

LANKABANGLA FINANCE LIMITED AND ITS SUBSIDIARIES

Audited Financial Statements

As at and for the year ended 31 December 2021

HUSSAIN FARHAD & CO.
CHARTERED ACCOUNTANTS

Corporate Office:
House # 13, Road # 12, Block # F, Niketon
Gulshan-1, Dhaka-1213, Bangladesh.
Phone: +88 (0)21045157 ☎ +88 (0)181121320
Email: info@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

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 (IEA 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.

According to the provisions 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>01. Measurement of provisions for leases, loans and advances</p> <p>The process of estimating the provisions for leases, loans and advances portfolio associated with credit risk is significant and complex. 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 2,801.75 million (2020: BDT 2,705.95 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). 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"> Completion and timing of recognition of the loss estimates 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 13 February 2022 and DFIM letter ref. DFIM(P) 1052/27/2022-23 dated 02 January 2022. 	<p>Our procedures, in relation to the key audit matters described, included, among others:</p> <ul style="list-style-type: none"> Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process; Identification of loss events, including early warning and default warning indicators; Reviewed quarterly Classification of Loans (CL); Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines; Reviewed Bangladesh Bank circulars and other guidelines related to confront this pandemic. <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"> Reviewed adequacy of the company's general and specific provisions as per Quick Summary Report FIDI(19/02)/2022-291 dated 23 March, 2022; Assessed the methodologies on which the provision amounts were based, recalculated the provisions and tested the completeness and accuracy of the underlying information;
<ul style="list-style-type: none"> 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; <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 & net interest of Lankabangla group has been decreased by 15.40% & 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. Moreover, the gross interest income and the net interest income of Lankabangla Finance has been decreased by 16.42% & 12.59% respectively from the last year. Conversely, interest suspense has been increased by 39.75% from last year.</p> <p>See note no. 2.27.1, 12.3 & 12.4 to the financial statements</p>	<ul style="list-style-type: none"> We have reviewed management's analysis of fair value measurement in increments and classified the provisions and value calculation of subsidiaries in accordance with IAS 36. 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 31st 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. We have checked mathematical accuracy of the model, recalculated the adjusted net asset method used within the model, input data used for the determination of assumption within the model were challenged and corroborating information were obtained with reference to external market information, third party sources. <p>The impact has been disclosed in Note 15A of the notes to the financial statements.</p>
<ul style="list-style-type: none"> 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; <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 & net interest of Lankabangla group has been decreased by 15.40% & 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. Moreover, the gross interest income and the net interest income of Lankabangla Finance has been decreased by 16.42% & 12.59% respectively from the last year. Conversely, interest suspense has been increased by 39.75% from last year.</p> <p>See note no. 2.27.1, 12.3 & 12.4 to the financial statements</p>	<ul style="list-style-type: none"> We have reviewed management's analysis of fair value measurement in increments and classified the provisions and value calculation of subsidiaries in accordance with IAS 36. 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 31st 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. We have checked mathematical accuracy of the model, recalculated the adjusted net asset method used within the model, input data used for the determination of assumption within the model were challenged and corroborating information were obtained with reference to external market information, third party sources. <p>The impact has been disclosed in Note 15A of the notes to the financial statements.</p>
<p>3. Capital work-in-progress 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. As capital work in progress had a substantial increase over the year and has risks of fictitious additions, inaccurate valuation & inappropriate recognition, significant judgment is required on the figures classified as capital work-in-progress.</p>	<p>We have assessed the appropriateness of the group's capital work in progress in accordance to IAS 16 Property, plant & 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"> Assessed the client schedule and calculations made for the recording of total capital work in progress. Agreeing a sample of the construction costs capitalized to supporting documents; Critically assessing manual journals posted to capital work-in-progress to identify unusual or irregular items; and Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.
<p>See note no. 8.3 to the financial statements</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 was within a reasonable range and the 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 invoices held by the company in accordance to CDR statement, trust deed and record from the registrar of Joint Stock Companies & Firms appropriate.</p> <p>We tested the calculations of provision for diminution in value of investment and checked the presentation and disclosure of investments in accordance with FID circular no. 8 dated 3 August 2002 and DFIM circular no. 2 dated 31 January 2012 & BSEC/servelence/mukhopat (5th type)/2019/196. We have checked the adequacy of provision of marketable securities from Quick Summary Report FIDI(19/02)/2022-291 dated 23 March, 2022.</p>
<p>4. Investment and provision for diminution in value of investment 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. 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 & 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>See note no. 2.17, 2.5, 7 & 12 to the financial statements.</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.</p> <p>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>
<p>5. Measurement of deferred tax assets 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 31st 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>See note no. 2.38(b), 2.5(6) and 9.1.1.1 to the financial statements.</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 engaged to those charged with governance to obtain their views on the status of all significant litigation and regulatory matters.</p> <p>We engaged 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>6. Legal and regulatory matters 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. 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>See note no. 1 to the financial statements</p>	<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 Operational 3.0.</p> <p>We have tested IT general controls (logical access, changes management and aspects of IT operational control). 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 was 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>We have carried out risk assessment pertaining to consolidation and the adjustments necessary to prepare, present and disclose the consolidated financial statements. We have also carried out an assessment of the inherent limitations to consolidation processes to address the issues. Finally, we have reviewed the appropriateness and presentation of disclosures relevant to respective accounting standards and guidelines.</p>
<p>7. IT systems and controls 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: IT Security management;</p> <ul style="list-style-type: none"> IT risk management; Service delivery management; Infrastructure security management; Access control; Business continuity and Disaster Recovery Management, etc. <p>8. Preparation of consolidated financial statements 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 through information Systems Limited since 2013, BiBangla 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 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 Operational 3.0.</p> <p>We have tested IT general controls (logical access, changes management and aspects of IT operational control). 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 was 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>We have carried out risk assessment pertaining to consolidation and the adjustments necessary to prepare, present and disclose the consolidated financial statements. We have also carried out an assessment of the inherent limitations to consolidation processes to address the issues. Finally, we have reviewed the appropriateness and presentation of disclosures relevant to respective accounting standards and guidelines.</p>

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 Consolidated and Separate Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the group and also separate financial statements of the company in accordance with IFRSs as explained in note no. 2, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the group's and 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 group and the company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the group's and the company's financial reporting process.

Auditor's Responsibilities for the audit of the consolidated and separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 identifying 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 consolidated and separate 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 consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 Group 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 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:

- 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;
- 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;
- 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;
- The expenditures incurred and payment made were for the purpose of the company's business for the year;

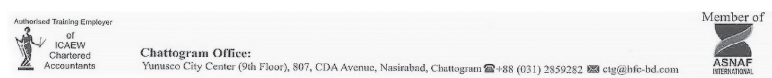
- The financial statements of the company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the company;
- adequate provisions have been made for loans, 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;
- 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;
- the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- 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;
- 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;
- 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;
- 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;
- 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;
- 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;
- the company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- 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: 220413042AS865003
Place: Dhaka
Dated: April 11, 2022.



CONSOLIDATED BALANCE SHEET

As at 31 December 2021

	31.12.2021	31.12.2020
PROPERTY AND ASSETS		
Cash	642,279,167	631,529,281
Cash in hand (including foreign currencies)	1,790,951	1,341,797
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	640,488,217	630,187,484
Balance with other banks and financial institutions	12,387,833,402	11,704,566,493
Inside Bangladesh	12,387,833,402	11,704,566,493
Outside Bangladesh	-	-
Money at call and short notice	7,780,310,401	6,261,562,085
Investment	31,100,325	229,908,878
Government securities	7,749,210,076	6,031,653,207
Other investments	-	-
Leases, loans and advances	62,887,779,221	58,472,232,776
Loans, cash credit and overdraft etc.	62,887,779,221	58,472,232,776
Bills discounted and purchased	-	-
Fixed assets including land, building, furniture and fixtures	2,594,806,060	2,777,288,742
Other assets	2,633,841,173	1,988,266,759
Non-Banking assets	-	-
TOTAL PROPERTY AND ASSETS	88,926,849,424	81,835,446,136
LIABILITY AND SHAREHOLDERS' EQUITY		
Liabilities	18,502,473,665	14,816,088,224
Borrowings from Bangladesh Bank, other banks and financial institutions	47,676,287,741	47,130,343,890
Current deposits and other accounts etc.	-	-
Bills payable	-	-
Saving bank deposit	-	-
Term deposits	47,500,921,591	46,946,884,814
Bearer certificate of deposits	-	-
Other deposits	175,366,150	183,459,076
Other liabilities	11,874,066,806	9,665,501,871
TOTAL LIABILITIES	78,052,828,212	71,611,933,985
Shareholders' Equity	10,678,798,845	10,046,384,972
Paid up capital	5,388,386,230	5,388,386,230
Share premium	1,090,888,800	1,090,888,800
Statutory reserve	2,049,579,830	1,927,779,298
General reserve	50,837,370	45,409,424
Capital Reserve	13,961,042	-
Retained earnings	2,085,145,574	1,593,921,220
Non controlling interest	195,222,367	177,127,178
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	88,926,849,424	81,835,446,136
Net asset value per share - (NAV) (restated 2020)	19.82	18.64
OFF-BALANCE SHEET ITEMS		
CONTINGENT LIABILITIES		
Acceptances and endorsements	-	-
Letter of guarantee	152,979,637	-
Irrevocable letters of credit	-	-
Bill for collection	-	-
Other contingent liabilities	-	-
TOTAL CONTINGENT LIABILITIES	152,979,637	-
OTHER COMMITMENTS		
Documentary credits and short term trade-related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
TOTAL OTHER COMMITMENTS	-	-
TOTAL OFF BALANCE SHEET ITEMS	152,979,637	-

Dhaka, 11 April 2022
DVC No.: 2204130452AS865003

Hussain Farhad & Co.
Chartered Accountants

Director: Director: Managing Director:

Company Secretary: Chief Financial Officer:

CONSOLIDATED BALANCE SHEET

As at 01 January 2020
(As per Para 10 (f) of IAS 1)

	Amount in Taka 01.01.2020*
PROPERTY AND ASSETS	
Cash	877,735,689
Cash in hand (including foreign currencies)	777,880
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	876,957,809
Balance with other banks and financial institutions	8,332,124,314
Inside Bangladesh	8,332,124,314
Outside Bangladesh	-
Money at call and short notice	-
Investment	5,392,515,912
Government securities	5,392,515,912
Other investments	-
Leases, loans and advances	65,117,083,059
Loans, cash credit and overdraft etc.	65,117,083,059
Bills discounted and purchased	-
Fixed assets including land, building, furniture and fixtures	2,861,198,566
Other assets	1,782,294,566
Non-Banking assets	-
TOTAL PROPERTY AND ASSETS	84,362,952,106
LIABILITY AND SHAREHOLDERS' EQUITY	
Liabilities	18,672,238,771
Borrowings from Bangladesh Bank, other banks and financial institutions	46,894,969,510
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
Other liabilities	9,988,331,377
TOTAL LIABILITIES	74,755,732,657
Shareholders' Equity	9,450,519,565
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	1,399,278,812
Non controlling interest	172,699,883
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	

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	Total	
Balance as at 01 January 2021	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
Items involved in Changes in Equity	-	-	-	-	-	(1,528,863)	(1,528,863)	(971,137)	(2,500,000)
Changes in non-controlling interest	-	-	-	-	-	1,280,549,083	1,280,549,083	25,343,449	1,305,892,532
Net profit for the year	-	-	121,800,532	-	-	(121,800,532)	-	-	-
Appropriation to statutory reserve	-	-	121,800,532	-	-	(121,800,532)	-	-	-
Appropriation to general reserve	-	-	-	5,427,945	-	(5,427,945)	-	-	-
Capital Reserve	-	-	-	-	13,961,042	(13,961,042)	-	-	-
Dividend	-	-	-	-	-	-	-	(6,277,123)	(6,277,123)
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)
Balance as at 31 December 2021	5,388,386,230	1,090,888,800	2,049,579,830	50,837,370	13,961,042	2,085,145,774	10,678,798,845	195,222,367	10,874,021,212
Balance as at 01 January 2020 (Before Restating)	5,131,796,410	1,090,888,800	1,762,635,872	49,919,671	-	1,447,088,731	9,482,329,484	172,699,883	9,655,029,367
Transfer to Workers' Welfare and Welfare Foundation Fund	-	-	-	-	-	(47,809,919)	(47,809,919)	-	(47,809,919)
Balance as at 01 January 2020 (Restated)	5,131,796,410	1,090,888,800	1,762,635,872	49,919,671	-	1,399,278,812	9,434,519,565	172,699,883	9,607,219,448
Items involved in Changes in Equity	-	-	-	-	-	408	408	(408)	-
Changes in non-controlling interest	-	-	-	-	-	974,090,749	974,090,749	4,427,702	978,518,451
Net profit for the year	-	-	-	-	-	(3,000,000)	(3,000,000)	-	(3,000,000)
Transaction cost against right issue	-	-	-	-	-	(165,143,426)	(165,143,426)	-	(165,143,426)
Appropriation to statutory reserve	-	-	165,143,426	-	-	(165,143,426)	-	-	-
Appropriation to general reserve	-	-	-	(4,510,247)	-	4,510,247	-	-	-
Dividend	-	-	-	-	-	(256,589,820)	(256,589,820)	-	(256,589,820)
Stock dividend (5.00%) for 2019	-	-	-	-	-	(359,225,749)	(359,225,749)	-	(359,225,749)
Cash dividend (7.00%) for 2019	-	-	-	-	-	(359,225,749)	(359,225,749)	-	(359,225,749)
Balance as at 31 December 2020	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

Dhaka, 11 April 2022

Director:  Director:  Managing Director:  Company Secretary:  Chief Financial Officer: 

SEPARATE PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2021

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

Dhaka, 11 April 2022

Director:  Director:  Managing Director:  Company Secretary:  Chief Financial Officer: 

Dhaka, 11 April 2022
DVC No. : 2204130452AS865003



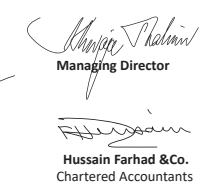


Hussain Farhad & Co.
Chartered Accountants

SEPARATE BALANCE SHEET
As at 31 December 2021

	Amount in Taka	
	31.12.2021	31.12.2020
PROPERTY AND ASSETS		
Cash	641,039,435	630,754,144
Cash in hand (including foreign currencies)	551,219	566,660
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	640,488,217	630,187,484
Balance with other banks and financial institutions	9,457,783,115	9,728,246,688
Inside Bangladesh	9,457,783,115	9,728,246,688
Outside Bangladesh	-	-
Money at call and short notice	-	-
Investment	3,883,387,151	3,025,772,386
Government securities	31,100,325	229,908,878
Other investments	3,852,286,826	2,795,863,508
Leases, loans and advances	58,775,033,963	54,709,353,488
Loans, cash credit and overdraft etc.	58,775,033,963	54,709,353,488
Bills discounted and purchased	-	-
Fixed assets including land, building, furniture and fixtures	1,669,211,812	1,718,099,868
Other assets	8,108,108,841	7,000,311,664
Non-Banking assets	-	-
TOTAL PROPERTY AND ASSETS	82,534,564,317	76,812,538,240
LIABILITY AND SHAREHOLDERS' EQUITY		
Liabilities		
Borrowings from Bangladesh Bank, other banks and financial institutions	16,188,024,885	12,460,714,321
Deposits and other accounts	48,181,265,170	47,611,272,015
Current deposits and other accounts	-	-
Bills payable	-	-
Savings bank deposits	48,005,899,020	47,427,812,939
Term deposits	-	-
Bearer certificate of deposits	-	-
Other deposits	175,366,150	183,459,076
Other liabilities	7,091,391,169	6,292,849,018
TOTAL LIABILITIES	71,460,681,223	66,364,835,354
Shareholders' Equity	11,073,883,094	10,447,702,886
Paid up capital	5,388,386,230	5,388,386,230
Statutory reserve	2,049,579,830	1,927,779,298
Retained earnings	1,954,062,260	2,113,466,481
Revaluation reserve for investment in subsidiaries	1,681,854,774	1,018,070,876
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	82,534,564,317	76,812,538,240
Net asset value per share (NAV) (restated 2020)	20.55	19.39

OFF-BALANCE SHEET ITEMS		
CONTINGENT LIABILITIES		
Acceptances and endorsements	-	-
Letter of guarantee	152,979,637	-
Irrevocable letters of credit	-	-
Bill for collection	-	-
Other contingent liabilities	-	-
TOTAL CONTINGENT LIABILITIES	152,979,637	-
OTHER COMMITMENTS		
Documentary credits and short term trade-related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
TOTAL OTHER COMMITMENTS	-	-
TOTAL OFF BALANCE SHEET ITEMS	152,979,637	-

Dhaka, 11 April 2022

Director:  Director:  Managing Director:  Company Secretary:  Chief Financial Officer: 

Hussain Farhad & Co.
Chartered Accountants

SEPARATE BALANCE SHEET
As at 01 January 2020
(As per Para 10 (f) of IAS 1)

	Amount in Taka	
	01.01.2020*	
PROPERTY AND ASSETS		
Cash	877,497,557	
Cash in hand (including foreign currencies)	539,748	
Balance with Bangladesh Bank and its agent Bank (including foreign currencies)	876,957,809	
Balance with other Banks and Financial Institutions	7,011,942,991	
Inside Bangladesh	7,011,942,991	
Outside Bangladesh	-	
Money at Call and Short Notice	-	
Investment	2,393,868,418	
Government securities	-	
Others investment	2,393,868,418	
Loans and advances	60,662,461,499	
Loans, cash credit and overdraft etc.	60,662,461,499	
Bills discounted and purchased	-	
Fixed Assets including Land, Building, Furniture & Fixtures	1,762,461,900	
Other assets	6,473,187,859	
Non-Banking assets	-	
TOTAL PROPERTY AND ASSETS	79,181,420,224	
LIABILITIES & SHAREHOLDERS' EQUITY		
Liabilities		
Borrowings from Bangladesh Bank, Other Banks and Financial Institutions	15,613,095,652	
Deposits and other accounts	46,894,962,510	
Current deposits and other accounts	-	
Bills payable	-	
Saving bank deposit	46,750,813,434	
Term deposits	-	
Bearer certificate of deposit	144,149,076	
Other deposits	-	
Other liabilities	6,703,240,027	
TOTAL LIABILITIES	69,211,298,189	
Shareholders' Equity	9,970,122,035	
Paid up capital	5,131,796,410	
Statutory reserve	1,762,635,872	
Retained earnings	2,068,708,345	
Revaluation reserve for investment in subsidiaries	1,006,981,408	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	79,181,420,224	
Net asset value per share (NAV)	19.43	

Dhaka, 11 April 2022

Director:  Director:  Managing Director:  Company Secretary:  Chief Financial Officer: 

Hussain Farhad & Co.
Chartered Accountants

SEPARATE STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	Amount in Taka	
	2021	2020
A) Cash flows from operating activities		
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)	(67,769,270)
Received from other operating activities	249,481,625	192,485,267
Paid for other operating activities	(412,677,807)	(347,456,453)
Cash generated from operating activities before changes in operating assets and liabilities	912,762,680	935,453,393
Increase/(decrease) in operating assets & liabilities:		
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)
Total Increase/(decrease) in operating assets & liabilities	(3,239,711,348)	6,373,655,893
Net cash flows from / (used in) operating activities	(2,326,948,668)	7,309,109,286
B) Cash flows from investing activities		
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)
Net cash flows from / (used in) investing activities	(935,970,681)	(1,115,753,589)
C) Cash flows from financing activities		
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)
Net cash flows from / (used in) financing activities	3,002,740,289	(3,723,79