2021 amounted to BDT 372.13 million and BDT 168.35 million respectively which were BDT 377.16 million and BDT 337.87 million respectively for the year 2020. Details are given in Annexure A & B of Financial Statements.

## 20. Capital Commitments

Capital expenditures approved and contracted for, as at the reporting date is given in note number 42 (i) of the financial statements.

## 21. Property, Plant & Equipment (PPE)

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

## 22. Financial results deteriorate after Public Issue

There was no such event happened during the reporting period.

## 23. Significant deviations from last year operating results

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

## 24. Share Capital and Bonds

### 24.1 Equity Capital

Paid-up Capital of LankaBangla Finance Limited as at 31 December 2021 amounted to BDT 5,388.39 million consisting of 538,838,623 ordinary shares.

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

### 24.2 Debt Capital

#### Foreign term loan :

- On 25 May 2021, LankaBangla Finance Limited received USD 15,000,000, which is equivalent to BDT 1,271,700,000, as foreign currency term loan from BlueOrchard Microfinance Fund (managed by Swiss impact investment manager BlueOrchard Finance Limited). The tenure of the loan is 60 months.
- On 21 September 2021, LankaBangla Finance Limited received USD 5,000,000, which is equivalent to BDT 426,500,000, as foreign currency term loan from Financing for Healthier Lives DAC—an SPV based in Ireland, established to issue social bonds for the purpose of on-lending. The tenure of the foreign currency loan is 60 months.
- On 24 November 2021, LankaBangla Finance Limited received USD 16,000,000, which is equivalent to BDT 1,393,600,000 at the exchange rate of 87.10, as foreign currency term loan from responsAbility Investments AG, through five funds managed by it. The tenure of the foreign currency loan is 60 months.

#### Syndicated Term Loan

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

In 2021, Standard Chartered Bank has arranged a syndicated term loan facility of BDT 4,950 million for LankaBangla Finance Limited. Out of the raised BDT 4,950 million, LankaBangla has drawn down BDT 2,000 million in two tranches as of the reporting date. The loan will be repaid in eight (08) equal quarterly instalments (EQI) starting from the end of nine months from the initial draw down.

#### Zero Coupon Bond

LankaBangla Finance Limited received consents from Bangladesh Bank on May 25, 2021 and from Bangladesh Securities & Exchange Commission on September 5, 2021 to issue Non-Convertible, Zero Coupon Bond with face value up to BDT 3,000 million.

Details about debit capital is given in note number 10.00 of the financial statements.

## 25. Share Information

Information relating to earnings, dividend, net assets and market value per share is given in the Financial Highlights on pages 41 to 46. Information on trading of the shares and movement in the number of shares of LankaBangla is given in the Investor Information section on page 04.

## 26. Shareholding

There were 29,404 nos. of registered ordinary shareholders as at 31st December 2021 (2020: 19,100). Information on distribution of shareholding and the respective percentages are given on page 04 of the Annual Report.

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

## 27. Equitable Treatments to Shareholders

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

## 28. The Board of Directors

The Board of Directors of LBFL consists of nine Directors with wide knowledge and experience. The names of the Directors of LankaBangla during the period 1st January 2021 to 31st December 2021 are mentioned in Report on page 05 .

## 29. Appointment of Independent Director

In compliance with the Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission, LankaBangla Finance Limited appointed two Independent Directors (as against seven shareholding directors) in the Board of the Company. Mr. Md. Mehmood Husain who was appointed as an Independent Director of the Company in the 24th Annual General Meeting held on 29 April 2021 has resigned from the Board on December 2, 2021 due to his personal reason. Subsequently, the Board in its 136th meeting held on April 11, 2022 has decided to appoint Mr. Md. Fakhru Alam as an Independent Director of the Company subject to the approval of regulatory authorities. Mr. Alam, Ex-Managing Director of ONE Bank Limited previously represented the Bank in the Board of LBFL for around 8.5 years.

## 30. List of Directors of the Subsidiaries

Names of the Directors of Subsidiary companies are as follows:

Particulars	Name of Director	Position
LankaBangla Securities Limited	1) Mr. Mohammad A. Moyeen	Chairman
	2) Mr. I. W. Senanayake (Nominated by LankaBangla Finance Limited)	Director
	3) Mr. B. W. Kundanmal	Director
	4) Mr. Mahbubul Anam	Director
	5) Mr. Al-Mamoon Md. Sanaul Huq	Independent Director
	6) Mr. Mohammed Nasir Uddin Chowdhury (Nominated by LankaBangla Finance Limited)	Director
	7) Mr. Khwaja Shahriar (Nominated by LankaBangla Finance Limited)	Director
	8) Mr. S. A. R. Md. Muinul Islam (Nominated by LankaBangla Finance Limited)	Director
	9) Mr. Khandoker Saffat Reza (Nominated by LankaBangla Finance Limited)	Director
LankaBangla Investments Limited	1) Mr. Mohammad A. Moyeen	Chairman
	2) Mr. B. W. Kundanmal (Nominated by LankaBangla Finance Limited)	Director
	3) Mr. Al-Mamoon Md. Sanaul Huq	Independent Director
	4) Mr. Abdullah Al Karim	Director
	5) Mr. Mohammed Nasir Uddin Chowdhury (Nominated by LankaBangla Finance Limited)	Director
	6) Mr. Khwaja Shahriar (Nominated by LankaBangla Finance Limited)	Director

Particulars	Name of Director	Position
LankaBangla Asset Management Company Limited	1) Mr. Al-Mamoon Md. Sanaul Huq (Nominated by LankaBangla Finance Limited)	Independent Director
	2) Mr. Khwaja Shahriar (Nominated by LankaBangla Finance Limited)	Director
	3) Mr. Abul Kalam Mohammad Kamruzzaman (Nominated by LankaBangla Finance Limited)	Director
	4) Mr. Quamrul Islam (Nominated by LankaBangla Finance Limited)	Director
	5) Mr. Shamim Al Mamun (Nominated by LankaBangla Finance Limited)	Director
LankaBangla Information System Limited	1) Mr. Mohammad A. Moyeen	Chairman
	1) Mr. Mahbubul Anam	Director
	3) Mr. S. A. R. Md. Muinul Islam (Nominated by LankaBangla Securities Limited)	Director
BizBangla Media Limited	1) Mr. Mohammad A. Moyeen	Chairman
	2) Mr. Mahbubul Anam	Director
	3) Mr. Dewan Hanif Mahmud	Director

### 31. Board Sub Committees

The Board, while assuming the overall responsibility and accountability for the management oversight of the organization, has also appointed Board Sub Committees to ensure that the activities of LankaBangla at all times are conducted with the highest ethical standards and the best interests of all its stakeholders. The Board formed two Sub Committees named Executive Committee and Audit Committee. The compositions of these Sub Committees as at 31st December 2021 were as follows:

#### 31.1 Executive Committee

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

#### 31.2 Audit Committee

In Compliance with the requirement of Bangladesh Bank Notification No. DFIM-13, dated 26 October 2011 and Bangladesh Securities & Exchange Commission (BSEC) Notification No. BSEC/CMRCD/2006-158/207/Admin/80 dated June 3, 2018 the Audit

Committee of LankaBangla Finance Limited was re-constituted in 130th Board of Director's meeting held on May 31, 2021.

### 32. Directors' Meeting

The details of Directors meetings which comprise Board meetings and the Board Sub Committee meetings and the attendance of Directors at these meetings are given in the Corporate Governance Report on page 23 of the Annual Report.

### 33. Related Party Transactions

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

### 34. Directors' Interest in Ordinary Shares

The shareholdings of Directors are as follows:

Sl. No.	Name of Director	Number of shares as on 31 December 2021	Number of shares as on 31 December 2020
1	Mr. Mohammad A. Moyeen	22,842,546	22,842,546
2	Mr. I.W. Senanayake (Nominated by Sampath Bank PLC)	51,036,605	51,036,605
3	Mr. Nanda Fernando (Nominated by Sampath Bank PLC)		
4	ONE Bank Limited	20,362,737	20,362,737
5	Mrs. Aneesha Mahial Kundanmal (Mr. B. W. Kundanmal- Alternate Director)	41,503,844	41,503,844
6	Mr. Mahbubul Anam	23,998,741	23,998,741
7	Mr. Tahsinul Huque (Dr. M. Mahbubul Huque-Alternate Director)	20,993,703	20,993,703
8	Mrs. Zaitun Sayef	Nil	Nil

### 35. Substantial Shareholdings

BSEC's Corporate Governance Notification dated June 3, 2018 requires a listed company to disclose in the Directors' Report, the list of shareholders holding ten percent or more voting interest in the Company. None of the shareholders hold ten percent or above shares in LankaBangla Finance Limited. The shareholding status of all sponsors shareholders as on December 31, 2021 is given in page 04 of this report.

### 36. Directors' Interest in Ordinary Shares of Subsidiaries as on December 31, 2021

LankaBangla Securities Limited				
Sl. No.	Name of Director	Position	Shares held on 31-Dec.-2021	Shares held on 31-Dec.-2020
1	Mr. Mohammad A. Moyeen (Nominated by LankaBangla Finance Limited)	Chairman	122,290	122,290
2	Mr. I. W. Senanayake (Nominated by LankaBangla Finance Limited)	Director	Nil	Nil
3	Mr. Mahbubul Anam	Director	119,841	119,841

LankaBangla Investments Limited				
Sl. No.	Name of Director	Position	Shares held on 31-Dec.-2021	Shares held on 31-Dec.-2020
1	Mr. Mohammad A. Moyeen	Director	1	1
2	Mr. Mahbubul Anam	Shareholder	1	1

LankaBangla Asset Management Company Limited				
Sl. No.	Name of Director	Position	Shares held on 31-Dec.-2021	Shares held on 31-Dec.-2020
1	Mr. Mohammad A. Moyeen	Shareholder	1	1
2	Mr. Mahbubul Anam	Shareholder	90	90

LankaBangla Information System Limited				
Sl. No.	Name of Director	Position	Shares held on 31-Dec.-2021	Shares held on 31-Dec.-2020
1	Mr. Mohammad A. Moyeen	Chairman	100	100
2	Mr. Mahbubul Anam	Director	100	100

BizBangla Media Limited				
Sl. No.	Name of Director	Position	Shares held on 31-Dec.-2021	Shares held on 31-Dec.-2020
1	Mr. Mohammad A. Moyeen	Chairman	749,950	749,950
2	Mr. Mahbubul Anam	Director	749,950	749,950

### 37. Directors' Remuneration

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

### 38. Management discussion and analysis

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

### 39. Team Members (Employees)

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

As at 31st December 2021, the number of employees on the payroll of LankaBangla was 779 which was 764 in previous year.

### 40. Environmental Protection

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

### 41. Statutory Payments

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

### 42. Outstanding Litigations

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



### 43. Events after Reporting Period

No circumstances have arisen since the Statement of Financial Position date which would require adjustments to, or disclosure in, the accounts, except those disclosed in note number 42 (h) to the Financial Statements.

### 44. Going Concern

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

### 45. Risk Management and Internal Control

#### 45.1 Material Foreseeable Risk Factors

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

#### 45.2 Internal Controls

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

### 46. Financial Risk Management

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

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

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

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

### 47. Corporate Governance

In the management of the Company, the Directors have placed

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

### 48. Additional Disclosures

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

- ▶ The financial statements prepared by the management present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity.
- ▶ Proper books of accounts of the Company have been maintained. Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- ▶ International Accounting Standards and International Financial Reporting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements. The system of internal control is sound in design and has been effectively implemented and monitored.
- ▶ There are no significant doubts upon the Company's ability to continue as a going concern.
- ▶ There is no extraordinary gain or loss during the year.
- ▶ No significant difference occurs between quarterly financial performance and annual financial statements.
- ▶ There are no significant changes in the Company or its subsidiaries' fixed assets and the market value.
- ▶ The company had not enabled any of its directors to acquire benefits by means of acquisition of share or debentures of the company or anybody corporate.

### 49. Audit Information

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

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

### 50. Auditors

The Board in its 136th meeting held on April 11, 2022 recommended the shareholders to appoint M/s. Hussain Farhad & Co. Chartered Accountants at a remuneration of BDT 550,000. LBFL has also taken prior approval from Bangladesh Bank to appoint M/s. Hussain Farhad & Co., Chartered Accountants, until completion of conclusion of the 26th AGM.

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

Conduct and Ethics issued by the Institute of Chartered Accountants of Bangladesh, applicable on the date of this report.

## 51. Recognition

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

- ▶ SAFA Best Presented Annual Report 2014
- ▶ SAFA Best Presented Annual Report 2015
- ▶ SAFA Best Presented Annual Report 2016
- ▶ SAFA Best Presented Annual Report 2017
- ▶ SAFA Corporate Governance Award 2017
- ▶ ICAB Best Presented Annual Report 2016
- ▶ ICAB Best Presented Annual Report 2015
- ▶ ICAB Best Presented Annual Report 2014
- ▶ ICAB Best Presented Annual Report 2017
- ▶ ICAB Corporate Governance Award 2016
- ▶ ICAB Corporate Governance Award 2017
- ▶ ICMAB Best Corporate Award 2016
- ▶ ICMAB Best Corporate Award 2017
- ▶ SAFA Best Presented Annual Report 2018
- ▶ ICAB Integrated Report Award 2018
- ▶ ICAB Best Presented Annual Report 2018
- ▶ SAFA Best Presented Annual Report, Integrated Reporting Award and SAARC Anniversary Award 2019
- ▶ ICAB Integrated Reporting Award 2019
- ▶ ICAB Corporation Governance Disclosures Award 2019
- ▶ ICAB Best Presented Annual Report 2019
- ▶ SAFA Best Presented Annual Report, Corporate Governance Award 2020
- ▶ SAFA Best Presented Annual Report, Integrated Reporting Award 2020
- ▶ ICAB Integrated Reporting Award 2020
- ▶ ICAB Corporation Governance Disclosures Award 2020

LankaBangla Securities Limited has achieved certificate for outstanding performance for being ranked 1st in terms of turnover for consecutive seventeen years from 2006 to 2021 at Dhaka Stock Exchange (DSE) & for sixteen years from 2005 to 2021 at the Chittagong Stock Exchange (CSE).

## 52. Notice of Meeting

The 25th Annual General Meeting of LankaBangla Finance Limited will be held on 31 May 2022.

The Notice of Meeting is given on page number 03 of the Annual Report.

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

## 53 Acknowledgement

The Board of Directors takes this opportunity of expressing its heart-felt appreciation and gratitude to the valued clients, depositors, lenders, bankers, patrons and business partners for their continued support and cooperation. The Board also expresses its deep

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

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

I would like to take this opportunity to thank my colleagues on Board, who have extended their all sorts of cooperation, in the face of adverse internal and external conditions, and made the year 2021 another year of success for the Company. Finally, the Board of Directors thank the respected shareholders and assure them that they will continue to add value to maximize the shareholders' wealth through further strengthening and development of the Company in which they have placed their trust and confidence. Let us work together in a spirit of open and honest partnership. The Board's pledge to you is that we will listen your criticisms carefully, will at all times take those very seriously and will make clear cut decisions for the greater interest of the Company.

For and on behalf of the Board of Directors.



**Mohammad A. Moyeen**  
Chairman

# STATEMENT ON CORPORATE GOVERNANCE

## 1. Overview

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

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

## 2. Framework and Regulations Applied

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

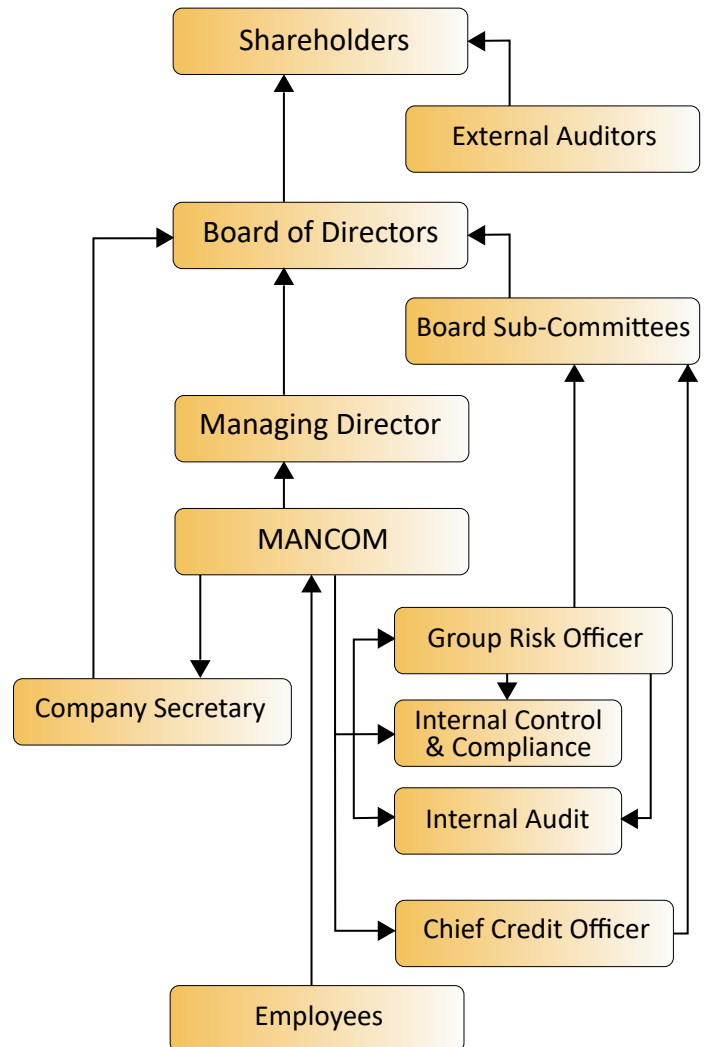
The following Acts, Regulations and Circulars have been used:

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

The following internal principles and guidelines have been followed;

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

## 3. Corporate Governance Structure



## 4. Governance Systems



## 5. Key Activities of the Board in 2021

### 5.1 Strategy

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

### 5.2 Operational and Financial Performance

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

### 5.3 Governance and Risk

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

## 6. Functioning of the Board and its Governance Processes

### 6.1 Board Composition and Frequency

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

so that each member has time to be conversant with the issues by timely dissemination of meeting papers, presentations and reports. The Company Secretary and the Chief Financial Officer attend all Board meetings and ensure that all relevant regulations and established procedures regarding the conduct of the Board are complied with.

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

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

### 6.2 Selection and Term of Appointment of New Director

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

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

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

### 6.3 Independence of Directors

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

issues of conformance and performance.

#### 6.4 Role and Responsibilities of the Board

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

Broadly, the responsibilities of the Board includes the following:

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

- ▶ Maintaining records of all meetings of the Board and Board Committees, in particular records of discussion on key deliberations and decisions taken

Statement on Directors' responsibilities is presented on page 99 of this Report.

#### 6.5 Chairman of the Board of Directors

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

#### 6.6 Role of the Chairman

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

#### 6.7 Separation of the role of Chairman and the Managing Director

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

##### 6.7.1 The Chairman's responsibilities include

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

##### 6.7.2 The Managing Director's responsibilities include

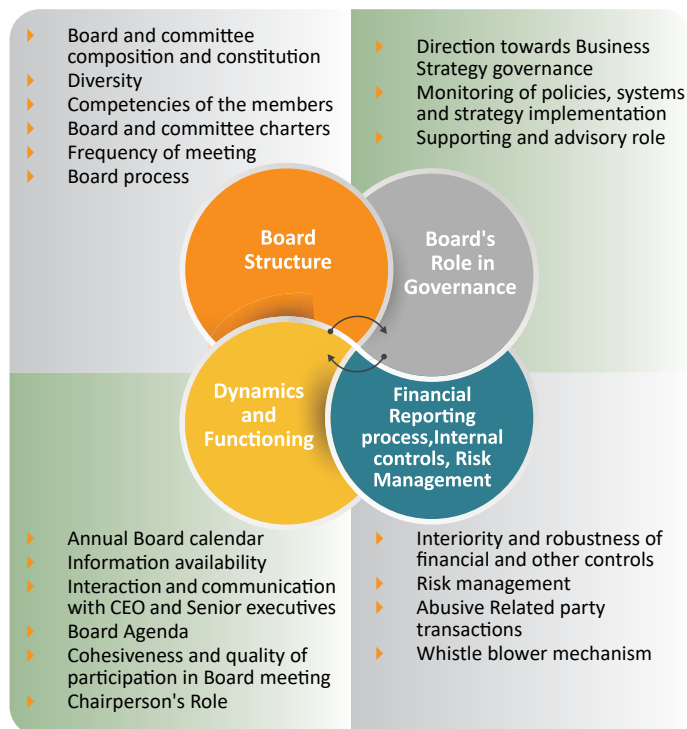
- ▶ Appointing the executive team and ensuring proper succession planning and performance appraisals
- ▶ Developing the company's strategy for consideration and approval by the board
- ▶ Developing and recommending budgets to the board that support the group's long-term strategy
- ▶ Monitoring and reporting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

- ▶ Ensuring that the group complies with all relevant laws and corporate governance principles.

### 6.8 Appraisal of Performance of the Board

The Board performs three major roles in LankaBangla- it provides direction (i.e. sets the strategic direction of the company), it controls (i.e. monitors the management), and provide support and advice. Board evaluation examines these roles of the Board and the entailing of responsibilities, and how effectively these are fulfilled by the Board. Appraisal of the performance of the Board is conducted considering the following parameters:

### 6.9 Annual Evaluation of Managing Director by the Board



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

### 6.10 Learning and Development Program of Directors

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

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

- ▶ A detailed overview of LBFL and its subsidiaries, its strategies, operational structure and core business activities
- ▶ General and statutory duties and responsibilities of a Director
- ▶ Comprehensive discussion with senior executives and business heads of the company
- ▶ Detailed induction program on risk profile and risk appetite of the Company and the Group.
- ▶ Directors are provided with the Code of Conduct for the Board members on general aspects of their Directorship and industry-specific matters.
- ▶ In case of any new rules, regulations or changes in existing regulations the Board is immediately informed of.
- ▶ In order to assist them, the Board is always kept updated on any development and changes in the business environment, risk and industry outlook.

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

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

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

### 6.12 Retirement and Re-election of Directors

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

### 6.13 Directors' Remuneration

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

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

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

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

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

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

#### 6.15 IT Governance

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

#### 6.16 Ethics and Compliance

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

#### 6.17 Whistle Blowing Policy

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

#### 6.18 Communication and Relationship with Stakeholders

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

LankaBangla maintains an active dialogue with shareholders. It holds in-person briefing sessions or telephone conference calls

with the media and analysts when quarterly results are released. All press statements and quarterly financial statements are published on the national Daily Newspapers and DSE & CSE websites. A dedicated investor relations team supports the Company's CEO, Chief Financial Officer (CFO) and Company Secretary in maintaining a close dialogue with institutional investors.

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

#### 6.18.1 Communication through Quarterly Reports

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

#### 6.18.2 Communication through Annual General Meeting (AGM)

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

#### 6.18.3 Communication through Digital Media

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

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

#### 6.19 Environment and Social Obligation

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

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

### 7. LBFL's Vision, Mission and Strategies

#### 7.1 Board approved Vision and Mission statements of the Company

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

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

## 8. Board and Board Committees

### 8.1 Board

#### 8.1.1 Members and 2021 Meeting Attendances

##### Members and 2021 Meeting Attendances

Sl. No.	Name	Position	Appointment Date	No. of meeting held	Entitlement to attend	Attended
1	Mr. Mohammad A. Moyeen	Chairman	November 5, 1996	8	8	8
2	Mr. I. W. Senanayake (Representing Sampath Bank PLC)	Director	November 27, 2008	8	8	5
3	Mr. Nanda Fernando (Representing Sampath Bank PLC)	Director	February 13, 2018	8	8	2
4	Mr. B. W. Kundanmal (Alternate of Mrs. Aneesha Mahial Kundanmal)	Alternate Director	November 5, 1996	8	8	6
5	Mr. M. Fakhru Alam (Representing ONE Bank Limited)	Director	July 30, 2013	8	8	8
6	Mr. Mahbubul Anam	Director	November 5, 1996	8	8	6
7	Mr. Dr. M. Mahbubul Huque (Alternate of Mr. Tahsinul Huque)	Alternate Director	November 5, 1996	8	8	8
8	Mrs. Zaitun Sayef	Independent Director	September 7, 2020	8	8	8
9	Mr. Md. Mehmood Husain	Independent Director	April 29, 2021	8	6	5
10	Mr. Abdul Malek Shamsheer	Independent Director	March 29, 2018	8	2	2

##### Notes:

- ▶ Directors who could not attend meetings were granted leave of absence by the Board.
- ▶ The tenure of office of Independent Director, Mr. Abdul Malek Shamsheer has expired on March 28, 2021.
- ▶ The shareholders in 24th AGM dated April 29, 2021 have appointed Mr. Md. Mehmood Husain as Independent Director of the Company. Mr. Husain has resigned from the Board on December 2, 2021.

#### 8.1.2 Summary of Key Terms of Reference

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

### 8.2 Audit Committee

#### 8.2.1 Appointment of members and composition of the Audit Committee

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



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

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

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

**Head of Internal Audit has direct access to the Audit Committee which can be ensured by our Corporate Organogram.**

### 8.2.2 Members and 2021 Meeting Attendances

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

#### Notes:

- ▶ Directors who could not attend meetings were granted leave of absence by the Board.
- ▶ The tenure of office of Independent Director, Mr. Abdul Malek Shamsher has expired on March 28, 2021.
- ▶ The shareholders in 24th AGM dated April 29, 2021 have appointed Mr. Md. Mehmood Husain as Independent Director of the Company. Mr. Husain has resigned from the Board on December 2, 2021.

### 8.2.3 Qualification of the members including the Chairman:

All the members of the Audit Committee including the Chairman vastly experienced with strong professional background.

### 8.2.4 Summary of key terms of reference:

#### 8.2.4.1 External audit

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

#### 8.2.4.2 Internal Audit and Financial Crime

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

#### 8.2.4.3 Compliance

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

#### 8.2.4.4 Financial Reporting and Financial Controls

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

#### 8.2.4.5 Risk Management

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

#### 8.2.4.6 Information Technology

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

#### 8.2.5 Summary of Key Focus Areas in 2021

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

### 8.3 Executive Committee

#### 8.3.1 Members and 2021 Meeting Attendances

Sl. No.	Name	Position	No. of meeting held	Entitlement to attend	Attended
1	Mr. Mohammad A. Moyeen	Chairman	11	11	10
2	Mr. Mahbubul Anam	Member	11	11	6
3	Mr. M. Fakhru Alam (Representing ONE Bank Limited)	Member	11	11	9
4	Mrs. Zaitun Sayef (Independent Director)	Member	11	11	10
5	Mr. Md. Mehmood Husain (Independent Director)	Member	11	7	7

#### Notes:

- ▶ Directors who could not attend meetings were granted leave of absence by the Board.
- ▶ The shareholders in 24th AGM dated April 29, 2021 have appointed Mr. Md. Mehmood Husain as Independent Director of the Company. Mr. Husain has resigned from the Board on December 2, 2021.

### 8.3.2 Summary of Key Terms of Reference

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

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

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

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

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

### 9. Summary of unpaid/unclaimed dividend

In compliance with directive no. BSEC/CMRRCD/2021-386/03 dated 14 January 2021 of Bangladesh Securities & Exchange Commission (BSEC) clause no. 3(vii) summary of unpaid/unclaimed cash & stock dividend as of 31 December 2021 is given in note 42 (g) of the Financial Statements.



House: 373 (2nd Floor), Road: 28, DOHS  
Mohakhali, Dhaka-1206, Bangladesh  
Ph : +88-02-9885210  
E-mail : info@amc-bd.com  
www.amc-bd.com

## Annexure-B

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

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

We have examined the compliance status to the Corporate Governance Code by LankaBangla Finance Limited for the year ended on December 31, 2021. This Code relates to the Notification No. BSEC/CMRRCD/2006.-158/207/Admin/80 dated June 03, 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

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

Place: Dhaka  
Dated: 11 April 2022

**Ahsan Manzur & Co.**  
Chartered Accountants

# RESPONSIBILITY STATEMENT OF MD AND CFO

The financial statements of Lankabangla Finance Limited (LBFL) and the consolidated financial statements of LBFL and its subsidiaries as at 31 December 2021 are prepared and presented in compliance with the requirements of the following:

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

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

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

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

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

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

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

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

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

We confirm that,

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



**Khwaja Shahriar**  
Managing Director & CEO



**Shamim Al Mamun, FCA**  
Chief Financial Officer

# REVIEW FROM THE MANAGING DIRECTOR & CEO

The two year-long worldwide response to the pandemic exemplified everything great and inspiring in the human spirit. A spirit that was evident in our Company's activities and results throughout the year. Our Company's people and systems have been battle tested and are now better prepared to face any competitive threat or major external interruption as a result of this pandemic. It has reinforced internal relationships, opened better vistas of cooperation, and assured our stakeholders that our people deliver – no matter what! That is our best guarantee of long-term sustainability and collective prosperity.



**Khwaja Shahriar**

Managing Director & CEO



## Dear Stakeholders,

While writing its annual report for the 25th consecutive year, we, at LankaBangla, recount stories of 'growing together' weathering any storm, thanks to the unwavering support of its stakeholders, customers, regulators, government, and society.

In totality, 2021 has been an insightful year, with the pandemic's recurrent shocks, attempts to overcome people's unfathomable sufferings, and attempts to bounce back in the game to improve the economy. We, at LankaBangla, along with implementing strenuous approaches to emerge successful and cope from the fragility of the erratic economic condition, made sure to prioritize our stakeholders' health, needs and safety over revenues and incomes.

We were successful in achieving the goals we had set for 2021, for all of its subsidiaries, depicting the efficiency and efforts of the Group, as a whole. Revamping and strengthening human capital with various functional rotations, onerous and relentless collection efforts, exploiting bullish capital markets, outstanding performance and enhancement in the asset portfolios primarily driven by retail and SME growth and excellent IT support were all underlined in the success literature.

### Operating Environment in 2021:

We all know that, during 2021 the world put endeavors to get life normal with a view to regaining momentum of economic growth amid second wave of disastrous pandemic utilizing the experience and knowledge of combating it since 2020. Extensive vaccination

programs gave people the confidence to participate in outdoor activities, and the government's record fiscal stimulus package of USD 1,895 bn to absorb the pandemic's economic shock gave the soaring Bangladesh economy a new pulse during the year 2021, with significant support from robust remittance inflows and a recovery in the export market. All these efforts aided to the economy's steady recovery.

Combating with other economic contraction, Bangladesh managed to attain a real GDP growth of 6.1%, which is significantly higher than the preceding year (5.2%). Even during the pandemic, our GDP was outperforming the GDP of many of our regional peers. We also observed a record height of remittance inflow of USD 22.07 bn exceeding record of 21.74 bn of last year despite the slowdown of the earning in the second half of 2021 according to Bangladesh Bank data. That vastly contributed to the increase of our foreign exchange reserve to USD 46,153.90 mn. The outstanding performance of RMG sector drove a strong increase in export earnings, as the value of the items surged. Bangladesh Bank also enhanced the size of Export Development Fund to support export-manufacturer of the country which resulted in an increase in the Current Account Balance as well.

Following the reopening of the economy, the capital market in Bangladesh has seen remarkable performance, ranking as one of the top performing markets in South Asia, with its major bourse Dhaka Stock Exchange (DSEX) which advanced by 25.08 percent

from last year to close 2021 at 6,756.65 points. The DSEX hit a record high of 7,367 points on October 10, 2021. The total number of securities traded on the Dhaka Stock Exchange increased from 597 in 2020 to 616 in 2021. The DSEX's market capitalization has also risen to an all-time high of BDT 5,863 billion. Hence, we at LBFL were able to exploit the bearish capital market this year, which contributed to our profitability as a whole.

One of the burning issues in LankaBangla, as well as in the nation, was to deal with the improbable economic condition and its impacts as a whole. To assure a better prognosis, we needed to devise an unrivaled approach. We were able to recover from the issue and emerge as a successful organization overall by focusing on utilizing our primary earnings generators as well as exploiting the capital market condition.

Despite the recurring COVID-19 shocks and ongoing confinement measures such as restricted mobility and widespread shutdowns, our market liquidity improved considerably, boosting people's living conditions and, as a result, their loan appetites. On the heels of the eased policy of last year, Bangladesh Bank lifted the cap on asset classification during the last of 2021 guided to keep additional provision against loans under certain classification status. That increased the provision charge for loan and advance significantly in 2021 which impact our bottom result compared to last year.

People became more assured as the economy improved, which reflected well in their overall consumption, leading to a rise in disbursement in comparison to the prior year. In the previous year, one of our main focus was to maintain our asset quality through ensuring proper collection on a regular basis along with rigorous monitoring. With prudent collection strategy implementations, we showcased an efficiency of 8.53% growth than 2020 in our collection process. Posting a 33% uptick in Group net profit over 2020, the Group and standalone Capital Adequacy Ratio (CAR) stood at 17.80 % and 16.89 %, respectively, meeting the requirement of 10% CAR set by Bangladesh Bank, eventually strengthening our balance sheet a little further, and receiving "AA3" credit rating for long-term and "ST-2" credit rating for short-term rated by the Credit Rating Agency of Bangladesh (CRAB) demonstrate enormous endeavor and strategic agility of LankaBangla Group.

### **Year-End Highlights-2021**

Retaliating pandemic's effect on health and economy with private and public joint endeavors, government grants, and foreign remittance showed success in 2021 as liquidity situation alleviated which reflected positively in people's consumption behavior along with increased loan appetite of business and consumer clients.

As a result, our asset portfolio expanded by 7.43% to BDT 58,775 million at the end of 2021, compared to BDT 54,709 million of 2020 through increased disbursement of BDT 34,269.29 million in 2021 compared to 2020. That aided to increase our fees income by 23% in 2021 than that of 2020.

In 2021, we have encountered a lot of intense competition for keeping margin, retaining asset client through checking take over by competitors, mobilizing low cost fund which in consequence dropped our net interest income by 7%. Increased fees income supported by high disbursement volume, optimized operational expenses, utilization of bearish capital market ultimately contributed to our lucrative profitability in 2021.

While we were dealing with an unsteady economic condition due to the constant resurgence of the pandemic, we managed to receive a total foreign term loans of BDT 3,487 million throughout the year from Blueorchard Microfinance Fund, Healthier Lives DAC for Financing and responsAbility Investments AG, all against a five-year tenure, further demonstrating our creditworthiness even during such wobbly condition.

We were able to mobilize BDT 21,852.19 million deposits where retail term deposits contributed 51.08% of the total mobilization, highlighting the depth of our clientele even more. We have settled previously issued zero coupon bond as well as other obligations. This year, we saw an increase in our bank borrowings, demonstrating that we were able to create an excellent working relationship with our long-term lenders alongside displaying a show of our credit worthiness, thanks to our excellent credit rating.

The provision growth that resulted from the Bangladesh Bank's direction to charge 2% provision against unclassified loans which repaid 15% of their due in 2021 caused a significant increase in our provisions for loans and leases. We have ensured rigorous monitoring, ran various campaigns for regularized collection which ensure up-keeping of asset quality. Also, we have benefited from restructuring our collection and monitoring functions and held all business personnel responsible for follow up of overdue and ensure collection from over-dues. That helped to keep our standalone NPL to 6.57% up from 4.70% in the preceding year even after the impact from lifting cap on asset classification in 2021 by regulator.

Despite the unpredictable state of the economy in 2020, and the uncertainty that pervaded many around the country, we aimed for growth in newer faces around the company and had 317 new hires compared to the previous year, with 78 new employees, a momentous growth indeed. This demonstrates the reputation we have been able to establish over the last two decades, as proven by the faith our shareholders have placed in us, as well as our commitment to keeping our stakeholders' interests and benefits at the forefront of our priorities.

The call centers worked tirelessly behind the scenes to ensure customer safety, receiving 13,180 calls more than 2020 and gaining 215 new customers as a result of their efforts, culminating in a customer satisfaction score of 91.66 percent and a call quality score of 86.67 percent. In 2021, the LBFL organized 81 training programs, the majority of which was e-learning focused.

LankaBangla Finance Limited achieved the joint first position in the Corporate Governance Disclosure Category for Best Presented Annual Reports in 2020 at the 21st ICAB National Award hosted by the Institute of Chartered Accountants of Bangladesh (ICAB). LankaBangla Finance also received the second position under the Integrated Reporting category and Certification of Merit in the Financial Service Sector Category for Best Presented Annual Reports in 2020. LankaBangla Finance Limited also achieved 1st runner up position in the SAARC Anniversary Award for Corporate Governance and 2nd Runner Up position in the Integrated Reporting award for 2020 awarded by South Asian Federation of Accountants. LBFL also received ICMAB Best Corporate Award 2020. These awards and achievements demonstrated our consistent accountability to stakeholders in terms of transparency and integrity.

## Financial Highlights

High volume of disbursement, increased fees income, prudent utilization of capital market and optimization of operating expenses contributed to our bottom result and to keep hope of our stakeholders on our expert management team.

Our consolidated net profit increased to BDT 1,305 million which was 33% higher than that of 2020, when our standalone net profit was BDT 609 million in 2021. Thus, contributed to BDT 2.38 Group EPS and BDT 1.13 standalone EPS which were BDT 1.81 and 1.53 in 2020, respectively. Our endeavor reflected in the growth of returns as consolidated Return on Asset and Return on Equity was 1.53% and 12.60% in 2021 which were 1.17% and 10.02% in 2020 respectively. Standalone Return on Asset and Return on Equity stood to 0.76% and 5.66% in 2021 respectively.

We took full advantage of the opportunity and exploited the bearish capital market with 286% growth in investment income with significant reversal of provision charged for diminution in value of investments. The consolidated NAV restated as of the 2021 was BDT 19.82 up from BDT 18.64, and the separate NAV restated on 2020 was BDT 19.39 which later on increased by 5.99% resulting the separate NAV as of the year 2021 reaching at BDT 20.55.

Other Major Highlights are Shown Below:

### Revenue

Our net interest income decreased by 7% to BDT 2,019 million, compared to BDT 2,174 million in 2020 due to a significant surge in interest suspense (40%) as a result of lifting up of relaxation in provisioning. However, still we could manage 6.24% growth in total revenue and 46% growth in total operating income thanks to utilizing opportunity of bullish capital market which resulted massive growth in income from investment and commission income and sizeable amount of other operating income from fresh loans and takeover loans.

### Profitability

The operating expenses increased by 20% from the previous year, owing to the fact that the capital market thrived and surpassed many of its regional peers, and its activities were in high gear. Due to enhanced of provisioning regulations in 2021, quality of assets was impaired to some extent as many customers specially SME and emerging corporate clients were affected as a result of COVID-19 pandemic. Thus NPL surged to 6.57% up from 4.70% a year ago. This results additional provision of BDT 454 Mn. We have also kept additional provision of BDT 125 Mn against margin loan. On the other hand, we were also able to cut the provision for diminution in value of investments by 73% compared to previous year. Although we achieved 46% growth in total operating income, we could manage to retain 33% growth in profit after tax (PAT) due to surge in opex and provisioning.

### Portfolio

Because the market was liquid and living conditions improved over time, the odds were in our favor, as can be seen by our asset portfolio increasing by 7.43% to BDT 58,775 million in 2021, compared to BDT 54,709 million in 2020. This boost aided our disbursements, which rose to BDT 34,269 million from BDT 22,007 million in 2020. Our disbursement to retail segment, which accounted for over 43.59% of total disbursements in 2021, is a notable contributor. The key driver in our retail financing disbursement was the credit card, which accounted for 74.15% of all retail financing disbursement performances. Along with retail finance, our whole SME portfolio was a significant contributor to the asset portfolio's better performance, contributing around 33.51% of the total asset portfolio, which was 32.31% in 2020.

### Credit Quality and NPL

As a result of the Central Bank's loan provisioning criteria, our asset quality has dropped slightly from the previous year, and our standalone NPL ratio now stands at 6.57%, from 4.70% previously. Though the quality has reduced, our constant efforts to improve our collection policy has paid off, and the economic benefit has more than compensated for the quality decline.

### Liquidity and Capital Adequacy Ratio (CAR)

The capital adequacy ratio (CAR) for the year 2021 stood at 17.80% on a Group basis and 16.89% on a standalone basis, exemplifying that we are well above Bangladesh Bank's requirements for a minimum 10% CAR and outlining the fact that the Company has been able to weather any storm as it already has in such bleak times for the past few years.

### Share Performance

Market price of our share had shown fluctuation throughout the year and during lockdown, it went down to BDT 24.9 whereas, it started the year with price of BDT 32.70. Finally, market price settled at BDT 37.30 in both DSE and CSE at the end of 2021 yielding annual return of 14%.

### Return on Asset (ROA)

In 2021, standalone ROA went up to 0.76% while consolidated ROA stood at 1.53%.

### Return on Equity (ROE)

The standalone ROE in 2021 was 5.66%, whereas the consolidated ROE stood at 12.60%.

### Earnings Per Share (EPS)

LankaBangla's standalone EPS for the year 2021 was BDT 1.13 compared to the standalone EPS of 2020, which was BDT 1.53. Meanwhile the consolidated EPS soared to BDT 2.38 in 2021 as opposed to BDT 1.81 in 2020.



### Fund under Management (FUM)

Owing to the heave in the asset disbursements and increment of bank borrowings in 2021, the fund under management witnessed an upsurge of 7%, soaring to BDT 154,982 million, up from BDT 144,777 million in the previous year. This increase exemplifies the tenacity of our asset management during these strenuous times.

### Activities of the Subsidiaries

Detail activities and performance of subsidiaries are given in page no 47.

### Communal Engagement

As part of its CSR operations, the LB Foundation took the initiative to provide necessities to patients in need as a result of the current COVID outbreak. Aside from that, the LB Foundation sponsors a warm clothing distribution program every year and has cooperated with the Dhaka North City Corporation (DNCC) to launch a tree planting initiative, with the hope of building Bangabandhu's dream country. With the goal of empowering women, the company gave Shikha bicycles to women.

We have already amended our CSR policy and aligned it with CSR regulations of the Bangladesh Bank. As per the revised policy, a separate CSR committee comprised of Sustainable Finance Committee (SFC) members is formed, which will assist the Sustainable Finance Unit (SFU) in planning CSR activities, budget allocation, implementation, and overall monitoring of the said activities in order to establish better communal stewardship.

### Journey towards Sustainability

At LankaBangla Finance, we value the term "sustainability" every day in every aspect of our business by maintaining a corporate culture of consistent conduct. We give equal importance to meeting the expectations of all stakeholders. We are happy to partner with the Global Reporting Initiative (GRI) to prepare our 1st sustainability report by complying with its sophisticated standards.

Sustainability reporting is a key tool that covers the setting of goals and measurement of outcomes on material parameters of ESG goals. Employment and employee rights, consumption of natural resources and carbon emissions, environment preservation, communal engagement, anti-corruption, compliance, etc. are usually treated as ESG goals for an organization like LBFL.

### Economic Outlook and Challenges for 2022

As the country, coped with the unstable state of the economy, trying to wash away the remnants of the pandemic's influence on our economy in 2020, which we were still dealing with in 2021, we noticed that the market condition was gradually improving, and people quickly gained more confidence. As the economy rebounds from the coronavirus pandemic, the government has set a target of 7.2% growth in FY22. The government's concentration on massive infrastructure projects, on the other hand, could bode well for foreign investment in the future periods. In FY22, the government is likely to continue investing on COVID-19 relief measures.

The country's per capita national income increased to USD 2,227

in FY21, up from USD 2,024 the past fiscal year. A trend forward into formal remittance channels, as well as the Bangladesh Bank's 2% cash incentive for inward remittances, drove remittances to a record high of USD 22.07 billion in 2021. However, if the net outflow of migrant workers slows in FY22 and the usage of formal payment channels reduces as travel restrictions are removed, the upward trend in remittance inflows is unlikely to be repeated. Over the foreseeable future, the budget deficit is expected to continue above 5.5% of GDP. Continued VAT and income tax policy and administrative reforms will enhance revenue mobilization, while increased capital investment in infrastructure megaprojects will undoubtedly raise government spending.

However, we did notice that the inflation rate is steadily increasing due to the upheaval in the supply chain, which has resulted in a global spike in commodity prices, which is further being exacerbated by currency devaluation. Despite the fact that market conditions were substantially liquid and better than the previous year, a liquidity problem in the country's banking sector might be intensified by rising import costs, loan demand, foreign price hikes, and a return to normal economic operations. The hardships of regular people in the country have become insurmountable as a result of the country's spiraling inflation. Policies focused at lower-income and affected individuals will be crucial in maintaining the economic recovery and further reducing poverty. None of these problems, however, are unsolvable.

On the flip side, as I write this report, the world witnesses the onset of a worldwide economic crisis as a result of the Russian invasion on Ukraine, which is dubbed a disaster for the world by the World Bank and is expected to cut the global economic growth, especially in such dire times as the economy hit rock bottom due to the pandemic. Given Russia and Ukraine are the world's largest wheat producers, accounting for about 60% of worldwide production, there is a probability that the world will face a food crisis, with prices hitting the roof and global inflation spiraling. The rapid spike in the pricing of commodities ranging from oil and metals to wheat is projected to raise the cost of many common items ranging from food to gasoline and heating. Given the recent events, there is a high possibility that the economic repercussions will be felt by people all over the world, including Bangladesh, as there is a leeway of disruption in the global supply chain, causing global trade to become even more steep.

Alongside, there are probabilities of substantial ramifications for the Rooppur nuclear power plant project, which is by far the largest project with Russian credit in Bangladesh, notwithstanding the plights of the people caused by the rise in oil and wheat prices, the majority of which comes from both warring countries. Concurrently, there is a possibility that LankaBangla will face constraints in its incremental and existing loans, as a result of intensifying inflation, and the possibility of a potential decrease in its disbursement, cutting back the headway we made during the pandemic in 2021, as well as the possibility of a dry market due to a reduction in government expenditure.

### LBFL's strategies for changing economic scenario

After being hit by the pandemic in 2020, one of the lessons

learned was that there is no other option than to roll out on a hub and spokes model. We are aiming to penetrate the market with wider geographic reach, and we would like to emphasize on the SME business. There are constant efforts in transforming the company digitally and provide quality customer care via digital channels. With an aspiration to turn into a FinTech company in the foreseeable future, SME Application Automation, EkPay Bill Payments, and promoting Prantik (a digital product featuring loan, DPS, and credit card facilities) are among of the current and future projects. One of our key focus gathered from here can be said to have an SME-led asset growth, alongside retail-led asset growth.

A stringent monitoring and collection process from the business division would be conducted in order to reduce NPLs to acceptable levels, hence enhancing asset quality, which has seen a slight dip due to the Bangladesh Bank's loan provisioning policy. We at LBFL aim to review and redesign the organizational structure here, by strengthening our human resources via job rotation, eliminating non value added position and creating new value added position. In order to ensure efficiency and productivity, we also hope to roll out on HAY methodology for job evaluation.

As we ponder over our future plans as an organization, we are currently hit by another variant of COVID-19, Omicron; and as a nation we are constantly trying to stay afloat as we absorb through the shocks we receive as the days pass. In this situation, one of our focal point is to continue the management of liquidity. We wish to focus on long term funding with reasonable rate, followed by maintaining buffer fund for few months to ensure liquidity needs. Since we saw a trend in the capital market

and successfully optimized the bullish capital market, bringing in about a large part of the income this year, we will keep our liquidity need in check by ensuring maximum return taking minimum risk, and moderate level investments in government securities.

#### **Appreciation**

The synergy of unwavering support from all of our stakeholders propels us down the path of long-term growth, increasing our confidence in attaining long-term sustainability and greater yields. I appreciate the contributions of the Board of Directors, members of the Management Committee, and all members of our staff. Lastly, none of this would have been possible without the continued support of our investors, loyal customers, and other stakeholders in the LankaBangla brand. We are motivated to keep our journey toward mutual growth and achievement, and we are hopeful that we will be able to work together to weather any storm in the foreseeable future.

Thank you!



Khwaja Shahriar  
Managing Director & CEO

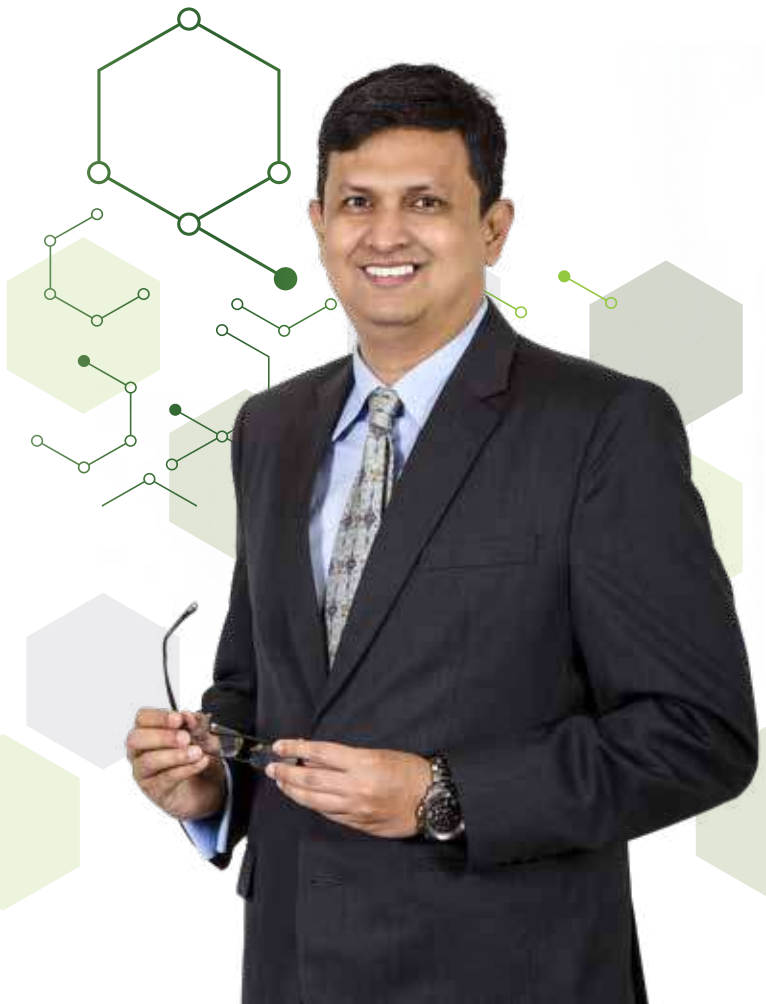
# CFO's STATEMENT ON PERFORMANCE

In contrast to the unrivaled sufferings of the previous two years, the country as a whole, as well as the Company, has become much more fire seasoned, and with people getting behind their servers to get back to the relatively newer normalcy, the Company displays its efficiencies on a number of fronts, with optimized operating expenses, relentless and improved collection strategies to bring the NPL back on its sleeves despite the regulatory guidelines on loan provisioning, displaying a stride of its creditworthiness with a number of foreign funds and remarkable performance of the portfolios, along with utilizing the burgeoning capital market throughout the year. The Company delivered a strong performance across businesses in 2021, culminating in a consolidated profit of 33%, thus building a credible track-record in building scale, retailisation and consistent profitability. All of these strides enabled us to tap a lucrative poster in order to adapt to the rapidly changing environment and therefore secure a brighter future.



**Shamim Al Mamun, FCA**

Chief Financial Officer



## Financial position

### Capital

Even in the second year of the pandemic, the consistency of a robust remittance inflow prevailed from the previous year so was the constant recurrence of COVID-19 variants, making the economic situation frail while making the market as liquid as it could be, thus showing two sides of a coin. The strong performance of the export sector, as well as the return of trade to partial normalcy, aided in overcoming the uncertainty that surrounded the socio-economic situation, and the improvement that we saw after the third quarter of 2020, began to pick up pace and thrived to a large extent throughout 2021, despite the government's ambiguous containment measures to stop the virus's spread.

As the market liquidity condition was in consistency with 2020's last quarter and the capital market was hitting the roof throughout the year, the Tier II Supplementary Capital was acting as a cushion in the matter as it completed the issuance of its full value coupon bearing, nonconvertible, subordinated bond.

Furthermore, the supplementary capital comprises of General Provision for leases and loans which was in control as we maintain asset quality despite the guidelines of regulator's lifting up of cap on asset classification and keeping additional loan provisioning against certain classification statuses. Further as per IFRS-9 and IAS 27 we have stated investments in subsidiaries in the Company's statement

of financial position at fair value and any changes therein are recorded in revaluation reserve under equity. The total supplementary capital of LankaBangla now stands at BDT 2,251 million on a Group basis and BDT 2,490 million on a Standalone basis.

The Group's Capital Adequacy Ratio (CAR) now stands at 17.80%, whereas the Capital Adequacy Ratio (CAR) of LankaBangla Finance Limited (LBFL) has reached 16.89%. At LankaBangla, Capital Management policy sets out the principles and guidelines for effective and prudent capital planning, usage and management.

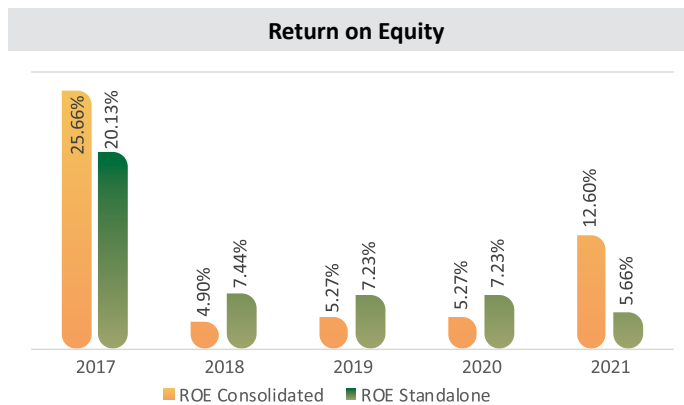
The Tier I Core Capital of LBFL Group and LBFL as at 2021 stood at BDT 10,874 million in 2021 on a Group basis and BDT 9,278 million on a Standalone basis. The total eligible capital of the Group thus stands at BDT 13,125 million and BDT 11,768 million for LBFL itself. Our consolidated risk weighted asset increased by 4.62% from 2020, thus increasing the capital requirement by the same percentage to BDT 7,372 million in 2021, an up from BDT 7,047 million in 2020. Thus, we not only espoused the required amount of capital, but also generated a healthy surplus. The surplus eligible capital of the Group and LBFL at the close of business on 31st December, 2021 stood at BDT 5,752 million and BDT 4,799 million respectively.

Our strong capital base served as a cushion as we dealt with a sketchy

economic situation during the pandemic, and it has provided us with the ability to deal with dynamic challenges from the post-pandemic nozzle for the foreseeable future.

### Return on Capital

Despite the resurging waves of the pandemic, we were able to keep our heads way above the water as we were able to generate an ROE of 12.60% in 2021, an up from 10.02% the previous year, whereas the Standalone ROE dipped by a margin from 8.07% in 2020 to 5.66% in 2021. The 5 year cumulative consolidated average growth rate of ROE was 11.69%. The former ROE generated by LBFL's core operations was less volatile in nature. The company's balance sheet has been built gradually over time to reduce return volatility and diversify risk to the best of its ability.



### Loans and Advances

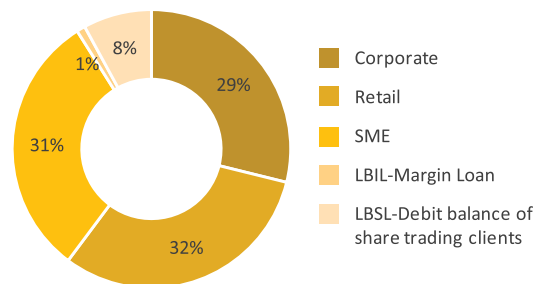
As the country slowly begins to recover from the decline in private sector investment growth of 2020, the year 2021 saw the growth of the Leases, Loans and Advances portfolio of the group by 7.55% to BDT 62,887 Million from BDT 58,472 Million in 2020. At the same time, the asset portfolio of LBFL has also increased by 7.15% to stand at BDT 64,559 Million at the end of the year 2021 which was BDT 60,250 Million in 2020.

The Asset portfolio mix of the Group consisted of 29% of corporate portfolio, 32% of Retail portfolio, while 31% of the outstanding portfolio being contributed by SME in 2021. The largest growth of the asset portfolio for LBFL in 2021 came from the corporate financial services, which saw an escalation of 14% growth (by BDT 2,280 Million) from BDT 16,447 Million in 2020 to BDT 18,727 Million at the end of 2021. Besides Term Loans, LBFL offers syndicated financing arrangements, work order financing along with other short term financing to accomplish the motive of providing need based services for corporate bodies. LBFL's retail asset portfolio, in contrast to positive growths of Corporate and SME, declined by BDT 231 Million from BDT 20,584 Million in 2020 to BDT 20,354 Million in 2021. Half of the retail asset portfolio is made up with Home Loan. Going into the year 2022, LBFL continues to be the only NBFIs to provide credit card services in the industry. Credit card usage in 2021 was BDT 11,077 Million which is 18% higher than that of 2020. Subsequently, Credit Card portfolio also increased to BDT 4,488 Million in 2021 which is 12% higher than BDT 3,995 Million of 2020. SME financial services also had a growth in portfolio in 2021 by 11.4% to BDT 19,694 Million compared to BDT 17,678 Million of 2020.

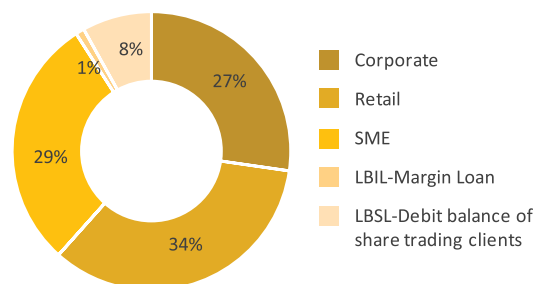
BDT Million

Loans and Advances (Portfolio of Group)	2021	2020	Y-O-Y Growth		Contribution %	
			Amount	%	2021	2020
Corporate Financial Services	18,727.04	16,446.94	2,280.10	14%	29%	27%
Retail Financial Services	20,353.53	20,584.30	-230.77	-1%	32%	34%
Auto Loan	2,952.06	2,577.78	374.27	15%	5%	4%
Home Loan	9,697.50	10,321.16	-623.65	-6%	15%	18%
Personal Loan	3,222.26	3,698.72	-476.46	-13%	5%	6%
Credit Card	4,487.92	3,994.65	493.26	12%	7%	7%
SME Financial Services	19,694.46	17,678.11	2,016.35	11%	31%	29%
LBIL- Margin loan to share trading clients	525.29	842.7	-317.41	-38%	1%	1%
LBSL- Debit balance of share trading clients	5,259.03	4,698.40	560.63	12%	8%	8%
<b>Total</b>	<b>64,559.35</b>	<b>60,250.45</b>	<b>4,308.90</b>	<b>7.15%</b>	<b>100%</b>	<b>100%</b>

### Consolidated Asset Portfolio Composition (2021)



### Consolidated Asset Portfolio Composition (2020)



### Funding and Liquidity

The year 2021 continued the trend 2020 acquainted us with. Liquidity crisis which became severe in 2020 when the Government imposed lockdown for COVID-19 pandemic, continued throughout 2021. Market became dry, financial sector struggled to maintain loan collection pace, asset quality fell down, in consequence LankaBangla Finance and the Group faced unsurpassed pressure to manage its cash requirement. The situation became optimistic as the effect of the pandemic started to ease a little during the latter half of the year. LankaBangla took crucial steps to meet liquidity requirement by mobilizing good amount of deposit, especially retail deposit, achieving a large amount of foreign term loans that helped reducing the overall cost of fund, issuance

of zero coupon bonds, and also by maintaining collaboration with financial partners. We have kept committed relationships with other banks and financial institutions that helps us to manage various mixed borrowings.

LankaBangla has reduced dependency on short term borrowings by BDT 973 Million this year. We have also fully paid off the inter-bank REPO against Government Treasury Bills and also reduced bank overdraft significantly at the end of 2021. On the contrary, we have increased long term borrowings by BDT 2,423 Million in 2021, while dependency on zero coupon bonds has increased by 660% compared to 2020. One of the biggest achievements for LankaBangla in 2021 was the acquirement of foreign term loans from three organizations - Blueorchard Micro Finance Fund, Healthier Lives DAC and ResponsAbility Investments AG, in addition to the pre-existing loan from Islamic Corporation for The Development (ICD) from 2020. As a result, the foreign loans of LBFL has increased by BDT 2,594 Million in 2021, with a growth rate of 290% compared to the previous year. We will keep focusing on these sort of alternative sources of fund in 2022. Our year end consolidated treasury borrowings balance stood at BDT 18,506 Million out of which BDT 7,803 Million were unsecured. Overall treasury Borrowings has increased by 25% in 2021 compared to that of 2020.

The high attrition rate of Corporate and SME deposit in 2021 resulted in decrease of these deposits by 5% compared to the portfolio of 2020. However, LankaBangla Finance Ltd. focused and successfully increased its Retail and Bank & FI deposit base. Portfolio of Retail and Bank & FI TDR increased by a total of BDT 1,495 Million as we have focused on these particular segments. Retail and Bank & FI deposit grew by 5% and 3% respectively during this period. Overall, Term Deposits increased 1% in 2021 to BDT 48,006 Million from BDT 47,428 million in 2020. As a whole, TDR contributed 72% of total borrowing portfolio while bank borrowings' contribution was 28% in 2021. After overcoming economic shock from the Pandemic in 2021, we have been able to maintain our liquidity position well in excess of prudential liquidity requirements.

BDT Million

Deposit and Borrowings	2021	2020	Y-O-Y Growth		Contribution %	
			Amount	%	2021	2020
<b>Term Deposit</b>	<b>48,006</b>	<b>47,428</b>	<b>578</b>	<b>1%</b>	<b>72%</b>	<b>76%</b>
Corporate TDR	12,105	12,799	-693	-5%	18%	21%
Retail TDR	25,523	24,211	1,312	5%	38%	39%
SME TDR	3,918	4,141	-224	-5%	6%	7%
Bank & FI	6,460	6,277	183	3%	10%	10%
<b>Bank Borrowing</b>	<b>18,502</b>	<b>14,816</b>	<b>3,689</b>	<b>25%</b>	<b>28%</b>	<b>24%</b>
Bank overdraft	141	525	-383	-73%	0%	1%
Long term loan	7,033	4,611	2,423	53%	11%	7%
Call loans	1,070	1,170	-100	-9%	2%	2%
Short term borrowings	3,796	4,769	-973	-20%	6%	8%
Zero Coupon Bond	800	105	694	660%	1%	0%
Subordinate Bond	1,734	2,201	-467	-21%	3%	4%
Foreign term loan	3,487	893	2,594	290%	5%	1%
Long term loan-SME Foundation	76	-	76	-	0%	0%

Deposit and Borrowings	2021	2020	Y-O-Y Growth		Contribution %	
			Amount	%	2021	2020
Inter Bank REPO against Govt. T- Bills	-	200	-200	-100%	0%	0.3%
BB REPO against Govt. T Bonds	31	34	-3	0%	0%	0.1%
<b>Lease Liability</b>	<b>335</b>	<b>308</b>	<b>27</b>	<b>-</b>	<b>1%</b>	<b>0.5%</b>
<b>Total Deposit and Borrowings</b>	<b>66,508</b>	<b>62,244</b>	<b>4,264</b>	<b>6.85%</b>	<b>100%</b>	<b>100%</b>

## Financial Performance

### Profitability Position:

As the industry has started to recover from the economic hardship brought on by the coronavirus pandemic in 2020, LankaBangla Group has managed to deal with extreme competition for margin and faced challenges for keeping collection pace that ultimately resulted in the volume of asset portfolio increasing in 2021. Significant increase in asset disbursement, optimization of operating expenses, and uptrend of capital market has resulted in all major subsidiaries reporting significant profit increase in their individual financials for the year ended 2021. However, as the central bank has withdrawn the moratorium support that resulted in the provision shortfall narrowed in 2020, it has led to surge in both the non-performing loans (NPLs) and the provision shortfall. Although this has resulted in LBFL net profit after tax to decrease by 26% to BDT 609 Million in 2021, our Consolidated profit after tax has increased by BDT 327 Million to BDT 1,305 Million in 2021, which is a growth of 33% compared to that of 2020.

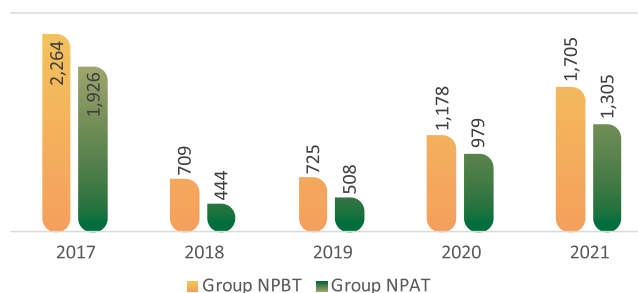
BDT Million

Group	BDT in million		Y-O-Y Growth	
Year	2021	2020	Amount	%
Net profit before tax	1,705.39	1,178.28	527.11	45%
Net profit after tax	1,305.83	978.52	327.31	33%
LBFL	BDT in million		Y-O-Y Growth	
Year	2021	2020	Amount	%
Net profit before tax	699.82	917.8	-217.98	-24%
Net profit after tax	609	825.72	-216.72	-26%

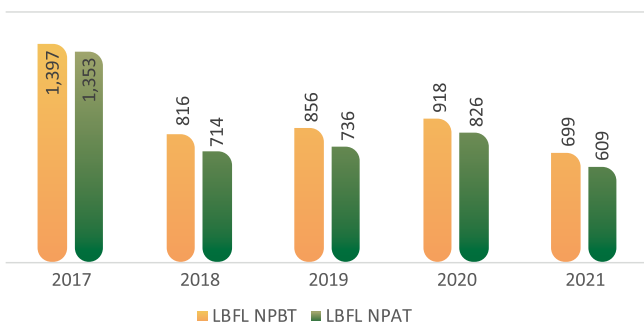
BDT Billion

Group	BDT in million		Y-O-Y Growth	
Year	2021	2020	Amount	%
Net interest income	2,019.05	2,174.11	-155.06	-7%
LBFL	BDT in million		Y-O-Y Growth	
Year	2021	2020	Amount	%
Net interest income	1,672.96	1,913.96	-241.00	-13%

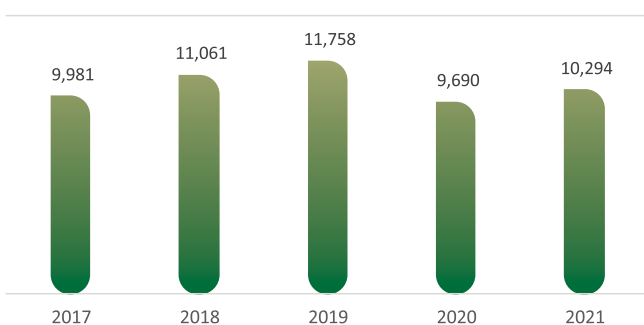
### Group's Profitability



## LBFL's Profitability



## Consolidated Gross Revenue (in BDT mn)



BDT Million

Gross Revenue	2021	2020	Y-O-Y Growth		Contribution %	
			Amount	%	2021	2020
Interest income	6,891.96	8,146.21	-1,254.25	-15%	67%	84%
Income from investment	1,217.60	315.53	902.07	286%	12%	3%
Commission and brokerage income	1,284.65	496.35	788.30	159%	12%	5%
Other operational income	900.07	731.52	168.55	23%	9%	8%
Total Group Revenue	10,294.28	9,689.62	604.66	6%	100%	100%

LankaBangla Group revenue has increased by 6%, from BDT 9,689.62 Million in 2020 to BDT 10,294.28 Million in 2021. Two major contributors for the increase in revenue are the income from investment and commission, exchange and brokerage income which were helped by the favorable movement in capital market in 2021. A 56% growth in asset disbursement of LBFL has also pushed up the other operational income for the group. In 2021, Interest income contributed 67% in total revenue whereas, investment income, commission & brokerage income and other income contributed 12%, 12% and 9% respectively. Income from investment experienced a staggering 286% rise in growth, while Commission and brokerage income also had an overwhelming upsurge of 159% in 2021 compared to 2020 due to increase in volume of transaction in the capital market throughout the year.

BDT Million

Interest income	2021	2020	Y-O-Y Growth		Contribution %	
			Amount	%	2021	2020
Corporate	2,144.96	2,463.02	(318.06)	-13%	21%	25%
Retail	3,253.62	4,070.15	(816.53)	-20%	31%	42%
SME	1,220.20	1,143.12	77.09	7%	12%	12%
Core Lending Business Segments	6,618.78	7,676.28	(1,057.50)	-14%	64%	79%
Treasury	862.60	583.81	278.79	48%	8%	6%
LankaBangla Securities	2,376.68	1,276.25	1,100.44	86%	23%	13%
LankaBangla Investments	477.44	138.99	338.45	244%	5%	1%
LankaBangla Asset Management	43.38	14.30	29.08	203%	0.4%	0.1%
Segment Total	3,760.10	2,013.34	1,746.76	87%	36%	21%
<b>Total Group Revenue</b>	<b>10,378.88</b>	<b>9,689.62</b>	<b>689.26</b>	<b>7%</b>	<b>100%</b>	<b>100%</b>

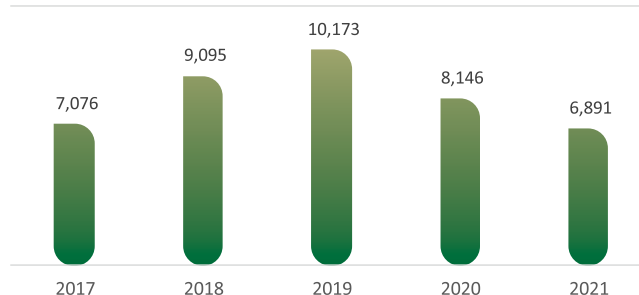
Revenue of Core Financing Business decreased by 14% in 2021. Retail segment contributed 31% revenue to the group in 2021 which continues to be the highest contributor compared to that of the other segments, as LBFL is the aspiring market leader in the industry in this segment. Even in the extreme competitive and tight interest rate regime, retail segment generated BDT 3,254 Million revenue in the year 2021. Besides, our continuous focus on SME business segment has been a key strategic area as there is a 7% increase in revenue of SME segment in 2021.

Revenue of other segment that includes Treasury operations and the three subsidiaries have a combined growth of 87% from 2020. All four entities have benefitted greatly from the favorable movement in capital market in 2021 that helped enhancing their revenues. LankaBangla Securities Limited continues to be the market leader posting an 86% growth in revenue in spite of facing severe pressure in present and post COVID19 pandemic economy. At the same time, LankaBangla Asset Management's revenue increased by 203% from BDT 14 Million in 2020 to BDT 43 Million in 2021. LankaBangla Investment's revenue improved by 244% from BDT 139 Million to BDT 477 Million during the same period.

## Interest Income

Interest income is the core element of revenue for LBFL group. In 2021, interest income has decreased by 15% to BDT 6,891 million from BDT 8,146 million in 2020 as average loan portfolio also reduced by 2% during the same period. Interest suspense for margin loans increased by BDT 19 Mn in 2021. However, interest suspense balance for the Group increased by 23% and for LBFL by 27% at the end of the year 2021.

## Consolidated Interest Income (in BDT mn)



BDT Million

Interest income	2021	2020	Y-O-Y Growth		Contribution %	
			Amount	%	2021	2020
Corporate	2,088.41	2,449.88	-361.47	-15%	30%	30%
Retail	2,657.60	3,591.78	-934.18	-26%	39%	44%
SME	1,109.12	1,105.10	4.02	0.36%	16%	14%
Core Lending Business Segments	5,855.13	7,146.76	-1,291.63	-18%	85%	88%
Treasury	571.81	545.58	26.23	5%	8%	7%
Margin loan	73.38	54.11	19.27	36%	1%	1%
Debit balane of share clients	391.63	399.76	-8.13	-2%	6%	5%
<b>Total Interest Income</b>	<b>6,891.95</b>	<b>8,146.21</b>	<b>-1,254.26</b>	<b>-15%</b>	<b>100%</b>	<b>100%</b>

Interest income from Corporate and Retail segments decreased by 15% and 26% while interest from SMEs increases marginally by 0.36% only in 2021. As a result, interest income from core lending decreased by BDT 1,292 Mn down by 18% from the preceding year. The reasons for such a decrease in interest income could be attributed to: less demand for domestic credit which resulted in a decline in the portfolio and increase in interest suspense significantly due to the uplifting of provision relaxation.

### Interest Expenses

As the overall cost of fund is continuing the downward trend from 2020, consolidated interest expense is also following decreasing trend, as it has reduced by 18% in 2021 to BDT 4,873 Million from BDT 5,972 Million in 2020. Interest expenses on term deposit has decreased by BDT 755 Million, while interest expenses on bank overdraft and short term loan have reduced by 92% and 62% respectively over 2021.

BDT Million

Interest Expenses	2021	2020	Y-O-Y Growth		Contribution %	
			Amount	%	2021	2020
Term deposits	3,795.09	4,549.93	(754.84)	-17%	78%	76%
Term loan-commercial bank	404.87	430.65	(25.78)	-6%	8%	7%
Zero Coupon Bond	12.15	15.45	(3.31)	-21%	0.2%	0.3%
Short term loan	124.66	330.90	(206.25)	-62%	3%	6%
Bank overdraft	8.96	111.69	(102.72)	-92%	0.2%	2%
Call loan	46.52	24.20	22.32	92%	1%	0.4%
Term loan-Bangladesh Bank	72.61	78.88	(6.27)	-8%	1%	1%
BB REPO against Govt. T-Bonds	0.60	0.15	0.45	299%	0%	0%
REPO with BB against Govt. T-bills	0.24	8.71	(8.47)	-97%	0.0%	0.1%
Subordinate bond	185.63	167.17	18.46	11%	4%	3%
Lease liability	31.01	30.72	0.29	1%	0.6%	0.5%
Syndicated term loan	85.58	152.17	(66.59)	-44%	2%	3%
Foreign term loan-ICD	104.99	71.47	33.52	47%	2%	1%
<b>Total Interest Expenses</b>	<b>4,872.92</b>	<b>5,972.10</b>	<b>(1,099.19)</b>	<b>-18%</b>	<b>100%</b>	<b>100%</b>

### Investment Income

The country's both Dhaka and Chattogram bourses ended the year 2021 with their broad indices gaining one-fourth as the better than

expected economic and corporate performances and low interest rates attracted a wider base of investors to stocks. The DSE General Index closed the year at 6,756 points, and the 25.08% annual gain came with record high of 7,367 points in October 2021. In line with the previous year, the market remained bullish from the beginning of 2021. As in 2021, the DSE saw its historic high market capitalization and at the year-end, it was nearly 21% higher to increase the market value of all the listed companies to over 18% of the country's GDP. Further, DSE's average daily turnover has increased by 127% to BDT 14.75 Billion in 2021 compared to BDT 6.49 Billion in the previous year. Ultimately, this has resulted in significant increase in brokerage and commission income while also increasing realized investment income.

Our group investment income has increased by a mammoth 286% to stand at BDT 1,218 Million compared to BDT 316 million of 2020. With the help of favorable capital market movement, income from investment in share has increased by BDT 778 Million in 2021 than the previous year, which is a growth of 695%. Group dividend income has increased by 73% this year. Meanwhile, LBFL's investment income is also boosted by BDT 409 Million in 2021, which sees a staggering growth of 354% compared to previous year. Also, individual dividend income has increased by 649% to BDT 260 Million in this year from BDT 35 Million as we received dividend of BDT 174 Million this year from LankaBangla Securities Limited in contrast to no dividend in the previous year. Income from perpetual bond has increased by BDT 44.14 Million in 2021.

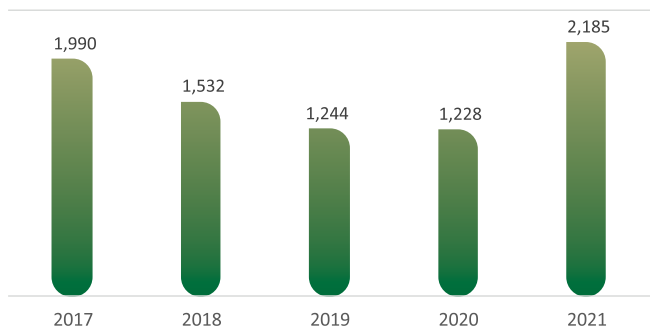
BDT Million

Income from investment	2021	2020	Y-O-Y Growth		Contribution %	
			Amount	%	2021	2020
Income from investment in share	890.34	112.05	778.29	695%	73.12%	35.51%
Dividend income	178.84	103.36	75.48	73%	14.69%	32.76%
Treasury Bills	1.70	24.30	(22.60)	-93%	0.14%	7.70%
Treasury Bonds	3.13	1.19	1.94	164%	0.26%	0.38%
Subordinated bond	56.00	68.42	(12.42)	-18%	4.60%	21.68%
Perpetual Bond	44.38	0.25	44.14	17821%	3.65%	0.08%
Discretionary corporate fund-LBAMCOL maximizer	43.21	5.98	37.23	622%	3.55%	1.90%
<b>Total Investment Income</b>	<b>1,217.60</b>	<b>315.53</b>	<b>902.07</b>	<b>286%</b>	<b>100%</b>	<b>100%</b>

### Non-Interest Revenue (NIR)

Total consolidated Non-Interest Revenue (NIR) has increased by 78% to BDT 2,185 Million in 2021 from BDT 1,228 Million of 2020, which is our highest NIR in the last five years. As mentioned above, the major contributor to our growth in NIR is the commission and brokerage income which grew by BDT 788 Million in 2021. Issue management fees decreased slightly by BDT 9 Million during the year compared to 2020. Fees and documentations income have increased significantly by 36% in 2021 to BDT 378 Million from BDT 277 million in 2020 due to increase in disbursement of leases, loans and advances in 2021. Membership fee and other income from credit cards has increased by 14% to BDT 267 Million in 2021 from BDT 235 million in 2020. Other income has also increased by 24% during the same period.

### Consolidated Non-Interest Revenue (NIR)



BDT Million

Non-Interest Revenue	2021	2020	Y-O-Y Growth		Contribution %	
			Amount	%	2021	2020
Commission, exchange and brokerage income	1,284.65	496.35	788.30	159%	59%	40%
Portfolio and issue management fees	23.85	33.16	(9.31)	-28%	1%	3%
Fees and documentations income	377.52	277.01	100.50	36%	17%	23%
Membership and other Credit Card income	266.98	234.97	32.02	14%	12%	19%
Other income	231.72	186.38	45.34	24%	11%	15%
<b>Total Non-Interest Revenue</b>	<b>2,184.72</b>	<b>1,227.88</b>	<b>956.84</b>	<b>78%</b>	<b>100%</b>	<b>100%</b>

### Operating Expenses

The operating expenses for the group has increased by 20% to BDT 2,874 Million in 2021 compared to BDT 2,388 Million in 2020. On the contrary, LBFL's operating expenses have reduced by 1.04% in the same period, from BDT 1,646 Million in 2020 to BDT 1,629 Million in 2021. The company carefully optimizes its operating expenses by resizing and relocating office spaces, negotiating with land lord and by restructuring and re-strengthening human capital along with other inimitable initiatives. In line with the total operating expenses, the Group's salary and allowances has increased by 8% whereas LBFL's salary and allowance has reduced by 1.72% in 2021 compared to previous year, as the subsidiaries have strengthened their manpower to increase productivity.

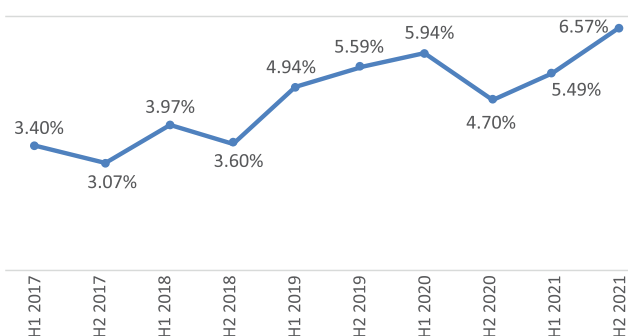
BDT Million

Operating Expenses	2021	2020	Y-O-Y Growth		Contribution %	
			Amount	%	2021	2020
Salary and allowances	1,383.11	1,275.22	107.89	8%	48%	54%
Rent, taxes, insurance, electricity etc.	37.51	42.37	-4.86	-11%	1%	2%
Legal and professional fees	30.89	31.36	-0.47	-1%	1%	1%
Postage, stamp, telecommunication etc.	22.92	23.37	-0.45	-2%	1%	1%
Stationery, printing, advertisement	40.65	31.59	9.06	29%	1%	1%
Repairs, maintenance and depreciation	581.72	390.84	190.88	49%	20%	16%
Other expenses	755.49	574.54	180.95	31%	26%	24%
<b>Total Operating Expenses</b>	<b>2,852.29</b>	<b>2,369.29</b>	<b>483.00</b>	<b>20%</b>	<b>100%</b>	<b>100%</b>

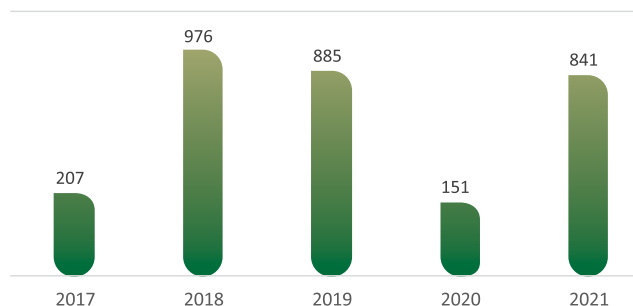
### NPL and Provision Charges on Loans and Investments

In 2020, Central Bank's moratorium on classification of loans to support investors and borrowers vastly helped to hold asset quality and to reduce provision charge for loans and advances. However, this year no such facility was provided. Therefore, in spite of implementing efforts to keep pace of collection to maintain asset quality, LBFL's NPL increased from 4.70% in 2020 to 6.57% at the end of 2021. Provision charges for leases, loans and advances for the year 2021 was BDT 575 Million which was BDT 121 Million in 2020. In Group's financial statements, provision for margin loan was BDT 293 Million whereas, provision for investment was reversed by BDT 38 Million in 2021. Total provision charge on loans, investments and other assets was BDT 957 Million in 2021, which is 457% higher than 2020's total provision charge of BDT 151 Million.

### LBFL NPL %



### Consolidated Provision Charges on Loans, Investments and Other Assets (in BDT mn)



### LBFL's Performance in the Industry

The financial industry is going through fluctuating trends over the past several years especially since the COVID-19 pandemic, and as such various performance measures for the industry produced weak results. However, our company in most of the cases have managed to outperform the industry in these times.

### Total Asset

LBFL has a total asset base of BDT 82.53 Bn depicting a growth of 0.01% against the industry figure of BDT 914.3 Bn, which is almost 3% growth in the year 2021.

### Total Deposit

LBFL maintains a well-diversified term deposit portfolio with a good number of products depending on depositors' preference. LBFL's



market share of 10.88% in deposits in 2021 compared to 10.59% indicates a growth that describes the depositors' confidence in LBFL. This also shows consistency in total deposit market as LBFL has been managing to maintain approximately 11% market share of total deposit market for the last five years. We achieved a growth of 1.16% in total deposit portfolio from 2020, whereas the NBF industry had a de-growth of 1.54% in 2021.

### Leases, Loans and Advances

LBFL offers well-diversified and need-based loan products for its valuable clients. LBFL's market share for leases, loans and advances stood to 8.28% by the end of 2021 compared to 7.78% in 2020. In 2021 LBFL had a growth of 7.43% in leases, loans and advances portfolio, whereas the NBF industry's growth in advance portfolio was 0.99% in 2021.

### Asset Quality

Up-keeping asset quality is a priority for LBFL, and it has done so admirably, with a 6.57% NPL at the end of December 2021, compared to the industry rate of 15.4% for NBFIs at the same period. Despite the regulatory guidelines for loan provisioning in 2021, we were able to accomplish this feat.

### Return on Asset (ROA)

The Return on Asset (ROA) of LBFL is 0.76%, compared to the industry ROA of 0.4 percent, and the consolidated ROA is 1.53%, indicating that LankaBangla has put out an above the par performance.

### Return on Equity (ROE)

LBFL's ROE was 5.66 whereas the consolidated ROE stands at 12.60% against a 4.3% industry ROE, depicting the outperformance of LankaBangla against the industry.

Overall, the LankaBangla Group have achieved very respectable results in core financing business in 2021. Even through the Consolidated Net Interest Income and standalone Net Interest Income (NII) have reduced by 7% and 12.59% in 2021, the main performance indicator, our profitability increased massively by 33% for the Group and reduced by 26% for LBFL in 2021 compared to the previous year. Consolidated Earnings per Share (EPS) have increased from BDT 1.81 in 2020 to BDT 2.38 in this year and also, LBFL's Earning per Share stood at BDT 1.13 compared to BDT 1.53 per share of 2020. Net Asset Value (NAV) per share of Group and the Company stood at BDT 19.82 and BDT 20.55 which were BDT 18.64 and BDT 19.39 in 2020 respectively. The Net Operating Cash Flows per share (NOCFPS) reduced to BDT 0.88 in 2021 for Group, which was BDT 15.79 in 2020 while for LBFL the same stood at BDT 4.32 in 2021, down from BDT 13.56 in 2020.

In the days ahead, we will emphasis more on Retail Deposits, which are adhesive in nature, and other funding arrangements such as Foreign Funds and Subordinated Bonds, as well as maintain trustworthy relationships with other financial institutions, to support the stable and cautious growth plan.

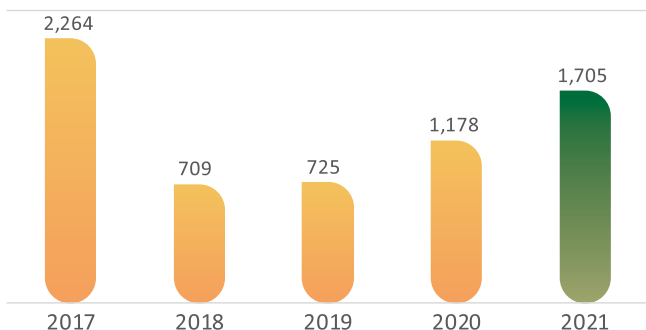
# FINANCIAL HIGHLIGHTS OF LANKABANGLA GROUP

All figures in BDT million except (%)

Financial Position	2017	2018	2019	2020	2021	Growth of 2021 over 2020	5 Year CAGR (%)/ Average* 2021
Total Assets	85,443	87,889	84,363	81,835	88,927	8.67%	1.00%
Total Liabilities	77,014	77,954	74,708	71,612	78,053	8.99%	0.34%
Business Disbursement	56,726	38,754	33,666	22,007	34,269	55.72%	-11.84%
Property Plant and Equipment	1,803	2,406	2,861	2,777	2,595	-6.57%	9.53%
Current Assets	35,318	44,980	58,403	61,658	63,451	2.91%	15.77%
Current Liabilities	31,959	41,741	56,368	54,511	52,734	-3.26%	13.34%
Net current assets	3,359	3,239	2,035	7,147	10,717	49.96%	33.65%
Non Current Assets	50,124	42,909	25,960	20,178	25,476	26.26%	-15.57%
Long Term Liabilities	45,055	36,213	18,340	17,101	25,318	48.06%	-13.42%
Loans and Advances	66,544	68,676	65,117	58,472	62,888	7.55%	-1.40%
Term Deposits	51,553	53,231	46,751	46,947	47,501	1.18%	-2.03%
Total Investment Portfolio	80,800	81,946	78,642	76,249	82,982	8.83%	0.67%
<b>Operational Performance</b>							
Operating Revenue	9,981	11,061	11,758	9,690	10,294	6.24%	-0.77%
Operating Expenses	2,671	2,770	2,873	2,388	2,874	20.35%	-1.81%
Financial Expenses	4,839	6,606	7,275	5,972	4,873	-18.41%	-0.18%
Non Interest Revenue	2,905	1,966	1,585	1,543	3,402	120.44%	-3.88%
Net Profit Before Tax	2,264	709	725	1,178	1,705	44.74%	7.34%
Net Profit After Tax	1,926	444	508	979	1,306	33.46%	10.21%
EBITDA	7,256	7,315	8,363	7,484	6,861	-8.33%	1.41%
Turnover of Share Trading by LBSL	363,646	235,595	147,526	158,882			
<b>Financial Ratios</b>							
Gross Profit Ratio	48.48%	59.72%	61.88%	61.63%	47.34%	-23.20%	55.81%
Operating Profit Ratio	24.76%	15.24%	13.69%	13.72%	24.74%	80.37%	18.43%
Return on Capital Employed	2.83%	0.56%	0.66%	1.33%	1.76%	31.86%	1.43%
Cash reserve ratio/ liquidity asset ratio (Required 2.5%)	2.92%	2.57%	2.57%	1.59%	1.58%	-0.63%	2.25%
Statutory Liquidity Reserve (Required 5%)	5.10%	5.03%	5.04%	5.05%	5.07%	0.39%	5.06%
Capital Adequacy Ratio	11.95%	16.18%	16.75%	18.25%	17.69%	-3.07%	16.16%
Gross Non performing assets to gross advances/Non performing loans (assets) to total loans (assets)	2.85%	3.35%	5.20%	4.40%	6.14%	39.62%	4.39%
Cost to Income Ratio	51.95%	62.17%	64.09%	64.24%	53.01%	-17.48%	59.09%
Current Ratio	1.11	1.08	1.04	1.13	1.20	6.38%	1.11
Debt Equity Ratio	8.42	7.07	6.90	6.15	6.18	0.54%	6.94
Financial Expense Coverage Ratio	1.51	1.26	1.22	1.22	1.52	24.55%	1.31
Return on Equity (%)	25.66%	4.90%	5.27%	10.02%	12.60%	25.75%	11.69%
Return on Assets (%)	2.58%	0.51%	0.59%	1.18%	1.53%	29.89%	1.28%
<b>Equity Parameters</b>							
Authorized Capital	10,000	10,000	10,000	10,000	10,000	0.00%	0.00%
Paid-up Capital	3,183	5,132	5,132	5,388	5,388	0.00%	14.07%
Shareholders' Equity	8,327	9,823	9,482	10,046	10,679	6.29%	6.42%
No. of Share Outstanding	318	513	513	539	539	0.00%	14.07%
Net Asset Value (NAV) Per Share*	15.45	18.23	17.60	18.64	19.82	6.29%	6.42%
Earnings Per Share (EPS)*	3.52	0.81	0.94	1.81	2.38	31.46%	-9.38%
Market Price Per Share (Closing)	47.80	22.90	18.00	31.40	37.30	18.79%	-6.01%
Price Earnings Ratio (Times) *	11.53	26.81	19.25	17.37	15.70	-9.64%	8.02%
Dividend Payment (C- cash & B- bonus)	7.5% B	-	5% B	-	-	-	-
	7.5% C	15% C	7% C	12% C	10% C	-	-
Profit Per Employee (mn)	1.60	0.37	0.57	1.10	1.70	54.13%	1.51%
Credit Ratings							
	Long Term	AA3	AA3	AA3	AA3	AA3	AA3
	Short Term	ST-2	ST-2	ST-2	ST-2	ST-2	ST-2

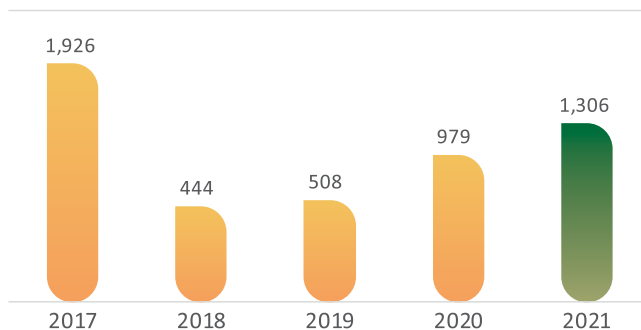
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**Net Profit Before Tax**



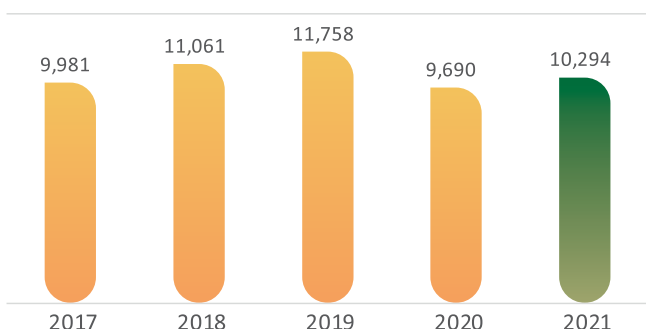
Net Profit before Tax (NPBT) increased by 44.73% in 2021 compared to 2020. Capital market got it pace during the year of 2021.

**Net Profit After Tax**



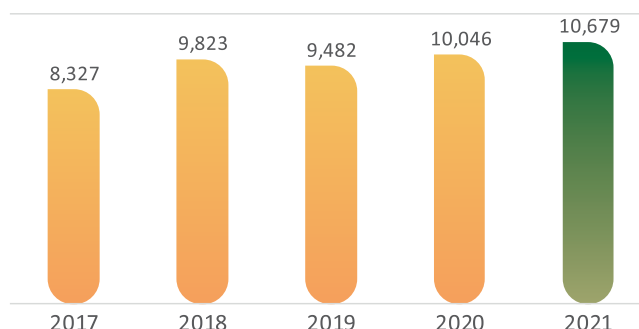
Net Profit after Tax (NPAT) increased by 33.00% in 2021 compared to 2020. Capital market got it pace during the year of 2021.

**Operating Revenue**



Operating revenue has been increased by 6.24% in 2021 compared to 2020. Operating revenue has increased due to increase revenue from investments and capital markets.

**Shareholders' Equity**



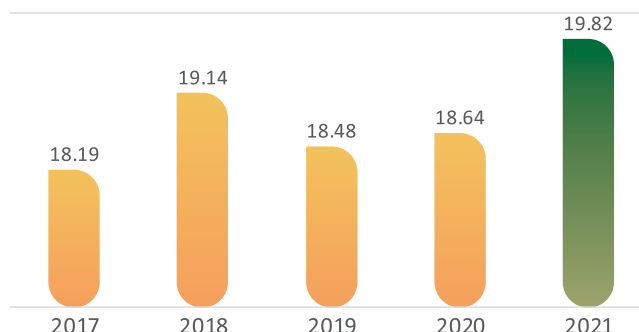
Shareholders' Equity increased by 6.29% in 2021 to reach BDT 10,679 million. Current year's profit contributes to increase shareholders' equity.

**Earnings Per Share (EPS)**



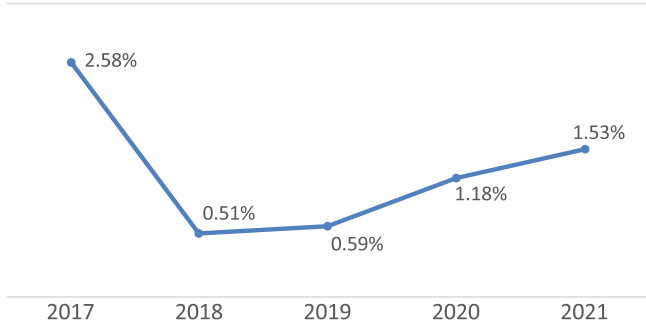
EPS increased by 31.46% in 2021. Capital market got it pace during the year of 2021.

**Net Asset Value (NAV) Per Share**



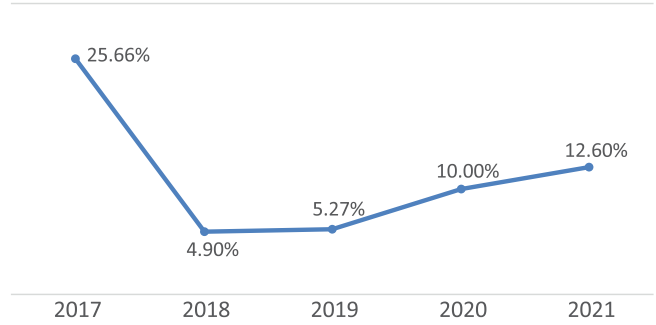
NAV increased to 19.82 in 2021 from 18.64 in 2020. Increase in net profit after tax (NPAT) has contributed to increase NAV.

**Return on Assets (%)**



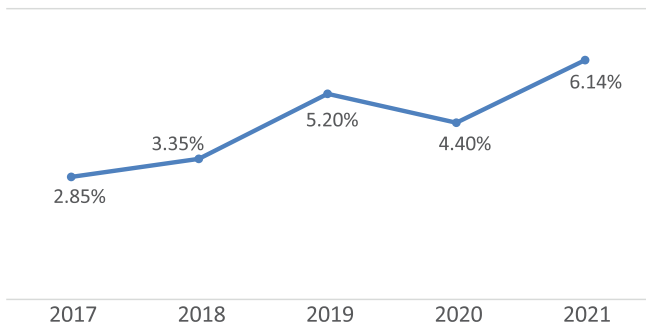
Return on Assets (ROA) also registered a increase in 2021 by 1.53 percentage points due to increase in net profit after tax (NPAT) during the year.

**Return on Equity (%)**



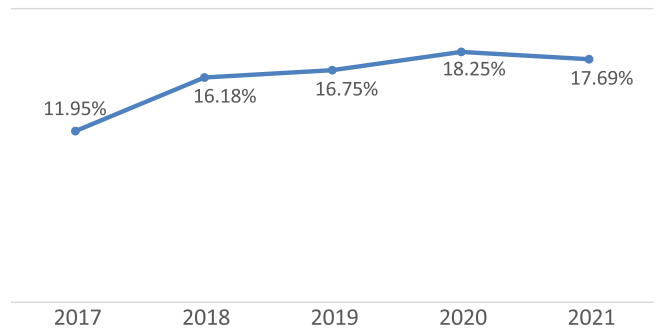
Return on Equity (ROE) increased in 2020 due to increase in Net Profit after Tax during the year compared to ROE 5.27% in 2019.

**NPL Ratio**



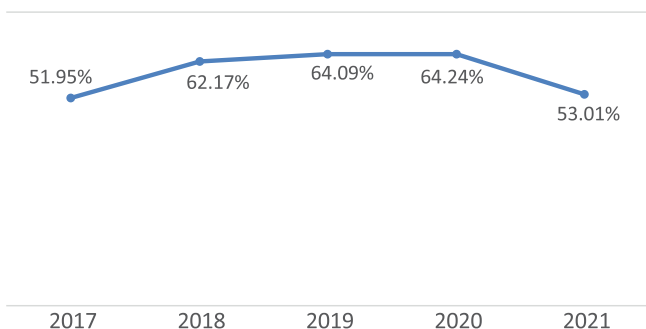
Though NPL increased by 1.74 percentage points compared to 2020 due to Covid-19. However, effective and continuous effort has been deployed to manage the credit risks exposed by the Company for a resultant risk management in the future.

**Capital Adequacy Ratio**



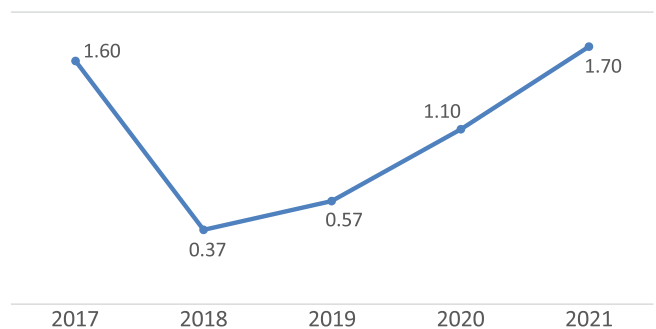
The CAR has decline in 17.69% in 2021 compared to 18.25% in 2020. The Company always endeavors to keep more than adequate capital in order to be compliant and risk free. Continuous monitoring of capital adequacy is undertaken.

**Cost/Income Ratio**



Costs to income ratio decreased in 2021 by 17.47% due to increase in operating income during the year 2021.

**Profit Per Employee (mn)**



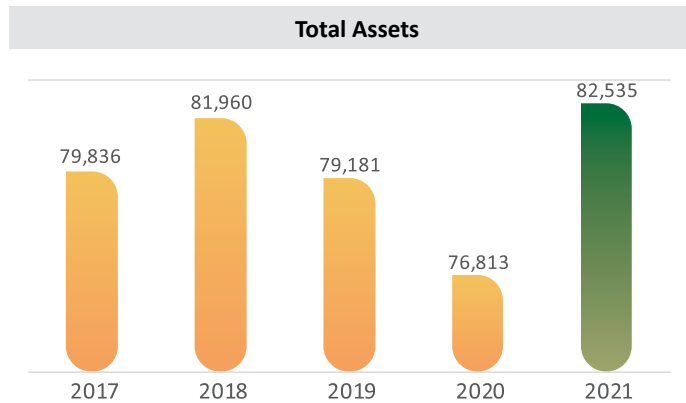
Profit per employee increased in 2021 from 2020 due to increase in net profit after tax (NPAT) compared to 2020.

# FINANCIAL HIGHLIGHTS OF LANKABANGLA FINANCE LIMITED

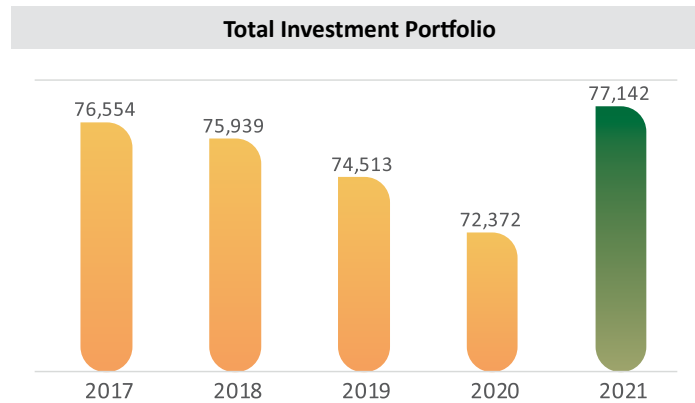
All figures in BDT million except (%)

Financial Position	2017	2018	2019	2020	2021	Growth of 2021 over 2020	5 Year CAGR (%)/ Average 2021
Total Assets	79,836	81,960	79,181	76,813	82,535	7.45%	0.83%
Total Liabilities	70,980	71,623	69,163	66,317	71,461	7.76%	0.17%
Business Disbursement	56,726	38,754	33,666	22,007	34,269	55.72%	-11.84%
Property Plant and Equipment	1,114	1,358	1,762	1,718	1,669	-2.85%	10.64%
Deposits	51,553	53,252	46,751	47,428	48,006	1.22%	-1.77%
Total Investment Portfolio	76,554	75,939	74,513	72,372	77,142	6.59%	0.19%
<b>Operational Performance</b>							
Operating Revenue	7,819	9,233	10,334	8,277	7,579	-8.43%	-0.78%
Operating Expenses	1,634	1,750	1,897	1,646	1,629	-1.04%	-0.07%
Financial Expenses	4,542	6,190	6,841	5,714	4,703	-17.70%	0.87%
Net Profit Before Tax	1,397	816	856	918	700	-23.75%	-15.88%
Net Profit After Tax	1,353	714	736	826	609	-26.25%	-18.09%
EBITDA	6,048	7,129	7,971	7,957	5,599	-29.64%	-1.91%
<b>Financial Ratios</b>							
Gross Profit Ratio	41.91%	32.96%	33.80%	30.96%	37.95%	22.59%	35.52%
Operating Profit Ratio	21.01%	14.01%	15.44%	11.07%	16.46%	48.68%	15.60%
Return on Capital Employed	2.10%	0.96%	0.99%	1.16%	0.84%	-27.7%	1.21%
Capital Adequacy Ratio	12.05%	15.49%	16.40%	18.76%	16.89%	-9.96%	15.92%
Gross Non performing assets to gross advances/Non performing loans (assets) to total loans (assets)	3.07%	3.60%	5.59%	4.70%	6.57%	39.79%	4.71%
Cost to Income Ratio	49.86%	57.51%	54.33%	64.24%	56.63%	-11.85%	56.51%
Debt Equity Ratio	9.18	7.29	6.23	5.73	5.80	1.13%	6.84
Financial Expense Coverage Ratio	1.36	1.21	1.23	1.16	1.27	9.04%	1.25
Return on Equity (%)	20.13%	7.44%	7.23%	8.07%	5.66%	-29.86%	9.71%
Return on Assets (%)	1.99%	0.89%	0.91%	1.06%	0.76%	-27.80%	1.12%
<b>Equity Parameters</b>							
Authorized Capital	10,000	10,000	10,000	10,000	10,000	0.00%	0.0%
Paid-up Capital	3,183	5,132	5,132	5,388	5,388	0.00%	14.07%
Shareholders' Equity	8,856	10,337	10,018	10,448	11,074	5.99%	5.75%
No. of Share Outstanding	318.25	513.18	513.18	538.84	538.84	0.00%	14.07%
Net Asset Value (NAV) Per Share *	16.44	19.18	18.59	19.39	20.55	5.99%	5.75%
Earnings Per Share (EPS) *	2.51	1.33	1.37	1.53	1.13	-26.25%	-18.09%
Market Price Per Share (Closing)	47.80	22.90	18.00	31.40	37.30	18.79%	-6.01%
Price Earnings Ratio (Times) *	19.04	17.28	13.18	20.49	33.00	61.06%	14.74%
Dividend Payment (C-cash & B- bonus)	7.5% B	-	5% B	-	-	-	-
	7.5% C	15% C	7% C	12% C	10% C	-	-
Dividend Payout Ratio (%)	52.93%	107.79%	83.67%	78.31%	88.48%	12.99%	13.70%
Dividend Coverage (Times)	1.97	0.94	1.95	1.28	1.13	-11.49%	-12.96%
Dividend Yield (%)	6.28%	6.55%	3.89%	3.82%	2.68%	-29.85%	4.64%
Profit Per Employee (mn)	1.63	0.80	0.80	1.08	1.08	0.26%	1.08
<b>"Credit Ratings"</b>							
Long Term	AA3	AA3	AA3	AA3	AA3		
Short Term	ST-2	ST-2	ST-2	ST-2	ST-2		

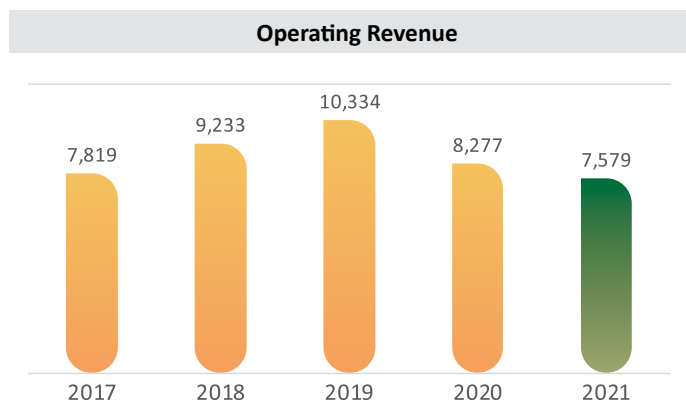
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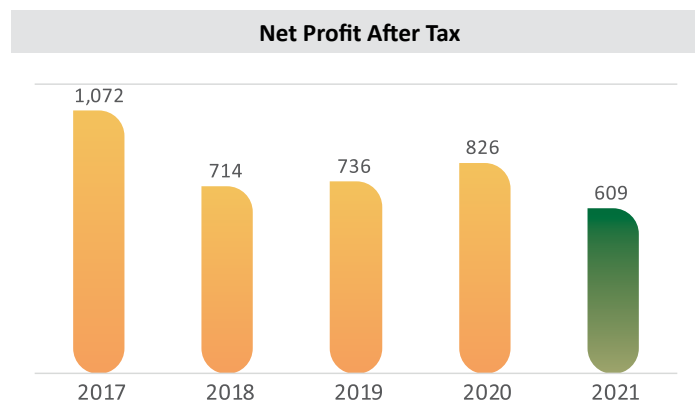
In 2021 Total Assets Increased by 7.44% compared to 2020 maintaining an average growth of 0.83% over the last 5 years.



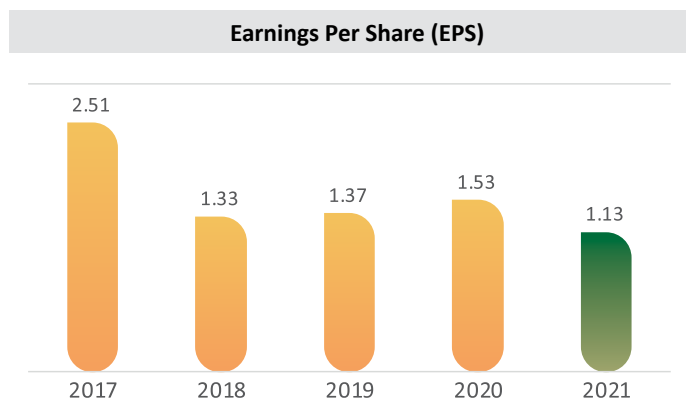
Total Investment portfolio increased by 6.59% in 2021 from that of 2020 registering an average growth of 0.19% in last 5 years. Effective Investment policy contribute in this increased amount.



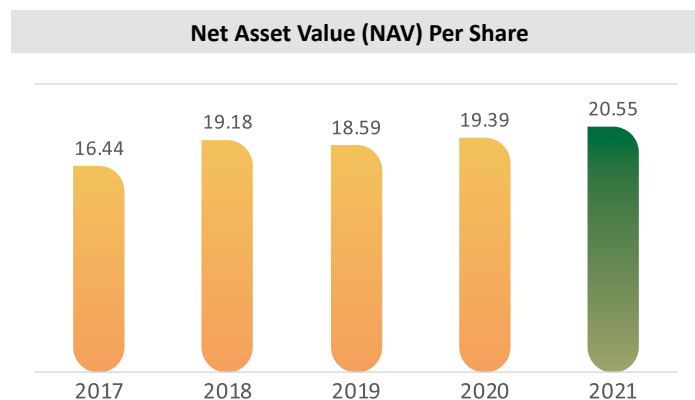
Operating revenue decreased 19.91% in 2020 over 2019. Operating revenue has declined because of decline of investment portfolio.



Net Profit after Tax (NPAT) registered a negative growth of 26.24% in 2021 due to increase provision on leases, loans and investments for adverse impact of Covid-19.

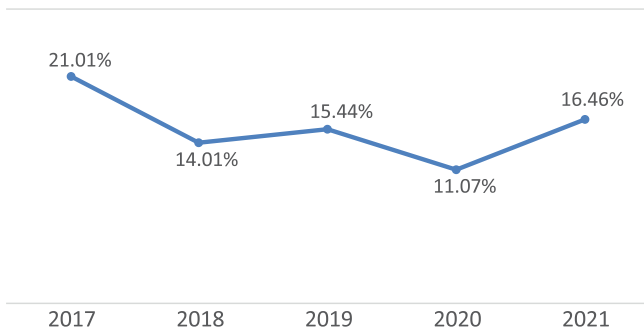


EPS decreased to BDT 1.13 in 2021 compared to BDT 1.53 in 2020. Decrease in net profit after tax (NPAT) during 2021 triggered EPS during 2021.



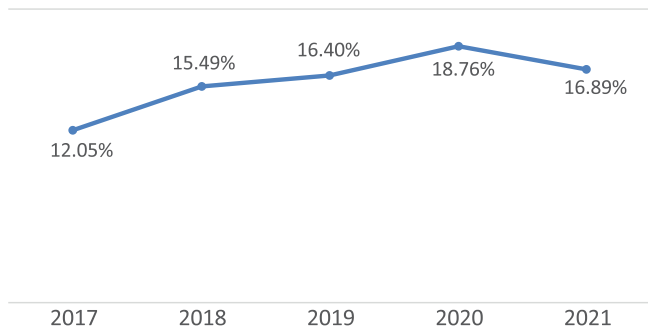
NAV slightly increased to 20.55 in 2021 compared to 19.39 in 2020 maintaining an average growth of 5.75% over the 5-year period.

**Operating Profit Ratio**



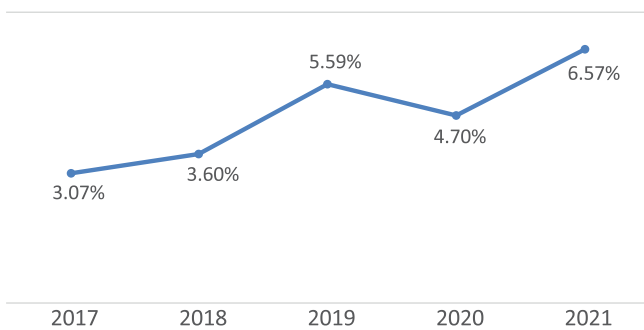
Operating margin decreased by 28.29 percentage in compared with 2019. This is because of decrease in operating revenue during 2020.

**Capital Adequacy Ratio**



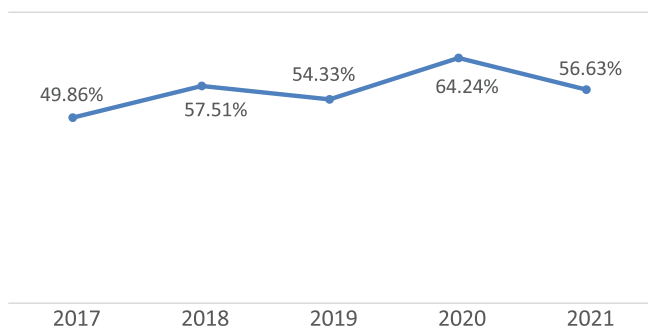
The CAR has rose to 18.83% in 2020 compared to 16.40% in 2019. This is well above the Bangladesh Bank requirement of 10%. The Company always endeavors to keep more than adequate capital in order to be compliant and risk free. Continuous monitoring of capital adequacy is undertaken.

**NPL Ratio**



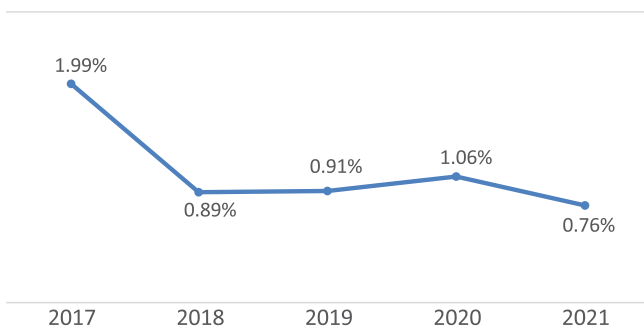
Though NPL Increased by 1.87% percentage points compared to 2020, effective and continuous effort has been deployed to manage the credit risks exposed by the Company for a resultant risk management in the future.

**Cost to Income Ratio**



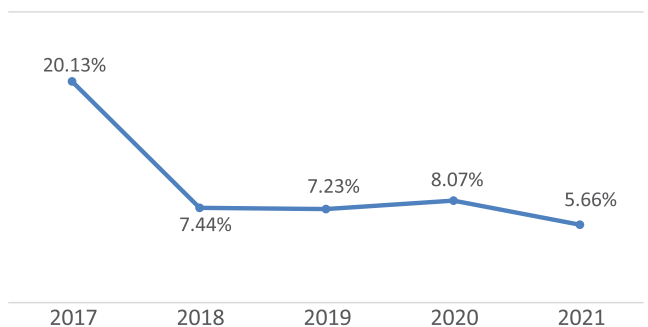
Costs to income ratio decreased to 56.63% in 2021 from 64.24% in 2020.

**Return on Assets (%)**



Return on Average Assets decreased to .76% at the end of 2021 which was 1.06% in 2020. Decrease in ROA is triggered by the decrease in net profit after tax (NPAT) during 2021.

**Return on Equity (%)**



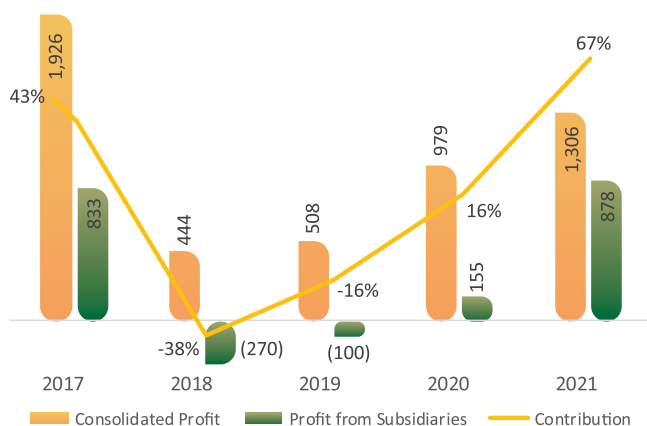
In 2021 ROE experienced a negative growth in a figure of 5.66% compared to 8.07% in 2020. Decrease in net profit after tax (NPAT) has contributed for decreased in ROE.

# PERFORMANCE OF SUBSIDIARIES

## Overall Performance

All 3 subsidiaries of LBFL has performed outstanding in the year 2021 and contributed a profit after tax of BDT 833 Mn up by 465% from BDT 155 Mn profit of 2020. The contribution is 67% of LBFL group's profit in 2021 which was only 16% in 2020. Below graph shows last five year's subsidiaries' performance vis-à-vis LBFL Group's performance:

Profit Contributions from Subsidiaries



## LankaBangla Securities Limited (LBSL)

**LBSL ranked Number One consecutively for the last 17 years in DSE**

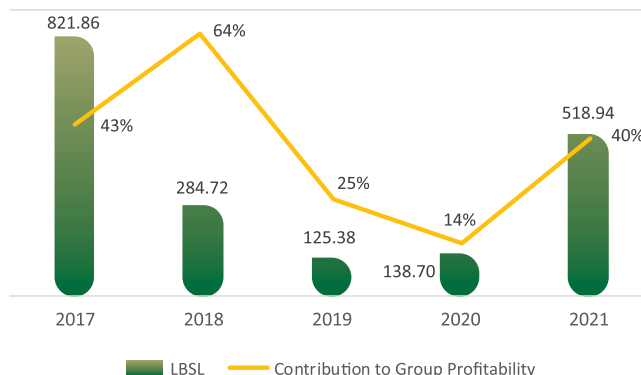
LankaBangla Securities Limited (LBSL) has achieved a certificate for outstanding performance for being ranked 1st in terms of turnover for consecutive seventeen years from 2006 to 2021 at Dhaka Stock Exchange (DSE) & for sixteen years at the Chittagong Stock Exchange (CSE). LBSL has unparalleled leadership and an advantageous position in technology and human capital.

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In 2021, LankaBangla Securities Limited made an after-tax net profit of BDT 518.94 million, 274% more than BDT 138.70 million in 2020. During the last couple of months, the bullish capital market with a high volume of transactions mainly contributed to profit growth.

LBSL's contribution to LBFL Group's profitability has increased from 14% in 2020 to 40% in 2021. LBSL was the most significant contributor to group profitability in 2021. The company's last five year's profitability is given below:

Profitability of LBSL



## LankaBangla Securities Limited (LBSL)

Shareholders' equity is gradually increasing year on year, which shows the company's commitment to protecting the interest of its shareholders and improving the wealth of its shareholders. In the year 2021, the primary source of income for the company was brokerage income, which contributed 53% of the company's total income, while interest income contributed 19% of total revenue. 21% of revenue came from investment income, while 7% came from other operational income.

**The country's first-ever online payment gateway for a stock brokerage company, LBSL credit rating, i.e., AA2 for the long term, is the highest amongst the country's brokerage houses. LBSL ranked Number One consecutively in the last 17 years in DSE and 16 years in CSE**

## LankaBangla Investments Limited (LBIL)

LBIL posted BDT 324 Mn Profit-after tax in 2021 – the record amount of profit in LBIL's history which is 25% of LBFL group's profit. LBIL has made such an astonishing profit from last year's profit of BDT 14.55 Mn. Hefty income from the capital market by utilizing the bullish capital market is why such a high surge in profit growth.

LankaBangla Investments Limited (LBIL) provides comprehensive Issue Management and Investment Banking services.

Notable Achievements of LankaBangla Investments Limited in 2021 are as follows:

- ▶ Provided Corporate Advisory services to A-J Super Garments (Nassa Group) regarding equity investment in the Kingdom of Saudi Arabia;
- ▶ Provided Corporate Advisory services to Colombia Garments (M & J Group) regarding equity investment in Hong Kong;
- ▶ Provided valuation services to r-Pac Bangladesh Packaging Co. Limited and Express Leather Products Limited;



- ▶ Received mandate as Issue Manager and Arranger of Deshbandhu Polymer Limited (DPL) proposed Sukuk issuance.
- ▶ Listing of IPO of Energypac Power Generation Limited and Baraka Patenga Power Limited on the stock exchanges;
- ▶ Issue Management Agreement signed with Global Islami Bank Limited and Midland Bank Limited;
- ▶ Corporate Advisory Agreement signed with Grand Bengal Hotel Limited and Universal Medical College & Hospital Limited;

LBIL is also a leading provider of Portfolio Management Services, enabling clients to invest in different kinds of equity securities. LBIL combines global equity research and portfolio management standards with an in-depth understanding of the local market. The Portfolio Management Service is designed to provide personalized, secure, and simple investment solutions for a wide range of investors who wish to enhance their returns while minimizing administrative burden.

#### **LankaBangla Asset Management Company Limited (LBAMCL)**

LBAMCL strives to be a leading fund manager in Bangladesh, recognized for its high level of ethical and professional standards and uncompromising commitment to enhancing investors' interest. LBAMCL offers a host of wealth management solutions for its clients, including Corporate Fund Management, Mutual Fund Management, Alternative Fund Management, and Corporate Advisory services.

Despite the persistent uncertainty of COVID-19, the broad market index (DSEX) witnessed a return of 25.1% in 2021. This was driven by excess liquidity in the system and low deposit rates. Investor-friendly steps & market reform by BSEC also

contributed to keeping investor sentiment buoyant. During the last quarter of 2021, the overall market witnessed moderate retracement due to profit booking after an extended market rally & signs of inflationary pressure picking up and strain on the global supply chain.

LBAMCL managed to generate a respectable return in its managed funds and also make noteworthy progress in 2021, as highlighted below:

- ▶ Generate 21.9%, 12.7%, 23.2%, and -0.1% return in LankaBangla 1st Balanced Unit Fund, LankaBangla Al-Arafah Shariah Unit Fund, LB Gratuity Opportunities Fund, and LB Gratuity Wealth Builder Fund (Inception: August 2021) respectively in 2021.
- ▶ Declare cash dividend of 16.0% in LankaBangla 1st Balanced Unit Fund, 11.0% for Al-Arafah Shariah Unit Fund, and 8.0% for LB Gratuity Opportunities Fund in 2021.
- ▶ Increase LBAMCL's Total Asset Under Management (AUM) by 24.1% from BDT 1,210mn in 2020 to BDT 1,502mn by 2021.
- ▶ Successfully launched LBAMCL's fourth open-end fund, "LB Gratuity Wealth Builder Fund," with an initial fund size of BDT 10.0 Crore.

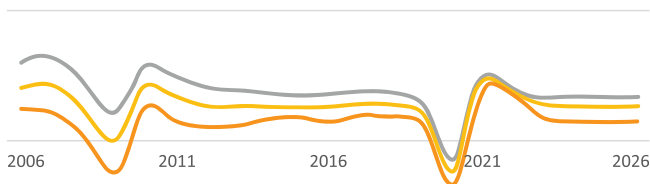
In the future, 2022 is also likely to be another challenging year for LBAMCL as the nation fights various new waves of the COVID-19 virus and heightened global inflationary pressure. LBAMCL will strive to navigate through these challenges & uncertainties to create sustainable value for its valued clients. It also aims to play an active role in introducing new products in the capital market of Bangladesh, such as the Exchange Traded Fund (ETF), work hand in hand with critical stakeholders & thereby continuing to play a commendable role in elevating Bangladesh's Capital market to the next level.

# ECONOMIC OUTLOOK

## Global GDP Growth Projection for the fiscal year 2021-2022

The IMF lowered its global growth projection for 2021 slightly to 5.9% while keeping it unchanged for 2022 at 4.9%. According to IMF, Global recovery has continued, but the momentum weakened due to the pandemic. Moreover, an additional risk to the outlook remains as the resurgence of new variants of the coronavirus could further slow the economic recovery. Besides, there are significant supply disruptions around the world supporting the increasing inflationary pressures. Along with the post pandemic recovery, as a consequence of the Russian invasion on Ukraine and increased sanctions and further dealings halted by the other major countries with Russia, the chain of events might come across as a body-blow for Bangladesh if the inflation steps in such an overwhelming manner.

Real GDP growth (Annual % change)



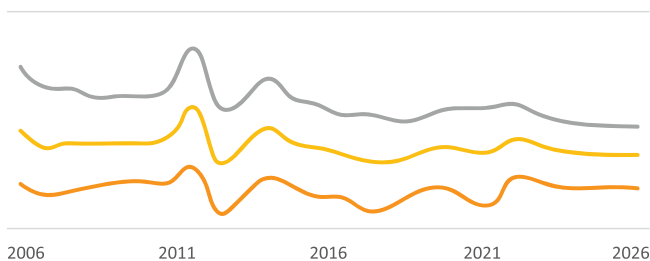
— Advanced economies — Emerging market and developing economies — World

Source- IMF

## Global Inflation Target for the fiscal year 2021-2022

The IMF's base case assumes that inflation in advanced and emerging economies would remain anchored to 2% and 4%, respectively, by end-2022 and would peak at 3.6% and 6.9% around end-2021.

Inflation rate, average consumer prices (Annual percent change)



— Advanced economies — Emerging market and developing economies — World

Source- IMF

## Regional Outlook

### East Asia and Pacific

Regional growth is expected to slow to 5.1 percent in 2022, driven mainly by the slowdown in China. Except for China, growth in the rest of the region is projected to accelerate to 5 percent in 2022 with the strengthening of domestic demand along with the widespread vaccination rollout. Although growth in the region excluding China

in 2022 is in line with previous forecasts, the recovery continues to show considerable divergence, with most of the tourism-dependent countries in the region facing significant forecast downgrades.

### Europe and Central Asia

In 2021, growth in Europe and Central Asia expanded by 5.8 percent. With the stabilization of domestic demand, the recovery rate in 2022 is expected to be slower than previously predicted, at 3 percent and 2.9 percent in 2023. The near-term outlook is weaker than previously projected, owing to further resurgence of COVID-19, financial stress, withdrawal of macroeconomic policy support, sharp increases in policy uncertainty and geopolitical tensions between the European countries- Ukraine and Russia, as it is further evidenced with the ongoing supply chain disruptions and trading barriers, followed by increased prices of commodities, thus suffusing the inflation to coil even more.

### Latin America and the Caribbean

Growth in Latin America and the Caribbean (LAC) rebounded to an estimated 6.7 percent in 2021, boosted by favourable external conditions and significant progress on COVID-19 vaccination and a sharp decline in new cases in the second half of the year. The regional growth is projected to slow to 2.6 percent in 2022 and 2.7 percent in 2023. Downside risk to the outlook include surges in Covid-19 cases, financial stress, supply chain disruptions due to natural disasters, and failure to implement needed regulatory reforms.

### Middle East and North Africa

Growth in the Middle East and North Africa region is forecast to accelerate to 4.4 percent in 2022, reflecting smaller oil production cuts and accelerating vaccination. Growth is expected to slow down to 3.4 percent in 2023. Further COVID-19 outbreaks, social unrest, high debt in some economies, and conflict could undermine economic activity. Potential growth in the region could be further constrained because of supply chain disruptions related to pandemic, climate change, low oil sector investment, slow progress in structural reforms, worsening governance, increased social unrest, and political uncertainty.

### South Asia

In 2022, the region is projected to grow by 7.6 percent, accelerating from 7 percent in 2021, as COVID-19 vaccination progresses and pandemic related disruptions decline. A resurgence of the pandemic, especially with the emergence of Omicron, poses a significant threat to the outlook. Other downside risks include inflationary pressures, high financial stress due to non-performing loans and increasing cost of domestic borrowing. Natural and climate-related disasters are becoming more frequent and costly, exposing the region to climate-related increases in poverty, disease, child mortality, and food prices.

### Sub-Saharan Africa

Sub-Saharan Africa's growth is estimated to have reached 3.5 percent in 2021, supported by a rebound in commodity prices and a gradual easing of social restrictions. Growth is forecast to recover at a moderate pace of 3.6 percent in 2022 and 3.8 percent in 2023. As activity in the region's primary trading partners continues to rebound, the near-term recovery is projected to continue, aided by higher commodity prices. The outlook is also predicated on a

gradual recovery in tourism, with vaccinations in some tourism-reliant economies already proceeding at a much faster pace than in the rest of the region.

## Bangladesh's Outlook and Review

### Imminent Post War-Effects in Bangladesh

Since Russia's invasion of Ukraine in late February, the global economy has entered a new terrain fraught with unpredictability. War-related difficulties have manifested themselves on a number of fronts. With global economic interdependence, a crisis of this magnitude involving a country like Russia was sure to have an influence on other economies.

The Russian invasion of Ukraine occurred at a time when the world was only beginning to recover from the consequences from the more than two-year COVID-19 pandemic. However, the recovery is being hampered by inflationary pressures caused by supply constraints in the face of rising demand as countries continue to boost their economic activities. The world has been hit with a new shock as a result of the ongoing war. Supply disruptions and financial sanctions, taken together, constitute a significant economic issue. With no signs of rapprochement between Russia and Ukraine, the global economic consequences will be far-reaching.

Bangladesh has already begun to feel the heat of the searing fire, as indicated by the economy's rising inflation, which was highly prominent because of frequent COVID-19 resurgence. Because Russia is the world's third largest oil producer, high oil prices are impairing the global economy, and Bangladesh is not far off from this trepidation being a large oil-importing country itself. Import expenses have grown dramatically, and rising prices for essential commodities such as gas entail a chain of events in this scenario. Bangladesh Petroleum Corporation has previously informed of the country's impasse, as it is apparently losing BDT 19 crore on a daily basis along with reporting an import expenditure of USD 4.50 billion for petroleum products by the end of the current fiscal year, and such insurgence is recorded in the increase in diesel by about 23 percent. As a result of recent occurrences, import bills are constantly rising, while the export situation is currently approaching a cul-de-sac, and the records evidence for the same with the import payments reaching USD 6864 million, whilst the export receipt was USD 4,850 million in the month of January, 2022, which reduced to USD 4,294 million by February, 2022. Resultantly the expenses of production have risen, raising consumer prices as well.

The current situation is likely to jeopardize the progress gained since the pandemic, and rising inflation is likely to limit people's disposable income, culminating in insurmountable sufferings for the general public, further resulting the lenders to default. The repercussion of this scenario is a likely decline in deposit, which causes the incremental deposit to collapse. There is a probability for people to break off their savings as a means to tackle the swelling inflation. Due to rising inflation the financial institutions would opt out of the idea of expansion. The companies would further go as much to break off its deposits due to inability to expand.

In the offing of the given circumstances, there is a possibility that the government funding will fall short, thus pushing it to reroute itself by turning to financial institutions, which will aggravate the situation further as the institutions will find themselves once again on the verge of liquidity crunching. With a dry market and liquidity

crisis looming over practically all shapes and sizes of business for the previous two years as a result of the pandemic, organizations just lately began to recover, with a stretched economy due to increasing inflation. In such dismal economic conditions, the world, as well as Bangladesh, may have to face the weight of the conflicted nations, and the country is on the verge of heading down the road of uncertainty once more. The post-pandemic inroads are expected to reach a blind alley, with deposit and lending rates going up and transactions stagnating. With the impending crisis, private-sector growth will be stalled, causing the unemployment rate to rise, exacerbating the unconscionable inflation rate even further.

With the anticipated economic peril on the horizon, the flip side is the additional financial crisis Bangladesh is likely to face with the country's largest Russian credit project: the Rooppur Nuclear Power Plant (RNPP), which is expected to cost around USD 12.65 billion and be completed by 2025. However, with Russia currently invading its neighboring country and increasing sanctions, the entire project is set to be deferred, inflicting a strain on the government as it implies that the loans would also increase. In the light of the current scenario, the current account deficit reached USD 10 billion at the end of January of 2022 due to an increase in import payments and a tailspin in remittances which had hit a record high over the past year. If the current account deficit remains the same for an extended length of time, the exchange rate will decline as well.

Nonetheless, judging by likes of the recent events, the end of the dispute between the two countries does not presage the end of the economic doldrums, as the consequences following the events are rather deep-seated. Thus, policymakers should take proactive measures to limit the ravages of the war and gather sufficient brute force by sourcing goods from the global market at a competitive rate and reallocating its prices on essential items at a lower range, in addition to using prudent macroeconomic management to create budgetary room for this fiscal year. Appropriate fuel and gas subsidies should be maintained as a buffer for a few months. The magnitude of government spending will affect the rate of economic recovery.

*Source: The World Bank, Financial Express, Dhaka Tribune, The Daily Star*

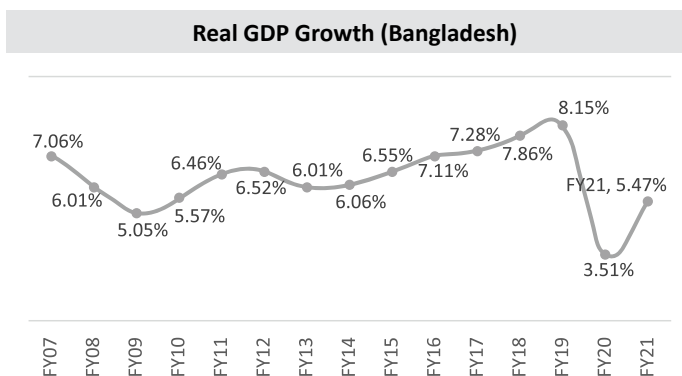
### Bangladesh Economy Prior to the War and Subsequent Effects

A gradual recovery is expected as Bangladesh navigates the persistent effects of COVID-19. According to World Bank, GDP growth is forecasted to reach 6.4% in FY22 before accelerating to 6.9% in FY23 as exports and consumption recover. The government has targeted a 7.2% growth in FY22 as the economy recovers from the coronavirus pandemic. Despite the pandemic, the country exhibited relatively strong growth, low government revenues, weak governance indicators. In addition to weaker governance indicators, foreign direct investment remains constrained by significant infrastructure gaps. However, the government's focus on building large infrastructure projects could augur well for foreign investment in the coming years. During FY21, the country's per capita national income stood at USD 2,227, from USD 2,024 in the previous fiscal year. Remittances reached a record high of USD 21.7 billion in 2020, driven by a shift toward formal remittance channels and the Bangladesh Bank's 2% cash incentive for inward remittances. However, the upward trend in remittance inflows is unlikely to persist if the net outflow of migrant workers slows in FY22 and

the use of formal payment channels declines as travel restrictions are eased. The fiscal deficit is projected to remain above 5.5% of GDP over the medium term. Continued policy and administrative reforms to VAT and income tax will aid revenue mobilization while increasing capital investment on infrastructure megaprojects will likely boost public spending. Government spending on Covid-19 relief measures is expected to continue in FY22 and be withdrawn from FY23. Due to an extensive loan moratorium, the gross non-performing loan ratio rose moderately to 8.2% by June 2021 from 7.7% at the end-2020. The supply chain disruption has caused a global surge in commodity prices, which is beginning to rise inflation, magnified by exchange rate depreciation. Rising import costs, demand for credit, international price hikes, and a return to normal economic activities might contribute to a liquidity crisis in the country's banking sector. Sustaining the economic recovery and further reducing poverty will largely depend on policies aimed at lower-income and affected people.

### GDP Growth

According to the World Bank, the global economy is set to expand by 5.6% in 2021, and Bangladesh's gross domestic product (GDP) is expected to grow by 6.4% in the FY 2022 before accelerating to 6.9% in FY 2023. As exports and consumption continue to improve, Bangladesh's growth rates would pick up to 6.4% in the FY 2021-22. The government, however, has set a 7.2% growth target for the current fiscal year in expectation of economic revival.



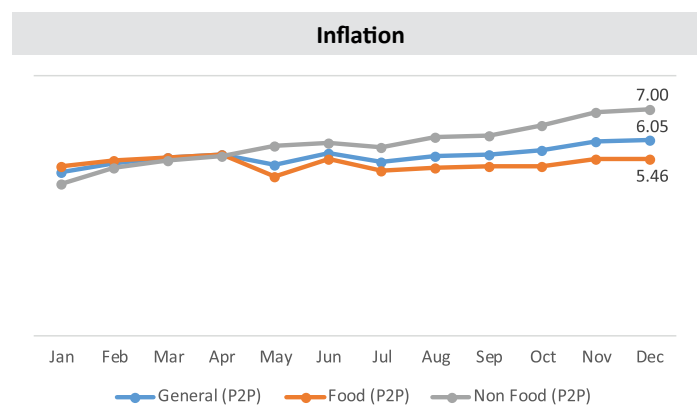
Source- Bangladesh Bureau of Statistics

### Inflation

The Central Bank of Bangladesh aims to keep annual average CPI-based general inflation to 5.30% in FY22. Annual average CPI-based general inflation stood at 5.54% in FY21, slightly up from the target (5.40 percent [R]) ceiling. The annual average non-food inflation, particularly concerning medical care and health expenses, and disruption of supply chains due to coronavirus pandemic previously and now the dispute between Ukraine and Russia are primarily responsible for this higher inflation. As of December 2021, the general inflation stood at 6.05% as prices of both food and non-food items are showing upward movement, causing an overwhelming amount of sufferings for the low-income people. During the pandemic, people were hardly spending money, but now, traveling and spending money have increased with the reopening of the economy.

As demands for goods and services are rising with the recovery of jobs and incomes, consumers in the country are at risk of further

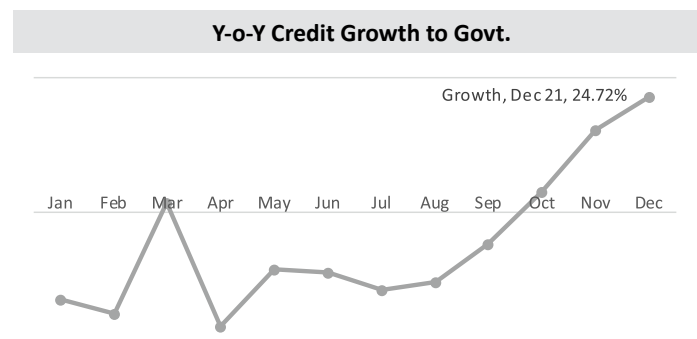
inflation from the supply side, particularly from the external sector. Bangladesh is significantly reliant on imports of gas, fuel oil, fertilizer, edible oil, and food supplies. If global market prices rise, the prices of these items in the country will rise as well. In addition, if the gas and liquid fuel prices rise due to the foreign warring countries, the cost of power generation in the country will rise too. This, in turn, will increase the cost of goods. Rising import spending has resulted in a negative trend in the current account balance. If this pressure persists, the local currency might depreciate. As a result, inflationary pressure may continue to increase. All of these consequences are inter-reliant and are compounded by the Russia-Ukraine conflict, which contributes to an even higher inflation rate and higher production prices due to price increase in essential items.



Source-Bangladesh Bank

### Domestic Credit Growth

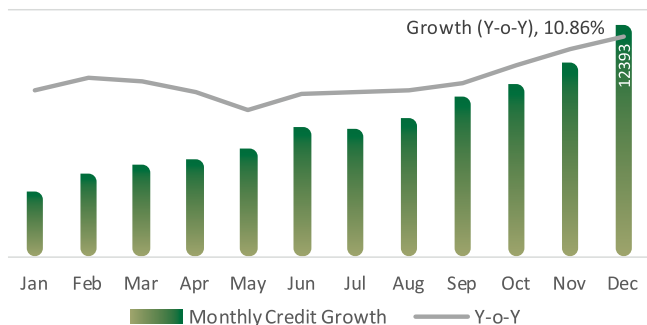
Govt. net borrowing increased by 24.72% (Y-o-Y) in December '21 from 14.58% in November '21. The government's outstanding borrowing from the banking sector stood at BDT 20 lac crore in December '21. Higher sales of national savings certificates (NSCs) in FY2020-21 were the main reason for the government's move to tighten the sales of NSCs. Subdued revenue growth, increased spending for the megaprojects, and pandemic ravaged economy might increase net credit to the government in the coming year.



Source-Bangladesh Bank

Credit to the private sector stood at BDT 12,393 billion and registered a 10.86% growth in December from 10.31% the previous month, mainly because of increasing demand for working capital. However, the growth is still lower than the central bank's target of 14.8%.

### Private Sector Credit Growth



Source-Bangladesh Bank

The private credit growth maintained a downward movement in the first few months of this year due to the pandemic-led uncertainties and reached a low of 7.60% in May. However, the government has taken necessary steps to arrange COVID-19 vaccines, and business confidence has gone up following the reopening of the economy. Therefore, credit to the private sector is expected to rise eventually.

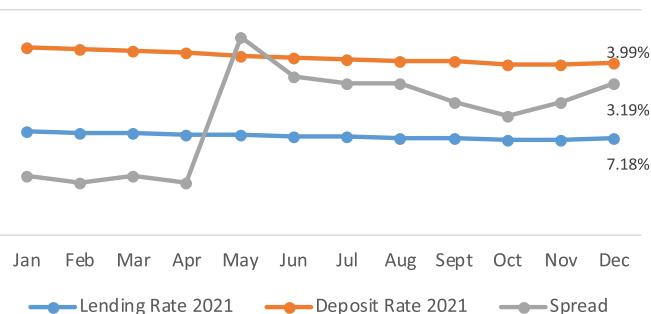
### Investment on Megaprojects

Three megaprojects Padma Bridge, multi-lane tunnel under the Karnaphuli in Chattogram, and metro rail, are expected to be completed in 2022. According to the latest report, Padma Bridge will be open for the public in June 2022, followed by the inauguration of the multi-lane tunnel under the Karnaphuli in Chattogram. The first metro rail (MRT line-6) will also be launched by June 2022. Prices of all construction materials have increased by at least 25%- 30%. Elevated prices of construction raw materials might raise government spending on different ongoing development projects in the coming year.

### Interest Rate

- ▶ The central bank started to auction BB bills in August after announcing its monetary policy as the BB found high money circulation on the market and diversion of the money to the non-productive sectors. The excess liquidity decreased due to the BB move. Due to the falling trend of excess liquidity, the interest rates of different instruments, including call money rate, BB bills, treasury bills, and bonds, are on the rise.
- ▶ The weighted average lending rate stood at 7.18% in December. The average lending rate has faced a downward trend since last year. A rising trend of import financing and demand for short-term loans is playing a significant role in pushing up the credit demand. The recovery in credit demand is expected to bring about a liquidity crisis – a situation that might force banks to raise lending rates. Existing cheap loans might end, and the lending rates are likely to increase in the next couple of months as the economy is gradually recovering from the slowdown brought on by the coronavirus pandemic.
- ▶ The interest rate on deposits might increase in the future, further putting pressure on the lending rate.
- ▶ The overall cost of fund is expected to increase gradually and narrow the interest rate spread.

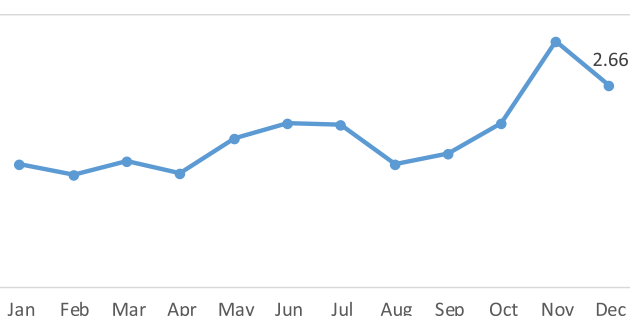
### Weighted Lending and Deposit Rate and Interest Spread



Source-Bangladesh Bank

- ▶ Apart from the sale of the BB bills, the sale of dollar by the BB to the banks was also contributing to a squeezed supply of the local currency. Recently, the Bangladesh Bank has sharply reduced sales of the Bangladesh Bank bills amid soaring interest rates on the interbank money market.
- ▶ The call money rate is increasing due to the rapid increase in investment in the post-pandemic economy. It also witnessed higher volatility due to the reduction of excess liquidity through Bangladesh Bank's open market operations. The sure in the interest rate on the call money market was an indication of a tight money market situation.

### Call Money Rate (Avg.)



Source-Bangladesh Bank

### Liquidity Situation

- ▶ The excess liquidity had stayed at historically high levels as of June 2021 because of the economic slowdown caused by the coronavirus pandemic, but the trend has already begun reversing. In June 2021, the excess liquidity increased to a record high of BDT 2,317.11 billion. This compelled the Central Bank to revive the Bangladesh Bill; an instrument used to mop up excess liquidity.
- ▶ Almost 76% of the surplus fund amounting to BDT 1,685.08 billion is held by a few banks who have concentrated funds in securities rather than channeling the money in the economy by disbursing loans. Amid high demand for loans, cash-strapped banks are forced to borrow from the call money market, thus increasing the rates. In order to ease the liquidity pressure, Bangladesh Bank has started to inject funds into the financial sector through repo auctions.

Currently, the repo rate stands at 4.75%, which is projected to trend around 5.50% in 2022, and 6.00% in 2023.

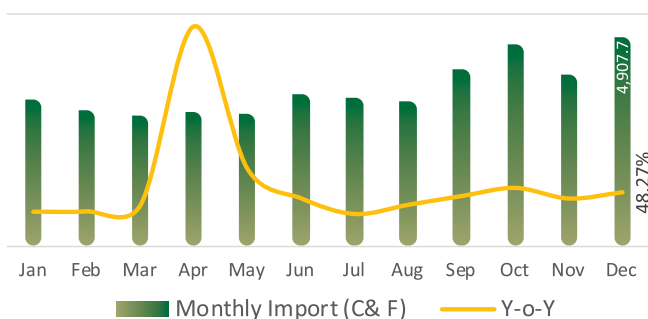
- Banks might come under a liquidity crunch in the coming months due to increased import financing and rising demand for loans from businesses as the economic activities return to normalcy as well as the Russian invasion on Ukraine, followed by increased sanctions. Thus, the high price of commodities, energy, food, and shipping costs are increasing inflationary pressure globally. If this continues and the excess liquidity decreases from the second (October-December) or third quarter (January-March) of the current fiscal year, it might create a liquidity shortage.

### External Sector

#### Export

The government has targeted USD 43.5 billion export target for FY22. The country's exports stood at BDT 4,907.7 million in December, 2021 as the global economy showed signs of recovery from the effects of the coronavirus pandemic. Overall exports by the end of 2021 grew by 48.27% on a Y-o-Y basis. In (Jul-Oct) of FY22, RMG, a major contributor of the export basket, exceeded the set target by 12.41% after facing a sharp fall due to the pandemic. The international apparel market is robust now, and orders have increased. Besides, global buyers are shifting their work orders and significant export destinations have made significant progress in mass vaccination. The expectation of the export outlook to remain buoyant for the coming months can be pushed aside as the export basket has taken a tailspin as a corresponding effect of the import payment surge. The recovery of RMG exports might be slower than expected post-pandemic, and might be jeopardized with the hindrance of trade between Bangladesh and Russia, with the latter contributing vastly to the former's RMG market.

Monthly Export (in USD Mn)



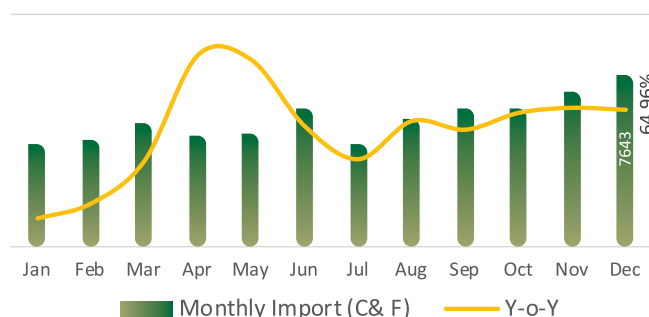
Source-Bangladesh Bank

#### Import

During December 21, the total import payments (C&F) stood at USD 7,643 million and witnessed a 64.96% growth on Y-o-Y basis. Existing businesses have accelerated their production by enhancing import of industrial inputs rapidly. Import of consumer goods, which also tumbled during the pandemic, saw moderate growth due to the relaxation of the strict restrictions. If the rising trend in global commodity prices continue, import

payments may fall gradually in the coming months. However, that cannot be foretold with the current Russia-Ukraine dispute. The imposed sanctions on Russian projects and hindering trade with Bangladesh suggests the trade and import to be moved somewhere else, which would prove to be big disadvantage for the country as Russia is a large market for the country's RMG products alongside the import of wheat and maize from that country.

Monthly Import (in USD Mn)

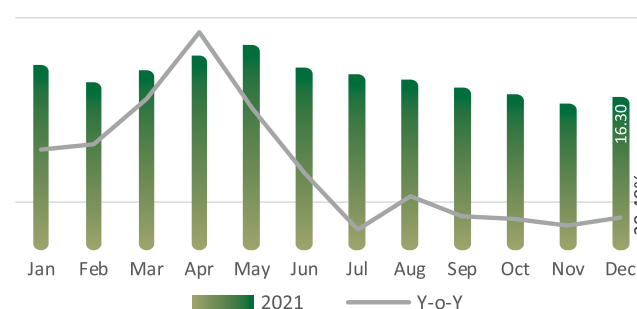


Source-Bangladesh Bank

#### Remittance

Inward remittances dropped by 20.49% (Y-o-Y) in December 2021 and stood at USD 16.30 billion, down from USD 20.50 billion at the same time of the preceding year. According to the Central Bank data, remittances dropped by nearly 20% to USD 7.05 billion during the July-October period of FY 2021-22 from USD 8.81 billion in the same period of FY 2020-21. The remittance took a nosedive from April, 2021. Despite the resumption of business and economic activities in the destination countries of the migrants, inward remittances declined due to job losses and use of illegal hundi channels. The government has planned to continue 2% subsidy on the remitted income. With the reopening of the economy and relaxations of strict measures use of informal hundi channels for sending remittances might increase in the coming months.

Remittance

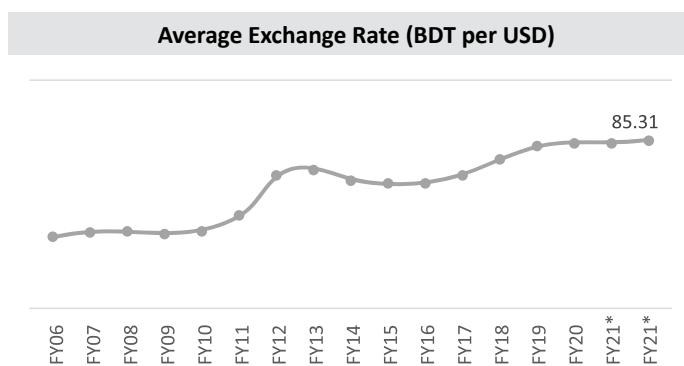


Source-Bangladesh Bank

#### Exchange Rate

As of 31st December, 2021, the official exchange rate stood at BDT 85.734 per USD. Due to the surge in import payments coupled with a drastic fall in remittance earnings, the exchange

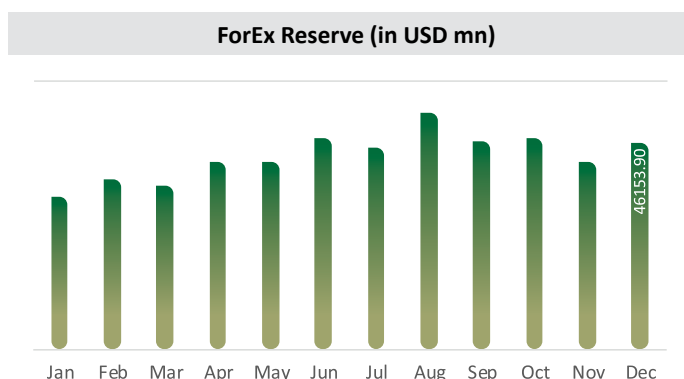
rate of dollar has increased significantly in the last several months. The prices of various commodities in the international market have risen sharply, widening the import payments and creating pressure on the foreign exchange regime. Due to the pandemic induced economic slowdown, businesses adopted a go slow policy. But now with the resumption of economic activities and increase in international travel, some banks are facing dollar shortage. In order to maintain trade competitiveness, BDT might devaluate further in the future. With the projected expectations, the exchange rate state may also have to bear the brunt of the ongoing war as the current account imbalance seems to have a raw end at present.



Source-Bangladesh Bank

### Forex Reserve

Bangladesh's foreign-exchange reserves are under pressure from different dimensions, principally for unabated dollar-price appreciation and costlier imports. Forex reserve in December 2021 stood at USD 46.15 billion. Current foreign exchange reserve is sufficient to pay approximately 8 months import bill. The decline in remittance inflow would ultimately create pressure on the economy because mainly of a significant growth in import payments that has already made the dollar market dry, and Russian invasion on Ukraine spills fuel to the raging fire. To meet up the growing demand for the dollar, the central bank has been injecting dollars in the market to keep the market stable. The country's foreign exchange reserve, which touched record USD 48 billion mark amid a huge inflow of remittance and low import payments, would gradually decline if the import payments remain high against low remittance earnings.



Source-Bangladesh Bank

### Current account Balance

In December of FY 2021, current account balance stood at USD 20.2 billion deficit, USD 17.6 billion wider than the same time of the preceding year. As the import payments is rising with the resumption of economic activities and inward remittances are coming back to normalcy, current account balance is expected to maintain the deficit trend.

Despite efforts to be cautious, given the economy's fragility as a result of the pandemic and the strife between the two countries, the most concerning indication is currently current account imbalance rather than being balanced. Although the country has always had a trade deficit, the increase of remittances has kept the current account in balance for the most part. However, the situation is in a completely different light this time with the nation being in a recovery spree post pandemic and dissention of the conflicted nations, a further chain reaction caused by high import costs and negative increase in remittance inflows.

### Capital Market

Amid growing investor participation after the reopening of the economy, the capital market in Bangladesh has witnessed robust performance and was one of the best performing markets among South Asian countries with its prime bourse Dhaka Stock Exchange (DSEX) generating a 25.08 percent return in 2021. The total number of listed securities in the Dhaka Stock Exchange jumped from 597 in 2020 to 616 in 2021. In 2021, total capital raised through IPO stood at BDT 12,790 million, up from BDT 8,678.69 million in 2020, registering 47.37 percent growth. The market capitalization of DSEX also up surged to an all-time high at BDT 5,863 billion. The prime bourse, DSEX, reached 7,368 points in October 2021, the highest since its inception in 2013. In 2021, the market remained mainly bullish owing to favorable economic situation and various regulatory and reformative measures taken by regulators. Though the market performed outstanding in 2021, it is expected to remain subdued in 2022 as the liquidity scenario in the money market and channeling of funds from market to other sectors might hurt investor participation.

# AUDITED FINANCIAL STATEMENTS



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





**Corporate Office:**

📍 : House # 15, Road # 12, Block # F, Niketon  
 Gulshan-1, Dhaka-1212, Bangladesh.  
 ☎ : +88 (02)8836015-7 📠 : +88 01681126120  
 ✉ : hfc@hfc-bd.com 🌐 : www.hfc-bd.com

## Independent Auditor's Report

To the shareholders of LankaBangla Finance Limited

Report on the audit of the consolidated and separate Financial Statements

### Opinion

We have audited the consolidated financial statements of **LankaBangla Finance Limited and its subsidiaries** (the "Group") as well as the separate financial statements of **LankaBangla Finance Limited** (the "Company"), which comprise the consolidated and separate balance sheet as at 31 December 2021, and the consolidated and separate profit and loss account, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the company give a true and fair view of the consolidated balance sheet of the group and the separate balance sheet of the company as at 31 December 2021, and of its consolidated and separate profit and loss accounts and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in notes 1 to 42.

### Basis for Opinion

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

### Key Audit Matters

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

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

Description of key audit matters	How the matters were addressed in our audit
<p><b>01. Measurement of provisions for leases, loans and advances</b></p> <p>The process of estimating the provisions for leases, loans and advances portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for the credit transactions.</p> <p>For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates due to complex design and its implementation.</p> <p>At year end of 2021 the group reported total gross loans, cash credit and overdraft etc. of BDT 62,887.78 million (2020: BDT 58,472.23 million) and provisions for leases, loans and advances in the financial statements of BDT 2,301.75 million (2020: BDT 1705.95 million). The total provisions for leases and loans shown in the profit and loss for this year stand at BDT 575.45 million (2020: BDT 121.43 million).</p> <p>We have focused on the following significant judgments and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> <li>Completeness and timing of recognition of the loss events in accordance with criteria set out in FID circular no.08 dated 03 August 2002, DFIM circular 04 26 July 2021, DFIM circular 33 dated 19 December 2021 and DFIM letter ref. DFIM(p) 1052/27/2022-23 dated 02 January 2022.</li> </ul>	<p>Our procedures, in relation to the key audit matters described, included, among others:</p> <ul style="list-style-type: none"> <li>Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process;</li> <li>Identification of loss events, including early warning and default warning indicators;</li> <li>Reviewed quarterly Classification of Loans (CL);</li> <li>Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines;</li> <li>Reviewed Bangladesh Bank circulars and other guidelines related to confront this pandemic.</li> </ul> <p>Our substantive procedures in relation to the provisions for leases, loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> <li>Reviewed adequacy of the company's general and specific provisions as per Quick Summery Report FIID(I-19/02)/2022-291 dated 23 March, 2022.</li> <li>Assessed the methodologies on which the provision amounts were based, recalculated the provisions and tested the completeness and accuracy of the underlying information;</li> </ul>

**Corporate Office:**

📍 : House # 15, Road # 12, Block # F, Niketon  
 Gulshan-1, Dhaka-1212, Bangladesh.  
 ☎ : +88 (02)8836015-7 📠 : +88 01681126120  
 ✉ : hfc@hfc-bd.com 🌐 : www.hfc-bd.com

Description of key audit matters	How the matters were addressed in our audit
<ul style="list-style-type: none"> <li>For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows;</li> </ul> <p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.</p> <p>For the impact of COVID-19, the gross interest income &amp; net interest of LankaBangla group has been decreased by 15.40% &amp; 7.13% respectively from the last year. On the other hand, Provision for loans, Investments and other assets has increased by 22.59% and Interest suspense has been increased by 33.63% from last year.</p> <p>Moreover, the gross interest income and the net interest income of LankaBangla Finance has been decreased by 16.42% &amp; 12.59% respectively from the last year. Conversely, interest suspense has been increased by 39.75% from last year.</p> <p><b>See note no 2.27.1, 12.3 &amp; 12.4 to the financial statements</b></p>	<ul style="list-style-type: none"> <li>Reviewed disbursement procedure related to SME stimulus packages as per Bangladesh Bank guidelines.</li> </ul> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
<p><b>2. Carrying value of investments in subsidiary (s) by LankaBangla Finance Limited and impairment assessment of unquoted investments</b></p> <ul style="list-style-type: none"> <li>The LankaBangla Finance Limited (the “Company”) has invested in equity shares of its subsidiaries LankaBangla Securities Limited, LankaBangla Asset Management Company Limited and LankaBangla Investment Limited. As at 31<sup>st</sup> December 2021 the carrying value of the investment is BDT 6,781.54 million (2020: BDT 6,115.26 million).</li> <li>In the absence of a quoted price in an active market, the fair value of unquoted shares and bonds, especially any impairment is calculated using valuation techniques which may take into consideration direct or indirect unobservable market data and hence require an elevated level of judgment.</li> <li>Management has applied IFRS 9, (as permitted by IAS 27) for accounting of investment in subsidiaries in the separate financial statements of the company. As per IFRS 9, investment in subsidiary is measured at fair value through other comprehensive income.</li> <li>However, as per Bangladesh Bank guideline, the company cannot present “Other Comprehensive Income” and thus any change in fair value will directly be recognized in revaluation reserve under equity in the financial statements. This departure from IFRS is disclosed in Note – 2.5.</li> </ul> <p><b>See note no. 2.5, 2.17 &amp; 9 to the financial statements.</b></p>	<ul style="list-style-type: none"> <li>We have reviewed management’s analysis of fair value assessment in accordance with IFRS 13 and recoverable value calculation of subsidiaries in accordance with IAS 36.</li> <li>We have assessed the process and controls put in place by the company to ensure all major investment decisions are undertaken through a proper due diligence process. We tested a sample of investments valuation as at 31<sup>st</sup> December, 2021 and compared our results with the recorded value. Finally, we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank Guidelines.</li> <li>We have checked mathematical accuracy of the model, recalculated the adjusted net asset method used within the model, inputs used in the determination of assumption within the model were challenged and corroborating information were obtained with reference to external market information, third party sources.</li> </ul> <p>The impact has been disclosed in Note 15A of the notes to the financial statements.</p>

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📍 : House # 15, Road # 12, Block # F, Niketon  
 Gulshan-1, Dhaka-1212, Bangladesh.  
 📞 : +88 (02)8836015-7 📠 : +88 01681126120  
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Description of key audit matters	How the matters were addressed in our audit
<p><b>3. Capital work-in-progress</b></p> <p>The company's capital work-in-progress for the year ended 31st December 2021 was BDT 460.399 million (2020: BDT 444.19 million) which increased by BDT 16.21 million compared to the previous financial year, an increase of 3.65% from last year.</p> <p>As capital work in progress had a substantial increase over the year and has risks of fictitious additions, inaccurate valuation &amp; inappropriate recognition, significant judgment is required on the figures classified as capital work-in-progress.</p> <p><b>See note no. 8.3 to the financial statements</b></p>	<p>We have assessed the appropriateness of the group's capital work in progress in accordance to IAS 16 Property, plant &amp; equipment.</p> <p>Our substantive procedures in relation to the capital work in progress recognition comprises the following:</p> <ul style="list-style-type: none"> <li>Assessed the client schedule and calculations made for the recording of total capital work in progress.</li> <li>Agreeing a sample of the construction costs capitalized to supporting documentation;</li> <li>Critically assessing manual journals posted to capital work-in-progress to identify unusual or irregular items; and</li> <li>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.</li> </ul>
<p><b>4. Investment and provision for diminution in value of investment</b></p> <p>Group investments comprise marketable ordinary shares of BDT 4,808.22 million, non-marketable ordinary shares of BDT 272.63 million, subordinate bond BDT 800 million, perpetual bond BDT 500 million and discretionary corporate fund BDT 248.36 million.</p> <p>Group investments are valued at BDT 7,749.21 million and represent 8.75% of total assets. This was an area of focus for our audit and significant audit effort was directed.</p> <p>The investment portfolio of the LankaBangla Finance Limited comprises investments in marketable ordinary shares of BDT 1,070.49 million, non-marketable ordinary shares of BDT 113.44 million subordinate bond BDT 800 million, perpetual bond BDT 500 million and discretionary corporate fund BDT 248.36 million.</p> <p>Investments in quoted shares and unquoted shares are valued at average cost. However, the group made provision for diminution in value of investment as per FID circular no. 8 dated 3 August 2002, DFIM circular no. 02 dated 31 January 2012 and relevant SEC directive for its subsidiary companies.</p> <p>We focused on this area because of the significance of the investments in the financial statements, and departure from the recognition and presentation criteria of IFRS 9, IFRS 7 &amp; IAS 32 to comply the above circulars of Bangladesh Bank for determining the valuation methodology and presentation to be applied by the management of the company.</p> <p><b>See notes no. 2.17, 2.5, 7 &amp; 12 to the financial statements.</b></p>	<p>Our audit procedures included updating our understanding of the business processes employed by the company for accounting for, and valuing, their investment portfolio.</p> <p>Our audit approach was a combination of test of internal control and substantive procedures.</p> <p>We have obtained sufficient audit evidence to conclude that the inputs and methodologies used for valuation of the investments are within a reasonable range and that valuation policies were consistently applied by the management of the company.</p> <p>We assessed the design and operating effectiveness of the group's key controls supporting the identification, measurement and oversight of valuation risk of financial assets.</p> <p>We verified the existence and legal ownership of equity investments and commercial paper by confirming investment holdings with CDBL statement, trust deed and record from the registrar of Joint Stock Companies &amp; Firms appropriate.</p> <p>We tested the calculations of provision for diminution in value of investment and checked the presentation and disclosure of investment in compliance with FID circular no. 8 dated 3 August 2002 and DFIM circular no. 2 dated 31 January 2012 &amp; BSEC/servelleynce/mukhopatro (5th type)/2019/196. We have checked the adequacy of provision of marketable securities from Quick Summery Report FIID(I-19/02)/2022-291 dated 23 March, 2022.</p>
<p><b>5. Measurement of deferred tax assets</b></p> <p>LankaBangla Finance Ltd. has not recognized deferred tax assets in respect of unabsorbed tax losses, unabsorbed capital allowance, and other timing differences.</p> <p>There is inherent uncertainty involved in forecasting future taxable profits, which determines the extent to which the deferred tax assets are recognized or not recognized.</p> <p>LankaBangla Finance Limited reports net deferred tax assets totaling to BDT 20.67 million as at 31<sup>st</sup> December 2021.</p> <p>Significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.</p> <p><b>See note no 2.38(b), 2.5(6) and 9.1.1.1 to the financial statements.</b></p>	<p>We have obtained an understanding, evaluated the design and tested the operational effectiveness of the group's key controls over the recognition and measurement of deferred tax assets and the assumptions used in estimating the LankaBangla Finance Limited's future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p> <p>We evaluated the reasonableness of key assumptions, timing of reversal of temporary differences and expiration of tax loss carry forwards, recognition and measurement of deferred tax assets.</p> <p>We assessed the adequacy of the company's disclosures setting out the basis of deferred tax asset balances and the level of estimation involved. We also assisted in evaluating the tax implications, the reasonableness of estimates and calculations determined by management.</p> <p>Finally we assessed the appropriateness and presentation of disclosures against IAS 12- Income Tax.</p>

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Description of key audit matters	How the matters were addressed in our audit
<p><b>6. Legal and regulatory matters</b></p> <p>We focused on this area because LankaBangla Finance Limited and its subsidiaries (the “Group”) operate in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the group’s best estimate for existing legal matters that have a probable and estimable impact on the group’s financial position.</p> <p><b>See note no 1 to the financial statements</b></p>	<p>We have developed, understood and evaluated the design and tested the operational effectiveness of the group’s key controls over the legal provisions and contingencies process.</p> <p>We enquired to those charged with governance to obtain their views on the status of all significant litigation and regulatory matters.</p> <p>We enquired group’s internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We also received formal confirmations from external counsel.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed group’s provisions and contingent liabilities disclosure.</p>
<p><b>7. IT systems and controls</b></p> <p>Our audit procedures had a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p> <p>Our areas of audit focus included:</p> <ul style="list-style-type: none"> <li>- IT Security management;</li> <li>- IT risk management;</li> <li>- Service delivery management;</li> <li>- Infrastructure security management;</li> <li>- Access control;</li> <li>- Business continuity and Disaster Recovery Management, etc.</li> </ul>	<p>We have tested the design and operating effectiveness of the group’s IT access controls over the information systems that are critical to financial reporting.</p> <p>We have also assessed the total IT security over its operation in accordance with the guideline on ICT security for Banks and Non-Bank Financial Institutions dated May, 2015 Version 3.0.</p> <p>We have tested IT general controls (logical access, changes management and aspects of IT operational controls). This included whether the request for access to systems were appropriately reviewed and authorized. We have crosschecked the data presented in the Financial Statements with its system generated trial balance which have been extracted from IFS.</p> <p>We have tested group’s periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p> <p>Where deficiencies were identified, we tested compensating controls or performed alternate procedures. In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.</p>
<p><b>8. Preparation of consolidated financial statements</b></p> <p>LankaBangla Finance Limited has direct ownership interest in LankaBangla Securities Limited since 2010, LankaBangla Investments Limited since 2010 and LankaBangla Asset Management Company Limited since 2007, LankaBangla Finance Limited also has indirect ownership interest in LankaBangla Information Systems Limited since 2013, BizBangla Media Limited since 2015.</p> <p>Determination of significant control requires careful assessment of different elements.</p> <p>Furthermore, introduction of a subsidiary requires significant amendments in preparing the financial statements including preparation of consolidated financial statements which requires range of adjustments and additional disclosure requirements.</p>	<p>We have obtained an understanding of the consolidation process, including transactions undertaken between these companies. In this regard we have received signed auditor’s report of subsidiaries along with financial statements.</p> <p>We have carried out risk assessment pertaining to consolidation and the adjustments necessary to properly prepare the consolidated financial statements. We have also carried out an assessment of the inherent limitations to consolidation processes to address the issues.</p> <p>Finally, we have reviewed the appropriateness and presentation of disclosures relevant to respective accounting standards and guidelines.</p>

### Other Matter

The consolidated and separate financial statements of LankaBangla Finance Limited for the year ended December 31, 2020, were audited by HUSSAIN FARHAD & CO. Chartered Accountants, who expressed an unmodified opinion on those statements on March 10, 2021. The financial statements of LankaBangla Securities Limited (subsidiary), LankaBangla Investments Limited (subsidiary), LankaBangla Asset Management Company Limited for the year ended December 31, 2021, were audited by us, who expressed an unmodified opinion on those statements on April 06, 2022.

### Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether 5 From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules, 2020, the Financial Institutions Act, 1993 and the rules and regulations issued by Bangladesh Bank, we also report that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii. in our opinion, proper books of accounts as required by law have been kept by the company so far as it appeared from our examination of those books;
- iii. the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- iv. the expenditures incurred and payment made were for the purpose of the company's business for the year;
- v. the financial statements of the company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the company;
- vi. adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- vii. the financial statements of the company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- viii. the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- ix. statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- x. taxes and other duties were collected and deposited in the government treasury by the company as per government instructions found satisfactory based on test checking;
- xi. nothing has come to our attention that the company has adopted any unethical means i.e., 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- xii. proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- xiii. based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;

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- xiv.** the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- xv.** we have reviewed over 80% of the risk weighted assets of the company and we have spent around 1256 person hours for the audit of the books and accounts of the company;
- xvi.** the company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- xvii.** all other issues which in our opinion are important for the stakeholders of the company have been adequately disclosed in the audit report.

Firm Name : **Hussain Farhad & Co., Chartered Accountants**  
 Registration No : 4/452/ICAB-84

Signature of the auditor : 

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

**DVC No.** : 2204130452AS865003

**Place** : Dhaka

**Dated** : April 11, 2022.

**Chattogram Office:**

Yunusco City Center (9th Floor), 807, CDA Avenue, Nasirabad, Chattogram 📞 +88 (031) 2859282 ✉️ ctg@hfc-bd.com



## LankaBangla Finance Limited and its Subsidiaries

**Consolidated Balance Sheet**

As at 31 December 2021

Notes	Amount in Taka	
	31.12.2021	31.12.2020
<b>PROPERTY AND ASSETS</b>		
<b>Cash</b>	<b>642,279,167</b>	<b>631,529,281</b>
Cash in hand (including foreign currencies)	3 1,790,951	1,341,797
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	4 640,488,217	630,187,484
<b>Balance with other banks and financial institutions</b>	<b>5 12,387,833,402</b>	<b>11,704,566,493</b>
Inside Bangladesh	12,387,833,402	11,704,566,493
Outside Bangladesh	-	-
<b>Money at call and short notice</b>	-	-
<b>Investment</b>	<b>6 7,780,310,401</b>	<b>6,261,562,085</b>
Government securities	31,100,325	229,908,878
Other investments	7,749,210,076	6,031,653,207
<b>Leases, loans and advances</b>	<b>7 62,887,779,221</b>	<b>58,472,232,776</b>
Loans, cash credit and overdraft etc.	62,887,779,221	58,472,232,776
Bills discounted and purchased	-	-
<b>Fixed assets including land, building, furniture and fixtures</b>	<b>8 2,594,806,060</b>	<b>2,777,288,742</b>
<b>Other assets</b>	<b>9 2,633,841,173</b>	<b>1,988,266,759</b>
<b>Non-Banking assets</b>	-	-
<b>TOTAL PROPERTY AND ASSETS</b>	<b>88,926,849,424</b>	<b>81,835,446,136</b>
<b>LIABILITY AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
<b>Borrowings from Bangladesh Bank, other banks and financial institutions</b>	<b>10 18,502,473,665</b>	<b>14,816,088,224</b>
<b>Deposits and other accounts</b>	<b>11 47,676,287,741</b>	<b>47,130,343,890</b>
Current deposits and other accounts etc.	-	-
Bills payable	-	-
Saving bank deposit	-	-
Term deposits	11.1 47,500,921,591	46,946,884,814
Bearer certificate of deposits	-	-
Other deposits	11.2 175,366,150	183,459,076
<b>Other liabilities</b>	<b>12 11,874,066,806</b>	<b>9,665,501,871</b>
<b>TOTAL LIABILITIES</b>	<b>78,052,828,212</b>	<b>71,611,933,985</b>
<b>Shareholders' Equity</b>	<b>10,678,798,845</b>	<b>10,046,384,972</b>
Paid up capital	13 5,388,386,230	5,388,386,230
Share premium	1,090,888,800	1,090,888,800
Statutory reserve	14 2,049,579,830	1,927,779,298
General reserve	50,837,370	45,409,424
Capital Reserve	13,961,042	-
Retained earnings	15 2,085,145,574	1,593,921,220
<b>Non controlling interest</b>	<b>16 195,222,367</b>	<b>177,127,178</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>88,926,849,424</b>	<b>81,835,446,136</b>
<b>Net asset value per share- (NAV) (restated 2020)</b>	<b>35 19.82</b>	<b>18.64</b>

Notes	Amount in Taka	
	31.12.2021	31.12.2020
<b>OFF-BALANCE SHEET ITEMS</b>		
<b>CONTINGENT LIABILITIES</b>		
Acceptances and endorsements	-	-
Letter of guarantee	152,979,637	-
Irrevocable letters of credit	-	-
Bill for collection	-	-
Other contingent liabilities	-	-
<b>TOTAL CONTINGENT LIABILITIES</b>	<b>152,979,637</b>	<b>-</b>
<b>OTHER COMMITMENTS</b>		
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	-	-
<b>TOTAL OTHER COMMITMENTS</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF BALANCE SHEET ITEMS</b>	<b>152,979,637</b>	<b>-</b>

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



Director



Director



Managing Director



Company Secretary



Chief Financial Officer

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

Dhaka,  
11 April 2022  
DVC No. : 2204130452AS865003



Hussain Farhad & Co.  
Chartered Accountants



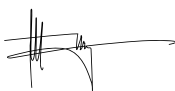
## LankaBangla Finance Limited and its Subsidiaries

**Consolidated Balance Sheet**

As at 01 January 2020

(As per Para 10 (f) of IAS 1)

	Notes	Amount in Taka 01.01.2020*
<b>PROPERTY AND ASSETS</b>		
<b>Cash</b>		
Cash in hand (including foreign currencies)		877,735,689
Balance with Bangladesh Bank and its agent banks (including foreign currencies)		777,880
		876,957,809
<b>Balance with other banks and financial institutions</b>		<b>8,332,124,314</b>
Inside Bangladesh		8,332,124,314
Outside Bangladesh		-
<b>Money at call and short notice</b>		-
<b>Investment</b>		<b>5,392,515,912</b>
Government securities		-
Other investments		5,392,515,912
<b>Leases, loans and advances</b>		<b>65,117,083,059</b>
Loans, cash credit and overdraft etc.		65,117,083,059
Bills discounted and purchased		-
<b>Fixed assets including land, building, furniture and fixtures</b>		<b>2,861,198,566</b>
<b>Other assets</b>		<b>1,782,294,566</b>
<b>Non-Banking assets</b>		-
<b>TOTAL PROPERTY AND ASSETS</b>		<b>84,362,952,106</b>
<b>LIABILITY AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
<b>Borrowings from Bangladesh Bank, other banks and financial institutions</b>		<b>18,672,238,771</b>
<b>Deposits and other accounts</b>		<b>46,894,962,510</b>
Current deposits and other accounts etc.		-
Bills payable		-
Saving bank deposit		-
Term deposits		46,750,813,434
Bearer certificate of deposits		-
Other deposits		144,149,076
<b>Other liabilities</b>	A	<b>9,188,531,377</b>
<b>TOTAL LIABILITIES</b>		<b>74,755,732,658</b>
<b>Shareholders' Equity</b>		<b>9,434,519,565</b>
Paid up capital		5,131,796,410
Share premium		1,090,888,800
Statutory reserve		1,762,635,872
General reserve		49,919,671
Capital Reserve		-
Retained earnings	B	1,399,278,812
<b>Non controlling interest</b>		<b>172,699,883</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>84,362,952,106</b>
<b>Net asset value per share- (NAV)</b>		<b>18.38</b>



Director



Company Secretary



Director



Chief Financial Officer



Managing Director


Hussain Farhad & Co.  
Chartered AccountantsDhaka,  
11 April 2022  
DVC No. : 2204130452AS865003

**Notes to Balance Sheet as at January 01, 2020****A) Other liabilities (Before Restating)**

Payable to Workers' Welfare Fund (WWF)

23,904,960

9,140,721,458

Payable to Workers' Welfare Foundation Fund (WWFF)

23,904,960

47,809,919

**Other liabilities (Restated)**9,188,531,377**B) Retained earning (Before Restating)**

Payable to Workers' Welfare Fund (WWF)

(23,904,960)

1,447,088,731

Payable to Workers' Welfare Foundation Fund (WWFF)

(23,904,960)

(47,809,919)

**Retained earning (Restated)**1,399,278,812

\* 2020 figure is restated

## LankaBangla Finance Limited and its Subsidiaries

**Consolidated Profit and Loss Account**

For the year ended 31 December 2021

	Notes	Amount in Taka	
		2021	2020
<b>Operating Income</b>			
Interest income	17	6,891,967,957	8,146,213,389
Less : Interest expenses on deposits & borrowings	18	4,872,915,651	5,972,102,383
<b>Net interest income</b>		<b>2,019,052,306</b>	<b>2,174,111,006</b>
Income from investment	19	1,217,598,874	315,533,440
Commission, exchange and brokerage income	20	1,284,650,369	496,354,278
Other operational income	21	900,069,337	731,521,223
<b>Total operating income</b>		<b>5,421,370,887</b>	<b>3,717,519,947</b>
<b>Operating Expenses</b>			
Salary and allowances	22	1,383,110,202	1,275,224,475
Rent, taxes, insurance, electricity etc.	23	37,512,699	42,372,349
Legal and professional fees	24	30,886,402	31,362,343
Postage, stamp, telecommunication etc.	25	22,915,828	23,365,252
Stationery, printing, advertisement	26	40,645,158	31,586,394
Managing director's salary and allowance	27	17,154,000	15,479,000
Directors' fees and expenses	28	3,577,200	2,329,800
Auditors' fees	29	1,119,258	1,112,050
Repairs, maintenance and depreciation	30	581,716,425	390,836,291
Other expenses	31	755,483,476	574,540,370
<b>Total operating expenses</b>		<b>2,874,120,648</b>	<b>2,388,208,324</b>
<b>Net Operating Income</b>		<b>2,547,250,239</b>	<b>1,329,311,623</b>
<b>Provisions for loans, investments and other assets</b>	32	<b>841,853,182</b>	<b>151,027,084</b>
Provisions for leases and loans		575,447,876	121,432,439
Provision for margin loan		293,338,572	168,636,136
Provision for diminution in value of investments		(37,580,889)	(140,741,491)
Provisions for Off-Balance Sheet Exposure		1,529,796	-
General provision for other assets		9,117,826	1,700,000
<b>Profit before tax and reserve</b>		<b>1,705,397,057</b>	<b>1,178,284,539</b>
<b>Provision for tax</b>	33	<b>399,504,525</b>	<b>199,766,087</b>
Current tax		395,976,009	199,660,429
Deferred tax		3,528,516	105,659
<b>Net profit after tax</b>		<b>1,305,892,532</b>	<b>978,518,451</b>
<b>Attributed to</b>			
Shareholders of the Company		1,280,549,083	974,090,749
Non-controlling interest	38.4	25,343,449	4,427,702
		<b>1,305,892,532</b>	<b>978,518,451</b>
<b>Appropriations</b>		<b>127,228,477</b>	<b>160,633,180</b>
Statutory reserve		121,800,532	165,143,426
General reserve		5,427,945	(4,510,247)
<b>Retained surplus</b>		<b>1,153,320,607</b>	<b>813,457,569</b>
<b>Earning per share (EPS)</b>	34	<b>2.38</b>	<b>1.81</b>

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



Director



Company Secretary



Director




Chief Financial Officer



Managing Director

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

Dhaka,  
11 April 2022  
DVC No. : 22204130452AS865003



Hussain Farhad & Co.  
Chartered Accountants

# LankaBangla Finance Limited and its Subsidiaries

## Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Note	Amount in Taka	
		2021	2020
<b>A) Cash flows from operating activities</b>			
Interest received		6,854,718,430	8,128,968,111
Interest paid		(4,894,311,627)	(6,138,547,346)
Dividend received		101,762,506	80,661,146
Fees and commission received		1,735,279,682	860,265,355
Income from investment		1,034,038,580	186,814,914
Cash paid to employees (including directors)		(1,349,565,293)	(1,339,659,487)
Cash paid to suppliers		(127,556,129)	(126,186,037)
Income taxes paid		(369,967,038)	(174,843,967)
Received from other operating activities		442,823,800	357,956,746
Paid for other operating activities		(829,702,293)	(521,542,743)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>		<b>2,597,520,618</b>	<b>1,313,886,693</b>
<b>Increase/(decrease) in operating assets &amp; liabilities:</b>			
Loans and advances to customers		(4,398,761,847)	6,433,966,714
Other assets		(160,855,143)	10,895,012
Deposits from customers		545,943,850	235,381,380
Other liabilities		940,288,525	511,721,390
<b>Total increase/(decrease) in operating assets &amp; liabilities</b>		<b>(3,073,384,615)</b>	<b>7,191,964,495</b>
<b>Net cash flows from /(used in) operating activities</b>		<b>(475,863,997)</b>	<b>8,505,851,188</b>
<b>B) Cash flows from investing activities</b>			
Investment in securities		(1,675,059,537)	(135,102,623)
Treasury bills		203,635,595	(204,424,552)
Purchase of fixed assets		(200,443,791)	(175,738,539)
Sales proceeds of fixed assets		34,939,366	90,477,731
Investment in Perpetual bond		-	(500,000,000)
Investment in Discretionary corporate fund		(42,497,332)	(4,034,669)
Acquisition of shares from non-controlling interest		(2,500,000)	-
<b>Net cash flows from /(used in) investing activities</b>		<b>(1,681,925,698)</b>	<b>(928,822,653)</b>
<b>C) Cash flows from financing activities</b>			
Receipt of term loan, overdraft and REPO		3,655,421,669	(3,792,848,517)
Payment of lease liabilities-Vehicles		(6,529,231)	(6,540,811)
Payment of lease liabilities-Office premises		(138,615,761)	(230,252,930)
Transaction cost against share transfer (RJSC fee)		-	(3,000,000)
Dividend paid		(658,470,966)	(418,152,103)
<b>Net cash flows from/(used in) financing activities</b>		<b>2,851,805,711</b>	<b>(4,450,794,361)</b>
<b>D) Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>694,016,017</b>	<b>3,126,234,175</b>
<b>E) Effect of exchange rates on cash and cash equivalents</b>		<b>778</b>	<b>1,596</b>
<b>E) Cash and cash equivalents at the beginning of the year</b>		<b>12,336,095,774</b>	<b>9,209,860,003</b>
<b>F) Cash and cash equivalents at the end of the year</b>		<b>13,030,112,569</b>	<b>12,336,095,774</b>
<b>* Closing cash and cash-equivalents</b>			
Cash in hand (including foreign currencies)		1,790,951	1,341,797
Balance with Bangladesh Bank and its agent bank (s)		640,488,217	630,187,484
Balance with other banks and financial institutions		12,387,833,402	11,704,566,493
		<b>13,030,112,569</b>	<b>12,336,095,774</b>
<b>Net Operating Cash Flows Per Share - (NOCFPS)</b>	36	<b>(0.88)</b>	<b>15.79</b>

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


  
Director

  
Director

  
Managing Director

  
Company Secretary

  
Chief Financial Officer

  
Hussain Farhad & Co.  
Chartered Accountants

Dhaka,  
11 April 2022


## LankaBangla Finance Limited and its Subsidiaries

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2021


Particulars	Equity attributable to the shareholders of the Company							Non Controlling Interest	Total Equity
	Share Capital	Share Premium	Statutory Reserve	General Reserve	Capital Reserve	Retained Earnings	Total		
<b>Balance as at 01 January 2021</b>	5,388,386,230	1,090,888,800	1,927,779,298	45,409,424	-	1,593,921,220	10,046,384,972	177,127,178	10,223,512,150
<b>Items Involved in Changes in Equity</b>									
Changes in non-controlling interest	-	-	-	-	-	(1,528,863)	(1,528,863)	(971,137)	(2,500,000)
Net profit for the year	-	-	-	-	-	1,280,549,083	1,280,549,083	25,343,449	1,305,892,532
Appropriation to statutory reserve	-	-	121,800,532	5,427,945	-	(121,800,532)	-	-	-
Appropriation to general reserve	-	-	-	-	-	(5,427,945)	-	-	-
Capital Reserve	-	-	-	-	13,961,042	(13,961,042)	-	-	-
Dividend	-	-	-	-	-	-	-	-	-
Interim cash dividend (7.00%) for 2021 (from Subsidiary, LankaBangla Securities Limited)	-	-	-	-	-	-	-	(6,277,123)	(6,277,123)
Cash dividend (12.00%) for 2020	-	-	-	-	-	(646,606,348)	(646,606,348)	-	(646,606,348)
<b>Balance as at 31 December 2021</b>	<b>5,388,386,230</b>	<b>1,090,888,800</b>	<b>2,049,579,830</b>	<b>50,837,370</b>	<b>13,961,042</b>	<b>2,085,145,574</b>	<b>10,678,798,845</b>	<b>195,222,367</b>	<b>10,874,021,212</b>
<b>Balance as at 01 January 2020 (Before Restating)</b>	<b>5,131,796,410</b>	<b>1,090,888,800</b>	<b>1,762,635,872</b>	<b>49,919,671</b>	<b>-</b>	<b>1,447,088,731</b>	<b>9,482,329,484</b>	<b>172,699,883</b>	<b>9,655,029,367</b>
Transfer to Workers' Welfare and Welfare Foundation Fund	-	-	-	-	-	(47,809,919)	(47,809,919)	-	(47,809,919)
<b>Balance as at 01 January 2020 (Restated)</b>	<b>5,131,796,410</b>	<b>1,090,888,800</b>	<b>1,762,635,872</b>	<b>49,919,671</b>	<b>-</b>	<b>1,399,278,812</b>	<b>9,434,519,565</b>	<b>172,699,883</b>	<b>9,607,219,448</b>
<b>Items Involved in Changes in Equity</b>									
Changes in non-controlling interest	-	-	-	-	-	408	408	(408)	-
Net profit for the year	-	-	-	-	-	974,090,749	974,090,749	4,427,702	978,518,451
Transaction cost against right issue	-	-	-	-	-	(3,000,000)	(3,000,000)	-	(3,000,000)
Appropriation to statutory reserve	-	-	165,143,426	(4,510,247)	-	(165,143,426)	-	-	-
Appropriation to general reserve	-	-	-	-	-	4,510,247	-	-	-
Dividend	-	-	-	-	-	-	-	-	-
Stock dividend (5.00%) for 2019	256,589,820	-	-	-	-	(256,589,820)	-	-	-
Cash dividend (7.00%) for 2019	-	-	-	-	-	(359,225,749)	(359,225,749)	-	(359,225,749)
<b>Balance as at 31 December 2020</b>	<b>5,388,386,230</b>	<b>1,090,888,800</b>	<b>1,927,779,298</b>	<b>45,409,424</b>	<b>-</b>	<b>1,593,921,220</b>	<b>10,046,384,972</b>	<b>177,127,178</b>	<b>10,223,512,150</b>

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


  
Director


  
Director


  
Managing Director


  
Company Secretary


  
Chief Financial Officer
Dhaka,  
11 April 2022

## LankaBangla Finance Limited

**Balance Sheet**

As at 31 December 2021

	Notes	Amount in Taka	
		31.12.2021	31.12.2020
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>		<b>641,039,435</b>	<b>630,754,144</b>
Cash in hand (including foreign currencies)	3	551,219	566,660
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	4	640,488,217	630,187,484
<b>Balance with other banks and financial institutions</b>	5	<b>9,457,783,115</b>	<b>9,728,246,688</b>
Inside Bangladesh		9,457,783,115	9,728,246,688
Outside Bangladesh		-	-
<b>Money at call and short notice</b>		-	-
<b>Investment</b>	6	<b>3,883,387,151</b>	<b>3,025,772,386</b>
Government securities		31,100,325	229,908,878
Other investments		3,852,286,826	2,795,863,508
<b>Leases, loans and advances</b>	7	<b>58,775,033,963</b>	<b>54,709,353,488</b>
Loans, cash credit and overdraft etc.		58,775,033,963	54,709,353,488
Bills discounted and purchased		-	-
<b>Fixed assets including land, building, furniture and fixtures</b>	8	<b>1,669,211,812</b>	<b>1,718,099,868</b>
<b>Other assets</b>	9	<b>8,108,108,841</b>	<b>7,000,311,664</b>
<b>Non-Banking assets</b>		-	-
<b>TOTAL PROPERTY AND ASSETS</b>		<b>82,534,564,317</b>	<b>76,812,538,240</b>
<b>LIABILITY AND SHAREHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
<b>Borrowings from Bangladesh Bank, other banks and financial institutions</b>	10	<b>16,188,024,885</b>	<b>12,460,714,321</b>
<b>Deposits and other accounts</b>	11	<b>48,181,265,170</b>	<b>47,611,272,015</b>
Current deposits and other accounts		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits	11.1	48,005,899,020	47,427,812,939
Bearer certificate of deposits		-	-
Other deposits	11.2	175,366,150	183,459,076
<b>Other liabilities</b>	12	<b>7,091,391,169</b>	<b>6,292,849,018</b>
<b>TOTAL LIABILITIES</b>		<b>71,460,681,223</b>	<b>66,364,835,354</b>
<b>Shareholders' Equity</b>		<b>11,073,883,094</b>	<b>10,447,702,886</b>
Paid up capital	13	5,388,386,230	5,388,386,230
Statutory reserve	14	2,049,579,830	1,927,779,299
Retained earnings	15	1,954,062,260	2,113,466,481
Revaluation reserve for investment in subsidiaries	15A	1,681,854,774	1,018,070,876
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>82,534,564,317</b>	<b>76,812,538,240</b>
<b>Net asset value per share-(NAV) (restated 2020)</b>	35	<b>20.55</b>	<b>19.39</b>

	Notes	Amount in Taka	
		31.12.2021	31.12.2020
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>CONTINGENT LIABILITIES</b>			
Acceptances and endorsements		-	-
Letter of guarantee		152,979,637	-
Irrevocable letters of credit		-	-
Bill for collection		-	-
Other contingent liabilities		-	-
<b>TOTAL CONTINGENT LIABILITIES</b>		<b>152,979,637</b>	-
<b>OTHER COMMITMENTS</b>			
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		-	-
<b>TOTAL OTHER COMMITMENTS</b>		<b>-</b>	<b>-</b>
<b>TOTAL OFF BALANCE SHEET ITEMS</b>		<b>152,979,637</b>	<b>-</b>

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

  
Director

  
Director

  
Managing Director

  
Company Secretary

  
Chief Financial Officer

This is the balance sheet referred to in our separate report of even date.

Dhaka,  
11 April 2022  
DVC No. : 2204130452AS865003

  
Hussain Farhad & Co.  
Chartered Accountants





**Notes to Balance Sheet as at January 01, 2020**

**A) Other liabilities (Before Restating)**

Payable to Workers' Welfare Fund (WWF)

Payable to Workers' Welfare Foundation Fund (WWFF)

**Other liabilities (Restated)**

**B) Retained earnings (Before Restating)**

Payable to Workers' Welfare Fund (WWF)

Payable to Workers' Welfare Foundation Fund (WWFF)

**Retained earnings (Restated)**

\* 2020 figure is restated

		<b>6,655,430,108</b>
	23,904,960	
	23,904,960	47,809,919
		<b><u>6,703,240,027</u></b>
		<b>2,116,518,264</b>
	(23,904,960)	
	(23,904,960)	(47,809,919)
		<b><u>2,068,708,345</u></b>

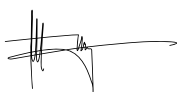
# LankaBangla Finance Limited

## Profit and Loss Account


For the year ended 31 December 2021

	Notes	Amount in Taka	
		2021	2020
<b>Operating Income</b>			
Interest income	17	6,375,552,378	7,628,152,436
Less : Interest expenses on deposits & borrowings	18	4,702,634,726	5,714,195,118
<b>Net interest income</b>		<b>1,672,917,652</b>	<b>1,913,957,318</b>
Income from investment	19	523,955,231	115,347,060
Commission, exchange and brokerage income	20	-	-
Other operational income	21	679,866,920	533,299,248
<b>Total operating income</b>		<b>2,876,739,803</b>	<b>2,562,603,626</b>
<b>Operating Expenses</b>			
Salary and allowances	22	882,581,049	898,066,403
Rent, taxes, insurance, electricity etc.	23	22,743,789	27,797,266
Legal and professional fees	24	24,840,453	27,386,792
Postage, stamp, telecommunication etc.	25	18,109,356	19,265,935
Stationery, printing, advertisement	26	33,836,840	26,487,822
Managing director's salary and allowance	27	17,154,000	15,479,000
Directors' fees and expenses	28	1,320,000	660,000
Auditors' fees	29	632,500	632,500
Repairs, maintenance and depreciation	30	251,659,716	308,927,557
Other expenses	31	376,333,332	321,611,232
<b>Total operating expenses</b>		<b>1,629,211,036</b>	<b>1,646,314,507</b>
<b>Net Operating Income</b>		<b>1,247,528,766</b>	<b>916,289,119</b>
<b>Provisions for loans, investments and other assets</b>	32	<b>547,666,834</b>	<b>(1,510,295)</b>
Provisions for leases and loans		575,447,876	121,432,439
Provision for diminution in value of investments		(30,810,839)	(122,942,734)
Provision for off-balance sheet exposure		1,529,796	-
General provision for other assets		1,500,000	-
<b>Profit before tax and reserve</b>		<b>699,861,932</b>	<b>917,799,415</b>
<b>Provision for tax</b>	33	<b>90,859,275</b>	<b>92,082,283</b>
Current tax		90,859,275	92,082,283
Deferred tax		-	-
<b>Net profit after tax</b>		<b>609,002,658</b>	<b>825,717,132</b>
<b>Appropriations</b>		<b>121,800,532</b>	<b>165,143,426</b>
Statutory reserve		121,800,532	165,143,426
General reserve		-	-
<b>Retained surplus</b>		<b>487,202,126</b>	<b>660,573,706</b>
<b>Earning per share (EPS)</b>	34	<b>1.13</b>	<b>1.53</b>

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



Director



Company Secretary



Director



Chief Financial Officer



Managing Director

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

Dhaka,  
11 April 2022  
DVC No. : 2204130452AS865003



**Hussain Farhad & Co.**  
Chartered Accountants

# LankaBangla Finance Limited

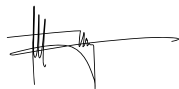
## Statement of Cash Flows

For the year ended 31 December 2021

	Amount in Taka	
	2021	2020
<b>A) Cash flows from operating activities</b>		
Interest received	6,321,004,445	7,607,211,672
Interest paid	(4,764,806,369)	(5,875,370,489)
Dividend received	61,746,001	31,696,189
Fees and commission received	425,409,982	328,711,828
Income from investment	258,858,311	55,218,482
Cash paid to employees (including directors)	(945,507,872)	(921,311,734)
Cash paid to suppliers	(157,778,055)	(67,961,649)
Income taxes paid	(122,967,580)	(67,769,720)
Received from other operating activities	249,481,625	192,485,267
Paid for other operating activities	(412,677,807)	(347,456,453)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>912,762,680</b>	<b>935,453,393</b>
<b>Increase/(decrease) in operating assets &amp; liabilities:</b>		
Loans and advances to customers	(3,877,752,775)	5,759,878,086
Other assets	(919,099)	(787,964)
Deposits from customers	569,993,154	716,309,505
Other liabilities	68,967,372	(101,743,734)
<b>Total Increase/(decrease) in operating assets &amp; liabilities</b>	<b>(3,239,711,348)</b>	<b>6,373,655,893</b>
<b>Net cash flows from /(used in) operating activities</b>	<b>(2,326,948,668)</b>	<b>7,309,109,286</b>
<b>B) Cash flows from investing activities</b>		
Investment in securities	(1,013,925,987)	102,039,580
Treasury bills	203,635,595	(204,424,552)
Purchase of fixed assets	(106,674,016)	(156,635,597)
Sales proceeds of fixed assets	25,991,059	100,301,650
Investment in discretionary corporate fund	(42,497,332)	(4,034,670)
Investment in Perpetual bond	-	(500,000,000)
Investment in subsidiaries	(2,500,000)	(453,000,000)
<b>Net cash flows from /(used in) investing activities</b>	<b>(935,970,681)</b>	<b>(1,115,753,589)</b>
<b>C) Cash flows from financing activities</b>		
Receipt of term loan, overdraft and REPO	3,752,059,089	(3,096,701,635)
Payment of lease liabilities-Vehicles	(3,534,012)	(3,608,595)
Payment of lease liabilities-Office premises	(87,313,823)	(205,371,362)
Dividend paid	(658,470,965)	(418,115,417)
<b>Net cash flows from/(used in) financing activities</b>	<b>3,002,740,289</b>	<b>(3,723,797,008)</b>
<b>D) Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>(260,179,060)</b>	<b>2,469,558,689</b>
<b>E) Effect of exchange rates on cash and cash equivalents</b>	<b>778</b>	<b>1,596</b>
<b>F) Cash and cash equivalents at the beginning of the year</b>	<b>10,359,000,833</b>	<b>7,889,440,548</b>
<b>G) Cash and cash equivalents at the end of the year</b>	<b>10,098,822,551</b>	<b>10,359,000,833</b>
<b>* Closing cash and cash-equivalents</b>		
Cash in hand (including foreign currencies)	551,219	566,660
Balance with Bangladesh Bank and its agent bank (s)	640,488,217	630,187,484
Balance with other banks and financial institutions	9,457,783,115	9,728,246,688
	<b>10,098,822,551</b>	<b>10,359,000,833</b>
<b>Net Operating Cash Flows Per Share - (NOCFPS)</b>	<b>(4.32)</b>	<b>13.56</b>

36

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



Director



Company Secretary



Director



Chief Financial Officer



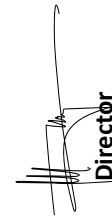
Managing Director

Dhaka,  
11 April 2022

LankaBangla Finance Limited  
**Statement of Changes in Equity**  
 For the year ended 31 December 2021

Particulars	Amount in Taka				
	Share Capital	Statutory Reserve	Revaluation Reserve	Retained Earnings	Total Equity
<b>Balance as at 01 January 2021</b>	5,388,386,230	1,927,779,299	1,018,070,876	2,113,466,481	10,447,702,886
<b>Items involved in changes in equity</b>					
Net profit for the year	-	-	-	609,002,658	609,002,658
Increase/(decrease) in revaluation reserve	-	-	663,783,899	-	663,783,899
Appropriation to statutory reserve	-	121,800,532	-	(121,800,532)	-
Cash dividend (12.00%) for 2020	-	-	-	(646,606,348)	(646,606,348)
<b>Balance as at 31 December 2021</b>	<b>5,388,386,230</b>	<b>2,049,579,830</b>	<b>1,681,854,774</b>	<b>1,954,062,260</b>	<b>11,073,883,094</b>
<b>Balance as at 01 January 2020 (Before Restating)</b>	<b>5,131,796,410</b>	<b>1,762,635,872</b>	<b>1,006,981,408</b>	<b>2,116,518,264</b>	<b>10,017,931,954</b>
Transfer to Workers' Welfare and Welfare Foundation Fund	-	-	-	(47,809,919)	(47,809,919)
<b>Balance as at 01 January 2020 (Restated)</b>	<b>5,131,796,410</b>	<b>1,762,635,872</b>	<b>1,006,981,408</b>	<b>2,068,708,345</b>	<b>9,970,122,035</b>
<b>Items involved in changes in equity</b>					
Net profit for the year	-	-	-	825,717,132	825,717,132
Increase/(decrease) in revaluation reserve	-	-	11,089,468	-	11,089,468
Appropriation to statutory reserve	-	165,143,426	-	(165,143,426)	-
Stock dividend (5.00%) for 2019	256,589,820	-	-	(256,589,820)	-
Cash dividend (7.00%) for 2019	-	-	-	(359,225,749)	(359,225,749)
<b>Balance as at 31 December 2020</b>	<b>5,388,386,230</b>	<b>1,927,779,299</b>	<b>1,018,070,876</b>	<b>2,113,466,481</b>	<b>10,447,702,886</b>

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

  
 Director

  
 Director

  
 Managing Director

  
 Company Secretary

  
 Chief Financial Officer

Dhaka,  
 11 April 2022

LankaBangla Finance Limited and its Subsidiaries  
**Consolidated Statement of Liquidity**  
 As at 31 December 2021

Particulars	Amount in Taka					
	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	above 5-years term	Total
<b>Assets</b>						
Cash in hand (including balance with Bangladesh Bank)	218,999,008	-	423,280,159	-	-	642,279,167
Balance with banks and financial institutions	6,328,104,231	4,504,839,427	1,554,889,743	-	-	12,387,833,402
Money at call and short notice	-	-	-	-	-	-
Investments	31,100,325	2,329,210,075	3,000,000,000	800,000,000	1,620,000,000	7,780,310,401
Leases, loans and advances	7,431,420,231	8,062,387,360	26,650,651,366	17,262,571,547	3,480,748,716	62,887,779,221
Fixed assets including land, building, furniture and fixtures	23,532,289	47,064,578	211,790,600	1,129,549,867.70	1,182,868,725	2,594,806,060
Other assets	29,158,812	2,072,209,694	532,472,668	-	-	2,633,841,173
Non-banking assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>14,062,314,896</b>	<b>17,015,711,134</b>	<b>32,373,084,537</b>	<b>19,192,121,414</b>	<b>6,283,617,442</b>	<b>88,926,849,424</b>
<b>Liabilities</b>						
Borrowing from other banks, financial institutions and agents	2,378,970,996	3,232,059,582	4,325,971,449	8,158,628,781	406,842,856	18,502,473,665
Deposits and other accounts	4,389,680,334	9,099,243,245	23,766,874,023	7,943,978,290	2,476,511,849	47,676,287,741
Other liabilities	2,049,033,957	1,521,683,848	1,970,841,327	4,369,764,739	1,962,742,935	11,874,066,806
<b>Total Liabilities</b>	<b>8,817,685,287</b>	<b>13,852,986,675</b>	<b>30,063,686,799</b>	<b>20,472,371,810</b>	<b>4,846,097,641</b>	<b>78,052,828,212</b>
<b>Net Liquidity Surplus or (Gap)</b>	<b>5,244,629,609</b>	<b>3,162,724,459</b>	<b>2,309,397,738</b>	<b>(1,280,250,396)</b>	<b>1,437,519,801</b>	<b>10,874,021,212</b>

LankaBangla Finance Limited  
**Statement of Liquidity**  
 As at 31 December 2021

Particulars	Amount in Taka					
	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	above 5-years term	Total
<b>Assets</b>						
Cash in hand (including balance with Bangladesh Bank)	217,759,276	-	423,280,159	-	-	641,039,435
Balance with banks and financial institutions	6,074,895,908	1,827,997,463	1,554,889,743	-	-	9,457,783,115
Money at call and short notice	-	-	-	-	-	-
Investments	31,100,325	1,432,286,826	-	800,000,000	1,620,000,000	3,883,387,151
Leases, loans and advances	3,318,674,973	7,762,387,360	26,350,651,366	17,862,571,547	3,480,748,716	58,775,033,963
Fixed assets including land, building, furniture and fixtures	16,342,100	32,684,200	147,078,900	784,420,798	688,685,815	1,669,211,812
Other assets	11,929,511	1,069,463,872	245,173,721	-	6,781,541,737	8,108,108,841
Non-banking assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>9,670,702,093</b>	<b>12,124,819,722</b>	<b>28,721,073,890</b>	<b>19,446,992,345</b>	<b>12,570,976,268</b>	<b>82,534,564,317</b>
<b>Liabilities</b>						
Borrowing from other banks, financial institutions and agents	2,343,164,089	1,404,077,187	4,242,995,049	7,908,178,057	289,610,502	16,188,024,885
Deposits and other accounts	4,489,736,070	9,126,743,245	24,138,941,716	7,949,332,290	2,476,511,849	48,181,265,170
Other liabilities	1,128,600,717	781,072,297	1,472,221,153	2,939,589,731	769,907,270	7,091,391,169
<b>Total Liabilities</b>	<b>7,961,500,876</b>	<b>11,311,892,729</b>	<b>29,854,157,919</b>	<b>18,797,100,078</b>	<b>3,536,029,621</b>	<b>71,460,681,223</b>
<b>Net Liquidity Surplus or (Gap)</b>	<b>1,709,201,216</b>	<b>812,926,992</b>	<b>(1,133,084,029)</b>	<b>649,892,267</b>	<b>9,034,946,647</b>	<b>11,073,883,094</b>

## LankaBangla Finance Limited and its Subsidiaries

**Notes to the Consolidated and Separate Financial Statements**

As at and for the year ended 31 December 2021

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

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

Sl. No.	Name of License	Registration of License	Date of License	Renewed up to
1.	Trade License	03-095082	-	2021-2022
2.	Bangladesh Bank License	DFIM(L)/15	30.10.1997	N/A
3.	Tax Identification Number (e-TIN)	750833446407	N/A	N/A
4.	Business Identification Number (BIN)	002056056-0101	N/A	N/A
5.	Import Registration Certificate	BA159696	01.01.2006	2021-2022
6.	DCCI Membership Certificate	2857	23.12.2008	2021
7.	Board of Investment	9803054-H	30.03.1998	N/A
8.	Registration Number	C-31702(823)/96	05.11.1996	N/A

**1.2 Subsidiary companies**

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

**1.2.1 LankaBangla Securities Limited**

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

**I) LankaBangla Information System Limited**

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

**II) BizBangla Media Limited**

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

**1.2.2 LankaBangla Investment Limited**

LankaBangla Investment Limited was incorporated as a private limited company with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-83568/10 dated 29 March 2010 under the Companies Act, 1994. Later on the company converted itself into a public limited company with effect from 12 June 2013. LankaBangla Investment Limited

also applied for registration to the Bangladesh Securities and Exchange Commission for approval to operate in the Capital Market. The ownership interest in the company has been disclosed in **note no. 1.2.4**.

### 1.2.3 LankaBangla Asset Management Company Limited

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

### 1.2.4 Group Structure of LankaBangla

Sl.	Name	Direct Ownership Interest	Indirect Ownership Interest	Total Ownership Interest
1	LankaBangla Securities Limited	92.3198229%	4.3469729%	96.6667958%
2	LankaBangla Investments Limited	99.9999975%	-	99.9999975%
3	LankaBangla Asset Management Company Limited	99.9998942%	-	99.9998942%
4	LankaBangla Information System Limited	-	96.4734622%	96.4734622%
5	BizBangla Media Limited	-	93.1728152%	93.1728152%

### 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, Corporate Financial Services etc.
- Fund based services include Lease Finance, Term Finance, Real Estate Finance, Hire Purchase, Credit Card Operation, SME Finance, Auto loan, Personal Loan, Emerging and Commercial, Syndication Finance, Revolving Credit, Loan against Deposit, Staff Loan etc.
- LankaBangla also provides brokerage services, Merchant Bank services and Asset Management Services through its majority owned subsidiary companies.

## 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 (IFRS<sup>1</sup>), the Companies Act 1994, the Financial Institutions Act 1993, the Securities and Exchange Rules 1987, the Listing Rules of Dhaka and Chittagong Stock Exchanges and other applicable laws and regulations.

In several cases, the laws, circulars, guidelines or directives of Bangladesh Bank differ from those of financial reporting standards as promulgated by International Accounting Standards 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 IFRS with a view to comply with the regulatory requirements .

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

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

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

### 2.2 Presentation of financial statements

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



excluded in preparing the financial statements.

### **2.3 Basis of measurement and consolidation**

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

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

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

### **2.4 Non-Controlling Interest**

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

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

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

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

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

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

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

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

Sl.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank/BSEC	Financial or Presentation Effect of the Departure
1	Measurement of provision for leases, loans, advances and margin loan assets (financial assets measured at amortized cost)	IFRS 9 "Financial Instruments"	<p>An entity shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.</p> <p>The objective of the impairment requirements is to recognize lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition - whether assessed on an individual or collective basis - considering all reasonable and supportable information, including that which is forward-looking.</p> <p>If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, an entity shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.</p> <p>Expected credit losses are a probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial instrument. For a financial asset, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.</p>	<p>As per FID circular No. 08 dated 03 August 2002, DFIM circular No. 04 dated 26 July 2021, DFIM circular No. 33 dated 19 December 2021 and DFIM letter ref. DFIM(P)1052/27/2022-23 dated 02 January 2022, a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans and SMA) 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>And As per circular of Bangladesh Securities and Exchange Commission circular # SEC/CMRRCD/2009-193/196, dated 28 December 2016, and circular# SEC/CMRRCD/2009-193/203) dated, 28 December 2017 and subsequent extension up to 2023 through press release on 16 July, 2020 the required provisions against unrealised loss for the year 2020 has been kept.</p>	<p>IFRS 09 requires a robust analysis to ascertain the extent of impairment related to credit risk of individual loan clients. It also requires probability ascertainment of various possible outcome to calculate the expected credit loss. It requires professionals to engage the unbiased judgement to measure the probability-weighted credit losses. Based on the mentioned facts, the amount of provision for leases, loans and advances couldn't be ascertained and the effect of departure too.</p> <p>However, in consolidated and separate Financial Statements, provision for leases, loans, advances have been charged for 2021 equivalent to BDT 575.45 million as per Bangladesh Bank guidelines among which BDT (206.81) million is general provision released on good loan. Also, as at 31 December 2021, accumulated provision kept for lease, loan and advances stand at BDT 2,301.75 million.</p> <p>And provision for margin loan has been charged BDT 293.34, accumulated provision kept BDT 797.63.</p>
2	Valuation of Investments in quoted and unquoted shares	IFRS 9 "Financial Instruments"	<p>IFRS9 requires all equity investments to be measured at fair value. At initial recognition an entity can make an irrevocable election to present in other comprehensive income subsequent changes in fair value of an investment in an equity instrument that is held for trading. In all other cases, investments in equity instruments measured at fair value are recognized through profit or loss.</p> <p>In limited circumstances, cost can be an appropriate estimate of fair value for investments in unquoted shares.</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>As on December 31, 2021, Market value of all shares of LankaBangla Finance Limited and Its subsidiaries was more than cost price. In this case, BDT 60.72 million profit would have been recognized in the profit and loss account as per IFRS 9 but as per Bangladesh Bank and BSEC guidelines no profit has been recognized in the profit and loss account.</p>

Sl.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank/BSEC	Financial or Presentation Effect of the Departure
3	Recognition of interest income for SMA and classified lease, loans and advances	IFRSS 9 "Financial Instruments"	Interest income is calculated by using the effective interest rate to the gross carrying amount of a financial asset except for financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired for which interest income is calculated by applying the effective rate to the carrying amount net of expected credit loss provision.	As per DFIM circular No. 04 dated 26 July 2021, once an investment on leases, loans and advances is termed as "Special Mention Account (SMA)" or "classified" (SS, DF, BL), interest income from such investments are not allowed to be recognized as income, rather the respective amount needs to be credited as a liability account like: interest suspense account.	As the facts mentioned in Serial no. 1, the expected credit losses couldn't be measured for the financial assets which have become credit impaired since initial recognition, interest income on such credit-impaired financial assets also couldn't be measured and the effect of departure too. However, at year end, in Consolidated Financial Statements interest suspense account has increased to BDT 1,053.25 million from 788.17 million resulting net increase of BDT 265.08 million of interest suspense. This amount has been shown in other liabilities in note 12.3, rather shown as interest income.
4	Loans and advances net of provision	IFRSS 9 "Financial Instruments"	Loan and advances shall be recognized net of impairment loss.	As per FID circular No. 08 dated 03 August 2002, DFIM circular No. 04 dated 26 July 2021, provision on loans and advance is presented separately as liability.	Loans and advance cannot be netted off against loan and advances.
5	Presentation of cash and cash equivalent	IAS 7 "Statement of Cash Flows"	Cash equivalent are short term, highly liquid investments that are readily convertible to known amounts of cash and only include those investments which are for a short tenure like: 3 months or less year. In the light of above, balance with Bangladesh Bank and fixed term deposits should be treated as investment asset rather than cash equivalent as it is illiquid asset and not available for use in day to day operations.	Bangladesh Bank has issued templates for financial statements vide DFIM Circular# 11 dated December 23, 2009 which will strictly be followed by all banks and NBFIs. The templates of financial statements provided detail of presentation of statement cash flows.	Presentation of financial statements is not fully aligned with the requirements of IAS. Thus items which should be presented as "investment activities" as per IAS is shown as cash & cash equivalent.
6	Measurement of deferred tax asset	IAS 12 "Income Tax"	A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.	As per DFIM circular No. 7 dated 31 July 2011, no deferred tax asset can be recognized for any deductible temporary difference against lease, loans and advances.	During this year there is no impact in the financial statements due to this departure as the Company has no taxable income in near future.

Sl.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank/BSEC	Financial or Presentation Effect of the Departure
7	Presentation and disclosure of Financial Statements and Financial Instruments	IAS 1 "Presentation of Financial Statements"  IAS 32 "Financial Instruments: Presentation"  IFRS 7 "Financial Instruments: Disclosure"	Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.  IAS 1 requires separate line item for intangible assets on the face of statement of financial position.  IAS 32 and IFRS 7 require specific presentation and disclosure relating to all financial instruments.	Bangladesh Bank has issued templates for financial statements vide DFIM Circular# 11 dated December 23, 2009 which will strictly be followed by all banks and NBFIs.  The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income allowed to include in a Single Profit and Loss Account.  Intangibles assets are not separately presented on the face of statement of financial position; rather it is presented along with the line item of fixed assets.  As per Bangladesh Bank guidelines, financial instruments are categorized, recognized and measured differently from those prescribed in IFRS 9. As such some disclosure and presentation requirements of IFRS 7 and IAS 32 have not been made in the accounts.	Presentation of financial statements is not fully aligned with all requirements of IAS/IFRS.  In separate financial statements, fair value gain of BDT 663.78 million would have been recognized in other comprehensive income against investment in subsidiaries;
8	Preparation of "Statement of Cash Flows"	IAS 7 "Statement of Cash Flows"	The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.	As per DFIM Circular-11, Date-23 December 2009, Cash flow statement has been guided by the Bangladesh Bank which is the mixture of direct and indirect method.	Presentation of financial statements is not fully aligned with all requirements of the IAS.
9	Current/Non-current distinction	IAS-1 "Presentation of Financial Statement"	As per Para 60 of IAS-1 "Presentation of Financial Statement" An entity shall present current and non-current assets and current and non-current liabilities as separate classification in its statement of financial position.	As per DFIM Circular-11, Date-23 December 2009, Bangladesh Bank has issued templates for financial statements which is applicable for all the Financial Institutions. In this templates there is no current and non-current segmentation of assets and liabilities	Presentation of financial statements is not fully aligned with all requirements of the IAS. Moreover, the liquidity statement shows the current/ non-current portion of assets and liabilities in this regards.

Sl.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank/BSEC	Financial or Presentation Effect of the Departure
10	Off-balance sheet items	IAS 1 "Presentation of Financial Statements"	There is no concept of off-balance sheet items in any IFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.	As per DFIM Circular-11, Date-23 December 2009, off balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet. As per DFIM circular No. 04 dated 26 July 2021, 1% general provision have to keep on outstanding balance of Off-balance sheet exposures.	Presentation of financial statements is not aligned with requirements of the IAS 1. Moreover, BDT 1.53 million general provision have been kept on outstanding balance of Off-balance sheet exposures
11	Complete set of financial statements	IAS 1 "Presentation of Financial Statements"	As per IAS 1 "Presentation of Financial Statements" complete set of financial statements are i) statement of financial position, ii) statement of profit or loss and other comprehensive income, iii) statement of changes in equity, iv) statement of cash flows, v) notes, comprising significant accounting policies and other explanatory information and vi) statement of financial position at the beginning of preceding year for retrospective restatement.	As per DFIM Circular-11, Date-23 December 2009, complete set of financial statements are i) balance sheet, ii) profit and loss account, iii) statement of cash flows, iv) statement of changes in equity, v) statement of liquidity, vi) notes, comprising significant accounting policies and other explanatory information.	Presentation of financial statements is not aligned with requirements of the IAS 1.  There is no financial impact for this departure in the financial statements.
12	Intangible asset	IAS 1 "Presentation of Financial Statements"	As per IAS 1 "Presentation of Financial Statements" para 54 the statement of financial position shall include separate line item for intangible assets.	As per DFIM Circular-11, Date-23 December 2009, there is no option for separate line item for intangible asset in the balance sheet.  We present intangible asset in the balance sheet as part of fixed assets and provide details in annexure-A as separate line item.	Presentation of financial statements is not aligned with requirements of the IAS 1.  There is no financial impact for this departure in the financial statements.
13	Fair value through other comprehensive income	IAS 1 "Presentation of Financial Statements"	As per IAS 1 "Presentation of Financial Statements, any change in revaluation reserve in long term investment are to be recognized in 'Other comprehensive income'.	As per DFIM Circular-11, Date-23 December 2009, complete set of financial statements does not contain 'Other comprehensive income' and thus any change in revaluation reserve will not be shown in 'Other comprehensive income'.	During the year, the OCI would show positive income of BDT 663.78 million if presented which would make total comprehensive income of BDT 1,272.79 million in separate financial statement.

## 2.6 Components of the financial statements

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

- a) Consolidated and Separate Balance Sheet as at 31 December 2021;
- b) Consolidated and Separate Balance Sheet as at 01 January 2020;
- c) Consolidated and Separate Profit and Loss Account for the year ended 31 December 2021;
- d) Consolidated and Separate Statement of Cash Flows for the year ended 31 December 2021;
- e) Consolidated and Separate Statement of Changes in Equity for the year ended 31 December 2021;
- f) Consolidated and Separate Liquidity Statement for the year ended 31 December 2021;
- g) Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021.

## 2.7 Presentation and functional currency and level of precision

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

## 2.8 Use of estimates and judgments

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

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

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

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

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

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

## Changes in accounting estimates

During the year 2021, the Company has not adopted any change of accounting estimates and consistently applies same accounting estimates for the year of 2020.

## 2.9 Changes in significant accounting policies and correction of errors

### 2.9.1 Changes in significant accounting policies

During the year 2021, the Company has not adopted any change of accounting estimates and consistently applies same accounting estimates for the year of 2020.

### 2.9.2 Correction of errors

#### 2.9.2.1 Provision for contribution to WWF & WWFF

During 2021, the Group discovered that contribution of BDT 47,809,919 to Workers' Welfare Fund (WWF) and Workers' Welfare Foundation Fund (WWFF) had not been accounted

for due to the absence of a guideline of the regulation in its financial statements from 2013 to 2018. As a consequence, other expenses and the related liabilities have been understated. The errors have been corrected by restating each of the affected financial statement line items for prior periods. The detail of the impact is shown below:

1 January 2020	Separate Balance Sheet		
	As previously reported	Adjustments	As restated
<b>Impact on Liabilities &amp; Equity</b>			
Other liabilities	6,655,430,108	47,809,919	6,703,240,027
Retained earnings	2,116,518,264	(47,809,919)	2,068,708,345
NAV	19.52	(0.09)	19.43

1 January 2020	Consolidated Balance Sheet		
	As previously reported	Adjustments	As restated
<b>Impact on Liabilities &amp; Equity</b>			
Other liabilities	9,140,721,458	47,809,919	9,188,531,377
Retained earnings	1,447,088,731	(47,809,919)	1,399,278,812
NAV	18.48	(0.09)	18.38

It is noteworthy to mention here that EPS for both 2020 and 2021 is unaffected due to all of these changes as all of these had been retrospectively applied.

## 2.10 Contingent asset and contingent liability

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

## 2.11 Going concern

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

## 2.12 Materiality and aggregation

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

## 2.13 Directors' responsibility statement

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

## 2.14 Statement of cash flows

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

## 2.15 Branch accounting

The Company has 27 branches, with no overseas branch as on 31 December 2021. Accounts of the branches are maintained at the Branch level, and consolidated through the Accounting software automatically in head office from which these accounts are drawn up.

## 2.16 Cash and cash equivalent

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

## 2.17 Investments

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

### 2.17.1 Investments in Government Treasury Bills and Bonds

As per IFRS-09 Financial assets are classified as either(i) Amortised cost (ii) Fair Value through profit or loss or (iii) Fair value through other comprehensive income. In case of valuation of investment in government bonds we have followed amortized cost method, as it meets both of the following assessment criteria:

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

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

### 2.17.2 Investments in listed securities

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

### 2.17.3 Investments in non-listed securities

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

### 2.17.4 Investments in subsidiaries

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

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

## 2.18 Accounting for leases

### Group acting as a lessee

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

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

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

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

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

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

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

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

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

The Group presents right-of-use assets in 'Fixed Assets including Land, Building, Furniture & Fixtures' and lease liabilities in



‘Borrowings from Bangladesh Bank, other banks & financial institutions’ in the statement of financial position.

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

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

#### **Group acting as a lessor**

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

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

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

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

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

### **2.19 Accounting for term finance**

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

### **2.20 Accounting for margin loan**

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

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

### **2.21 Financial liabilities**

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

### **2.22 Recognition of fixed assets**

#### **2.22.1 Assets acquired under own finance**

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

#### **2.22.2 Assets acquired under lease**

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

#### **2.22.3 Depreciation on fixed assets**

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

with IFRS 5 and the date that the asset is derecognized.

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

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

#### **2.22.4 Depreciation of right-of-use assets**

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

#### **2.22.5 Subsequent expenditure on fixed assets**

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

#### **2.22.6 Disposal of fixed assets**

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

#### **2.22.7 Intangible assets**

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets acquired separately are measured on initial recognition at cost and are carried at cost less accumulated amortization and accumulated impairment losses if any.

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

##### **Amortization**

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

##### **Subsequent expenditure**

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

#### **2.23 Other assets**

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

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

#### **2.24 Borrowings from Bangladesh Bank and other banks and financial institutions**

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

#### **2.25 Term deposits and other deposits accounts**

##### **2.25.1 Term Deposits**

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

##### **2.25.2 Other deposits**

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

**2.26 Provision for liabilities**

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

**2.27 Provision for leases, loans, advances and off-balance sheet exposures and other assets****2.27.1 Provision for leases, loans, advances and off-balance sheet exposure**

Generally, provision against unclassified (Standard to SMA) and classified (SS to BL) leases, loans, advances and Off-balance sheet exposures 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, DFIM circular No. 04 dated 26 July 2021, DFIM circular No. 33 dated 19 December 2021 and DFIM letter ref. DFIM(P)1052/27/2022-23 dated 02 January 2022. 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
<b>General Provision on: Unclassified leases, loans, advances</b>	
Unclassified of Cottage, Micro, Small & Medium Enterprise Financing (CMSMEF)	0.25%
Unclassified of leases, loans and advances except CMSMEF and FBMSD	1%
Unclassified of Financing to the Brokerage House/Merchant Banks/Stock Dealers etc. (FBMSD)	2%
Special general provision for COVID-19 (Payment by deferral) facilitated accounts	2%
Special Mention Account of leases, loans and advances (SMA)	5%
<b>Specific Provision On: Classified leases, loans, advances</b>	
Sub-standard of leases, loans and advances (SS)	20%
Doubtful of leases, loans and advances (DF)	50%
Bad/loss of leases, loans and advances (BL)	100%
<b>General Provision on: Off-Balance Sheet Exposure</b>	
Off-Balance Sheet Exposure	1%

See details in **Annexure- C**.

**2.27.2 Provision for other assets**

DFIM circular no. 10 dated 03 October 2021 requires a provision of 50% or 100% on outstanding balance of other assets which outstanding for one year or more or any unadjusted advance for legal fees or embezzling fund or protested bill.

LankaBangla maintains provisions in line with this circular unless it assesses there is no doubt of recovery on items of other assets in which case no provision is kept.

**2.28 Interest suspense account**

In compliance with Bangladesh Bank DFIM circular No. 04 dated 26 July 2021, DFIM circular No. 33 dated 19 December 2021 and DFIM letter ref. DFIM(P)1052/27/2022-23 dated 02 January 2022, interest income is not recognized as revenue and credited to interest suspense account.

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

See details in **Annexure- C**.

**2.29 Borrowing cost**

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

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

**2.30 Consistency**

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

**2.31 Liquidity statement**

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

- Balance with other banks and financial institutions, money at call and short notice etc. are on the basis of their term.
- Investments are on the basis of their residual maturity term.
- Loans and advances are on the basis of their repayment or maturity schedule.
- Fixed assets are on the basis of their useful lives.
- Other assets are on the basis of their adjustment.
- Borrowings from other banks and financial institutions as per their maturity or repayment term.
- Deposits and other accounts are on the basis of their maturity year and behavioral past trend.

- h) Other long term liability on the basis of their maturity term.
- i) Provisions and other liabilities are on the basis of their settlement.

### 2.32 Books of account

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

### 2.33 Foreign currency transaction

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

### 2.34 Revenue recognition

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

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

#### 2.34.1 Income from lease finance

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

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

#### 2.34.2 Interest income from term finance

Interest income is recognized when interest is accrued. No interest on loan (except mortgage loan and Short Term Finance) is accounted for as revenue where any portion of capital or interest is in arrears for more than 3 months for the loan tenure of which is within 5 years or where any portion of capital or interest is in arrears for more than 6 months for the loan tenure of which is more than 5 years. In case of mortgage loan, no interest on loan is accounted for as revenue where any portion of capital or interest is in arrears for more than 9 months. 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 2 months. Moreover, the amounts that were previously recognized as revenue in respect of such outstanding loans are also transferred from lease income to interest suspense account.

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

#### 2.34.3 Interest income from credit cards

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

#### 2.34.4 Interest income from fixed deposit receipts

Interest on fixed deposit receipts is recognized on accrual basis.

#### 2.34.5 Investment income

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

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

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

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

#### 2.34.6 Portfolio management fee

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

#### 2.34.7 Issue Management and Corporate Advisory Fee

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

#### 2.34.8 Fees and commission based income

Fees and commission based income arising on services provided by the company are recognized when the performance obligations are satisfied and the amount of the transaction price is allocated to the performance obligations.

**2.34.9 Other income**

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

**2.35 Write off**

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

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

**2.36 Operating expenses**

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

**2.36.1 Salary and allowances**

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

**2.37 Employee benefit plans**

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

**2.37.1 Provident fund**

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

**2.37.2 Gratuity fund**

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

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

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

**2.37.3 Profit participation scheme**

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

**2.37.4 Group life insurance scheme and health insurance**

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

**2.37.5 Employees home loan scheme**

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

**2.38 Corporate tax**

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

**a. Current tax**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively

enacted at the balance sheet date, and any adjustment to tax payable in respect of prior years. Provision for taxation for the year ended 31 December 2021 has been made on the basis of the provisions of the Income Tax Ordinance 1984 and the Finance Act 2021. For the purpose of these financial statements, the current tax rate will be applicable, which are mentioned below:

Name of the Company	Tax Rates
LankaBangla Finance Limited	37.50%
LankaBangla Securities Limited	30.00%
LankaBangla Investment Limited	37.50%
LankaBangla Asset Management Company Limited	30.00%
LankaBangla Information System Limited	Tax Exempted
BizBangla Media Limited	30.00%

#### b. Deferred tax

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

#### 2.39 Legal proceedings

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

#### 2.40 Earnings per Share (EPS)

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

##### Basic earnings

This represents earnings for the year ended on 31 December 2021 attributable to the ordinary shareholders.

##### Weighted average number of ordinary shares outstanding during the year

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

##### Basic earnings per share

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

##### Diluted earnings per share

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

#### 2.41 Credit rating

Credit Rating Agency of Bangladesh Ltd. (CRAB) has rated the Company on 19 July 2021 with "AA<sub>3</sub>" (Pronounced as AA Three) in the long term and ST-2 for the short term based on audited financial of FY2020 and other available information up to the date of rating declaration. The outlook on the rating is Stable. This rating will be valid till June 30, 2022.

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

#### 2.42 Impairment of assets

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

#### 2.43 Statutory reserve

The Financial Institutions Act 1993 requires the Company to transfer 20% of its current year's profit after tax to reserve

until such reserve equals to its paid up capital.

**2.44 General reserve**

As per Bangladesh Securities and Exchange Commission (BSEC) notification no. BSEC/CMRRCD/2017-357/221/Admin/89 dated 22 May 2019, LankaBangla Securities has kept 1.00% general reserve on outstanding margin loan provided to the client against marketable securities. Add or adjustment with the general reserve will depend on the size of the outstanding margin loan for the respective year.

**2.45 Capital reserve**

As per Bangladesh Securities and Exchange Commission's (BSEC) notification no. BSEC/CMRRCD/2017-357/221/Admin/89 dated 22 May 2019, LankaBangla Securities has maintained 10% provision (Commenced from 2021) on the last year's profit after tax as Capital Reserve and the full amount of such reserve shall be accounted for in computing total capital.

**2.46 Revaluation reserve**

Due to subsidiaries' investment measured at fair value through other comprehensive income (FVTOCI) (as per IFRS-09), Revaluation reserve arose from the difference between Cost price and Fair value of subsidiary investment.

**2.47 Events after the Reporting Period**

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

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

**2.48 Assortment of Statutory Audit Report with Information of Document Verification System (DVS) developed by ICAB**

As per the prerequisite of DFIM circular no. 08 dated 17 August 2021, the company collects and keeps as records the Statutory Audit Report where required at the time of disbursement and renewal of loan. Furthermore, in conformity to the circular to assort the report with the Document Verification System's (DVS) information, an application has been put forth to the Institute of Chartered Accountants of Bangladesh (ICAB) seeking access to DVS system for verification, which the company is yet to have received till the reporting date.

**2.49 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.

**2.50 BASEL II and its implementation**

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

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

**2.51 Financial risk management**

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

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

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

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

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

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

#### **A. Credit risk**

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

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

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

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

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

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

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

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

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

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

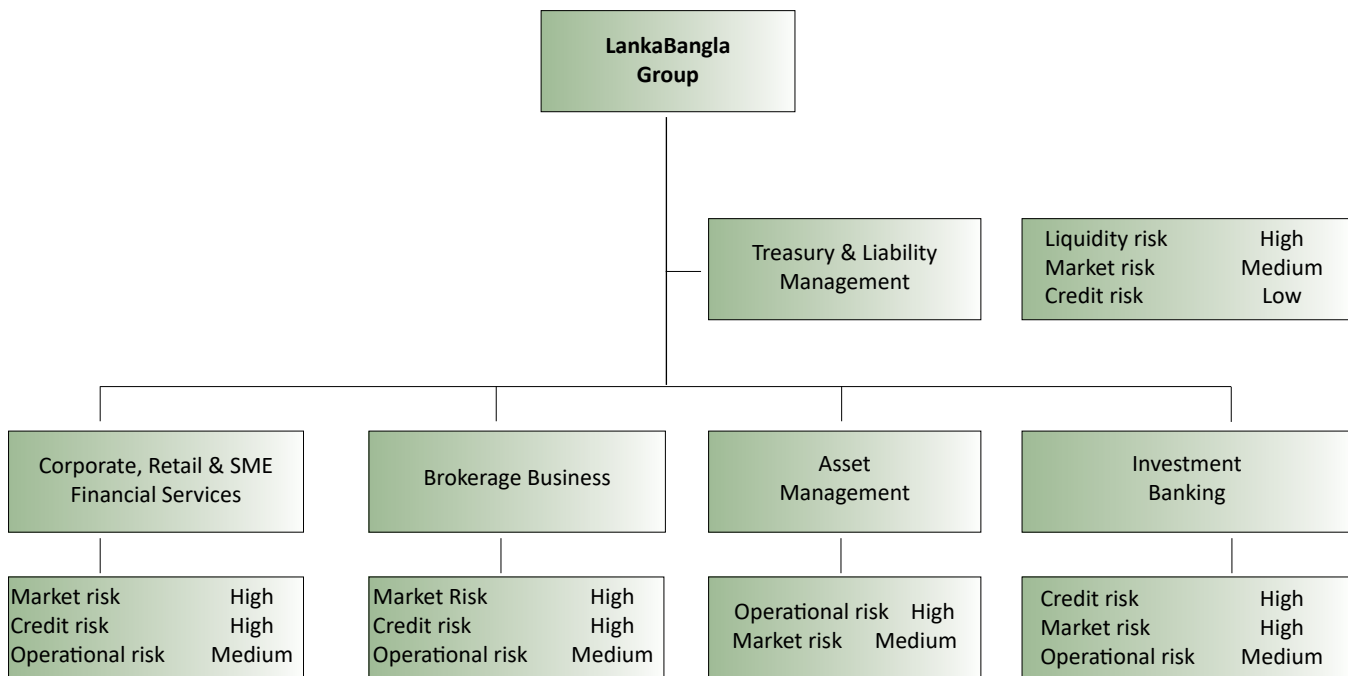
The Group writes off a loan or an investment debt security balance, and any related allowances for impairment losses, when Group Credit determines that the loan or security is uncollectible. This determination is made after considering information such as the occurrence of significant changes in the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

#### **B. Liquidity Risk**

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

The Group's Board of Directors sets the Group's strategy for managing liquidity risk and delegates the responsibility for the oversight of the implementation of this policy to ALCO. ALCO approves the Group's liquidity policies and procedures. Treasury division manages the Group's liquidity position on a day-to day basis and reviews daily reports covering the





liquidity position of the Group. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

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

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

### C. Market Risk

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

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

### D. Operational risks

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

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

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

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

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

#### **E. Anti- money laundering and terrorist financing risk**

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

- i) Business Risk which is the risk that LBFL may be used for money laundering or for the financing terrorism and
  - ii) Regulatory risk which is the risk that LBFL fails to meet regulatory obligations under the Money Laundering Prevention Act, 2012 (subsequently amended in 2015) and Anti-Terrorism Act 2009 (subsequently amended in 2021 and 2013)
- To mitigate the risk, LBFL while adhering to various guidelines and circulars issued by the Bangladesh Financial Intelligence Unit (BFIU), has in place a strict compliance program consisting of the following components:
- a) Internal policies, procedures and controls which are continually updated as and when required
  - b) A dedicated structure and sub-structure within the organization
  - c) Appointment of Chief Anti-Money Laundering Compliance officer, Deputy Chief Anti-Money Laundering Compliance officer and Branch Chief Anti-Money Laundering Compliance officer.
  - d) Independent audit functions and Self-Assessment Program by respective Branches;
  - e) Ongoing employee training program.

#### **2.52 Segments**

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

#### **2.53 Comparative figures**

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

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

#### **2.54 Date of authorization**

The Board of Directors has authorized these financial statements for public issue on 11 April 2022.

**2.52 Compliance of International Financial Reporting Standards (IFRS)**

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

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

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
<b>3. Cash in hand</b>				
See accounting policy in note (2.16)				
Local currency	1,790,951	1,341,797	551,219	566,660
Foreign currency	-	-	-	-
	<b>1,790,951</b>	<b>1,341,797</b>	<b>551,219</b>	<b>566,660</b>
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.				
<b>4. Balance with Bangladesh Bank and its agent banks</b>				
See accounting policy in note (2.16)				
Local currency	640,488,217	630,187,484	640,488,217	630,187,484
Foreign currency	-	-	-	-
	<b>640,488,217</b>	<b>630,187,484</b>	<b>640,488,217</b>	<b>630,187,484</b>
Balance with Bangladesh Bank has been maintained as Cash Reserve Requirement (CRR) of Bangladesh Bank through non-interest bearing current account.				
<b>4.1 Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)</b>				
Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with Financial Institution Act, 1993, Financial Institution Regulations 1994 and DFIM Circular No. 03 dated 21 June 2020				
<b>Cash reserve requirement ( CRR) 1.5%</b>				
Cash Reserve Requirement (CRR) has been calculated at the rate of 1.5% 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).				
Required reserve (1.50%)	634,920,239	602,193,539	634,920,239	602,193,539
Actual reserve held (2021: 1.58%, 2020: 1.59%)	668,529,609	638,684,502	668,529,609	638,684,502
<b>Surplus/(deficit) (2021: 0.08%, 2020: 0.09%)</b>	<b>33,609,370</b>	<b>36,490,964</b>	<b>33,609,370</b>	<b>36,490,964</b>
<b>Statutory Liquidity Requirements ( SLR) 5.00%</b>				
Statutory Liquidity Reserve (SLR) has been calculated at the rate of 5.0% on total liabilities, including CRR of 1.5% on Total Term Deposit. SLR is maintained in liquid assets in the form of cash in hand (notes and coin in BDT), balance with Bangladesh Bank and other banks and financial institutions, investment at call, unencumbered treasury bill, prize bond, savings certificate and any other assets approved by Bangladesh Bank.				
Total required reserve (5%)	2,268,300,320	2,159,463,854	2,268,300,320	2,159,463,854
Actual reserve held (2021: 5.07%, 2020: 5.05%)	2,299,837,371	2,180,577,329	2,299,837,371	2,180,577,329
<b>Total surplus/(deficit) (2021: 0.07%, 2020: 0.05%)</b>	<b>31,537,050</b>	<b>21,113,475</b>	<b>31,537,050</b>	<b>21,113,475</b>
<b>5. Balance with other banks and financial institutions</b>				
See accounting policy in note (2.16)				
<b>Inside of Bangladesh</b>				
Local Currency				
Non interest bearing current account (Note - 5.1)	73,516,910	188,909,710	73,516,910	188,909,710
Interest bearing short term deposit account (Note - 5.2)	8,530,932,432	7,670,478,047	5,660,470,733	5,801,181,181
Fixed deposit receipt account (Note - 5.3)	3,783,252,418	3,845,047,870	3,723,663,830	3,738,024,932
	<b>12,387,701,759</b>	<b>11,704,435,628</b>	<b>9,457,651,473</b>	<b>9,728,115,823</b>
Foreign Currency				
Dhaka Bank Ltd.-USD A/C (Exchange Rate Tk. 85.80)	93,556	92,629	93,556	92,629
Dhaka Bank Ltd.-POUND A/C (Exchange Rate Tk. 115.74)	30,764	30,428	30,764	30,428
Dhaka Bank Ltd.-EURO A/C (Exchange Rate Tk.97.4002)	7,323	7,808	7,323	7,808
	<b>131,643</b>	<b>130,865</b>	<b>131,643</b>	<b>130,865</b>
	<b>12,387,833,402</b>	<b>11,704,566,493</b>	<b>9,457,783,115</b>	<b>9,728,246,688</b>
<b>Outside of Bangladesh</b>				
	-	-	-	-
	<b>12,387,833,402</b>	<b>11,704,566,493</b>	<b>9,457,783,115</b>	<b>9,728,246,688</b>

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
<b>5.1 Non interest bearing current account</b>				
Bank Asia Limited	1	390	1	390
BRAC Bank Limited	2,968,805	2,592,409	2,968,805	2,592,409
Community Bank Bangladesh Limited	39,397	99,959,770	39,397	99,959,770
Dhaka Bank Limited	71,442	41,376	71,442	41,376
Dutch Bangla Bank Limited	1,666	2,001	1,666	2,001
Eastern Bank Limited	60,020	32,252	60,020	32,252
Exim Bank Limited	1,000	1,000	1,000	1,000
First Security Islami Bank Limited	287,980	600,049	287,980	600,049
Mercantile Bank Limited	13,720,202	12,360,851	13,720,202	12,360,851
Mutual Trust Bank Limited	8,139	42,184	8,139	42,184
NRB Bank Limited	255	255	255	255
ONE Bank Limited	1,361,736	1,696,547	1,361,736	1,696,547
Prime Bank Limited	471	471	471	471
Standard Chartered Bank	53,209,770	69,109,561	53,209,770	69,109,561
Sonali Bank Limited	5,000	-	5,000	-
The Premier Bank Ltd.	5,015	6,725	5,015	6,725
Trust Bank Limited	1,775,541	2,463,595	1,775,541	2,463,595
United Commercial Bank Limited	471	276	471	276
	<b>73,516,910</b>	<b>188,909,710</b>	<b>73,516,910</b>	<b>188,909,710</b>
<b>5.2 Interest bearing short term deposit account</b>				
AB Bank Limited	5,884,118	7,637,593	5,884,118	7,637,593
Agrani Bank Limited	32,769,280	-	32,769,280	-
Bank Asia Limited	37,979,735	35,650,006	37,979,735	35,650,006
BASIC Bank Limited	7,783	10,612	7,783	10,612
Bangladesh Development Bank Limited	38,932	314,034	-	-
Commercial Bank of Ceylon	469,381,270	12,247,937	452,448,491	-
Dhaka Bank Limited	1,930,067,709	575,523,813	1,901,651,915	575,523,813
Dutch Bangla Bank Limited	38,282,182	7,567,412	38,282,182	7,567,412
Eastern Bank Limited	984,696	9,326,727	984,696	9,326,727
Exim Bank Limited	1,642,774	64,502	1,642,774	64,502
Jamuna Bank Limited	663	1,800	663	1,800
Meghna Bank Limited	307	997	-	-
Mercantile Bank Limited	972,538,469	710,655,204	972,538,469	710,655,204
Midland Bank Limited	122,582	36,666	40,246	33,518
Mutual Trust Bank Limited	1,364,089	369,089	1,364,089	369,089
NRB Bank Limited	664,233,399	847,274,849	664,233,399	847,274,849
National Credit & Commerce Bank Ltd	424,972,996	3,389,293,004	324,383,478	3,120,667,197
ONE Bank Limited	3,586,206,399	1,969,727,271	1,184,258,016	431,916,852
Prime Bank Limited	4,623,000	422,975	4,623,000	422,975
Shahajalal Islami Bank Limited	1,435,336	4,989,845	480,125	746,090
Social Islami Bank Limited	47,819	134,310	-	-
Sonali Bank Limited	276,863	663,832	-	-
South Bangla Agriculture & Commerce Bank	4,023,434	13,710	-	-
Standard Bank Limited	17,913	119,089	-	-
Standard Chartered Bank	322,470,660	64,266,270	5,338,249	19,146,443
The City Bank Limited	11,765,398	21,996,015	11,765,398	21,996,015
The Premier Bank Limited	7,989,704	10,314,729	7,989,704	10,314,729
United Commercial Bank Limited	6,037,322	1,588,277	6,037,322	1,588,277
Woori Bank	5,767,601	267,479	5,767,601	267,479
	<b>8,530,932,432</b>	<b>7,670,478,047</b>	<b>5,660,470,733</b>	<b>5,801,181,181</b>

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
<b>5.3 Fixed deposit receipt account</b>				
Janata Bank Limited	-	100,000,000	-	100,000,000
Agrani Bank Limited	1,150,000,000	900,000,000	1,150,000,000	900,000,000
Dhaka Bank Limited	400,000,000	-	400,000,000	-
Mercantile Bank Limited	462,050,000	312,050,000	462,050,000	312,050,000
National Credit and Commerce Bank Limited	-	610,254,806	-	610,254,806
One Bank Limited	524,583,239	571,091,863	522,583,239	519,416,863
Sonali Bank Limited	821,620,600	933,700,000	821,620,600	933,700,000
Social Islami Bank Limited	1,054,000	-	-	-
Standard Chartered Bank	56,534,587	55,347,938	-	-
The Premier Bank Limited	77,409,991	72,603,262	77,409,991	72,603,262
Union Capital Limited	290,000,000	290,000,000	290,000,000	290,000,000
	<b>3,783,252,418</b>	<b>3,845,047,870</b>	<b>3,723,663,830</b>	<b>3,738,024,932</b>
Disclosures in compliance to the FID Circular # 6, dated 06 November 2003 of the Bangladesh Bank consist of the following:				
<b>5.4 Maturity grouping of balance with other banks and financial institutions</b>				
Up to 1 month	6,328,104,231	8,595,917,266	6,074,895,908	6,619,599,966
Over 1 month but not more than 3 months	4,504,839,427	1,328,416,863	1,827,997,463	1,328,416,863
Over 3 months but not more than 6 months	518,296,581	593,410,788	518,296,581	593,409,953
Over 6 months but not more than 1 year	1,036,593,162	1,186,821,576	1,036,593,162	1,186,819,906
Over 1 year but not more than 5 years	-	-	-	-
Over 5 years	-	-	-	-
	<b>12,387,833,402</b>	<b>11,704,566,493</b>	<b>9,457,783,115</b>	<b>9,728,246,688</b>
<b>6 Investment</b>				
See accounting policy in note (2.17)				
<b>Government securities</b>	<b>31,100,325</b>	<b>229,908,878</b>	<b>31,100,325</b>	<b>229,908,878</b>
Treasury bills	-	198,303,844	-	198,303,844
Treasury Bonds	31,100,325	31,605,034	31,100,325	31,605,034
<b>Other investments</b>	<b>7,749,210,076</b>	<b>6,031,653,207</b>	<b>3,852,286,826</b>	<b>2,795,863,508</b>
Non marketable shares and mutual funds (Note - 6.1)	272,635,162	267,639,492	113,437,292	113,437,292
Non marketable preference shares	1,120,000,000	-	1,120,000,000	-
Marketable shares and mutual funds (Note - 6.2)	4,808,218,679	4,258,154,812	1,070,493,300	1,176,567,313
Investment in Perpetual bond	500,000,000	500,000,000	500,000,000	500,000,000
Investment in Subordinated bond	800,000,000	800,000,000	800,000,000	800,000,000
Discretionary corporate fund-LBAMCOL Maximizer	248,356,235	205,858,903	248,356,235	205,858,903
	<b>7,780,310,401</b>	<b>6,261,562,085</b>	<b>3,883,387,151</b>	<b>3,025,772,386</b>
<b>Investment is Designated as follows:</b>				
Held for Trading	3,782,285,355	2,844,384,785	889,178,966	830,160,941
Held to Maturity	2,451,100,325	1,529,908,878	2,451,100,325	1,529,908,878
Available for Sale	1,274,289,559	1,619,628,931	429,670,568	552,265,275
Others	272,635,162	267,639,492	113,437,292	113,437,292
	<b>7,780,310,401</b>	<b>6,261,562,085</b>	<b>3,883,387,151</b>	<b>3,025,772,386</b>
<b>6.1 Non marketable shares and mutual funds</b>				
Non marketable shares (Note - 6.1.1)	160,404,320	105,776,050	21,569,450	21,569,450
Non marketable mutual funds (Note - 6.1.2)	112,230,842	161,863,442	91,867,842	91,867,842
	<b>272,635,162</b>	<b>267,639,492</b>	<b>113,437,292</b>	<b>113,437,292</b>

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
<b>6.1.1 Non marketable shares</b>				
BD Venture Limited	20,000,000	20,000,000	20,000,000	20,000,000
Base Textiles Limited	30,000,000	-	-	-
BD Thai Food and Beverage Ind Limited (IPO)	637,500	-	-	-
Bengal Meat Processing Industries Limited	50,000,000	50,000,000	-	-
Central Depository (Bangladesh) Limited	1,569,450	1,569,450	1,569,450	1,569,450
Chittagong Stock Exchange Limited*	5,000,000	5,000,000	-	-
Dhaka Stock Exchange Limited*	8,704,500	8,704,500	-	-
Financial Excellence Limited	3,000,000	3,000,000	-	-
Index Agro Industries Ltd (IPO)	-	5,003,200	-	-
Mir Akhter Hossain Ltd (IPO)	-	12,498,900	-	-
Beximco Sukuk Al Istinsa (IPO)	20,000,000	-	-	-
Union Insurance Company Limited	92,870	-	-	-
Union Bank Limited (IPO)	21,400,000	-	-	-
	<b>160,404,320</b>	<b>105,776,050</b>	<b>21,569,450</b>	<b>21,569,450</b>
<b>6.1.2 Non marketable mutual funds</b>				
CAPM Unit Fund	2,000,000	2,000,000	2,000,000	2,000,000
EDGE Bangladesh Mutual Fund	-	9,995,600	-	-
LankaBangla 1st PE Fund	10,000,000	30,000,000	-	-
LBAMC Al-Arafah Shariah Unit Fund	39,867,842	69,867,842	39,867,842	39,867,842
LankaBangla 1st Balanced Unit Fund	50,000,000	50,000,000	50,000,000	50,000,000
LB Gratuity Welth Builders Fund	10,363,000	-	-	-
	<b>112,230,842</b>	<b>161,863,442</b>	<b>91,867,842</b>	<b>91,867,842</b>

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

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

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

## 6.2 Marketable shares and mutual funds

Bank	121,740,677	109,681,313	41,265,240	20,927,624
Cement	120,606,923	101,611,176	32,165,238	40,440,307
Engineering	312,602,334	138,329,272	42,693,946	50,802,897
Food and Allied	135,599,199	197,655,639	91,639,518	93,126,765
Fuel and Power	625,460,784	433,057,761	161,179,574	102,835,466
Insurance	33,398,375	83,363,551	4,277,795	11,156,760
IT Sector	155,854,635	354,663,516	16,023,964	52,869,140
Miscellaneous	31,833,673	23,955,824	14,245,869	23,955,824
Mutual Funds	24,577,008	5,470,845	24,272,600	-
Non-Bank Financial Institutions	819,868,327	824,483,088	300,855,209	320,250,209
Paper & Printing	51,395,936	55,270,418	51,395,936	55,270,418
Pharmaceuticals and Chemicals	1,481,926,809	1,020,269,608	104,680,111	185,561,663
Services & Real Estate	14,706,783	30,708,061	-	25,075,555
Tannery Industries	13,373,759	19,915,487	-	19,915,487
Telecommunication	568,043,130	363,389,953	185,787,660	2,712,530
Textile	297,230,328	496,311,537	10,641	171,666,667
Travel & Leisure	-	17,764	-	-
	<b>4,808,218,679</b>	<b>4,258,154,812</b>	<b>1,070,493,300</b>	<b>1,176,567,313</b>

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

Investments in non-marketable shares are valued at cost due to fair value cannot be measured reliably.

\*As at 31 December 2021 there was Tk. 106,401,648 (Gross unrealized gain was Tk. 34,331,331 and gross unrealized loss was Tk. 140,732,979) net unrealized loss of LankaBangla Finance Limited and there was 111,545,121 net unrealized loss of LankaBangla Group on investment in marketable shares and mutual funds which is charged through profit and loss account in compliance with the DFIM circular No. 11 dated; 19 September, 2011 and DFIM Circular No.02, dated; January 31, 2012 issued by Bangladesh Bank and reference no. বিএসসি/স্বাখপত্র (৩য় খণ্ড)/২০১১/৬০ dated; 19 December 2018 and BSEC/SRI/Policy/3/2020/68 issued by BSEC.

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
<b>6.3 Strategic classification of investment in shares</b>				
Strategic investment in shares	1,025,933,324	1,413,770,027	181,314,333	346,406,371
Non-strategic investment in shares	3,782,285,355	2,844,384,785	889,178,966	830,160,941
	<b>4,808,218,679</b>	<b>4,258,154,812</b>	<b>1,070,493,300</b>	<b>1,176,567,313</b>
<b>6.4 Maturity wise grouping of investments</b>				
Up to 01 Month	31,100,325	404,471,291	31,100,325	229,908,878
More than 01 Month to 03 Months	2,329,210,075	1,795,863,508	1,432,286,826	1,290,004,604
More than 03 Month to 01 Years	3,000,000,000	1,409,553,637	-	205,858,903
More than 01 Year to 05 Years	800,000,000	1,871,673,644	800,000,000	520,000,000
More than 05 Years	1,620,000,000	780,000,005	1,620,000,000	780,000,000
	<b>7,780,310,401</b>	<b>6,261,562,085</b>	<b>3,883,387,151</b>	<b>3,025,772,386</b>
<b>7 Leases, loans and advances</b>				
Loans , cash credit and overdraft etc. (Note - 7.1)	62,887,779,221	58,472,232,776	58,775,033,963	54,709,353,488
Bills discounted and purchased	-	-	-	-
	<b>62,887,779,221</b>	<b>58,472,232,776</b>	<b>58,775,033,963</b>	<b>54,709,353,488</b>
<b>7.1 Loans , cash credit and overdraft etc.</b>				
See accounting policy in note (2.18), (2.19) and (2.20)				
<b>Corporate finance</b>				
Lease finance	2,748,688,252	3,485,352,326	2,748,688,252	3,485,352,326
Secured Overdraft	4,926,163	401,175	4,926,163	401,175
Short term finance	1,659,948,534	1,456,670,472	1,659,948,534	1,456,670,472
Term loan to subsidiaries (Note - 7.1.1)	-	-	1,677,790,661	1,786,235,718
Term loan	12,396,172,819	9,476,271,393	12,396,172,819	9,476,271,393
Syndication finance	239,518,490	242,008,380	239,518,490	242,008,380
	<b>17,049,254,258</b>	<b>14,660,703,746</b>	<b>18,727,044,919</b>	<b>16,446,939,464</b>
<b>Retail finance</b>				
Auto loan (Note - 7.1.2)	2,952,055,025	2,577,784,095	2,952,055,025	2,577,517,463
Credit card receivables (Note - 7.1.3)	4,487,918,071	3,994,654,436	4,487,918,071	3,994,654,436
Home loan (Note - 7.1.4)	9,697,504,853	10,321,155,006	9,697,504,853	10,321,155,006
Personal loan (Note - 7.1.5)	3,222,264,597	3,698,721,242	3,216,049,706	3,690,976,978
	<b>20,359,742,545</b>	<b>20,592,314,779</b>	<b>20,353,527,655</b>	<b>20,584,303,883</b>
<b>SME finance</b>				
Term loan	12,380,607,380	10,432,054,798	12,380,607,380	10,432,054,798
Lease finance	2,403,498,468	2,627,702,349	2,403,498,468	2,627,702,349
Auto loan	1,582,877,962	1,935,871,283	1,582,877,962	1,935,871,283
Emerging and commercial	1,847,178,176	1,225,236,560	1,847,178,176	1,225,236,560
Loan against deposit	259,521,552	8,235,505	259,521,552	8,235,505
Home Loan	448,821,776	696,020,773	448,821,776	696,020,773
Real state developer finance	35,628,950	36,070,950	35,628,950	36,070,950
Secured Overdraft	841	13,761,506	841	13,761,506
Short term loan	416,016,461	410,197,572	416,016,461	410,197,572
Syndication finance	305,580,262	275,414,548	305,580,262	275,414,548
Work order finance	14,729,560	17,544,300	14,729,560	17,544,300
	<b>19,694,461,389</b>	<b>17,678,110,142</b>	<b>19,694,461,389</b>	<b>17,678,110,142</b>
<b>Others</b>				
Debit balance of share trading clients	5,259,031,226	4,698,404,044	-	-
Margin loan to share trading clients	525,289,803	842,700,065	-	-
	<b>5,784,321,029</b>	<b>5,541,104,109</b>	-	-
	<b>62,887,779,221</b>	<b>58,472,232,776</b>	<b>58,775,033,963</b>	<b>54,709,353,488</b>
<b>Place of disbursement</b>				
In Bangladesh	62,887,779,221	58,472,232,776	58,775,033,963	54,709,353,488
Outside of Bangladesh	-	-	-	-
	<b>62,887,779,221</b>	<b>58,472,232,776</b>	<b>58,775,033,963</b>	<b>54,709,353,488</b>



	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
<b>7.1.1 Term loan to subsidiaries</b>				
Term loan to subsidiaries				
LankaBangla Investments Limited	-	-	1,636,615,450	1,696,615,450
LankaBangla Securities Limited	-	-	41,175,211	89,620,268
	-	-	<b>1,677,790,661</b>	<b>1,786,235,718</b>
<b>7.1.2 Auto Loan</b>				
Commercial loan	2,877,806,655	2,507,514,252	2,877,806,655	2,507,514,252
Staff loan	74,248,370	70,269,843	74,248,370	70,003,211
	<b>2,952,055,025</b>	<b>2,577,784,095</b>	<b>2,952,055,025</b>	<b>2,577,517,463</b>
<b>7.1.3 Credit card receivables</b>				
Master card	2,824,079,027	2,447,463,462	2,824,079,027	2,447,463,462
VISA card	1,173,496,647	1,110,532,042	1,173,496,647	1,110,532,042
Master card ezyipay	375,487,096	322,354,615	375,487,096	322,354,615
VISA card ezyipay	114,855,300	114,304,317	114,855,300	114,304,317
	<b>4,487,918,071</b>	<b>3,994,654,436</b>	<b>4,487,918,071</b>	<b>3,994,654,436</b>
<b>7.1.4 Home loan</b>				
Bangladesh Bank refinance loan	263,716,446	313,519,386	263,716,446	313,519,386
Commercial loan	9,166,954,153	9,733,709,815	9,166,954,153	9,733,709,815
Staff loan	266,834,254	273,925,805	266,834,254	273,925,805
	<b>9,697,504,853</b>	<b>10,321,155,006</b>	<b>9,697,504,853</b>	<b>10,321,155,006</b>
<b>7.1.5 Personal Loan</b>				
Loan against deposit	478,445,312	542,087,090	478,445,312	542,087,090
Term loan	2,643,936,447	3,051,006,888	2,643,936,447	3,051,006,888
Staff loan	99,882,838	105,627,264	93,667,947	97,883,000
	<b>3,222,264,597</b>	<b>3,698,721,242</b>	<b>3,216,049,706</b>	<b>3,690,976,978</b>
<b>7.1.6 Maturity wise grouping of leases, loans and advances</b>				
On demand	7,431,420,231	4,078,125,254	3,318,674,973	3,782,458,342
Not more than 3 months	8,062,387,360	10,076,938,713	7,762,387,360	9,092,826,907
More than 03 month to 01 years	26,650,651,366	29,235,101,773	26,350,651,366	27,080,194,369
More than 01 year to 05 years	17,262,571,547	11,609,437,862	17,862,571,547	11,103,049,951
More than 05 years	3,480,748,716	3,472,629,175	3,480,748,716	3,650,823,920
	<b>62,887,779,221</b>	<b>58,472,232,776</b>	<b>58,775,033,963</b>	<b>54,709,353,488</b>
<b>7.1.7 Classification wise leases, loans and advances</b>				
<b>Unclassified</b>				
Standard (UC)	58,106,358,183	55,165,533,954	53,993,612,925	51,402,654,666
Special Mention Accounts (SMA)	922,402,899	735,292,745	922,402,899	735,292,745
	<b>59,028,761,082</b>	<b>55,900,826,698</b>	<b>54,916,015,824</b>	<b>52,137,947,411</b>
<b>Classified</b>				
Sub-standard (SS)	417,210,326	274,105,336	417,210,326	274,105,336
Doubtful (DF)	818,661,817	658,274,343	818,661,817	658,274,343
Bad/loss (BL)	2,623,145,995	1,639,026,399	2,623,145,995	1,639,026,399
	<b>3,859,018,138</b>	<b>2,571,406,077</b>	<b>3,859,018,138</b>	<b>2,571,406,077</b>
	<b>62,887,779,221</b>	<b>58,472,232,776</b>	<b>58,775,033,963</b>	<b>54,709,353,488</b>
<b>See details in annexure-C</b>				
<b>Leases, Loans and advances on the basis of significant concentration</b>				
a) Loans, advances and lease to the institutions in which Directors have interest	-	-	1,677,790,661	1,786,235,718
b) Loans, advances and lease to Chief Executive and other senior executives	79,418,113	77,341,318	79,418,113	77,341,318

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
<b>c) Loans, advances and lease to customer groups:</b>				
i) Real estate finance	9,166,954,153	9,733,709,815	9,166,954,153	9,733,709,815
ii) Car loan	2,877,806,655	2,507,514,252	2,877,806,655	2,507,514,252
iii) Personal loan	2,643,936,447	3,051,006,888	2,643,936,447	3,051,006,888
iv) Loan against deposits (LAD)	478,445,312	542,087,090	478,445,312	542,087,090
v) Small and medium enterprises	19,694,461,389	17,678,110,142	19,694,461,389	17,678,110,142
vi) Special program loan (Bangladesh Bank refinancing scheme)	263,716,446	313,519,386	263,716,446	313,519,386
vii) Staff loan	440,965,461	449,822,912	434,750,571	441,812,016
viii) Industrial loans, advances and leases	17,049,254,258	14,660,703,746	18,727,044,919	16,446,939,464
ix) Other loans and advances	10,272,239,100	9,535,758,546	4,487,918,071	3,994,654,436
	<b>62,887,779,221</b>	<b>58,472,232,776</b>	<b>58,775,033,963</b>	<b>54,709,353,488</b>
<b>d) Details of industrial loans, advances and leases</b>				
<b>1 Trade and commerce</b>	<b>9,156,506,512</b>	<b>6,863,138,281</b>	<b>9,156,506,512</b>	<b>6,863,138,281</b>
<b>2 Industry</b>				
A. Garments & Knitwear	2,872,202,156	2,820,975,102	2,872,202,156	2,820,975,102
B. Textiles	1,420,272,407	1,456,989,282	1,420,272,407	1,456,989,282
C. Food Production, Processing & Rice Mills	5,686,297,269	4,901,284,348	5,686,297,269	4,901,284,348
D. Jute & Jute products	108,388,574	246,427,000	108,388,574	246,427,000
E. Plastic & Rubber Industry	353,473,830	589,289,482	353,473,830	589,289,482
F. Leather & Leather goods	239,702,958	307,759,525	239,702,958	307,759,525
G. Iron, Steel & Engineering	2,051,384,463	1,713,077,666	2,051,384,463	1,713,077,666
H. Pharmaceuticals & Chemicals	684,616,781	646,307,024	684,616,781	646,307,024
I. Cement & Allied Industry	1,720,543,480	1,635,206,613	1,720,543,480	1,635,206,613
J. Paper, Packaging, Printing, Publishing & Allied Industry	473,462,344	485,811,646	473,462,344	485,811,646
K. Wood, Furniture & Fixture	86,528,236	58,404,799	86,528,236	58,404,799
L. Glass, Glassware & Ceramic Industry	2,527,558	10,215,081	2,527,558	10,215,081
M. Ship Manufacturing & Breaking	-	-	-	-
N. Electronics & Electrical Products	1,229,621,601	696,049,033	1,229,621,601	696,049,033
O. Power, Gas, Petroleum, Water & Sanitary	858,193,157	1,200,983,771	858,193,157	1,200,983,771
P. Transport & Aviation	2,417,729,002	2,408,136,246	2,417,729,002	2,408,136,246
Q. Others	-	-	-	-
<b>3 Agriculture</b>				
A. Crops	-	-	-	-
B. Forestry	3,614,331	1,990,543	3,614,331	1,990,543
C. Poultry & Livestock	169,632,185	740,777,120	169,632,185	740,777,120
D. Fisheries	-	-	-	-
E. Others (Cold Storage, Biofuel, Seed, Feed, Agri-related Other Institutions & Services)	723,547,247	9,586,197	723,547,247	9,586,197
<b>4 Mining &amp; Quarrying</b>	4,148,465	9,018,825	4,148,465	9,018,825
<b>5 Housing</b>				
A. Individual/Retail Housing	9,430,670,599	10,047,229,201	9,430,670,599	10,047,229,201
B. Project/Commercial Housing	-	-	-	-
<b>6 Financial Corporation</b>				
A. Bank	-	-	-	-
B. Financial Institution	-	-	-	-
C. Insurance Company	1,696,963	3,659,432	1,696,963	3,659,432
D. NGO	1,501,460,709	1,139,969,897	1,501,460,709	1,139,969,897
E. Audit & Accounting firm	11,251,192	6,798,336	11,251,192	6,798,336
F. Credit Rating Agency	-	-	-	-
G. Merchant Banking	-	-	-	-
i. Loans to Own Subsidiaries	-	-	1,677,790,661	1,786,235,718
ii. Loans to Other FI/Bank Subsidiaries	-	-	-	-
iii. Loans to Brokerage House	247,026,784	261,937,127	247,026,784	261,937,127
H. Other Financial Auxiliaries	841	-	841	-

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
<b>7 Service</b>				
A. Education, Career & Training (Institutional), Consultancy Supervisory	370,877,425	273,272,184	370,877,425	273,272,184
B. Tourism, Hospitality & Logistics	1,113,357,043	1,113,836,428	1,113,357,043	1,113,836,428
C. Health Sector	1,241,821,428	753,940,800	1,241,821,428	753,940,800
D. Media, Advertising & Event Management	92,420,564	43,353,633	92,420,564	43,353,633
E. Beautification & Gym	3,409,410	1,380,114	3,409,410	1,380,114
F. Tailoring & Laundry	4,635,473	2,800,249	4,635,473	2,800,249
G. Private Survey Institution	-	-	-	-
H. Restaurant Service, Catering & Online Food Supplier	49,004,231	47,999,226	49,004,231	47,999,226
I. Telecommunication & Information Technology	1,022,000,035	827,853,692	1,022,000,035	827,853,692
J. Others	998,936,528	1,099,310,401	998,936,528	1,099,310,401
<b>8 Consumer Finance</b>				
A. Personal Loan	2,650,151,337	3,431,627,805	2,643,936,447	3,423,616,909
B. Auto Loan	2,690,739,044	2,452,559,366	2,690,739,044	2,452,559,366
C. Employee/Staff Loan	445,242,645	458,041,686	445,242,645	458,041,686
D. Credit Card	4,487,918,071	3,994,654,436	4,487,918,071	3,994,654,436
E. Loan Against Deposit	478,445,312	169,477,070	478,445,312	169,477,070
<b>9 Others</b>	5,784,321,029	5,541,104,109	-	-
	<b>62,887,779,220</b>	<b>58,472,232,776</b>	<b>58,775,033,963</b>	<b>54,709,353,488</b>
<b>7.1.8 Particulars of loans, advances and leases</b>				
i) Loan considered good in respect of which the Bank/ FI is fully secured	35,866,948,666	26,784,226,942	37,544,739,327	28,570,462,660
ii) Loan considered good for which the Bank/FI holds no other security than the debtor's personal security.	10,278,453,991	9,543,769,442	4,487,918,071	3,994,654,436
iii) Loan considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	16,742,376,564	22,144,236,392	16,742,376,564	22,144,236,392
iv) Loan adversely classified for which no provision is created.	-	-	-	-
	<b>62,887,779,220</b>	<b>58,472,232,776</b>	<b>58,775,033,962</b>	<b>54,709,353,488</b>
v) Loan due by directors or officers of the Bank/ FI or any of them either jointly or separately with any other persons.	440,965,461	449,822,912	434,750,571	441,812,016
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.	-	-	1,677,790,661	1,786,235,718
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.	152,494,573	114,432,831	152,494,573	114,432,831
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	-	-	-	-

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
x) Information in respect of classified loans and advances:				
a) Classified loans for which interest/ profit not credited to income	3,859,018,138	2,571,406,077	3,859,018,138	2,571,406,077
b) Amount of provision kept against loans classified as bad/ loss as at the Balance Sheet date	1,443,005,155	788,361,339	1,443,005,155	788,361,339
	<b>5,302,023,293</b>	<b>3,359,767,417</b>	<b>5,302,023,293</b>	<b>3,359,767,417</b>
c) Amount of interest credited to the interest suspense account	265,079,191	41,941,645	265,079,191	41,941,645
xi) Cumulative amount of written off loans:				
Opening Balance	2,605,050,273	2,322,684,719	1,198,467,118	933,755,208
Amount written off during the year	266,321,953	286,663,031	95,178,851	269,009,387
Amount received from written off during the year	(22,726,395)	(4,297,477)	(22,726,395)	(4,297,477)
Balance of written off loans and advances yet to be recovered	<b>2,848,645,831</b>	<b>2,605,050,273</b>	<b>1,270,919,574</b>	<b>1,198,467,118</b>
The amount of written off loans for which law suits have been filed.				
<b>Leases, Loans, and advances -geographical location-wise</b>				
<b>Inside Bangladesh</b>				
<b>Urban</b>				
Dhaka	44,099,382,987	42,512,472,859	40,912,271,173	39,470,829,879
Chittagong	10,804,354,976	9,699,961,696	10,096,496,900	9,116,158,356
Sylhet	706,177,774	638,373,957	585,092,383	549,294,828
Jessore	1,382,767,667	1,281,552,805	1,382,767,667	1,281,552,805
Narshindi	406,615,214	291,167,974	406,615,214	291,167,974
Comilla	537,230,930	407,738,296	472,570,174	375,420,935
Bogra	773,591,092	734,579,711	773,591,092	734,579,711
Barisal	322,466,975	276,544,340	320,541,240	276,516,484
Khulna	338,661,165	322,090,834	338,661,165	322,090,834
Mymensingh	992,787,956	855,940,252	992,787,956	855,940,252
Narayangonj	697,864,831	337,589,503	667,878,069	321,580,879
Rajshahi	352,638,499	309,400,542	352,638,499	309,400,542
Feni	116,724	-	-	-
Chowmuhani	232,000,208	125,293,007	232,000,208	125,293,007
Dinajpur	376,868,897	201,095,214	376,868,897	201,095,214
Gazipur	384,227,233	191,875,017	384,227,233	191,875,017
Faridpur	197,397,283	187,444,567	197,397,283	187,444,567
Habiganj	133,759,955	36,469,592	133,759,955	36,469,592
Kushtia	148,868,853	62,642,612	148,868,853	62,642,612
	<b>62,887,779,221</b>	<b>58,472,232,776</b>	<b>58,775,033,963</b>	<b>54,709,353,488</b>
<b>Outside Bangladesh</b>				
	<b>62,887,779,221</b>	<b>58,472,232,776</b>	<b>58,775,033,963</b>	<b>54,709,353,488</b>
<b>8. Fixed assets including land, building, furniture and fixtures</b>				
See accounting policy in note (2.22)				
Freehold assets (Note - 8.1)	1,646,569,405	1,668,192,151	897,610,620	930,885,683
Intangible assets (Note - 8.2)	174,550,209	371,845,228	121,632,283	116,582,829
Capital Work in Progress (CWIP) (Note - 8.3)	460,399,404	444,188,531	460,399,404	444,188,531
Right-of-use assets (Note - 8.4)	313,287,042	293,062,831	189,569,505	226,442,825
	<b>2,594,806,060</b>	<b>2,777,288,742</b>	<b>1,669,211,812</b>	<b>1,718,099,868</b>
<b>Details are given in Annexure - A and Annexure - B</b>				
<b>8.1 Freehold assets</b>				
Land (Note - 8.1.1)	787,519,083	787,519,083	787,519,083	787,519,083
Freehold asset other than land (Note - 8.1.2)	859,050,323	880,673,069	110,091,537	143,366,601
	<b>1,646,569,405</b>	<b>1,668,192,151</b>	<b>897,610,620</b>	<b>930,885,683</b>

		LankaBangla Group		LankaBangla Finance Limited	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
		Taka	Taka	Taka	Taka
<b>8.1.1</b>	<b>Land</b>				
	Opening Balance	787,519,083	787,519,083	787,519,083	787,519,083
	Add : Addition/(Disposal) during the year	-	-	-	-
		787,519,083	787,519,083	787,519,083	787,519,083
	Less: Sales/ adjustment during the year	-	-	-	-
		<b>787,519,083</b>	<b>787,519,083</b>	<b>787,519,083</b>	<b>787,519,083</b>
<b>8.1.2</b>	<b>Freehold asset other than land</b>				
	<b>A. Cost</b>				
	Opening Balance	1,613,620,914	1,636,051,792	640,325,899	654,949,904
	Add : Addition during the year	97,932,555	31,466,989	51,238,643	17,664,047
		1,711,553,468	1,667,518,781	691,564,542	672,613,951
	Less: Sales/ disposal during the year	70,195,580	53,897,867	58,094,409	32,288,052
		1,641,357,888	1,613,620,914	633,470,133	640,325,899
	<b>B. Accumulated depreciation</b>				
	Opening Balance	732,947,845	639,697,081	496,959,298	421,416,235
	Add : Charged during the year	117,416,859	136,721,843	84,213,313	101,681,055
		850,364,704	776,418,924	581,172,611	523,097,290
	Less: Adjusted during the year	68,057,138	43,471,080	57,794,015	26,137,993
		782,307,566	732,947,845	523,378,596	496,959,298
	<b>C. Written down value Total (A-B)</b>	<b>859,050,323</b>	<b>880,673,069</b>	<b>110,091,537</b>	<b>143,366,601</b>
<b>8.2</b>	<b>Intangible assets</b>				
	Goodwill (Note - 8.2.1)	-	234,143,286	-	-
	System Software (Note - 8.2.2)	174,550,209	137,701,942	121,632,283	116,582,829
		<b>174,550,209</b>	<b>371,845,228</b>	<b>121,632,283</b>	<b>116,582,829</b>
<b>8.2.1</b>	<b>Goodwill*</b>				
	Opening Balance	234,143,286	234,143,286	-	-
	Add: Addition during the year	-	-	-	-
		234,143,286	234,143,286	-	-
	Less : Impairment during the year	234,143,286	-	-	-
		-	<b>234,143,286</b>	-	-
	*Intangible asset (goodwill) arises in LankaBangla Securities Limited (Consolidated FS) as a result of initial acquisition of 80% shares of BizBangla Media Ltd (BBML). by LankaBangla Securities Limited as on 31 May 2015. Currently, LankaBangla Securities Ltd. hold 96.39% shares of BizBangla Media Ltd. The Carrying amount was BDT 234,143,286				
	Impairment testing has been done in 2021 and found that recoverable amount is less than the carrying amount. Therefore, the entire goodwill has been impaired and recognized in profit or loss in statement of comprehensive income.				
<b>8.2.2</b>	<b>System software</b>				
	<b>A. Cost</b>				
	Opening Balance	402,510,916	345,377,598	270,284,160	218,450,842
	Add: Addition during the year	86,300,363	57,133,318	39,224,500	51,833,318
		488,811,279	402,510,916	309,508,660	270,284,160
	Less: Adjustment during the year	1,043,330	-	-	-
		487,767,949	402,510,916	309,508,660	270,284,160
	<b>B. Accumulated amortization</b>				
	Opening Balance	264,808,974	211,448,821	153,701,331	114,777,144
	Less : Amortized during the year	49,452,096	53,360,153	34,175,046	38,924,187
		314,261,070	264,808,974	187,876,377	153,701,331
	Less: Adjustment during the year	1,043,330	-	-	-
		313,217,740	264,808,974	187,876,377	153,701,331
	<b>C. Written down value</b>	<b>174,550,209</b>	<b>137,701,942</b>	<b>121,632,283</b>	<b>116,582,829</b>
<b>8.3</b>	<b>Capital Work in Progress (CWIP)</b>				
	Capital Work in Progress-Tangible Assets (Note - 8.3.1)	460,399,404	444,188,531	460,399,404	444,188,531
	Capital Work in Progress-Intangible Assets (Note - 8.3.2)	-	-	-	-
		<b>460,399,404</b>	<b>444,188,531</b>	<b>460,399,404</b>	<b>444,188,531</b>

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
<b>8.03.1 Capital Work in Progress-Tangible Assets</b>				
Opening balance	444,188,531	326,493,714	444,188,531	326,493,714
Add: Addition during the year	16,210,873	117,694,817	16,210,873	117,694,817
Less: Transfer to Freehold assets	-	-	-	-
	<b>460,399,404</b>	<b>444,188,531</b>	<b>460,399,404</b>	<b>444,188,531</b>
<b>8.03.2 Capital Work in Progress-Intangible Assets</b>				
Opening balance	-	30,556,585	-	30,556,585
Add: Addition during the year	-	-	-	-
Less: Transfer to Intangible Assets	-	30,556,585	-	30,556,585
	-	-	-	-
Capital Work in Progress-Tangible Assets include amounts paid for construction of building for LankaBangla Head Office. Capital Work in Progress-Intangible Assets - IFS ERP software was capitalized during the year 2020.				
<b>8.4 Right-of-use Assets</b>				
<b>Right-of-use Assets</b>				
Right-of-use Assets-Vehicles (Note - 8.4.1)	4,984,064	10,833,870	1,780,241	4,796,241
Right-of-use Assets-Office premises (Note - 8.4.2)	308,302,977	282,228,961	187,789,264	221,646,584
	<b>313,287,042</b>	<b>293,062,831</b>	<b>189,569,505</b>	<b>226,442,825</b>
<b>8.4.1 Right-of-use Assets-Vehicles</b>				
<b>A. Cost</b>				
Opening Balance	55,752,908	51,566,000	24,857,000	24,857,000
Add: Addition during the year	-	4,186,908	-	-
	55,752,908	55,752,908	24,857,000	24,857,000
Less: Adjusted during the year	1,400,000	-	-	-
	<b>54,352,908</b>	<b>55,752,908</b>	<b>24,857,000</b>	<b>24,857,000</b>
<b>B. Accumulated amortization</b>				
Opening Balance	44,919,038	38,649,122	20,060,759	16,766,375
Add : Charged during the year	5,482,805	6,269,916	3,016,000	3,294,384
	50,401,843	44,919,038	23,076,759	20,060,759
Less: Adjustment during the year	1,032,999	-	-	-
	<b>49,368,844</b>	<b>44,919,038</b>	<b>23,076,759</b>	<b>20,060,759</b>
<b>C. Written down value</b>	<b>4,984,064</b>	<b>10,833,870</b>	<b>1,780,241</b>	<b>4,796,241</b>
<b>8.4.2 Right-of-use Assets-Office premises</b>				
<b>A. Cost</b>				
Opening Balance	398,131,057	508,719,556	305,067,968	397,782,866
Add: Addition during the year	171,688,566	166,679,363	61,679,113	150,674,820
	569,819,622	675,398,919	366,747,081	548,457,685
Less: Adjusted during the year	104,333,547	277,267,862	61,137,770	243,389,717
	<b>465,486,075</b>	<b>398,131,057</b>	<b>305,609,312</b>	<b>305,067,968</b>
<b>B. Accumulated amortization</b>				
Opening Balance	115,902,095	169,434,022	83,421,384	125,188,340
Add : Charged during the year	118,717,529	148,411,959	74,700,841	115,264,321
	234,619,624	317,845,982	158,122,225	240,452,661
Less: Adjustment during the year	77,436,527	201,943,886	40,302,177	157,031,277
	<b>157,183,098</b>	<b>115,902,095</b>	<b>117,820,047</b>	<b>83,421,384</b>
<b>C. Written down value</b>	<b>308,302,977</b>	<b>282,228,961</b>	<b>187,789,264</b>	<b>221,646,584</b>
IFRS 16 has been implemented on 1 January 2019 . See accounting policy in note 2.18.				
<b>9. Other assets</b>				
See accounting policy in note (2.23 and 2.17.4)				
<b>Non income generating assets</b>				
Advances and prepayments (Note - 9.1)	<b>2,300,881,904</b>	<b>1,733,996,492</b>	<b>1,195,822,687</b>	<b>808,746,522</b>
<b>Income generating assets</b>	<b>332,959,269</b>	<b>254,270,267</b>	<b>6,912,286,154</b>	<b>6,191,565,143</b>
Interest and other receivables (Note - 9.2)	332,959,269	254,270,267	130,744,416	76,307,304
Investment in subsidiaries (at fair value as per IFRS 9)	-	-	6,781,541,737	6,115,257,839
LankaBangla Securities Limited	-	-	4,968,689,775	4,663,676,050
LankaBangla Investments Limited	-	-	824,868,130	500,406,975
LankaBangla Asset Management Company Limited	-	-	987,983,832	951,174,813
	<b>2,633,841,173</b>	<b>1,988,266,759</b>	<b>8,108,108,841</b>	<b>7,000,311,664</b>

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
<b>9.1 Advances and Prepayments</b>				
Advance office rent	40,009,880	50,203,347	27,576,315	39,006,720
Advance for expenses	35,662,631	32,705,782	30,070,790	20,557,813
Advance insurance premium	9,265,388	7,091,233	5,229,081	3,270,036
Advance to suppliers and others	98,390,326	34,659,796	98,390,326	34,659,796
Advance income tax*	1,795,253,055	1,425,286,017	748,304,249	625,336,668
Advance interest payment	2,612,076	1,787,818	2,612,076	1,787,818
Security and other deposit receivable	36,459,339	34,271,086	5,337,477	6,418,917
Advance for bank guarantee margin	437,709	110,208	-	-
Prepayments and others (Note - 9.1.1)	282,791,500	147,881,205	278,302,373	77,708,753
	<b>2,300,881,904</b>	<b>1,733,996,492</b>	<b>1,195,822,687</b>	<b>808,746,522</b>

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

#### 9.1.1 Prepayments and others

Receivables against share trading	-	-	22,084,144	5,025,983
Receivables DSE and CSE	94,468,125	23,295,466	-	-
Deferred tax asset (Note -9.1.1.1)	22,563,883	22,856,182	20,670,433	20,670,433
Dividend receivable	137,943,265	60,861,697	213,775,618	15,140,919
Inventory	15,427,581	28,797,146	13,761,187	28,304,313
Other receivable	12,388,646	12,070,715	8,010,991	8,567,106
	<b>282,791,500</b>	<b>147,881,205</b>	<b>278,302,373</b>	<b>77,708,753</b>

#### 9.1.1.1 Deferred tax asset

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

Particulars	Accounting base carrying amounts	Tax base amounts	Deductible/ (Taxable) temporary difference
<b>Deferred tax asset is arrived at as follows</b>			
<b>Assets:</b>			
Fixed assets net of depreciation including leased hold assets as on 31 December 2021	110,091,537	502,478,673	392,387,136
Right-of-use Assets - Office premises	189,569,505	-	(189,569,505)
<b>Liabilities:</b>			
Employee gratuity as on 31 December 2021	29,437,093	-	29,437,093
Lease liability - Office premises	210,331,243	-	210,331,243
<b>Total</b>	<b>539,429,379</b>	<b>502,478,673</b>	<b>442,585,967</b>
Applicable tax rate @37.5%			165,969,738
Deferred tax asset as on 31 December 2021			165,969,738
Deferred tax asset as on 31 December 2020			20,670,433
<b>Deferred tax income need to account for during the year</b>			<b>145,299,305</b>

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

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

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

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
<b>9.2 Interest and other receivables</b>				
* Interest receivables from fixed deposit account	110,564,546	73,315,020	84,958,191	71,406,292
Interest receivables from Perpetual bond	136,849	247,671	136,849	247,671
Interest receivable against Govt. subsidised stimulus package for COVID-19	45,035,675	4,039,641	45,035,675	4,039,641
Interest receivables from Subordinated bond	613,700	613,699	613,700	613,699
Issue management fees receivable	5,970,000	14,990,326	-	-
Account receivable from advertisement	153,028,947	144,866,372	-	-
Account receivable from circulation	7,409,609	6,844,384	-	-
Receivable from LB Gratuity Wealth Builder Fund	1,018,563	135,000	-	-
Receivable from LankaBangla 1st PE Fund	50,000	50,000	-	-
Receivable from LB Gratuity Opportunities Fund	1,306,271	2,556,311	-	-
Receivable from LankaBangla Al-Arafah Shariah Unit Fund	3,203,393	2,697,410	-	-
Receivable from LankaBangla 1st balanced unit fund	4,621,715	3,914,432	-	-
	<b>332,959,269</b>	<b>254,270,267</b>	<b>130,744,416</b>	<b>76,307,304</b>
*In the year 2021, Interest income BDT 14.70 million has been recognized against investment in TDR with Union Capital Limited. Out of which, BDT 10.50 million has been received against same.				
<b>10 Borrowings from Bangladesh Bank, other banks and financial institutions</b>				
See accounting policy in note (2.24)				
Inside Bangladesh (Note - 10.1)	15,015,817,238	13,922,992,645	12,701,368,458	11,567,618,742
Outside Bangladesh (Note - 10.2)	3,486,656,427	893,095,579	3,486,656,427	893,095,579
	<b>18,502,473,665</b>	<b>14,816,088,224</b>	<b>16,188,024,885</b>	<b>12,460,714,321</b>
<b>10.1 Inside Bangladesh</b>				
<b>Secured:</b>				
Bank overdraft (Note - 10.1.1)	141,670,873	525,150,737	141,670,873	525,150,737
Long term loan (Note - 10.1.2)	7,033,187,534	4,610,616,118	6,491,063,021	4,164,223,427
REPO against Govt. Treasury Bills	-	199,927,800	-	199,927,800
REPO against Govt. Treasury Bonds	31,340,143	33,867,932	31,340,143	33,867,932
Lease liability-Vehicles	7,112,655	13,641,885	2,499,959	6,033,971
	<b>7,213,311,205</b>	<b>5,383,204,473</b>	<b>6,666,573,995</b>	<b>4,929,203,868</b>
<b>Unsecured:</b>				
Call loans (Note - 10.1.3)	1,070,000,000	1,170,000,000	1,070,000,000	1,170,000,000
Short term borrowings (Note - 10.1.4)	3,796,054,180	4,769,408,324	2,020,000,000	2,850,000,000
Zero Coupon Bond (Note - 10.1.5)	799,544,859	105,240,133	773,953,155	-
Subordinate bond (Note - 10.1.6)	1,733,693,397	2,200,648,922	1,884,860,064	2,382,448,922
Long term loan-SME Foundation	75,650,000	-	75,650,000	-
Lease liability- Office premises (Note - 10.1.7)	327,563,598	294,490,793	210,331,243	235,965,953
	<b>7,802,506,034</b>	<b>8,539,788,171</b>	<b>6,034,794,462</b>	<b>6,638,414,875</b>
	<b>15,015,817,238</b>	<b>13,922,992,645</b>	<b>12,701,368,458</b>	<b>11,567,618,742</b>
<b>10.1.1 Bank overdraft</b>				
<b>Secured by FDR</b>				
Standard Chartered Bank	(123,074,452)	(87,056,892)	(123,074,452)	(87,056,892)
	<b>(123,074,452)</b>	<b>(87,056,892)</b>	<b>(123,074,452)</b>	<b>(87,056,892)</b>
<b>Secured by Pari Passu sharing agreement</b>				
Commercial Bank of Ceylon	(69,233)	(500,469)	(69,233)	(500,469)
Midland Bank Limited	76,251,383	43,087,691	76,251,383	43,087,691
BASIC Bank Limited	6,646,585	404,032,515	6,646,585	404,032,515
Prime Bank Limited	29,232	56,680	29,232	56,680
Dhaka Bank Limited	3,995,513	3,039,875	3,995,513	3,039,875
Mercantile Bank Limited	127,545,230	13,909,672	127,545,230	13,909,672
Modhumoti Bank Limited	22,530,079	58,724,132	22,530,079	58,724,132
Mutual Trust Bank Limited	27,816,536	89,857,534	27,816,536	89,857,534
	<b>264,745,324</b>	<b>612,207,630</b>	<b>264,745,324</b>	<b>612,207,630</b>
	<b>141,670,873</b>	<b>525,150,737</b>	<b>141,670,873</b>	<b>525,150,737</b>



	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
<b>10.1.2 Long term loan</b>				
Opening Balance	4,610,616,118	6,026,073,869	4,164,223,427	5,293,534,234
Add: Addition during the year	4,135,629,974	1,926,144,000	3,785,629,974	1,926,144,000
	8,746,246,092	7,952,217,869	7,949,853,401	7,219,678,234
Less: Adjusted during the year	1,713,058,558	3,341,601,751	1,458,790,379	3,055,454,807
Closing Balance	<b>7,033,187,534</b>	<b>4,610,616,118</b>	<b>6,491,063,021</b>	<b>4,164,223,427</b>
<b>Details of the above balance is presented below:</b>				
<b>From Bangladesh Bank and its agents Bank</b>				
Bangladesh Bank (under Re-Finance)- Women Entrepreneur	459,794,048	257,633,691	459,794,048	257,633,691
Bangladesh Bank (under Re-Finance)- Mortgage Loan	259,147,691	308,181,664	259,147,691	308,181,664
Bangladesh Bank (under Re-Finance)- IPFF Fund	114,618,725	136,165,342	114,618,725	136,165,342
Bangladesh Bank (under Re-Finance)- ADB Project	142,267,386	170,849,721	142,267,386	170,849,721
Bangladesh Bank (Under Re-Finance)- Covid-19 Stimulus Packages	585,956,128	153,000,000	585,956,128	153,000,000
Bangladesh Bank (Under Re-Finance)- New Enterprise Fund	177,486,905	300,000	177,486,905	300,000
Bangladesh Bank (Under Re-Finance)- Agro Processing Industry	184,782,580	151,796,033	184,782,580	151,796,033
Bangladesh Bank (Under Re-Finance)- JICA Assisted Project-FSPDSME	121,731,290	219,584,171	121,731,290	219,584,171
	<b>2,045,784,752</b>	<b>1,397,510,621</b>	<b>2,045,784,752</b>	<b>1,397,510,621</b>
<b>From other than Bangladesh Bank and its agents Bank</b>				
Commercial Bank of Ceylon	187,500,000	437,500,000	187,500,000	437,500,000
Dutch Bangla Bank Limited	250,000,000	-	250,000,000	-
Investment Corporation of Bangladesh	33,415,412	76,505,050	-	-
Mercantile Bank Limited	607,128,780	471,773,521	607,128,780	471,773,521
Midland Bank Limited	169,235,669	102,683,704	-	-
National Credit & Commerce Bank Limited	337,849,299	325,438,605	331,790,915	301,205,738
One Bank Limited	201,438,698	-	-	-
Shahjalal Islami Bank Limited	21,484,646	45,323,892	-	-
South Bangla Agriculture & Commerce Bank Limited	110,491,705	197,647,179	-	-
Trust Bank Limited	250,000,000	-	250,000,000	-
Uttara Bank Limited	333,466,851	500,000,000	333,466,851	500,000,000
Woori Bank	534,166,660	289,999,996	534,166,660	289,999,996
Syndicated Term Loan*	1,951,225,063	766,233,551	1,951,225,063	766,233,551
	<b>4,987,402,782</b>	<b>3,213,105,497</b>	<b>4,445,278,269</b>	<b>2,766,712,806</b>
	<b>7,033,187,534</b>	<b>4,610,616,118</b>	<b>6,491,063,021</b>	<b>4,164,223,427</b>

**Bank borrowings are secured by:**

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

**\*Syndicated Term Loan**

In 2021, Standard Chartered Bank has arranged a syndicated term loan facility of BDT 4,950 million for LankaBangla Finance Limited. Out of the raised BDT 4,950 million, LankaBangla has drawn down BDT 2,000 million in two tranches as of the reporting date. The loan will be repaid in eight (08) equal quarterly instalments (EQI) starting from the end of nine months from the initial draw down.

The syndicate members include Standard Chartered Bank, DutchBangla Bank Limited, Agrani Bank Limited, Trust Bank Limited, Meghna Bank Limited and Midland Bank Limited.

Initially the syndicated loan was measured at fair value BDT 2,000,000,000 less transaction costs BDT 24,696,171, i.e. 1,975,303,829 as per Para 5.1.1 of IFRS 9.

Subsequently, the syndicated loan was measured at amortized cost using the effective interest method as per Para B5.4.1 of IFRS 9.

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
<b>10.1.3 Call loan</b>				
Agrani Bank Limited	100,000,000	370,000,000	100,000,000	370,000,000
Janata Bank Limited	300,000,000	50,000,000	300,000,000	50,000,000
Mutual Trust Bank Limited	-	170,000,000	-	170,000,000
National Credit & Commerce Bank Ltd	250,000,000	-	250,000,000	-
Sonali Bank Limited	200,000,000	290,000,000	200,000,000	290,000,000
Trust Bank Limited	-	100,000,000	-	100,000,000
United Commercial Bank Limited	220,000,000	190,000,000	220,000,000	190,000,000
	<b>1,070,000,000</b>	<b>1,170,000,000</b>	<b>1,070,000,000</b>	<b>1,170,000,000</b>
<b>10.1.4 Short term borrowings</b>				
Community Bank Limited	-	240,000,000	-	240,000,000
Hajj Finance Limited	-	150,000,000	-	-
National Credit and Commerce Bank Limited	102,341,024	102,340,594	-	-
NRB Bank Limited	50,000,000	230,000,000	50,000,000	230,000,000
One Bank Limited	1,222,610,610	767,388,115	400,000,000	-
Shahjalal Islami Bank Limited	108,240,000	105,090,000	-	-
South Bangla Agriculture and Commerce Bank Limited	204,601,820	203,698,671	-	-
Social Islami Bank Ltd	-	59,672,498	-	-
Standard Chartered Bank	1,808,260,728	2,211,218,447	1,270,000,000	1,680,000,000
Trust Bank Limited	200,000,000	600,000,000	200,000,000	600,000,000
Woori Bank	100,000,000	100,000,000	100,000,000	100,000,000
	<b>3,796,054,180</b>	<b>4,769,408,324</b>	<b>2,020,000,000</b>	<b>2,850,000,000</b>
<b>10.1.5 Zero Coupon Bond</b>				
A. K. Khan Co. Limited	101,616,172	-	101,616,172	-
Chittagong Stock Exchange Limited	47,801,939	-	47,801,939	-
Delsey Cotton Spinning Mills Limited	-	38,482,510	-	-
Grameen One: Scheme Two	3,655,957	9,536,808	-	-
Green Delta Insurance Company Limited	100,893,435	-	100,893,435	-
Life Insurance Company (LIC) of Bangladesh Limited	5,311,326	-	5,311,326	-
Mr. Mahmudul Huq	21,935,746	57,220,815	-	-
Reliance Insurance Limited	74,810,556	-	74,810,556	-
Square Pharmaceuticals Limited	443,519,727	-	443,519,727	-
	<b>799,544,859</b>	<b>105,240,133</b>	<b>773,953,155</b>	-
LankaBangla Finance Limited received consents from Bangladesh Bank on May 25, 2021 and from Bangladesh Securities & Exchange Commission on September 5, 2021 to issue Non-Convertible, Zero Coupon Bond with face value up to BDT 3,000 million. After discounting the face value of BDT 3,000 million at 7.25% p.a. (the discount rate) the company will receive BDT 2,653,371,721. The bond will be redeemed semi-annually (twice a year) in 6 instalments.				
Out of the discounted value of BDT 2,653,371,721 the company has received BDT 769,477,799 in multiple tranches as of the reporting date, against which it has incurred transaction costs of BDT 8,742,634. Initially the Zero Coupon bond was measured at fair value (BDT 769,477,799) less transaction costs (BDT 8,742,634), i.e. BDT 760,735,165 as per Para 43 of IAS 39. Subsequently, the Zero Coupon Bond was measured at amortized cost using the effective interest method as per Para 9 of IAS 9.				
<b>10.1.6 Subordinate bond</b>				
SK. Akijuddin Limited	892,050,054	1,186,357,984	892,050,054	1,186,357,984
Green Delta Securities Limited	4,746,845	6,584,407	4,746,845	6,584,407
Green Delta Insurance Co. Employee Provident Fund	28,937,132	36,959,205	28,937,132	36,959,205
Index Poultry (Pvt) Limited	110,265,640	132,498,828	110,265,640	132,498,828
Sonali Bank Limited	672,723,303	808,222,556	672,723,303	808,222,556
LankaBangla Investment Limited	-	-	151,166,667	181,800,000
LankaBangla 1st Balanced Unit Fund	24,970,424	30,025,941	24,970,424	30,025,941
	<b>1,733,693,397</b>	<b>2,200,648,922</b>	<b>1,884,860,064</b>	<b>2,382,448,922</b>

On 25 November 2020, the company completed the issuance of the entire issue of its coupon bearing, non-convertible, subordinated bond with approved face value of BDT 3,000 million with maturity up to 6 years issued in multiple tranches. The coupon rate of the bond is floating with floor of 8.00% and ceiling of 11.00%. Total transaction costs incurred for issuance of the subordinated bond (for the entire issue) was BDT 36,196,620. The bond was measured at fair value BDT 3,000,000,000 less transaction costs BDT 36,196,620 as per Para 5.1.1 of IFRS 9. Subsequently, the bond was measured at amortized cost using the effective interest method as per Para B5.4.1 of IFRS 9. The bond is being redeemed semi-annually starting from the end of six months from the issuance of each tranche.

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
<b>10.1.7 Lease liability- Office premises</b>				
Opening Balance	294,490,793	358,064,361	235,965,953	290,662,495
Add: Addition during the year	171,688,566	166,679,363	61,679,113	150,674,820
	<b>466,179,359</b>	<b>524,743,724</b>	<b>297,645,066</b>	<b>441,337,314</b>
Less: Repayment during the year and adjustment	138,615,761	230,252,930	87,313,823	205,371,362
Closing Balance	<b>327,563,598</b>	<b>294,490,793</b>	<b>210,331,243</b>	<b>235,965,953</b>

IFRS 16 has been implemented on 1 January 2019 which recognizes present value of minimum lease payments as Lease Liability by using Company's weighted average incremental borrowing cost. See accounting policy in note 2.18.

## 10.2 Outside Bangladesh

a) Foreign term loan-Islamic Corporation for The Development (ICD)	398,432,114	893,095,579	398,432,114	893,095,579
b) Foreign term loan-Blueorchard Micro Finance Fund	1,283,204,656	-	1,283,204,656	-
c) Foreign term loan-Healthier Lives DAC	433,122,021	-	433,122,021	-
d) Foreign term loan-ResponsAbility Investments AG	1,371,897,635	-	1,371,897,635	-
	<b>3,486,656,427</b>	<b>893,095,579</b>	<b>3,486,656,427</b>	<b>893,095,579</b>

a) On 13 January 2019, LankaBangla Finance Limited received USD 19,984,730, which is equivalent to BDT 1,675,719,611 at the exchange rate of 83.85, against a foreign currency facility from Islamic Corporation for the Development of the Private Sector (ICD), private sector wing of Islamic Development Bank (IsDB). The tenure of the facility is 40 months. Repayment will be made in 14 (fourteen) quarterly instalments starting from the end of the third month from the receipt of the loan. The mark-up rate of the facility is 5.53%. Total transaction costs incurred for this purpose was USD 321,386 equivalent to BDT 26,985,958 at the average foreign exchange rate of 83.25. Initially the fund was measured at fair value (USD 19,984,730) less transaction costs (USD 321,386) i.e. USD 19,662,894 as per Para B5.1.1 of IFRS 9 and subsequently, the loan was measured at amortized cost using the effective interest rate method as per Para B5.4.1 of IFRS 9.

b) On 25 May 2021, LankaBangla Finance Limited received USD 15,000,000, which is equivalent to BDT 1,271,700,000 at the exchange rate of 84.78, as foreign currency term loan from BlueOrchard Microfinance Fund (managed by Swiss impact investment manager BlueOrchard Finance Limited). The tenure of the loan is 60 months. The loan will be repaid in 9 (nine) half yearly instalments starting from the end of the twelfth month from the receipt of the loan. The interest rate of the loan is 4.50% p.a. Total transaction costs incurred for this purpose was USD 166,791 equivalent to BDT 14,140,539.7 at the average foreign exchange rate of 84.78. Initially, the loan was measured at fair value (USD 15,000,000) less transaction costs (USD 166,791) i.e. USD 14,833,209.01 as per Para B5.1.1 of IFRS 9 and subsequently, the loan was measured at amortized cost using the effective interest rate method as per Para B5.4.1 of IFRS 9.

c) On 21 September 2021, LankaBangla Finance Limited received USD 5,000,000, which is equivalent to BDT 426,500,000 at the exchange rate of 85.30, as foreign currency term loan from Financing for Healthier Lives DAC—an SPV based in Ireland, established to issue social bonds for the purpose of on-lending. The tenure of the foreign currency loan is 60 months. The loan will be repaid in three instalments—40% at the end of the 24th month, 40% at the end of 36th month, and the rest 20% at the end of the 60th month from the drawdown date. The interest rate of the facility is 4.50% p.a. Total transaction costs incurred for this purpose was USD 40,633 equivalent to BDT 3,465,982 at the average foreign exchange rate of 85.30. Initially the fund was measured at fair value (USD 5,000,000) less transaction costs (USD 40,633) i.e. USD 4,959,367 as per Para B5.1.1 of IFRS 9 and subsequently, the loan was measured at amortized cost using the effective interest rate method as per Para B5.4.1 of IFRS 9.

d) On 24 November 2021, LankaBangla Finance Limited received USD 16,000,000, which is equivalent to BDT 1,393,600,000 at the exchange rate of 87.10, as foreign currency term loan from responsAbility Investments AG, through five funds managed by it. The tenure of the foreign currency loan is 60 months. The loan will be repaid in 20 (twenty) quarterly instalments starting from the end of three months from the receipt of the loan. The interest rate of the loan is 4.50% p.a. Total transaction costs incurred for this purpose was USD 115,951 equivalent to BDT 10,099,343 at the average foreign exchange rate of 87.10. Initially the fund was measured at fair value (USD 16,000,000) less transaction costs (USD 115,951) i.e. USD 15,884,049 as per Para B5.1.1 of IFRS 9 and subsequently, the loan was measured at amortized cost using the effective interest rate method as per Para B5.4.1 of IFRS 9.

Total foreign exchange loss BDT 4,420,197 has been recognized against above all funds in 2021 which reflected in note no. 18.2 as per Para 5.7.2 of IFRS 9 and Para 23 of IAS 21.

### Maturity grouping of borrowings from other banks and financial institutions

Payable on demand	-	-	-	-
Up to 1 month	2,378,970,996	3,216,739,719	2,343,164,089	2,329,903,742
Over 1 month but within 3 months	3,232,059,582	2,876,519,417	1,404,077,187	2,115,716,417
Over 3 months but within 1 year	4,325,971,449	4,324,529,119	4,242,995,049	3,688,790,653
Over 1 year but within 5 years	8,158,628,781	3,953,688,728	7,908,178,057	3,766,118,957
Over 5 years	406,842,856	444,611,240	289,610,502	560,184,552
	<b>18,502,473,665</b>	<b>14,816,088,224</b>	<b>16,188,024,885</b>	<b>12,460,714,321</b>

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
<b>11 Term deposits and other deposits</b>				
See accounting policy in note (2.25)				
Term deposits (Note - 11.1)	47,500,921,591	46,946,884,814	48,005,899,020	47,427,812,939
Other deposit (Note - 11.2)	175,366,150	183,459,076	175,366,150	183,459,076
	<b>47,676,287,741</b>	<b>47,130,343,890</b>	<b>48,181,265,170</b>	<b>47,611,272,015</b>
<b>11.1 Term deposits</b>				
<b>Product wise break-up of term deposit</b>				
Periodic return term deposits	3,093,090,495	3,730,503,889	3,093,090,495	3,730,503,889
Cumulative term deposits	11,368,057	12,964,058	11,368,057	12,964,058
Double money term deposits	3,226,910,547	3,247,177,179	3,226,910,547	3,247,177,179
Money builders scheme	1,492,783,663	1,345,052,484	1,492,783,663	1,345,052,484
Fixed term deposit	6,754,461,434	6,783,563,253	7,259,438,863	7,264,491,378
Flexi Deposits	98,098,636	14,236,805	98,098,636	14,236,805
SME term deposits	3,917,682,446	4,141,233,628	3,917,682,446	4,141,233,628
Retail institution deposit	2,983,290,738	3,062,551,510	2,983,290,738	3,062,551,510
Term deposit shohoj sanchoy	3,850,400,124	3,434,823,136	3,850,400,124	3,434,823,136
Term deposit quick sanchoy	1,283,713,611	181,090,464	1,283,713,611	181,090,464
Term deposit triple money	770,844,320	658,284,180	770,844,320	658,284,180
Term deposit (fixed term)-3 months	42,339,924	41,509,807	42,339,924	41,509,807
Term deposit Earn First Fixed Rate	26,246,489	35,283,357	26,246,489	35,283,357
Term deposit Agroj (Senior Citizen)	5,916,474,427	6,054,853,446	5,916,474,427	6,054,853,446
Term deposit classic tdr 2 to 3 periods	14,033,216,682	14,203,757,619	14,033,216,682	14,203,757,619
	<b>47,500,921,591</b>	<b>46,946,884,814</b>	<b>48,005,899,020</b>	<b>47,427,812,939</b>
<b>11.2 Other deposits against leases, loans and advances</b>				
<b>Other deposits</b>				
Corporate Clients	127,851,585	121,469,688	127,851,585	121,469,688
Retail Clients	33,730,046	44,694,891	33,730,046	44,694,891
SME Clients	13,784,519	17,294,497	13,784,519	17,294,497
	<b>175,366,150</b>	<b>183,459,076</b>	<b>175,366,150</b>	<b>183,459,076</b>
<b>11.3 Group-wise break-up of term deposits and other deposits</b>				
Bank and Non Bank Financial Institutions (NBFIs)	6,460,000,000	6,277,285,625	6,460,000,000	6,277,285,625
Corporate houses	15,890,697,014	16,957,554,575	16,395,674,443	17,438,482,700
Individual	25,325,590,727	23,895,503,690	25,325,590,727	23,895,503,690
	<b>47,676,287,741</b>	<b>47,130,343,890</b>	<b>48,181,265,170</b>	<b>47,611,272,015</b>
<b>11.4 Remaining maturity grouping of term deposits and other deposits</b>				
Payable on demand	-	-	-	-
In not more than 01 month	4,389,680,334	4,212,940,595	4,489,736,070	4,264,473,916
In more than 01 month but not more than 06 months	17,021,534,586	17,862,356,529	17,173,057,150	18,027,619,171
In more than 06 months but not more than 01 year	15,844,582,682	16,436,286,324	16,092,627,811	16,761,733,046
In more than 01 year but not more than 05 years	7,943,978,290	6,079,359,885	7,949,332,290	6,201,504,401
In more than 05 years but not more than 10 years	2,476,511,849	2,539,400,558	2,476,511,849	2,355,941,482
In more than 10 years	-	-	-	-
	<b>47,676,287,741</b>	<b>47,130,343,890</b>	<b>48,181,265,170</b>	<b>47,611,272,015</b>

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
<b>12. Other liabilities</b>				
See accounting policy in note (2.26),(2.27),(2.28),(2.36),(2.37) and (2.38)				
Accrued expenses	137,144,945	177,906,767	102,013,141	87,094,915
Salaries and related expenses payable	88,170,611	1,533,995	1,214,409	258,939
Office rent payable	11,664,633	-	-	-
Utility bill payable	3,747,793	6,739,821	2,049,396	3,234,190
Advance receipt against leases-adjustment A/C	456,807,997	396,554,527	456,807,997	396,554,527
CDBL expenses payable	3,019,687	73,493	-	-
Deferred liability-employee gratuity (Note -12.1)	31,459,806	77,006,463	29,437,093	76,722,505
Deferred tax liability	18,651,402	15,415,185	-	-
Employees provident fund payable	13,244,073	57,923	1,935,042	57,923
Interest payable (Note - 12.2)	2,023,438,857	2,048,430,770	1,969,706,131	2,035,473,713
Interest suspense account (Note - 12.3)	1,053,247,034	788,167,844	934,899,046	669,819,856
IPO subscription payable	51,794	51,794	51,794	51,794
ITCL settlement A/C	5,286,170	5,038,702	5,286,170	5,038,702
Payable against Master Card Consolidated Billing System charges (MCBS)	7,913	7,913	7,913	7,913
Payable against merchants claims and others	8,481,341	4,923,133	8,481,341	4,923,133
Payable against receipt from other card holders	7,428,412	7,595,451	7,428,412	7,595,451
Payable to LB Foundation	14,502,857	9,958,791	6,151,542	8,340,577
Payable to Workers' Welfare Fund (WWF)*	36,846,885	33,100,814	36,846,885	33,100,814
Payable to Workers' Welfare Foundation Fund (WWFF)*	36,846,885	33,100,814	36,846,885	33,100,814
Payable DSE and CSE	30,283,820	9,755,791	-	-
Payable to share trading clients	2,466,535,065	1,628,387,756	-	-
Provisions for loans, investments and other assets (Note - 12.4)	3,220,620,078	2,627,061,489	2,411,881,038	1,941,365,695
Provision for taxation (Note - 12.5)	1,761,055,964	1,365,079,955	664,168,837	573,309,562
Payables/(Receivables)-other MasterCard operator (Note - 12.6)	42,222,007	42,744,954	42,222,007	42,744,954
Payable to right share holder	206,623	1,470,318	206,623	1,470,318
Payable against legal and professional fees	7,920,431	1,141,476	7,310,930	1,141,476
Payable against redemption of mortgage property	3,696,725	3,454,725	3,696,725	3,454,725
Provision for audit fee	1,240,987	1,237,230	632,500	632,500
Sundry creditors suppliers	51,283,435	49,950,115	47,616,619	49,950,115
Safety net deposit-factoring and others	16,775,454	14,862,177	16,775,454	14,862,177
Security Deposits	4,495,657	4,495,659	3,044,300	3,044,300
Unpaid dividend	45,232,358	50,819,853	36,951,784	48,816,402
Privileged creditors (Note - 12.7)	253,849,593	248,507,784	252,271,064	246,464,690
VISA settlement A/C	3,866,481	4,050,347	3,866,481	4,050,347
Brokerage sharing	9,429,417	6,226,710	-	-
Other liabilities	3,720,006	425,341	-	-
Mobile phone bill payable-Handset	148,987	123,727	148,987	123,727
Payable against parent health insurance	1,434,620	42,264	1,434,620	42,264
	<b>11,874,066,806</b>	<b>9,665,501,871</b>	<b>7,091,391,169</b>	<b>6,292,849,018</b>
*restated 2020				
<b>12.1 Deferred liability - employee gratuity</b>				
Opening Balance	77,006,463	92,266,131	76,722,505	78,670,973
Addition during the year	24,837,485	20,121,746	20,835,305	18,353,804
Received cash	-	-	-	-
	<b>101,843,948</b>	<b>112,387,877</b>	<b>97,557,810</b>	<b>97,024,777</b>
Payment during the year	70,384,142	35,381,415	68,120,717	20,302,272
Transferred to Gratuity Fund Account	-	-	-	-
Closing Balance	<b>31,459,806</b>	<b>77,006,463</b>	<b>29,437,093</b>	<b>76,722,505</b>

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
<b>12.2 Interest payable</b>				
Bank overdraft	-	9,067,307	-	9,067,307
Call loan borrowings	280,139	276,111	280,139	276,111
Inter Bank REPO against Govt. Treasury Bills	6,847	20,540	6,847	20,540
Term deposit receipts	1,923,416,622	1,945,534,108	1,910,983,946	1,957,771,143
Long term loan-Commercial Bank	16,752,682	22,986,888	16,752,682	22,986,888
Long term loan-Bangladesh Bank	2,541,311	2,090,079	2,541,311	2,090,079
Long term loan-Bangladesh Bank-IPFF	949,803	580,959	949,803	580,959
Long term loan-Bangladesh Bank-Woman	5,085,520	2,207,305	5,085,520	2,207,305
Long term loan-Bangladesh Bank-Agro Processing Industry	3,957,545	11,361,290	3,957,545	11,361,290
Long term loan-Bangladesh Bank-JICA Assisted Project-FSPDSME	2,556,840	2,128,497	2,556,840	2,128,497
Long term loan-Bangladesh Bank-ADB Project	12,861,521	5,354,085	12,861,521	5,354,085
Long term loan-Bangladesh Bank-Covid-19 Stimulus Packages	5,910,489	453,153	5,910,489	453,153
Long term loan-Bangladesh Bank-New Enterprise Fund	535,446	883	535,446	883
Bangladesh Bank REPO against Govt. Treasury Bonds	29,384	5,288	29,384	5,288
Syndicated Term Loan	6,817,950	20,732,772	6,817,950	20,732,772
Short term borrowings	41,622,688	25,451,648	322,639	257,556
Lease assets	114,071	179,856	114,071	179,856
	<b>2,023,438,857</b>	<b>2,048,430,770</b>	<b>1,969,706,131</b>	<b>2,035,473,713</b>
<b>12.3 Interest suspense account</b>				
Interest suspense on Leases, loans and advances account (Note 12.3.1)	898,344,192	661,313,614	898,344,192	661,313,614
Margin Loan	118,347,988	118,347,988	-	-
Additional Interest suspense on Leases, loans and advances account	36,554,854	8,506,242	36,554,854	8,506,242
	<b>1,053,247,034</b>	<b>788,167,844</b>	<b>934,899,046</b>	<b>669,819,856</b>
<b>12.3.1 Interest suspense on Leases, loans and advances account</b>				
<b>Corporate Finance</b>				
Lease finance	25,400,932	30,755,867	25,400,932	30,755,867
Secured overdraft	-	-	-	-
Short term finance	-	17	-	17
Short term loan to subsidiaries	-	-	-	-
Term loan	97,231,535	134,214,035	97,231,535	134,214,035
Term loan syndication finance	5,799,696	-	5,799,696	-
	<b>128,432,163</b>	<b>164,969,919</b>	<b>128,432,163</b>	<b>164,969,919</b>
<b>Retail Finance</b>				
Auto Loan	24,434,924	9,023,405	24,434,924	9,023,405
Credit Cards	50,087,091	12,471,214	50,087,091	12,471,214
Home Loan	162,206,659	137,056,514	162,206,659	137,056,514
Personal Loan	107,108,678	45,715,447	107,108,678	45,715,447
	<b>343,837,352</b>	<b>204,266,579</b>	<b>343,837,352</b>	<b>204,266,579</b>
<b>SME Finance</b>				
Term loan	363,024,656	249,278,904	363,024,656	249,278,904
Lease finance	15,420,534	7,517,976	15,420,534	7,517,976
Auto loan	8,823,449	2,423,099	8,823,449	2,423,099
Emerging and commercial	3,904,188	4,690,873	3,904,188	4,690,873
Loan against deposit	-	-	-	-
Home Loan	16,166,511	14,994,994	16,166,511	14,994,994
Real state developer finance	2,862,584	3,332,584	2,862,584	3,332,584
Secured Overdraft	-	-	-	-
Short term loan	15,872,755	9,838,686	15,872,755	9,838,686
Syndication finance	-	-	-	-
Work order finance	-	-	-	-
	<b>426,074,677</b>	<b>292,077,116</b>	<b>426,074,677</b>	<b>292,077,116</b>
	<b>898,344,192</b>	<b>661,313,614</b>	<b>898,344,192</b>	<b>661,313,614</b>

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
<b>12.3.1 Movement of interest suspense account</b>				
Opening Balance	788,167,844	746,226,199	669,819,856	627,878,211
Transferred to interest suspense during the year	446,352,704	229,883,422	446,352,704	229,883,422
Interest suspense realized during the year	(163,246,153)	(154,103,961)	(163,246,153)	(154,103,961)
	<b>1,071,274,394</b>	<b>822,005,660</b>	<b>952,926,406</b>	<b>703,657,672</b>
Write off during the year	(18,027,360)	(33,837,817)	(18,027,360)	(33,837,817)
	<b>1,053,247,034</b>	<b>788,167,844</b>	<b>934,899,046</b>	<b>669,819,856</b>
<b>12.4 Provisions for loans, investments and off-balance sheet exposures and other assets</b>				
Provisions for leases, loans and advances (Note 12.4.1)	2,301,749,594	1,705,953,209	2,301,749,594	1,705,953,209
Provisions for leases, loans and advances(Except provision for COVID-19)	2,244,086,259	1,705,953,209	2,244,086,259	1,705,953,209
Special General provision for COVID-19*	57,663,335	-	57,663,335	-
Margin loan	797,625,567	437,812,271	-	-
Diminution in value of investment in equity shares	111,545,121	383,396,009	106,401,648	137,212,486
Provision for other assets	8,170,000	2,400,000	2,200,000	700,000
Off-Balance Sheet Exposure	1,529,796	-	1,529,796	-
Additional provision for leases, loans and advances	-	97,500,000	-	97,500,000
	<b>3,220,620,078</b>	<b>2,627,061,489</b>	<b>2,411,881,038</b>	<b>1,941,365,695</b>
*As per DFIM circular letter no. 33 dated 19 December 2021 and subsequent BB clarification letter ref. DFIM(P) 1052/27/2022-23 dated 02 January 2022, 2% Special General Provision for Covid-19 has been maintained on outstanding loan balance of BDT 2,883.17 million as on 31-12-2021 for accounts who enjoy unclassified (UC) status by paying minimum 15% of loan instalment due amount in 2021.				
<b>12.4.1 Provisions for leases, loans and advances</b>				
<b>Corporate Finance</b>				
Lease finance	149,198,482	169,384,860	149,198,482	169,384,860
Secured overdraft	49,262	4,012	49,262	4,012
Short term finance	16,599,485	14,566,695	16,599,485	14,566,695
Short term loan to subsidiaries	33,555,813	17,862,357	33,555,813	17,862,357
Term loan	433,749,497	555,924,346	433,749,497	555,924,346
Term loan syndication finance	92,977,293	2,420,084	92,977,293	2,420,084
	<b>726,129,832</b>	<b>760,162,353</b>	<b>726,129,832</b>	<b>760,162,353</b>
<b>Retail Finance</b>				
Auto Loan	78,600,056	47,766,998	78,600,056	47,766,998
Credit Cards	361,448,511	184,971,728	361,448,511	184,971,728
Home Loan	162,278,205	120,853,591	162,278,205	120,853,591
Personal Loan	217,337,890	181,745,632	217,337,890	181,745,632
	<b>819,664,662</b>	<b>535,337,948</b>	<b>819,664,662</b>	<b>535,337,948</b>
<b>SME Finance</b>				
Term loan	561,260,744	297,198,203	561,260,744	297,198,203
Lease finance	33,619,557	27,967,618	33,619,557	27,967,618
Auto loan	77,669,225	26,598,202	77,669,225	26,598,202
Emerging and commercial	26,390,785	20,660,314	26,390,785	20,660,314
Loan against deposit	648,804	20,589	648,804	20,589
Home Loan	10,120,531	1,593,509	10,120,531	1,593,509
Real state developer finance	7,458,366	7,430,366	7,458,366	7,430,366
Secured Overdraft	2	34,404	2	34,404
Short term loan	30,793,576	18,216,867	30,793,576	18,216,867
Syndication finance	763,951	688,536	763,951	688,536
Work order finance	7,229,560	10,044,300	7,229,560	10,044,300
	<b>755,955,100</b>	<b>410,452,907</b>	<b>755,955,100</b>	<b>410,452,907</b>
	<b>2,301,749,594</b>	<b>1,705,953,209</b>	<b>2,301,749,594</b>	<b>1,705,953,209</b>

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
<b>12.4 Movement of provisions for loans, investments and other assets</b>				
Opening Balance	2,627,061,488	2,728,859,619	1,941,365,695	2,178,047,560
Provision required for the year	1,335,267,765	1,022,078,471	1,041,081,417	869,541,092
Provision released during the year	(493,414,583)	(871,051,387)	(493,414,583)	(871,051,387)
Provision charged for the year	841,853,182	151,027,084	547,666,834	(1,510,295)
Write off during the year	(248,294,593)	(252,825,214)	(77,151,491)	(235,171,570)
Closing Balance	<b>3,220,620,078</b>	<b>2,627,061,489</b>	<b>2,411,881,038</b>	<b>1,941,365,695</b>
During the year 2021, LankaBangla Finance Limited had written off its receivables of contracts as per write off policy of the Bangladesh Bank (DFIM Circular No. 02 dated 01 April 2019) and subsidiaries of LankaBangla Finance Limited had written off receivables as per their respective write off policy.				
<b>12.4 Grouping of provisions for loans, investments and other assets</b>				
<b>General Provision</b>				
Standard (UC)	507,986,569	725,467,497	507,986,569	725,467,497
Special Mention Account (SMA)	41,585,017	30,918,691	41,585,017	30,918,691
	<b>549,571,587</b>	<b>756,386,187</b>	<b>549,571,587</b>	<b>756,386,187</b>
<b>Specific Provision</b>				
Sub-standard (SS)	53,513,718	42,304,789	53,513,718	42,304,789
Doubtful (DF)	255,659,134	216,400,894	255,659,134	216,400,894
Bad Loss (BL)	1,443,005,155	788,361,339	1,443,005,155	788,361,339
	<b>1,752,178,007</b>	<b>1,047,067,021</b>	<b>1,752,178,007</b>	<b>1,047,067,021</b>
<b>Provision for margin loan</b>	797,625,567	437,812,271	-	-
<b>Provision for investment in shares</b>	111,545,121	383,396,009	106,401,648	137,212,486
<b>Provision for other assets</b>	8,170,000	2,400,000	2,200,000	700,000
<b>Off-Balance Sheet Exposure</b>	1,529,796	-	1,529,796	-
	<b>3,220,620,078</b>	<b>2,627,061,489</b>	<b>2,411,881,038</b>	<b>1,941,365,695</b>
Details see in Annexure-C				
<b>12.5 Provision for taxation</b>				
Opening Balance	1,365,079,955	1,165,419,526	573,309,562	481,227,280
Provision during the year	395,976,009	199,660,429	90,859,275	92,082,283
	1,761,055,964	1,365,079,955	664,168,837	573,309,562
Adjusted during the year	-	-	-	-
	<b>1,761,055,964</b>	<b>1,365,079,955</b>	<b>664,168,837</b>	<b>573,309,562</b>
<b>12.6 Payables/(Receivables)-other MasterCard operator</b>				
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.				
Balance for MC operation	5,584,533	5,584,533	5,584,533	5,584,533
Standard Chartered Bank	36,637,473	37,160,420	36,637,473	37,160,420
	<b>42,222,007</b>	<b>42,744,954</b>	<b>42,222,007</b>	<b>42,744,954</b>
<b>12.7 Privileged creditors</b>				
Three major categories of Government dues are reported. Tax deduction at source, VAT, Excise duty payable to govt. exchequer.				
VAT at source	31,156,982	39,055,001	31,156,982	39,055,001
Withholding tax payable	168,042,620	162,770,057	166,464,091	160,726,963
Excise Duty Payable	54,649,992	46,682,726	54,649,992	46,682,726
	<b>253,849,593</b>	<b>248,507,784</b>	<b>252,271,064</b>	<b>246,464,690</b>
<b>13. Share capital</b>				
<b>Authorized capital</b>	<b>10,000,000,000</b>	<b>10,000,000,000</b>	<b>10,000,000,000</b>	<b>10,000,000,000</b>
1,000,000,000 ordinary shares of Tk.10/- each				
<b>Issued, subscribed and paid up capital</b>	<b>5,388,386,230</b>	<b>5,388,386,230</b>	<b>5,388,386,230</b>	<b>5,388,386,230</b>



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

Date of Issue	Particulars	Number of Shares Issued		Paid up Shares (Cumulative)	Amount of Shares Capital (BDT)	Amount of Shares Capital (BDT) (Cumulative)
		Bonus Shares	Subscription			
5-Nov-96	First (Subscription as per Memorandum and Articles of Association) at the time of Incorporation	-	500,000	500,000	5,000,000	5,000,000
5-Apr-98	Subscription	-	9,500,000	10,000,000	95,000,000	100,000,000
12-Apr-03	Subscription	-	10,105,363	20,105,363	101,053,630	201,053,630
28-Jun-04	Subscription	-	4,000,000	24,105,363	40,000,000	241,053,630
3-May-05	Subscription	-	1,894,637	26,000,000	18,946,370	260,000,000
14-Sep-06	IPO	-	9,000,000	35,000,000	90,000,000	350,000,000
19-May-08	10% Stock Dividend for 2007	3,500,000	-	38,500,000	35,000,000	385,000,000
5-May-09	15% Stock Dividend for 2008	5,775,000	-	44,275,000	57,750,000	442,750,000
30-Mar-10	20% Stock Dividend for 2009	8,855,000	-	53,130,000	88,550,000	531,300,000
27-Mar-11	55% Stock Dividend for 2010	29,221,500	-	82,351,500	292,215,000	823,515,000
28-Mar-12	30% Stock Dividend for 2011	24,705,450	-	107,056,950	247,054,500	1,070,569,500
3-May-12	1:1 Right of 82,351,500 Shares	-	82,351,500	189,408,450	823,515,000	1,894,084,500
31-Mar-13	10% Stock Dividend for 2012	18,940,845	-	208,349,295	189,408,450	2,083,492,950
31-Mar-14	5% Stock Dividend for 2013	10,417,464	-	218,766,759	104,174,640	2,187,667,590
19-Mar-15	10% Stock Dividend for 2014	21,876,675	-	240,643,434	218,766,750	2,406,434,340
30-Mar-16	15% Stock Dividend for 2015	36,096,515	-	276,739,949	360,965,150	2,767,399,490
30-Mar-17	15% Stock Dividend for 2016	41,510,992	-	318,250,941	415,109,920	3,182,509,410
31-Jan-18	2:1 Right of 159,125,470 Shares	-	159,125,470	477,376,411	1,591,254,700	4,773,764,110
31-Mar-18	7.5% Stock Dividend for 2017	35,803,230	-	513,179,641	358,032,300	5,131,796,410
7-Sep-20	5.00% Stock Dividend for 2019	25,658,982	-	538,838,623	256,589,820	5,388,386,230
<b>Total</b>					<b>5,388,386,230</b>	

Details of shares holding position are as under:

Sponsor shareholders:	Percentage 31.12.2021	2021		2020	
		Number of shares	Taka	Number of shares	Taka
<b>a. Foreign sponsors</b>					
Sampath Bank Limited, Sri Lanka	9.47%	51,036,605	510,366,050	51,036,605	510,366,050
<b>b. Local sponsors</b>	24.09%	129,779,454	1,297,794,540	129,779,454	1,297,794,540
ONE Bank Limited, Bangladesh	3.78%	20,362,737	203,627,370	20,362,737	203,627,370
Individuals	20.31%	109,416,717	1,094,167,170	109,416,717	1,094,167,170
<b>General shareholders</b>	66.44%	358,022,564	3,580,225,640	358,022,564	3,580,225,640
	<b>100.00%</b>	<b>538,838,623</b>	<b>5,388,386,230</b>	<b>538,838,623</b>	<b>5,388,386,230</b>

Shares groups	Number of share	Percentage	Number of share	Percentage
Less than 500	1,971,493	0.37	820,936	0.15
501 to 5000	26,923,949	5.00	16,995,972	3.15
5,001 to 10000	23,411,855	4.34	17,121,172	3.18
10,001 to 20000	28,932,975	5.37	21,628,904	4.01
20,001 to 30000	20,134,077	3.74	14,853,698	2.76
30,001 to 40000	12,957,521	2.40	9,649,935	1.79
40,001 to 50000	13,940,766	2.59	9,845,995	1.83
50,001 to 100000	39,139,410	7.26	30,577,054	5.67
100,001 to 1000000	111,837,293	20.76	121,318,142	22.51
Above 1000000	259,589,284	48.18	296,026,815	54.94
	<b>538,838,623</b>	<b>100.00</b>	<b>538,838,623</b>	<b>100.00</b>

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

**13.2 Name of the sponsors and/or directors and their shareholdings as at 31 December 2021**

SI No.	Name	Status	Share Holding as on 31.12.2021	% of Share holding as on 31.12.2021	Share holding as on 31.12.2020
1	Mr. Mohammad A. Moyeen	Chairman	22,842,546	4.24%	22,842,546
2	Mr. I. W. Senanayake (Representative of Sampath Bank PLC)	Director	51,036,605	9.47%	51,036,605
3	Mr. Nanda Fernando (Representative Sampath Bank PLC)	Director			
4	Mr. M. Fakhru Alam (Representative ONE Bank Limited)	Director	20,362,737	3.78%	20,362,737
5	Mrs. Aneesha Mahial Kundanmal	Director	41,503,844	7.70%	41,503,844
6	Mr. Mahbul Anam	Director	23,998,741	4.45%	23,998,741
7	Mr. Tahsinul Huque	Director	20,993,703	3.90%	20,993,703
8	Mrs. Jasmine Sultana	Sponsor	77,883	0.01%	77,883
9	Mrs. Zaitun Sayef	Independent Director	-	-	-
<b>Total</b>			<b>180,816,059</b>	<b>33.56%</b>	<b>180,816,059</b>

Pursuant to the BSEC notification no. BSEC/CMRRCD/2009-193/10/Admin/118 Dated: 22 March 2021, no director or shareholder of LankaBangla Finance Limited ("The Company") holding 10% or more shares has availed any loan or credit facility through lien or pledge of their shares in the company or has not availed margin loan from any stockbroker or portfolio manager.

**13.3 Capital Adequacy Ratio (CAR)**

"As per section 4(GHA) of the Financial Institution Regulations 1994, the minimum paid up capital of the Financial Institution (FI) shall be Tk. 100 crore; Provided that the sum of paid up capital and reserves shall not be less than the minimum capital determined by the Bangladesh Bank under the Risk-Based Assets of the Company. The surplus eligible capital of the Group as well as the Company at the close of business on 31 December 2021 were Tk. 5,706.54 million and Tk. 4,799.57 million respectively."

**Core Capital ( Tier-1)**

Paid-up capital	(Note - 13)	5,388,386,230	5,388,386,230	5,388,386,230	5,388,386,230
Share premium		1,090,888,800	1,090,888,800	-	-
Statutory reserves	(Note - 14)	2,049,579,830	1,927,779,298	2,049,579,830	1,927,779,299
General reserves		50,837,370	45,409,424	-	-
Capital Reserve		13,961,042	-	-	-
Dividend equalization reserves		-	-	-	-
Other (Share money deposit for right issue)		-	-	-	-
Retained earnings	(Note - 15)	2,085,145,574	1,593,921,220	1,954,062,261	2,113,466,482
Non-controlling interest		195,222,367	177,127,178	-	-
<b>Sub-Total</b>		<b>10,874,021,212</b>	<b>10,223,512,150</b>	<b>9,392,028,321</b>	<b>9,429,632,011</b>

**Deductions from Tier-1 (Core Capital)**

Goodwill and value of any contingent assets which are shown as assets		-	234,143,286	-	-
Any investment exceeding the approved limit		-	-	113,905,601	137,500,000
<b>Total Eligible Tire - 1 Capital</b>		<b>10,874,021,212</b>	<b>9,989,368,865</b>	<b>9,278,122,720</b>	<b>9,292,132,011</b>

**Supplementary capital (Tier-II)**

General provision (unclassified loans up to specified limit + SMA + off balance sheet exposure)		517,545,570	667,300,000	551,101,383	719,100,000
Assets revaluation reserves up to 50%		-	-	-	-
Revaluation reserve for securities up to 45 %		-	-	-	-
Revaluation reserve for Equity Instruments upto 10%		-	-	168,185,477	101,807,088
All others preference shares		-	-	-	-
Others (if any other item approved by Bangladesh Bank) (Subordinated bond)		1,733,693,397	2,200,648,922	1,884,860,064	2,382,448,922
<b>Sub-Total</b>		<b>2,251,238,967</b>	<b>2,867,948,922</b>	<b>2,604,146,924</b>	<b>3,203,356,010</b>

**Deduction from Tier-1 (Supplementary capital )**

Any investment exceeding the approved limit		-	-	113,905,601	137,500,000
<b>Total Eligible Tire - 2 Capital</b>		<b>2,251,238,967</b>	<b>2,867,948,922</b>	<b>2,490,241,323</b>	<b>3,065,856,010</b>

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
<b>A) Total capital</b>	<b>13,125,260,179</b>	<b>12,857,317,787</b>	<b>11,768,364,043</b>	<b>12,357,988,020</b>
Total assets including off -balance sheet exposures	89,079,829,061	81,835,446,136	82,687,543,954	76,812,538,240
<b>B) Total risk weighted assets</b>	<b>74,187,172,225</b>	<b>70,470,293,358</b>	<b>69,687,975,469</b>	<b>65,888,649,028</b>
<b>C) Required capital based on risk weighted assets (10% on B)</b>	<b>7,418,717,223</b>	<b>7,047,029,336</b>	<b>6,968,797,547</b>	<b>6,588,864,903</b>
<b>D) Surplus capital (A-C)</b>	<b>5,706,542,957</b>	<b>5,810,288,451</b>	<b>4,799,566,496</b>	<b>5,769,123,118</b>
<b>E) Capital Adequacy Ratio</b>	<b>17.69%</b>	<b>18.25%</b>	<b>16.89%</b>	<b>18.76%</b>
<b>F) Core Capital to RWA</b>	<b>14.66%</b>	<b>14.18%</b>	<b>13.31%</b>	<b>14.10%</b>
<b>G) Supplementary Capital to RWA</b>	<b>3.03%</b>	<b>4.07%</b>	<b>3.57%</b>	<b>4.65%</b>
<b>14. Statutory reserve</b>				
See accounting policy in note (2.43)				
Opening Balance	1,927,779,298	1,762,635,872	1,927,779,299	1,762,635,872
Add: Transferred from profit during the year @ 20%	121,800,532	165,143,426	121,800,532	165,143,426
	<b>2,049,579,830</b>	<b>1,927,779,298</b>	<b>2,049,579,830</b>	<b>1,927,779,299</b>
<b>15. Retained earnings</b>				
	<b>2,874,470,304</b>	<b>2,373,369,561</b>	<b>2,722,469,140</b>	<b>2,894,425,477</b>
Opening Balance (Before Restating)	1,593,921,220	1,447,088,731	2,113,466,482	2,116,518,264
Less: Transfer to Workers' Welfare and Welfare Foundation Fund	-	47,809,919	-	47,809,919
<b>Opening Balance (After Restating)</b>	<b>1,593,921,220</b>	<b>1,399,278,812</b>	<b>2,113,466,482</b>	<b>2,068,708,345</b>
Add: Profit for the period	1,280,549,083	974,090,749	609,002,658	825,717,132
	<b>789,324,730</b>	<b>779,448,341</b>	<b>768,406,879</b>	<b>780,958,995</b>
Less: Adjustment during the year:				
Transfer to statutory reserve during the year	121,800,532	165,143,426	121,800,532	165,143,426
Transfer to general reserve during the year	5,427,945	(4,510,247)	-	-
Capital Reserve	13,961,042	-	-	-
Transaction cost against share transfer (RJSC fee)	-	3,000,000	-	-
Changing in non-controlling interest	1,528,863	(408)	-	-
Transferred of stock dividend	-	256,589,820	-	256,589,820
Cash dividend	646,606,348	359,225,749	646,606,348	359,225,749
	<b>2,085,145,574</b>	<b>1,593,921,220</b>	<b>1,954,062,261</b>	<b>2,113,466,482</b>
<b>15A. Revaluation reserve for investment in subsidiaries</b>				
See accounting policy in note 2.17.4				
Investment in subsidiaries (at fair value as per IFRS 9)			<b>6,781,541,737</b>	<b>6,115,257,839</b>
LankaBangla Securities Limited			4,968,689,775	4,663,676,050
LankaBangla Investment Limited			824,868,130	500,406,975
LankaBangla Asset Management Company Limited			987,983,832	951,174,813
Investment in subsidiaries at cost			<b>5,099,686,963</b>	<b>5,097,186,963</b>
LankaBangla Securities Limited			1,749,237,023	1,749,237,023
LankaBangla Investment Limited			2,404,999,940	2,404,999,940
LankaBangla Asset Management Company Limited			945,450,000	942,950,000
<b>Revaluation reserve</b>			<b>1,681,854,774</b>	<b>1,018,070,876</b>
Change in revaluation reserve			<b>663,783,898</b>	<b>11,089,468</b>
<b>16 Non-controlling interest</b>				
See accounting policy in note (2.4)				
<b>Name of Subsidiaries</b>				
LankaBangla Securities Limited	3.3332042%	5,711,682,738	190,382,050	172,726,471
LankaBangla Investments Limited	0.0000025%	824,868,150	21	12
LankaBangla Asset Management Company Limited	0.0001058%	987,984,877	1,045	1,009
LankaBangla Information System Limited	3.5265378%	6,068,774	214,018	189,450
BizBangla Media Limited	6.8271848%	67,747,305	4,625,234	4,210,235
			<b>195,222,367</b>	<b>177,127,178</b>

	LankaBangla Group		LankaBangla Finance Limited	
	2021 Taka	2020 Taka	2021 Taka	2020 Taka
<b>17 Interest income</b>				
See accounting policy in note (2.34.1) (2.34.2), (2.34.3) and (2.34.4)				
<b><u>Leases, loans and advances</u></b>				
Lease finance	511,027,966	632,851,020	511,027,966	632,851,020
Lending to subsidiaries	-	-	8,730,434	14,211,607
Real estate developers Finance	469,513	2,403,802	469,513	2,403,802
Short term lending	211,433,549	345,112,995	211,433,549	345,112,995
Term Finance	1,316,710,732	1,393,739,307	1,316,710,732	1,393,739,307
Term loan secured overdraft	3,601,967	17,405,171	3,601,967	17,405,171
Term loan syndication finance	45,166,964	58,371,453	45,166,964	58,371,453
Auto loan	507,584,972	702,073,632	507,584,972	702,073,632
Credit card (Note- 17.1)	545,308,046	715,164,188	545,308,046	715,164,188
Home loan (Note- 17.2)	1,167,766,772	1,573,506,645	1,167,766,772	1,573,506,645
Personal loan (Note- 17.3)	436,947,638	601,039,140	436,118,517	599,745,973
Emerging and commercial	167,221,320	134,544,778	167,221,320	134,544,778
Term loan SME	857,102,049	869,534,455	857,102,049	869,534,455
SME finance	84,805,993	101,016,949	84,805,993	101,016,949
	<b>5,855,147,479</b>	<b>7,146,763,536</b>	<b>5,863,048,791</b>	<b>7,159,681,975</b>
<b>Treasury finance</b>				
Fixed deposit accounts	200,591,558	222,303,620	197,612,143	218,042,925
Short term deposit accounts	371,219,208	323,281,143	314,891,444	250,427,535
	<b>571,810,766</b>	<b>545,584,764</b>	<b>512,503,586</b>	<b>468,470,460</b>
<b>Others</b>				
Debit balance of share trading clients	391,629,296	399,759,971	-	-
Margin loan to share trading clients	73,380,415	54,105,118	-	-
	<b>465,009,711</b>	<b>453,865,090</b>	-	-
	<b>6,891,967,957</b>	<b>8,146,213,389</b>	<b>6,375,552,378</b>	<b>7,628,152,436</b>
<b>17.1 Credit Card</b>				
Master card account	347,150,549	449,295,218	347,150,549	449,295,218
VISA card account	146,595,367	206,759,347	146,595,367	206,759,347
Master card ezyipay account	38,335,816	41,639,234	38,335,816	41,639,234
VISA card ezyipay account	13,226,314	17,470,390	13,226,314	17,470,390
	<b>545,308,046</b>	<b>715,164,188</b>	<b>545,308,046</b>	<b>715,164,188</b>
<b>17.2 Home loan</b>				
Bangladesh Bank refinance loan	24,207,134	1,273,295	24,207,134	1,273,295
Commercial loan	1,129,360,484	1,555,204,844	1,129,360,484	1,555,204,844
Staff loan	14,199,154	17,028,506	14,199,154	17,028,506
	<b>1,167,766,772</b>	<b>1,573,506,645</b>	<b>1,167,766,772</b>	<b>1,573,506,645</b>
<b>17.3 Personal loan</b>				
Term loan	351,103,456	515,703,229	351,103,456	515,703,229
Loan against deposit	74,690,712	70,822,803	74,690,712	70,822,803
Staff loan	11,153,470	14,513,108	10,324,348	13,219,941
	<b>436,947,638</b>	<b>601,039,140</b>	<b>436,118,517</b>	<b>599,745,973</b>
<b>18. Interest expenses on deposits and borrowings</b>				
See accounting policy in note (2.29)				
<b>Other than Bangladesh Bank</b>				
Term loan- commercial bank	404,867,880	430,648,331	196,056,010	156,351,809
Lease liability (Note-18.1)	31,011,432	30,720,773	23,551,494	21,931,200
Syndicated term loan	85,581,226	152,173,169	85,581,226	152,173,169
Foreign term loan-ICD (Note-18.2)	104,991,079	71,468,289	104,991,079	71,468,289
Zero Coupon Bond	12,146,945	15,454,824	4,475,357	15,454,824
Subordinated bond	185,630,976	167,169,587	200,803,892	168,969,587

	LankaBangla Group		LankaBangla Finance Limited	
	2021 Taka	2020 Taka	2021 Taka	2020 Taka
Term deposits	3,795,089,280	4,549,929,867	3,833,578,835	4,573,308,697
Short term loans	124,656,967	330,904,909	124,656,967	330,904,909
Bank overdraft	8,962,181	111,686,453	8,962,181	111,686,453
Call loan	46,521,167	24,204,472	46,521,167	24,204,472
	<b>4,799,459,132</b>	<b>5,884,360,675</b>	<b>4,629,178,208</b>	<b>5,626,453,410</b>
<b>Bangladesh Bank</b>				
Term loan- Bangladesh Bank	72,611,983	78,879,075	72,611,983	78,879,075
Bangladesh Bank REPO against Govt. Treasury Bonds	602,730	150,967	602,730	150,967
Inter Bank REPO against Govt. treasury bills	241,805	8,711,666	241,805	8,711,666
	<b>73,456,518</b>	<b>87,741,708</b>	<b>73,456,518</b>	<b>87,741,708</b>
	<b>4,872,915,651</b>	<b>5,972,102,383</b>	<b>4,702,634,726</b>	<b>5,714,195,118</b>
<b>18.1 Lease liability</b>				
See accounting policy in note (2.18)				
Lease liability-Vehicles	1,042,045	2,117,460	439,033	1,044,618
Lease liability- Office premises	29,969,387	28,603,313	23,112,460	20,886,583
	<b>31,011,432</b>	<b>30,720,773</b>	<b>23,551,494</b>	<b>21,931,200</b>
<b>18.2 Foreign term loan-ICD</b>				
Profit on foreign term loan - ICD	100,570,883	68,842,849	100,570,883	68,842,849
Foreign exchange loss on ICD loan	4,420,197	2,625,440	4,420,197	2,625,440
	<b>104,991,079</b>	<b>71,468,289</b>	<b>104,991,079</b>	<b>71,468,289</b>
<b>19. Income from investment</b>				
See accounting policy in note (2.34.5)				
Income from investment in share (Capital gain)	890,335,526	112,045,522	115,155,256	(19,550,910)
Dividend income	178,844,073	103,359,132	260,380,700	34,769,184
Treasury bills	1,696,156	24,298,244	1,696,156	24,298,244
Treasury bonds	3,130,885	1,186,082	3,130,885	1,186,082
Subordinated bond	56,000,000	68,415,342	56,000,000	68,415,342
Perpetual bond	44,384,493	247,671	44,384,493	247,671
Discretionary corporate fund-LBAMCOL maximizer	43,207,740	5,981,447	43,207,740	5,981,447
	<b>1,217,598,874</b>	<b>315,533,440</b>	<b>523,955,231</b>	<b>115,347,060</b>
<b>20. Commission, exchange and brokerage income</b>				
See accounting policy in note (2.34.8)				
Brokerage commission	1,281,941,447	495,838,868	-	-
Underwriting commission	2,708,922	515,410	-	-
	<b>1,284,650,369</b>	<b>496,354,278</b>	-	-
<b>21. Other operational income</b>				
See accounting policy in note (2.34.6), (2.34.7), (2.34.8), (2.34.9), (2.22.6) and (2.35)				
<b>Fees and documentations</b>				
Portfolio and issue management fees	23,853,350	33,164,450	-	-
Membership fees of credit card	47,894,801	51,701,326	47,894,801	51,701,326
Other income from credit card	219,087,833	183,266,177	219,087,833	183,266,177
Fees and documentations (Note-21.1)	377,515,181	277,010,502	377,515,181	277,010,502
	<b>668,351,166</b>	<b>545,142,455</b>	<b>644,497,815</b>	<b>511,978,005</b>
<b>Others</b>				
Advertisement	118,103,331	107,847,375	-	-
Circulation	7,566,686	5,530,142	-	-
Late payment charge-factoring	1,107,798	2,026,438	1,107,798	2,026,438
Corporate advisory fees	8,689,276	14,970,391	-	-
Foreign exchange gain/(loss)	(662)	(4,704)	(662)	(4,704)
Income from CDBL	20,869,074	18,988,293	-	-
Income from unit fund operation	19,846,583	-	-	-

	LankaBangla Group		LankaBangla Finance Limited	
	2021 Taka	2020 Taka	2021 Taka	2020 Taka
Income from IPM fund operation	4,798,798	1,089,100	-	-
Miscellaneous	4,073,442	6,768,311	81,422	866,675
Office space rent	1,296,000	936,003	-	-
Write off recovery	22,726,395	4,297,477	22,726,395	4,297,477
Profit on sale of fixed asset	6,615,448	9,651,803	4,974,535	12,100,557
Redemption income against mortgage property	1,365,980	2,034,800	1,365,980	2,034,800
Scrap sales	1,524,662	5,017,164	-	-
Sponsorship	9,795,362	5,478,215	-	-
Management fees	-	-	5,113,637	-
Round Table Conference	3,340,000	1,747,957	-	-
	<b>231,718,172</b>	<b>186,378,768</b>	<b>35,369,104</b>	<b>21,321,243</b>
	<b>900,069,337</b>	<b>731,521,223</b>	<b>679,866,920</b>	<b>533,299,248</b>
<b>21.1 Fees and documentations Lending finance</b>				
<b>Lending finance</b>				
Lease finance	14,033,603	2,165,735	14,033,603	2,165,735
Revolving credit -secured	7,000	5,000	7,000	5,000
Short term loan	1,761,000	2,523,912	1,761,000	2,523,912
Term loan	6,998,239	2,560,924	6,998,239	2,560,924
Syndication finance	5,266,930	680,000	5,266,930	680,000
Work order finance	420,000	134,783	420,000	134,783
Auto loan	18,982,474	10,000,788	18,982,474	10,000,788
Credit card	233,596,845	177,262,800	233,596,845	177,262,800
Home loan	38,130,857	39,907,093	38,130,857	39,907,093
Personal loan	10,842,104	8,060,436	10,842,104	8,060,436
SME finance	28,635,279	21,730,485	28,635,279	21,730,485
Emerging and commercial	18,840,850	11,978,544	18,840,850	11,978,544
	<b>377,515,181</b>	<b>277,010,502</b>	<b>377,515,181</b>	<b>277,010,502</b>
<b>22. Salary and allowances</b>				
See accounting policy in note (2.36.1) and (2.37)				
Salary and allowances	1,092,248,217	1,060,156,599	710,593,798	725,954,836
Provident fund contribution	32,504,180	36,624,501	19,276,980	21,618,274
Gratuity fund	31,378,707	33,283,389	18,825,305	18,018,804
Festival bonus	52,919,481	57,202,298	52,919,481	57,202,298
Business performance incentive	174,059,617	87,957,688	80,965,485	75,272,191
	<b>1,383,110,202</b>	<b>1,275,224,475</b>	<b>882,581,049</b>	<b>898,066,403</b>
<b>23. Rent, taxes, insurance, electricity etc.</b>				
See accounting policy in note (2.36)				
*Office rent	-	-	-	-
Insurance premium	14,131,002	19,411,273	7,362,050	11,653,233
Electricity	23,381,697	22,961,076	15,381,739	16,144,033
	<b>37,512,699</b>	<b>42,372,349</b>	<b>22,743,789</b>	<b>27,797,266</b>
*As adoption of IFRS 16, Office rent expense has been charged through depreciation of Right of Use Assets (disclosed in Annexure -A&B) and Interest on Lease liability (disclosed in note 18.1)				
<b>24. Legal and professional fees</b>	<b>30,886,402</b>	<b>31,362,343</b>	<b>24,840,453</b>	<b>27,386,792</b>
See accounting policy in note (2.36)				
<b>25. Postage, stamp, telecommunication etc.</b>				
See accounting policy in note (2.36)				
Postage and courier	3,060,114	3,042,345	2,807,770	2,823,598
Stamp charges	767,924	482,726	735,154	456,926
Telephone bill	19,087,789	19,840,181	14,566,431	15,985,411
	<b>22,915,828</b>	<b>23,365,252</b>	<b>18,109,356</b>	<b>19,265,935</b>

	LankaBangla Group		LankaBangla Finance Limited	
	2021 Taka	2020 Taka	2021 Taka	2020 Taka
<b>26. Stationery, printing, advertisement</b>				
See accounting policy in note (2.36)				
Printing and stationery	19,370,591	17,628,213	14,576,829	13,958,241
Advertisement	21,274,567	13,958,181	19,260,012	12,529,581
	<b>40,645,158</b>	<b>31,586,394</b>	<b>33,836,840</b>	<b>26,487,822</b>
<b>27. Managing director's salary and allowance</b>				
See accounting policy in note (2.36.1) and (2.37)				
Salary and allowances	14,340,000	14,340,000	14,340,000	14,340,000
Provident fund contribution	804,000	804,000	804,000	804,000
Gratuity fund	2,010,000	335,000	2,010,000	335,000
	<b>17,154,000</b>	<b>15,479,000</b>	<b>17,154,000</b>	<b>15,479,000</b>
<b>28. Directors' fees and expenses</b>				
See accounting policy in note (2.36)				
Board meeting and audit committee attendance fees	3,577,200	2,329,800	1,320,000	660,000
Other financial benefits	-	-	-	-
	<b>3,577,200</b>	<b>2,329,800</b>	<b>1,320,000</b>	<b>660,000</b>
<b>29. Auditors' fees</b>	<b>1,119,258</b>	<b>1,112,050</b>	<b>632,500</b>	<b>632,500</b>
See accounting policy in note (2.36)				
<b>30. Repairs, maintenance and depreciation</b>				
See accounting policy in note (2.22.3) and (2.36)				
Repairs and maintenance	7,085,189	3,484,911	5,863,047	1,989,953
Software maintenance	58,100,483	53,893,024	49,691,470	47,773,655
Depreciation and amortization	282,387,467	333,458,356	196,105,199	259,163,948
Impairment of Goodwill	234,143,286	-	-	-
	<b>581,716,425</b>	<b>390,836,291</b>	<b>251,659,716</b>	<b>308,927,557</b>
<b>31. Other expenses</b>				
See accounting policy in note (2.36)				
AGM and related expenses	453,750	275,000	453,750	275,000
Bank charges	5,358,503	5,734,124	1,376,847	3,152,212
Business promotion	93,504,237	38,790,486	86,199,470	35,203,974
CDBL fee	54,472,299	22,917,911	139,061	190,175
Certification fee	1,268,500	-	1,268,500	-
CIB Charge	4,538,620	2,688,661	4,538,620	2,688,661
Commission of bank guarantee	7,021,825	5,135,717	-	-
Commission on mobile banking transaction	828,397	885,774	828,397	885,774
Computer accessories	1,751,753	1,451,946	1,729,237	1,438,976
Contact point verification fee	3,689,450	4,324,169	3,689,450	4,324,169
Conveyance	6,270,493	4,613,427	5,989,916	4,568,294
Cost of Newspaper, P. S Plates & Polyester film	11,704,488	11,083,749	-	-
Credit card accessories	17,139,247	15,874,120	17,139,247	15,874,120
Donation and miscellaneous expenses	209,641	4,358,050	57,772	4,358,050
Educational expense reimbursements	436,218	190,143	419,258	177,362
Entertainment	9,722,588	5,471,802	3,321,464	2,268,908
Excise duty	6,210,122	4,631,950	5,597,122	4,262,950
Factory overhead	83,586,026	86,413,252	-	-
Fair and conference	523,357	-	-	-
Fuel expense	2,743,263	2,170,959	1,933,463	1,495,287
HR event	2,613,903	1,401,442	2,613,903	1,401,442
Internet and e-mail	16,126,284	17,218,772	7,972,614	7,542,814
IT Security Service	372,916	-	372,916	-
Laga charges	98,818,259	38,003,429	-	-

	LankaBangla Group		LankaBangla Finance Limited	
	2021 Taka	2020 Taka	2021 Taka	2020 Taka
Contribution to workers' profit participation fund	7,492,142	9,460,207	7,492,142	9,460,207
LB foundation	14,343,476	9,958,791	6,151,542	8,340,577
Loss on sales of fixed asset	1,078,545	4,924,836	119,462	4,307,407
Marketing expenses	37,767,645	13,216,756	37,767,645	13,216,756
Master Card Consolidated Billing System charges (MCBS)	25,418,076	24,918,888	25,418,076	24,918,888
Master Card-Stand By Letter of Credit issuance charge (SBLC)	4,046,000	3,278,125	4,046,000	3,278,125
Meeting expense	1,154,426	16,846	1,154,426	16,846
Membership and regulatory fees	9,755,569	5,487,500	4,892,505	3,089,033
Management fee expenses	767,045	-	-	-
Networking charge	311,561	229,582	-	-
News paper and periodicals	484,965	262,002	332,603	211,224
Office maintenance	77,590,050	80,148,009	60,602,214	66,907,166
Other expense	5,945,882	564,778	-	-
Other operational expenses credit card	2,867,018	26,092,343	2,867,018	26,092,343
Picnic expense	-	3,887,943	-	3,887,943
Recovery commission	1,062,956	-	1,062,956	-
Selling & distribution expenses	17,679,126	13,378,135	-	-
SMS service charge	9,783,495	9,900,803	9,783,495	9,900,803
Staff welfare	1,540,571	1,602,483	1,540,571	1,602,483
Subscription	3,990,659	3,556,166	-	-
Training	8,299,992	1,566,522	7,517,635	1,173,350
Travelling	41,501,492	36,411,578	32,006,956	29,909,865
Vehicle maintenance/registration	50,822,664	50,831,112	26,422,620	24,744,129
Water and sewerage bill	2,415,982	1,212,082	1,514,460	445,918
	<b>755,483,476</b>	<b>574,540,370</b>	<b>376,333,332</b>	<b>321,611,232</b>
<b>32. Provisions for loans, investments and off-balance sheet exposures and other assets</b>				
See accounting policy in note (2.27)				
Provisions for leases and loans	<b>575,447,876</b>	<b>121,432,439</b>	<b>575,447,876</b>	<b>121,432,439</b>
General provision	(264,477,936)	109,436,067	(264,477,936)	109,436,067
Special General provision for COVID-19	57,663,335	-	57,663,335	-
Specific provision	782,262,477	11,996,372	782,262,477	11,996,372
Provision for margin loan	293,338,572	168,636,136	-	-
Provision for diminution in value of investments	(37,580,889)	(140,741,491)	(30,810,839)	(122,942,734)
General provision for Off-Balance Sheet Exposure	1,529,796	-	1,529,796	-
Specific provision for other assets	9,117,826	1,700,000	1,500,000	-
	<b>841,853,182</b>	<b>151,027,084</b>	<b>547,666,834</b>	<b>(1,510,295)</b>
<b>33. Provision for tax made during the period</b>				
See accounting policy in note (2.38)				
<b>Current tax expense:</b>				
Current income tax charge	395,976,009	199,660,429	90,859,275	92,082,283
Adjustment in respect of current income tax of prior years	-	-	-	-
	<b>395,976,009</b>	<b>199,660,429</b>	<b>90,859,275</b>	<b>92,082,283</b>
<b>Deferred tax expense/(income):</b>				
Origination and reversal of temporary difference	3,528,516	105,659	-	-
Changes in tax rate	-	-	-	-
	<b>3,528,516</b>	<b>105,659</b>	<b>-</b>	<b>-</b>
<b>Income tax expense reported in profit and loss account</b>	<b>399,504,525</b>	<b>199,766,087</b>	<b>90,859,275</b>	<b>92,082,283</b>



	LankaBangla Group		LankaBangla Finance Limited	
	2021 Taka	2020 Taka	2021 Taka	2020 Taka
<b>33.1 Reconciliation of current income tax charge</b>				
<b>Gross receipts</b>			<b>7,326,302,717</b>	<b>8,272,460,827</b>
Applicable tax rate*			0.60%	0.60%
Income tax charge as per applicable tax rate			43,957,816	49,634,765
Reduction in tax rate				
<b>Factors affecting the tax charge for current period:</b>				
Share of profit of equity-accounted investees reported, net of tax				
Additional tax charge for minimum tax under section 82C(5)			46,901,459	42,447,518
Changes in estimates related to prior period			-	-
			<b>90,859,275</b>	<b>92,082,283</b>

\*As there was business loss for tax charge for the year ended 31 December 2021, LankaBangla Finance Limited provided for current tax expense as per Section 82C(4) and 82C(5) of the Income Tax Ordinance, 1984.

\*\*The Group's tax charge is the accumulation of tax charged separately in individual financial statements of the Group companies.

### 34. Earnings Per Share (EPS)

See accounting policy in note (2.40)

Earning attributable to ordinary shareholders	1,280,549,083	974,090,749	609,002,658	825,717,132
Weighted number of shares out-standing (Note - 34.1)	538,838,623	538,838,623	538,838,623	538,838,623
<b>Basic earnings per share</b>	<b>2.38</b>	<b>1.81</b>	<b>1.13</b>	<b>1.53</b>

### 34.1 Outstanding number of shares for the period ended 31 December 2021

Weighted number of shares outstanding	538,838,623	538,838,623	538,838,623	538,838,623
	<b>538,838,623</b>	<b>538,838,623</b>	<b>538,838,623</b>	<b>538,838,623</b>

### 35. Net asset value per share- (NAV)\*

Net asset value	10,678,798,845	10,046,384,972	11,073,883,094	10,447,702,886
Weighted number of shares out-standing (Note - 34.1)	538,838,623	538,838,623	538,838,623	538,838,623
	<b>19.82</b>	<b>18.64</b>	<b>20.55</b>	<b>19.39</b>

\* NAV of 2020 has been restated due to correction of errors. Please see note no. 2.9.2 to the Financial Statements

### 36. Net Operating Cash Flows Per Share - (NOCFPS)

Net cash flows/(used in) from operating activities	(475,863,997)	8,505,851,188	(2,326,948,668)	7,309,109,286
Weighted number of shares outstanding (Note - 34.1)	538,838,623	538,838,623	538,838,623	538,838,623
	<b>(0.88)</b>	<b>15.79</b>	<b>(4.32)</b>	<b>13.56</b>

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

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

<b>Profit before tax</b>	<b>1,705,397,057</b>	<b>1,178,284,539</b>	<b>699,861,932</b>	<b>917,799,415</b>
Adjustments:				
Depreciation and amortization	525,212,575	344,763,871	196,105,199	259,163,948
(Gain)/Loss on sale of fixed assets	(5,536,903)	(4,726,968)	(4,855,073)	(7,793,150)
Provision for loans, leases and advances & investments	841,853,182	151,027,084	547,666,834	(1,510,295)
Interest Income from Treasury bill and Bond	(4,827,041)	(25,484,326)	(4,827,041)	(25,484,326)
Foreign exchange (gain)/loss	4,419,419	2,623,844	4,419,419	2,623,844
	<b>3,066,518,289</b>	<b>1,646,488,044</b>	<b>1,438,371,271</b>	<b>1,144,799,436</b>
Increase/(decrease) in operating assets & liabilities				
Loans and advances to customers	(4,398,761,847)	6,433,966,714	(3,877,752,775)	5,759,878,086
Other assets	(275,899,674)	(29,728,000)	(318,545,698)	4,735,383
Deposits from customers and others	545,943,850	235,381,380	569,993,154	716,309,505
Other liabilities	956,302,424	394,587,017	(16,047,040)	(248,843,404)
	<b>(105,896,959)</b>	<b>8,680,695,155</b>	<b>(2,203,981,088)</b>	<b>7,376,879,006</b>
Income tax paid	(369,967,038)	(174,843,967)	(122,967,580)	(67,769,720)
<b>Net Cash flows from/(used in) OperatingActivities</b>	<b>(475,863,997)</b>	<b>8,505,851,188</b>	<b>(2,326,948,668)</b>	<b>7,309,109,286</b>

### 37. Segment report

#### 37.1. Basis for segmentation

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

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

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

#### 37.2 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 ended December 2021				
	Amount in Taka				
	Core Financing Business	Brokerage Business	Investment Business	Asset Management Business	Consolidated
<b>Revenue from external customers</b>					
Interest revenue	6,366,821,944	442,458,882	82,216,346	470,784	6,891,967,957
Revenue from investment	350,097,403	502,518,845	342,663,225	22,319,401	1,217,598,874
Commission, exchange and brokerage income	-	1,264,782,909	19,867,460	-	1,284,650,369
Other operational income	679,866,920	166,922,766	32,693,908	25,699,381	905,182,974
<b>Total revenue from external customers</b>	<b>7,396,786,267</b>	<b>2,376,683,402</b>	<b>477,440,939</b>	<b>48,489,566</b>	<b>10,299,400,174</b>
<b>Revenues from transactions with other operating segments of the same entity :</b>					
Interest revenue	8,730,434	-	22,845,666	15,643,889	47,219,989
Revenue from investment	173,857,828	-	15,172,917	8,186,282	15,172,917
Other operational income	-	4,620,000	-	-	4,620,000
<b>Total revenues from transactions with other operating segments of the same entity</b>	<b>182,588,262</b>	<b>4,620,000</b>	<b>38,018,583</b>	<b>23,830,171</b>	<b>67,012,905</b>
<b>Total segment revenue</b>	<b>7,579,374,529</b>	<b>2,381,303,402</b>	<b>515,459,522</b>	<b>72,319,736</b>	<b>10,366,413,079</b>
<b>Interest expenses</b>					
Segment interest expenses	4,647,643,282	224,220,028	597,716	454,625	4,872,915,651
Expenses from transactions with other operating segments of the same entity	54,991,444	8,730,434	-	-	62,496,823
<b>Total segment interest expenses</b>	<b>4,702,634,726</b>	<b>232,950,461</b>	<b>597,716</b>	<b>454,625</b>	<b>4,935,412,474</b>
<b>Operating expenses</b>					
Segment operating expenses	1,423,476,118	1,050,117,033	79,114,330	34,509,618	2,587,217,099
Expenses from transactions with other operating segments of the same entity	9,629,719	-	-	-	9,629,719
<b>Total segment operating expenses</b>	<b>1,433,105,837</b>	<b>1,050,117,033</b>	<b>79,114,330</b>	<b>34,509,618</b>	<b>2,596,846,818</b>
<b>Depreciation and amortization</b>	<b>196,105,199</b>	<b>79,946,248</b>	<b>5,138,189</b>	<b>5,713,913</b>	<b>286,903,549</b>
<b>Net operating income</b>	<b>1,247,528,766</b>	<b>1,018,289,660</b>	<b>430,609,287</b>	<b>31,641,581</b>	<b>2,547,250,239</b>
<b>Material non-cash items other than depreciation and amortisation</b>					
Provision for leases, loans and advances / investments	547,666,834	232,411,782	68,544,616	(6,770,050)	841,853,182

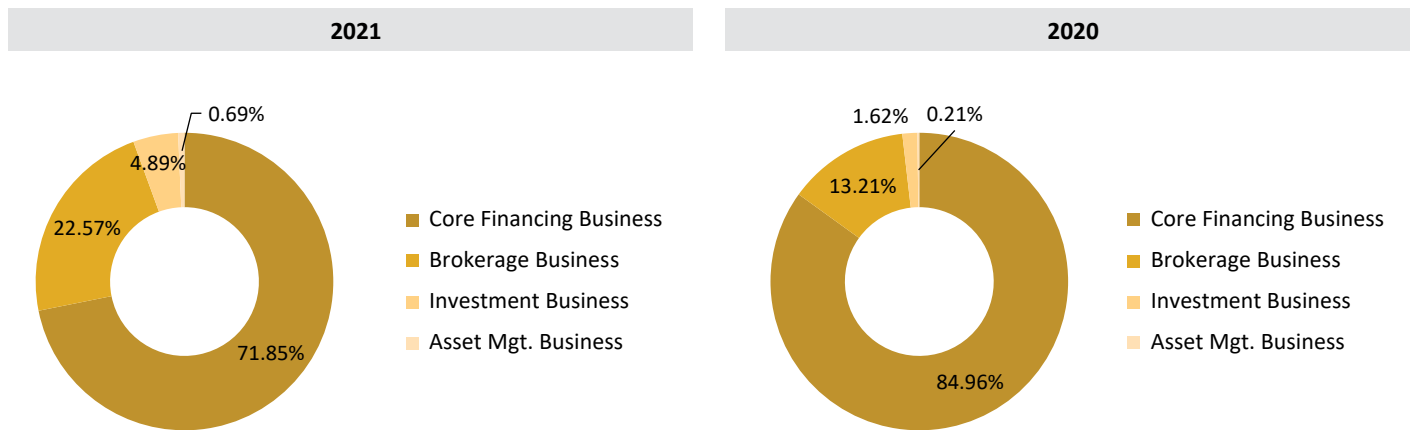
<b>Profit before tax and reserve</b>	<b>699,861,932</b>	<b>785,877,878</b>	<b>362,064,671</b>	<b>38,411,631</b>	<b>1,705,397,057</b>
Provision for tax made during the period	90,859,275	263,702,950	37,088,370	4,325,415	395,976,009
Deferred tax (expense)/ Income	-	3,236,217	515,138	(222,839)	3,528,516
	<b>90,859,275</b>	<b>266,939,167</b>	<b>37,603,508</b>	<b>4,102,575.41</b>	<b>399,504,525</b>
<b>Net profit after tax</b>	<b>609,002,658</b>	<b>518,938,711</b>	<b>324,461,163</b>	<b>34,309,055</b>	<b>1,305,892,532</b>
Total segment assets	82,534,564,317	12,369,298,694	2,829,193,678	1,196,507,932	98,929,564,622
Inter segmental assets	8,672,586,017	28,579,507	454,977,429	846,572,245	10,002,715,199
<b>Net segment assets</b>	<b>73,861,978,300</b>	<b>12,340,719,187</b>	<b>2,374,216,249</b>	<b>349,935,687</b>	<b>88,926,849,424</b>
Amount of addition to non-current fixed assets	168,353,129	172,640,136	30,841,989	297,102	372,132,356
Segment capital employed	11,073,883,094	5,384,500,813	824,868,150	987,984,877	18,271,236,935
Segment liability	70,579,704,971	1,312,526,347	(457,158,052)	(779,460,777)	70,655,612,489
Inter segmental liabilities	880,976,252	5,672,271,535	2,461,483,580	987,983,832	10,002,715,199
<b>Total segmental liability</b>	<b>82,534,564,317</b>	<b>12,369,298,695</b>	<b>2,829,193,678</b>	<b>1,196,507,932</b>	<b>98,929,564,622</b>

Amount in Taka

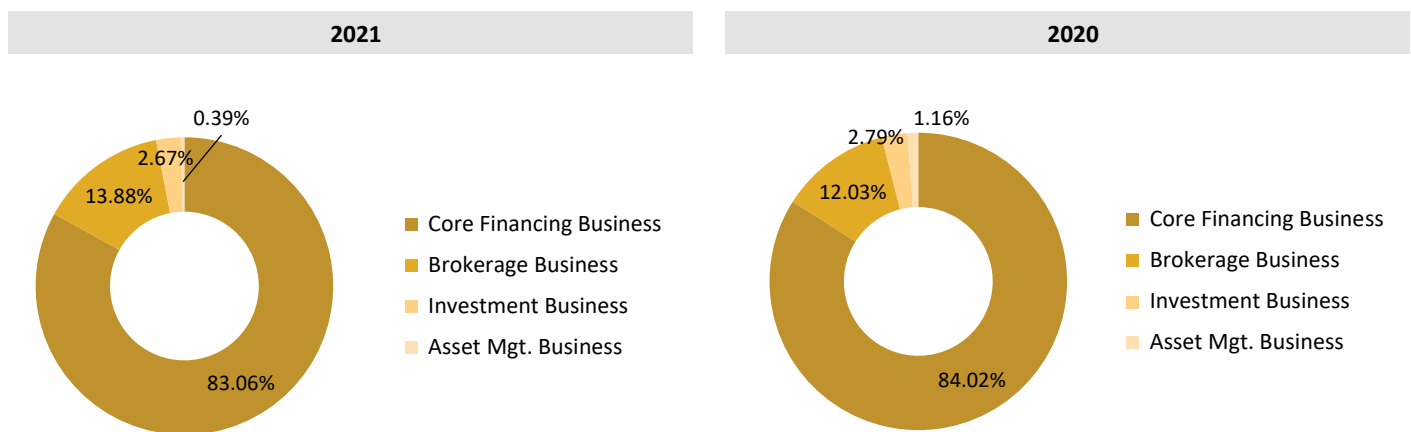
Particulars	For the year ended December 2020				
	Core Financing Business	Brokerage Business	Investment Business	Asset Management Business	Consolidated
<b>Revenue from external customers</b>					
Interest revenue	7,613,940,829	463,912,653	61,898,110	(16,917,033)	8,122,834,559
Revenue from investment	115,347,060	175,365,719	29,576,725	(4,756,064)	315,533,440
Commission, exchange and brokerage income	-	490,349,941	6,004,337	-	496,354,278
Other operational income	533,299,248	157,009,246	35,367,071	18,732,827	744,408,392
<b>Total revenue from external customers</b>	<b>8,262,587,137</b>	<b>1,286,637,558</b>	<b>132,846,244</b>	<b>(2,940,270)</b>	<b>9,679,130,670</b>
<b>Revenues from transactions with other operating segments of the same entity :</b>					
Interest revenue	14,211,607	-	23,378,830	23,378,830	60,969,266
Revenue from investment	-	-	1,800,000	37,819	1,800,000
Other operational income	-	-	-	-	(2,494,645)
<b>Total revenues from transactions with other operating segments of the same entity</b>	<b>14,211,607</b>	<b>-</b>	<b>25,178,830</b>	<b>23,341,010</b>	<b>60,274,621</b>
<b>Total segment revenue</b>	<b>8,276,798,744</b>	<b>1,286,637,558</b>	<b>158,025,073</b>	<b>20,400,740</b>	<b>9,739,405,291</b>
<b>Interest expenses</b>					
Segment interest expenses	5,688,262,643	282,540,934	360,002	938,803	5,972,102,383
Revenues from transactions with other operating segments of the same entity	25,932,474	14,211,607	-	-	40,113,552
<b>Total segment interest expenses</b>	<b>5,714,195,118</b>	<b>296,752,541</b>	<b>360,002</b>	<b>938,803</b>	<b>6,012,215,935</b>
<b>Operating expenses</b>					
Segment operating expenses	1,387,150,559	589,556,625	53,548,501	24,494,283	2,054,749,968
Inter segment operation expenses	9,669,409	-	-	-	9,669,409
<b>Total segment operation expenses</b>	<b>1,396,819,968</b>	<b>589,556,625</b>	<b>53,548,501</b>	<b>24,494,283</b>	<b>2,064,419,378</b>
<b>Depreciation and amortization</b>	<b>249,494,539</b>	<b>72,492,283</b>	<b>4,104,356</b>	<b>7,367,178</b>	<b>333,458,356</b>
<b>Net operating income</b>	<b>916,289,119</b>	<b>327,836,110</b>	<b>100,012,214</b>	<b>(12,399,524)</b>	<b>1,329,311,623</b>
<b>Material non-cash items other than depreciation and amortisation</b>					
Provision for leases, loans and advances / investments	(1,510,295)	85,000,000	81,708,513	(14,171,134)	151,027,084
<b>Profit before tax and reserve</b>	<b>917,799,415</b>	<b>242,836,110</b>	<b>18,303,700</b>	<b>1,771,610</b>	<b>1,178,284,539</b>
Provision for tax made during the period	92,082,283	102,631,381	4,789,231	157,533	199,660,428
Deferred tax (expense)/ Income	-	1,505,886	(1,032,244)	(367,983)	105,659
	<b>92,082,283</b>	<b>104,137,267</b>	<b>3,756,987.25</b>	<b>(210,450)</b>	<b>199,766,087</b>
<b>Net profit after tax</b>	<b>825,717,132</b>	<b>138,698,842</b>	<b>14,546,713</b>	<b>1,982,060</b>	<b>978,518,451</b>
Total segment assets	76,812,538,239	10,743,461,309	2,495,461,912	1,031,743,269	91,083,204,728
Inter segmental assets	1,786,235,718	-	-	-	1,786,235,718
<b>Net segment assets</b>	<b>75,026,302,522</b>	<b>10,743,461,309</b>	<b>2,495,461,912</b>	<b>1,031,743,269</b>	<b>89,296,969,011</b>
Amount of addition to non-current assets	314,945,042	59,721,320	404,631	2,090,402	377,161,395
Segment capital employed	10,447,702,886	5,053,883,334	500,406,987	951,175,822	16,953,169,029
Segment liability	66,364,835,354	5,599,957,706	298,439,474	80,567,447	72,343,799,981
Inter segmental liabilities	-	89,620,268	1,696,615,450	-	1,786,235,718
<b>Total segmental liability</b>	<b>76,812,538,240</b>	<b>10,743,461,307</b>	<b>2,495,461,911</b>	<b>1,031,743,269</b>	<b>91,083,204,728</b>

**37.2 Information about reportable segments (continued)**

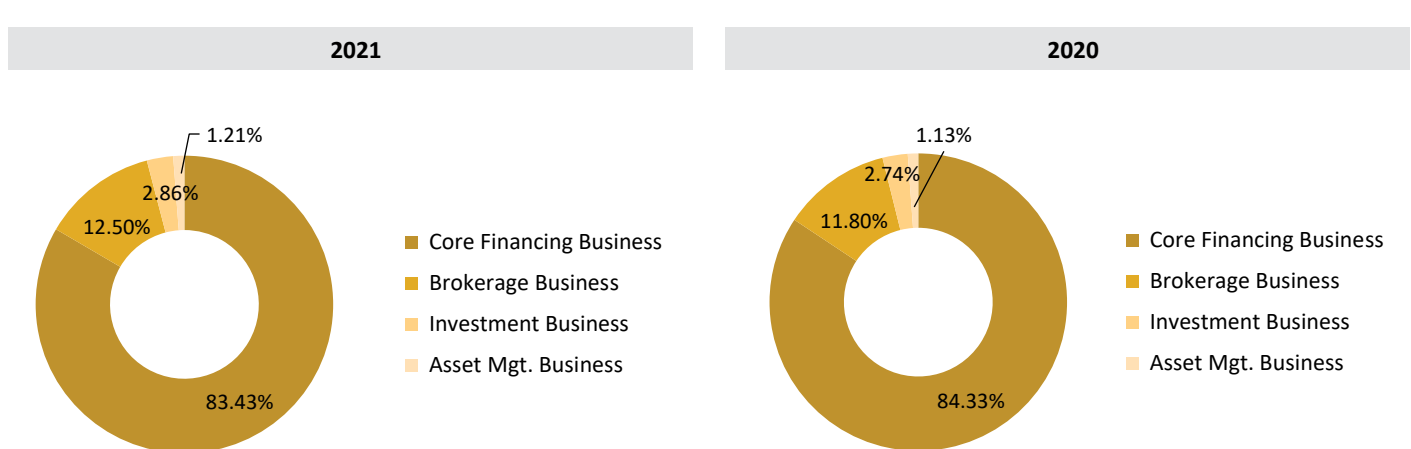
**Revenue**



**Assets**



**Liabilities**



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

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

Sl.	Name	Place of business	Ownership Interest
1	LankaBangla Securities Limited	Bangladesh	96.6667958%
2	LankaBangla Investments Limited	Bangladesh	99.9999975%
3	LankaBangla Asset Management Company Limited	Bangladesh	99.9998942%
4	LankaBangla Information System Limited	Bangladesh	96.4734622%
5	BizBangla Media Limited	Bangladesh	93.1728152%

**38.2 Financial support given to structured entities**

All the transactions with or among the subsidiaries are arms length transactions and are properly disclosed in the related party disclosure (**Note-39**). Other than those no other financial support has been given to any of the subsidiaries during the year 2021.

**38.3 Significant restrictions**

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

**38.4 Non-controlling interest (NCI) in subsidiaries**

Name	% of NCI	Profit allocated to NCI	
		2021 Taka	2020 Taka
LankaBangla Securities Limited	3.3332042%	24,891,653	4,840,210
LankaBangla Investments Limited	0.0000025%	8	0
LankaBangla Asset Management Company Limited	0.0001058%	36	2
LankaBangla Information System Limited	3.5265378%	25,501	22,142
BizBangla Media Limited	6.8271848%	426,250	(434,652)
<b>Total</b>		<b>25,343,449</b>	<b>4,427,702</b>

**39. Related party disclosure**

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

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

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

ii)	Significant contracts where Company is a party and wherein Directors have interest during the year 2021	NIL
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iii)	Shares issued to Directors and Executives without consideration or exercisable at a discount	NIL
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iv) **Related party transactions**

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

SL No.	Name of Related Party	Relationship	% of Holding	Outstanding 01.01.2021	Amount of transaction during the year 2021		Outstanding 31.12.2021	Nature of Transaction	Outstanding balance present in note
					Debit	Credit			
1	Colloid Enterprises Limited	Concern related to Directors	-	13,492,675	115,160	1,001,601	14,379,117	TDR	11.1
2	Global Aviation Services Limited	Concern related to Directors	-	16,000,000	1,240,000	1,240,000	16,000,000	TDR	11.1
3	WAC Logistics Ltd.	Concern related to Directors	-	58,681,442	7,273,638	54,111,108	105,518,912	TDR	11.1
4	One Bank Limited	Concern related to Directors	-	1,300,000,000	90,476,735	90,476,735	1,300,000,000	TDR	11.1
5	Colloid Enterprises Limited	Concern related to Directors	-	13,492,675	115,160	1,001,601	14,379,117	TDR	11.1
6	One Bank Limited	Concern related to Directors	-	433,613,399	36,487,832,261	35,735,825,908	1,185,619,752	Interest, Non-interest bearing bank balance	5.1 & 5.2
7	One Bank Limited	Concern related to Directors	-	519,416,863	16,809,341	13,642,965	522,583,239	FDR	5.3
8	One Bank Limited	Concern related to Directors	-	1,300,000,000	-	-	1,300,000,000	Bond	6
9	LankaBangla Securities Limited	Subsidiary Company	96.67	89,620,268	13,555,883	62,000,940	41,175,211	Term loan	7.1
10	LankaBangla Investment Limited	Subsidiary Company	99.99	1,696,615,450	80,000	60,080,000	1,636,615,450	Term loan	7.1
11	LankaBangla Investment Limited	Subsidiary Company	99.99	280,913,125	54,704,478	189,858,782	416,067,429	TDR	11.1
12	LankaBangla Investment Limited	Subsidiary Company	99.99	181,800,000	46,940,625	16,307,292	151,166,667	Subordinate bond	10.1.6
13	LankaBangla Asset Management Limited	Subsidiary Company	99.99	200,000,000	15,925,000	15,925,000	200,000,000	TDR	11.1
14	LankaBangla Finance Limited-PF	Provident Fund of LBFL	-	273,625,140	1,289,562	21,631,238	293,966,816	TDR	11.1
15	LankaBangla Finance Limited-GF	Gratuity Fund of LBFL	-	75,777,044	347,164	5,683,278	81,113,158	TDR	11.1
16	LankaBangla Securities Limited	Subsidiary Company	96.67	1,749,237,023	-	-	1,749,237,023	Equity Investment at cost	9 & 15A
17	LankaBangla Asset Management Company Limited	Subsidiary Company	99.99	942,950,000	2,500,000	-	945,450,000	Equity Investment at cost	9 & 15A
18	LankaBangla Investment Limited	Subsidiary Company	99.99	2,404,999,940	-	-	2,404,999,940	Equity Investment at cost	9 & 15A
19	LankaBangla Securities Limited	Subsidiary Company	96.67	-	4,620,000	4,620,000	-	Lease of office premises	8.4.2, 10.1 & 23
20	BizBangla Media Limited	Sub-Subsidiary Company	93.16	105,708.04	4,195,908	4,090,200	-	Advertisement	



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

#### 40. Audit committee disclosures

As per clause number 3 (Ka) of Bangladesh Bank DFIM Circular No. 13 dated October 26, 2011 and clause number 2.2(b) of "Corporate Governance Code" Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018 of Bangladesh Securities and Exchange Commission (BSEC) Audit Committee of LankaBangla Finance Limited (LBFL) was re-constituted in 130th meeting of the Board of Directors held on 31 May 2021.

Sl. #	Name of Member	Status in the Organization	Status in the Committee	Educational Qualification
1	Mrs. Zaitun Sayef	Independent Director	Chairperson	MBA from Institute of Business Administration (IBA) of Dhaka University
2	Mr. Nanda Fernando	Director	Member	MBA degree specializing in Marketing from Sikkim Manipal University, India.
3	Mr. Mahbubul Anam	Director	Member	B. Sc. Engineer from BUET
4	Mr. M. Fakhru Alam	Director	Member	MBA from Institute of Business Administration (IBA) of Dhaka University

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

During the year 2021, the Audit Committee conducted 4 (four) meetings in which, among other things, the following issues were reviewed/discussed:

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

#### 41. Impact of inflation and changing prices

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

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

## 42. Others Disclosure

## a) Reasons for significant variances in Net Profit after Tax

Consolidated Net Profit after tax for the year 2021 was BDT 1,305.89 million which was 33% higher than that of 2020 (978.52 million). Reasons for the changes in profitability are as follows:

Name of the Company	2021	2020	Y-O-Y Growth		Major factors for variances in net profit after tax.
			Amount	%	
LankaBangla Finance Limited (LBFL)	609,002,658	825,717,132	(216,714,474)	(26%)	Due to extremely competitive market, the Company was required to reduce margins when the average volume of the portfolio was also reduced due to low appetite for loan in the market, which was triggered by the second wave of pandemic, hit in Q2 of 2021. Thus gross interest income reduced and with the withdrawal of cap on asset classification in 2021 by regulator LBFL needed to charged net interest suspense BDT 265,079,191 during 2021 compared to 2020. All these contributed to negative net interest income variance of BDT 241,039,666 during 2021 compared to 2020.
					Utilizing upturn index in bourse LBFL managed higher capital gain of BDT 134,706,166 for 2021 compared to 2020. Moreover, Dividend income has increased by 649% to BDT 260,380,700 in this year from BDT 34,769,184 as LBFL received dividend of BDT 173,857,828 this year from LankaBangla Securities Limited (subsidiary of LBFL) as opposed to no dividend in the previous year. Bond market and Discretionary fund also contributed vastly to the income growth. Alongside, with increased disbursement and mobilization of lending assets other operational income of the company increased by BDT 146,567,671 during 2021 compared to 2020.
					LBFL have optimized its operating capacity which reduced its operating expenses by BDT 17,103,471 during 2021 compared to 2020. Besides, there was a decrease in income tax charge by BDT 1,223,008 during 2021.
					Provision charge for leases, loans and advances of LBFL increased by BDT 454,015,437 during 2021 compared to 2020. Withdrawal of cap on asset classification during 2021 by regulator along with Second wave of Covid 19 Pandemic affected that high charge. Alongside, LBFL charged total BDT 3,029,796 as provision for its Off-Balance Sheet Exposure and other assets as per regulator's requirement during 2021. On the other hand, as capital market picked up pace in the last couple of months of 2020 and continued during 2021, provision charge for diminution in value of investments reduced by BDT 92,131,896 during 2021.
LankaBangla Securities Limited (LBSL)	518,938,712	138,698,842	380,239,869	274%	As overall daily turnover in the stock exchanges increased, LBSL's main source of income "Brokerage Commission" increased by BDT 774,432,968 during 2021 compared to 2020.
					Net interest income of LBSL increased by BDT 42,348,309 during 2021 in comparison to 2020 where debit balance of share trading clients contributed vastly.
					Income from investment of LBSL increased by BDT 327,153,126 during 2021 in comparison to 2020 as capital market showcased price hike during 2021. Alongside, revenue from print media business specially advertisement income of LBSL Group contributed positively to increase other operational income by BDT 14,533,520 during 2021 compared to 2020. Though Provision for margin loan increased by BDT 147,411,782 in that comparing period.
					As volume of transaction and relevant activities increased with rejuvenated capital market salary and relevant operating expenses like CDBL charges, Laga Charges increased which in terms rose operating expenses by BDT 468,014,373 during 2021 compared to 2020. As income is raised, relevant income tax expense has been increased by BDT 162,801,900 in 2021 compared to 2020.

Name of the Company	2021	2020	Y-O-Y Growth		Major factors for variances in net profit after tax.
			Amount	%	
LankaBangla Investment Limited (LBIL)	324,461,163	14,546,713	309,914,450	2130%	<p>Net interest income of LBIL increased by BDT 19,547,359 in the year 2021 compared to the year 2020 where interest from Margin loan to share trading clients, FDR and short term deposit contributed vastly.</p> <p>As capital market showed growing trend since last quarter of 2020 and continued in 2021, income from investment of LBIL increased by BDT 326,459,417. Alongside, other related operational income increased by BDT 11,189,960 during 2021 compared to 2020 with major contribution from Brokerage and Underwriting commission.</p> <p>Total operating expenses of LBIL decreased by BDT 26,505,821 when with higher income relevant income tax expense has been increased by BDT 33,846,521 during 2021 compared to 2020.</p> <p>Provision charge for margin loan of LBIL decreased by BDT 22,709,346 and provision for other asset increased by BDT 5,917,826 during 2021 compared to 2020.</p>
LankaBangla Assets Management Company Limited (LBAMCL)	34,309,055	1,982,060	32,326,995	1631%	<p>With bullish capital market LBAMCL increased its investment income by BDT 35,299,565 during 2021 compare to 2020. On the other hand , there was an increase in net interest income and other operational income by BDT 17,103,609 during 2021 compared to 2020.</p> <p>Operating expenses of LBAMCL increased by BDT 8,362,070 and with higher income, related income tax expense increased by BDT 4,313,025 during 2021 compared to 2020.</p> <p>Provision charge for diminution in value of investments increased by BDT 7,401,084 during 2021 compared to 2020.</p>
Inter Company Dividend	(182,044,110)	-	(182,044,110)	(100%)	In 2021 LBFL and LBAMCL had earned cash dividend of BDT 173,857,828 and 8,186,282 respectively from one of its subsidiaries/group companies (LankaBangla Securities Limited) which eliminated in consolidation but in 2020 there was no dividend from subsidiaries.
Effect of Inter-Company Right of Use Asset & Lease Liability	1,225,055	(2,464,116)	3,689,171	(150%)	Effect of Intra-Group elimination for IFRS 16
Loss on disposal of inter-company shares	-	37,819	(37,819)	100%	Effect of Inter-company transaction on exchanging holding of a subsidiary's shares

Consolidated Net Profit After Tax	1,305,892,532	978,518,450	327,374,082	33%	Overall, consolidated net profit after tax for the year ended 31 December 2021 was 33% higher compared to the year ended December 2020.
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## b) Variances in other parameters (Consolidated)

Name of the Company	2021	2020	Y-O-Y Growth		Major factors for variances in net profit after tax.
			Amount	%	
Earnings per share	2.38	1.81	0.57	31%	Utilizing upturn index and increased transaction volume in bourse consolidated investment and commission income increased by BDT 1,690,361,525 though the Group has increased its provision charge for loans, investments and other assets by BDT 690,826,098 during 2021 compared to 2020. Alongside, with increased disbursement and mobilization of lending assets, other operating income of the company increased by BDT 168,548,115 during 2021 compared to 2020.  Capital market operational activities has been increased with the increase of upturn index and transactions volume. Therefore, capital market operating expenses increased by BDT 485,912,324 during 2021 compared to 2020.  In sum, consolidated profit after tax that increased by 31% in 2021 that contributed to increase EPS
Net Operating Cash Flows Per Share - (NOCFPS)	(0.88)	15.79	(16.67)	(106%)	As loan disbursement increased, operating assets and liability decreased by BDT 10,265,349,110. Though, cash generated from operations increased by BDT 1,283,633,925 with contribution of net interest received, received from fees, commission and income from investment, overall cash flow from operating activities decreased by BDT 8,981,715,186 during 2021 compared to that of 2020.
Net asset value per share- (NAV)	19.82	18.64	1.17	6%	NAV increased by 6% to reach 19.82 at the end of 2021 compared to as on 31 December 2020 due to addition of current year profit.

## d) Board meeting and directors' remuneration

Each director is entitled to receive Tk. 8,000 for attending each Board Meeting. No other remuneration or special payment was made to the directors for attending the Board Meetings or otherwise during the year 2021. Nothing is due from any director of the Company as on the date of closing the accounts. During year under audit eight meetings of Board of Directors were held. Details are as under:

Sl. No.	Meeting No.	Date of Meeting	Number of presences
1	128 <sup>th</sup> Board meeting	10 March 2021	8
2	129 <sup>th</sup> Board meeting	6 April 2021	8
3	130 <sup>th</sup> Board meeting	31 May 2021	9
4	131 <sup>st</sup> Board meeting	30 June 2021	6
5	132 <sup>nd</sup> Board meeting	18 August 2021	7
6	133 <sup>rd</sup> Board meeting	28 October 2021	7
7	134 <sup>th</sup> Board meeting	2 December 2021	8
8	135 <sup>th</sup> Board meeting	27 December 2021	6

Notes:

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

## e) Meeting and directors' remuneration

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

Each director is entitled to receive Tk. 8,000 for attending each meeting of the Executive Committee. No other remuneration or special payment was made to the directors for attending the meetings or otherwise during the year 2021. During the year under audit eleven meetings of the Executive Committee were held. Details are as under:

Sl. No.	Meeting No.	Date of Meeting	Number of presences
1	91 <sup>st</sup> EC meeting	14 January 2021	4
2	92 <sup>nd</sup> EC meeting	15 February 2021	3
3	93 <sup>rd</sup> EC meeting	5 April 2021	3
4	94 <sup>th</sup> EC meeting	10 June 2021	4
5	95 <sup>th</sup> EC meeting	24 June 2021	4
6	96 <sup>th</sup> EC meeting	26 July 2021	5
7	97 <sup>th</sup> EC meeting	12 September 2021	5
8	98 <sup>th</sup> EC meeting	7 October 2021	4
9	99 <sup>th</sup> EC meeting	31 October 2021	4
10	100 <sup>th</sup> EC meeting	17 November 2021	4
11	101 <sup>st</sup> EC meeting	21 December 2021	3

Notes:

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

ii) Audit Committee meeting and directors' remuneration

Each director is entitled to receive Tk. 8,000 for attending each meeting of the Audit Committee. No other remuneration or special payment was made to the directors for attending the meetings or otherwise during the year 2021. During the year under audit four meetings of Audit Committee were held. Details are as under:

Sl. No.	Meeting No.	Date of Meeting	Number of presences
1	64 <sup>th</sup> Audit Committee meeting	8 March 2021	3
2	65 <sup>th</sup> Audit Committee meeting	25 May 2021	3
3	66 <sup>th</sup> Audit Committee meeting	12 August 2021	4
4	67 <sup>th</sup> Audit Committee meeting	26 October 2021	3

Notes:

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

f) **Number of Employees**

The number of employees including contractual engaged for the whole year or part there of who received a total yearly remuneration of tk. 36,000 or above were 779 which was 764 on 31 December 2020.

## g) Dividend Distribution Policy

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

**Authority**

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

**Dividend Distribution**

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

- LBFL shall pay dividend to the shareholders within 30 days of approval;
- LBFL shall pay cash dividend to the shareholders through bank accounts or through stock broker or merchant bank in case of margin clients or through security custodian in case of non-resident shareholders;
- After payment of dividend and issuance of tax certificate, all shareholders will be notified through SMS or email regarding payment of dividend;
- LBFL shall maintain detailed information of unpaid or unclaimed dividend and to disclose the summary in the annual report. A separate line item named "Unclaimed Dividend" will be inserted in the quarterly/ annual financial statements;
- LBFL shall publish in its website annual summary of unpaid or unclaimed dividend. Any unpaid or unclaimed dividend (including interest thereon after adjusting relevant bank charges) shall be transferred to a separate bank account within 1 year of approval of the dividend;
- LBFL shall credit stock dividend directly to the BO account within 30 days of approval. LBFL shall maintain a Suspense BO account for unclaimed stock dividend and send at least 3 reminders to shareholders, where applicable;
- Any unpaid or unclaimed dividend (including interest thereon after adjusting relevant bank charges) for a period of 3 years from approval shall be transferred to the Fund as may be prescribed by BSEC;
- If any stock dividend remains unclaimed or unsettled for 3 years from approval, such shares shall be transferred in dematerialized form to the BO account of the Fund to be established by BSEC; and
- After transferring of unclaimed cash or stock dividend to the Fund, if any claim arises from any shareholders, LBFL shall within 15 days of receiving such claim inform the Fund Manager about such claim after making necessary verification.

**Review of the policy:**

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

**Summary of unpaid/unclaimed dividend**

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

Dividend year	Particulars	Cash	Stock
2018-2020	More than 3 years	36,951,784	922
2006-2017 (Transferred to Capital Market Stabilization Fund)	More than 5 years & above	19,144,615	6,075

**h) Event after the Reporting Period****l) Dividend Information**

The Board of Director in its 136<sup>th</sup> Meeting held on 11 April 2022 has recommended to the shareholders @10% of Cash Dividend for the year ended 31 December 2021. This will be considered for approval of shareholders at 25<sup>th</sup> Annual General Meeting (AGM) of the Company scheduled to be held on 31 May 2022.

**i) Capital expenditure commitment**

There was no other material capital expenditure authorized by the Board but not contracted for as on 31 December 2021.

**j) Claim against company not acknowledged as debt**

There were no claims against the Company which required to be acknowledged as debt at 31 December 2021.

**k) Foreign remittances**

During the year 2021, the company remitted USD 411,282, AUD 767, (Total in BDT 38,752,262) against Various Technical Service Fees, Foreign Shareholders and training & services provider.

SI #	Purpose	Paid to	USD*	AUD*	BDT
01.	Dividend Payment	Sampath Bank PLC	210,033		18,461,937
02.	Dividend Payment	Mr. Tahsinul Huque, USA	91,901		8,068,884
03.	IFS ERP maintenance Fees	IFS Research & Development Pvt. Ltd, Sri Lanka	94,866		10,890,193
04.	Training Fees	Various Training Institute	14,482		1,259,424
05.	Membership Renewal Fee	APNIC Pty Ltd.	-	767	71,824
<b>Total</b>			<b>411,282</b>	<b>767</b>	<b>38,752,262</b>

\*USD=United States Dollar

\*AUD=Austrian Dollar

**l) Financial highlights**

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

**m) Interim financial statements**

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

Interim Reporting Period	Publication Date
January to March (1 <sup>st</sup> quarter)	31 May 2021
January to June (Half Year ended)	18 August 2021
January to September (3 <sup>rd</sup> quarter ended)	20 October 2021

**n) Change in and disagreement with Auditors**

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

**o) 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.

**p) 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 year.
- iv) LankaBangla Securities Limited (A Subsidiary of LankaBangla Finance Limited) has declared 7.00% interim cash dividend for the year 2021.



**Director**



**Director**



**Managing Director**



**Company Secretary**



**Chief Financial Officer**

Dhaka,  
11 April 2022

# LANKABANGLA FINANCE LIMITED AND ITS SUBSIDIARIES

## CONSOLIDATED FIXED ASSETS SCHEDULE

As at 31 December 2021

Annexure-A

Particulars	C O S T					D E P R E C I A T I O N					Written down value as at 31.12.2021	
	Balance as at 01.01.2021	Addition during the year	Sales/Transfer/Adjustment during the year	Balance as at 31.12.2021	Rate %	Balance as at 01.01.2021	Charged/Impaired during the year	Adjustment during the year	Balance as at 31.12.2021			
	Amount in Taka											
<b>I. Freeholds assets</b>												
Land	787,519,083	-	-	787,519,083		-	-	-	-	-	-	787,519,083
Building	723,845,707	1,310,000	850,000	724,305,707	2.5	46,095,814	8,595,324	233,750	54,457,388	-	54,457,388	669,848,320
Furniture and Fittings	275,588,178	17,167,294	42,153,073	250,602,398	20	203,785,736	29,081,591	41,203,079	191,664,248	-	191,664,248	58,938,150
Office Equipment	213,951,616	18,019,380	14,112,981	217,858,015	20	170,659,677	19,196,276	13,841,806	176,014,147	-	176,014,147	41,843,868
IT Equipment	278,263,055	39,870,401	10,982,396	307,151,060	33.33	217,169,710	48,295,523	10,966,329	254,498,904	-	254,498,904	52,652,156
Office Renovation	95,441,504	17,354,164	1,902,574	110,893,094	20	71,652,817	11,216,844	1,645,473	81,224,189	-	81,224,189	29,668,905
Motor Vehicles	26,530,854	4,211,316	194,556	30,547,614	20	23,584,090	1,031,301	166,701	24,448,690	-	24,448,690	6,098,923
	<b>2,401,139,996</b>	<b>97,932,555</b>	<b>70,195,580</b>	<b>2,428,876,970</b>		<b>732,947,845</b>	<b>117,416,859</b>	<b>68,057,138</b>	<b>782,307,566</b>		<b>782,307,566</b>	<b>1,646,569,405</b>
<b>II. Intangible assets</b>												
Goodwill	234,143,286	-	-	234,143,286	-	-	234,143,286	-	234,143,286	-	234,143,286	-
System Software	402,510,916	86,300,363	1,043,330	487,767,949	25	264,808,974	49,452,096	1,043,330	313,217,740	-	313,217,740	174,550,209
	<b>636,654,202</b>	<b>86,300,363</b>	<b>1,043,330</b>	<b>721,911,235</b>		<b>264,808,974</b>	<b>283,595,382</b>	<b>1,043,330</b>	<b>547,361,026</b>		<b>547,361,026</b>	<b>174,550,209</b>
<b>III. Capital Work in Progress</b>												
Tangible Assets	444,188,532	16,210,873	-	460,399,404	-	-	-	-	-	-	-	460,399,404
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
	<b>444,188,532</b>	<b>16,210,873</b>	<b>-</b>	<b>460,399,404</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>460,399,404</b>
<b>IV. Right of Use Assets</b>												
Motor Vehicle	55,752,908	-	1,400,000	54,352,908	20	44,919,039	5,482,805	1,032,999	49,368,844	-	49,368,844	4,984,064
Office premises	398,131,057	171,688,566	104,333,547	465,486,075	Equal Monthly Lease period	115,902,095	118,717,529	77,436,527	157,183,098	-	157,183,098	308,302,977
	<b>453,883,965</b>	<b>171,688,566</b>	<b>105,733,547</b>	<b>519,838,983</b>		<b>160,821,134</b>	<b>124,200,334</b>	<b>78,469,526</b>	<b>206,551,942</b>		<b>206,551,942</b>	<b>313,287,041</b>
<b>Total</b>	<b>3,935,866,694</b>	<b>372,132,356</b>	<b>176,972,457</b>	<b>4,131,026,593</b>		<b>1,158,577,952</b>	<b>525,212,575</b>	<b>147,569,994</b>	<b>1,536,220,534</b>		<b>1,536,220,534</b>	<b>2,594,806,060</b>



LANKABANGLA FINANCE LIMITED AND ITS SUBSIDIARIES  
**CONSOLIDATED FIXED ASSETS SCHEDULE**  
 As at 31 December 2020

Annexure-A  
 Amount in Taka

Particulars	COST					DEPRECIATION					Written down value as at 31.12.2020
	Balance as at 01.01.2020	Addition during the year	Sales/Transfer/Adjustment during the year	Balance as at 31.12.2020	Rate %	Balance as at 01.01.2020	Charged/Impaired during the year	Adjustment during the year	Balance as at 31.12.2020		
<b>I. Freeholds assets</b>											
Land	787,519,083	-	-	787,519,083	-	-	-	-	-	-	787,519,083
Building	723,845,707	1,310,000	850,000	724,305,707	2.5	46,095,814	8,595,324	233,750	54,457,388	-	669,848,320
Furniture and Fittings	275,588,178	17,167,294	42,153,073	250,602,398	20	203,785,736	29,081,591	41,203,079	191,664,248	-	58,938,150
Office Equipment	213,951,616	18,019,380	14,112,981	217,858,015	20	170,659,677	19,196,276	13,841,806	176,014,147	-	41,843,868
IT Equipment	278,263,055	39,870,401	10,982,396	307,151,060	33.33	217,169,710	48,295,523	10,966,329	254,498,904	-	52,652,156
Office Renovation	95,441,504	17,354,164	1,902,574	110,893,094	20	71,652,817	11,216,844	1,645,473	81,224,189	-	29,668,905
Motor Vehicles	26,530,854	4,211,316	194,556	30,547,614	20	23,584,090	1,031,301	166,701	24,448,690	-	6,098,923
	<b>2,401,139,996</b>	<b>97,932,555</b>	<b>70,195,580</b>	<b>2,428,876,970</b>		<b>732,947,845</b>	<b>117,416,859</b>	<b>68,057,138</b>	<b>782,307,566</b>		<b>1,646,569,405</b>
<b>II. Intangible assets</b>											
Goodwill	234,143,286	-	-	234,143,286	-	-	234,143,286	-	234,143,286	-	-
System Software	402,510,916	86,300,363	1,043,330	487,767,949	25	264,808,974	49,452,096	1,043,330	313,217,740	-	174,550,209
	<b>636,654,202</b>	<b>86,300,363</b>	<b>1,043,330</b>	<b>721,911,235</b>		<b>264,808,974</b>	<b>283,595,382</b>	<b>1,043,330</b>	<b>547,361,026</b>		<b>174,550,209</b>
<b>III. Capital Work In Progress</b>											
Tangible Assets	444,188,532	16,210,873	-	460,399,404	-	-	-	-	-	-	460,399,404
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-
	<b>444,188,532</b>	<b>16,210,873</b>	<b>-</b>	<b>460,399,404</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>460,399,404</b>
<b>IV. Right of Use Assets</b>											
Motor Vehicle	55,752,908	-	1,400,000	54,352,908	20	44,919,039	5,482,805	1,032,999	49,368,844	-	4,984,064
Office premises	398,131,057	171,688,566	104,333,547	465,486,075	Equal Monthly Lease period	115,902,095	118,717,529	77,436,527	157,183,098	-	308,302,977
	<b>453,883,965</b>	<b>171,688,566</b>	<b>105,733,547</b>	<b>519,838,983</b>		<b>160,821,134</b>	<b>124,200,334</b>	<b>78,469,526</b>	<b>206,551,942</b>		<b>313,287,041</b>
<b>Total</b>	<b>3,935,866,694</b>	<b>372,132,356</b>	<b>176,972,457</b>	<b>4,131,026,593</b>		<b>1,158,577,952</b>	<b>525,212,575</b>	<b>147,569,994</b>	<b>1,536,220,534</b>		<b>2,594,806,060</b>

# LANKABANGLA FINANCE LIMITED

## SCHEDULE OF FIXED ASSETS

As at 31 December 2021

Particulars	COST				DEPRECIATION				Written down value as at 31.12.2021	
	Balance as at 01.01.2021	Addition during the year	Sales/Transfer/Adjustment during the year	Balance as at 31.12.2021	Rate %	Balance as at 01.01.2021	Charged/Impaired during the year	Adjustment during the year		Balance as at 31.12.2021
<b>I. Freeholds assets</b>										
Land	787,519,083	-	-	787,519,083		-	-	-	-	787,519,083
Furniture & Fittings	246,559,822	9,490,923	38,969,957	217,080,788	20	186,845,503	25,832,148	38,733,509	173,944,142	43,136,646
Office Equipment	99,436,532	1,999,221	8,300,817	93,134,937	20	77,619,042	9,612,964	8,252,938	78,979,068	14,155,868
IT Equipment	275,776,610	39,748,499	10,823,635	304,701,474	33.33	214,683,265	48,260,127	10,807,568	252,135,824	52,565,649
Motor Vehicles	18,552,935	-	-	18,552,935	20	17,811,488	508,074	-	18,319,562	233,373
	<b>1,427,844,981</b>	<b>51,238,643</b>	<b>58,094,409</b>	<b>1,420,989,216</b>		<b>496,959,298</b>	<b>84,213,313</b>	<b>57,794,015</b>	<b>523,378,596</b>	<b>897,610,620</b>
<b>II. Intangible assets</b>										
Systems and Software	270,284,160	39,224,500	-	309,508,660	12.50-25.00	153,701,331	34,175,046	-	187,876,377	121,632,283
	270,284,160	39,224,500	-	309,508,660		153,701,331	34,175,046	-	187,876,377	121,632,283
<b>III. Capital Work In Progress</b>										
Tangible Assets	444,188,531	16,210,873	-	460,399,404		-	-	-	-	460,399,404
Intangible Assets	-	-	-	-		-	-	-	-	-
	<b>444,188,531</b>	<b>16,210,873</b>	<b>-</b>	<b>460,399,404</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>460,399,404</b>
<b>IV. Leaseholds assets</b>										
Motor Vehicles	24,857,000	-	-	24,857,000	20	20,060,759	3,016,000	-	23,076,759	1,780,241
Office premises	305,067,968	61,679,113	61,137,770	305,609,312	Equal Monthly Lease period	83,421,384	74,700,841	40,302,177	117,820,047	187,789,264
	<b>329,924,968</b>	<b>61,679,113</b>	<b>61,137,770</b>	<b>330,466,312</b>		<b>103,482,143</b>	<b>77,716,841</b>	<b>40,302,177</b>	<b>140,896,806</b>	<b>189,569,505</b>
<b>Total</b>	<b>2,472,242,641</b>	<b>168,353,129</b>	<b>119,232,178</b>	<b>2,521,363,592</b>		<b>754,142,773</b>	<b>196,105,199</b>	<b>98,096,192</b>	<b>852,151,780</b>	<b>1,669,211,812</b>

**LANKABANGLA FINANCE LIMITED**  
**SCHEDULE OF FIXED ASSETS**  
As at 31 December 2020

Annexure-B  
Amount in Taka

Particulars	COST				DEPRECIATION				Written down value as at 31.12.2020	
	Balance as at 01.01.2020	Addition during the year	Sales/Transfer/Adjustment during the year	Balance as at 31.12.2020	Rate %	Balance as at 01.01.2020	Charged/impaired during the year	Adjustment during the year		Balance as at 31.12.2020
<b>I. Freeholds assets</b>										
Land	787,519,083	-	-	787,519,083	-	-	-	-	-	787,519,083
Furniture & Fittings	254,482,676	12,104,013	20,026,868	246,559,822	20	171,941,015	32,829,080	17,924,592	186,845,503	59,714,319
Office Equipment	101,352,442	3,029,651	4,945,561	99,436,532	20	68,408,555	11,950,418	2,739,930	77,619,042	21,817,490
IT Equipment	278,117,687	2,530,383	4,871,460	275,776,610	33.33	163,706,573	55,848,152	4,871,460	214,683,265	61,093,344
Motor Vehicles	20,997,098	-	2,444,163	18,552,935	20	17,360,093	1,053,406	602,011	17,811,488	741,447
	<b>1,442,468,987</b>	<b>17,664,047</b>	<b>32,288,052</b>	<b>1,427,844,981</b>		<b>421,416,235</b>	<b>101,681,055</b>	<b>26,137,992</b>	<b>496,959,298</b>	<b>930,885,683</b>
<b>II. Intangible assets</b>										
Systems and Software	218,450,842	51,833,318	-	270,284,160	25	114,777,144	38,924,187	-	153,701,331	116,582,829
	<b>218,450,842</b>	<b>51,833,318</b>	<b>-</b>	<b>270,284,160</b>		<b>114,777,144</b>	<b>38,924,187</b>	<b>-</b>	<b>153,701,331</b>	<b>116,582,829</b>
<b>III. Capital Work In Progress</b>										
Tangible Assets	326,493,714	117,694,817	-	444,188,531	-	-	-	-	-	444,188,531
Intangible Assets	30,556,585	-	30,556,585	-	-	-	-	-	-	-
	<b>357,050,299</b>	<b>117,694,817</b>	<b>30,556,585</b>	<b>444,188,531</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>444,188,531</b>
<b>IV. Leaseholds assets</b>										
Motor Vehicles	24,857,000	-	-	24,857,000	20	16,766,375	3,294,384	-	20,060,759	4,796,241
Office premises	397,782,866	150,674,820	243,389,717	305,067,968	-	125,188,340	115,264,321	157,031,277	83,421,384	221,646,584
	<b>422,639,866</b>	<b>150,674,820</b>	<b>243,389,717</b>	<b>329,924,968</b>		<b>141,954,715</b>	<b>118,558,706</b>	<b>157,031,277</b>	<b>103,482,143</b>	<b>226,442,825</b>
<b>Total</b>	<b>2,440,609,993</b>	<b>337,867,002</b>	<b>306,234,355</b>	<b>2,472,242,641</b>		<b>678,148,094</b>	<b>259,163,948</b>	<b>183,169,269</b>	<b>754,142,773</b>	<b>1,718,099,869</b>
Gains or losses on sale of fixed assets have been disclosed in the Note. 21 & Note. 31.										

**LANKABANGLA FINANCE LIMITED**  
**CLASSIFICATION OF LEASES, LOANS AND ADVANCES**  
**WITH PROVISIONS AND INTEREST SUSPENSES**  
**As on 31 December 2021**

**Annexure-C**

Amount in Taka

Products	Total		Balance Outstanding				Base for Provision			Amount of Provision Required		Interest in Suspense			
	Standard	Unclassified (UC)	SMA	Sub Standard (SS)	Classified	Doubtful (DF)	Bad/ Loss (BL)	SMA	Sub Standard (SS)	Doubtful (DF)	Bad/ Loss (BL)	Standard (If any)	SMA	Classified	Total
<b>Corporate Finance</b>															
Lease finance	2,366,122,388	2,748,688,252	-	-	341,533,544	41,032,320	-	-	220,828,544	8,384,658	19,890,736	-	-	5,510,196	25,400,932
Secured overdraft	4,926,163	4,926,163	-	-	-	-	-	-	-	-	49,262	-	-	-	-
Short term finance	1,659,948,534	1,659,948,534	-	-	-	-	-	-	-	-	16,599,485	-	-	-	-
Term loan to subsidiaries	1,677,790,661	1,677,790,661	-	-	-	-	-	-	-	-	33,555,813	-	-	-	-
Term loan	12,896,172,819	11,904,526,601	-	-	-	491,646,218	-	-	-	299,857,591	14,769,084	-	-	82,462,451	97,231,535
Syndication finance	239,518,490	136,729,164	-	-	-	102,789,327	-	-	-	91,610,001	92,977,293	-	-	5,799,696	5,799,696
Work order finance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>SUB-TOTAL</b>	<b>17,750,043,510</b>	<b>18,727,044,919</b>	<b>-</b>	<b>-</b>	<b>341,533,544</b>	<b>635,467,864</b>	<b>-</b>	<b>-</b>	<b>220,828,544</b>	<b>399,852,250</b>	<b>34,659,821</b>	<b>-</b>	<b>-</b>	<b>93,772,342</b>	<b>128,432,163</b>
<b>Retail Finance</b>															
Auto loan	2,781,253,460	2,952,055,025	80,949,361	32,402,766	15,277,955	42,171,483	76,360,656	23,904,811	10,601,944	33,504,680	78,600,056	-	4,588,706	19,846,218	24,434,924
Credit card receivables	3,816,549,813	4,487,918,071	343,755,548	29,112	5,560,507	322,023,091	315,914,485	29,112	4,903,481	300,434,088	361,448,511	-	27,841,063	22,246,028	50,087,091
Home loan	9,135,773,867	9,697,504,853	106,284,256	57,329,761	31,373,074	366,743,895	81,932,535	12,127,645	4,705,961	59,937,804	162,278,205	20,008,032	24,351,721	117,846,906	162,206,659
Personal loan	3,216,049,706	2,691,638,080	135,733,071	154,561,068	72,072,213	125,773,724	120,665,153	116,913,490	49,789,006	125,773,724	217,337,890	592,600	15,067,918	91,448,160	107,108,678
<b>SUB-TOTAL</b>	<b>20,353,527,655</b>	<b>20,353,527,655</b>	<b>18,425,215,220</b>	<b>244,322,707</b>	<b>124,283,748</b>	<b>892,983,743</b>	<b>594,872,829</b>	<b>152,975,059</b>	<b>70,000,391</b>	<b>519,650,295</b>	<b>20,600,632</b>	<b>20,600,632</b>	<b>71,849,408</b>	<b>251,387,312</b>	<b>343,837,352</b>
<b>SME Finance</b>															
Term loan	10,962,625,906	12,380,607,380	184,607,091	117,228,557	259,349,943	856,795,882	169,863,417	68,364,132	130,723,081	412,166,432	561,260,744	89,473	14,743,674	348,191,509	363,024,656
Lease finance	2,307,071,427	2,403,498,468	21,739,283	43,790,069	3,856,827	27,040,862	20,475,523	36,066,420	2,785,488	15,398,667	33,619,557	-	1,263,760	14,156,774	15,420,534
Auto loan	1,412,505,467	1,582,877,962	45,243,304	11,868,993	88,807,501	24,452,697	42,536,195	10,162,980	86,743,565	22,106,306	77,669,225	-	2,707,109	6,116,340	8,823,449
Emerging and commercial	1,816,538,022	1,847,178,176	4,090,984	-	830,253	25,718,916	3,952,380	-	237,199	20,467,867	26,390,785	-	138,604	3,765,584	3,904,188
Loan against deposit	259,521,552	259,521,552	-	-	-	-	-	-	-	-	648,804	-	-	-	-
Home loan	390,204,431	448,821,776	35,628,950	-	-	58,617,346	-	-	-	8,792,602	10,120,531	1,171,518	-	14,994,994	16,166,511
Real state developer finance	841	35,628,950	-	-	-	35,628,950	-	-	-	7,458,366	7,458,366	-	-	2,862,584	2,862,584
Secured overdraft	841	841	-	-	-	-	-	-	-	-	2	-	-	-	-
Short term loan	364,306,287	416,016,461	-	-	-	51,710,174	-	-	-	29,882,810	30,793,576	-	-	15,872,755	15,872,755
Syndication finance	305,580,262	305,580,262	-	-	-	-	-	-	-	-	763,951	-	-	-	-
Work order finance	14,729,560	14,729,560	-	-	-	14,729,560	-	-	-	7,229,560	7,229,560	-	-	-	-
<b>SUB-TOTAL</b>	<b>17,818,354,194</b>	<b>19,694,461,389</b>	<b>255,680,662</b>	<b>172,887,619</b>	<b>352,844,525</b>	<b>1,094,694,388</b>	<b>236,827,516</b>	<b>114,599,533</b>	<b>220,489,333</b>	<b>523,502,609</b>	<b>755,955,100</b>	<b>1,260,990</b>	<b>18,853,147</b>	<b>405,960,540</b>	<b>426,074,677</b>
<b>Additional provision and suspense</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>53,993,612,925</b>	<b>58,775,033,962</b>	<b>922,402,899</b>	<b>417,210,326</b>	<b>818,661,817</b>	<b>2,623,145,995</b>	<b>831,700,344</b>	<b>267,568,591</b>	<b>511,318,268</b>	<b>1,443,005,155</b>	<b>2,301,749,594</b>	<b>65,027,685</b>	<b>90,702,555</b>	<b>751,120,194</b>	<b>906,850,433</b>

\* Segregation of outstanding (Unclassified and Classified) has been calculated based on time equivalent of amount in arrears, objective judgment and qualitative judgment except payment deferral circular (DFIM circular No. 33 dated 19 December 2021 and DFIM letter ref. DFIM(P)1052/27/2022-23 dated 02 January 2022) issued by Bangladesh Bank due to COVID-19

\* 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 value of securities.

\* Interest on overdue instalments classified as SMA, SS, DF and BL is transferred to interest suspense account.

Particulars	Percentage
Unclassified of Cottage, Micro, Small & Medium Enterprise Financing (CMSMIEF)	0.25%
Unclassified of leases, loans and advances except CMSMIEF and FBMSID	1.00%
Unclassified of Financing to the Brokerage	2.00%
House/Merchant Banks/Stock Dealers etc. (FBMSD)	2.00%
Special general provision for COVID-19 (Payment by deferral) facilitated accounts	2.00%
Special Mention Account of leases, loans and advances (SMA)	5.00%
Sub-standard of leases, loans and advances (SS)	20.00%
Doubtful of leases, loans and advances (DF)	50.00%
Bad/loss of leases, loans and advances (BL)	100.00%

# HIGHLIGHTS

(As per Bangladesh Bank guidelines)

Annexure-D

Amount in taka (million)

Sl no.	Key indicators	LankaBangla Group		LankaBangla Finance Limited	
		2021	2020	2021	2020
1	Paid-up capital	5,388.39	5,388.39	5,388.39	5,388.39
2	Total capital	10,678.80	10,046.38	11,073.88	10,447.70
3	Capital surplus	5,752.47	5,810.29	4,799.57	5,769.12
4	Total assets	88,926.85	81,835.45	82,534.56	76,812.54
5	Total deposits	47,676.29	47,130.34	48,181.27	47,611.27
6	Total loans, advances and leases	62,887.78	58,472.23	58,775.03	54,709.35
7	Total contingent liabilities and commitments	152.98	-	152.98	-
8	Credit deposit ratio	1.32	1.24	1.22	1.15
9	Percentage of classified loans against total loans, advances and leases	6.14%	4.40%	6.57%	4.70%
10	Profit after tax and provision	1,305.89	978.52	609.00	825.72
11	Amount of classified loans during current period	3,859.02	2,571.41	3,859.02	2,571.41
12	Provisions kept against classified loans	1,752.18	1,047.07	1,752.18	1,047.07
13	Provision surplus against classified loan	-	-	-	-
14	Cost of fund	6.86%	8.28%	6.86%	8.28%
15	Interest earnings assets	76,501.96	71,287.76	69,459.17	65,548.56
16	Non-interest earnings assets	12,424.89	10,547.69	13,075.40	11,263.98
17	Return on investment (ROI)	1.64%	1.26%	0.80%	1.11%
18	Return on assets (ROA)	1.53%	1.18%	0.76%	1.06%
19	Income from investment	1,217.60	315.53	523.96	115.35
20	Earnings Per Share (EPS)	2.38	1.81	1.13	1.53
21	Net income per share	2.38	1.81	1.13	1.53
22	Market price per share	37.30	31.40	37.30	31.40
23	Price earnings (PE) ratio	15.70	17.37	33.00	20.49



**Independent Auditor’s Report To the shareholders of LankaBangla Securities Limited  
Report on the audit of the Financial Statements**

**Opinion**

We have audited the consolidated and separate financial statements of LankaBangla Securities Limited (“the group”), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated financial position of the group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Opinion**

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

**Key Audit Matters**

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

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

Description of key audit matters	How the matters were addressed in our audit
<p><b>Recognition of Income:</b> Revenue of BDT 2,373,000,043 is recognized in the Statement of Profit or Loss and Other Comprehensive Income of the group. Revenue has increased by 86% since last year. This was an area of focus for our audit and significant audit effort was directed. Against this background, the proper application of the accounting standards is complex and to a certain extent based on estimates and assumptions made by management. There is also a risk that revenue may be overstated due to errors or fraud through manipulation or management bias. We focused on this area because of the significance of the interest income, income from investments and investment banking etc. in the financial statements.</p>	<p>Our audit procedures included our understanding the process of interest income, Income from investment, Brokerage income, income from investment, brokerage commission, revenue from advertisement &amp; circulation &amp; other operational income. Additionally, we performed the following:</p> <ul style="list-style-type: none"> <li>• We assessed the appropriateness of income recognition accounting policy in line with IFRS 15 Revenue from customer contracts.</li> <li>• Carried out cut-off testing to ensure the income was recognized in correct period.</li> <li>• Reviewed the carrying balance of the total figure.</li> <li>• Recalculated interest charged during the year.</li> <li>• Performed walkthroughs to understand the control adequacy and the revenue cycle design.</li> <li>• We obtained sufficient audit evidence to conclude that the inputs and methodologies used for the determination of revenues are within a reasonable range and that policies were consistently applied by the management of the company</li> </ul>

**Corporate Office:**

📍 : House # 15, Road # 12, Block # F, Niketon  
 Gulshan-1, Dhaka-1212, Bangladesh.  
 ☎ : +88 (02)8836015-7 📠 : +88 01681126120  
 ✉ : hfc@hfc-bd.com 🌐 : www.hfc-bd.com

**See note no. 2.17, 31,32,33,34 & 35 to the financial statements****Investments**

The investment portfolio of the LankaBangla Securities Limited comprises investments in unlisted companies of BDT 108,788,440 & investment in strategic listed companies BDT 636,978,777.

This was an area of focus for our audit and significant audit effort was directed.

Investments in quoted shares and unquoted shares are valued at actual cost and investment in subsidiaries are valued at fair value.

However, the company has no provision requirement for diminution of value of investment as per BSEC circulars. The group has written off provision for investments as market value of share has increased.

We focused on this area because of the significance of the investments in the financial statements, and departure from the recognition and presentation criteria of IFRS 9, IFRS 7 & IAS 32 to comply the above circular of BSEC for determining the valuation methodology and presentation to be applied by the management of the company.

Our audit procedures included updating our understanding of the business processes employed by the Company for accounting for, and valuing, their investment portfolio.

Additionally, we performed the following:

- Obtained year-end shareholding positions from the company and assessed the report's completeness through directional testing.
- Reviewed the assumptions used for the valuation models for any unquoted securities.
- Recalculated unrealized gain or loss at the year-end.
- Carried out cut-off testing to ensure unrealized gain or loss was recognized in correct period.
- Checked the subsequent position of this unrealized amount after the year-end.
- We obtained sufficient audit evidence to conclude that the inputs and methodologies used for the valuation of the investments are within a reasonable range.
- We assessed the design and operating effectiveness of the Group's critical controls supporting the Identification, measurement and oversight of valuation risk of financial assets.
- We verified the existence and legal ownership of equity investments by confirming investment holdings with Portfolio statement.
- We tested the calculations of provision for diminution in value of investment and checked the presentation and disclosure of investment in compliance with Bangladesh Securities and Exchange Commission (Circular # SEC/CMRRCD/2009-193/196, dated 28 December 2016, and circular# SEC/CMRRCD/2009-193/203 dated, 28 December 2017 and subsequent extension up to 2023 through a press release on 16 July, 2020.)

**See note no. 2.17, 31,32,33,34 & 35 to the financial statements****Margin loan:**

LankaBangla Securities Limited provided margin loan to clients of BDT 5,259,031,226 which represents 43% of total assets. The loan was increased by 12% over last year.

As disclosed in note # 29.09 and 29 to the financial statements of the company as on 31 December, 2021 an amount of BDT 819,999,999 has been kept as a provision against unrealized loss on negative equity for the year 2021.

We focused on this area because of the significance of the investments in the financial statements, especially margin loans being the primary form of investments of such companies, and also the complexity of this area.

Our audit procedures included obtaining our understanding of the process of issuing margin loan & ascertaining the loan balance and the interest charged over the financial year.

Additionally, we performed the following:

- Reviewed the carrying balance of the total outstanding margin loans.
- Our audit approach was a combination of test of internal control and substantive procedures.

We have tested the calculations of provision for negative equity and checked the presentation and disclosure of investment in compliance with Bangladesh Securities and Exchange Commission (Circular # SEC/CMRRCD/2009-193/196, dated 28 December 2016, and circular# SEC/CMRRCD/2009-193/203 dated, 28 December 2017 and subsequent extension up to 2023 through a press release on 16 July, 2020.)

- We obtained sufficient audit evidence to conclude that the inputs and methodologies used for the determination of margin loans are within a reasonable range and that policies were consistently applied by the management of the company.

**See note no 2.17, 13, 28 & 29 of the financial statements.****Other Matter**



**Corporate Office:**

📍 : House # 15, Road # 12, Block # F, Niketon  
Gulshan-1, Dhaka-1212, Bangladesh.  
☎ : +88 (02)8836015-7 📠 : +88 01681126120  
✉ : hfc@hfc-bd.com 🌐 : www.hfc-bd.com

The financial statements of LankaBangla Securities Limited for the year ended December 31, 2020, were audited by Ahmed Zaker & Co., Chartered Accountants, who expressed an unmodified opinion on those statements on March 10, 2021.

**Other Information**

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements of the company in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's Responsibilities for the audit of the Financial Statements**

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

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

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

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

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

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

**Report on other Legal and Regulatory Requirements**

In accordance with the Companies Act, 1994, the Securities and Exchange Rules, 2020 we also report that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii. in our opinion, proper books of accounts as required by law have been kept by the company so far as it appeared from our examination of those books;
- iii. the statement of financial position and the statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns;

Firm Name : **Hussain Farhad & Co., Chartered Accountants**  
Registration No : 4/452/ICAB-84



Signature of the auditor : .....  
Name of the auditor : Asifur Rahman FCA, Partner/Enrollment No. : 904  
DVC No. : 2204120904AS472550

Place : Dhaka  
Dated : April 06, 2022



**Chattogram Office:**  
Yunusco City Center (9th Floor), 807, CDA Avenue, Nasirabad, Chattogram ☎+88 (031) 2859282 ✉ [ctg@hfc-bd.com](mailto:ctg@hfc-bd.com)



## LANKABANGLA SECURITIES LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

Particulars	Notes	Amount In Taka	
		31.12.2021	31.12.2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	912,119,860	834,019,341
Long term loan to employees'	5	3,122,484	2,422,926
Long Term Investment in Shares	6	745,767,217	796,682,770
Intangible Assets	7	-	234,143,286
<b>Total non-current assets</b>		<b>1,661,009,562</b>	<b>1,867,268,323</b>
<b>Current assets</b>			
Advances, deposits and prepayments	8	28,526,643	33,392,311
Advance income tax	9	980,982,405	752,985,550
Investments	10	1,673,366,108	1,471,276,895
Inventories	11	1,666,394	492,833
Current portion of loans and advances	12	1,712,485	3,141,542
Accounts receivable	13	5,545,050,470	4,891,117,978
Accrued interest		741,002	1,258,397
Cash and cash equivalents	14	2,476,243,625	1,722,527,477
<b>Total current assets</b>		<b>10,708,289,132</b>	<b>8,876,192,984</b>
<b>TOTAL ASSETS</b>		<b>12,369,298,694</b>	<b>10,743,461,307</b>
<b>SHAREHOLDER'S EQUITY AND LIABILITIES</b>			
<b>Shareholder's Equity</b>			
Share capital	15	2,690,303,320	2,690,303,320
Share premium	16	1,200,000,000	1,200,000,000
General reserve	17	52,590,312	46,984,040
Capital reserve	19	14,442,438	-
Retained earnings		1,424,703,908	1,114,364,500
<b>Shareholder's Equity</b>		<b>5,382,039,978</b>	<b>5,051,651,860</b>
Non controlling interest		2,460,835	2,231,473
<b>Total equity</b>		<b>5,384,500,813</b>	<b>5,053,883,333</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Term loan	20	311,408,609	242,281,292
Zero coupon bond		25,591,703	105,240,133
Deferred tax liabilities	21	18,651,402	15,415,185
Finance lease obligation	22	90,831,637	31,647,604
<b>Total non-current liabilities</b>		<b>446,483,351</b>	<b>394,584,213</b>
<b>Current liabilities</b>			
Accounts payable	23	2,346,893,359	1,635,995,400
Short term loans	24	1,776,054,180	1,919,408,324
Provision for current tax	25	1,033,341,773	769,638,824
Current portion of lease obligation	26	36,804,392	47,194,953
Current portion of term loan	27	271,891,115	293,731,666
Provision for negative equity & others	28	701,652,011	469,240,230
Interest Suspense	29	118,347,988	118,347,988
Other liabilities	30	253,329,711	41,436,377
<b>Total current liabilities</b>		<b>6,538,314,530</b>	<b>5,294,993,761</b>
<b>Total liabilities</b>		<b>6,984,797,881</b>	<b>5,689,577,974</b>
<b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b>		<b>12,369,298,694</b>	<b>10,743,461,307</b>
<b>NAV</b>	51	<b>20.01</b>	<b>18.78</b>

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



Director



CEO & Director



Company Secretary

Signed as per our separate report of same date



Hussain Farhad & Co.  
Chartered Accountants

Place : Dhaka  
Date: 06<sup>th</sup> April 2022  
DVC Code: 2204120904AS472550

# LANKABANGLA SECURITIES LIMITED

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December, 2021

Particulars	Notes	Amount In Taka	
		Jan-Dec, 2021	Jan-Dec, 2020
<b>Revenue</b>			
Interest Income	31	441,742,433	462,980,288
Income from investment	32	502,518,845	175,365,719
Brokerage income	33	1,264,782,909	490,349,941
Revenue from advertisement & circulation	34	138,805,379	120,603,689
	35	25,150,477	25,077,028
<b>Other operational income</b>		<b>2,373,000,043</b>	<b>1,274,376,665</b>
<b>Total Revenue</b>			
		(472,746,035)	<b>(440,099,939)</b>
Cost of services			
	36	225,763,362	289,349,811
Interest expenses	37	246,982,673	150,750,127
Other costs directly attributable to services			
		<b>1,900,254,008</b>	<b>834,276,726</b>
Gross profit			
	38	8,303,360	12,260,894
Other non-operational income			
		(656,124,421)	(518,701,510)
Operating expenses	39	414,807,149	318,451,291
Salary and allowances	40	56,333,550	55,976,608
Rent, taxes, insurance, electricity etc.	41	1,899,562	1,430,128
Legal & professional fees	42	4,166,289	3,371,961
Postage, stamp, telecommunication etc.	43	6,413,142	4,734,631
Stationery, printing, advertisement	44	1,105,500	792,000
Director fees and expenses	45	212,508	212,750
Audit fees	46	44,867,639	44,288,262
Repairs, maintenance and depreciation	47	126,319,083	89,443,879
Other expenses			
		1,252,432,946	327,836,110
Operating profit	7	234,143,286	-
Impairment of goodwill			
		1,018,289,660	327,836,110
Operating profit before provisions	48	232,411,782	85,000,000
Provision for negative equity & others			
		785,877,878	242,836,110
Profit before tax (PBT)	49	(266,939,167)	(104,137,267)
Income tax income/ (expense)			
		518,938,712	138,698,843
Profit after tax (PAT)			
		518,709,349	138,929,617
Attributable to Shareholders of the company		229,362	(230,774)
<b>Non controlling interest</b>		<b>518,938,712</b>	<b>138,698,843</b>
<b>Earnings Per Share (EPS)</b>	50	1.93	0.52
Basic			

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



Director



CEO & Director



Company Secretary

Signed as per our separate report of same date



Hussain Farhad & Co.  
Chartered Accountants

Place : Dhaka  
Date: 06<sup>th</sup> April 2022  
DVC Code: 2204120904AS472550

## LANKABANGLA SECURITIES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 December, 2021

Particulars	Notes	Amount In Taka	
		Jan-Dec, 2021	Jan-Dec, 2020
<b>Cash Flows from Operating Activities</b>			
Brokerage income		1,264,782,909	490,349,941
Interest Income		442,287,106	463,124,101
Received against revenue		132,101,299	108,677,499
Capital gain from investment in shares		439,572,610	126,144,373
Cash dividend income		50,415,433	54,283,774
Other operational income		22,637,947	22,474,544
Non-operating Income		7,977,610	9,424,701
DSE/CSE (payment)/received		(149,462,889)	(61,029,328)
Clients deposit/(withdrawals)		662,053,246	599,523,197
Payment to suppliers & others		(116,702,999)	(99,271,177)
Payment to CDBL		(54,683,006)	(18,751,886)
Operating expenses		(514,835,921)	(419,837,619)
		<b>2,186,143,344</b>	<b>1,275,112,118</b>
<b>Other Operating Activities</b>			
Advance, deposits & prepayments		7,157,105	3,003,689
Income Tax paid		(227,996,855)	(98,643,001)
		<b>(220,839,750)</b>	<b>(95,639,312)</b>
<b>Net cash used in operating activities</b>		<b>1,965,303,593</b>	<b>1,179,472,806</b>
<b>Cash Flows from Investing Activities</b>			
Investment in Shares		(149,119,661)	(188,838,228)
Margin loan to clients		(561,605,900)	463,265,940
Leased assets		(1,210,861)	(1,045,829)
Sale of fixed assets		2,049,708	3,442,710
Investments in FDR		(2,054,000)	236,166
Acquisition of fixed assets		(81,015,893)	(22,592,426)
<b>Net Cash used in Investing Activities</b>		<b>(792,956,606)</b>	<b>254,468,332</b>
<b>Cash Flows from Financing Activities</b>			
Long Term Loan from Bank & Other Institutions		350,000,000	100,550,000
Zero Coupon Bond		(79,648,430)	(51,895,348)
Repayment of Loan		(309,682,438)	(424,959,506)
Interest payment		(235,945,828)	(282,687,145)
Short term Loan		(143,354,143)	(158,804,590)
<b>Net Cash flow from Financing Activities</b>		<b>(418,630,840)</b>	<b>(817,796,589)</b>
Net increase in Cash and Cash Equivalents		753,716,147	616,144,549
Cash & Cash Equivalent as on January 01, 2021		1,722,527,477	1,106,382,929
<b>Cash &amp; Cash Equivalent as on December 31, 2021</b>		<b>2,476,243,624</b>	<b>1,722,527,477</b>
<b>Net operating cash flow per share (NOCFPS)</b>		<b>7.31</b>	<b>4.38</b>



Director



CEO & Director



Company Secretary

Place : Dhaka  
Date: 06<sup>th</sup> April 2022

# LANKABANGLA SECURITIES LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December, 2021

Particulars	Share Capital	Share Premium	General Reserve	Revaluation Reserve	Capital Reserve	Retained Earnings	Total	Non Controlling Interest	Total
<b>Balance at January 01, 2020</b>	2,690,303,320	1,200,000,000	51,650,689	-	-	970,768,235	4,912,722,244	2,462,247	4,915,184,491
<b>Changes in equity for 2020</b>									
Profit for the year	-	-	-	-	-	138,929,617	138,929,617	(230,774)	138,698,843
Transfer to general reserve	-	-	(4,666,649)	-	-	4,666,649	-	-	-
<b>Balance at December 31, 2020</b>	<b>2,690,303,320</b>	<b>1,200,000,000</b>	<b>46,984,040</b>	<b>-</b>	<b>-</b>	<b>1,114,364,500</b>	<b>5,051,651,860</b>	<b>2,231,473</b>	<b>5,053,883,333</b>
<b>Changes in equity for 2021</b>									
Profit for the year	-	-	-	-	-	518,709,349	518,709,349	229,362	518,938,712
Cash dividend	-	-	-	-	-	(188,321,232)	(188,321,232)	-	(188,321,232)
Transfer to general reserve	-	-	5,606,272	-	-	(5,606,272)	-	-	-
Transfer to capital reserve	-	-	-	-	14,442,438	(14,442,438)	-	-	-
<b>Balance at December 31, 2021</b>	<b>2,690,303,320</b>	<b>1,200,000,000</b>	<b>52,590,312</b>	<b>-</b>	<b>14,442,438</b>	<b>1,424,703,908</b>	<b>5,382,039,978</b>	<b>2,460,835</b>	<b>5,384,500,813</b>

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

  
Director

  
CEO & Director

  
Company Secretary

Place : Dhaka  
Date: 06<sup>th</sup> April 2022

## LANKABANGLA SECURITIES LIMITED

## STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

Particulars	Notes	Amount In Taka		
		31.12.2021	31.12.2020	01.01.2020
<b>ASSETS</b>			<b>Re-stated</b>	<b>Re-stated</b>
<b>Non-current assets</b>				
Property, plant and equipment	4	887,480,719	806,125,538	847,789,566
Long term loan to employees'	5	3,122,484	2,422,926	10,235,048
Long term investment in shares	6	817,133,439	861,304,232	849,299,393
<b>Total non-current assets</b>		<b>1,707,736,643</b>	<b>1,669,852,696</b>	<b>1,707,324,008</b>
<b>Current assets</b>				
Advances, deposits and prepayments	8	51,210,107	57,637,713	43,793,669
Advance income tax	9	970,922,388	743,744,457	646,557,768
Investments	10	1,670,312,108	1,470,276,895	1,298,940,763
Current portion of loans and advances	12	1,712,485	3,141,542	12,177,156
Accounts receivable	13	5,384,611,914	4,739,302,553	5,195,483,719
Accrued interest		713,724	1,258,397	1,402,211
Cash and cash equivalents	14	2,471,575,819	1,716,407,906	1,102,026,292
<b>Total current assets</b>		<b>10,551,058,546</b>	<b>8,731,769,464</b>	<b>8,300,381,577</b>
<b>TOTAL ASSETS</b>		<b>12,258,795,189</b>	<b>10,401,622,160</b>	<b>10,007,705,585</b>
<b>SHAREHOLDER'S EQUITY AND LIABILITIES</b>				
Shareholder's Equity				
Share capital	15	2,690,303,320	2,690,303,320	2,690,303,320
Share premium	16	1,200,000,000	1,200,000,000	1,200,000,000
General reserve	17	52,590,312	46,984,040	51,650,689
Fair value reserve	18	(329,631,778)	(336,376,538)	(330,879,275)
Capital reserve	19	14,442,438	-	-
Retained earnings		1,754,346,667	1,216,595,258	1,067,504,227
<b>Total equity</b>		<b>5,382,050,960</b>	<b>4,817,506,080</b>	<b>4,678,578,960</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Term loan	20	311,408,609	242,281,292	545,810,637
Zero coupon bond		25,591,703	105,240,133	157,135,481
Deferred tax liabilities	21	24,451,160	21,446,049	19,798,183
Finance lease obligation	22	86,029,182	25,002,811	42,346,510
<b>Total non-current liabilities</b>		<b>447,480,653</b>	<b>393,970,284</b>	<b>765,090,812</b>
<b>Current liabilities</b>				
Accounts payable	23	2,314,131,317	1,602,557,946	984,364,648
Short term loans	24	1,715,954,180	1,859,735,825	2,032,875,839
Provision for current tax	25	1,025,591,058	765,435,238	663,538,117
Current portion of lease obligation	26	30,301,092	41,517,116	37,454,262
Current portion of term loan	27	271,891,115	293,731,666	309,777,234
Provision for negative equity & others	28	701,652,011	469,240,230	384,240,230
Interest Suspense	29	118,347,988	118,347,988	118,347,988
Other liabilities	30	251,394,814	39,579,788	33,437,493
<b>Total current liabilities</b>		<b>6,429,263,576</b>	<b>5,190,145,796</b>	<b>4,564,035,812</b>
<b>Total liabilities</b>		<b>6,876,744,229</b>	<b>5,584,116,081</b>	<b>5,329,126,624</b>
<b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b>		<b>12,258,795,189</b>	<b>10,401,622,160</b>	<b>10,007,705,585</b>
<b>NAV</b>	51	<b>20.01</b>	<b>17.91</b>	<b>17.39</b>

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



Director



CEO & Director



Company Secretary

Signed as per our separate report of same date

Place : Dhaka  
Date: 06<sup>th</sup> April 2022  
DVC Code: 2204120904AS472550



Hussain Farhad & Co.  
Chartered Accountants

# LANKABANGLA SECURITIES LIMITED

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year ended 31 December, 2021

Particulars	Notes	Amount In Taka	
		Jan-Dec,2021	Jan-Dec,2020
<b>Revenue</b>			
Interest Income	31	441,742,433	462,980,288
Income from investment	32	502,518,845	175,365,719
Brokerage income	33	1,264,782,909	490,349,941
Other operational income	35	22,637,947	22,474,543
<b>Total Revenue</b>		<b>2,231,682,134</b>	<b>1,151,170,490</b>
<b>Cost of services</b>		<b>(371,416,626)</b>	<b>(343,156,692)</b>
Interest expenses	36	219,724,467	282,875,607
Other costs directly attributable to services	37	151,692,159	60,281,084
<b>Gross profit</b>		<b>1,860,265,508</b>	<b>808,013,799</b>
Other non-operational income	38	7,977,610	12,186,411
<b>Operating expenses</b>		<b>(626,549,052)</b>	<b>(487,230,844)</b>
Salary and allowances	39	408,499,155	312,436,394
Rent, taxes, insurance, electricity etc.	40	56,064,072	47,845,044
Legal & professional fees	41	1,419,337	808,745
Postage, stamp, telecommunication etc.	42	3,970,692	3,157,340
Stationery, printing, advertisement	43	6,259,561	4,634,216
Director fees and expenses	44	1,105,500	792,000
Audit fees	45	143,508	143,750
Repairs, maintenance and depreciation	46	43,902,992	43,812,599
Other expenses	47	105,184,236	73,600,755
<b>Operating profit before provisions</b>		<b>1,241,694,065</b>	<b>332,969,365</b>
Provision for negative equity & others	48	232,411,782	85,000,000
<b>Profit before tax (PBT)</b>		<b>1,009,282,283</b>	<b>247,969,365</b>
Income tax income/ (expense)	49	(263,160,932)	(103,544,984)
<b>Profit after tax (PAT)</b>		<b>746,121,351</b>	<b>144,424,381</b>
Other comprehensive income			
Increase/(decrease) in revaluation reserve	53	6,744,760	(5,497,262)
<b>Total Comprehensive income</b>		<b>752,866,111</b>	<b>138,927,119</b>
<b>Earnings Per Share (EPS)</b>			
Basic	50	<b>2.77</b>	<b>0.54</b>

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



Director



CEO & Director



Company Secretary

Signed as per our separate report of same date

Place : Dhaka  
Date: 06<sup>th</sup> April 2022  
DVC Code: 2204120904AS472550



**Hussain Farhad & Co.**  
Chartered Accountants



# LANKABANGLA SECURITIES LIMITED

## STATEMENT OF CASH FLOWS

For the Year ended 31 December, 2021

Particulars	Notes	Amount In Taka	
		Jan-Dec,2021	Jan-Dec,2020
<b>Cash Flows from Operating Activities</b>			
Brokerage income		1,264,782,909	490,349,941
Interest Income		442,287,106	463,124,101
Capital gain from investment in shares		439,572,610	126,144,374
Cash dividend income		50,415,433	54,283,774
Other operational income		22,637,947	22,474,543
Non-operating Income		7,977,610	9,424,701
DSE/CSE (payment)/received		(149,462,889)	(61,029,332)
Clients deposit/(withdrawals)		662,053,246	599,523,197
Payment to CDBL		(54,683,006)	(18,751,885)
Operating expenses		(508,564,325)	(419,787,094)
		<b>2,177,016,640</b>	<b>1,265,756,319</b>
<b>Other Operating Activities</b>			
Advance, deposits & prepayments		7,157,105	3,003,691
Income Tax paid		(227,177,931)	(97,186,690)
		<b>(220,020,826)</b>	<b>(94,182,999)</b>
<b>Net Cash used in Operating Activities</b>		<b>1,956,995,814</b>	<b>1,171,573,320</b>
<b>Cash Flows from Investing Activities</b>			
Investment in Shares		(149,119,661)	(188,838,233)
Margin loan to clients		(561,605,900)	463,265,940
Leased assets		(1,210,861)	(1,045,829)
Sale of fixed assets		1,604,708	2,761,710
Acquisition of fixed assets		(79,407,051)	(12,816,854)
<b>Net Cash used in Investing Activities</b>		<b>(789,738,764)</b>	<b>263,326,734</b>
<b>Cash Flows from Financing Activities</b>			
Long Term Loan from Bank & Other Institutions		350,000,000	100,550,000
Zero Cupon Bond		(79,648,430)	(51,895,348)
Repayment of Loan		(302,713,234)	(420,124,913)
Interest payment		(235,945,828)	(275,908,165)
Short term Loan		(143,781,645)	(173,140,014)
<b>Net Cash flow from Financing Activities</b>		<b>(412,089,138)</b>	<b>(820,518,440)</b>
<b>Net increase in Cash and Cash Equivalents</b>		<b>755,167,912</b>	<b>614,381,614</b>
Cash & Cash Equivalent as on January 01, 2021		1,716,407,906	1,102,026,292
<b>Cash &amp; Cash Equivalent as on December 31, 2021</b>		<b>2,471,575,818</b>	<b>1,716,407,906</b>
<b>Net operating cash flow per share (NOCFPS)</b>	52	<b>7.27</b>	<b>4.35</b>

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



Director



CEO & Director



Company Secretary

Place : Dhaka  
Date: 06<sup>th</sup> April 2022

# LANKABANGLA SECURITIES LIMITED

## STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2021

Particulars	Share Capital	Share Premium	General Reserve	Revaluation Reserve	Capita Reserve	Retained Earnings	Total Equity
<b>Balance at January 01, 2020</b>	2,690,303,320	1,200,000,000	51,650,689	-	-	1,067,504,227	5,009,458,236
Revaluation reserve resulted from fair valuation of all invest in equity	-	-	-	(330,879,275)	-	-	(330,879,275)
<b>Balance at January 01, 2020 (Restated)</b>	<b>2,690,303,320</b>	<b>1,200,000,000</b>	<b>51,650,689</b>	<b>(330,879,275)</b>	<b>-</b>	<b>1,067,504,227</b>	<b>4,678,578,961</b>
<b>Changes in equity for 2020</b>							
Total comprehensive income for the year	-	-	-	(5,497,262)	-	138,927,119	138,927,119
Increase/(decrease) in revaluation reserve	-	-	-	-	-	5,497,262	5,497,262
Cash dividend	-	-	-	-	-	-	-
Transfer to general reserve	-	-	(4,666,649)	-	-	4,666,649	-
<b>Balance at December 31, 2020</b>	<b>2,690,303,320</b>	<b>1,200,000,000</b>	<b>46,984,040</b>	<b>(336,376,538)</b>	<b>-</b>	<b>1,216,595,258</b>	<b>4,817,506,080</b>
<b>Changes in equity for 2021</b>							
Total comprehensive income for the period	-	-	-	-	-	752,866,111	752,866,111
Cash dividend	-	-	-	-	-	(188,321,232)	(188,321,232)
Increase/(decrease) in revaluation reserve	-	-	-	6,744,760	-	(6,744,760)	-
Transfer to general reserve	-	-	5,606,272	-	-	(5,606,272)	-
Transfer to capital reserve	-	-	-	-	14,442,438	(14,442,438)	-
<b>Balance at December 31, 2021</b>	<b>2,690,303,320</b>	<b>1,200,000,000</b>	<b>52,590,312</b>	<b>(329,631,778)</b>	<b>14,442,438</b>	<b>1,754,346,667</b>	<b>5,382,050,959</b>

  
Director

  
CEO & Director

  
Company Secretary

Place : Dhaka  
Date: 06<sup>th</sup> April 2022

## LANKABANGLA SECURITIES LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

As at and For the year ended December 31, 2021

#### 1.00. Company and its activities

##### 1.01 Legal status of the company

LankaBangla Securities Limited (here in after referred to as “LBSL” or “the Company”) was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-33276(22)/97 dated July 03, 1997 as a Private Company Limited by Shares namely: Vanik (BD) Securities Limited. Subsequently the company renamed as LankaBangla Securities Limited on April 27, 2005. On March 02, 2010 the Company was emerged as a Public Limited Company with its registered office at Safura Tower, 11th Floor, 20 Kemal Ataturk Avenue, Banani, Dhaka. The Company was entitled to commence its business from July 03, 1997 and the Company is a subsidiary of LankaBangla Finance Limited, a Non-Banking Financial Institution incorporated in Bangladesh under the Bangladesh Bank.

##### 1.02 Principal activities of the company

The principal activities of the company are to act as a member of Dhaka Stock Exchanges Ltd. and Chittagong Stock Exchange Ltd. to carry on the business of brokers or dealers in stocks shares and securities commercial papers bonds debentures debentures stocks foreign currencies treasury bills and/or any financial instruments.

##### 1.03 Information regarding subsidiary companies

LankaBangla Securities Limited has 02 (Two) subsidiaries company to include for preparation of consolidated financial statements as per International Financial Reporting Standard (IFRS) 10, ‘Consolidated Financial Statements’. A brief description of the companies is described below:

###### LankaBangla Information System Limited (Subsidiary Company)

LankaBangla Information System Limited is a private limited company incorporated on 02 May 2013 in Bangladesh under the Companies Act 1994. The main objectives of the company are to restructure and improve the infrastructure to ensure the security mobility enhancement and service to all business concerns. LankaBangla Securities Limited holds 99.8 percent shares of LankaBangla Information System Limited.

###### BizBangla Media Limited (Subsidiary Company)

BizBangla Media Limited is a private limited company incorporated on 18 January 2011 in Bangladesh under the Companies Act 1994. The main objectives of the company are to carry on business of printing publishes of newspaper Journals magazines periodicals books pamphlets and other literary and non-literary works and undertakings radio television broadcastings and any other media to deal with copy right patent trade mark intellectual property and IT related products. LankaBangla Securities Limited holds 96.4 percent shares of BizBangla Media Limited.

#### 2.00 Basis of preparation and Significant Accounting Policies

##### 2.01 Components of the financial statements

The financial statements referred to here comprise:

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

##### 2.02 Statement of compliance

The financial statements have been prepared on a going concern basis following accrual basis of accounting except for statement of cash flows in accordance with the Companies Act 1994, The Securities and Exchange Rules 1987, the Listing Rules of Dhaka and Chittagong Stock Exchanges and International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh as International Financial Reporting Standards (IFRS's) including International Accounting Standards (IASs) and other applicable laws and regulations.

##### 2.03 Basis of measurement

The financial statements have been prepared based on historical cost convention basis except Investment in shares which have been re-measured at fair value. No adjustment has been made for inflationary factors affecting the financial statements. The accounting policies unless otherwise stated have been consistently applied by the Company and are consistent with those of the previous year.

##### 2.04 Basis of consolidation

The financial statements of the company and its subsidiary have been consolidated in accordance with International Financial Reporting Standard (IFRS) 10: ‘Consolidated Financial Statements’. The consolidation of the financial statements has been prepared by using uniform accounting policies and after eliminating all material intra group balances income and expenses arising from intra-group transactions.

The total profits of the company and its subsidiary are shown in the consolidated profit and loss account with the proportion of profit after taxation pertaining to minority shareholders being deducted as ‘Non-controlling Interest’. All assets and liabilities of the company and of its subsidiary are shown in the consolidated Statement of Financial Position. The interest of minority shareholders of the subsidiary are shown separately in the consolidated Statement of Financial Position under the heading ‘Non-controlling Interest’.

**2.05 Date of authorization**

The Board of Directors accorded its approval and authorized these financial statements on 6<sup>th</sup> April, 2022

**2.06 Presentation and functional currency and level of precision**

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

**2.07 Use of estimates and judgments**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements.

Provisions and accrued expenses are recognized in the financial statements in line with the International Accounting Standard (IAS) 37 "Provisions, Contingent Liabilities and Contingent Assets" when

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognized in the period in which the estimates are revised.

**2.08 Going concern**

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

**2.9 Changes in significant accounting policies****2.9.1 Accounting for investment in subsidiaries in separate financial statements of LankaBangla Securities Limited****2.9.1.1 Nature of Change**

LankaBangla Securities Limited has been accounted investment in subsidiary under the cost method of accounting in the Company's separate financial statements in accordance with IAS-27. Accordingly, the investments in subsidiaries are stated in the Company's statement of financial position at cost, less impairment losses (if any).

Management has decided to change cost method of accounting and applied IFRS 9 (as permitted by IAS 27) for accounting of investment in subsidiaries in the separate financial statements of the Company. As per IFRS 9, Investment in subsidiary is measured at fair value through other comprehensive income (FVTOCI).

**2.9.1.2 Reason for Change**

The Management has reason to believe that current method (cost method accounting) is not relevant and does not provide relevant information as market value of some subsidiaries are significantly different than its cost value and does not reflect reality.

By switching from cost approach to fair value approach for accounting for investment in equity will increase the relevance of financial statements due to reflection of reality as well as it will ensure more reliability as there will be justifiable assumptions in measuring fair value for this purpose.

**2.9.1.3 Investment in equity accounted under IFRS 9**

Para 4.1 of IFRS 9 permits investment in subsidiary to be recognized and subsequently measured at fair value through other comprehensive income. This means any change in fair value will be shown in other comprehensive income and in a separate reserve account in the balance sheet other than retained earnings.

**2.9.1.4 Fair Value Measurement**

Fair Value is to be measured as per IFRS 13: Fair Value Measurement. IFRS 13 defines fair value as the price that would be received to sell an asset in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. IFRS 13 requires to use valuation technique that is appropriate in the circumstances and for which sufficient data are available to measure fair value maximising the use of relevant observable inputs and minimising the use of unobservable inputs. IFRS 13 mentions three valuation techniques as example viz. market approach cost approach and income approach. However these approaches are suitable for listed securities.

All of the subsidiaries of the Company are unquoted equity and any of these approaches is not suitable. IFRS 13 has an accompanying material on how to measure fair value for unquoted equity instruments. This document recommends adjusted net asset method to use for fair value in this scenario. Hence, the Company has used adjusted net asset method to measure fair value of investment in subsidiaries. The adjusted net asset method involves deriving the fair value of an investee's equity instruments by reference to the fair value of its individual assets and liabilities adjusted by any non-controlling interest.

While applying to adjusted net asset method the Company has not made any adjustment to any of the assets or liabilities as some assets are already adjusted to fair value in the separate financials of the respective subsidiary. Thus Fair Value of Investment in Subsidiary equals the Net Asset Value of the Subsidiaries at the reporting dates adjusted by non-controlling interest.

### 2.9.1.5 Impact on Separate Financial Statements

There is no impact on profit or loss or on EPS of any year due to this policy change as the policy has been applied retrospectively and the changes in fair value is to be shown in other comprehensive income. Therefore any impact on other comprehensive income has been reflected in the opening balance of retained earnings or reserves on January 01, 2020. Only the impact is: investment in subsidiaries are currently recorded at fair value instead of cost and revaluation reserve is shown under equity.

The detail of the impact is shown below along with in note 53:

Details	Separate Balance Sheet as at January 01, 2020		
	As previously reported	Adjustments	As restated
<b>Impact on Assets</b>			
Long Term Investment in Shares	1,180,178,669.00	(330,879,275.00)	849,299,393.00
<b>TOTAL PROPERTY AND ASSETS</b>	<b>10,338,584,860.00</b>	<b>(330,879,275.00)</b>	<b>10,007,705,585.00</b>
<b>Impact on Liabilities &amp; Equity</b>			
Revaluation reserve	-	(330,879,275.00)	(330,879,275.00)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>10,338,584,860.00</b>	<b>(330,879,275.00)</b>	<b>10,007,705,585.00</b>

Impact on NAV and EPS due to application of new policy have been summarized below table:

Parameters	Before application of new policy	
	Year-2020	Year-2021
NAV	19.16	21.23
EPS	0.54	2.77

After application of new policy	
Year-2020	Year-2021
17.91	20.01
0.54	2.77

### 2.10 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.

### 2.11 Property Plant and equipment

#### i) Recognition and measurement

##### Freehold Assets

The cost of an item of property and equipment is recognized as an asset if it is probable that the future economic benefits associated with the item will flow to the company and the cost of item can be measured reliably.

Property and Equipment are stated at cost less accumulated depreciation. Cost represents the cost of acquisition includes purchase price and other directly attributable cost of bringing the assets to working conditions for its intended use as per International Accounting Standard (IAS) 16 "Property, Plant and Equipment".

##### Leasehold assets

Leasehold assets of which the Company assumes substantially all the risks and rewards of ownership are accounted for as finance leases and capitalized at the inception of the lease at fair value of the leased property or at the present value of the minimum lease payment, which ever is lower as per International Accounting Standard (IAS) 17 "Leases". The corresponding obligation under the lease is accounted for as liability.

#### ii) Subsequent expenditure on property and equipment

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

**iii) Depreciation**

Depreciation is calculated on the cost of fixed assets in order to write off such amounts over the estimated useful lives of such assets. The rates of depreciation used on a straight-line method are as follows:

Category of assets	Rate of Depreciation
Building	2.5%
Office equipment	20%
Furniture & Fixture	10%
Office Renovation	20%
Motor Vehicle	20%
Data Centre & Dr	30%
Software	33.33%
Leased Assets	20%

Depreciation has been charged in addition of fixed assets when it is available for use.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the Comprehensive Income statement.

**2.12 Intangible assets and amortization of intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost and are carried at cost less accumulated amortization and accumulated impairment losses if any. Amortization is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives based on the management best estimates. Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits in the specifications to which it relates. All other expenditure is treated as expense as incurred.

**2.13 Investment in stock exchanges for membership**

In accordance with section 8 (Gha) of the Exchanges Demutualization Act, 2013, both stock exchange membership has been converted into shares through the issuance of "Trading Right Entitlement Certificate (TREC)" by the DSE & CSE.

**2.14 Investment in securities****2.14.1 Investments in listed securities**

Investments in listed securities are carried at cost. Adequate provision has been made considering accumulated unrealized loss of investments (where market price is less than cost) as guided by BSEC. No gains are recognized in the profit and loss account.

**2.14.2 Investments in non-listed securities**

Investments in non-listed securities are reported at cost under cost method. No unrealized gain or loss are recognized in the profit and loss account.

**2.14.3 Investments in subsidiaries**

Investments in subsidiaries are accounted for as per IFRS 9 in Company's separate financial statements in accordance with IAS-27. Accordingly, investments in subsidiaries are stated in the Company's statement of financial position at fair value and any changes therein are recorded in revaluation reserve under equity.

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

**2.15 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand bank balances and deposits held with banks and financial institutions and short-term liquid investments that are readily convertible to known amount of cash and that are subject to an insignificant risk of change in value.

Cash flow statement has been prepared in accordance with the International Accounting Standards (IAS) 7, "Cash flow statement" under direct method.

**2.16 Provision for tax****Current tax**

Provision for current tax is made in accordance with the provision of Income Tax Ordinance 1984 and subsequent amendments made thereto from time to time.

**Deferred Tax**

Deferred Tax is calculated as per International Accounting Standard (IAS) 12 "Income Taxes". Deferred Tax is recognized on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred Tax liabilities are recognized for all taxable temporary differences. Deferred Tax assets are generally recognized for all deductible temporary differences.

Deferred Tax is measured at the tax rate that is expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date.

**2.17 Revenue Recognition**

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the enterprise the revenue during the year and in accordance with the IFRS-15 "Revenue from Contracts with Customers".

**A. Brokerage commission**

Brokerage commission is recognized as income when selling or buying order executed.

**B. Interest Income from margin loan**

Interest Income from margin loan is recognized on accrual basis. Such income is calculated on daily margin loan balance of the respective parties. Income is recognized on monthly basis.

**C. Dividend income and profit/ (loss) on sale of marketable securities**

Dividend income is recognized when right to receive payment is established whereas profit or loss arising from the sale of securities is accounted for only when shares are sold in the market and profit is realized or loss is incurred.

**2.18 Earning per share**

The Company calculates earning per share in accordance with International Accounting Standard (IAS) 33 "Earning per Share" which has been shown in the face of the Profit and Loss Account.

**2.19 Capital reserve**

As per Risk Based Capital Adequacy Rules 2019 Part B [rule (1)(b); rule 5(2)] shall maintain a mandatory provision at least @ 10% of profit after tax of last year as capital reserve and the full amount of such reserve shall be accounted for in computing total capital.

**2.20 General reserve**

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

**2.21.1 LB Foundation**

The Board of LankaBangla Securities Limited has decided at 69th Board Meeting to contribute 1% of net profit after tax to LB Foundation for CSR.

**2.22 Employee benefit Obligation****A. Defined contribution plan**

The Company operates a contributory provident fund for its permanent employees. The fund is approved by the National Board of Revenue (NBR), administered separately by a Board of Trustees and is funded by the equal contribution both by the Company and employees at a predetermined rate. This fund is invested separately from the Company's assets and is audited by an external auditor.

**B. Defined benefit plan (Gratuity scheme)**

The Company has an unfunded gratuity scheme for all eligible employees who have completed minimum 02 (two) years of confirmed service with the Company. Required amount of gratuity is calculated on the basis of last basic pay depending on the length of service for every completed year as well as proportionate to the fraction period of service as of the respective financial year.

Following benefits are payable on retirement death or leaving service:

Year of confirmed service	% of entitlement
2 years and above but less than 4 years	50% of last basic salary
4 years and above but less than 5 years	100% of last basic salary
5 years and above	150% of last basic salary

**2.23 Related party disclosure**

As per International Accounting Standards (IAS)-24 "Related Party Disclosures", parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with related parties.

Related party disclosures have been given in Note- 54.

## 2.24 Proposed Dividend Interim Cash Dividend

The Company in its Board Circular No. 03/2021 dated 22 December 2021 has declared 7.00% Interim Cash Dividend i.e. Taka. 0.70 Per ordinary share of Tk. 10.00 each.

## 2.25 Events after the Reporting date:

As per IAS-10 "Event after the Reporting Period" are those event favorable and unfavorable, that occur between the end of the reporting year and the date when the financial statements are authorized for issue. Two types of event can be identified:

- A. Those that provide evidence of conditions that existed at the end of the reporting year (adjusting events after balance sheet date); and
- B. Those that are indicative of conditions that arose after the reporting year (Non-adjusting events after balance sheet date).

## 2.26 Reclassifications

To facilitate comparison, certain relevant balances pertaining to the previous year has been rearranged/restated/reclassified whenever considered necessary to conform to current year's presentation.

## 2.27 Branch accounting

The Company has a total 12 number of Branch offices and 5 extension offices (excluding Head Office) with no overseas branch as on December 31 2021. Accounts of the branches are maintained at the head offices which are included in the accompanying financial statements.

## 2.28 Comparative

Comparative information has been disclosed in respect of the previous year for all numerical information in the financial statements including narrative and descriptive information when it is relevant for understanding of the current year's financial statements.

Previous year's figure has been re-arranged whenever considered necessary to ensure comparability with the current year's presentation as per IAS-8 "Accounting Policies, Changes in Accounting Estimates and Errors". During the year prior year adjustment has been made in the interest income, Provision for negative equity shares & others and provision for doubtful loan & advances.

## 2.29 Application of International Accounting Standards (IASs):

The Financial Statements have been prepared in compliance with requirement of IAS as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh. The following IASs are applicable for the financial statements for the period under review:

- IAS- 1 Presentation of Financial Statements
- IAS- 7 Statement of Cash Flows
- IAS- 8 Accounting Policies Changes in Accounting
- IAS- 10 Events after the Reporting Period
- IAS- 12 Income Taxes
- IAS- 16 Property Plant and Equipment
- IAS- 19 Employees Benefit
- IAS- 23 Borrowing Cost
- IAS- 24 Related Party Disclosure
- IAS- 32 Financial Instruments Presentation
- IAS- 37 Provisions Contingent Liabilities and Contingent Assets
- IAS- 39 Financial Instruments: Recognition and Measurement
- IFRS- 7 Financial Instruments: Disclosures
- IFRS-9 Financial Instrumen
- IFRS- 10 Consolidated Financial Statements
- IFRS- 13 Fair Value Measurement
- IFRS- 15 Revenue from Contracts with Customers
- IFRS- 16 Leases

## 3.00 Directors responsibility statement

The Board of Directors takes the responsibility for the preparation and presentation of these financial statements as per section 183 of companies Act 1994.

## 3.01 Reasons for significant deviation in Net Profit after Tax

LankaBangla Securities limited (LBSL) separate Net Profit after Tax (NPAT) for the year 2021 stood at 746.12 BDT million which was BDT 144.42 million in 2020 NPAT has increased by 417% compared to last year. Reasons for the increase are as follows:

During the year 2021 daily average turnover of Stock Exchanges has increased by 127% compare to last year and daily average turnover of LBSL has increased 122% .So brokerage income has increased 158% compare to last year.

Income from Investment in shares has increased 187% compared to last year.



	Consolidated		Separate	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
<b>4.00 Property, Plant &amp; Equipment</b>				
<b>Cost:</b>				
Opening balance	1,104,316,551	1,102,675,223	1,047,110,084	1,054,320,846
Add: Addition during the year	81,015,893	22,885,219	79,407,051	12,816,854
	<b>1,185,332,444</b>	<b>1,125,560,441</b>	<b>1,126,517,135</b>	<b>1,067,137,700</b>
Less: Disposal during the year	12,651,956	21,243,891	11,057,400	20,027,616
Closing balance	<b>1,172,680,488</b>	<b>1,104,316,550</b>	<b>1,115,459,735</b>	<b>1,047,110,084</b>
<b>Depreciation:</b>				
Opening balance	345,800,149	314,473,660	307,908,309	280,620,360
Add: Charged during the year	47,090,897	48,293,661	43,047,273	43,537,032
	<b>392,891,047</b>	<b>362,767,321</b>	<b>350,955,583</b>	<b>324,157,393</b>
Less: Adjustment made during the year	10,681,766	16,967,172	9,482,066	16,249,083
Accumulated depreciation	<b>382,209,280</b>	<b>345,800,149</b>	<b>341,473,516</b>	<b>307,908,310</b>
<b>A. Carrying amount</b>	<b>790,471,207</b>	<b>758,516,401</b>	<b>773,986,218</b>	<b>739,201,774</b>
<b>Right of Use of Assets</b>				
Opening balance	94,892,434	127,611,971	83,478,186	113,846,490
Add: Addition during the year	91,624,243	36,836,101	85,477,643	24,452,287
	<b>186,516,677</b>	<b>164,448,072</b>	<b>168,955,829</b>	<b>138,298,777</b>
<b>Less: Disposal during the year</b>	36,091,912	69,555,638	33,453,923	54,820,591
<b>Closing balance</b>	<b>150,424,765</b>	<b>94,892,434</b>	<b>135,501,906</b>	<b>83,478,186</b>
<b>Depreciation:</b>				
Opening balance	19,389,494	49,049,283	16,554,422	39,757,408
Add: Charged during the year	41,537,173	35,507,545	35,757,720	27,522,094
	<b>60,926,667</b>	<b>84,556,828</b>	<b>52,312,143</b>	<b>67,279,502</b>
Less: Lease expense of Right of use of Assets	32,150,555	65,167,334	30,304,738	50,725,080
Accumulated depreciation	<b>28,776,112</b>	<b>19,389,494</b>	<b>22,007,405</b>	<b>16,554,422</b>
<b>B. Carrying amount</b>	<b>121,648,653</b>	<b>75,502,940</b>	<b>113,494,501</b>	<b>66,923,764</b>
<b>Grand Total (A+B)</b>	<b>912,119,860</b>	<b>834,019,341</b>	<b>887,480,719</b>	<b>806,125,538</b>
A schedule of property, Plant & Equipment is given in Annexure-A				
<b>5.00 Long term loan to employees</b>				
Staff transport loan	-	266,632	-	266,632
Loan against salary	3,122,484	2,156,294	3,122,484	2,156,294
	<b>3,122,484</b>	<b>2,422,926</b>	<b>3,122,484</b>	<b>2,422,926</b>
<b>6.00 Long term investment in shares</b>				
Investment in subsidiary companies (Note-6.01)	-	-	71,366,222	64,621,462
Investment in equity of unlisted company (Note-6.02)	108,788,440	99,206,600	108,788,440	99,206,600
Strategic investment in listed company (Note-6.03)	600,695,211	661,476,170	600,695,211	661,476,170
Strategic investment in listed company (Note-6.03)	36,283,566	36,000,000	36,283,566	36,000,000
	<b>745,767,217</b>	<b>796,682,770</b>	<b>817,133,439</b>	<b>861,304,232</b>
<b>6.01 Investment in subsidiary companies</b>				
<b>Particulars (presented at fair value)</b>				
LankaBangla Information Technology Limited	-	-	6,067,615	5,333,946
BizBangla Media Limited	-	-	65,298,607	59,287,516
	-	-	<b>71,366,222</b>	<b>64,621,462</b>
<b>6.02 Investment in equity of unlisted company</b>				
<b>Particulars</b>				
Financial Excellence Limited	3,000,000	3,000,000	3,000,000	3,000,000
DSE Membership at Cost (Note-6.02.A)	8,704,500	8,704,500	8,704,500	8,704,500
CSE Membership at Cost (Note-6.02.A)	5,000,000	5,000,000	5,000,000	5,000,000
Bengal Meat Processing Industries Limited	50,000,000	50,000,000	50,000,000	50,000,000
EDGE Bangladesh Mutual Fund	-	5,000,000	-	5,000,000
LankaBangla 1st PE Fund	10,000,000	10,000,000	10,000,000	10,000,000
Mir Akhter Hossain Ltd (IPO)	-	12,498,900	-	12,498,900
Index Agro Industries Ltd (IPO)	-	5,003,200	-	5,003,200
Beximco Sukuk Al Istinsa (IPO-Bond)	10,000,000	-	10,000,000	-
Union Insurance Company Ltd (IPO)	46,440	-	46,440	-
BD Thai Food and Beverage Ind Ltd (IPO)	637,500	-	637,500	-
Union Bank Ltd (IPO)	21,400,000	-	21,400,000	-
	<b>108,788,440</b>	<b>99,206,600</b>	<b>108,788,440</b>	<b>99,206,600</b>

	Consolidated		Separate	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
<b>6.02.A DSE and CSE Membership at Cost</b>				
LankaBangla Securities Limited has received the following shares from DSE and CSE against the membership under demutualization scheme of the stock exchanges:				
<b>Stock Exchange</b>	<b>Type of Shares</b>	<b>Number of Shares</b>	<b>Face Value</b>	
Dhaka Stock Exchange Limited	Floated (53.33%)	2,886,042	10	
	Blocked (46.67%)	2,525,287	10	
		<b>5,411,329</b>		
Chittagong Stock Exchange Limited	Floated (40.00%)	1,714,932	10	
	Blocked (60.00%)	2,572,398	10	
		<b>4,287,330</b>		
Valuation of membership has been shown at cost in the financial statements.				
<b>6.03 Strategic investment in listed company (dealer)</b>				
<b>Particulars</b>				
Textiles	264,783,006	319,872,838	264,783,006	319,872,838
Non Banking Financial Institution	335,912,204	335,912,204	335,912,204	335,912,204
Mutual Fund	-	5,166,437	-	5,166,437
Bank	-	524,690	-	524,690
	<b>600,695,211</b>	<b>661,476,170</b>	<b>600,695,211</b>	<b>661,476,170</b>
<b>6.04 Strategic investment in listed company (Strg)</b>				
<b>Particulars</b>				
IT	36,283,566	36,000,000	36,283,566	36,000,000
	<b>36,283,566</b>	<b>36,000,000</b>	<b>36,283,566</b>	<b>36,000,000</b>
LankaBangla Securities Limited has invested an amount of Tk. 36,000,000/= from the sell proceed of 25% shares of Dhaka Stock Exchange Limited to full fill the requirements of DSE circular no. DSE/COM/TAD/CLR/SRO Rate Cap Gain Tax/1519-7152, Dated 04 November 2018, BSEC Directive no. SEC/SRMIC/94-231/723, Dated 13 November 2018 & RSO no. 319-Law/Income Tax/2018, Dated 30 October 2018.				
<b>7.00 Impairment of goodwill</b>				
Intangible Assets	234,143,286	234,143,286	-	-
Add: Addition during the year	-	-	-	-
	234,143,286	234,143,286	-	-
Less: Impairment of goodwill	234,143,286	-	-	-
	<b>-</b>	<b>234,143,286</b>	<b>-</b>	<b>-</b>
Intangible asset (goodwill) arises in LankaBangla Securities Limited (Consolidated FS) as a result of initial acquisition of 80% shares of BizBangla Media Ltd (BBML). by LankaBangla Securities Limited as on 31 May 2015. Currently, LankaBangla Securities Ltd. hold 96.39% shares of BizBangla Media Ltd. The Carrying amount was BDT 234,143,286.				
Impairment testing has been done in 2022 and found that recoverable amount is less than the carrying amount. Therefore, the entire goodwill has been impaired and recognized in profit or loss in statement of comprehensive income.				
<b>8.00 Advances, Deposits and Prepayments</b>				
<b>Advances</b>				
Office rent	12,433,564	11,196,626	11,094,477	10,927,516
Advance Salary & Allowance	202,698	205,315	-	-
Advance for Bank guarantee margin	437,709	110,208	437,709	110,208
BizBangla Media Limited	-	-	29,500,000	29,500,000
LankaBangla Information System	-	-	-	-
Advance against expenses	5,242,432	10,581,295	2,010,515	7,885,001
	<b>18,316,404</b>	<b>22,093,445</b>	<b>43,042,702</b>	<b>48,422,726</b>
<b>Deposits</b>				
Clearing house	25,000	25,000	25,000	25,000
Lease Deposit	111,378	1,960,114	111,378	1,903,070
PCS Bangladesh (Pvt.) Ltd.	64,000	64,000	64,000	64,000
Jai Jai Din Printers	-	500,000	-	-
Security deposit with agencies	536,000	-	-	-
Security deposit with CDBL	102,500	102,500	102,500	102,500
Security deposit for office space	5,335,054	4,826,055	3,828,220	3,299,220
	<b>6,173,932</b>	<b>7,477,669</b>	<b>4,131,098</b>	<b>5,393,790</b>

		Amount in Taka			
		Consolidated		Separate	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
<b>9.00</b>	<b>Advance Income Tax</b>				
	Opening Balance	752,985,550	654,342,550	743,744,457	646,557,768
	Add: Paid during year				
	Advance tax	5,773,260	-	4,954,336	-
	Advance tax deducted at source	18,614,283	19,204,924	18,614,283	17,748,612
	Tax deducted at source on turnover	203,609,311	79,438,077	203,609,311	79,438,077
		227,996,855	98,643,001	227,177,931	97,186,690
		<b>980,982,405</b>	<b>752,985,550</b>	<b>970,922,388</b>	<b>743,744,457</b>
	Less: Adjustment during the year	-	-	-	-
		<b>980,982,405</b>	<b>752,985,550</b>	<b>970,922,388</b>	<b>743,744,457</b>
<b>10.00</b>	<b>Investments</b>				
	Investment in listed securities dealer (Note-10.01)	1,372,848,950	1,235,304,421	1,372,848,950	1,235,304,421
	Investment in listed securities refinancing (Note-10.02)	240,928,570	179,624,535	240,928,570	179,624,535
	Fixed deposits receipt (FDR) (Note-10.03)	59,588,587	56,347,938	56,534,587	55,347,938
		<b>1,673,366,108</b>	<b>1,471,276,895</b>	<b>1,670,312,108</b>	<b>1,470,276,895</b>
<b>10.01</b>	<b>Investment in listed securities (dealer)</b>				
	<b>Particulars</b>				
	Pharmaceuticals & Chemical	813,202,027	583,297,629	813,202,027	583,297,629
	Fuel Power	84,994,405	194,794,379	84,994,405	194,794,379
	Telecommunication	356,105,471	358,105,471	356,105,471	358,105,471
	Engineering	87,758,499	18,715,541	87,758,499	18,715,541
	Textiles	20,886,765	1,814,222	20,886,765	1,814,222
	Insurance	-	69,729,472	-	69,729,472
	Service & Leisure	-	17,764	-	17,764
	Cement	6,291,559	6,706,813	6,291,559	6,706,813
	SME (Small & Medium Industries)	1,673,782	-	1,673,782	-
	Cash form	1,936,441	2,123,128	1,936,441	2,123,128
		<b>1,372,848,950</b>	<b>1,235,304,421</b>	<b>1,372,848,950</b>	<b>1,235,304,421</b>
<b>10.02</b>	<b>Investment in listed securities (refinancing)</b>				
	<b>Particulars</b>				
	IT	56,066,890	56,066,890	56,066,890	56,066,890
	Pharmaceuticals & Chemical	184,557,271	123,253,236	184,557,271	123,253,236
	Mutual Fund	304,408	304,408	304,408	304,408
		<b>240,928,570</b>	<b>179,624,535</b>	<b>240,928,570</b>	<b>179,624,535</b>
<b>10.03</b>	<b>Fixed deposit receipts (FDR)</b>				
	FDR with Standard Chartered Bank	56,534,587	55,347,938	56,534,587	55,347,938
	FDR with Social Islami Bank Limited	1,054,000	-	-	-
	FDR with ONE Bank Limited	2,000,000	1,000,000	-	-
		<b>59,588,587</b>	<b>56,347,938</b>	<b>56,534,587</b>	<b>55,347,938</b>
<b>11.00</b>	<b>Inventories</b>				
	Newsprint	1,662,925	457,393	-	-
	P. S plate	-	24,840	-	-
	Polyester film	3,470	10,600	-	-
		<b>1,666,394</b>	<b>492,833</b>	<b>-</b>	<b>-</b>
<b>12.00</b>	<b>Current portion of loans and advances</b>				
	Loan Against Salary	932,675	1,788,314	932,675	1,788,314
	Staff Transport Loan	779,809	1,353,228	779,809	1,353,228
		<b>1,712,485</b>	<b>3,141,542</b>	<b>1,712,485</b>	<b>3,141,542</b>
<b>13.00</b>	<b>Accounts receivable</b>				
	Receivable from clients (Note - 13.01)	5,450,582,345	4,867,822,512	5,290,143,789	4,716,007,087
	Receivable from DSE & CSE (Note - 13.02)	94,468,125	23,295,466	94,468,125	23,295,466
		<b>5,545,050,470</b>	<b>4,891,117,978</b>	<b>5,384,611,914</b>	<b>4,739,302,553</b>
<b>13.01</b>	<b>Receivable from clients</b>				
	Cash dividend receivable	26,734,908	14,204,106	26,734,908	14,204,106
	Sundry debtors against advertisement	153,028,947	144,866,372	-	-
	Sundry debtors against circulation	7,409,609	6,844,384	-	-
	Receivable from foreign clients	275,325	7,345	275,325	7,345
	Margin loan	5,259,031,226	4,698,404,044	5,259,031,226	4,698,404,044
	Other clients	4,102,329	3,496,259	4,102,329	3,391,590
		<b>5,450,582,345</b>	<b>4,867,822,512</b>	<b>5,290,143,789</b>	<b>4,716,007,087</b>
	<b>Other clients</b>				
	Other clients includes receivable from share trading.				

	Amount in Taka			
	Consolidated		Separate	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
<b>13.02 Receivable from DSE &amp; CSE</b>				
ABG&N	32,056,889	9,223,460	32,056,889	9,223,460
ABG&N	56,481,039	1,314,709	56,481,039	-
ABG&N (Spot)	220,032	2,873,820	220,032	1,314,709
Z	1,977,260	4,292,466	1,977,260	2,873,820
Z	2,107,318	1,536,892	2,107,318	4,292,466
Z	1,570,546	-	1,570,546	1,536,892
<b>Total DSE</b>	<b>94,413,086</b>	<b>19,241,349</b>	<b>94,413,086</b>	<b>19,241,349</b>
ABG&N	-	3,772,339	-	3,772,339
ABG&N (Spot)	-	-	-	-
Z	-	43,730	-	43,730
Z	-	84,808	-	84,808
Z	55,038	153,238	55,038	153,238
<b>Total CSE</b>	<b>55,038</b>	<b>4,054,117</b>	<b>55,038</b>	<b>4,054,117</b>
<b>Grand Total DSE &amp; CSE</b>	<b>94,468,125</b>	<b>23,295,466</b>	<b>94,468,125</b>	<b>23,295,466</b>
<b>14.00 Cash and Bank Balances</b>				
Cash in hand	1,194,879	751,010	1,186,110	657,111
Cash at bank (Notes 14.01)	2,475,048,746	1,721,776,467	2,470,389,709	1,715,750,795
	<b>2,476,243,625</b>	<b>1,722,527,477</b>	<b>2,471,575,819</b>	<b>1,716,407,906</b>
<b>14.01 Cash at Bank /NBFI</b>				
ONE Bank Limited (CCA)	1,880,984,196	1,361,540,129	1,880,984,196	1,361,540,129
Standard Chartered Bank (CCA)	313,495,314	42,504,247	313,495,314	42,504,247
National Credit & Commerce Bank (CCA)	100,279,621	104,793,996	100,279,621	104,793,996
Commercial Bank of Ceylon (CCA)	16,932,779	12,247,937	16,932,779	12,247,937
Shahjalal Islami Bank Limited (CCA)	955,210	-	955,210	-
ONE Bank Limited (Dealer)	-	6,664,577	-	6,664,577
Standard Chartered Bank (Dealer)	1,049,515	-	1,049,515	-
ONE Bank Limited (IPO)	1	25,563	1	25,563
National Credit & Commerce Bank (IPO)	9,511	163,831,086	9,511	163,831,086
ONE Bank Limited (Operational)	150,171,752	17,481,259	150,171,752	17,481,259
Standard Chartered Bank (Operational)	2,105,344	2,399,665	2,105,344	2,399,665
National Credit & Commerce Bank (Operational)	300,385	724	300,385	724
Shahjalal Islami Bank Limited (Operational)	-	4,243,754	-	4,243,754
Midland Bank Limited (Operational)	82,336	3,148	82,336	3,148
Meghna Bank Limited (Operational)	307	997	307	997
South Bangla Agriculture Bank Ltd. (Operational)	4,023,434	13,710	4,023,434	13,710
<b>Subsidiary's Bank A/C</b>				
One Bank Limited	4,277,512	4,794,407	-	-
Bangladesh Development Bank Ltd	38,932	314,034	-	-
Standard Bank Limited	17,913	119,089	-	-
Social Islami Bank Ltd	47,819	134,310	-	-
Sonali Bank Limited	276,863	663,832	-	-
	<b>2,475,048,746</b>	<b>1,721,776,467</b>	<b>2,470,389,709</b>	<b>1,715,750,795</b>
<b>15.00 Share Capital</b>				
Authorized Capital				
500,000,000 ordinary shares of Taka 10 each	<b>5,000,000,000</b>	<b>5,000,000,000</b>	<b>5,000,000,000</b>	<b>5,000,000,000</b>
Issued, Subscribed and Paid-up Capital	<b>2,690,303,320</b>	<b>2,690,303,320</b>	<b>2,690,303,320</b>	<b>2,690,303,320</b>
269,030,332 ordinary shares of Taka 10 each fully paid	<b>2,690,303,320</b>	<b>2,690,303,320</b>	<b>2,690,303,320</b>	<b>2,690,303,320</b>
<b>Detail of Shareholding Position of the Company</b>				
<b>Name of the Sponsor &amp; Directors Shareholders</b>		<b>No. of Shares</b>		
LankaBangla Finance Ltd.		248,368,326	2,483,683,260	2,445,732,600
Mr. Mohammad A. Moyeen		122,290	1,222,900	1,222,900
Mr. Mahbubul Anam		119,841	1,198,410	1,198,410
Mr. B W Kundanmal		2	20	20
Mr. Mohammed Nasiruddin Chowdhury		2,797	27,970	27,970
		248,613,256	2,486,132,560	2,448,181,900
General Shareholders		20,417,076	204,170,760	242,121,420
		<b>269,030,332</b>	<b>2,690,303,320</b>	<b>2,690,303,320</b>
<b>16.00 Share Premium</b>				
Premium amount received against issue of 5,000,000 shares @ 240 per share in 2010.	<b>1,200,000,000</b>	<b>1,200,000,000</b>	<b>1,200,000,000</b>	<b>1,200,000,000</b>
	<b>1,200,000,000</b>	<b>1,200,000,000</b>	<b>1,200,000,000</b>	<b>1,200,000,000</b>

		Amount in Taka			
		Consolidated		Separate	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
<b>17.00</b>	<b>General Reserve</b>				
	Opening balance	46,984,040	51,650,689	46,984,040	51,650,689
	Add: Addition during the year	5,741,652	51,476	5,741,652	51,476
		<b>52,725,692</b>	<b>51,702,165</b>	<b>52,725,692</b>	<b>51,702,165</b>
	Less: Adjustment during the year	135,380	4,718,125	135,380	4,718,125
	Closing balance	<b>52,590,312</b>	<b>46,984,040</b>	<b>52,590,312</b>	<b>46,984,040</b>
	The Board of Directors of LankaBangla Securities has decided to create a general reserve by 1% on outstanding margin loan provided to the client against marketable securities. Add or adjustment with general reserve will depend on size of outstanding margin loan for the respective year.				
<b>18.00</b>	<b>Fair value reserve</b>				
	Opening balance	-	-	(336,376,538)	(330,879,275)
	Add: Increase the vale during the year	-	-	6,744,760	-
		-	-	-	-
	Less: Decrease the value during the year	-	-	-	5,497,262
	Closing balance	-	-	<b>(329,631,778)</b>	<b>(336,376,538)</b>
	Investments in subsidiaries are accounted for as per IFRS 9 in Company's separate financial statements in accordance with IAS-27. Accordingly, investments in subsidiaries are stated in the Company's statement of financial position at fair value and any changes therein are recorded in revaluation reserve under equity. The Company has used adjusted net asset method as per IFRS 13 to measure fair value of investment in subsidiaries				
<b>19.00</b>	<b>Capital reserve</b>				
	Opening balance	-	-	-	-
	Add: Addition during the year	14,442,438	-	14,442,438	-
		-	-	-	-
	<b>Less: Deduction during the year</b>	<b>14,442,438</b>	-	<b>14,442,438</b>	-
	As per Risk Based Capital Adequacy Rules, 2019, Part B [rule (1)(b); rule 5(2)] shall maintain a mandatory provision at least @ 10% of profit after tax of last year as capital reserve and the full amount of such reserve shall be accounted for in computing total capital.				
<b>20.00</b>	<b>Long Term Loan</b>				
	Opening balance	242,281,292	545,810,637	242,281,292	545,810,637
	Add: Drawdown during the year	350,000,000	100,550,000	350,000,000	100,550,000
		592,281,292	646,360,637	592,281,292	646,360,637
	Less: Conversion to Short term	280,872,683	404,079,345	280,872,683	404,079,345
	Closing balance	<b>311,408,609</b>	<b>242,281,292</b>	<b>311,408,609</b>	<b>242,281,292</b>
	<b>Detail of long term portion of the above balance is presented below:</b>				
	LankaBangla Finance Limited	-	48,492,981	-	48,492,981
	National Credit and Commerce Bank Ltd	-	17,850,101	-	17,850,101
	Shahjalal Islami Bank Limited 3	-	24,483,084	-	24,483,084
	Midland Bank Limited- 2	57,816,750	17,218,040	57,816,750	17,218,040
	Midland Bank Limited- 3	75,290,393	-	75,290,393	-
	South Bangla Agriculture & Commerce Bank Ltd 4	-	47,400,577	-	47,400,577
	South Bangla Agriculture & Commerce Bank Ltd 5	37,781,922	43,769,606	37,781,922	43,769,606
	Phoenix Finance Ltd	140,519,546	-	140,519,546	-
	Investment Corporation of Bangladesh	-	43,066,906	-	43,066,906
	<b>Sub total</b>	<b>311,408,609</b>	<b>242,281,292</b>	<b>311,408,609</b>	<b>242,281,292</b>
<b>21.00</b>	<b>Deferred tax Liabilities</b>				
	Deferred Tax has been calculated based on deductible/ taxable temporary difference arising due to difference in the carrying amount of the assets / liabilities and its tax base in accordance with the provision of Bangladesh Accounting Standard (BAS) 12 "Income Taxes".				
	<b>Assets:</b>				
	WDV of fixed assets as per accounts	790,239,113	758,516,402	773,754,124	739,201,775
	WDV of fixed assets as per tax base	728,067,772	711,085,064	692,250,258	673,213,933
	<b>Taxable /(Deductible) Temporary Difference</b>	<b>62,171,340</b>	<b>47,431,338</b>	<b>81,503,865</b>	<b>65,987,842</b>
	Applicable Tax Rate	30.00%	32.50%	30.00%	32.50%
	Deferred Tax Liability/(Asset)	18,651,402	15,415,185	24,451,160	21,446,049
	<b>Deferred Tax Liabilities/(Assets)</b>	<b>18,651,402</b>	<b>15,415,185</b>	<b>24,451,160</b>	<b>21,446,049</b>
<b>22.00</b>	<b>Finance lease obligation</b>				
	Finance lease obligation-Vehicles ( <b>Note-22.01</b> )	2,058,543	3,705,431	-	808,197
	Finance lease obligation-Office premises ( <b>Note-22.02</b> )	88,773,094	27,942,173	86,029,182	24,194,614
		<b>90,831,637</b>	<b>31,647,604</b>	<b>86,029,182</b>	<b>25,002,811</b>
<b>22.01</b>	<b>Finance lease obligation-Vehicles</b>				
	Opening balance	3,705,431	2,333,047	808,197	2,333,047
	Add: Addition during the year	-	4,094,075	-	-
		<b>3,705,431</b>	<b>6,427,122</b>	<b>808,197</b>	<b>2,333,047</b>
	Less: Conversion to Short term	1,646,888	2,721,691	808,197	1,524,850
	Closing balance	<b>2,058,543</b>	<b>3,705,431</b>	<b>-</b>	<b>808,197</b>

		Amount in Taka			
		Consolidated		Separate	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
<b>22.02</b>	<b>Finance lease obligation-Office premises</b>				
	Opening balance	27,942,173	40,663,850	24,194,614	40,013,463
	<b>Add: Addition during the year</b>	<b>91,624,243</b>	<b>36,836,101</b>	<b>85,477,643</b>	<b>24,452,287</b>
		<b>119,566,416</b>	<b>77,499,951</b>	<b>109,672,258</b>	<b>64,465,750</b>
	Less: Conversion to Short term	30,793,323	49,557,778	23,643,076	40,271,136
	Closing balance	<b>88,773,094</b>	<b>27,942,173</b>	<b>86,029,182</b>	<b>24,194,614</b>
<b>23.00</b>	<b>Accounts payable</b>				
	Payable to clients (Note-23.01)	2,191,617,636	1,537,465,764	2,191,311,462	1,529,258,216
	Payable to DSE and CSE (Note - 23.02)	30,283,820	9,755,791	30,283,820	9,755,791
	Accrued expenses (Note - 23.03)	124,991,903	88,773,845	92,536,035	63,543,939
		<b>2,346,893,359</b>	<b>1,635,995,400</b>	<b>2,314,131,317</b>	<b>1,602,557,946</b>
<b>23.01</b>	<b>Payable to Clients</b>				
	Final Settlement Payable	306,174	1,382,045	-	-
	Payable suspense	3,480,959	4,758,895	3,480,959	4,758,895
	Other clients	2,187,830,504	1,531,324,825	2,187,830,504	1,524,499,322
		<b>2,191,617,636</b>	<b>1,537,465,764</b>	<b>2,191,311,462</b>	<b>1,529,258,216</b>
	<b>Other Clients</b>				
	Other clients includes payable from share trading.				
<b>23.02</b>	<b>Payable to DSE &amp; CSE</b>				
	ABG&N	529,092	1,280,822	529,092	1,280,822
	Z	2,427,817	3,936,323	2,427,817	3,936,323
	Total DSE	<b>2,956,908</b>	<b>5,217,145</b>	<b>2,956,908</b>	<b>5,217,145</b>
	ABG&N	27,189,912	4,525,976	27,189,912	4,525,976
	Z	137,000	12,669	137,000	12,669
	Total CSE	<b>27,326,912</b>	<b>4,538,646</b>	<b>27,326,912</b>	<b>4,538,646</b>
	<b>Grand Total DSE &amp; CSE</b>	<b>30,283,820</b>	<b>9,755,791</b>	<b>30,283,820</b>	<b>9,755,791</b>
<b>23.03</b>	<b>Accrued Expenses</b>				
	Telephone bill	112,012	66,152	106,512	56,190
	Electricity bill	1,126,558	1,273,060	945,103	1,161,944
	Office rent	11,664,633	11,326,411	4,698,556	5,314,237
	Printing & stationeries	253,083	1,750	-	1,750
	News paper and periodicals	998,475	831,774	-	-
	Office maintenance	781,758	1,461,550	619,666	1,215,628
	Vehicle maintenance	317,614	231,870	-	-
	Water and sewerage bill	459,827	1,072,558	193,342	867,921
	Audit fees	305,488	351,730	144,488	144,730
	Legal and professional fees	609,500	425,500	-	-
	News agency service charge	1,835,414	1,691,978	-	-
	Advertisement commission	117,626	16,642	-	-
	Incentive	64,936,517	24,995,139	64,936,517	24,995,139
	Contribution to gratuity fund	1,104,992	-	-	-
	Contribution to provident fund	11,309,031	10,567,139	-	-
	Honorarium	3,628,946	3,027,946	-	-
	Salaries & Allowances	18,390,740	25,870,906	17,957,531	25,042,973
	Interest Expense	417,550	765,811	-	-
	Archiving Expenses	21,000	52,500	-	-
	Suppliers Payable	3,666,817	-	-	-
	CDBL charges	2,934,324	4,743,430	2,934,324	4,743,430
		<b>124,991,903</b>	<b>88,773,845</b>	<b>92,536,035</b>	<b>63,543,939</b>
<b>24 .00</b>	<b>Short Term Loan</b>				
	Opening Balance	1,919,408,324	2,095,712,913	1,859,735,825	2,032,875,839
	Loan taken during the year	-	-	-	-
		<b>1,919,408,324</b>	<b>2,095,712,913</b>	<b>1,859,735,825</b>	<b>2,032,875,839</b>
	Re-scheduled/repayment during the year	143,354,144	176,304,589	143,781,645	173,140,014
	<b>Closing Balance</b>	<b>1,776,054,180</b>	<b>1,919,408,324</b>	<b>1,715,954,180</b>	<b>1,859,735,825</b>
	<b>Detail of the above balance is presented below:</b>				
	<b>Loan taken as a short term</b>				
	One Bank Limited	822,610,610	767,388,115	762,510,610	767,388,115
	Standard Chartered Bank	538,260,728	531,218,447	538,260,728	531,218,447
	Shahjalal Islami Bank Limited	108,240,000	105,090,000	108,240,000	105,090,000
	South Bangla Agriculture & Commerce Bank Ltd	204,601,820	203,698,671	204,601,820	203,698,671
	Hajj Finance Limited	-	150,000,000	-	150,000,000
	National Credit and Commerce Bank Ltd	102,341,024	102,340,594	102,341,024	102,340,594
	<b>Sub total</b>	<b>1,776,054,180</b>	<b>1,919,408,324</b>	<b>1,715,954,180</b>	<b>1,859,735,825</b>

	Amount in Taka			
	Consolidated		Separate	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
<b>25.00 Provision for Current Tax</b>				
Opening Balance	769,638,824	667,007,442	765,435,238	663,538,117
Add: Provision during the year	263,702,950	102,631,382	260,155,821	101,897,120
	<b>1,033,341,773</b>	<b>769,638,824</b>	<b>1,025,591,058</b>	<b>765,435,238</b>
Less: Adjustment during the year	-	-	-	-
	<b>1,033,341,773</b>	<b>769,638,824</b>	<b>1,025,591,058</b>	<b>765,435,238</b>
<b>26.00 Current portion of lease obligation</b>				
Lease obligation-Vehicles (Note-26.01)	2,554,153	2,840,125	1,115,035	1,517,698
Lease obligation-Office premises (Note-26.02)	34,250,238	44,354,828	29,186,057	39,999,418
	<b>36,804,392</b>	<b>47,194,953</b>	<b>30,301,092</b>	<b>41,517,116</b>
<b>26.01 Current portion of lease obligation-Vehicles</b>				
Opening balance	2,840,125	1,831,149	1,517,698	1,038,677
Add: Conversion from Long Term	1,646,888	2,721,691	808,197	1,524,850
	<b>4,487,013</b>	<b>4,552,840</b>	<b>2,325,895</b>	<b>2,563,527</b>
Less: Paid during the year	1,932,860	1,712,715	1,210,861	1,045,829
Closing balance	<b>2,554,153</b>	<b>2,840,125</b>	<b>1,115,035</b>	<b>1,517,698</b>
<b>26.02 Current portion of lease obligation-Office premises</b>				
Opening balance	44,354,828	39,918,113	39,999,418	36,415,586
Add: Conversion from Long Term	30,793,323	49,557,778	23,643,076	40,271,136
	<b>75,148,150</b>	<b>89,475,891</b>	<b>63,642,493</b>	<b>76,686,722</b>
Less: Paid during the year	40,897,912	45,121,064	34,456,436	36,687,304
Closing balance	<b>34,250,238</b>	<b>44,354,828</b>	<b>29,186,057</b>	<b>39,999,418</b>
<b>27.00 Current portion of term loan</b>				
Opening balance	293,731,666	309,777,234	293,731,666	309,777,234
Add: Conversion from Long Term	280,872,683	404,079,345	280,872,683	404,079,345
	<b>574,604,349</b>	<b>713,856,579</b>	<b>574,604,349</b>	<b>713,856,579</b>
Less: Paid during the year	302,713,234	420,124,913	302,713,234	420,124,913
Closing balance	<b>271,891,115</b>	<b>293,731,666</b>	<b>271,891,115</b>	<b>293,731,666</b>
<b>Detail current portion of long term loan above balance is presented below:</b>				
LankaBangla Finance Limited	41,175,212	41,127,287	41,175,212	41,127,287
National Credit and Commerce Bank Ltd	6,058,384	6,382,767	6,058,384	6,382,767
Shahjalal Islami Bank Limited 3	21,484,646	20,840,809	21,484,646	20,840,809
Midland Bank Limited	-	8,797,091	-	8,797,091
Midland Bank Limited-2	18,851,900	76,668,574	18,851,900	76,668,574
Midland Bank Limited-3	17,276,628	-	17,276,628	-
South Bangla Agriculture & Commerce Bank Ltd 4	25,038,406	23,469,774	25,038,406	23,469,774
South Bangla Agriculture & Commerce Bank Ltd 5	47,671,378	83,007,223	47,671,378	83,007,223
One Bank Ltd	60,919,153	-	60,919,153	-
Investment Corporation of Bangladesh	33,415,412	33,438,145	33,415,412	33,438,145
<b>Sub total</b>	<b>271,891,115</b>	<b>293,731,666</b>	<b>271,891,115</b>	<b>293,731,666</b>
<b>28.00 Provision for negative equity &amp; others</b>				
Provision for negative equity (Note-28.01)	701,652,011	234,970,230	701,652,011	234,970,230
Diminution value of investment (Note-28.02)	-	234,270,000	-	234,270,000
	<b>701,652,011</b>	<b>469,240,230</b>	<b>701,652,011</b>	<b>469,240,230</b>
<b>28.01 Provision for negative equity</b>				
Opening balance	234,970,230	149,970,230	234,970,230	149,970,230
Add: Addition during the year	466,681,782	85,000,000	466,681,782	85,000,000
	<b>701,652,011</b>	<b>234,970,230</b>	<b>701,652,011</b>	<b>234,970,229.95</b>
Less: Write off during the year	-	-	-	-
Closing balance	<b>701,652,011</b>	<b>234,970,230</b>	<b>701,652,011</b>	<b>234,970,230</b>

	Consolidated		Separate	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
<b>28.02 Diminution value of investment</b>				
Opening balance	234,270,000	234,270,000	234,270,000	234,270,000
Add: Addition during the year	-	-	-	-
	<b>234,270,000</b>	<b>234,270,000</b>	<b>234,270,000</b>	<b>234,270,000</b>
Less: Adjustment during the year	234,270,000	-	234,270,000	-
Closing balance	-	<b>234,270,000</b>	-	<b>234,270,000</b>

No provision has been required due to market value of investment is higher then the cost value, so excess provision maintained up to November 2021 has been reversed.

<b>29.00 Interest Suspense</b>				
Opening balance	118,347,988	118,347,988	118,347,988	118,347,988
Add: Addition during the year	-	-	-	-
	<b>118,347,988</b>	<b>118,347,988</b>	<b>118,347,988</b>	<b>118,347,988</b>
Less: Adjustment during the year	-	-	-	-
Closing balance	<b>118,347,988</b>	<b>118,347,988</b>	<b>118,347,988</b>	<b>118,347,988</b>

Interest suspense are considered here for the provision of negative equity. So accumulated provision for negative equity amount of Tk. 820,000,000/= i.e. maintained full provision of negative equity.

<b>30.00 Other Liabilities</b>				
Liability for Interest of Loan	8,972,731	25,194,093	8,972,731	25,194,093
Interest Payable (Consolidated Customer Account)	31,909,769	-	31,909,769	-
Liabilities for other expenses	1,902,296	3,505,631	1,187,531	3,317,952
Brokerage sharing	5,862,678	3,759,512	5,862,678	3,759,512
Liabilities for security deposit	1,451,357	1,451,358	1,378,750	1,378,750
Premium brokerage service	3,566,740	2,467,199	3,566,740	2,467,199
LB Foundation	8,191,934	1,458,832	8,191,934	1,458,832
Vat & Tax Deducted at Source	1,147,525	1,596,301	-	-
Cash Dividend Payable	188,321,232	-	188,321,232	-
Un-claimed cash dividend	2,003,452	2,003,452	2,003,452	2,003,452
	<b>253,329,711</b>	<b>41,436,377</b>	<b>251,394,814</b>	<b>39,579,788</b>



		Amount in Taka			
		Consolidated		Separate	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
<b>31.00</b>	<b>Interest income</b>				
	Interest on debit balance of clients	391,629,296	399,759,971	391,629,296	399,759,971
	Interest on bank deposit (Note-31.01)	50,113,137	63,220,317	50,113,137	63,220,317
		<b>441,742,433</b>	<b>462,980,288</b>	<b>441,742,433</b>	<b>462,980,288</b>
<b>31.01</b>	<b>Interest Income</b>				
	<b>Interest on Bank Deposit</b>				
	One Bank Limited	43,380,697	51,328,667	43,380,697	51,328,667
	National Credit and Commerce Bank Ltd	5,410,303	10,027,893	5,410,303	10,027,893
	Commercial Bank of Ceylon	106,780	117,205	106,780	117,205
	South Bangla Agriculture & Commerce Bank	2,745	3,519	2,745	3,519
	Shahajalal Islami Bank limited	5,410	7,544	5,410	7,544
	Midland Bank Limited	60,145	4,426	60,145	4,426
	Standard Chartered Bank	5,487	-	5,487	-
	Interest on FDR	1,141,570	1,731,063	1,141,570	1,731,063
		<b>50,113,137</b>	<b>63,220,317</b>	<b>50,113,137</b>	<b>63,220,317</b>
<b>32.00</b>	<b>Income from investment</b>				
	Capital gain from shares investment (Note-32.01)	439,572,610	126,144,374	439,572,610	126,144,374
	Dividend	62,946,235	49,221,345	62,946,235	49,221,345
		<b>502,518,845</b>	<b>175,365,719</b>	<b>502,518,845</b>	<b>175,365,719</b>
<b>32.01</b>	<b>Capital gain from shares investment</b>				
	Sales price of shares	1,930,561,632	180,602,979	1,930,561,632	180,602,979
	Less: Cost price of shares	1,490,955,845	54,355,163	1,490,955,845	54,355,163
		439,605,787	126,247,816	439,605,787	126,247,816
	Less: CDBL & Other charges	33,177	103,443	33,177	103,443
		<b>439,572,610</b>	<b>126,144,374</b>	<b>439,572,610</b>	<b>126,144,374</b>
<b>33.00</b>	<b>Brokerage income</b>				
	DSE	1,199,793,648	467,030,159	1,199,793,648	467,030,159
	CSE	64,989,261	23,319,781	64,989,261	23,319,781
		<b>1,264,782,909</b>	<b>490,349,941</b>	<b>1,264,782,909</b>	<b>490,349,941</b>
<b>34.00</b>	<b>Revenue from advertisement &amp; circulation</b>				
	Revenue from advertisement	103,586,400	107,847,375	-	-
	Round table conference income	3,340,000	1,747,957	-	-
	Sponsorship income	9,795,362	5,478,215	-	-
	Revenue from digital platform	14,516,931	-	-	-
	Revenue from circulation	7,566,686	5,530,142	-	-
		<b>138,805,379</b>	<b>120,603,689</b>	-	-
<b>35.00</b>	<b>Other operational income</b>				
	Service charge from clients for CDBL	20,730,324	18,988,293	20,730,324	18,988,293
	Scrap sales	1,524,662	5,017,164	578,230	3,480,829
	Other Income	295,322	-	295,322	-
	PF Contribution (Forfeited)	1,034,071	-	1,034,071	-
	IT enable and Cloud services	1,284,008	903,794	-	-
	Monthly review & Book Sales	282,090	167,777	-	5,420
		<b>25,150,477</b>	<b>25,077,028</b>	<b>22,637,947</b>	<b>22,474,543</b>
<b>36.00</b>	<b>Interest expenses</b>				
	Interest on term loan	225,213,891	288,508,129	219,525,848	282,479,299
	Interest on lease finance	549,470	841,683	198,618	396,309
		<b>225,763,362</b>	<b>289,349,811</b>	<b>219,724,467</b>	<b>282,875,607</b>
<b>37.00</b>	<b>Other costs directly attributable to services</b>				
	Service charge paid to CDBL	52,873,900	22,277,655	52,873,900	22,277,655
	Cost of goods sold	11,704,488	11,083,749	-	-
	Factory overhead	83,586,026	79,385,294	-	-
	Laga charges	98,818,259	38,003,429	98,818,259	38,003,429
		<b>246,982,673</b>	<b>150,750,127</b>	<b>151,692,159</b>	<b>60,281,084</b>

		Amount in Taka			
		Consolidated		Separate	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
<b>38.00</b>	<b>Other non-operational income</b>				
	Income from office space rent	5,916,000	11,328,528	5,916,000	11,328,528
	Interest on loans and advances to employees	716,450	932,365	456,902	857,882
	Gain on disposal of fixed assets	1,670,910	-	1,604,708	-
		<b>8,303,360</b>	<b>12,260,894</b>	<b>7,977,610</b>	<b>12,186,411</b>
<b>39.00</b>	<b>Salary and allowances</b>				
	Salary and allowances	329,010,194	279,355,419	323,026,474	273,620,728
	Provident fund contribution	11,260,624	12,913,732	11,170,469	12,877,747
	Gratuity	9,656,214	13,496,643	9,422,095	13,252,423
	Incentives	64,880,118	12,685,497	64,880,118	12,685,497
		<b>414,807,149</b>	<b>318,451,291</b>	<b>408,499,155</b>	<b>312,436,394</b>
<b>40.00</b>	<b>Rent, taxes, insurance, electricity etc.</b>				
	Lease expense of Right of use of Assets	35,934,328	35,507,546	35,757,720	27,522,094
	Interest on Right of use of asset	7,187,099	7,402,729	7,094,229	7,256,616
	Insurance premium	6,070,176	6,930,026	6,070,176	6,930,026
	Electricity	7,141,946	6,136,307	7,141,946	6,136,307
		<b>56,333,550</b>	<b>55,976,608</b>	<b>56,064,072</b>	<b>47,845,044</b>
<b>41.00</b>	<b>Legal and professional fees</b>				
	Legal and professional fees	1,899,562	1,430,128	1,419,337	808,745
		<b>1,899,562</b>	<b>1,430,128</b>	<b>1,419,337</b>	<b>808,745</b>
<b>42.00</b>	<b>Postage, stamp, telecommunication etc.</b>				
	Postage and courier	237,972	200,427	209,986	175,186
	Telephone and mobile bill	3,928,317	3,171,534	3,760,706	2,982,154
		<b>4,166,289</b>	<b>3,371,961</b>	<b>3,970,692</b>	<b>3,157,340</b>
<b>43.00</b>	<b>Stationery, printing, advertisement</b>				
	Printing and stationery	4,511,402	3,369,281	4,357,821	3,268,866
	Advertisement	1,901,740	1,365,350	1,901,740	1,365,350
		<b>6,413,142</b>	<b>4,734,631</b>	<b>6,259,561</b>	<b>4,634,216</b>
<b>44.00</b>	<b>Director fees and expenses</b>				
	Director fees and expenses	1,105,500	792,000	1,105,500	792,000
		<b>1,105,500</b>	<b>792,000</b>	<b>1,105,500</b>	<b>792,000</b>
<b>45.00</b>	<b>Audit fees</b>				
	Audit fees	212,508	212,750	143,508	143,750
		<b>212,508</b>	<b>212,750</b>	<b>143,508</b>	<b>143,750</b>
<b>46.00</b>	<b>Repairs, maintenance and depreciation</b>				
	Repairs and maintenance	855,719	275,567	855,719	275,567
	Depreciation	44,011,920	44,012,695	43,047,273	43,537,032
		<b>44,867,639</b>	<b>44,288,262</b>	<b>43,902,992</b>	<b>43,812,599</b>

		Amount in Taka			
		Consolidated		Separate	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
<b>47.00</b>	<b>Other expenses</b>				
	Training	343,752	232,543	306,427	210,598
	Membership and renewal fees	4,665,446	2,194,042	3,982,044	1,666,023
	Traveling and conveyance	3,657,034	744,256	3,002,017	350,043
	Internet and e-mail	8,119,562	9,555,312	8,119,562	9,555,312
	News paper and periodicals	142,611	39,948	73,161	39,948
	Fuel expenses	456,933	433,462	456,933	433,462
	Vehicle maintenance/Registration	24,005,797	25,898,063	23,722,103	25,898,063
	Water and sewerage bill	901,522	766,164	750,675	577,934
	Office maintenance	15,148,415	12,566,274	14,382,192	12,317,188
	Entertainment	5,960,204	3,063,503	5,812,360	2,468,639
	Business promotion	7,250,793	1,701,512	7,250,793	1,420,090
	Bank charges	3,920,489	2,533,778	3,781,927	2,326,568
	Loss on disposal of fixed assets	959,083	617,428	959,083	617,428
	Software maintenance fee	7,645,860	5,568,744	7,645,860	5,568,744
	Subscription for Bloomberg & Portal	3,559,260	3,269,530	3,559,260	3,269,530
	Commission of bank guarantee	7,021,825	5,135,717	7,021,825	5,135,717
	VAT Expense	5,734,682	-	5,734,682	-
	Fair and conference	523,357	-	-	-
	Selling & distribution expenses	17,679,126	13,378,135	-	-
	LankaBangla Foundation	8,191,934	1,458,832	8,191,934	1,458,832
	Membership & Subscriptions	431,399	286,636	431,399	286,636
		<b>126,319,083</b>	<b>89,443,879</b>	<b>105,184,236</b>	<b>73,600,755</b>
<b>48.00</b>	<b>Provision for negative equity &amp; others</b>				
	Provision for negative equity	466,681,782	85,000,000	466,681,782	85,000,000
	Provision back of diminution value of investment	(234,270,000)	-	(234,270,000)	-
		<b>232,411,782</b>	<b>85,000,000</b>	<b>232,411,782</b>	<b>85,000,000</b>
<b>49.00</b>	<b>Income tax income/ (expense)</b>				
	Current tax expense	263,702,950	102,631,381	260,155,821	101,897,120
	Deferred tax expense	3,236,217	1,505,886	3,005,111	1,647,864
		<b>266,939,167</b>	<b>104,137,267</b>	<b>263,160,932</b>	<b>103,544,984</b>
<b>50.00</b>	<b>Earnings per share (EPS):</b>				
	Net profit after Tax	518,709,349	138,929,617	746,121,351	144,424,381
	Number of ordinary shares outstanding	269,030,332	269,030,332	269,030,332	269,030,332
	<b>Earnings Per Share (EPS)</b>	<b>1.93</b>	<b>0.52</b>	<b>2.77</b>	<b>0.54</b>
	Earnings per Share has been calculated in accordance with IAS-33: "Earnings Per Share (EPS)".				
	*** Previous year's EPS has been restated by the current year's outstanding shares.				
<b>51.00</b>	<b>Net assets value (NAV) per shares</b>				
	Share capital	2,690,303,320	2,690,303,320	2,690,303,320	2,690,303,320
	Share premium	1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000
	General reserve	52,590,312	46,984,040	52,590,312	46,984,040
	Fair value reserve	-	-	(329,631,778)	(336,376,538)
	Capital reserve	14,442,438	-	14,442,438	-
	Retained earnings	1,424,703,908	1,114,364,500	1,754,346,667	1,216,595,258
		<b>5,382,039,978</b>	<b>5,051,651,860</b>	<b>5,382,050,960</b>	<b>4,817,506,080</b>
	Number of ordinary shares outstanding	<b>269,030,332</b>	<b>269,030,332</b>	<b>269,030,332</b>	<b>269,030,332</b>
	<b>Net assets value (NAV) per shares</b>	<b>20.01</b>	<b>18.78</b>	<b>20.01</b>	<b>17.91</b>
<b>52.00</b>	<b>Net operating cash flow per share (NOCFPS)</b>				
	Net cash inflow/(outflow) from operating activities	1,965,303,593	1,179,472,806	1,956,995,814	1,171,573,320
	Number of ordinary shares outstanding	269,030,332	269,030,332	269,030,332	269,030,332
	<b>Net operating cash flow per share (NOCFPS)</b>	<b>7.31</b>	<b>4.38</b>	<b>7.27</b>	<b>4.35</b>

## 53.00 Fair value gain/(loss) on investment in shares

Particulars	Separate '2021			Separate '2020			Separate '2019		
	Fair Value	Cost Value	Revaluation Reserve (RR)	Fair Value	Cost Value	Revaluation Reserve (RR)	Fair Value	Cost Value	Revaluation Reserve (RR)
Unlisted securities									
LankaBangla Information Technology Limited	6,067,615	998,000	5,069,615	5,333,946	998,000	4,335,946	4,710,552	998,000	3,712,552
BizBangla Media Limited	5,298,607	400,000,000	(334,701,393)	59,287,516	400,000,000	(340,712,484)	65,408,172	400,000,000	(334,591,828)
<b>Total</b>	<b>1,366,222</b>	<b>400,998,000</b>	<b>(329,631,778)</b>	<b>64,621,462</b>	<b>400,998,000</b>	<b>(336,376,538)</b>	<b>70,118,725</b>	<b>400,998,000</b>	<b>(330,879,275)</b>
Revaluation reserve already recognized			(336,376,538)			(330,879,275)			-
<b>Increase/(decrease) in revaluation reserve</b>			<b>6,744,760</b>			<b>(5,497,262)</b>			<b>(330,879,275)</b>

**54.00 Related Party Disclosure**

During the year the Company carried out a number of transactions with the related parties in the normal course of business on arm's length basis. Name of those related parties, nature of those transaction and their total value have been shown below in accordance with the provisions of IAS-24- "Related Party Disclosure."

Name of the Party	Relationship	Nature of Transaction	Transaction			
			Opening balance	Addition	Adjustment	Closing balance
LankaBangla Finance Ltd.	Sponsor Shareholder	Term Loan	(89,620,268)	-	48,445,056	(41,175,212)
LankaBangla Investment Ltd.	Sponsor Shareholder	IP Accounts	302,801	6,460,860	-	6,763,661
BizBangla Media Limited	Subsidiary	Loan/Advances	29,500,000	-	-	29,500,000
LankaBangla Information System Limited	Subsidiary	Service	-	891,954	891,954	-

## LANKABANGLA SECURITIES LIMITED

## CONSOLIDATED SCHEDULE OF PROPERTY, PLANT &amp; EQUIPMENT

For the year ended December 31, 2021

Annexure-A  
Amount in Taka

Particulars	COST			Rate of Depreciation	DEPRECIATION			Carrying amount as on December 31, 2021	
	Balance as on January 1, 2021	Additions during the period	Disposal during the period		Balance on December 31, 2021	Charged during the period	Disposal during the period		Balance on December 31, 2021
Land & Building	723,845,707	1,310,000	850,000	2.5%	46,095,814	8,595,324	233,750	54,457,388	669,848,319
Furniture & Fixtures	19,843,884	2,905,734	1,575,670	10%	10,703,461	1,635,360	1,046,359	11,292,462	9,881,486
Office Equipment	108,170,935	13,315,893	5,738,076	20%	87,419,414	8,872,815	5,565,404	90,726,826	25,021,926
Data Center & Dr	112,076,737	44,504,440	991,080	30%	93,810,112	13,765,051	991,080	106,584,083	49,006,014
Office Renovation	95,441,503	17,354,164	1,902,574	20%	71,652,818	11,216,844	1,645,473	81,224,189	29,668,904
Motor Vehicle	6,177,919	-	194,556	20%	3,972,603	435,492	166,701	4,241,394	1,741,969
Software	12,853,957	1,625,662	-	33%	11,529,147	851,705	-	12,380,852	2,098,767
Leased Asset	25,905,908	-	1,400,000	20%	20,616,779	1,718,305	1,032,999	21,302,085	3,203,823
<b>Total December 31, 2021</b>	<b>1,104,316,550</b>	<b>81,015,893</b>	<b>12,651,956</b>		<b>345,800,149</b>	<b>47,090,897</b>	<b>10,681,766</b>	<b>382,209,280</b>	<b>790,471,207</b>

## B. Right of Use of Assets

Particulars	COST			Rate of Depreciation	DEPRECIATION			Carrying amount as on December 31, 2021	
	Balance as on January 1, 2021	Additions during the period	Disposal during the period		Balance on December 31, 2021	Charged during the period	Disposal during the period		Balance on December 31, 2021
Right of Use of Assets	94,892,434	91,624,243	36,091,912		19,389,494	41,537,173	32,150,555	28,776,113	121,648,652
<b>Total December 31, 2021</b>	<b>94,892,434</b>	<b>91,624,243</b>	<b>36,091,912</b>		<b>19,389,494</b>	<b>41,537,173</b>	<b>32,150,555</b>	<b>28,776,113</b>	<b>121,648,652</b>
<b>Grand Total (A+B) December 31, 2021</b>	<b>1,199,208,984</b>	<b>172,640,136</b>	<b>48,743,868</b>		<b>365,189,643</b>	<b>88,628,070</b>	<b>42,832,321</b>	<b>410,985,393</b>	<b>912,119,859</b>
<b>Total December 31, 2020</b>	<b>1,230,287,193</b>	<b>59,721,320</b>	<b>90,799,529</b>		<b>363,522,942</b>	<b>83,801,206</b>	<b>82,134,506</b>	<b>365,189,643</b>	<b>834,019,341</b>

**LANKABANGLA SECURITIES LIMITED**  
**SCHEDULE OF PROPERTY, PLANT & EQUIPMENT**  
For the year ended December 31, 2021

Annexure-A  
Amount in Taka

Particulars	COST				Rate of Depreciation	DEPRECIATION			Carrying amount as on December 31, 2021
	Balance as on January 1, 2021	Additions during the period	Disposal during the period	Balance as on December 31, 2021		Balance as on January 1, 2021	Charged during the year	Disposal during the period	
Land & Building	723,845,707	1,310,000	850,000	724,305,707	2.5%	8,595,324	233,750	54,457,388	669,848,319
Furniture & Fixtures	18,924,463	2,803,346	1,575,670	20,152,139	10%	1,573,261	1,046,359	10,829,541	9,322,598
Office Equipment	79,718,905	12,359,639	5,738,076	86,340,468	20%	7,015,053	5,565,404	68,749,586	17,590,882
Data Center & Dr	112,076,737	44,504,440	991,080	155,590,097	30%	13,765,051	991,080	106,584,083	49,006,014
Office Renovation	82,712,476	17,354,164	1,902,574	98,164,066	20%	10,421,647	1,645,473	71,675,953	26,488,113
Motor Vehicle	1,360,000	-	-	1,360,000	20%	-	-	1,360,000	-
Software	8,152,796	1,075,462	-	9,228,258	33.33%	628,536	-	8,022,165	1,206,093
Leased Asset	20,319,000	-	-	20,319,000	20%	1,048,400	-	19,794,799	524,201
<b>Total December 31, 2021</b>	<b>1,047,110,084</b>	<b>79,407,051</b>	<b>11,057,400</b>	<b>1,115,459,734</b>		<b>43,047,273</b>	<b>9,482,066</b>	<b>341,473,516</b>	<b>773,98 6,218</b>

B. Right of Use of Assets

Particulars	COST				Rate of Depreciation	DEPRECIATION			Carrying amount as on December 31, 2021
	Balance as on January 1, 2021	Addition during the year	Disposals during the year	Balance as on December 31, 2021		Balance as on January 1, 2021	Charged during the year	Disposal during the year	
Right of Use of Assets	83,478,186	85,477,643	33,453,923	135,501,906		35,757,720	30,304,738	22,007,405	113,494,501
<b>Total December 31, 2021</b>	<b>83,478,186</b>	<b>85,477,643</b>	<b>33,453,923</b>	<b>135,501,906</b>		<b>35,757,720</b>	<b>30,304,738</b>	<b>22,007,405</b>	<b>113,494,501</b>
<b>Grand Total (A+B) December 31, 2021</b>	<b>1,130,588,270</b>	<b>164,884,694</b>	<b>44,511,323</b>	<b>1,250,961,641</b>		<b>78,804,994</b>	<b>75,768,340</b>	<b>327,499,386</b>	<b>923,462,254</b>
<b>Grand Total (A+B) Dec 31, 2020</b>	<b>1,168,167,336</b>	<b>37,269,141</b>	<b>74,848,207</b>	<b>1,130,588,270</b>		<b>71,059,126</b>	<b>66,974,163</b>	<b>324,462,732</b>	<b>806,125,538</b>

# LANKABANGLA INVESTMENTS LIMITED





**Corporate Office:**

📍 : House # 15, Road # 12, Block # F, Niketon  
 Gulshan-1, Dhaka-1212, Bangladesh.  
 📞 : +88 (02)8836015-7 📠 : +88 01681126120  
 ✉ : hfc@hfc-bd.com 🌐 : www.hfc-bd.com

## Independent Auditors' Report

To the Shareholders of

LankaBangla Investments Limited

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **LankaBangla Investments Limited** ("hereinafter LBIL") (the "Company"), which comprise the Statement of Financial Position as at 31 December 2021, and the Statement of profit or loss and Other Comprehensive Income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the company give a true and fair view of the financial position of the company as at 31 December 2021, and of its profit or loss and other comprehensive income and its statement of cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

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

### Key Audit Matters

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

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

Description of key audit matters	How the matters were addressed in our audit
<p><b>Revenue:</b>            Revenue of BDT 515,493,519 is recognized in the Statement of Profit or Loss and Other Comprehensive Income of the Company. Revenue has increased by 233% since last year.</p> <p>This was an area of focus for our audit and significant audit effort was directed. Against this background, the proper application of the accounting standards is considered to be complex and to a certain extent based on estimates and assumptions made by management.</p> <p>There is also a risk that revenue may be overstated due to errors or fraud through manipulation or management bias. We focused on this area because of the significance of the interest income, income from investments and income from investment banking etc. in the financial statements.</p>	<p>Our audit procedures included obtaining our understanding of the process of interest income, income from portfolio managements, brokerage commission, income from investment, income from investment banking, ascertaining the balance and the interest charged over the financial year.</p> <p>Additionally, we performed the following:</p> <ul style="list-style-type: none"> <li>• We assessed the appropriateness of revenue recognition accounting policy in line with IFRS 15 Revenue from contracts with customers.</li> <li>• Carried out cut-off testing to ensure the income was recognized in correct period.</li> <li>• Reviewed the carrying balance of the total figure.</li> <li>• Recalculated interest charged during the year.</li> <li>• Performed walkthroughs to understand the adequacy and the design of the revenue cycle.</li> <li>• We obtained sufficient audit evidence to conclude that the inputs and methodologies used for the determination of revenues are within a reasonable range and that policies were consistently applied by the management of the company.</li> </ul>
<p>See note no. 23,24,25,26,27 and 28 to the financial statement</p>	

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 ✉ : hfc@hfc-bd.com 🌐 : www.hfc-bd.com

Description of key audit matters	How the matters were addressed in our audit
<p><b>Margin loan:</b>            LankaBangla Investments Limited comprises of margin loan provided to clients of BDT 525,289,803 which decreased by 38% compared to last year and representing 19% of total assets. This was an area of focus for our audit and significant audit effort was directed.</p> <p>As disclosed in note # 21.01 to the financial statements of the company as on 31 December, 2021 provision against unrealized loss on negative equity for the year 2021 has been kept amounting to BDT 60,926,790.</p> <p>We focused on this area because of the significance of the investments in the financial statements especially margin loan being the primary form of investments of such companies, and also the complexity of this area.</p>	<p>Our audit procedures included obtaining our understanding of the process of issuing margin loan &amp; ascertaining the loan balance and the interest charged over the financial year.</p> <p>Additionally, we performed the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the carrying balance of the total outstanding margin loans.</li> <li>• Our audit approach was a combination of test of internal control and substantive procedures.</li> <li>• We tested the calculations of provision for negative equity and checked the presentation and disclosure of investment in compliance with Bangladesh Securities and Exchange Commission circular # SEC/CMRRCD/2009-193/196, dated 28 December 2016, and circular# SEC/CMRRCD/2009-193/203) dated, 28 December 2017 and subsequent extension up to 2023 through press release on 16 July, 2020.</li> <li>• We obtained sufficient audit evidence to conclude that the inputs and methodologies used for the determination of margin loans are within a reasonable range and that policies were consistently applied by the management of the company.</li> </ul>
<p><b>See note no. 09 and 21 to the financial statement</b></p>	

**Other Matter**

The financial statements of LankaBangla Investments Limited for the year ended December 31, 2020, were audited by Syful Shamsul Alam & Co., Chartered Accountants, who expressed an unmodified opinion on those statements on March 16, 2021.

**Other Information**

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements of the company in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's Responsibilities for the audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

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☎ : +88 (02)8836015-7 📞 : +88 01681126120  
✉ : hfc@hfc-bd.com 🌐 : www.hfc-bd.com

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

**Report on other Legal and Regulatory Requirements**

In accordance with the Companies Act, 1994, the Securities and Exchange Rules, 2020, we also report that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii. in our opinion, proper books of accounts as required by law have been kept by the company so far as it appeared from our examination of those books;
- iii. the statement of financial position and the statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns;

**Firm Name** : Hussain Farhad & Co., Chartered Accountants  
**Registration No** : 4/452/ICAB-84  
**Signature of the auditor** : .....  
**Name of the auditor** : Asifur Rahman FCA, Partner/Enrollment No.: 904  
**DVC No.** : 2204110904AS830621  
**Place** : Dhaka  
**Dated** : 06<sup>th</sup> April 2022



**Chattogram Office:**  
Yunusco City Center (9th Floor), 807, CDA Avenue, Nasirabad, Chattogram ☎ +88 (031) 2859282 ✉ ctg@hfc-bd.com



# LANKABANGLA INVESTMENTS LIMITED

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

Particulars	Note	31.12.2021 BDT	31.12.2020 BDT
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4	11,528,767	1,247,244
Right-of-Use Assets	5	14,758,819	2,086,342
Intangible assets	6	1,503,204	1,108,335
Investments	7	357,640,214	549,887,486
Deferred tax asset	21	517,106	1,032,244
Other non-current assets	8	673,162	1,207,363
<b>Total non-current assets</b>		<b>386,621,272</b>	<b>556,569,014</b>
<b>Current Assets</b>			
Margin loan	9	525,289,803	842,700,065
Advances, deposits and prepayments	10.02	68,733,379	48,728,156
Investments	11	1,556,749,632	872,199,615
Accounts receivable	12	95,270,322	60,177,608
Cash and cash equivalents	13	196,529,270	115,087,453
<b>Total current assets</b>		<b>2,442,572,406</b>	<b>1,938,892,897</b>
<b>Total Assets</b>		<b>2,829,193,678</b>	<b>2,495,461,911</b>
<b>Shareholders' Equity And Liabilities</b>			
<b>Equity</b>			
Share capital	14	2,405,000,000	2,405,000,000
Retained earnings		(1,580,131,850)	(1,904,593,013)
<b>Total equity</b>		<b>824,868,150</b>	<b>500,406,987</b>
<b>Non-Current Liabilities</b>			
Term loan	15.01	1,576,575,450	1,636,575,450
Defined benefit obligations	16	859,572	-
Lease liability	17.01	8,881,580	423,774
Deferred tax liability		-	-
<b>Total non-current liabilities</b>		<b>1,586,316,602</b>	<b>1,636,999,225</b>
<b>Current Liabilities</b>			
Accounts payable	18	206,538,771	81,265,791
Current portion of term loan	19	60,040,000	60,040,000
Provision for current tax	20	46,826,643	9,738,273
Provision for margin loan & others	22	101,943,555	204,542,041
Other liabilities	23	2,659,956	2,469,595
<b>Total current liabilities</b>		<b>418,008,926</b>	<b>358,055,699</b>
<b>Total liabilities</b>		<b>2,004,325,528</b>	<b>1,995,054,924</b>
<b>Total Shareholders' Equity And Liabilities</b>		<b>2,829,193,678</b>	<b>2,495,461,911</b>
<b>Net asset value per share- (NAV)</b>		<b>3.43</b>	<b>2.08</b>


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



Director



Director



Chief Executive Officer

Signed as per our separate report of same date.



Company Secretary

Place : Dhaka  
Dated: 06<sup>th</sup> April 2022  
DVC NO. 2204110904AS830621



**Hussain Farhad & Co.**  
Chartered Accountants

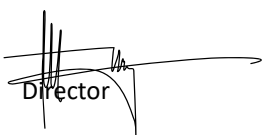
## LANKABANGLA INVESTMENTS LIMITED

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

Particulars	Note	Jan- Dec'2021 BDT	Jan- Dec'2020 BDT
<b>Revenue</b>		<b>515,493,519</b>	<b>154,643,285</b>
Interest income	24	73,380,415	54,105,118
Income from portfolio managements	25	3,403,350	6,703,223
Brokerage commission/ settlement fees	26	17,158,538	5,488,927
Income from investment	27	342,663,225	29,576,725
Income from Investment Banking	28	31,848,198	25,583,301
Other operational income	29	47,039,792	33,185,990
<b>Cost of services</b>		<b>2,052,054</b>	<b>810,083</b>
Interest expenses	30	597,716	360,002
Other costs directly attributable to services	31	1,454,338	450,080
<b>Gross profit/(Loss)</b>		<b>513,441,465</b>	<b>153,833,202</b>
Other non-operational income	32	(33,997)	3,381,789
<b>Operating expenses</b>		<b>82,798,181</b>	<b>57,202,777</b>
Salary and allowances	33	62,288,174	38,717,065
Rent, insurance, utilities etc.	34	836,063	777,527
Legal & professional fees	35	3,890,832	1,883,535
Postage, stamp, telecommunication etc.	36	435,737	502,825
Stationery, printing, advertisement	37	316,160	574,428
Director fees and expenses	38	808,500	561,000
Audit fees	39	143,750	156,400
Repairs, maintenance and depreciation	40	6,004,809	5,269,989
Other expenses	41	8,074,156	8,760,007
<b>Net Operating Income/(Loss)</b>		<b>430,609,287</b>	<b>100,012,214</b>
<b>Provisions for loans, investments and other assets</b>		<b>68,544,616</b>	<b>81,708,513</b>
Provision for margin loan	22.01	60,926,790	83,636,136
Provision for diminution in value of investments	22.02	-	(3,627,623)
Provision for other assets	22.03	7,617,826	1,700,000
<b>Profit before income tax</b>		<b>362,064,671</b>	<b>18,303,700</b>
<b>Income tax expense / (income)</b>		<b>37,603,508</b>	<b>3,756,987</b>
Current tax expense / (income)	20.01	37,088,370	4,789,231
Deferred tax expense / (income)	21.00	515,138	(1,032,244)
<b>Profit after tax (PAT)</b>		<b>324,461,163</b>	<b>14,546,713</b>
Other comprehensive income/(expense), net of tax		-	-
<b>Total comprehensive income</b>		<b>324,461,163</b>	<b>14,546,713</b>
<b>Earnings Per Share (EPS)</b>	42	<b>1.35</b>	<b>0.06</b>

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



Director



Director



Chief Executive Officer

Signed as per our separate report of same date.



Company Secretary

Place : Dhaka  
Dated: 06<sup>th</sup> April 2022  
DVC NO. 2204110904AS830621



Hussain Farhad & Co.  
Chartered Accountants

LANKABANGLA INVESTMENTS LIMITED  
**STATEMENT OF CHANGES IN EQUITY**  
 For the year ended 31 December 2021

Amount in BDT

Particulars	Share Capital	Retained Earnings	Total Equity
<b>Balance at 01 January 2020</b>	<b>2,155,000,000</b>	<b>(1,919,139,726)</b>	<b>235,860,274</b>
Issuance of Share Capital	250,000,000	-	250,000,000
Total comprehensive income for current period	-	14,546,713	14,546,713
<b>Balance at 31 December 2020</b>	<b>2,405,000,000</b>	<b>(1,904,593,013)</b>	<b>500,406,987</b>
<b>Balance at 01 January 2021</b>	<b>2,405,000,000</b>	<b>(1,904,593,013)</b>	<b>500,406,987</b>
Total comprehensive income for current period	-	324,461,163	324,461,163
<b>Balance at 31 December 2021</b>	<b>2,405,000,000</b>	<b>(1,580,131,850)</b>	<b>824,868,150</b>

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



Director



Director



Chief Executive Officer



Company Secretary

Signed as per our separate report of same date.

Place : Dhaka


Dated: 06<sup>th</sup> April 2022

## LANKABANGLA INVESTMENTS LIMITED

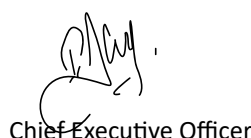
## STATEMENT OF CASH FLOWS

For the year ended December 2021

Particulars	2021 Taka	2020 Taka
<b>A) Cash flows from operating activities</b>		
<b>Cash received from:</b>		
- Fees and other income	40,690,469	32,025,749
- Repayment of staff loan	632,533	2,410,377
- Others	-	3,355,898
<b>Cash paid for:</b>		
- Interest payment for lease hold properties-office premises	(597,716)	(360,002)
- Advance for lease hold properties-office premises	(5,000,000)	-
- IT related expenses	(47,676)	(84,553)
- PF bank account	(2,505,304)	(2,908,680)
- Gratuity bank account	(784,222)	(461,710)
- Employees' salaries and allowances	(32,451,365)	(32,452,964)
- Staff loan	(400,000)	(685,000)
- Other operating expenses	(16,463,812)	(13,913,227)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>(16,927,093)</b>	<b>(13,074,113)</b>
Settlement with LankaBangla Securities Limited	418,145,103	180,720,149
Client deposits	139,854,020	838,755,378
Own portfolio investment	(514,441,000)	(100,400,000)
Client withdrawals	(254,512,625)	(658,208,845)
<b>Cash generated from operating activities</b>	<b>(227,881,596)</b>	<b>247,792,569</b>
Income taxes paid-Corporate	(3,500,000)	-
Income taxes paid-Others	(1,499,070)	(1,324,464)
<b>Net cash from operating activities</b>	<b>(232,880,666)</b>	<b>246,468,106</b>
<b>B) Cash flows from investing activities</b>		
Proceeds from sale of own portfolio securities	314,620,000	50,280,000
Proceeds from sale of disposed assets	57,000	125,900
Dividend on own portfolio investment	18,102,946	14,258,979
Interest income on Fixed Deposits Receipt	16,137,076	6,424,489
Interest income on Bond	15,015,938	-
Return for Non-allotted securities	76,174,960	47,886,877
Investment in Fixed Deposits Receipt	(137,500,000)	(505,000,000)
Investment in Bond	-	(180,000,000)
Redemption of Bond	30,000,000	-
Encashment of Fixed Deposits Receipt	170,000,000	195,000,000
Advance for Right Shares	(1,875,000)	-
Advance for Bidding/Underwriting share	(111,940,340)	(79,950,062)
Procurement of property, plant and equipment	(11,675,019)	(524,885)
<b>Net cash used in investing activities</b>	<b>377,117,561</b>	<b>(451,498,703)</b>
<b>C) Cash flows from financing activities</b>		
Lease payment-office premises	(2,755,078)	(2,636,050)
Received as right issue	-	250,000,000
Repayment of loan from LankaBangla Finance Limited	(60,000,000)	(60,000,000)
Interest/Charges payment on loan from LankaBangla Finance Limited	(40,000)	(25,000)
<b>Net cash used in financing activities</b>	<b>(62,795,078)</b>	<b>187,338,950</b>
<b>D) Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>81,441,817</b>	<b>(17,691,647)</b>
<b>E) Cash and cash equivalents at beginning of the year</b>	<b>115,087,453</b>	<b>132,779,100</b>
<b>F) Cash and cash equivalents at the end of the year</b>	<b>196,529,270</b>	<b>115,087,453</b>

 Director

 Director

 Chief Executive Officer

 Company Secretary

Place : Dhaka

Dated: 06<sup>th</sup> April 2022

# LANKABANGLA INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

### 1.00 Reporting entity

#### 1.01 Company profile

LankaBangla Investments Limited (hereinafter referred to as “LBIL” or “the Company”) was incorporated in Bangladesh with the Registrar of Joint Stock Companies and Firms (RJSC) vide registration no. C-83568/10 dated 29 March 2010 as a private limited company under the Companies Act, 1994. Later on, the company converted itself into a public limited company with effect from 12 June 2013. The Company has obtained Merchant Banking license (registration certificate no. MB-57/2010) from the Bangladesh Securities and Exchange Commission on 2 January 2011. The registered office of the Company is at 20, Kemal Ataturk Avenue, Banani, Dhaka-1213; Besides the registered office, corporate address of the company is at Assurance Nazir Tower, 65/B, Level-8, Kemal Ataturk Avenue, Dhaka – 1213. This Company is a fully owned subsidiary of LankaBangla Finance Limited.

Currently the company has following licenses, Membership and legal approvals :

Sl No.	License/ Membership	Registration/ Membership No.	Date of Issue	Issuing Authority	Renewed up to
1	Registration Number	C 83568/10	29 March 2010	Registrar of Joint Stock Companies and Firms (RJSC)	N/A
2	Trade License	0532513	07 July 2010	Dhaka South City Corporation (DSCC)	FY 2021-2022
3	Merchant Banking License	MB-57/2010	2 January 2011	Bangladesh Securities and Exchange Commission (BSEC)	N/A
4	Tax Identification Number (e-TIN)	383900505101	30 July 2013	National Board of Revenue (NBR)	N/A
5	VAT Registration Number (Online)	001115794-0202	29 March 2018	National Board of Revenue (NBR)	N/A
6	Membership of Dhaka Chamber of Commerce & Industries	01302	27 April 2013	Dhaka Chamber of Commerce & Industries (DCCI)	N/A
7	Membership of Bangladesh Merchant Bankers' Association (BMBA)	N/A	N/A	Bangladesh Merchant Bankers' Association (BMBA)	December 2021

#### 1.02 Nature of business

As a full fledge merchant bank it's principal activities broadly classified as interest income and fee based services, such as underwriting of securities, issue management, register to issue, portfolio management, corporate advisory services etc.

#### 2.00 Basis of preparation

##### 2.01 Components of the financial statements

The financial statements comprise of :

- Statement of Financial Position as at 31 December 2021;
- Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2021;
- Statement of Changes in Equity for the year ended 31 December 2021;
- Statement of Cash Flows for the year ended 31 December 2021; and
- Notes to the Financial Statements.

##### 2.02 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), rules and regulations issued by Bangladesh Securities and Exchange Commission (BSEC) and Companies Act 1994. In case of any rules and regulations issued by Bangladesh Securities and Exchange Commission (BSEC) differs from those of other regulatory authorities, the rules and regulations issued by Bangladesh Securities and Exchange Commission (BSEC) shall prevail.



**2.03 Disclosure of departure**

To align with Group's consolidation the departures from IFRS in the financial statements for 31 December 2021 are stated below:

SI No.	Nature of Departure	Title of the IFRS	Treatment of the IFRS	Treatment adopted as per regulator	Financial or presentation effect of departure
1.	Valuation of Investments in quoted and unquoted shares	IFRS 9 "Financial Instruments"	IFRS 9 requires all equity investments to be measured at fair value. At initial recognition an entity can make an irrevocable election to present in other comprehensive income subsequent changes in fair value of an investment in an equity instrument that is held for trading. In all other cases, investments in equity instruments measured at fair value are recognized through profit or loss.	As per FID circular No. 08 dated 03 August 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively to align with parent company's adopted policy. Provision should be made for any loss arising from diminution in value of investment; however in case of any unrealized gain, no such gain can be recognized and investments are recognized at cost only.	If the IFRS 9 would be followed value of investments presented would be higher by BDT 136,282,206 and the same figure would be for 'Unrealized Gain'. There is BDT 136,282,206 of unrealized gain(portfolio basis) as on 31 December 2021.
2	Provision for Margin Loan (Loans and receivables)	IFRS 9 "Financial Instruments"	An entity shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The objective of the impairment requirements is to recognize lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition - whether assessed on an individual or collective basis - considering all reasonable and supportable information, including that which is forward-looking. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, an entity shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.	* As per circular of Bangladesh Securities and Exchange Commission circular # SEC/CMRRCD/2009-193/196, dated 28 December 2016, and circular# SEC/CMRRCD/2009-193/203) dated, 28 December 2017 and subsequent extension up to 2023 through press release on 16 July, 2020 the required provisions against unrealised loss for the year 2021 has been kept.	As per the requirement of the BSEC circular LBIL kept only erosion of principal portion of Margin Loan as provision. As on 31 December 2021 provision on margin loan is amounting BDT 95,973,555.

**2.04 Basis of accounting and measurement**

The financial statements have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement and financial instruments at fair value through profit or loss.

**2.05 Functional and presentation currency and level of precision**

The financial statements are presented in Bangladesh currency Taka (Taka/Tk), that is the Company's functional currency. All financial information presented in Taka has been rounded to the nearest Taka.

**2.06 Use of estimates and judgments**

The preparation of the financial statements in conformity with IFRS requires management to use judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

**2.07 Changes in significant accounting policies****2.07.1 Leases**

The Company has applied IFRS 16 (as issued by the IASB in January 2016 that is effective for annual periods that begin on or after 1 January 2019).

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets.

**2.07.2 Impact on lessee accounting**

As a lessee, the company leases corporate office premises. IFRS 16 changes the rent expenses of office premises as follows-

- (a) Recognises right-of-use assets and lease liabilities in Statement of Financial Position, initially measured at the present value of the future lease payments; i.e. these leases are on-balance sheet.
- (b) Recognises depreciation of right-of-use assets and interest on lease liabilities in Statement of Profit and Loss and Other Comprehensive Income;
- (c) Total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in Statement of Cash Flows.

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

On transition, for these leases, lease liabilities and Right-of-use assets were measured at the present value of the remaining lease payments, discounted at the incremental borrowing rate (weighted average). Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

**2.08 Going concern**

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

**2.09 Materiality and aggregation**

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

**2.10 Consistency**

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

**2.11 Contingent asset and contingent liability**

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

**2.12 Books of account**

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

**2.13 Reporting period**

The financial period of the Company has been determined to be from 1 January to 31 December each period. These financial statements cover the period from 01 January 2021 to 31 December 2021.

**2.14 Events after the Reporting Period**

Where necessary, all the material events after the reporting period is considered and appropriate adjustments /disclosures is made in the financial statements in accordance with IAS 10 - Events After Balance Sheet Date.

**2.15 Comparative figures**

Comparative information has been disclosed in respect of the period ended 31 December, 2020 for all numerical data in the financial statements and also the narrative and descriptive information when it is relevant for better understanding of the current year's financial statements. Figures of the year 2020 have been rearranged whenever necessary to ensure comparability with the current period.

**2.16 Directors' responsibility statement**

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

**2.17 Date of authorization**

The Board of Directors has authorized these financial statements for public issue on April 06, 2022.

**2.18 Corporate Accounting Standards Practiced**

The following IAS's are applicable to the financial statement under review:

IAS	1	Presentation of Financial Statements
IAS	7	Cash Flow Statements
IAS	8	Accounting policies, Changes in Accounting Estimates and Errors
IAS	10	Events after the Balance Sheet Date
IAS	12	Income Taxes
IAS	16	Property, Plant and Equipment
IAS	19	Employee Benefit
IAS	23	Borrowing Costs
IAS	24	Related Party Disclosures
IAS	32	Financial Instrument: Presentation
IAS	33	Earnings per Share
IAS	37	Provisions, Contingent Liabilities and Contingent Assets
IAS	38	Intangible Assets
IFRS	9	Financial Instruments
IFRS	15	Revenue from Contracts with Customers
IFRS	16	Leases

**3.00 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**3.01 Recognition and measurement (PPE)**

Items of property, plant and equipment are measured initially at cost and subsequently at cost less accumulated depreciation in compliance with International Accounting Standard (IAS) 16 Property, Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any direct cost for bringing the asset to its working condition for its intended use. Expenditures incurred after the assets have been put into use, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. Software and all upgradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

**3.02 Subsequent costs of PPE**

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the Statement of Profit or Loss and Other Comprehensive Income as incurred.

**3.03 Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized in Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. For addition to property, plant and equipment, depreciation is charged from the month of capitalization and no depreciation is charged in the month of disposal.

The rates at which property, plant and equipment are depreciated for current and comparative years are as follows:

Category of assets	Rate of depreciation
Office equipment	33.33%
Furniture and fixture	15%
Motor vehicle	25%
Interior works immovable	42.86%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**3.04 Disposal of PPE**

Gains and losses on disposal of an item of property, plant and equipment are to be determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment disposed off and are recognized net with "other non-operational income" in profit or loss.

**3.05 Impairment of PPE**

The carrying amounts of PPE are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognized in Statement of Profit or Loss and Other Comprehensive Income if the carrying amount of an asset exceeds its estimated recoverable amount. However, no such condition that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

**3.06 Intangible assets**

Intangible assets are to be initially recognized at cost including any directly attributable cost. Intangible assets that have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Intangible assets include software, integrated systems along with related hardware. Amortization is to be provided on a straight-line basis at 20% to write off the cost of intangible assets. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**3.07 Margin Loan**

Margin loan represents outstanding loan balance provided to portfolio clients. Margin loan is provided as per the guidelines of Bangladesh Securities and Exchange Commission (BSEC). Margin loan is provided only against the purchase of marginable shares. Margin loan is created if a client purchases shares in excess of his own fund. Margin loan is presented in the financial statements as net of suspense (if any) created against the loan.

**3.08 Financial instruments**

Non-derivative financial instruments comprise investments in shares and FDRs, trade receivables, cash and cash equivalents, margin loans, share capital and interest - bearing borrowings. Based on trading nature, investments in shares are presented in the financial statement as strategic and non-strategic investments.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have occurred indicating a negative effect on the estimated future cash flows from that asset.

**3.09 Investment in FDRs (Fixed Deposit Receipts)**

If the Company has the positive intent and ability to hold FDR to maturity, then such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

**3.10 Advances, deposits and prepayments**

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment or expenses. Deposits are measured at present value. Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to statement of comprehensive income.

**3.11 Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and all cash deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

**3.12 Other assets**

Other assets include all balance sheet accounts not covered specifically in other areas of the supervisory activity and such accounts may be quite insignificant in the overall financial condition of the Company.

**3.13 Share capital**

Only ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary share are recognized as a deduction from equity, net of any tax effects.

**3.14 Borrowings**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset and, therefore, should be capitalised. Other borrowing costs are recognised as an expense.

**3.15 Employee benefits**

The Company operates an recognized gratuity scheme, provision in respect of which is made periodically covering all its permanent eligible employees. This scheme is qualified as defined benefit plan. There is also a recognized provident fund for all permanent employees of the Company. This qualifies as defined contribution plan.

**3.15.1 Defined contribution plans (provident fund)**

Defined contribution plan is a post employment benefit plan under which the Company provides benefits to one or more employees. The recognized Employees Provident Fund is being considered as defined contribution plan as it meets the recognition criteria specified for this purpose. All permanent employees contribute 10% of their basic salary to the provident fund and the Company also makes equal contribution.

The Company recognizes contribution to defined contribution plan as an expense when an employee has rendered services in exchange for those contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

**3.15.2 Defined benefit plans (gratuity)**

Defined benefit plan is a retirement benefit plan under which amounts to be paid as retirement benefits are determined by reference to employees' earnings and/or year of services. The Company's obligation is to provide the agreed benefits to current employees as per condition of the fund.

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

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

The actuarial valuation has yet been made to assess the adequacy of the liabilities provided for the scheme.

**3.15.3 Group life insurance scheme and health insurance**

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

**3.15.4 Performance bonus/incentive**

As per HR policy of the company, 8% of Net Profit After Tax (NPAT) will be provided for performance bonus/incentive and which will be distributed as per the criteria proposed by the management.

**3.16 Corporate Tax****3.16.1 Current tax**

Income tax expense is recognized in Statement of Profit or Loss and Other Comprehensive Income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The Company qualifies as a "Merchant Bank"; hence the applicable corporate tax rate is 37.50% as per the Finance Act 2021.

**3.16.2 Deferred tax**

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they are reversed, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized (IAS-12, Para-24). Deferred tax assets is reviewed at each reporting date and are reduced to the extent that it is probable that the related tax benefit will be realized.

**3.16.3 Tax exposures**

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

**3.17 Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**3.18 Contingencies**

Contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

**3.19 Revenue recognition**

As per IFRS 15 revenue is only recognised when it meets the following five steps model framework.

- a) identify the contract (s) with a customers;
- b) identify the performance obligations in the contract;
- c) determine the transaction price;
- d) allocate the transaction price to the performance obligations in the contract;
- e) recognise revenue when (or as) the entity satisfies a performance obligation.

Interest income from loans and other sources is recognised on an accrual basis of accounting.

**3.19.1 Interest on margin Loan**

Interest is charged on client's balance (due to LBIL) on daily basis at the applicable rate. Interest charged to margin loan that results to negative equity is not probable that the economic benefit associated with that portion will not flow to the company.

**3.19.2 Portfolio management fee**

Portfolio management fees are recognised on the market value of the clients' portfolio on monthly basis and charged to client's balance on quarterly basis. Management fee charged to a client that results to negative equity is not probable that the economic benefit associated with that portion will not flow to the company. Whenever the probability arises that the benefit will flow to the company this is recognized to income.

**3.19.3 Settlement and transaction fees**

Settlement and transaction fees/brokerage commission is recognised as income when selling or buying order are executed.

**3.19.4 Dividend income**

Dividend income on shares is recognised when the shareholder's right to receive the payment is established.

**3.19.5 Realized gain/(loss) on listed securities**

Gain or loss arising from the sale of securities is accounted for only when the securities are sold/offloaded.

**3.19.6 Income from investment banking**

Investment banking services are associated with the underwriting commission, issue management fee, registrar to the issue fee and corporate advisory fee. Fees based income are recognised according to the stage of completion of services as agreed and defined in the respective agreement between company.

**3.19.7 Earnings Per Share (EPS)**

Earnings Per Share (EPS) is calculated by dividing total earnings available for ordinary share holders by number of shares outstanding for the year.

**3.20 Statement of cash flows**

The net cash flow from operating activities is determined for the year under direct method as per International Accounting Standard (IAS)- 7 Statement of Cash Flows.

**3.21 Financial risk management**

The company has provided in separate notes the information about the company's exposure to each of the following risks, the company's objectives, policies and processes for measuring and managing risks and the company's management of capital.

- Credit risk
- Liquidity risk
- Market risk

	31.12.2021 Taka	31.12.2020 Taka
<b>4.00 Property, plant &amp; equipment</b>		
<b>Cost</b>		
Opening balance	7,561,224	7,441,074
Add: Addition during the year	11,675,019	404,631
	19,236,242	7,845,705
Less: Disposal during the year	1,167,134	284,481
<b>Closing balance</b>	<b>18,069,108</b>	<b>7,561,224</b>
<b>Less: Accumulated depreciation</b>		
Opening balance	6,313,980	5,581,420
Add: Charged during the year	1,158,636	1,017,032
	7,472,616	6,598,452
Less: Adjustment on disposal	932,275	284,472
	<b>6,540,341</b>	<b>6,313,980</b>
	<b>11,528,767</b>	<b>1,247,244</b>

A schedule of property, plant & equipment is given in Annexure-A

<b>5.00 Right-of -Use Assets</b>		
<b>Cost</b>		
Opening balance	5,379,747	5,379,747
Add: Addition during the year	18,385,209	-
	<b>23,764,956</b>	<b>5,379,747</b>
Less: Disposal during the year	7,103,865	-
Closing balance	<b>16,661,090</b>	<b>5,379,747</b>
<b>Less: Accumulated depreciation</b>		
Opening balance	3,293,405	585,245
Add: Charged during the year	3,592,661	2,708,159
	<b>6,886,065</b>	<b>3,293,405</b>
Less: Adjustment on disposal	4,983,794	-
	1,902,271	3,293,405
	<b>14,758,819</b>	<b>2,086,342</b>

A schedule of right-of -use assets is given in Annexure-B

<b>6.00 Intangible assets</b>		
<b>Cost</b>		
Opening balance	2,793,154	2,793,154
Add: Addition during the year	781,761	-
	<b>3,574,915</b>	<b>2,793,154</b>
Less: Disposal during the year	-	-
Closing balance	<b>3,574,915</b>	<b>2,793,154</b>
<b>Less: Accumulated depreciation</b>		
Opening balance	1,684,819	1,305,653
Add: Charged during the year	386,892	379,166
	<b>2,071,711</b>	<b>1,684,819</b>
Less: Adjustment on disposal	-	-
	<b>2,071,711</b>	<b>1,684,819</b>
	<b>1,503,204</b>	<b>1,108,335</b>

A schedule of intangible assets is given in Annexure-C





		31.12.2021 Taka	31.12.2020 Taka
<b>10.03</b>	<b>Advance income tax</b>		
	Opening balance	29,580,384	22,001,129
	Add: Addition during the year	16,609,970	7,579,255
		<b>46,190,354</b>	<b>29,580,384</b>
<b>11.00</b>	<b>Investments</b>		
	Listed securities (Note-11.01)	1,221,772,203	510,596,490
	Fixed deposits receipts (FDRs) (Note-11.02)	304,977,429	331,603,125
	Investment in Bond	30,000,000	30,000,000
		<b>1,556,749,632</b>	<b>872,199,615</b>
<b>11.01</b>	<b>Investment in listed securities</b>		
		<b>Cost Price</b>	<b>Market Price as on 31 December 2021</b>
			<b>Unrealized Gain/(Loss)</b>
	Bank	78,770,898	78,720,000
	Cement	82,150,126	59,724,000
	Engineering	177,433,131	153,098,700
	Financial Institutions	22,940,913	28,925,000
	Food & Allied	40,807,467	34,687,000
	Fuel & Power	375,082,593	369,904,800
	Insurance	4,072,307	8,595,000
	Pharmaceuticals & Chemicals	363,417,720	385,312,300
	Services & Real Estate	14,706,783	11,025,000
	Telecommunication	26,149,999	24,465,000
	Textile	11,549,916	9,912,538
	Miscellaneous	1,316,590	1,316,990
	Tannery Industries	13,373,759	12,800,000
	Corporate Bond	10,000,000	10,000,000
		<b>1,221,772,203</b>	<b>1,188,486,328</b>
			<b>(33,285,875)</b>
<b>11.02</b>	<b>Fixed deposits receipts (FDRs)</b>		
	LankaBangla Finance Limited	304,977,429	280,928,125
	One Bank Limited	-	50,675,000
		<b>304,977,429</b>	<b>331,603,125</b>
<b>12.00</b>	<b>Accounts receivable</b>		
	Receivable from group entities (Note - 12.01)	6,784,211	1,920,936
	Other receivables (Note - 12.02)	88,486,112	58,256,672
		<b>95,270,322</b>	<b>60,177,608</b>
<b>12.01</b>	<b>Receivable from group entities</b>		
	LankaBangla Securities Limited	6,784,211	1,920,936
		<b>6,784,211</b>	<b>1,920,936</b>
<b>12.02</b>	<b>Other receivables</b>		
	Receivable from Investment Banking Services	5,970,000	14,990,326
	Dividend Receivable-Clients' Portfolio	59,219,757	24,614,874
	Interest Receivable	10,697,119	10,870,696
	Interest Receivable-Bond	1,166,667	1,800,000
	Dividend Receivable-Proprietary' Portfolio	11,432,569	5,980,775
		<b>88,486,112</b>	<b>58,256,672</b>

	31.12.2021 Taka	31.12.2020 Taka
<b>13.00 Cash and cash equivalents</b>		
Cash in hand	13,720	15,457
Cash at bank (Note- 13.01)	196,515,550	115,071,996
	<b>196,529,270</b>	<b>115,087,453</b>
<b>13.01 Cash at bank</b>		
One Bank Limited	196,057,531	114,856,082
Standard Chartered Bank	458,019	215,914
	<b>196,515,550</b>	<b>115,071,996</b>

**14.00 Share capital**

Authorized:

300,000,000 Ordinary shares of Tk 10 each

3,000,000,000

3,000,000,000

**Issued, subscribed and paid-up:**

240,500,000 Ordinary shares of Tk 10 each

2,405,000,000

2,405,000,000

**14.01 Particulars of shareholdings**

The shareholding position at the date of statement of financial position was as follows:

Name of shareholders	December 2021			December 2020		
	Number of shares	Value of shares Taka	% of share holding	Number of shares	Value of shares Taka	% of share holding
LankaBangla Finance Limited	240,499,994	2,404,999,940	99.99999751%	240,499,994	2,404,999,940	100.000%
Mr. Mohammad A. Moyeen	1	10	0.00000042%	1	10	0.000%
Mr. Md. Abdullah Al Karim	1	10	0.00000042%	1	10	0.000%
Mr. Al-Mamoon Md. Sanaul Huq	1	10	0.00000042%	1	10	0.000%
Mr. Mahbubul Anam	1	10	0.00000042%	1	10	0.000%
Mr. Khwaja Shahriar	1	10	0.00000042%	1	10	0.000%
Mr. Mohammad Amir Hossain	1	10	0.00000042%	1	10	0.000%
	<b>240,500,000</b>	<b>2,405,000,000</b>	<b>100%</b>	<b>240,500,000</b>	<b>2,405,000,000</b>	<b>100%</b>

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and entitled to vote per share at meetings of the Company.

	31.12.2021 Taka	31.12.2020 Taka
<b>15.00 Term loan</b>		
Opening balance	1,696,615,450	1,756,600,450
Add: Addition during the year	40,000	40,000
	<b>1,696,655,450</b>	<b>1,756,640,450</b>
Less: Paid during the year	60,040,000	60,025,000
	<b>1,636,615,450</b>	<b>1,696,615,450</b>
<b>15.01 Term loan</b>		
Non-current portion of term loan	1,576,575,450	1,636,575,450
Current portion of term loan	60,040,000	60,040,000
	<b>1,636,615,450</b>	<b>1,696,615,450</b>
<b>16.00 Defined benefit obligations (Gratuity)</b>		
Opening balance	-	-
Add: Addition during the year	1,643,794	461,710
	<b>1,643,794</b>	<b>461,710</b>
Less: Paid during the year		
Transferred to Gratuity Fund Account	784,222	461,710
	<b>859,572</b>	-
<b>17.00 Lease liability</b>		
Lease liability-Office premises	<b>10,515,473</b>	<b>2,086,401</b>
<b>17.01 Lease liability</b>		
Non-current portion of term loan	8,881,580	423,774
Current portion of term loan	1,633,893	1,662,627
	<b>10,515,473</b>	<b>2,086,401</b>
<b>18.00 Accounts payable</b>		
Payable to clients (Note-18.01)	177,684,466	77,560,213
Accrued expenses (Note - 18.02)	28,854,305	3,705,578
	<b>206,538,771</b>	<b>81,265,791</b>
<b>18.01 Payable to clients</b>		
Client balance-Non-Discretionary	156,899,262	66,678,308
Client balance-Discretionary	20,785,204	10,881,905
	<b>177,684,466</b>	<b>77,560,213</b>
<b>18.02 Accrued expenses</b>		
Audit fee	143,750	143,750
CDBL charges	85,364	73,493
Security service payable	13,200	-
Telephone and mobile payable	30,936	3,000
Internet expenses payable	2,418	-
Payable for other expenses	364,231	2,210,279
Provision for profit incentive	28,214,407	1,275,057
	<b>28,854,305</b>	<b>3,705,578</b>
<b>19.00 Current portion of term loan</b>		
LankaBangla Finance Limited (Note-15.01)	60,040,000	60,040,000
	<b>60,040,000</b>	<b>60,040,000</b>

		31.12.2021 Taka	31.12.2020 Taka
<b>20.00 Provision for current tax</b>			
Opening balance		9,738,273	4,949,042
Add: Provision made during the year		37,088,370	4,789,231
		<b>46,826,643</b>	<b>9,738,273</b>
Less: Adjustment for prior year:		-	-
		<b>46,826,643</b>	<b>9,738,273</b>
<b>20.01 Tax expense</b>			
Current tax		37,088,370	4,789,231
Deferred tax expense/(income)		515,138	(1,032,244)
		<b>37,603,508</b>	<b>3,756,987</b>
<b>21.00 Deferred tax asset/liability</b>			
Deferred tax assets are arrived at as follows:			
	<b>Carrying amount on the date of Statement of Financial Position Taka</b>	<b>Tax base Taka</b>	<b>(Taxable)/ deductible temporary difference Taka</b>
<b><u>Year: 2021</u></b>			
Property, plant and equipment	13,031,972	14,410,921	1,378,949
Temporary difference			1,378,949
Income tax rate			37.50%
Deferred tax asset (A)			<b>517,106</b>
<b><u>Year: 2020</u></b>			
Property, plant and equipment	5,423,740	8,176,390	2,752,650
Temporary difference			2,752,650
Income tax rate			37.50%
Deferred tax asset (B)			<b>1,032,244</b>
Deferred tax income/(expense) for 2021 (A-B)			<b>(515,138)</b>
<b>22.00 Provision for margin loan &amp; others</b>			
Provision for margin loan (Note-22.01)		95,973,555	202,842,041
Provision for own equity (Note-22.02)		-	-
Provision for other asstes (Note-22.03)		5,970,000	1,700,000
		<b>101,943,555</b>	<b>204,542,041</b>
<b>22.01 Provision for margin loan</b>			
Opening balance		202,842,041	136,859,549
Add: Provision during the period *		60,926,790	83,636,136
		<b>263,768,831</b>	<b>220,495,685</b>
Less: Writeoff/(Reversal) during the period		167,795,276	17,653,645
		<b>95,973,555</b>	<b>202,842,041</b>

\* As per circular of Bangladesh Securities and Exchange Commission circular # SEC/CMRRCD/2009-193/196, dated 28 December 2016, and circular# SEC/CMRRCD/2009-193/203) dated, 28 December 2017 and subsequent extension up to 2023 through press release on 16 July, 2020 the required provisions against unrealised loss for the year 2021 has been kept.

	31.12.2021 Taka	31.12.2020 Taka
<b>22.02 Provision for own equity</b>		
Opening balance	-	3,627,623
Add: Provision during the period *	-	-
	-	<b>3,627,623</b>
Less: Write off/(Reversal) during the period	-	3,627,623
	-	-
<b>22.03 Provision for other asstes</b>		
Opening balance	1,700,000	-
Add: Provision during the period *	7,617,826	1,700,000
	<b>9,317,826</b>	<b>1,700,000</b>
Less: Writeoff during the period	3,347,826	-
	<b>5,970,000</b>	<b>1,700,000</b>
<b>23.00 Other liabilities</b>		
Deposit suspense account	617,132	425,340
Withholding tax payable (Note-23.01)	249,549	222,246
Lease liability (Note-17.01)	1,633,893	1,662,627
LB Foundation	159,382	159,382
	<b>2,659,956</b>	<b>2,469,595</b>
<b>23.01 Withholding tax payable</b>		
TDS from suppliers	71,969	3,711
TDS on professional fees	-	3,673
TDS payable on director fees	22,500	22,500
TDS from Rent	13,506	10,855
VAT payable on suppliers	2,466	10,088
VAT payable on professional fees	-	3,859
VAT Payable on Others	2,450	6,002
VAT payable on director fees	22,500	22,500
VAT Payable on Rent	40,516	32,566
TDS from Salary and Allowances	73,643	106,492
	<b>249,549</b>	<b>222,246</b>

	Jan-Dec 2021 Taka	Jan-Dec 2020 Taka
<b>24.00 Interest income</b>		
Interest on margin loan	73,380,415	54,105,118
	<b>73,380,415</b>	<b>54,105,118</b>
<b>25.00 Income from portfolio managements</b>		
Management Fees (Note-25.01)	<b>3,403,350</b>	<b>6,703,223</b>
<b>25.01 Management Fees</b>		
Management fees-Non-Discretionary	2,832,790	5,975,404
Management fees-Discretionary	570,560	727,819
	<b>3,403,350</b>	<b>6,703,223</b>
<b>26.00 Brokerage commission/ settlement fees</b>	<b>17,158,538</b>	<b>5,488,927</b>
<b>27.00 Income from investment</b>		
Dividend income	28,220,476	18,315,582
Realized gain/loss on listed securities	314,442,749	11,261,144
	<b>342,663,225</b>	<b>29,576,725</b>
<b>28.00 Income from Investment Banking</b>		
Underwriting commission	2,708,922	515,410
Issue management fees	20,450,000	10,097,500
Corporate advisory fees	8,689,276	14,970,391
	<b>31,848,198</b>	<b>25,583,301</b>
<b>29.00 Other operational income</b>		
Documentation charges	10,000	7,000
Gain on CDBL annual fees payment	138,750	152,600
Gain/(loss) on IP client dividend collection	(5,920)	17,515
Client portfolio maintenance	(591)	2,198
Income on excess margin loan from purchase power	39,580	33,165
Commission on IPO application	3,460	1,690
Interest income on STD balances	6,885,413	11,044,225
Interest income on staff loan	112,672	360,802
Interest Income on FDR	24,683,512	19,766,795
Interest income on Bond	15,172,917	1,800,000
	<b>47,039,792</b>	<b>33,185,990</b>
<b>30.00 Interest expenses</b>		
Interest-Right of Use (ROU)-Office premises	597,716	360,002
	<b>597,716</b>	<b>360,002</b>
<b>31.00 Other costs directly attributable to services</b>		
CDBL settlement transfer fee	1,448,338	444,080
CDBL CDS connection fee	6,000	6,000
	<b>1,454,338</b>	<b>450,080</b>
<b>32.00 Other non-operational income</b>		
Gain/(Loss) on disposal of fixed assets	(33,997)	25,891
Miscellaneous earnings	-	3,355,898
	<b>(33,997)</b>	<b>3,381,789</b>

	Jan-Dec 2021 Taka	Jan-Dec 2020 Taka
<b>33.00 Salary and allowances.</b>		
Salary and allowances	31,176,308	35,527,364
Provident fund contribution	1,254,058	1,452,934
Gratuity fund contribution	1,643,794	461,710
Profit incentive	28,214,014	1,275,057
	<b>62,288,174</b>	<b>38,717,065</b>
<b>34.00 Rent, insurance, utilities etc.</b>		
Insurance premium	443,955	537,527
Utilities	326,556	240,000
Service charge- Office premises	65,552	-
	<b>836,063</b>	<b>777,527</b>
<b>35.00 Legal and professional fees</b>		
Regulatory fees	2,332,490	1,702,485
Membership and renewal fees	420,350	160,350
Other professionals	350,000	20,700
VAT Expense	787,992	-
	<b>3,890,832</b>	<b>1,883,535</b>
<b>36.00 Postage, stamp, telecommunication etc.</b>		
Postage and courier	14,122	18,215
Stamp charges	26,760.00	22,625
Telephone and mobile bill	360,747	427,439
Internet expense	34,108	34,546
	<b>435,737</b>	<b>502,825</b>
<b>37.00 Stationery, printing, advertisement</b>		
Printing	125,433	207,955
Stationery	23,938	31,973
Advertisement	112,815	34,500
Promotional expense	53,974	300,000
	<b>316,160</b>	<b>574,428</b>
<b>38.00 Director fees and expenses</b>	<b>808,500</b>	<b>561,000</b>
<b>39.00 Audit fees</b>	<b>143,750</b>	<b>156,400</b>
<b>40.00 Repairs, maintenance and depreciation</b>		
Repairs and maintenance (Note-40.01)	866,620	1,165,633
Depreciation (Note-4 & Annexure-A)	4,751,297	3,725,191
Amortization (Note-5 & Annexure-B)	386,892	379,166
	<b>6,004,809</b>	<b>5,269,989</b>

	Jan-Dec 2021 Taka	Jan-Dec 2020 Taka
<b>40.01 Repairs and maintenance</b>		
Office maintenance	236,482	216,989
Office maintenance-supplier	114,755	480,955
Software maintenance fees	235,003	254,434
Vehicle maintenance	147,799	128,784
Cleaning	39,920	-
Fuel costs	92,661	84,471
	<b>866,620</b>	<b>1,165,633</b>
<b>41.00 Other expenses</b>		
Travel and accomodation (Note- 41.01)	6,058,945	5,757,457
Training and business development (Note- 41.02)	438,605	160,629
Overtime & Others	571,322	470,004
Bank Charges	27,578	25,058
Excise Duty	513,500	334,000
Security expenses	38,748	-
Newspapers and journals	2,345	4,270
Other IT and telecommunication	211,372	229,582
Other expenses/(income)-Own portfolio	(554)	2,625
Other fees and charges	36,000	32,000
Entertainment Expenses	176,265	-
Miscellaneous expenses	30	-
Social Welfare Activities	-	1,585,000
LB Foundation	-	159,382
	<b>8,074,156</b>	<b>8,760,007</b>
<b>41.01 Travel and accomodation</b>		
Conveyance	221,443	180,572
Traveling	5,545,357	5,576,885
Airfare	222,844	-
Per diem	40,160	-
Accommodation	29,141	-
	<b>6,058,945</b>	<b>5,757,457</b>
<b>41.02 Training and business development</b>		
Corporate conference	355,245	15,000
Training and development	-	100,629
Welfare	83,360	45,000
	<b>438,605</b>	<b>160,629</b>
<b>42.00 Earnings Per Share (EPS)</b>		
Earnings attributed to ordinary shares	324,461,163	14,546,714
Number of ordinary shares outstanding	240,500,000	240,500,000
	<b>1.35</b>	<b>0.06</b>

**43.00 Related parties****43.01 Parent company**

LankaBangla Finance Limited has 99.9999751% shareholdings of the company. As a result, the controlling party of the company is LankaBangla Finance Limited.

**43.02 Related party disclosures**

During the period, the Company carried out a number of transactions with related parties in the normal course of business. The names of the related parties and nature of these transactions have been set out in accordance with the provisions of IAS 24: Related Party Disclosures.



Name of the party	Relationship with the entity	Nature of transaction	2021	2020
LankaBangla Finance Limited	Parent	Funding	60,000,000	60,000,000
		LBIL Fixed Deposits Receipts	304,977,429	280,928,125
LankaBangla Securities Limited	Subsidiary of parent	Share trading settlement	424,606,128	181,143,685
		LBIL Portfolio	20,439	1,618,127
		LBSL Portfolio	8,650	9,100
LankaBangla Asset Management Company Limited	Subsidiary of parent	LBAML Portfolio	6,549,696	125

#### 44 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The company has exposure to the following risks from its use of financial instruments:

- \* Credit risk
- \* Liquidity risk
- \* Market risk

##### 44.01 Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

##### 44.02 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2021	2020
Margin loan	525,289,803	842,700,065
Investments	1,914,389,845	1,422,087,101
Receivable from group entities (LBSL)	6,784,211	-
Other receivables	88,486,112	58,256,672
Cash and cash equivalents	196,515,550	115,087,453
	<b>2,731,465,521</b>	<b>2,438,131,290</b>

##### 44.03 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

##### 44.04 Market risk

Market risk is the risk that any change in market prices, such as interest rates and capital market condition will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

#### 45 Contingencies and commitments

There are no contingent assets or liabilities and unrecognized contractual commitments at the date of statement of financial position.

#### 46 Number of employees

No. of employees received Tk. 3,000 per month  
No. of employees received more than Tk. 3,000 per month( including contractual)

	Year 2021	Year 2020
No. of employees received Tk. 3,000 per month	-	-
No. of employees received more than Tk. 3,000 per month( including contractual)	27	29
	<b>27</b>	<b>29</b>

#### 47 Capital expenditure commitment

There was no capital expenditure commitment as at 31 December 2021.

## LANKABANGLA INVESTMENTS LIMITED

**SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT**

As at 31 December 2021

Particulars	Office equipment	Furniture and fittings	Motor vehicles	Interior work (immovable)	Total
<b>Cost</b>					
Balance at 1 January 2020	4,304,266	382,586	1,800,000	954,222	7,441,074
Acquisition/addition during the period	303,274	101,357			404,631
Disposal/adjustment	284,481	-	-	-	284,481
<b>Balance at 31 December 2020</b>	<b>4,323,059</b>	<b>483,943</b>	<b>1,800,000</b>	<b>954,222</b>	<b>7,561,224</b>
Balance at 1 January 2021	4,323,059	483,943	1,800,000	954,222	7,561,224
Acquisition/addition during the period	2,693,066	4,770,637	4,211,316		11,675,019
Disposal/adjustment	65,088	147,824	-	954,222	1,167,134
<b>Balance at 31 December 2021</b>	<b>6,951,037</b>	<b>5,106,755</b>	<b>6,011,316</b>	<b>-</b>	<b>18,069,108</b>
<b>Accumulated depreciation</b>					
Balance at 1 January 2020	3,472,345	246,563	1,799,999	62,513	5,581,420
Depreciation for the year/period	581,424	39,235		396,373	1,017,032
Disposal/adjustment	284,472		-	-	284,472
<b>Balance at 31 December 2020</b>	<b>3,769,297</b>	<b>285,798</b>	<b>1,799,999</b>	<b>458,886</b>	<b>6,313,980</b>
<b>Balance at 1 January 2021</b>	<b>3,769,297</b>	<b>285,798</b>	<b>1,799,999</b>	<b>458,886</b>	<b>6,313,980</b>
Depreciation for the year/period	542,687	197,902	87,736	330,311	1,158,636
Disposal/adjustment	14,464	128,614	-	789,197	932,275
<b>Balance at 31 December 2021</b>	<b>4,297,520</b>	<b>355,086</b>	<b>1,887,735</b>	<b>0</b>	<b>6,540,341</b>
<b>Carrying amount</b>					
At 1 January 2020	831,921	136,023	1	891,709	1,859,653
At 31 December 2020	553,762	198,145	1	495,336	1,247,244
<b>Balance at 31 December 2021</b>	<b>2,653,517</b>	<b>4,751,669</b>	<b>4,123,581</b>	<b>-</b>	<b>11,528,767</b>

LANKABANGLA INVESTMENTS LIMITED  
**SCHEDULE OF RIGHT-OF-USE ASSETS**  
 As at 31 December 2021

Particulars	Lease hold property (ROU:Office premises)	Total
<b>Cost</b>		
Balance at 1 January 2020	5,379,747	5,379,747
Acquisition/addition during the period	-	-
Disposal/adjustment	-	-
<b>Balance at 31 December 2020</b>	<b>5,379,747</b>	<b>5,379,747</b>
Balance at 1 January 2021	5,379,747	5,379,747
Acquisition/addition during the period	18,385,209	18,385,209
Disposal/adjustment	7,103,865	7,103,865
<b>Balance at 31 December 2021</b>	<b>16,661,090</b>	<b>16,661,090</b>
<b>Accumulated depreciation</b>		
Balance at 1 January 2020	585,245	585,245
Depreciation for the year/period	2,708,159	2,708,159
Disposal/adjustment	-	-
<b>Balance at 31 December 2020</b>	<b>3,293,405</b>	<b>3,293,405</b>
Balance at 1 January 2021	3,293,405	3,293,405
Depreciation for the year/period	3,592,661	3,592,661
Disposal/adjustment	4,983,794	4,983,794
<b>Balance at 31 December 2021</b>	<b>1,902,271</b>	<b>1,902,271</b>
<b>Carrying amount</b>		
At 1 January 2020	4,794,501	4,794,501
At 31 December 2020	2,086,342	2,086,342
<b>Balance at 31 December 2021</b>	<b>14,758,819</b>	<b>14,758,819</b>

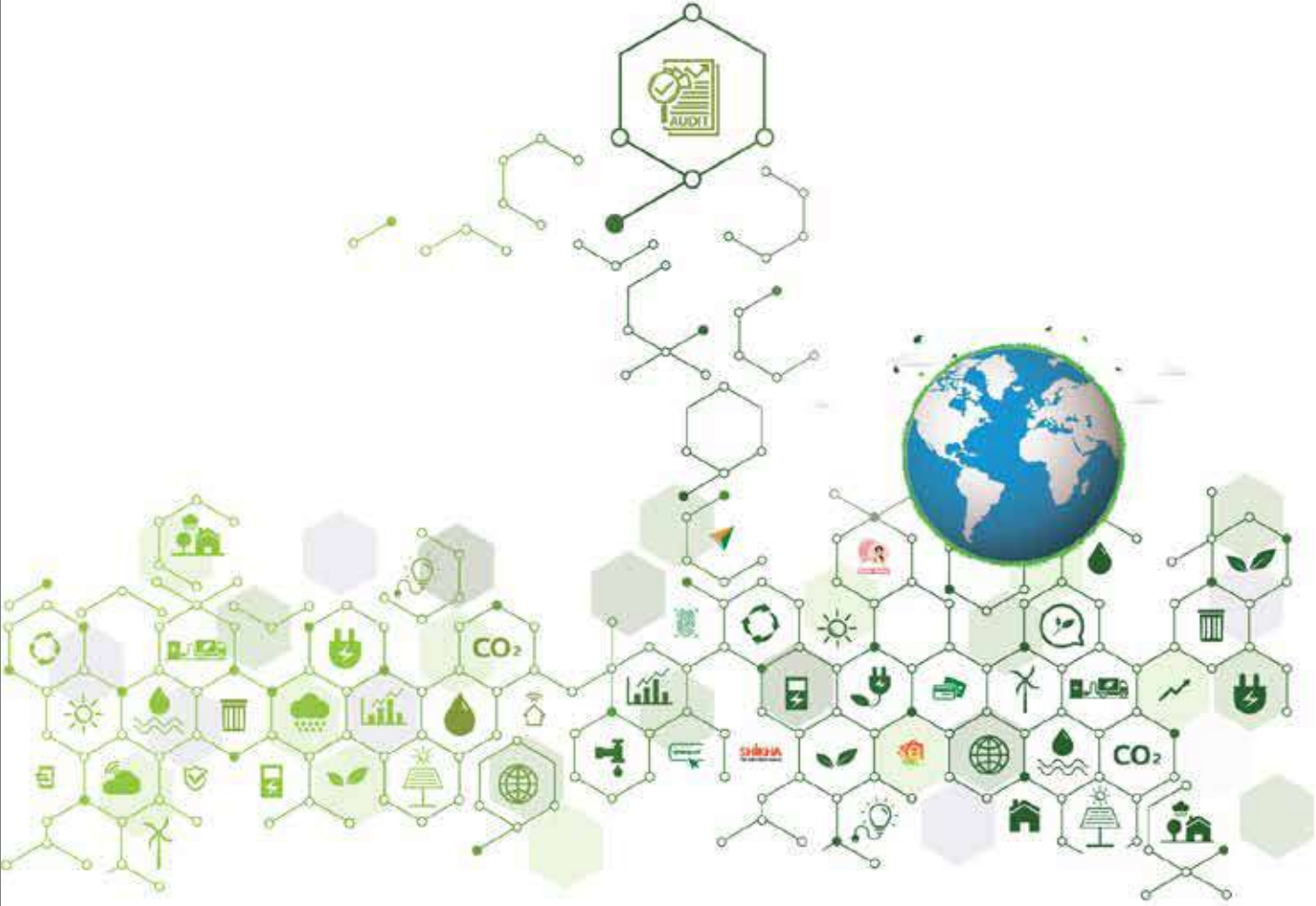
## LANKABANGLA INVESTMENTS LIMITED

# SCHEDULE OF INTANGIBLE ASSETS

As at 31 December 2021

Particulars	Intangible Assets	Total
<b>Cost</b>		
Balance at 1 January 2020	2,793,154	2,793,154
Acquisition/addition during the period	-	-
Disposal/adjustment	-	-
<b>Balance at 31 December 2020</b>	<b>2,793,154</b>	<b>2,793,154</b>
Balance at 1 January 2021	2,793,154	2,793,154
Acquisition/addition during the period	781,761	781,761
Disposal/adjustment	-	-
<b>Balance at 31 December 2021</b>	<b>3,574,915</b>	<b>3,574,915</b>
<b>Accumulated amortisation</b>		
Balance at 1 January 2020	1,305,653	1,305,653
Amortisation for the period	379,166	379,166
Disposal/adjustment	-	-
<b>Balance at 31 December 2020</b>	<b>1,684,819</b>	<b>1,684,819</b>
Balance at 1 January 2021	1,684,819	1,684,819
Amortisation for the period	386,892	386,892
Disposal/adjustment	-	-
<b>Balance at 31 December 2021</b>	<b>2,071,711</b>	<b>2,071,711</b>
<b>Carrying amount</b>		
At 1 January 2020	1,487,501	1,487,501
At 31 December 2020	1,108,335	1,108,335
<b>Balance at 31 December 2021</b>	<b>1,503,204</b>	<b>1,503,204</b>

# LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED



**Corporate Office:**

📍 : House # 15, Road # 12, Block # F, Niketon  
 Gulshan-1, Dhaka-1212, Bangladesh.  
 📞 : +88 (02)8836015-7 📠 : +88 01681126120  
 ✉ : hfc@hfc-bd.com 🌐 : www.hfc-bd.com

## Independent Auditors' Report

To the Shareholders of

LankaBangla Asset Management Company Limited

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of LankaBangla Asset Management Company Limited ("hereinafter LBAMCL") which comprise the statement of financial position as at December 31, 2021, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of LBAMCL as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC), The Companies Act, 1994 and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

For each matter below, our description of how our audit addressed the matter is provided in that context.

Key Audit Matter	How our audit addressed the key audit matters
<b>Revenue recognition</b> At year end LBAMCL reported total income of BDT 71,265,736. Revenue has increased 2.73% from last year. This is an area considered to be complex and judgmental. Therefore, there is a risk of the income being misstated as a result of absence of a contract with the customer, failure to properly identify various performance obligations, Where the transaction fee appears to be undeterminable, Where the allocation of transaction fee appears to be incorrect, and entity has not satisfied the performance obligations. There is also a risk that income may be misstated due to fraud, through misstating of fee determination, unrecorded income, maintaining accrual concept for invoicing, recognition within the Cutoff period, inaccurate income figure, and unauthorized income. We focused on this area because of the significance of the interest income, income from investments and income from management fee in the financial statements.	Our audit procedures included obtaining our understanding of the process of interest income, income from portfolio managements, brokerage commission, income from investment, income from investment banking, ascertaining the balance and the interest charged over the financial year. Additionally, we perform the following: <ul style="list-style-type: none"> <li>• Carried out cut-off testing to ensure the income was recognized in correct period.</li> <li>• Reviewed the carrying balance of the total figure.</li> <li>• Recalculated interest charged during the year.</li> <li>• Our audit approach was a combination of test of internal control and substantive procedures.</li> </ul>
See notes 3.4,12,25,26,27 and 28 to the financial statements	

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Key Audit Matter	How our audit addressed the key audit matters
<b>Investment and provision for diminution in value of an investment</b>	
<p>The investment portfolio of the LBAMCL comprises investments in LankaBangla Securities Limited of BDT 616,348,464 listed securities of BDT 69,493,106, non-listed securities of BDT 46,430, Investment in Term Deposit Receipt of BDT 200,000,000, Investment in Non-marketable mutual fund of BDT 10,363,000.</p> <p>Total investments are valued at BDT 896,251,000 which represent 74.90% of total assets. This was an area of focus for our audit and significant audit effort was directed.</p> <p>Investments in quoted shares and unquoted shares are valued at actual cost. However, the company has provision for diminution in value of investment of BDT 5,143,473 for the current year as per Sec directive BSEC/servelleyence /mukhopatro (5th type)/2019/196 dated 16 July,2020. LBAMCL had a decrease in provision for diminution of share value of BDT 67,70,050, as market value of share has increased, for which LBAMCL had net profit.</p> <p>We focused on this area because of the significance of the investments in the financial statements and departure from the recognition and presentation criteria of IFRS 9, IFRS 7 &amp; IAS 32 to comply with the above circular of Bangladesh Securities and Exchange Commission(BSEC) for determining the valuation methodology and presentation to be applied by the management of the company.</p>	<ul style="list-style-type: none"> <li>• Our audit procedures included updating our understanding of the business processes employed by the Company for accounting for, and valuing, their investment portfolio. Additionally, we performed the following:</li> <li>• Obtained year-end share holding positions from the company and through directional testing assessed the completeness of the report.</li> <li>• Reviewed the assumptions used for the valuation models for any unquoted securities.</li> <li>• Recalculated unrealized gain or loss at the year end.</li> <li>• Carried out cut-off testing to ensure unrealized gain or loss was recognized in correct period.</li> <li>• Checked the subsequent position of this unrealized amount after the year end.</li> <li>• We obtained sufficient audit evidence to conclude that the inputs and methodologies used for the valuation of the investments are within a reasonable range.</li> <li>• We assessed the design and operating effectiveness of the Group's key controls supporting the Identification, measurement and oversight of valuation risk of financial assets.</li> <li>• We tested the calculations of provision for diminution in value of an investment and checked the presentation and disclosure of investment in compliance with Sec directive SEC/servelleyence /mukhopatro (5th type)/2019/196 dated 16 July,2020.</li> </ul>
See notes 7,11 and 23 to the financial statements.	

**Other Matter**

The financial statements of LankaBangla Asset Management Company Limited for the year ended December 31, 2020 were audited by SYFUL SHAMSUL ALAM & CO., Chartered Accountants; who expressed an unmodified opinion on those financial statements on March 16, 2021.

**Other Information**

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

Our opinion on the financial statements does not cover the other information and does not express any form of assurance conclusion thereon. Our responsibility is to read the other information identified above when it becomes available and in doing so, consider whether the other information is materially inconsistent with the financial statements. During our review, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

We also:

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

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

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

**Report on other Legal and Regulatory Requirements:**

In accordance with the Companies Act 1994, we also report the following:

- We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
- In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of those books; and
- The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and return;

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

**Firm Registration No** : 4/452/ICAB-84

**Auditors Sign**

**Name of the auditor** : Asifur Rahman FCA, Partner/Enrollment No: 904

**DVC No** : 2204130904AS607047

**Dated** : April 06, 2022

**Chattogram Office:**

Yunusco City Center (9th Floor), 807, CDA Avenue, Nasirabad, Chattogram ☎ +88 (031) 2859282 ✉ ctg@hfc-bd.com





## LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	31-Dec-2021 BDT	31-Dec-2020 BDT
<b>ASSETS</b>			
Property, plant and equipment	4	1,267,413	2,423,386
Right of Use Assets	5	1,417,890	5,569,326
Intangible assets	6	309,942	419,344
Investments (Long Term)	7	616,348,464	613,848,464
Long term loan to employees	8	66,628	466,636
Deferred tax assets	9	1,376,345	1,153,505
		<b>620,786,681</b>	<b>623,880,660</b>
<b>Current Assets</b>			
Advances, deposits and prepayments	10	45,005,294	20,743,929
Investments (Current Term)	11	279,902,536	315,817,126
Accounts receivable	12	51,884,886	38,844,480
Cash and cash equivalents	13	198,928,536	32,457,073
<b>Total Current Assets</b>		<b>575,721,251</b>	<b>407,862,608</b>
<b>TOTAL ASSETS</b>		<b>1,196,507,932</b>	<b>1,031,743,269</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	14	945,451,000	942,951,000
Share money deposit	15	-	-
Retained earnings	16	42,533,877	8,224,822
		<b>987,984,877</b>	<b>951,175,822</b>
<b>Non-Current Liabilities</b>			
Lease liability (Non- current portion)	17	-	1,679,676
<b>Total Non-Current Liabilities</b>		-	1,679,676
<b>Current Liabilities</b>			
Accounts payable	18	454,214	285,709
Payable to clients	19	181,200,123	48,985,463
Provision for current tax	20	16,718,711	12,393,296
Lease liability (Current portion)	21	1,679,675	4,801,274
Payable to gratuity fund	22	58,149	283,958
Provision for diminution in value of investments	23	5,143,473	11,913,523
Other liabilities	24	3,268,710	224,547
<b>Total Current Liabilities</b>		<b>208,523,055</b>	<b>78,887,771</b>
<b>Total Liabilities</b>		<b>208,523,055</b>	<b>80,567,447</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,196,507,932</b>	<b>1,031,743,269</b>
<b>Net asset value per share - (NAV)</b>		<b>10.45</b>	<b>10.09</b>

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



Director



Director



Chief Executive Officer



Company Secretary

Signed as per our separate report of same date

Place : Dhaka  
Dated: 06<sup>th</sup> April 2022  
DVC Code: 2204130904AS607047



Hussain Farhad & Co.  
Chartered Accountants

# LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 BDT	2020 BDT
<b>Operating Income (a)</b>			
Income from unit fund operation	25	19,846,583	14,489,556
Income from IPM service	26	4,798,798	2,963,271
Interest income	27	16,114,673	6,461,796
Income from investment	28	30,505,683	(4,793,883)
<b>Total Operating Income</b>		<b>71,265,736</b>	<b>19,120,740</b>
<b>Operating Expenses (b)</b>			
Interest expenses	30	454,625	938,803
Salary and allowances	31	23,433,829	19,519,712
Rent, taxes, insurance, electricity etc.	32	786,277	731,222
Legal and professional fees	33	255,555	661,888
Postage, stamp, telecommunication etc.	34	238,554	259,077
Stationery, printing, advertisement	35	132,990	89,514
Directors' fees & expenses	36	343,200	316,800
Audit fees	37	130,500	110,400
Repairs, maintenance and depreciation	38	6,368,026	7,971,560
Other expenses	39	8,534,599	2,201,288
		<b>40,678,156</b>	<b>32,800,264</b>
<b>Operating profit/(Loss) for the year (a-b)</b>		<b>30,587,581</b>	<b>(13,679,524)</b>
Other non-operating income	29	1,054,000	1,280,000
<b>Profit/(loss) before provision for diminution in investment</b>		<b>31,641,581</b>	<b>(12,399,524)</b>
Provision for diminution in value of investments	23	(6,770,050)	(14,171,134)
<b>Profit/(Loss) before provision for income tax</b>		<b>38,411,631</b>	<b>1,771,610</b>
<b>Provision for income tax</b>			
Current tax expense/(income)		4,325,415	157,533
Deferred tax expense/(income)		(222,839)	(367,983)
		<b>4,102,575</b>	<b>(210,450)</b>
<b>Profit/(Loss) after tax</b>		<b>34,309,055</b>	<b>1,982,060</b>
Other comprehensive income, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>34,309,055</b>	<b>1,982,060</b>
<b>Earning per share</b>	40	<b>0.36</b>	<b>0.02</b>

The annexed notes form an integral part of these financial statements

  
Director

  
Director

  
Chief Executive Officer

  
Company Secretary

Place : Dhaka  
Dated: 06<sup>th</sup> April 2022  
DVC Code: 2204130904AS607047

  
**Hussain Farhad & Co.**  
Chartered Accountants

## LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2021

Particulars	Share Capital	Share Money Deposit	Retained Earnings	Total Equity
	Taka	Taka	Taka	Taka
<b>Balance as at 01 January 2020</b>	<b>900,000,000</b>	<b>42,951,000</b>	<b>6,242,762</b>	<b>949,193,762</b>
Share Money Deposit	-	-	-	-
Issue of share capital	42,951,000	(42,951,000)	-	-
Total comprehensive income	-	-	1,982,060	1,982,060
Adjustment in Retained Earnings	-	-	-	-
<b>Balance as at 31 December 2020</b>	<b>942,951,000</b>	<b>-</b>	<b>8,224,823</b>	<b>951,175,823</b>
Changes in Equity for 2021				
Share money deposit	-	2,500,000	-	2,500,000
Issue of share capital	2,500,000	(2,500,000)	-	-
Total comprehensive income	-	-	34,309,055	34,309,055
Adjustment in Retained Earnings	-	-	-	-
<b>Balance as at 31 December 2021</b>	<b>945,451,000</b>	<b>-</b>	<b>42,533,878</b>	<b>987,984,878</b>



Director



Director



Chief Executive Officer



Company Secretary

Place : Dhaka

Dated: 06<sup>th</sup> April 2022

# LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Amount In BDT	
	2021	2020
<b>Cash Flows from Operating Activities</b>		
Interest received	14,763,284	3,840,073
Dividend received	1,149,819	1,072,368
Received from fund operation	23,210,305	15,839,517
Other non-operational income	997,500	1,097,250
Paid to employees	(15,938,635)	(14,288,705)
PF & GF bank account	(2,904,240)	(2,169,830)
Income taxes paid	(457,178)	(12,757)
Paid for other operating expenses	(12,424,376)	(5,943,263)
<b>Cash Generated from Operating Activities before changes in operating assets and liabilities</b>	<b>8,396,478</b>	<b>(565,347)</b>
<b>Increase/(decrease) in Operating Assets &amp; Liabilities</b>		
Settlement with LankaBangla Securities Ltd.	102,506,791	62,022,551
Client deposits	41,047,891	(44,125,498)
Advance & Prepayment	(22,240,388)	(28,932,817)
<b>Total Increase/(Decrease) in Operating Assets &amp; Liabilities</b>	<b>121,314,294</b>	<b>(11,035,764)</b>
<b>Net Cash used in Operating Activities</b>	<b>129,710,772</b>	<b>(11,601,111)</b>
<b>Cash Flows from Investing Activities</b>		
Investments in securities	(81,372,750)	(16,160,510)
Investments in TDR	-	(200,000,000)
Proceeds from sale of fixed assets	4,000	20,000
Proceeds from sale of securities	120,614,429	256,189,500
Acquisition of intangible assets	(294,464)	-
<b>Net Cash from Investing Activities</b>	<b>38,951,215</b>	<b>40,048,990</b>
<b>Cash Flows from Financing Activities</b>		
Proceed from share money deposit	2,500,000	-
Repayment of lease finance	(4,690,524)	(5,416,296)
<b>Net Cash from Financing Activities</b>	<b>(2,190,524)</b>	<b>(5,416,296)</b>
Net increase in Cash and Cash Equivalents	166,471,463	23,031,583
Opening Cash & Cash Equivalents	32,457,073	5,831,433
<b>Closing Cash &amp; Cash Equivalents</b>	<b>198,928,536</b>	<b>28,863,016</b>
<b>Closing Cash &amp; Cash Equivalents include:</b>		
Cash in hand	31,133	8,670
Dhaka Bank Limited	28,415,794	5,596,588
Standard Chartered Bank	24,219	22,358
One Bank Limited	170,457,390	26,829,457
	<b>198,928,536</b>	<b>32,457,073</b>

  
Director

  
Director

  
Chief Executive Officer

  
Company Secretary

Place : Dhaka

Dated: 06<sup>th</sup> April 2022

## LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

### 1 Company and its activities

#### 1.1 Legal status of the company

LankaBangla Asset Management Company Limited (herein after referred to as "LBAMCL" or "the company") was incorporated with the Registrar of Joint Stock Companies and Firms (RJSC) vide registration # C-67738(289)/2007 dated July 16, 2007 as a private limited company under the Companies Act, 1994. Later on, the company converted itself into a public limited company with effect from 12 February 2018. It got license from Bangladesh Securities and Exchange Commission (BSEC) on June 24, 2012 vide registration code: SEC/Asset Manager/2012/17 to operate as a full-fledged asset management company. It also received registration certificate from BSEC on December 20, 2016 vide registration number: AIFM-06/2016 to act as an Alternative Investment Fund Manager. The address of the company's registered office is at Safura Tower (11th Floor), 20, Kemal Ataturk Avenue, Banani, Dhaka - 1213. The company is a subsidiary of LankaBangla Finance Limited.

#### 1.2 Principal activities of the company

The principal activities of the company include the following:

- a. Mutual fund management service for retail and institutional clients;
- b. Institutional portfolio management service;
- c. Alternative investment fund management service;
- d. Corporate advisory service etc.

### 2 Basis of preparation of financial statements

#### 2.1 Components of the financial statements

The financial statements comprise of :

- a) Statement of Financial Position as at 31 December 2021;
- b) Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2021;
- c) Statement of Changes in Equity for the year ended 31 December 2021;
- d) Statement of Cash Flows for the year ended 31 December 2021; and
- e) Notes to the Financial Statements.

#### 2.2 Statement of compliance

The financial statements have been prepared in accordance with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 2020 and other applicable laws and regulations.

#### 2.3 Other regulatory compliance

As required, LankaBangla Asset Management company Ltd. Also complies with the applicable provisions of the following major laws/statutes :

1. The Income Tax Ordinance 1984
2. The Income Tax Rules , 1984
3. Negotiable Instrument Act, 1881
4. Securities and exchange rules, 1987
5. Securities and exchange commission Act, 1993
6. Securities and exchange commission (mutual fund) rules, 2001 (Amended in 2013);
7. Bangladesh Securities and exchange commission (Alternative Investment) rules, 2015 ;and other applicable laws and regulations;

#### 2.4 Basis of accounting and measurement

The financial statements have been prepared on the historical cost basis, and therefore, do not take into consideration the effect of inflation. The accounting policies, unless otherwise stated, have been consistently applied by the company and are consistent with those of the previous year.

#### 2.5 Functional currency

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

#### 2.6 Use of estimates and judgments

The preparation of these financial statements in conformity with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision of accounting estimates is recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods .

In particular, the key areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in the following notes:

Note-04	Depreciation on Property, plant and equipment
Note-09	Deferred Tax Assets
Note-12	Accounts Receivable
Note-20	Provision for Current Tax

## 2.7 Going concern

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

## 2.8 Reporting period

The reporting period of the Company is from 01 January to 31 December each period. These financial statements cover the period from 01 January 2021 to 31 December 2021.

## 2.9 Cash flow statement

Statement of cash flows is prepared principally in accordance with "IAS 7: Statement of Cash Flows" and the cash flow from operating activities have been presented under Direct Method as required by the Securities and Exchange Rules 2020 and considering the provision "Enterprises are Encouraged to Report Cash Flow from Operating Activities using the Direct Method".

## 2.10 Corporate Accounting Standards Practiced

The following IAS's are applicable to the financial statement under review:

IAS	1	Presentation of Financial Statements
IAS	7	Cash Flow Statements
IAS	8	Accounting policies, Changes in Accounting Estimates and Errors
IAS	10	Events after the Balance Sheet Date
IAS	12	Income Taxes
IAS	16	Property, Plant and Equipment
IAS	19	Employee Benefit
IAS	23	Borrowing Costs
IAS	24	Related Party Disclosures
IAS	32	Financial Instrument: Presentation
IAS	33	Earnings per Share
IAS	37	Provisions, Contingent Liabilities and Contingent Assets
IAS	38	Intangible Assets
IFRS	7	Financial Instruments: Disclosures
IFRS	9	Financial Instruments
IFRS	15	Revenue from Contracts with Customers
IFRS	16	Leases

## 2.11 Disclosure of departure

The departures from IFRS in the financial statements for 31 December 2021 are stated below:

SI No.	Nature of Departure	Title of the IFRS	Treatment of the IFRS	Treatment adopted as per regulator	Financial or presentation effect of departure
01	Valuation of Investments in quoted and unquoted shares	IFRS 9 "Financial Instruments"	IFRS 9 requires all equity investments to be measured at fair value. At initial recognition an entity can make an irrevocable election to present in other comprehensive income subsequent changes in fair value of an investment in an equity instrument that is held for trading. In all other cases, investments in equity instruments measured at fair value are recognized through profit or loss.	To align with parent company's adopted policy investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited financial statements. 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. Furthermore in a press release- বিএসইসি/সার্ভাইল্যান্স/মুখপত্র (৫ম খণ্ড)/২০১৯/১৯৬ BSEC has increased the time limit for voluntary maintenance of provision against unrealised loss till 2023. Hence no provision is recognised in the current year financial statements.	If the IFRS 9 would be followed value of investments presented would be lower by BDT 5,143,473.22 and the same figure would be for 'Unrealized Loss'. There is BDT 5,143,473.22 of unrealized loss (portfolio basis) as on 31 December 2021.

### 3 Significant accounting policies

#### 3.1 Property, plant & equipment

##### 3.1.1 Recognition and measurement (PPE)

Tangible fixed assets are accounted for according to "IAS 16: Property, plant and equipment". Items of property, plant and equipment are measured at cost or revaluation less accumulated depreciation. The cost of acquisition of an asset comprises its purchase price and any direct attributable cost of bringing the assets to its working condition for its intended use. Expenditure incurred after the assets have been put into use, such as repairs and maintenance is normally charged off as revenue expenditure in the year in which it incurs. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the assets, the expenditure is capitalized as an additional cost of the assets.

##### 3.1.2 Subsequent Cost

The cost of replacing part of an item of property, plant and equipment are recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of the day -to-day servicing of property, plant and equipment are recognised in the profit or loss and other comprehensive income account as incurred.

##### 3.1.3 Depreciation

Depreciation is calculated using 'Straight Line Method' at the following rates so as to write off the assets over their expected useful life. Depreciation is charged based on the month of the year of acquisition while no depreciation is charged in the month of disposal. Rates of depreciation of assets considering their useful lives are as follows:

<u>Category of assets</u>	<u>Rate of Depreciation</u>
Furniture & Fixtures	15%
Office equipment	20%
Computer Equipment	33%
Electric Equipment	20%
IT Equipment	33%
Motor Vehicle	20%

#### 3.2 Intangible Assets

Intangible assets are measured at cost less accumulated amortization and accumulated impairment loss, if any. Intangible assets are recognized when all the conditions for recognition as per IAS 38: Intangible Assets are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

##### 3.2.1 Amortization

Amortization is calculated using straight line basis over the estimated useful lives of intangible assets, from the month that they are available for use. The estimated amortization rate is as follows:

<u>Category of assets</u>	<u>Rate of Amortization</u>
Computer Programs (Software)	33%

##### 3.2.2 Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates.

#### 3.3 Investment

Investment in securities is measured at cost.

#### 3.4 Revenue recognition

a. Mutual fund management fee is recognised on accrual basis. Such income is calculated considering average weekly Net Asset Value of the fund.

The company charges management fee on the fund managed by them which is paid to the company on semi-annual or annual basis. The annual rates of management fee on weekly average Net Asset Value are as follows:

<b>Weekly Average Net Asset Value at market price</b>	<b>Rate</b>
1 - 50,000,000	2.50%
50,000,000- 250,000,000	2.00%
250,000,000 - 500,000,000	1.50%
500,000,000 & Over	1.00%

b. Mutual Fund formation fee is recognised as mentioned in the published prospectus of the fund approved by Bangladesh Securities & Exchange Commission (BSEC).

c. Institutional portfolio management fees are recognised on the weighted average NAV at market price of the client's portfolio on daily accrual basis.

d. Interest income is calculated on a time proportion basis.

e. Dividend income is recognized on the declaration of dividend and subsequently approved in the Annual General Meeting.

f. Gain/losses arising on sale of investment are included in the statement of comprehensive income on the day at which

transaction takes place.

### 3.5 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and with banks on current and deposit accounts and short term investments which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same.

### 3.6 Financial Asset

Non-derivative financial instruments comprise investments in shares and FDRs, trade receivables and cash and cash equivalents. Financial assets are recognized initially on the date at which the company becomes a party to the contractual provisions of the transaction. The company derecognizes a financial asset when, and only when the contractual rights or probabilities of receiving the cash flows from the asset expire or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have occurred indicating a negative effect on the estimated future cash flows from that asset. All impairment losses are recognized in Statement of Profit or Loss and Other Comprehensive Income.

### 3.7 Financial liabilities

The company initially recognizes financial liabilities on the transaction date at which the company becomes a party to the contractual provision of the liability. The company derecognised a financial liability when its contractual obligation are discharge or cancelled or expired. These are recognised when its contractual obligations arising from past events are certain and settlement of which is expected to result in an outflow from the company of resources embodying economic benefits.

### 3.8 Accounts payable and other payable

Accounts payable and other payables are recognised when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the group of resources embodying economic benefits.

### 3.9 Taxation

#### 3.9.1 Current Tax

The Company has made income tax provision for the quarter concerned as per the applicable rate under relevant Finance Act and also in compliance with International Accounting Standards (IAS-12: Income Taxes).

#### 3.9.2 Deferred Tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they are reversed, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized (IAS-12, Para-24). Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### 3.10 Provisions

As per "IAS 37: Provisions, Contingent Liabilities and Contingent Assets" a provision is recognized on the date of statement of financial position if, as a result of past events, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

### 3.11 Employee benefits

#### a. Provident fund

The company operates a contributory provident fund for its permanent employees. All permanent employees contribute 10% of their basic salary to the provident fund and the company also makes equal contribution.

#### b. Gratuity

The company has an funded gratuity scheme for all eligible employees who have completed minimum 03 (three) years of confirmed service with the company. Employees are entitled to gratuity benefit at the following rates:

Year of confirmed services	% of entitlement
3 years and above but less than 4 years	50% of last one month basic salary for each completed year
4 years and above but less than 5 years	100% of last one month basic salary for each completed year
5 years and above	150% of last one month basic salary for each completed year

### 3.12 Contingencies

Contingencies arising from claim, litigation assessment, fines, penalties etc. are recorded when it is probable that a liability has been incurred and the amount can be measured reliably in accordance with "IAS 37: Provisions, Contingent Liabilities and Contingent Assets".

### 3.13 Earnings Per Share

This has been calculated in compliance with the requirements of "IAS 33: Earnings Per Share" by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.



**3.14 Lease**

LanakaBangla Asset Management Limited applied IFRS 16 for its rental properties, office space. Accordingly it recognize Right of Use (ROU) Asset, Lease liabilities in the statement of Financial position and depreciation expense and interest expenses in the statement of profit or loss and other comprehensive income.

The right of use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar. Depreciation have charged on right to use assets on straight line basis over the lease period.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

**3.15 Events after reporting date**

Events after the reporting date are identified as adjusting events which provide evidence of additional information about the company's position at the reporting date and are reflected in the financial statements. Events after the reporting date that are not adjusting event are disclosed in the notes when material.

**3.16 Basic earnings**

This represents earnings for the period attributable to the ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit for the period has been considered as fully attributable to ordinary shareholders. Basic earnings per share have been calculated by dividing the net profit or loss by the number of ordinary shares outstanding during the period.

**3.17 Comparative figures**

Comparative figures and account titles in the financial statements have been rearranged/reclassified where necessary to conform with changes in presentation in the current year.

**3.18 Date of authorization**

The Board of Directors has authorized these financial statements for public issue on 06th April 2022.

		Amount In BDT	
		31-Dec-2021	31-Dec-2020
<b>4.00</b>	<b>Property, plant and equipment</b>		
	<b>Cost</b>		
	Opening balance	12,253,843	12,335,286
	Addition during the year	133,102	-
		<b>12,386,945</b>	<b>12,335,286</b>
	Adjustment / (Disposal) during the year	(673,161)	(81,443)
	Closing balance	<b>11,713,784</b>	<b>12,253,843</b>
	<b>Less: Accumulated depreciation</b>		
	Opening balance	9,830,457	8,407,349
	Charged during the year	1,289,075	1,504,551
		<b>11,119,532</b>	<b>9,911,900</b>
	Adjustment / (Disposal) during the year	(673,161)	(81,443)
	Closing balance	<b>10,446,371</b>	<b>9,830,457</b>
	<b>Carrying amount</b>	<b>1,267,413</b>	<b>2,423,386</b>
	A schedule of property, plant and equipments is given in <b>Annexure-A</b>		
<b>5.00</b>	<b>Intangible assets</b>		
	<b>Cost</b>		
	Opening balance	20,702,869	18,612,467
	Addition during the year	-	2,090,402
		<b>20,702,869</b>	<b>20,702,869</b>
	Adjustment / (Disposal) during the year	-	-
	Closing balance	<b>20,702,869</b>	<b>20,702,869</b>
	<b>Less: Accumulated amortization</b>		
	Opening balance	15,133,544	9,530,793
	Charged during the year	4,151,436	5,602,751
		<b>19,284,979</b>	<b>15,133,544</b>
	Adjustment / (Disposal) during the year	-	-
	Closing balance	<b>19,284,979</b>	<b>15,133,544</b>
	<b>Carrying amount</b>	<b>1,417,890</b>	<b>5,569,326</b>
	A schedule of intangible assets are given in <b>Annexure-B</b>		
<b>6.00</b>	<b>Intangible assets</b>		
	<b>Cost</b>		
	Opening balance	4,502,908	4,502,908
	Addition during the Period	164,000	-
		<b>4,666,908</b>	<b>4,502,908</b>
	Adjustment / (Disposal) during the Period	(52,250)	-
	Closing balance	<b>4,614,658</b>	<b>4,502,908</b>
	<b>Less: Accumulated amortization</b>		
	Opening balance	4,083,564	3,823,689
	Charged during the Period	273,402	259,875
		<b>4,356,966</b>	<b>4,083,564</b>
	Adjustment / (Disposal) during the Period	(52,250)	-
	Closing balance	<b>4,304,716</b>	<b>4,083,564</b>
	<b>Carrying amount</b>	<b>309,942</b>	<b>419,344</b>
	A schedule of intangible assets are given in <b>Annexure-C</b>		
<b>7.00</b>	<b>Investments (Long Term)</b>		
	Strategic equity investment (Note: 7.01)	616,348,464	613,848,464
		<b>616,348,464</b>	<b>613,848,464</b>
<b>7.01</b>	<b>Strategic equity investment</b>		
	<b>Particulars</b>	<b>No. of Shares</b>	<b>Cost Price</b>
	LankaBangla Securities Limited	11,694,688	616,348,464
		<b>11,694,688</b>	<b>616,348,464</b>
			<b>Market Price</b>
			N/A
			-
<b>8.00</b>	<b>Long term loan to employees</b>		
	Staff transport loan	66,628	466,636
		<b>66,628</b>	<b>466,636</b>

		Amount In BDT	
		31-Dec-2021	31-Dec-2020
<b>9.00</b>	<b>Deferred tax assets</b>		
Deferred tax has been calculated based on deductible / taxable temporary difference arising due to difference in the carrying amount of the assets / liabilities and its tax base in accordance with the provision of International Accounting Standards (IAS)-12 : Income Taxes.			
		Carrying Amount at December 31, 2021	Tax Base
			(Taxable)/ Deductible temporary difference
	Property, plant and equipment	1,267,413	5,797,079
	Gratuity	58,149	-
	<b>Total</b>	<b>1,325,562</b>	<b>5,797,079</b>
	Applicable Tax Rate		30%
	Deferred tax asset as on December 31, 2021		1,376,345
	Deferred tax asset as on December 31, 2020		1,153,505
	Deferred tax income for the year		<b>(222,839)</b>
<b>10.00</b>	<b>Advances, Deposits and Prepayments</b>		
	Advances (Note-10.01)	42,287,305	17,851,872
	Deposits (Note-10.02)	2,664,000	2,772,000
	Prepayments (Note-10.03)	53,989	120,057
		<b>45,005,294</b>	<b>20,743,929</b>
<b>10.01</b>	<b>Advances</b>		
	Advance income tax	19,776,047	17,383,414
	Advance for expenses	73,750	68,450
	Advance for Investment in IPO	22,037,500	-
	Staff transport loan (Current Portion)	400,008	400,008
		<b>42,287,305</b>	<b>17,851,872</b>
<b>10.02</b>	<b>Deposits</b>		
	Security deposit - Office Rent	2,664,000	2,664,000
	Security deposit - Lease Finance	-	108,000
		<b>2,664,000</b>	<b>2,772,000</b>
<b>10.03</b>	<b>Prepayments</b>		
	Prepayment for insurance	53,989	120,057
		<b>53,989</b>	<b>120,057</b>
<b>11.00</b>	<b>Investments (Current Term)</b>		
	Investment in listed securities (Note : 11.01)	69,493,106	90,821,526
	Investment in non listed securities (Note : 11.02)	46,430	4,995,600
	Investment in TDR (Note : 11.03)	200,000,000	200,000,000
	Investment in non marketable mutual fund (Note : 11.04)	10,363,000	20,000,000
		<b>279,902,536</b>	<b>315,817,126</b>
<b>11.01</b>	<b>Investments in listed securities</b>		
		Cost Price	Market Price as on 31.12.2021
			Unrealized Gain/(Loss)
	IT Sector	25,048,273	21,172,110
	Pharmaceuticals & Chemicals	4,716,759	4,339,269
	Insurance	16,271,214	16,010,916
	Engineering	16,069,679	15,888,505
	Travel & Leisure	30,757	28,710
	Telecommunication	4,204,211	3,936,000
	Textile	3,152,213	2,974,123
		<b>69,493,106</b>	<b>64,349,633</b>
			<b>(5,143,473)</b>
<b>11.02</b>	<b>Investment in non listed securities</b>		
		No. of Shares	Cost Price
			Market Price
	Union Insurance Company Limited	4,643	46,430
		<b>4,643</b>	<b>46,430</b>
			-
<b>11.03</b>	<b>Investment in TDR</b>		
	TDR with LankaBangla Finance Ltd.		200,000,000
			<b>200,000,000</b>
	This amount represents investment made in TDR at LankaBangla Finance Ltd.		<b>200,000,000</b>

Amount In BDT	
31-Dec-2021	31-Dec-2020

<b>11.04 Investment in non marketable mutual fund</b>		
Investment in LB Gratuity Opportunities Fund	-	20,000,000
Investment in LB Gratuity Wealth Builders Fund	10,363,000	-
	<b>10,363,000</b>	<b>20,000,000</b>
<b>12.00 Accounts receivable</b>		
Interest receivable	1,735,557	2,016,668
Dividend receivable	8,824,522	921,022
Receivable from LankaBangla Investments Ltd.	675	125
Receivable from LankaBangla Securities Ltd.	31,124,190	26,553,512
Receivable from LankaBangla 1st Balanced Unit fund	4,621,715	3,914,432
Receivable from LankaBangla Al-Arafah Shariah Unit Fund	3,203,393	2,697,410
Receivable from LB Gratuity Wealth Builder Fund	1,018,563	135,000
Receivable from LankaBangla 1st PE Fund	50,000	50,000
Receivable from LB Gratuity Opportunities Fund	1,306,271	2,556,311
	<b>51,884,886</b>	<b>38,844,480</b>
<b>13.00 Cash and cash equivalent</b>		
Cash in hand	31,133	8,670
Cash at Bank (Note: 12.01)	198,897,403	32,448,403
	<b>198,928,536</b>	<b>32,457,073</b>
<b>13.01 Cash at bank</b>		
Dhaka Bank Limited	28,415,794	5,596,588
Standard Chartered Bank	24,219	22,358
One Bank Limited	170,457,390	26,829,457
	<b>198,897,403</b>	<b>32,448,403</b>
<b>14.00 Share Capital</b>		
<b>Authorized Capital</b>		
100,000,000 Ordinary Shares of Taka 10 each	<b>1,000,000,000</b>	<b>1,000,000,000</b>
<b>Issued, subscribed and paid up capital</b>		
94,295,100 Ordinary Shares of Taka 10 each fully paid up	<b>945,451,000</b>	<b>942,951,000</b>

**Detail of Shareholding Position of the Company**

Name of the Sponsor & Directors Shareholders	No. of Shares	% of share holding	31-Dec-2021	31-Dec-2020
LankaBangla Finance Limited	94,545,000	99.9998942	945,450,000	942,950,000
Mr. Mahbubul Anam	90	0.0000952	900	900
Mr. Mohammad A. Moyeen	1	0.0000011	10	10
Mr. Mohammed Nasir Uddin Chowdhury	1	0.0000011	10	10
Mr. Khwaja Shahriar	6	0.0000063	60	60
Mr. A. K. M. Kamruzzaman	1	0.0000011	10	10
Mr. Shamim Al Mamun	1	0.0000011	10	10
	<b>94,545,100</b>	<b>100.00</b>	<b>945,451,000</b>	<b>942,951,000</b>

<b>15.00 Share money deposit</b>		
Opening balance	-	42,951,000
Add: Addition during the year	2,500,000	-
	<b>2,500,000</b>	<b>42,951,000</b>
Less: Issue of share capital	(2,500,000)	(42,951,000)
Closing balance	-	-

'As per the FRC circular no: '১৪৬/এফআরসি/প্রশাঃ/প্রস্বাপন/২০২০/০৯' the amount of share money deposit has been transferred to the share capital.

<b>16.00 Retained earnings</b>		
Opening balance	8,224,822	6,242,762
Add: Profit during the year	34,309,055	1,982,060
	<b>42,533,877</b>	<b>8,224,822</b>
Less: Adjustment during the year	-	-
Closing balance	<b>42,533,877</b>	<b>8,224,822</b>

		Amount in BDT	
		31-Dec-2021	31-Dec-2020
<b>17.00</b>	<b>Lease liability (Non- current portion)</b>		
	Lease liability-Vehicles (Note: 17.01)	-	-
	Lease liability- Office premises (Note: 17.02)	-	1,679,676
		<b>-</b>	<b>1,679,676</b>
<b>17.01</b>	<b>Lease liability-Vehicles</b>		
	Opening balance	-	1,065,787
	Add: Addition during the year	-	-
		<b>-</b>	<b>1,065,787</b>
	Less: Paid during the year	-	(926,864)
		<b>-</b>	<b>138,923</b>
	Less: Transfer to current portion	-	(138,923)
	Closing balance	<b>-</b>	<b>-</b>
<b>17.02</b>	<b>Lease liability- Office premises</b>		
	Opening balance	1,679,676	1,220,104
	Add: Addition during the year	-	3,909,093
		<b>1,679,676</b>	<b>5,129,197</b>
	Less: Paid during the year	(1,509,499)	(2,995,108)
		<b>170,177</b>	<b>2,134,089</b>
	Less: Transfer to current portion	(170,177)	(454,412)
	Closing balance	<b>-</b>	<b>1,679,676</b>
<b>18.00</b>	<b>Accounts payable</b>		
	Provision for audit fees	159,250	109,250
	Accrued expenses	294,964	176,458
		<b>454,214</b>	<b>285,709</b>
<b>19.00</b>	<b>Payable to clients</b>		
	Clients positive balance	181,200,123	48,985,463
		<b>181,200,123</b>	<b>48,985,463</b>
<b>20.00</b>	<b>Provision for current tax</b>		
	Opening balance	12,393,296	12,235,763
	Add: Provision made during the year	4,325,415	157,533
		<b>16,718,711</b>	<b>12,393,296</b>
	Less: Adjustment during the year	-	-
	Closing balance	<b>16,718,711</b>	<b>12,393,296</b>
<b>21.00</b>	<b>Lease liability (Current portion)</b>		
	Lease liability-Vehicles Note: 21.01	-	1,062,359
	Lease liability- Office premises Note: 21.02	1,679,675	3,738,916
		<b>1,679,675</b>	<b>4,801,274</b>
<b>21.01</b>	<b>Lease liability-Vehicles</b>		
	Opening balance	1,062,359	1,123,241
	Add: Transfer from non-current portion	-	138,924
		<b>1,062,359</b>	<b>1,262,165</b>
	Less: Paid during the year	(1,062,359)	(199,806)
	Closing balance	<b>-</b>	<b>1,062,359</b>
<b>21.02</b>	<b>Lease liability- Office premises</b>		
	Opening balance	3,738,916	6,792,241
	Add: Transfer from non-current portion	170,177	454,413
		<b>3,909,093</b>	<b>7,246,654</b>
	Less: Paid during the year	(2,229,418)	(3,507,738)
	Closing balance	<b>1,679,675</b>	<b>3,738,916</b>

		Amount In BDT	
		31-Dec-2021	31-Dec-2020
<b>22.00</b>	<b>Payable to gratuity fund</b>		
	Opening balance	283,958	112,652
	Add: Provision made during the year	1,253,394	1,306,233
		<b>1,537,352</b>	<b>1,418,885</b>
	Less: Transferred to gratuity fund	(1,479,203)	(1,134,926)
	Closing balance	<b>58,149</b>	<b>283,958</b>
<b>23.00</b>	<b>Provision for diminution in value of investments</b>		
	Opening balance	11,913,523	26,084,657
	Add: Provision made during the year	-	-
		<b>11,913,523</b>	<b>26,084,657</b>
	Less: Adjustment during the year	(6,770,050)	(14,171,134)
	Closing balance	<b>5,143,473</b>	<b>11,913,523</b>
<b>24.00</b>	<b>Other liabilities</b>		
	Withholding Tax Payable	128,283	126,947
	Withholding VAT payable	53,173	97,599
	Other Liabilities	3,087,254	-
		<b>3,268,710</b>	<b>224,547</b>

		Amount In BDT	
		Jan-Dec,2021	Jan-Dec,2020
<b>25.00</b>	<b>Income from unit fund operation</b>		
	Management fee- Unit fund	18,846,583	13,400,456
	Formation fee - Unit Fund	1,000,000	1,089,100
		<b>19,846,583</b>	<b>14,489,556</b>
<b>26.00</b>	<b>Income from IPM service</b>		
	Portfolio Management fee	4,798,798	2,963,271
		<b>4,798,798</b>	<b>2,963,271</b>
<b>27.00</b>	<b>Interest income</b>		
	Interest on Term Deposit Receipt (TDR)	15,643,889	6,141,667
	Interest on Short Term Deposit (STD) account	470,784	320,129
		<b>16,114,673</b>	<b>6,461,796</b>
<b>28.00</b>	<b>Income from investment</b>		
	Net income on sale of securities	21,164,911	(5,846,905)
	Dividend income	9,340,772	1,053,022
		<b>30,505,683</b>	<b>(4,793,883)</b>
<b>29.00</b>	<b>Other non-operating income</b>		
	Income from office space rent	1,050,000	1,260,000
	Gain on disposal of fixed asset	4,000	20,000
	Miscellaneous earnings	-	-
		<b>1,054,000</b>	<b>1,280,000</b>
<b>30.00</b>	<b>Interest expenses</b>		
	Interest on loan	-	-
	Interest on lease (Note-28.01)	454,625	938,803
		<b>454,625</b>	<b>938,803</b>
<b>30.01</b>	<b>Interest on lease</b>		
	Lease liability-Vehicles	53,541	231,160
	Lease liability- Office premises	401,084	707,643
		<b>454,625</b>	<b>938,803</b>
<b>31.00</b>	<b>Salary and allowances</b>		
	Salary and allowances	21,467,917	17,573,919
	Provident fund contribution	712,519	639,561
	Gratuity fund	1,253,394	1,306,233
		<b>23,433,829</b>	<b>19,519,712</b>
<b>32.00</b>	<b>Rent, taxes, insurance, electricity etc.</b>		
	Office rent	-	-
	Insurance premium	254,821	290,487
	Utility expenses	531,456	440,735
		<b>786,277</b>	<b>731,222</b>
<b>32.00</b>	<b>Legal and professional fees</b>		
	Legal and professional fees	255,555	661,888
		<b>255,555</b>	<b>661,888</b>
<b>34.00</b>	<b>Postage, stamp, telecommunication etc.</b>		
	Postage and courier	250	105
	Stamp charges	6,010	3,175
	Telephone and mobile bill	232,294	255,797
		<b>238,554</b>	<b>259,077</b>
<b>35.00</b>	<b>Stationery, printing &amp; advertisement</b>		
	Printing and stationery	132,990	60,764
	Advertisement	-	28,750
		<b>132,990</b>	<b>89,514</b>

		Amount In BDT	
		Jan-Dec,2021	Jan-Dec,2020
<b>36.00</b>	<b>Directors' fees &amp; expenses</b>		
	Directors' fees & expenses	343,200	316,800
		<b>343,200</b>	<b>316,800</b>
<b>37.00</b>	<b>Audit fees</b>		
	Audit fees	130,500	110,400
		<b>130,500</b>	<b>110,400</b>
<b>38.00</b>	<b>Repairs, maintenance and depreciation</b>		
	Repairs and maintenance	125,963	53,758
	Software maintenance	528,150	550,625
	Depreciation	5,440,511	7,107,303
	Amortization	273,402	259,875
		<b>6,368,026</b>	<b>7,971,560</b>
<b>39.00</b>	<b>Other expenses</b>		
	Training, Seminar and Meeting	5,198	-
	Regulatory fees and charges	180,000	189,000
	Membership & Annual fee	12,420	15,425
	Registration & License fee	59,134	45,133
	Conveyance	100,189	86,100
	Travelling expenses	22,517	12,970
	Data connectivity charge	352,867	242,210
	Computer accessories	394,247	188,920
	Fuel expenses	536,093	452,818
	Vehicle maintenance / registration	5,880,682	-
	Office Cleaning and maintenance	264,655	139,391
	Entertainment expense	33,590	23,076
	Bank charges and others	142,723	323,578
	Other fees & charges	5,000	-
	CDBL fee	33,000	32,000
	Share Bidding Fee	7,406	6,560
	Newspaper & periodicals	16,960	12,781
	Educational expenses reimbursement	198,000	198,001
	Security Services	38,550	23,750
	Overtime allowance	50,000	-
	Excise duty	99,500	35,000
	Miscellaneous	101,869	174,575
		<b>8,534,599</b>	<b>2,201,288</b>
<b>40.00</b>	<b>Earnings Per Share (EPS)</b>		
	Earning attributable to ordinary shareholders	34,309,955	1,982,060
	Weighted average number of ordinary shares outstanding	94,545,100	91,859,249
	Earnings Per Share (EPS)	<b>0.36</b>	<b>0.02</b>

**41.00 Related party disclosure**

During the period, the company carried out a number of transactions with related parties in the normal course of business. The names of the related parties and nature of these transactions have been set out in accordance with the provisions of IAS 24 : Related Party Disclosures.

Name of the Party	Relationship	Nature of transaction	2021	2020
LankaBangla Finance Limited	Parent	TDR	200,000,000	200,000,000
LankaBangla Investments Ltd.	Subsidiary of Parent	Strategic Investment & Others	675	125
		Rental income	1,050,000	1,260,000
LankaBangla Securities Ltd.	Subsidiary of Parent	Investment in Securities	31,124,190	26,553,512

**41.00 Events after reporting period**

There are no events after reporting period.



**LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED**  
**SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT**

As at 31 December 2021

**Annexure-A**

Amount in Taka

Particulars	COST			Rate (%)	DEPRECIATION			Written down value as at 31.12.2021
	Balance as at 01.01.2021	Addition during the year	Adjustment / (Disposal) during the year		Balance as at 01.01.2021	Charged during the year	Adjustment / (Disposal) during the year	
<b>Freehold Assets:</b>								
Furniture & Fittings	7,746,307	-	(505,400)	15	5,492,088	1,085,870	(505,400)	6,072,558
Office Equipment	1,850,685	-	-	20	1,702,208	148,241	-	1,850,449
Computer Equipment	1,284,204	96,800	(158,761)	33	1,284,204	31,944	(158,761)	1,157,387
Electric Equipment	170,406	11,200	(9,000)	20	149,716	19,569	(9,000)	160,285
IT Equipment	1,202,241	25,102	-	33	1,202,241	3,452	-	1,205,693
<b>Total:</b>	<b>12,253,843</b>	<b>133,102</b>	<b>(673,161)</b>	<b>-</b>	<b>9,830,457</b>	<b>1,289,075</b>	<b>(673,161)</b>	<b>10,446,371</b>

As at 31 December 2020

Particulars	COST			Rate (%)	DEPRECIATION			Written down value as at 31.12.2020
	Balance as at 01.01.2020	Addition during the year	Adjustment / (Disposal) during the year		Balance as at 01.01.2020	Charged during the year	Adjustment / (Disposal) during the year	
<b>Freehold Assets:</b>								
Furniture & Fittings	7,746,307	-	-	15	4,406,175	1,085,913	-	5,492,088
Office Equipment	1,850,685	-	-	20	1,350,371	351,837	-	1,702,208
Computer Equipment	1,365,647	-	(81,443)	33	1,323,440	42,207	(81,443)	1,284,204
Electric Equipment	170,406	-	-	20	128,846	20,870	-	149,716
IT Equipment	1,202,241	-	-	33	1,198,517	3,724	-	1,202,241
<b>Total</b>	<b>12,335,286</b>	<b>-</b>	<b>(81,443)</b>	<b>-</b>	<b>8,407,349</b>	<b>1,504,551</b>	<b>(81,443)</b>	<b>9,830,457</b>

LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED  
**SCHEDULE OF RIGHT-OF-USE ASSETS**

As at 31 December 2021

Annexure-B

Particulars	COST			Rate (%)	AMORTIZATION			Written down value as at 31.12.2021	
	Balance as at 01.01.2021	Addition during the year	Adjustment / (Disposal) during the year		Balance as at 01.01.2021	Charged during the year	Adjustment / (Disposal) during the year		Balance as at 31.12.2021
Right of Use Asset- Motor Vehicle	4,990,000	-	-	20	4,241,500	748,500	-	4,990,000	
Right of Use Asset- Office Premises	15,712,869	-	-	-	10,892,043	3,402,936	-	14,294,979	
<b>Total</b>	<b>20,702,869</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,133,544</b>	<b>4,151,436</b>	<b>-</b>	<b>19,284,979</b>	

As at 31 December 2020

Particulars	COST			Rate (%)	AMORTIZATION			Written down value as at 31.12.2020	
	Balance as at 01.01.2020	Addition during the year	Adjustment / (Disposal) during the year		Balance as at 01.01.2020	Charged during the year	Adjustment / (Disposal) during the year		Balance as at 31.12.2020
Right of Use Asset- Motor Vehicle	4,990,000	-	-	20	3,243,500	998,000	-	4,241,500	
Right of Use Asset- Office Premises	13,622,467	2,090,402	-	-	6,287,292	4,604,751	-	10,892,043	
<b>Total</b>	<b>18,612,467</b>	<b>2,090,402</b>	<b>-</b>	<b>-</b>	<b>9,530,793</b>	<b>5,602,751</b>	<b>-</b>	<b>15,133,544</b>	

LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED  
**SCHEDULE OF INTANGIBLE ASSETS**

As at 31 December 2021

Annexure-C

Particulars	COST				Rate (%)	AMORTIZATION				Written down value as at 31.12.2021
	Balance as at 01.01.2021	Addition during the year	Adjustment / (Disposal) during the year	Balance as at 31.12.2021		Balance as at 01.01.2021	Charged during the year	Adjustment / (Disposal) during the year	Balance as at 31.12.2021	
Computer Programs (Software)	4,502,908	164,000	(52,250)	4,614,658	33	4,083,564	273,402	(52,250)	4,304,716	309,942
<b>Total:</b>	<b>4,502,908</b>	<b>164,000</b>	<b>(52,250)</b>	<b>4,614,658</b>	<b>-</b>	<b>4,083,564</b>	<b>273,402</b>	<b>(52,250)</b>	<b>4,304,716</b>	<b>309,942</b>

As at 31 December 2020

Particulars	COST				Rate (%)	AMORTIZATION				Written down value as at 31.12.2020
	Balance as at 01.01.2020	Addition during the year	Adjustment / (Disposal) during the year	Balance as at 31.12.2020		Balance as at 01.01.2020	Charged during the year	Adjustment / (Disposal) during the year	Balance as at 31.12.2020	
Computer Programs (Software)	4,502,908	-	-	4,502,908	33	3,823,689	259,875	-	4,083,564	419,344
<b>Total:</b>	<b>4,502,908</b>	<b>-</b>	<b>-</b>	<b>4,502,908</b>	<b>-</b>	<b>3,823,689</b>	<b>259,875</b>	<b>-</b>	<b>4,083,564</b>	<b>419,344</b>

# Dividend Distribution policy of LankaBangla Mutual Funds

## Corporate Office

Praasad Trade Centre (4th Floor),  
6 Kemal Ataturk Avenue,  
Banani C/A, Dhaka-1213  
Phone: +88 02 222274219-21  
Fax: +88 02 222276159

## Registered Office

Safura Tower (Level 11)  
20 Kemal Ataturk Avenue,  
Banani C/A, Dhaka-1213.  
Phone: +88 02 222283701-10  
Fax: +88 02 58810998

## 1. PREAMBLE

### 1.1. Introduction

LankaBangla Asset Management Company Limited (LBAMCL) is an emerging asset management company in Bangladesh. It is a 99.99% subsidiary of LankaBangla Finance Limited, one of the leading providers of financial services in Bangladesh. LBAMCL was incorporated with the Registrar of Joint Stock Companies (RJSC) vide registration no. C-67738(289)/2007 dated 16 July 2007 under the companies Act, 1994. It received its license from Bangladesh Securities and Exchange Commission (hereinafter referred to as the 'Commission' or 'BSEC') on June 24, 2012 vide registration code: SEC/Asset Manager/2012/17 to operate as a full-fledged asset management company.

From a broad view, LBAMCL manages funds as per the regulation of BSEC. LBAMCL's fund management service includes management of Mutual Fund, Alternative Investment fund, Discretionary Corporate Portfolio and management of Provident & Gratuity Fund.

### 1.2. Purpose

This Dividend Distribution Policy (this 'Policy') has been formulated by LankaBangla Asset Management Company Limited (hereinafter referred to as the 'Asset Manager') to lay down the criteria and parameters that are to be considered by:

- the Board of Trustee of the mutual fund(s) while deciding on the declaration of Dividend from time to time,
- the Asset Manager of the mutual fund(s) while deciding on the manner in which the Company will disburse/distribute the dividend to the unit holders.

This Policy is applicable to dividend declared/recommended on the units of any scheme of LankaBangla Mutual Funds.

### 1.3. Scope of the Policy

This Policy is aimed at meeting the expectations of the unit holders by giving the unit holders the scope of taking better investment decisions with a knowledge of whether or not their expectations will be effectively met by the trustee/ issuer. In this manner, this Policy is designed to bridge any gap between the expectations of the unit holders and the ideology of the trustee/issuer in respect of the payment of dividend and establish a balance between the dual objectives of appropriately rewarding unit holders through dividends and retaining profits so that a healthy reserve is maintained to support future growth.

### 1.4. Amendment of the Policy

This Investment Policy will be amended, revised, refined, and readjusted as and when necessary to accommodate the changes in the Capital Markets condition, government policy, BSEC Regulations/Directives/Orders. For this purpose, the Asset Manager will review this policy at least annually and make necessary amendment.

## 2. LEGAL FRAMEWORK

Bangladesh Securities and Exchange Commission vide its Directive, "BSEC/CMRRCD/2021-386/03", dated January 14, 2021, has directed the stock exchange(s), the depository, the issuer of listed & OTC securities and the issuer or the asset manager or the trustee of any scheme of a mutual fund to formulate a Dividend Distribution Policy and publish in its annual reports and official website.

## 3. EFFECTIVE DATE

This Policy shall become effective immediately.

## 4. APPLICABILITY

- 4.1. This Policy will be applicable in respect of distribution of annual/interim dividend(s) of LankaBangla Mutual Funds declared by the board of trustee of the fund(s).
- 4.2. This Policy will not apply in the following cases:
  - a. Determination and/or calculation of dividend on any scheme of any mutual fund.
  - b. Determination, declaration and/or disbursement of dividend on any scheme(s) or fund(s) other than mutual fund(s) managed by the Asset Manager.

## 5. DIVIDEND DISTRIBUTION

- 5.1. Dividend declaration and disbursement for any mutual fund(s) will be in accordance with the applicable provisions of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা ২০০১, along with the relevant Rules and Directives framed time to time and the opinion of the board of trustee of the fund(s).
- 5.2. The board of trustee may declare annual or interim dividend;
- 5.3. Minimum 70 (seventy) percent of realized income of any mutual fund will be distributed as final dividend in cash (Bangladeshi Taka) or as Cumulative Investment Plan (CIP), based on investors' preference; only at the end of each accounting year.  
Provided that, as per the rules in case of growth fund, of which the attribute and prospect has been duly communicated with investors, dividend distribution rate will be not less than 50 (fifty) percent of annual income of the fund.
- 5.4. The Annual or Interim Dividend on any scheme of a mutual fund shall be paid off/disbursed by the Asset Manager of the Fund to entitled unit-holders within 45 (forty-five) days of approval by the board of trustee.
- 5.5. The fund(s) shall create a dividend equalization reserve to ensure consistency in dividend.
- 5.6. Cash dividend shall be distributed in the following manner and procedures, namely: -
  - 5.6.1. Within 10 days of declaration of cash dividend by the board of trustee of a fund, an amount equivalent to the declared cash dividend payable for the concerned year shall be kept in a separate bank account of the fund, dedicated for this purpose.
  - 5.6.2. The Asset Manager shall pay off cash dividend directly to the bank accounts of the entitled unit holders as available in the BO account maintained with the depository participant (DP), or the bank accounts as provided by the unit holders in paper form, through Bangladesh Electronic Fund Transfer (BEFTN):

- 5.6.3 Provided that the Asset Manager may pay off such cash dividend through bank transfer or any electronic payment system as recognized by Bangladesh Bank, if not possible to pay off through BEFTN
- 5.6.4 The Asset Manager, in case of non-availability of bank account information or not possible to distribute cash dividend through BEFTN or any electronic payment system, shall issue cash dividend warrant and shall send it by post to the unit holder(s);
- 5.6.5 The Asset Manager shall pay off cash dividend to non-resident unit holder(s) or foreign portfolio investor (FPI) through the security custodian in compliance with the rules or regulations in this regard;
- 5.6.6 The Asset manager immediately after disbursement of cash dividend and issuance of a certificate of tax deducted at source, if applicable, shall intimate to the unit holders through a short message service (SMS) to the mobile number or email address as provided by the unit holders;
- The Asset Manager shall maintain detailed information of unpaid or unclaimed dividend and rationale thereof, as per BO account number-wise or name wise or folio number-wise of the unit holders; and shall also disclose the summary of aforesaid information in the annual report and shall also report in the statements of financial position (quarterly/annually) as a separate line item 'Unclaimed Dividend Account':
- Provided that the Asset Manager shall publish the year wise summary of this unpaid or unclaimed dividend in the website:
- Provided further that any unpaid or unclaimed dividend including accrued interest (after adjustment of bank charge, if any) thereon, if remains, shall be transferred to a separate bank account of the Asset Manager as maintained for this purpose, within 1 (one) year from the date of declaration or approval, as the case may be.
- 5.7 The Asset Manager shall submit Dividend Distribution Compliance Report to the Commission, Trustee and Custodian in a specified format provided in Annexure-A of BSEC Directive No. BSEC/CMRRCD/2021-386/03 within 7 (seven) working days of completion of dividend distribution:
- Provided that the Asset Manager shall publish the compliance report in its website.
- 5.8 The issuer/fund(s)/Asset Manager shall not forfeit any unclaimed cash dividend till the claim becomes barred by the law of land in force.
- 5.9 If any cash dividend remains unpaid or unclaimed or unsettled including accrued interest (after adjustment of bank charge, if any) thereon for a period of three years from the date of declaration or approval or record date, as the case may be, shall be transferred by the issuer/Asset Manager to the Fund as directed or prescribed by the Commission:
- Provided that if any unit holder claims his cash dividend after transfer of such dividend to the Fund, within 15 (fifteen) days of receiving such claim, the Asset Manager shall, after proper verification of the claim shall pay off such cash dividend to the claimant in accordance with the provisions and procedures as directed or prescribed by the Commission.
- 5.10 The Asset Manager shall maintain detailed information of BO account, bank account, mobile phone number, email and address of the unit holders at least once in a year.

## 6. DISCLOSURE

This Policy will be disclosed in the annual report and on the official website of the Asset Manager, as required under the relevant Regulations and Directives.

## 7. POLICY REVIEW

The Asset Manager may change or modify this Policy from time to time in pursuance of any regulations, directives or any amendment made by the Commission or any other relevant law, for the time being in force.

## 8. DISCLAIMER

This document does not solicit investments, nor is it an assurance of guaranteed returns (in any form) for investments in the mutual funds.

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# COMMUNICATION TO SHAREHOLDERS

LankaBangla Finance Limited is listed in both the bourses of the country. Investors can monitor the ticker in the name of LANKABAFIN in both DSE and CSE. Any price sensitive information is disseminated timely. Annual Report of the company summarizes the company's financial performance and provides an overview of the company's major activities. The annual report is duly submitted to Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange & Chittagong Stock Exchange in timely manner. Each stockholder is sent copy of the report before AGM. Annual Report, Quarterly Reports and Supplements to the reports are available on the company's website, [www.lankabangla.com](http://www.lankabangla.com) or copies are available with the Board Secretariat at LankaBangla Finance Limited.

On top of the above information, the company makes available each material information or achievement to the shareholders through the company's web portal. For additional information about the subsidiary companies and the financials, the investors can visit our web portals, [www.lankabangla.com](http://www.lankabangla.com).

## Redressal of Investors' complaint

Investor Relations Department of LankaBangla Finance Limited always gives extreme priority in mitigating investors' complaints (if any) regarding any inconvenience. Investors can approach to Investor Relations Department with a complaint or can make an email at company's designated e-mail id for investor relations at [ir@lankabangla.com](mailto:ir@lankabangla.com). An Investor can make a written complaint to LankaBangla Finance Limited also. Upon receipt of the complaint, designated cell at LankaBangla takes immediate steps to resolve the complaint.



## ADDITIONAL INFORMATION

[Financial Highlights](#)

[Financial Reports](#)

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Safura Tower (Level-11), 20, Kemal Ataturk Avenue  
Banani, Dhaka-1213. Phone: +88 02 988 3701-10  
Fax: +881 0998, E-mail: info@lankabangla.com

## Proxy Form

I/ We .....  
of .....  
being a shareholders of LankaBangla Finance Limited do hereby appointment Mr./Mrs.....  
of .....  
(or failing) Mr./ Mrs. ....  
of .....  
and vote on my/our behalf at the 25<sup>th</sup> Annual General Meeting of the Shareholders of LankaBangla Finance limited to be held on May 31, 2022 at 11:00 a.m. using digital platform meeting link (<https://lankabanglafinance.bdvirtualagm.com>) at any adjournment thereof or any ballot to be taken in consequence thereof.

Signed this ..... day of May, 2022

\_\_\_\_\_  
(Signature of the proxy)

Revenue  
Stamp  
Tk. 20/-

\_\_\_\_\_  
Signature of shareholder (s)

BO ID No. ....

No. of shares being held .....

### Note

- ▶ The "Proxy Form", duly filled, signed and stamped at BDT 20.00 must be sent through email at share.lbfl@lankabangla.com not later than 48:00 hours before commencement of the AGM.
- ▶ Signature of the Shareholders should agree with the Specimen signature registered with the Company.



**Corporate Head Office**

Safura Tower (Level 11)  
20 Kemal Ataturk Avenue, Banani, Dhaka-1213  
Phone: (880-2) 222283701-10  
Email: [info@lankabangla.com](mailto:info@lankabangla.com)  
[www.lankabangla.com](http://www.lankabangla.com)