

EMBRACING INNOVATION IN A CHANGING DIGITAL WORLD

Annual Integrated Report 2021



Growing Together...

→ 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.



GRI: 102-16



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

GRI: 102-53

Scan the QR Code by following these simple steps:



Get it

Download the "QR Code Reader" App from Google Play (Android Market), App Store (iOS/iPhone)



Run it

Run the QR Code Reader App and point your camera at the QR Code



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

Highlights



SHAREHOLDERS INTEREST

Earnings Per Share (EPS) **2.38**

Return on Equity **13%**

10% Cash Dividend recommended



SECURITIES

LankaBangla Securities Limited **1st** ranked in industry in terms of turnover



ROLE IN THE ECONOMIC DEVELOPMENT

BDT **1,143** million

Deposited in Government Exchequer composed of TAX, VAT and Excise Duty



CUSTOMERS

Online Application for Loans, Credit Card & Deposits Products Scheme

PCI DSS Certification in 2021



FOREIGN CREDIT RAISED

USD **36.00** million Foreign Credit Raised in 2021



EMPLOYEES DEVELOPMENT

24,199 training hours in **81** programs by **2,342** participants



FOOTPRINT

41 branches covered **19** cities across the country

Received **4,93,654+** calls and served **4,29,994+** customers through digitally

ABOUT THE REPORT

GRI: 102-50, 102-51, 102-52



Integrated Report

Report providing holistic view of actions taken to achieve strategic vision and deliver consistent values to stakeholders.

Annual Report

Abridged version of integrated report covers financial statements along with disclosures mandated by regulator.

Sustainability Report

Disclosure on Company's commitments and progress toward the social, economic and environmental (SEE) impacts.

Prologue on Integrated Reporting

Annual integrated report for 2021 has been prepared to display both financial and non-financial aspects of the Company's performance to provide a holistic view of the Company's ability to create sustainable shared value in the short, medium and long term. The report aims to utter how LankaBangla, as a growing organization, has effectively managed its business to deliver consistent value to its stakeholders. It incorporates 'efforts' the company has undertaken to contribute toward economic prosperity, environmental sustainability, and social well-being for a brighter future.

GRI: 102-12, 102-54

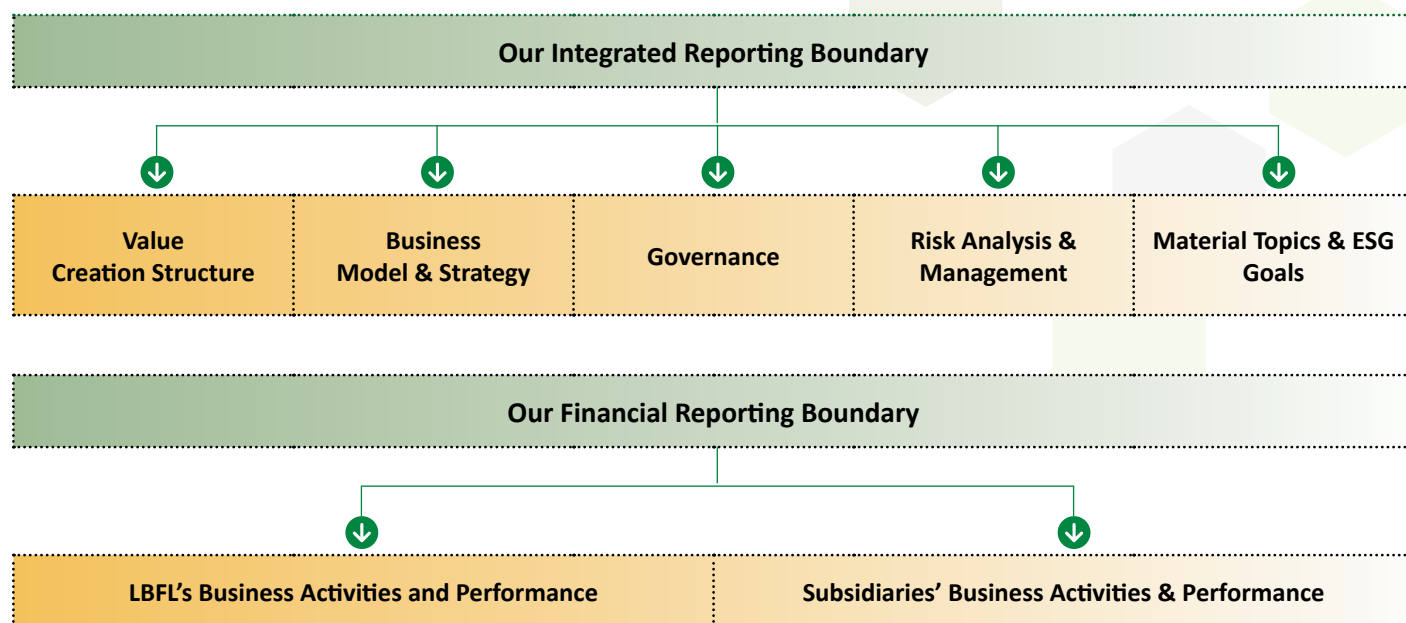
Reporting Frameworks

Financial Reporting	Governance, Compliance & Risk Reporting	Integrated Reporting	Sustainability Reporting
<ul style="list-style-type: none"> ▶ International Financial Reporting Standards (IFRSs); ▶ Relevant rules & regulations of Bangladesh Bank (The Central Bank); ▶ Companies Act 1994; ▶ Financial Institutions Act 1993; ▶ Securities and Exchange Rules 1987; ▶ The Income Tax Ordinance 1984; ▶ And other applicable laws and regulations of the land. 	<ul style="list-style-type: none"> ▶ Revised Corporate Governance Guidelines (CGG) issued by Bangladesh Securities and Exchange Commission (BSEC); ▶ Prudential Guidelines of Bangladesh Bank; ▶ Companies Act 1994; ▶ Financial Institutions Act 1993; ▶ Listing Rules of the Dhaka Stock Exchange (DSE) & Chittagong Stock Exchange (CSE). 	<ul style="list-style-type: none"> ▶ International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC). 	<ul style="list-style-type: none"> ▶ Global Reporting Initiative (GRI) Standards: Core Option, issued by Global Sustainability Standards Board (GSSB); ▶ United Nations Sustainable Development Goals (SDGs).

Scope and Boundary

Our 2021 annual integrated report covers the period between 1st January 2021 and 31 December 2021. All materials that matter, up to the group board of directors (Board) approval on 11 April 2022, are included here. The annual integrated report reflects LankaBangla Finance Limited's (LBFL) operations and its subsidiaries. Unless indicated otherwise, all data pertains to the group, including our financial processes and subsidiaries.

In explaining the Company's operations and financial performance, financial information has been extracted from the Audited Financial Statements for the year ended 31 December 2021 with relevant comparative information.



Materiality

Our annual integrated report aims to present a balanced and concise analysis of our strategy, performance, governance and prospects. In determining the content to be included in this report, we considered the issues that are material to maintain the commercial viability and social relevance required to achieve our vision in the medium term.

We show the process of determining material issues as a business tool that facilitates integrated thinking. The materiality determination process undertaken in 2021 complemented our day-to-day stakeholder engagements, going beyond these and emphasizing aspects that are likely to influence the social, economic, and physical environments in which we operate. Our material issues have been revised and are outlined on pages 183 to 184 of this report.

Based on our leadership engagement, governance processes, and our formal and informal stakeholder engagement initiatives, particularly with investors, we are confident that all material matters have been identified and disclosed in this report. Management of group functions and the business units approved the relevant content in the annual integrated report.

Six Capitals

The sustainability of LBFL in future depends on its ability to mobilize capital (inputs) to create value (outputs) for the Company and outcomes for stakeholders. To exhibit how this is achieved, this report contains a section detailing how the Company uses the various forms of capital to achieve its performance expectations in the short, medium, and long term objectives within the context of stakeholder expectations.

External Assurance

Sl. No.	Assurance on	External Assurer
1	Consolidated and Separate Financial Statements of LankaBangla Finance Limited	Hussain Farhad & Co. Chartered Accountants
2	Consolidated and Separate Financial Statements of LankaBangla Securities Limited	Hussain Farhad & Co. Chartered Accountants
3	Financial Statements of LankaBangla Investments Limited	Hussain Farhad & Co. Chartered Accountants
4	Financial Statements of LankaBangla Asset Management Company Limited	Hussain Farhad & Co. Chartered Accountants
5	Corporate Governance	M/s. Ahsan Manzur & Co. Chartered Accountants
6	BizBangla Media Limited	M/s. Ahsan Manzur & Co. Chartered Accountants
7	LankaBangla Information System Limited	Syful Shamsul Alam & Co. Chartered Accountants

How to navigate through this Report:

Material Topics for Stakeholders	Look Out	Page Reference (Page Start from)
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Responsibility of the Annual Integrated Report

Managing Director of LankaBangla Finance Limited acknowledges the responsibility to ensure the integrity of the disclosure contained in the Integrated Report presented herewith that comprises the discussion and analysis, disclosures pertaining to stewardship, which should be read in conjunction with the audited financial statements. In his opinion, the integrated report, incorporated in this annual report has been prepared in accordance with the IIRC's international integrated reporting framework and addresses all material issues and fairly presents the group's integrated performance.



Khwaja Shahriar
Managing Director & CEO

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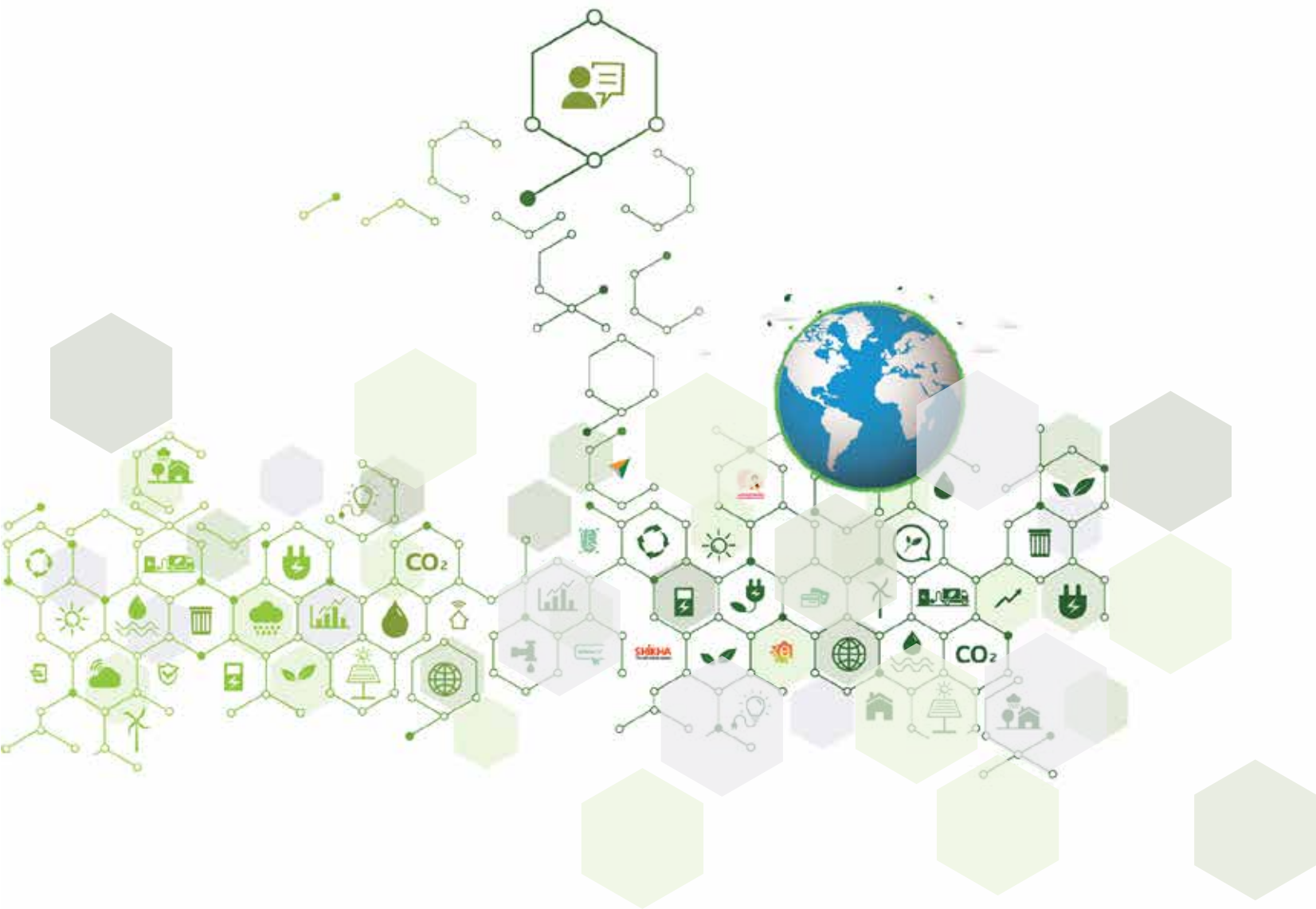
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ABOUT LANKABANGLA FINANCE LIMITED

 LankaBangla is the country's leading provider of integrated financial services including corporate financial services, retail financial services, SME financial services, stock broking, corporate advisory and wealth management services. Under the broadest umbrella of products and service offerings, we are the lone financial institution to operate credit card (Mastercard and VISA). Since 2006 LankaBangla has been listed in both DSE & CSE in Bangladesh.

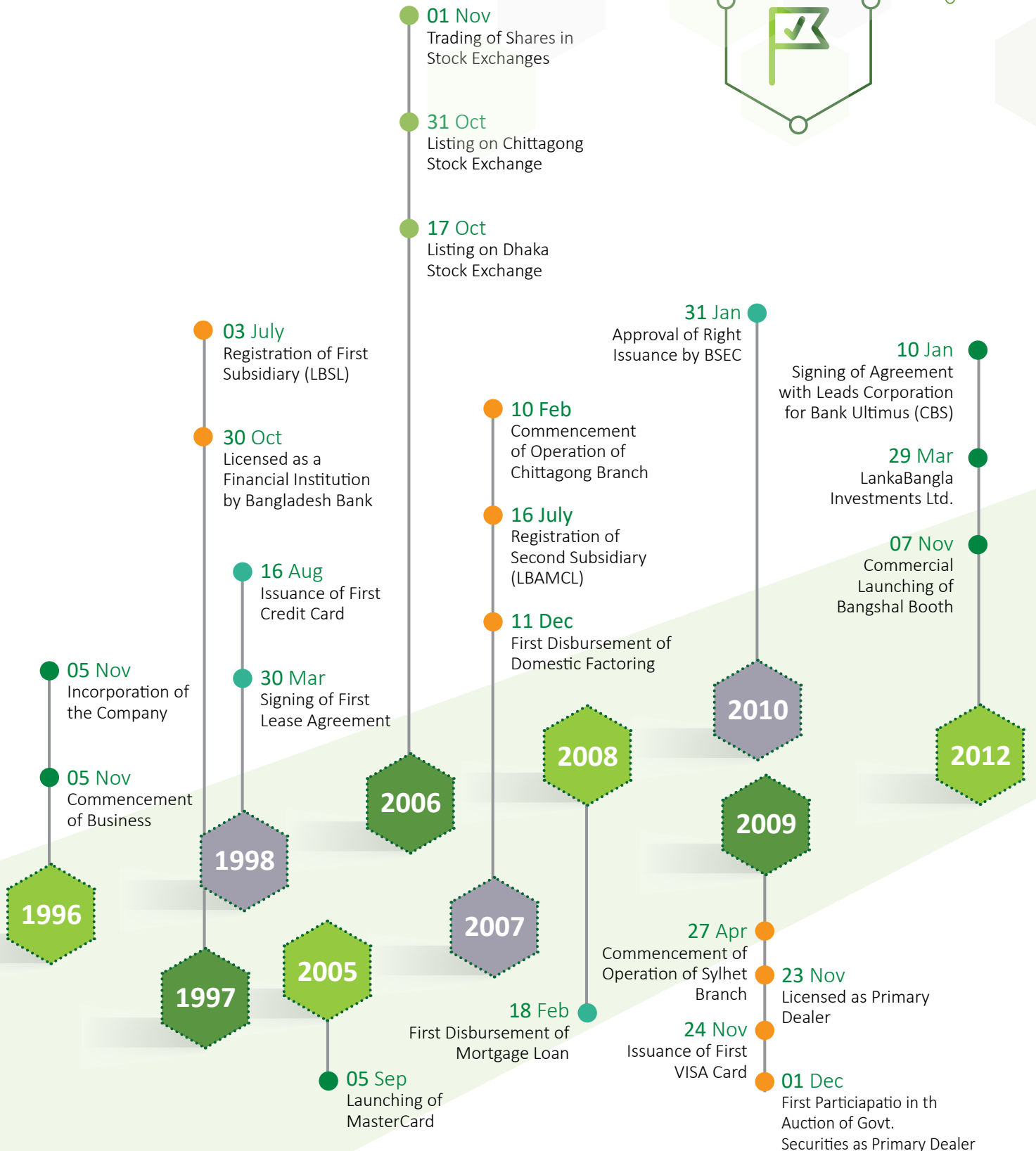
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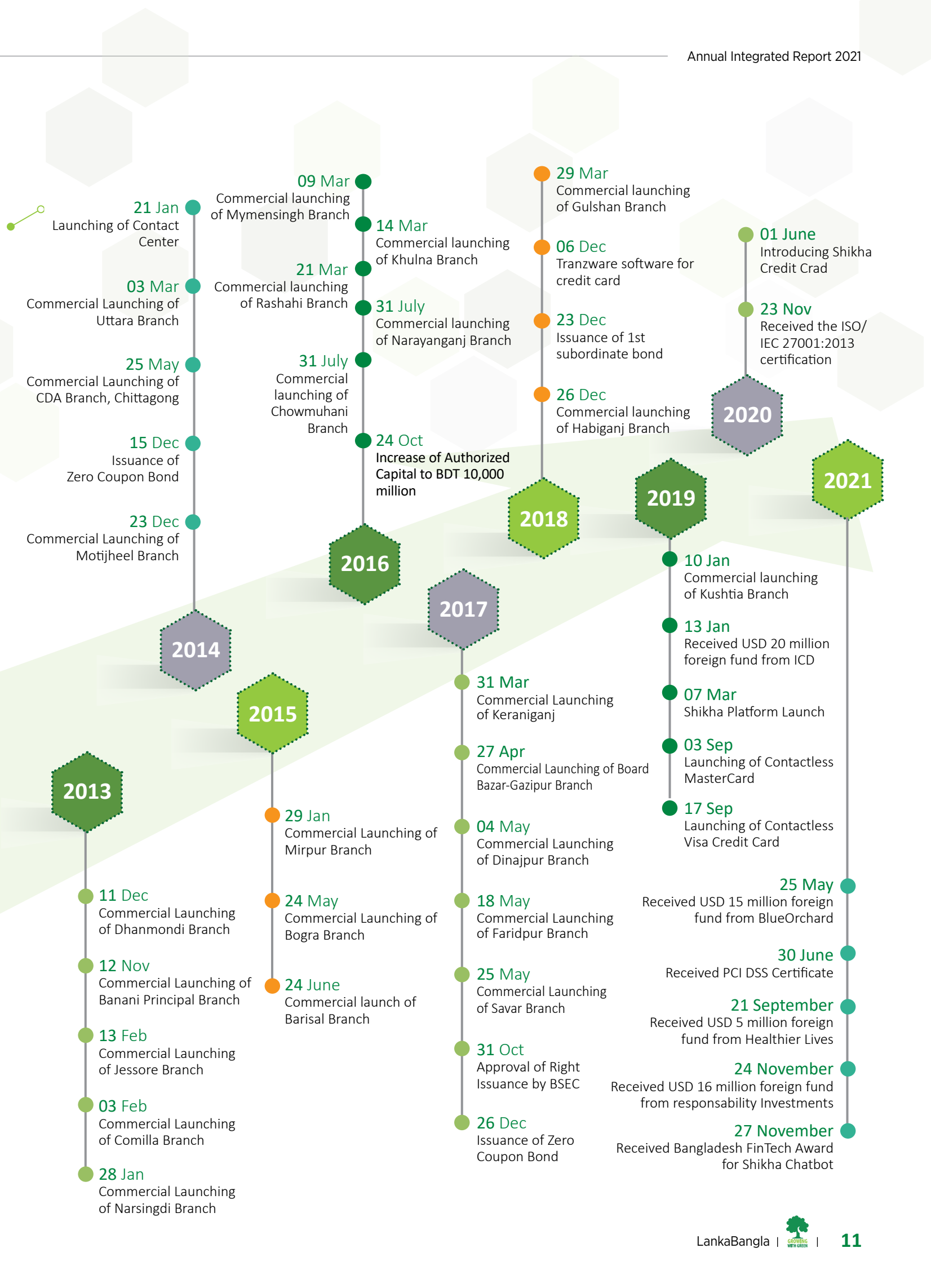


MILESTONES

Our Journey so far

25 years of achieving and sustaining excellence





2013

- 11 Dec Commercial Launching of Dhanmondi Branch
- 12 Nov Commercial Launching of Banani Principal Branch
- 13 Feb Commercial Launching of Jessore Branch
- 03 Feb Commercial Launching of Comilla Branch
- 28 Jan Commercial Launching of Narsingdi Branch

2014

- 21 Jan Launching of Contact Center
- 03 Mar Commercial Launching of Uttara Branch
- 25 May Commercial Launching of CDA Branch, Chittagong
- 15 Dec Issuance of Zero Coupon Bond
- 23 Dec Commercial Launching of Motijheel Branch

2015

- 29 Jan Commercial Launching of Mirpur Branch
- 24 May Commercial Launching of Bogra Branch
- 24 June Commercial launch of Barisal Branch

2016

- 09 Mar Commercial launching of Mymensingh Branch
- 21 Mar Commercial launching of Rashahi Branch
- 31 July Commercial launching of Chowmuhani Branch
- 14 Mar Commercial launching of Khulna Branch
- 31 July Commercial launching of Narayanganj Branch
- 24 Oct Increase of Authorized Capital to BDT 10,000 million

2017

- 31 Mar Commercial Launching of Keraniganj
- 27 Apr Commercial Launching of Board Bazar-Gazipur Branch
- 04 May Commercial Launching of Dinajpur Branch
- 18 May Commercial Launching of Faridpur Branch
- 25 May Commercial Launching of Savar Branch
- 31 Oct Approval of Right Issuance by BSEC
- 26 Dec Issuance of Zero Coupon Bond

2018

- 29 Mar Commercial launching of Gulshan Branch
- 06 Dec Tranzware software for credit card
- 23 Dec Issuance of 1st subordinate bond
- 26 Dec Commercial launching of Habiganj Branch

2019

- 10 Jan Commercial launching of Kushtia Branch
- 13 Jan Received USD 20 million foreign fund from ICD
- 07 Mar Shikha Platform Launch
- 03 Sep Launching of Contactless MasterCard
- 17 Sep Launching of Contactless Visa Credit Card

2020

- 01 June Introducing Shikha Credit Card
- 23 Nov Received the ISO/IEC 27001:2013 certification

2021

- 25 May Received USD 15 million foreign fund from BlueOrchard
- 30 June Received PCI DSS Certificate
- 21 September Received USD 5 million foreign fund from Healthier Lives
- 24 November Received USD 16 million foreign fund from responsibility Investments
- 27 November Received Bangladesh FinTech Award for Shikha Chatbot

ORGANIZATIONAL OVERVIEW

Growing Together...

GRI: 102-1, 102-2

Two decades back LankaBangla Finance Limited started its journey in 1997 as a joint-venture financial institution in multinational collaboration with a license from Bangladesh Bank under Financial Institution Act-1993. Today, LankaBangla is the country's leading integrated financial services provider that include Corporate Financial Services, Retail Financial Services, SME Financial Services, Liability Management, Stockbroking, Corporate Advisory and Wealth Management Services.

LankaBangla has implemented business process re-engineering to build capacity for its clients' superior service experience. The company now operates from a centralized administrative framework through cutting edge technological environment. LankaBangla is fueling a wide operational periphery covering major business hubs of the country.

Under a wide umbrella of products and services, LankaBangla is the only financial institution to operate credit card (Master and VISA).

LankaBangla is the market leader in the capital market services and has been giving an all-out effort to develop an efficient, vibrant and transparent capital market in Bangladesh. Its subsidiary, LankaBangla Securities Limited is providing top-notch brokerage services and leading the industry with cutting edge trading, top rated research information, and customer service. The group has another subsidiary, LankaBangla Investments Limited. It is a premier investment bank in the country providing corporate advisory, issue management, and portfolio management services. LankaBangla Asset Management Company Limited is providing professional wealth management services to some of its customers. In quest of sustainable business, LankaBangla is positioning itself

to provide enduring value to the people, customers, shareholders and the communities. There are other key divisions involved in setting up strategic priorities and upholding the living standard of our community. These divisions are involved among many others in prudent balance sheet management operation and maintenance of a strong IT infrastructure and recruiting as well as nurturing top-notch human resources.

LankaBangla Finance is the recipient of National Award for Best Published Accounts and Reports for the past few years announced by the Institute of Chartered Accountants of Bangladesh (ICAB). It also received "Best Presented Annual Report" for consecutive seven years (2014-2020) from South Asian Federation of Accountants (SAFA) (an Apex body of SAARC). This is undoubtedly an igniting accomplishment and it is a reflection of ethical practices, right compliance and a great team work.

LankaBangla practices participatory management and adheres to industry's best practices in all its endeavors. Increasing stakeholders' value is a natural driving force for the people at LankaBangla.

Our long-standing sustainability efforts are creating environmental and social value while we move forward. By embracing high ethical standards, governance, and transparency, LankaBangla dreams to go further and grow bigger. Its ethos is simple. The company envisions its success lies in becoming the growth partner of its enterprising clients. LankaBangla is committed to empowering lives and inspire changes in community.

CODE OF CONDUCT GUIDING PRINCIPLES

GRI: 102-16

LankaBangla is a value driven organization with strict adherence to principles even if the situation sometimes provides temporary benefit to the company. The guiding principles are set with the objective of upholding the company's reputation and dignity and treating them as absolutely priceless. The company's affairs get the utmost priority of all the employees.

Our reputation not only affects whether or not someone will be our customer, it also determines whether we are proud to be associated with this organization.

The Code of Conduct is designed to guide the employees of the company to observe, comply with the prudential norms of conduct, manner and behavior. It is in alignment with the Company's Vision and Values to achieve the Mission and Objectives, and aims at enhancing the ethical and transparent process in managing the affairs of the Company. It also applies to every employee of LankaBangla and may be furnished to others for discharging the responsibilities. In addition to the ethical guidelines included in the code, there are many laws and regulations that affect each of the business that we

do. Complying with law is mandatory for everyone and is not subject to business priorities or individual decision.

Personal Responsibilities

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

Workplace Responsibilities

- ▶ Treat colleagues with respect and dignity
- ▶ Support the company's commitment to diversity and equal employment opportunity
- ▶ Provide a positive work environment free from intimidation and harassment

- ▶ Do not hold any outside positions with, or accept business opportunities from anyone who does business or competes with the company
- ▶ Ensure that financial records are accurate and complete and also ensuring cost efficiency.
- ▶ Maintain an effective system of internal control and compliance over financial reporting and operational activities
- ▶ Protect company's assets and properties

Marketplace Responsibilities

- ▶ Act responsibly in all sorts of communications with customers, suppliers, vendors, partners and regulatory authorities

- ▶ Safeguard the privacy, confidentiality and security of customer data
- ▶ Make only factual and truthful statements about company's products and services
- ▶ Gather business intelligence properly and ethically
- ▶ Prevent the use of company's services against money laundering purposes

Corporate Citizenship

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

FORWARD LOOKING STATEMENT

With a view to growing together, as it has done successfully for the previous two decades, LankaBangla adheres to bring in fresh ideas to fruition by adopting innovative solutions with resilience. LankaBangla aspires to construct a financially sound framework for the future with pliability by making essential adjustments in its system, without compromising its basic values, in order to provide a revitalized and reliable system for its customers.

With the nation embarking on its path to the new normal and a business-as-usual economy in 2021, despite its infirmities, the world seems to have no choice but to adapt and improve its strategies in order to walk in an eventful path of mass-transformation, both as a nation and as an organization. Let's take a look at what next major shift in Bangladesh's financial climate is likely to go through, which is currently underway in our domain by implementing and ameliorating well thought out strategies.

- ▶ As adeptly it has performed in the preceding years, we hope to maximize the continuing growth of our asset portfolios, largely through the SME business, honing substantial yields on the SME assets.
- ▶ LankaBangla Group aims to strive for success by bringing together specialists in business domains, analytics, and artificial intelligence (AI) who has got good grasp in algorithms and innovative methodologies, as well as data experts who are familiar with cloud technology and machine learning algorithms.
- ▶ With the goal of not falling behind its peers and incorporating evolving models into its algorithms, LankaBangla intends to be a Fintech company in the near future and has begun to walk in its footsteps to shift its activities completely to digital from working with the digital channels for customer experience to executing and monitoring various digital programs for retail and SME, as well as rolling out on different future projects, for example to launch hub and spokes model and various automated schemes.

- ▶ We intend to improve our interface and functionality by utilizing cutting-edge technology, systems, and tools. This will improve operational efficiency, shorten turnaround time, and engage customers. It will also allow for faster information dissemination to loan and liability clients, saving money.
- ▶ In the wake to push ourselves towards being digital, we opt to optimize our human resources, increasing employee productivity through improved performance measure metrics and newer performance evaluation system.
- ▶ By launching the hub and spokes model, and eventually establishing more hubs that will support the spokes, LankaBangla will try to walk towards a wider geographic reach especially for its SME business.
- ▶ We will focus on maintaining a strong grip on our NPLs being in bearable limits, which had increased due to various regulations by the regulators, as well as show tenacity towards our collection strategies, by better aligning external regulations with our internal policies.
- ▶ While carrying out our activities, we shall cohere to strict conformity and good governance in terms of norms and regulations in order to ensure the company's long-term viability. We intend to grow in collaboration with our stakeholders, with a focus on ecological balance.

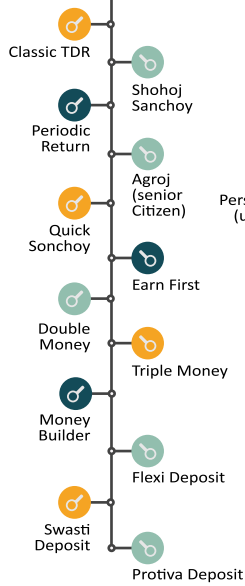
PRODUCT PORTFOLIO OF LANKABANGLA FINANCE

GRI: 102-2, 102-7

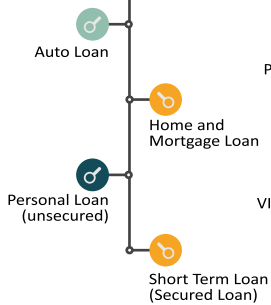
PRODUCT PORTFOLIO

Retail Financial Services

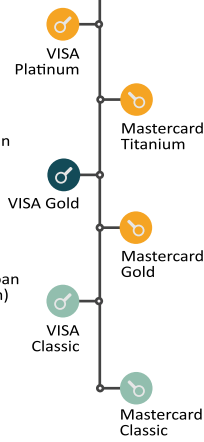
Retail Deposit Schemes



Loan

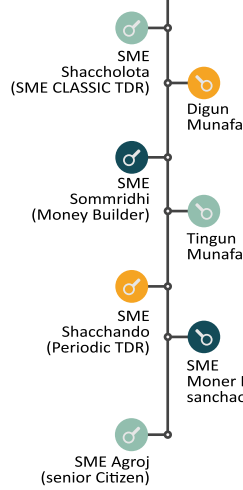


Credit Cards

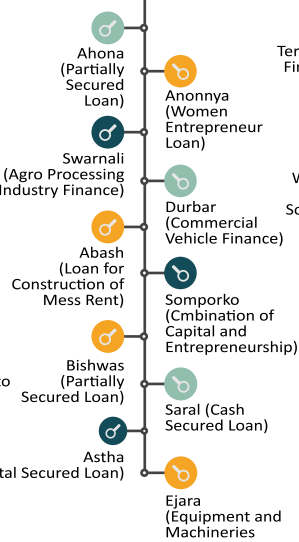


SME Financial Services

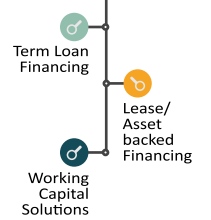
SME Deposit Schemes



Small Business

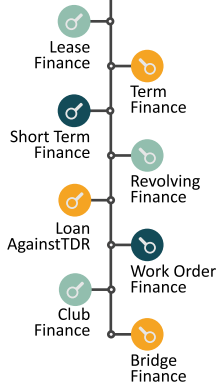


Medium & Emerging Business

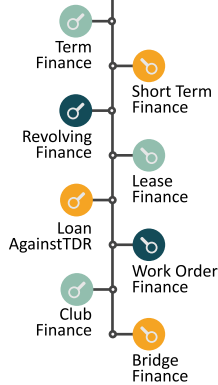


Corporate Financial Services

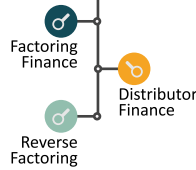
Large Corporate



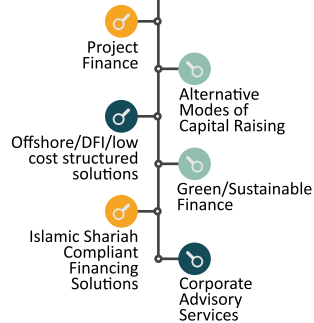
Emerging Corporate



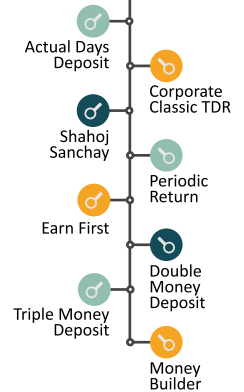
Supply Chain Finance



Project, Structured & Sustainable Finance

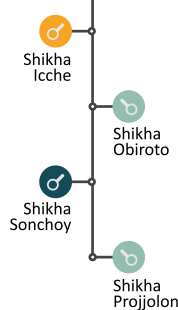


Corporate Liability

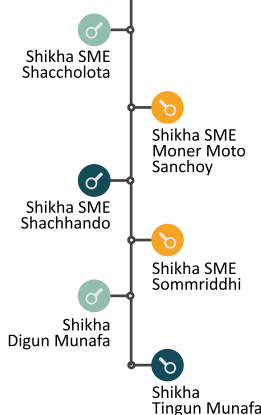


SHIKHA Financial Services

Shikha Retail Deposit Schemes



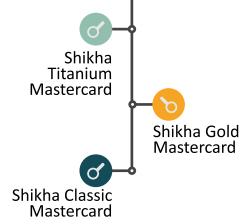
Shikha SME Deposit




Shikha SME Loan



Shikha Credit Cards



KEY HIGHLIGHTS

 Our commitment to well-planned initiatives and timely execution has been the foundation of our current success. The importance we place on planning and securing our future success ensures our concentration and commitment to reaching new heights. As a sensible Company, we want all of its stakeholders including shareholders to know both its key financial and non-financial information at a glance. This will help stakeholders to know details of the Company's contemporary performance in the shortest possible time and will help them decide accordingly.

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Digitalization	32



FINANCIAL HIGHLIGHTS OF LANKABANGLA GROUP

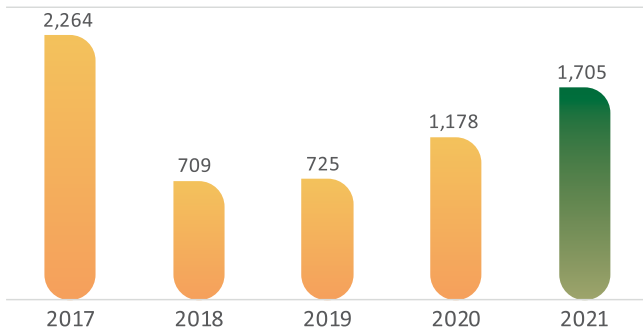
GRI: 102-7

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%
Operational Performance							
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			
Financial Ratios							
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%	-0.67%	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%
Equity Parameters							
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

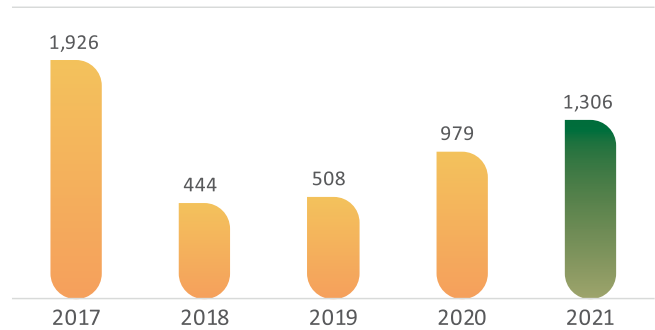
*restarted

Net Profit Before Tax (Amount in BDT mn)



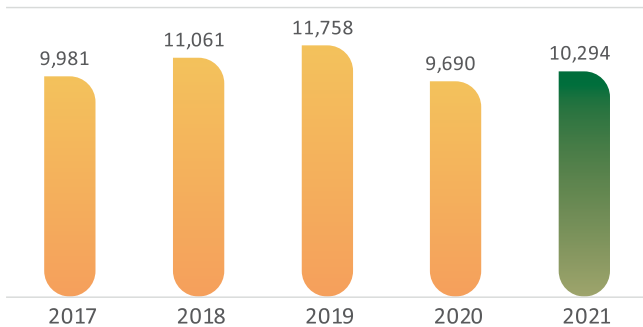
Net Profit before Tax (NPBT) increased by 44.73% in 2021 compared to 2020. Capital market got its pace during the year of 2021.

Net Profit After Tax (Amount in BDT mn)



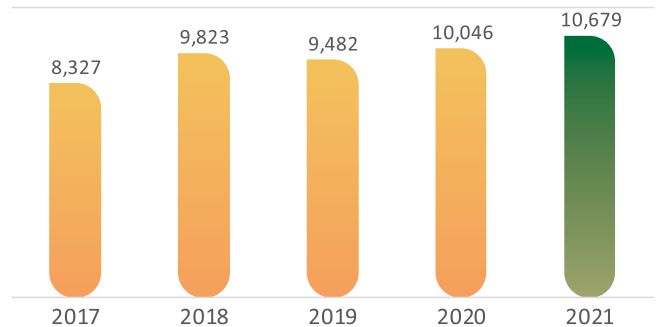
Net Profit after Tax (NPAT) increased by 33.00% in 2021 compared to 2020. Capital market got its pace during the year of 2021.

Operating Revenue (Amount in BDT mn)



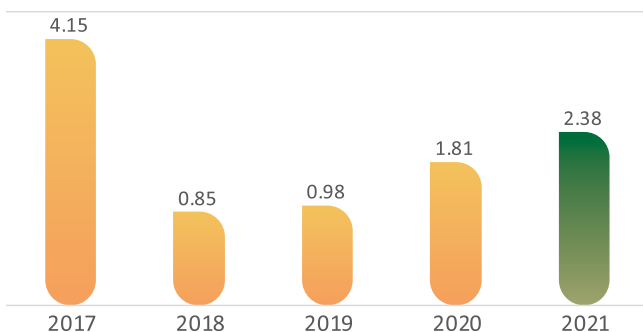
Operating revenue has been increased by 6.24% in 2021 compared to 2020. Operating revenue has increased due to increase revenue from investments and capital markets.

Shareholders' Equity (Amount in BDT mn)



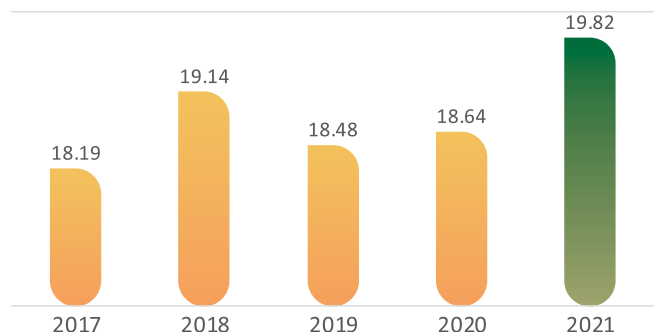
Shareholders' Equity increased by 6.29% in 2021 to reach BDT 10,679 million. Current year's profit contributes to increase shareholders' equity.

Earnings Per Share (EPS) (Amount in BDT)



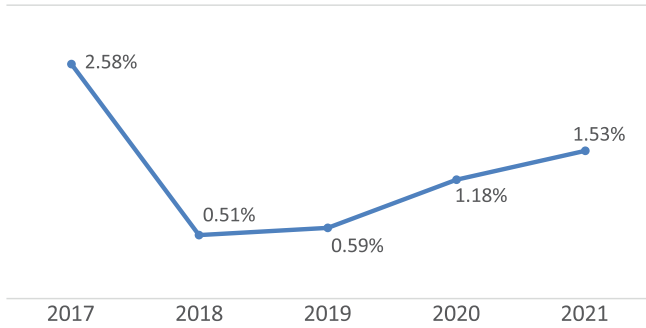
EPS increased by 57.32% in 2021. Capital market got its pace during the year of 2021.

Net Asset Value (NAV) Per Share (Amount in BDT)



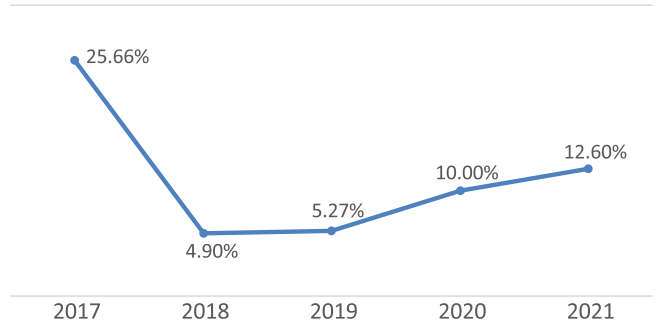
NAV increased to 19.82 in 2021 from 18.64 in 2020. Increase in net profit after tax (NPAT) has contributed to increase NAV.

Return on Assets (%)



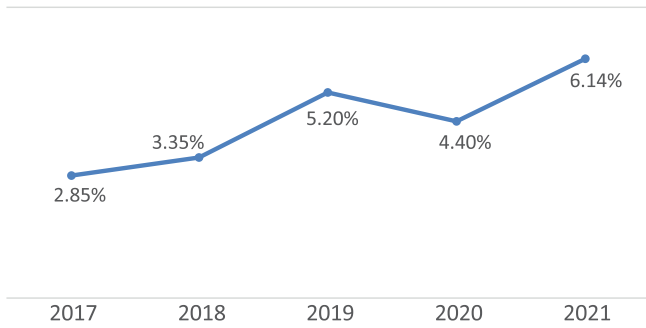
Return on Assets (ROA) also registered a increase in 2021 by 1.53 percentage points due to increase in net profit after tax (NPAT) during the year.

Return on Equity (%)



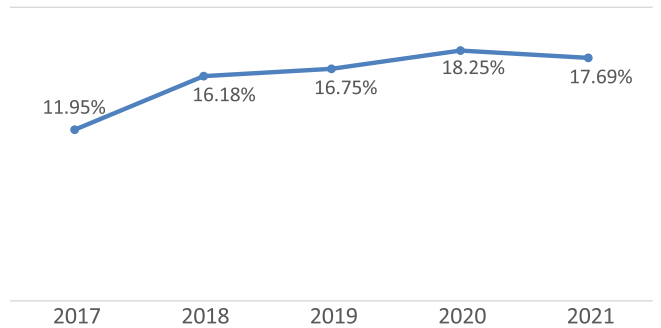
Return on Equity (ROE) increased 12.60% in 2021 due to increase in Net Profit after Tax during the year compared to ROE 10.00% in 2020.

NPL Ratio (%)



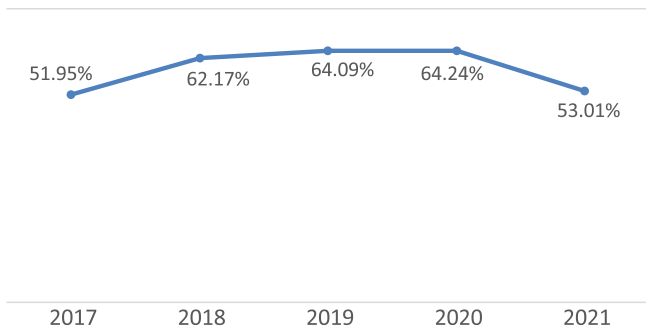
Though NPL increased by 1.74 percentage points compared to 2020 due to Covid-19. However, effective and continuous effort has been deployed to manage the credit risks exposed by the Company for a resultant risk management in the future.

Capital Adequacy Ratio (%)



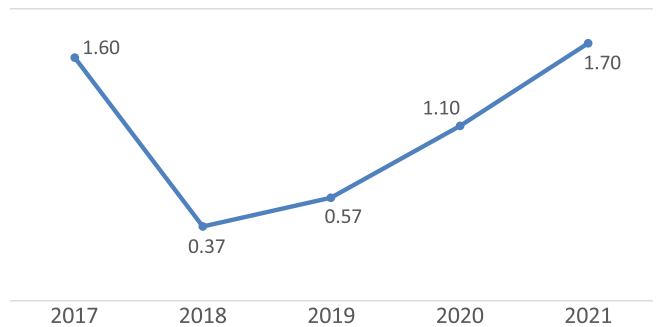
The CAR has decline in 17.69% in 2021 compared to 18.25% in 2020. The Company always endeavors to keep more than adequate capital in order to be compliant and risk free. Continuous monitoring of capital adequacy is undertaken.

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

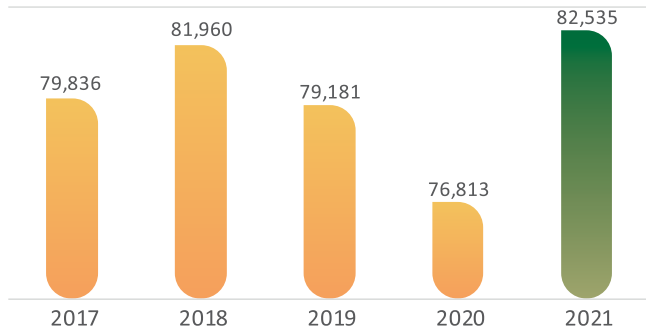
GRI: 102-7

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%
Operational Performance							
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%
Financial Ratios							
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%
Equity Parameters							
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	0.78	0.26%	1.08
"Credit Ratings"							
Long Term	AA3	AA3	AA3	AA3	AA3		
Short Term	ST-2	ST-2	ST-2	ST-2	ST-2		

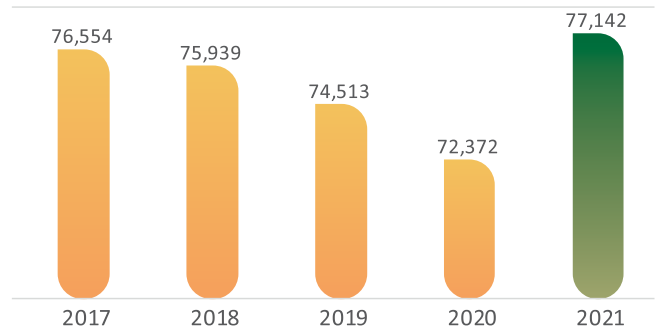
*restated

Total Assets (Amount in BDT mn)



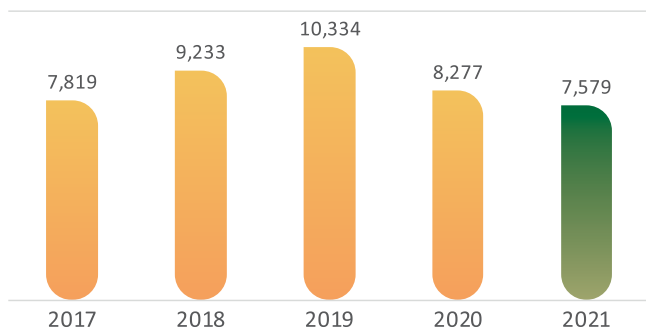
In 2021 Total Assets Increased by 7.44% compared to 2020 maintaining an average growth of 0.83% over the last 5 years.

Total Investment Portfolio (Amount in BDT mn)



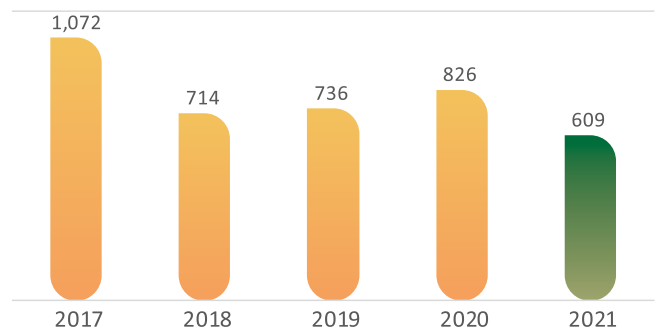
Total Investment portfolio increased by 6.59% in 2021 from that of 2020 registering an average growth of 0.19% in last 5 years. Effective Investment policy contribute in this increased amount.

Operating Revenue (Amount in BDT mn)



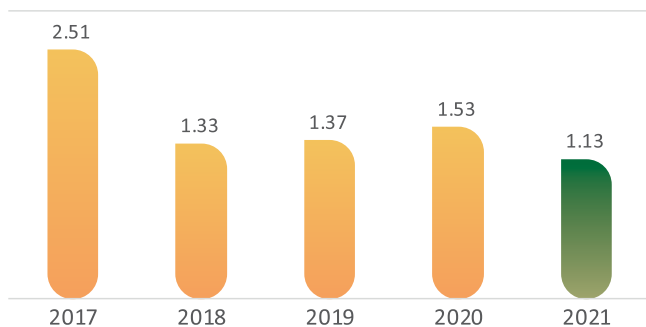
Operating revenue decreased 8.4% in 2021 over 2020 . Operating revenue has declined because of decline of interest income.

Net Profit After Tax (Amount in BDT mn)



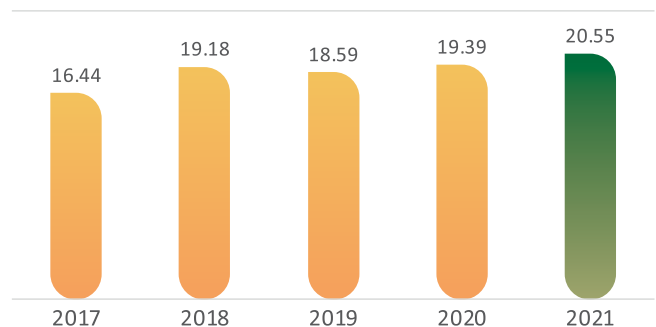
Net Profit after Tax (NPAT) registered a negative growth of 26.24% in 2021 due to increase provision on leases, loans and investments for adverse impact of Covid-19.

Earnings Per Share (EPS) (Amount in BDT)

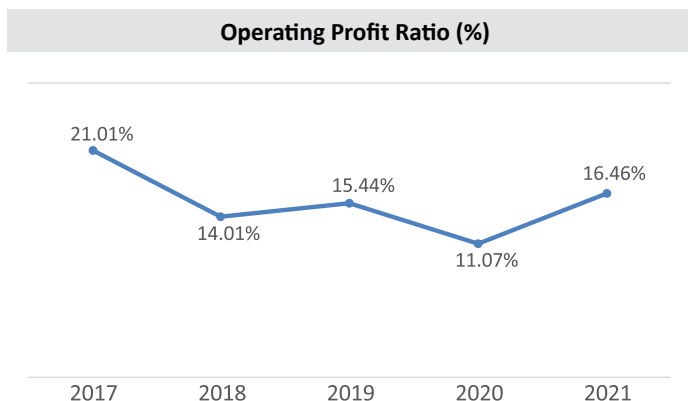


EPS decreased to BDT 1.13 in 2021 compared to BDT 1.53 in 2020. Decrease in net profit after tax (NPAT) during 2021 triggered EPS during 2021.

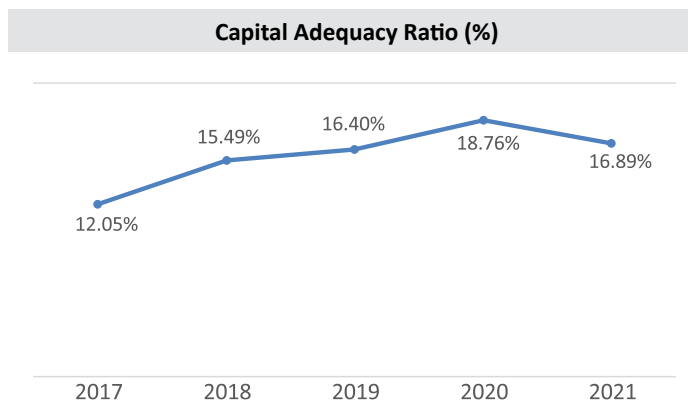
Net Asset Value (NAV) Per Share (Amount in BDT)



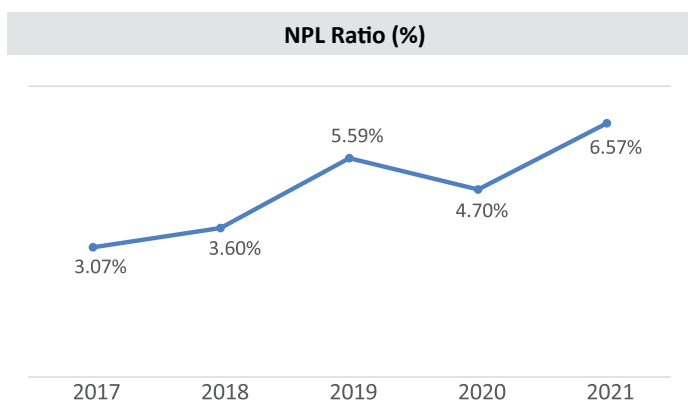
NAV slightly increased to 20.55 in 2021 compared to 19.39 in 2020 maintaining an average growth of 5.75% over the 5-year period.



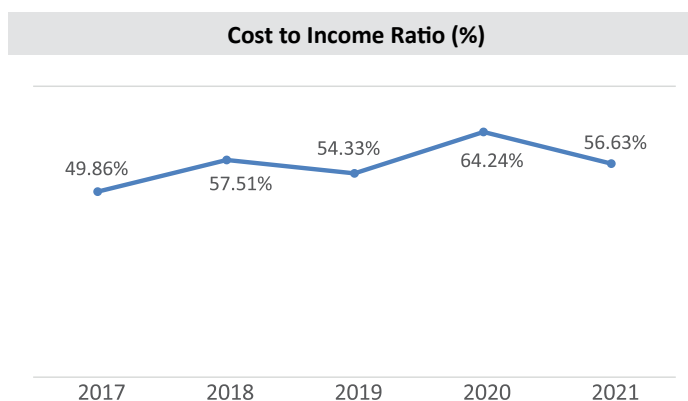
Operating margin increased by 48.67 percentage in compared with 2020. This is because of decrease in operating expenses and financial expenses during 2021.



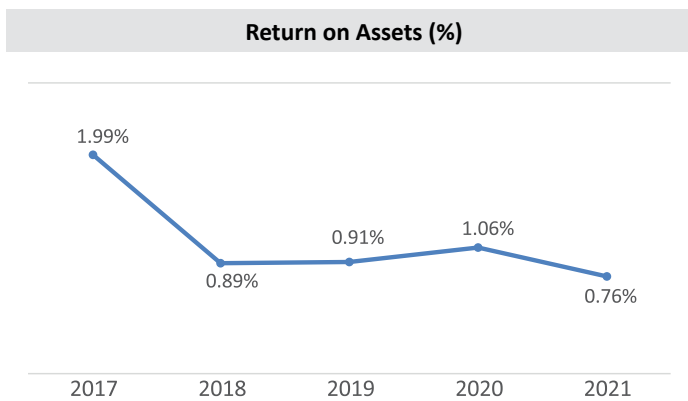
The CAR has decreased by 9.96% in 2021 compared to 2020. Continuous monitoring of capital adequacy is undertaken.



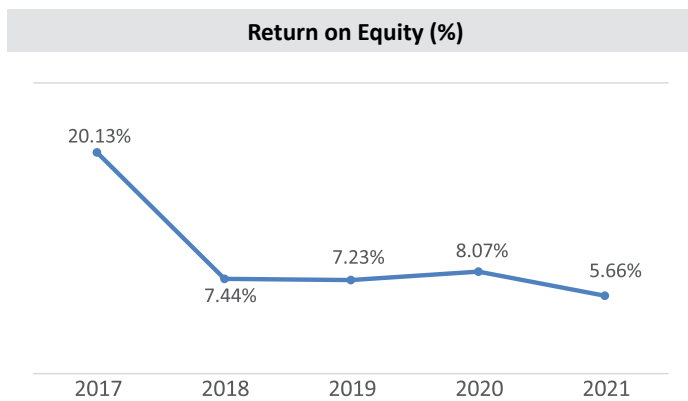
Though NPL Increased by 1.87% percentage points compared to 2020, effective and continuous effort has been deployed to manage the credit risks exposed by the Company for a resultant risk management in the future.



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



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.



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.

NON-FINANCIAL HIGHLIGHTS

317

New hires

24,199 Hour

Of total trainings conducted

100%

Returned to work after maternity leave

21%

Female employees



↑
People

↓
Profit

↓
Planet

BDT 538 Mn

Value distributed to providers of capital

BDT 2.25 Mn

Value distributed to the community

98

Trees saved through submission of e-statement to all credit card holders

2,000

Trees planted through environmental CSR programs

BDT 61,473 Mn

Value distributed to depositors and lenders

BDT 1,142 Mn


Value distributed to the Government


146


Trees saved through paper recycling


Non-Financial Highlights


GRI: 102-7

Category	Key Indicators		Measurement	2021	2020
 Manufactured Capital	Call center performance	Total call received	No.	4,93,654	4,80,474
		Total no. of customers served	No.	4,29,994	3,99,024
		New customers gained	No.	215	N/A
		Call Quality Score	%	86.67	81.00
	Customer satisfaction score		%	91.66	87.40
	Investment in property, plant and equipment		BDT Mn	372.13	377.16

Category	Key Indicators		Measurement	2021	2020
 Intellectual Capital	PR valuation		BDT	43,000,000	30,000,000
	Total prospect generated through website		No.	2,231	-
	Total online application	Applied	No.	6,996	-
		Submitted	No.	676	-

Category	Key Indicators		Measurement	2021	2020
 Human Capital	Total employees		No.	1,331	1,391
	Annual no. of trainings		No.	81	44
	New Hires		No.	317	78
	Total training hour		Hours	24,199	25,581
	Training hour per employee		Hours	18.18	18.39
	Returned to work after maternity leave		%	100	100
	Industrial disputes		No.	Nil	Nil
	Employees receiving performance appraisal		No.	525	549
	Gender diversity ratio (Male: Female)		Ratio	79:21	80:20

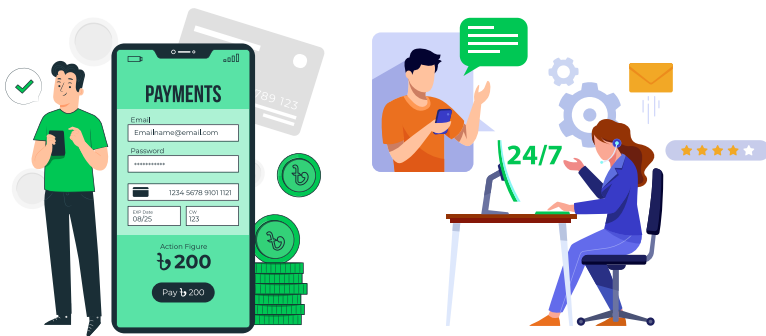
Category	Key Indicators		Measurement	2021	2020
 Social & Relationship Capital	Total taxes paid to the govt.		BDT Mn	8,765.46	7,646.10
	Total SME financial services portfolio		BDT Mn	4,487.92	3,994.65
	Intern and industrial placement intake		No.	10	4

Category	Key Indicators		Measurement	2021	2020
 Natural Capital	Electricity consumption in Head Office		kWh	872,416	711,456
	Vehicle fuel consumption		Litre	40,460	55,064
	Water consumption		Litre	385,706	554,285
	Borrowers with sustainable finance		%	1.586	-
	Sustainable finance of total loan disbursed		%	9.095	-

Responses to COVID-19

CUSTOMER

- ▶ All mandated debt relief procedures were extended to qualified customers;
- ▶ Introduced and gained feat in call centers available 24/7, in order to reduce in-person interactions with the customers as well as to stop the spread of the virus;
- ▶ Enhanced transactional capability with 'apply online' prospect generation, thus encouraging customers to do their activities from home.



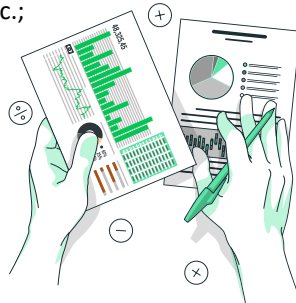
SHAREHOLDERS

- ▶ Held the 24th Annual General Meeting (AGM) virtually using digital tools;
- ▶ Payment of dividend on time;
- ▶ Cost-cutting strategies were implemented to protect the bottom line;
- ▶ Dedicated to increasing business resilience for the future.



GOVERNMENT

- ▶ All government directions were being followed, including providing full support for the prolonged debt moratorium program, not charging fees for delayed payment including credit card bills, complying with regulations for dividend declaration and distribution, etc.;
- ▶ Extensive lending to drive the growth of the SME sector;
- ▶ Concentrated on increasing the inflow of foreign remittances into the country by means of onboarding foreign loans.

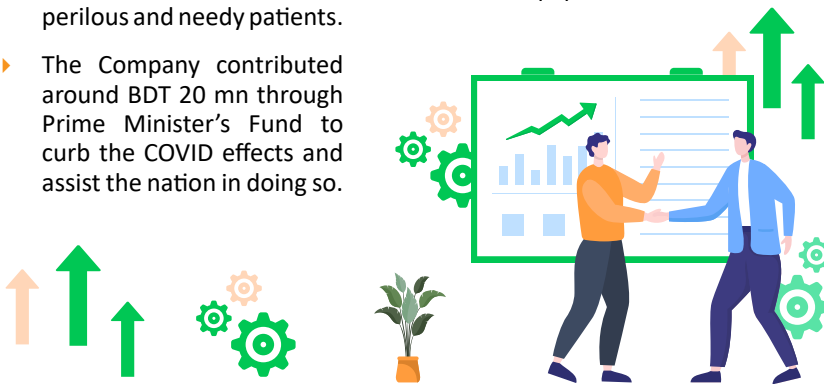


EMPLOYEES

- ▶ There were no layoffs or pay cuts.
- ▶ All monetary benefits were paid on time.
- ▶ All pregnant employees were excused from work and given work-from-home facilities.
- ▶ To ensure the continuance of training and development operations, a virtual learning environment was created.
- ▶ Employee engagement initiatives went forward almost without a hitch.
- ▶ Mandated employees and their family members to participate in the government-led vaccination scheme.

COMMUNITY

- ▶ Donation of essential COVID-19 medical equipment to perilous and needy patients.
- ▶ The Company contributed around BDT 20 mn through Prime Minister's Fund to curb the COVID effects and assist the nation in doing so.



HORIZONTAL ANALYSIS

For the last 5 years

Consolidated Profit and Loss Account

	2021	2020	2019	2018	2017
Operating Income					
Interest income	97%	144%	180%	161%	125%
Less : Interest expenses on deposits & borrowings	101%	151%	184%	167%	122%
Net interest income	90%	128%	171%	147%	132%
Income from investment	133%	65%	70%	90%	189%
Commission, exchange and brokerage income	113%	88%	81%	126%	203%
Other operational income	105%	122%	132%	137%	142%
Total operating income	105%	111%	134%	133%	154%
Operating Expenses					
Salary and allowances	106%	129%	152%	138%	132%
Rent, taxes, insurance, electricity etc.	17%	23%	34%	134%	118%
Legal and professional fees	92%	104%	131%	93%	111%
Postage, stamp, telecommunication etc.	80%	113%	139%	130%	140%
Stationery, printing, advertisement	62%	67%	101%	109%	139%
Managing director's salary and allowance	160%	89%	89%	89%	61%
Director fees and expenses	150%	90%	102%	88%	92%
Audit fees	102%	91%	89%	94%	89%
Changes on loan losses	-	-	-	-	-
Repairs, maintenance and depreciation	317%	317%	334%	169%	149%
Other expenses	92%	99%	130%	141%	142%
Total operating expenses	108%	119%	144%	139%	134%
Net Operating Income	103%	99%	120%	126%	184%
Provisions for loans / investments	407%	38%	224%	247%	52%
Provisions for leases and loans	232%	61%	295%	185%	125%
Provision for margin loan	798%	54%	37%	83%	12%
Provision for diminution in value of investments	51%	-20%	255%	292%	-65%
Provisions for Off-Balance Sheet Exposure	100%				
General provision for other assets	-424%	100%	0%	100%	100%
Profit before tax and reserve	75%	124%	77%	75%	239%
Provision for tax	118%	132%	143%	175%	223%
Provision for tax made during the year	118%	135%	144%	175%	225%
Deferred tax expense or (Income)	-9%	96%	15%	-97%	-20%
Net profit after tax	68%	123%	64%	56%	242%
Earnings Per Share (EPS)	57%	72%	39%	34%	166%

Consolidated Statement of Financial Position

	2021	2020	2019	2018	2017
PROPERTY AND ASSETS					
Cash	56%	90%	125%	143%	165%
Cash in hand	376%	171%	99%	115%	61%
Balance with Bangladesh Bank	55%	90%	125%	143%	165%
Balance with other banks and financial institutions	140%	269%	192%	194%	204%
Inside Bangladesh	140%	269%	192%	194%	204%
Outside Bangladesh	0%	0%	0%	0%	0%
Money at call and short notice					
Investment	142%	124%	107%	113%	109%
Government securities	0%	0%	0%	0%	0%
Other investments	142%	120%	107%	113%	109%
Leases, loans and advances	95%	114%	127%	134%	130%
Lease portfolio, term finance, short term loan, etc.					
Fixed assets including land, building, furniture and fixtures	144%	194%	200%	168%	126%
Other assets	165%	154%	138%	129%	124%
TOTAL PROPERTY AND ASSETS	104%	128%	132%	137%	133%
LIABILITY AND SHAREHOLDERS' EQUITY					
Liabilities					
Borrowings from Bangladesh Bank, other banks and financial institutions	100%	136%	172%	150%	171%
Deposits and other accounts	92%	117%	117%	133%	129%
Term deposits	92%	117%	117%	133%	129%
Other deposit	143%	159%	125%	150%	106%
Other liabilities	175%	155%	146%	133%	108%
TOTAL LIABILITIES	101%	125%	130%	136%	134%
Shareholders' Equity	128%	150%	142%	147%	125%
Paid up capital	169%	195%	185%	185%	115%
Share money deposit for right issue	0%	0%	0%	-	0%
Share premium	100%	100%	100%	100%	100%
Statutory reserve	139%	160%	147%	134%	123%
General reserve	100%	97%	107%	113%	109%
Capital reserve	100%	100%			
Fair value measurement reserve					
Retained earnings	88%	101%	92%	122%	150%
Non controlling interest	192%	209%	204%	131%	120%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	104%	128%	132%	137%	133%

VERTICAL ANALYSIS

For the last 5 years

Consolidated Statement of Comprehensive Income

	2021	2020	2019	2018	2017
Operating Income					
Interest income	66.95%	84.07%	86.52%	82.23%	70.90%
Less : Interest expenses on deposits & borrowings	47.34%	61.63%	61.88%	59.72%	48.48%
Net interest income	19.61%	22.44%	24.64%	22.51%	22.42%
Income from investment	11.83%	3.26%	2.90%	3.92%	9.16%
Commission, exchange and brokerage income	12.48%	5.12%	3.85%	6.40%	11.38%
Other operational income	8.74%	7.55%	6.73%	7.45%	8.56%
Total operating income	52.66%	38.37%	38.12%	40.28%	51.52%
Operating Expenses					
Salary and allowances	13.44%	13.16%	12.80%	12.36%	13.03%
Rent, taxes, insurance, electricity etc.	0.36%	0.44%	0.55%	2.27%	2.21%
Legal and professional fees	0.30%	0.32%	0.33%	0.25%	0.33%
Postage, stamp, telecommunication etc.	0.22%	0.24%	0.24%	0.24%	0.29%
Stationery, printing, advertisement	0.39%	0.33%	0.41%	0.47%	0.66%
Managing director's salary and allowance	0.17%	0.16%	0.13%	0.14%	0.11%
Director fees and expenses	0.03%	0.02%	0.02%	0.02%	0.02%
Audit fees	0.01%	0.01%	0.01%	0.01%	0.01%
Changes on loan losses	-	-	-	-	-
Repairs, maintenance and depreciation	5.65%	4.03%	3.51%	1.89%	1.84%
Other expenses	7.34%	5.93%	6.43%	7.39%	8.26%
Total operating expenses	27.92%	24.65%	24.43%	25.04%	26.76%
Net Operating Income	24.74%	13.72%	13.69%	15.24%	24.76%
Provisions for loans / investments	8.18%	1.56%	7.53%	8.83%	2.07%
Provisions for leases and loans	5.59%	1.25%	4.99%	3.33%	2.49%
Provision for margin loan	2.85%	1.74%	0.99%	2.36%	0.37%
Provision for diminution in value of investments	-0.37%	-1.45%	1.55%	3.09%	-0.76%
Provisions for Off-Balance Sheet Exposure	-	-	-	-	-
General provision for other assets	0.09%	0.02%	0.00%	0.04%	-0.02%
Profit before tax and reserve	16.57%	12.16%	6.16%	6.41%	22.68%
Provision for tax	3.88%	2.06%	1.84%	2.39%	3.38%
Provision for tax made during the year	3.85%	2.06%	1.82%	2.34%	3.35%
Deferred tax expense or (Income)	0.03%	0.00%	0.02%	0.05%	0.03%
Net profit after tax	12.69%	10.10%	4.32%	4.02%	19.30%

Consolidated Statement of Financial Position

	2021	2020	2019	2018	2017
PROPERTY AND ASSETS					
Cash	0.72%	0.77%	1.04%	1.14%	1.35%
Cash in hand	0.00%	0.00%	0.00%	0.00%	0.00%
Balance with Bangladesh Bank	0.72%	0.77%	1.04%	1.14%	1.35%
Balance with other banks and financial institutions	13.93%	14.30%	9.88%	9.59%	10.39%
Inside Bangladesh	13.93%	14.30%	9.88%	9.59%	10.39%
Outside Bangladesh	0%	0%	0%	0%	0%
Money at call and short notice					
Investment	8.75%	7.65%	6.39%	6.50%	6.40%
Government securities	0.03%	0.28%	0.00%	0.00%	0.00%
Other investments	8.71%	7.37%	6.39%	6.50%	6.40%
Leases, loans and advances	70.72%	71.45%	77.19%	78.14%	77.88%
Lease portfolio, term finance, short term loan, etc.					
Fixed assets including land, building, furniture and fixtures	2.92%	3.39%	3.39%	2.74%	2.11%
Other assets	2.96%	2.43%	2.11%	1.89%	1.87%
TOTAL PROPERTY AND ASSETS	100.00%	100.00%	100.00%	100.00%	100.00%
LIABILITY AND SHAREHOLDERS' EQUITY					
Liabilities					
Borrowings from Bangladesh Bank, other banks and financial institutions	20.81%	18.10%	22.13%	18.50%	21.73%
Deposits and other accounts	53.61%	57.59%	55.59%	60.76%	60.48%
Term deposits	53.42%	57.37%	55.42%	60.57%	60.34%
Other deposit	0.20%	0.22%	0.17%	0.20%	0.14%
Other liabilities	13.35%	11.81%	10.83%	9.43%	7.93%
TOTAL LIABILITIES	87.77%	87.51%	88.56%	88.70%	90.14%
Shareholders' Equity	12.01%	12.28%	11.24%	11.18%	9.75%
Paid up capital	6.06%	6.58%	6.08%	5.84%	3.72%
Share money deposit for right issue	0.00%	0.00%	0.00%	0.00%	0.19%
Share premium	1.23%	1.33%	1.29%	1.24%	1.28%
Statutory reserve	2.30%	2.36%	2.09%	1.84%	1.72%
General reserve	0.06%	0.06%	0.06%	0.06%	0.06%
Capital reserve	100%	0.00%	0.00%	0.00%	0.00%
Fair value measurement reserve					
Retained earnings	2.34%	1.95%	1.72%	2.20%	2.77%
Non controlling interest	0.22%	0.22%	0.20%	0.13%	0.12%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	100.00%	100.00%	100.00%	100.00%	100.00%

TRIPLE BOTTOM LINE HIGHLIGHTS

GRI: 102-7

Results for the year	2021	2020	Change
	BDT Mn	BDT Mn	%
Gross Income	7,579	8,277	-8.43%
Interest Income	6,376	7,628	-16.42%
Interest Expenses	4,703	5,714	-17.70%
Profit before Tax	700	918	-23.75%
Provision for Taxation	91	92.082	-1.33%
Profit after Tax	609	825.717	-26.25%

Financial Position at the year end	2021	2020	Change
	BDT Mn	BDT Mn	%
Shareholders' Fund (Stated Capital and Reserves)	11,074	10,448	5.99%
Deposits from Customers	48,181	47,428	1.59%
Lease, Loans & Advances	58,775	54,709	7.43%
Total Investment	3,883	3,026	28.34%
Fund Under Management (FUM)	154,473	144,777	6.70%
Total Assets	82,535	76,813	7.45%

Investors	2021	2020	Change
Gross Dividend (mn)	539	647	-16.67%
Earnings per Share (BDT)	1.13	1.5	-26.13%
Dividends per Share (BDT)	1.00	1.2	-16.67%
Net Assets per Share (BDT)	20.55	19.4	5.99%

Ratios	2021	2020	Change
Return on Shareholders' Funds (%)	5.66%	8.07%	-29.86%
Return on Average Assets (%)	0.76%	1.06%	-27.89%
Year on Year Growth in Dividends on Ordinary Shares (%)	539	647	-16.67%
Interest Cover (Times)	1.27	1.16	9.04%
Equity : Assets (%)	13.42%	13.60%	-1.35%
Debt : Equity (Times)	5.80	5.73	1.13%
P/E Ratio (Times)	33.00	20.49	61.06%
Non-Performing Loans Ratio (%)	6.57%	4.70%	39.79%
Advance Growth (%)	7.43%	-9.81%	-175.75%
Deposit Growth (%)	1.20%	1.53%	-21.75%

Statutory Ratios	2021	2020	Change
Capital Adequacy Ratio (CAR) - Min. Req. 10%	16.89%	18.76%	-9.96%
Core Capital to RWA - Minimum Required 5%	13.31%	14.10%	-5.59%
Supplementary Capital to RWA	3.57%	4.65%	-23.20%
Cash Reserve Ratio (CRR) - Minimum Required 1.5%	1.58%	1.59%	-0.67%
Statutory Liquidity Reserve - Minimum Required 5%	5.07%	5.05%	0.39%

Economic Sustainability	2021	2020	2019
	BDT Mn	BDT Mn	BDT Mn
Economic Value Available for distribution	3,622	2,802	2,608
Economic Value Addition	1,845	721	104
Number of new branches launched	0	0	1
Employee benefit fund	628	540	492

Environment Sustainability	2021	2020	2019
Electricity Consumption in value (mn)	15.38	16.14	18.43
Fuel Cost (mn)	1.93	1.50	1.52
Water Consumption in value (mn)	1.51	0.45	1.44
Paper consumption in value (mn)	11.45	11.46	15.5
Significant environment fines	Nil	Nil	Nil
Environment protection expenditure	0	0	0.6
Number of environmental grievances	Nil	Nil	Nil

Labor Sustainability	2021	2020	2019
Total Workforce in number	1,331	1,391	1,804
Recruitments in number	317	30	232
Attrition rate	26%	23%	15%
Retention rate after maternity leave	100%	100%	100%
Number of injuries	Nil	Nil	Nil
Total Training Hours	24,199	25,581	16,690
Average Training hours per employee	18	18	21
Employee performance appraisal as a percentage of total workforce	100%	100%	100%

Human Rights Sustainability	2021	2020	2019
Incidents of discriminations	Nil	Nil	Nil
Incidents of child labor (below 18 years)	Nil	Nil	Nil
Incidents of forced labor	Nil	Nil	Nil
Human rights incidents reported and resolved	Nil	Nil	Nil

QUARTERLY STATISTICS

BDT in mn

Statement of Financial Position (As at)	2021				2020			
	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
Total Assets	88,927	85,393	84,438	81,591	81,835	78,774	79,076	82,313
Financial Assets-loans & advances	62,888	59,558	59,768	58,433	58,472	57,845	61,167	62,276
Financial liabilities (deposits and borrowings)	66,179	62,476	62,886	60,491	61,946	58,498	59,492	61,932
Total Equity	10,679	10,346	9,829	10,317	10,046	9,598	9,559	9,552

BDT in mn

Statement of Profit or Loss (For the quarter ended)	2021				2020			
	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
Net interest income	573	584	431	431	656	537	487	495
Income from investment	497	346	105	269	202	33	28	53
Commission, exchange and brokerage income	281	433	322	248	201	186	8	102
Other operational income	202	220	225	254	227	201	110	194
Net operating income	1,553	1,583	1,084	1,202	1,285	956	632	844
Less: Total operating expense	1,032	643	603	595	694	552	507	635
Less: Provisions for loans & investments	23	291	224	304	0	(44)	90	105
Less: Provision for tax	104	123	96	76	87	47	30	36
Profit for the period	393	525	161	227	504	402	4	69

Market price per share (Taka) (For the quarter ended)	2021				2020			
	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
Highest	37.90	46.10	35.80	29.30	31.40	23.00	12.90	12.90
Lowest	37.20	43.90	35.20	27.50	28.70	22.10	12.90	12.90
Closing	37.30	45.70	35.60	27.70	31.40	22.60	12.90	12.90

Profitability (As at)	2021				2020			
	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
Net Interest margin (%)	33.52%	31.91%	26.30%	25.15%	33.80%	26.99%	23.88%	22.71%
Return on assets (%)	1.55%	1.46%	0.94%	1.11%	1.20%	0.78%	0.18%	0.33%
Return on equity (%)	12.75%	12.00%	7.70%	8.90%	10.14%	6.63%	1.53%	2.89%
Regulatory Capital								
Capital Adequacy Ratio to total RWA (Minimum requirement: Higher of minimum 10% or % of Core capital to total RWA)	17.69%	17.19%	17.14%	18.50%	18.25%	17.24%	16.76%	16.84%
Core Capital to total RWA	14.66%	13.65%	13.49%	14.45%	14.18%	14.19%	13.92%	13.74%
Supplementary Capital to total RWA (%)	3.03%	3.55%	3.65%	4.05%	4.07%	3.06%	2.84%	3.10%
RWA=Risk Weighted Assets								
Assets Quality								
*Gross NPL ratio (%)	6.14%	6.14%	5.13%	4.86%	4.40%	5.35%	5.58%	5.47%
**Net NPL ratio (%)	2.16%	2.15%	2.01%	1.79%	1.76%	2.44%	2.53%	2.51%
Regulatory Liquidity								
Cash Reserve Reserve (CRR)								
Held	1.58%	1.53%	1.58%	1.51%	1.59%	1.51%	1.85%	3.70%
Required	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	2.50%
Surplus	0.08%	0.03%	0.08%	0.01%	0.09%	0.01%	0.35%	1.20%
Statutory Liquidity Reserve (SLR)								
Held	5.07%	5.02%	5.05%	5.07%	5.05%	5.05%	5.04%	5.05%
Required	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Surplus	0.07%	0.02%	0.05%	0.07%	0.05%	0.05%	0.04%	0.05%

*Classified loans/Total loans. **Classified loans minus provision and suspense against classified loans/Total loans.

DIGITALIZATION

Digital Transformation

Steered by the aspiration of being an inclusive, modern financial services model, the Company is well-positioned to support the country and its customers during these uncertain times. In the world of the new normal, LankaBangla believes that digitalization and innovation would be pivotal to long-term sustainability. The Company further believes that innovation occurs through a trial-and-error approach. It encourages people to explore and adapt, pushing what they learn into the next generation of ideas. It aspires to switch into being fully digital by 2023 and has taken its first step towards this transition as it taps on its future initiatives. It has further started to integrate its systems and processes into digital platforms for both customers and employees, thereby uplifting customer service quality and refining productivity, and aims to cultivate efficiency by amplifying the experiences. The Company wishes to augment its customer experience by leveraging the digital channels and models. The benefits of digital finance extend well beyond conventional financial services, proving itself to be a powerful tool.

The rise of FinTech companies and solutions over the past five years has led to a transformed financial services landscape. Changing customer expectations, fierce competition, increasing regulatory complexity, the pressure to streamline operations, and other factors are driving the push for reinvention and innovation. The blending of the financial services companies with MFS would cite to an improved customer experience and thus result in an enhanced FinTech offerings. This is a business opportunity that LBFL is keen to take up on. Rooting customer centricity in its values to the core, LBFL opts to reach out and communicate with its customers, offers the latest trend, products and services to them through the Company's vast merchant network and various digital tools. To tap on to the newer opportunities arising with the changing business trends, the Company has been focusing on an SME led growth, and will continue to do so for the forthcoming period with the help of digital transformation.

Benefits of digital transformation



Some notable projects the Company gained feat in



A new era of open banking has enabled systems to quickly and seamlessly integrate with new platforms and applications. Robust networked digital ecosystems are quickly replacing physical banks and paper systems. A BI-powered chatbot Shikha can drastically reduce pressure on the call center and help complex customer queries at a scale without human intervention, such as payment due date, minimum amount, outstanding balance, or any particular product feature.



LankaBangla Finance Limited provides its customers with an updated mobile app FinSmart that contains all of the relevant information and services. Customers may now access the needed financial services at their fingertips at any time by using the FinSmart App, without having to visit any of the branches. The revised app will be accessible on the Google Play Store and the Apple App Store.



LankaBangla Finance Limited has been awarded the Payment Card Industry Data Security Standard (PCI DSS). LankaBangla has been awarded this certification for adopting and implementing the PCI SSC-mandated procedures to safeguard the effectiveness, efficiency, confidentiality, and integrity of our credit card business operations. This certification means that the organization has met all credit card security requirements with confidence, making it the first NBF in Bangladesh to achieve such accreditation.



LankaBangla was further successful in establishing automated credit card, DPS, auto loan and personal loan applications throughout the year.



Hassle-free transactions any time LankaBangla has the highest number of digital payment partner in the country for its clients. Now, clients can pay credit card bills, deposit payment and loan installments through Digital Payment Platform- Mobile Apps, Online Gateway, ATM Booth, Agent Banking and Bank Branches without any hassle.

- ▶ Deposit Installment
- ▶ Loan Installment
- ▶ Credit Card Bill

LEADERSHIP INSIGHT

 At LBFL, we are proud to have strong corporate governance led by a well-conversant and expert board of directors who has strong business acumen. In this segment, the leaders have articulated details of the Company's recent performance along with challenges and how these performances are gauged against the Company's Vision, Mission, Goals and Objectives. Moreover, they have also highlighted the major steps that will be taken in the next year to accelerate Company's performance.

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MESSAGE FROM THE CHAIRMAN

GRI: 102-14



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 it to weather any storm. Strong performance of the company during these difficult times is a showcase to its 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 and 12 of the Annual Integrated 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"> ▶ 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. ▶ Float, administer and manage any mutual fund, growth fund or any other allotted scheme approved by the Government for the time being. ▶ 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.
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 149 to 150.

4.2 Regional Economy

Details of Bangladesh economy is provided on from pages 150 to 154.

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 from 35, the Managing Director's Review pages from 47, and the CFO's Reviews pages from 155. 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 from 35, the Managing Director's Review pages from 47, and the CFO's Reviews pages from 155. 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 235 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 appearing on pages from 97 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. The Statement of Directors' Responsibility for Financial Reporting is given on page 97 and forms an integral part of the report of the Board of Directors.

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 page 229.

11. Significant Accounting Policies

Significant Accounting policies adopted in the preparation of the Financial Statements are given on pages from 251 to 272 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. An analysis of the revenue is given in pages from 155 to 161 of the annual report.

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 12.00% 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. Further details on liquidity position is given in page number 249 of this report.

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
Total reserves	5,290.41	4,705.81	5,685.50	5,107.13

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 16 to 21.

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 16 to 21. Information on trading of the shares and movement in the number of shares of LankaBangla is given in the Investor Information section on page 53 and notes 13 in Financial Statements.

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 53 of the Annual Integrated Report.

Details of shareholder's composition and percentage holding of the public are given in the Investor Information section on page 53 and notes 13 in Financial Statements.

The shareholding pattern as per Clause 2(k) of SEC Notification No. SEC/CMRRCD /2006-158/Admin/02-08 dated February 20, 2006 is shown in Annexure-iii, page 95.

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 Corporate Governance from page 74 and their brief profiles are given on pages 55 to 59 of the Annual Integrated Report.

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. Mahbulul 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/CMRRCD/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 pages 74 to 76 of the Annual Integrated 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 39 to the Financial Statements which form an integral part of the Annual Integrated 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 53 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 pages from 47 & in Directors' Report.

39. Declaration by the CEO and the CFO

Declaration by the Managing Director and Chief Financial Officer has been given on page 78.

40. 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.

Details discloser related to human resource are given pages 182 to 186 of this report which form an integral part of the Annual Report of the Board of Directors.

41. 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.

42. 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.

Details about contribution to government exchequer is given in page 145 of this Annual Report.

43. 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 and 42 (j) in the Financial Statements.

44. 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 40 (e) to the Financial Statements.

45. 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. Details about going concern assessment of LankaBangla is presented in Statement of Going Concern in page 124 of the Annual Report.

46. Risk Management and Internal Control

46.1 Material Foreseeable Risk Factors

LankaBangla has an ongoing process in place to identify, evaluate and manage the risks that are faced by it. This process is detailed in the Risk Management Report on page 109. The Directors, on a regular basis review the above mentioned process.

46.2 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.

47. 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. Details about risk management is given in Risk management report on page 109 of this Annual Integrated Report.

48. Corporate Governance

In the management of the Company, the Directors have placed emphasis on confirming to the best corporate governance practices and procedures. Accordingly, systems and structures have been introduced or improved from time to time to enhance risk management measures and to improve accountability and transparency. A separate report on Corporate Governance is given on page 69.

Pursuant to Clause 9.00 of BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018 the Company's compliance status is shown in Annexure-c page 80.

49. 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.

50. 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.

51. 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.

Details about auditors of subsidiaries and auditor for other audit services are given in page number 04 of the Annual Integrated Report.

52. 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
- ▶ ICMAB Best Corporate 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).

53. 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 442 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.

54 Acknowledgement

The Board of Directors takes this opportunity of expressing its heartfelt 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

REVIEW FROM THE MANAGING DIRECTOR & CEO

GRI: 102-14

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.

As a whole, 2021 has been a year with mixed experience, 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 ICMA 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 stood at 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 pages no 423 and 226 respectively.

Communal Engagement

We believe that we have responsibilities toward the underprivileged people in the society and we aim to help them by contributing to their education, health, income-generating activities and rescuing them from disasters. Besides, we also undertake programs to reduce greenhouse emissions in the environment through taking green initiatives.

As per Group policy, in every year, LBFL and its subsidiary LBSL transfer 1% of its Net Profit After Tax (NPAT) to the LB Foundation for CSR purpose. 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 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!



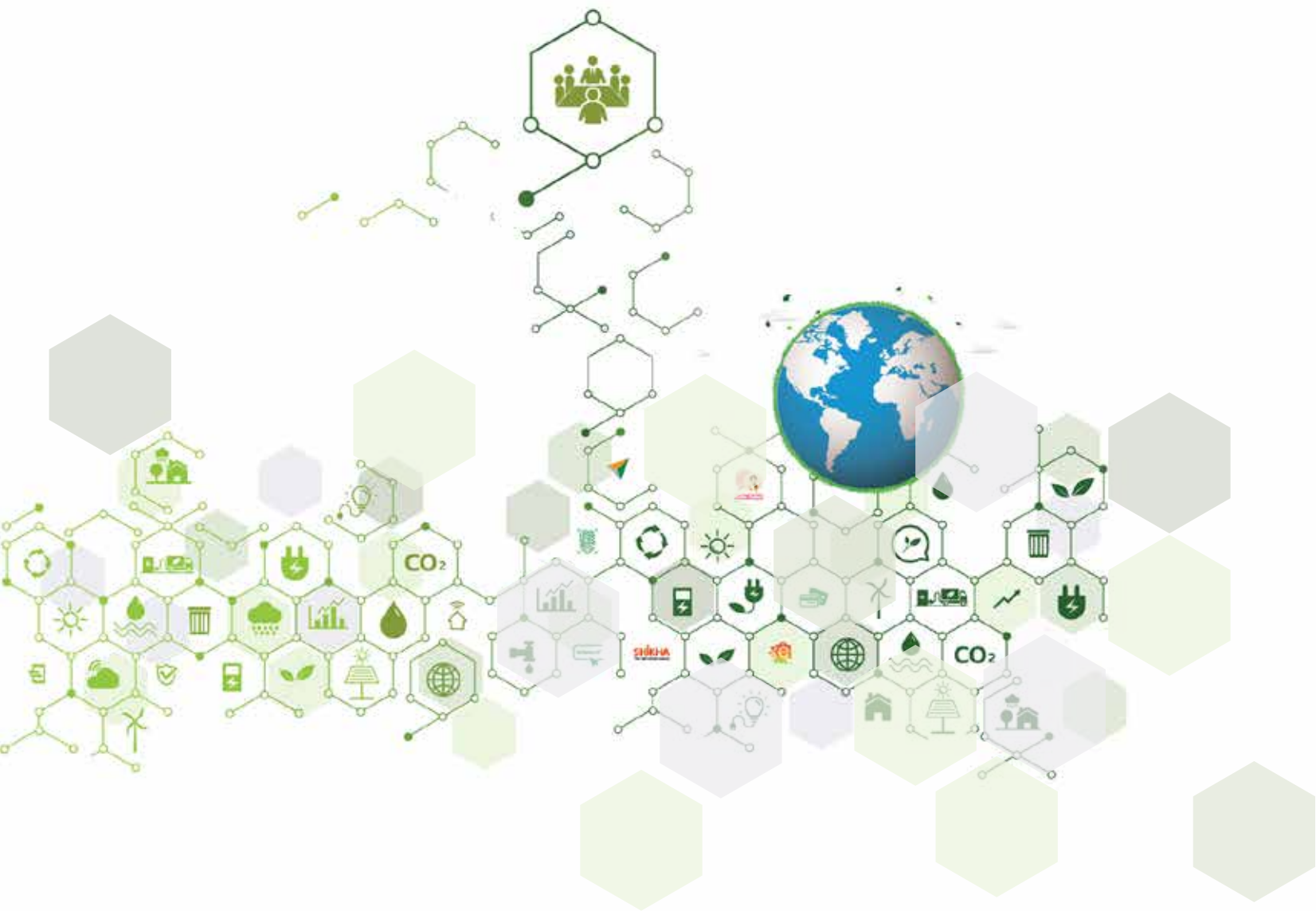
Khwaja Shahriar
Managing Director & CEO

GOVERNANCE AND RISK

Corporate Structure

 Our practice to remain within the guideline for strategic and steady journey towards progress is being governed by our percipient leaders harmonized by our Board of Directors and the Chairman. This practice ensures transparent and winning corporate governance for LankaBangla.

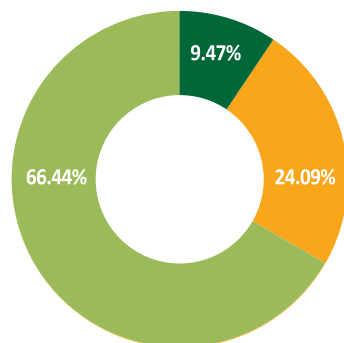
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SHAREHOLDING STRUCTURE

As on 31 December 2021

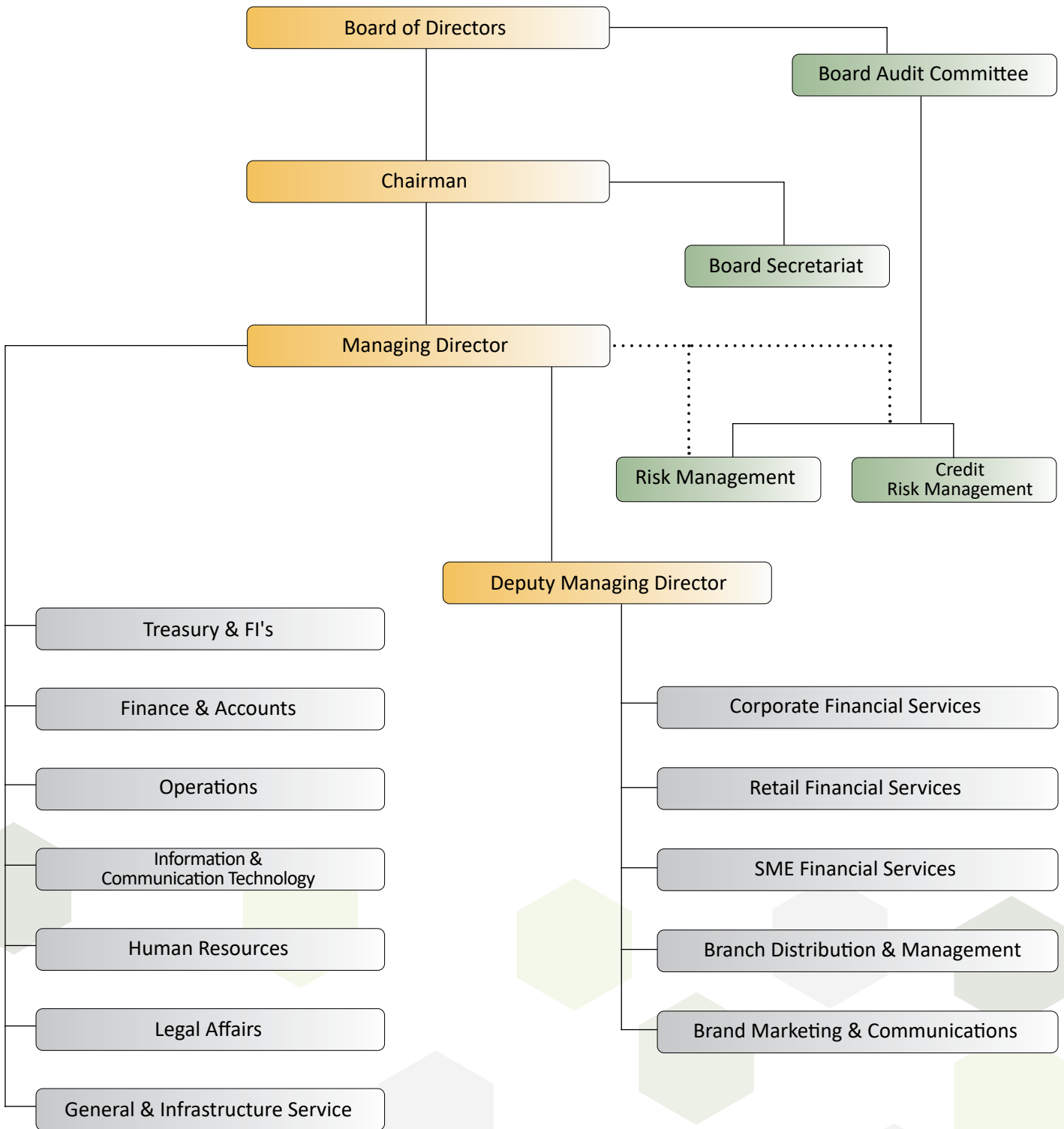
Authorised Capital:	No. of Share	Taka
(Ordinary Shares of TK. 10.00 each)	1,000,000,000	10,000,000,000
Paid up Capital:	No. of Share	Taka
(Ordinary Shares of TK. 10.00 each)	538,838,623	5,388,386,230
Details of shareholding structure is as under:		
Sponsors and/or directors	Total Holding (No. of Share)	% of Shareholding
a) Foreign Institution:		
Sampath Bank PLC (Sri Lanka)	51,036,605	9.47%
Sub-Total	51,036,605	9.47%
b) Local Institution:		
ONE Bank Limited	20,362,737	3.78%
Sub-Total	20,362,737	3.78%
c) Individuals:		
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%
Sub-Total	109,416,717	20.31%
Sponsor/Director Local	129,779,454	24.09%
Sponsors and/or directors Total	180,816,059	33.56%
General Shareholders	358,022,564	66.44%
Grand Total	538,838,623	100.00%



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

ORGANOGRAM OF LANKABANGLA FINANCE

GRI: 102-18



PROFILES OF THE DIRECTORS OF THE BOARD



MR. MOHAMMAD A. MOYEEN
Chairman

Nationality:	Bangladeshi
Board Committee(s):	Chairman of Board Executive Committee
Academic / Professional Qualification(s):	Bachelor of Architecture degree from Bangladesh University of Engineering and Technology
Present Directorship(s):	Airline Cargo Resources Limited, Arrow Aviation Limited, Anyeshan Limited, AVS Cargo Management Services Limited, APS Logistics International Limited, BizBangla Media Limited, Bengal Meat Processing Industries Limited, Colloid Enterprises Limited, Cross Freight Lines Limited, Datafort Limited, Expo Express Services Limited, Expo Holdings (BD) Limited, Freight Options Limited, Freight Care Aviation Services Limited, First Forwarding Limited, Global Aviation Services Limited, Global Ground Services Limited, Interairsea Limited, Innoweb Limited, Joules Power Limited, LankaBangla Securities Limited, LankaBangla Investments Limited, LankaBangla Information System Limited, Orchid Aviation Limited, S. G. Logistics (Pvt.) Limited, Standard Paper Products Limited, STS Capitals Limited, STS Holdings Limited, Swift Logistics Services Limited, The M & M Limited, Technaf Solartech Energy Limited, Uniworld Logistics Limited, Voytech Limited, WAC Logistics Limited, Wings Express Limited, Wings Logistics Limited, Wings Ocean Freight Limited, Wings Aviation Limited, Wings Spence Aviation Limited, Wings Tours & Travels Limited, Wings Classic Tours & Travels Limited.



MR. I. W. SENANAYAKE
Director (Representing Sampath Bank PLC)

Nationality:	Sri Lankan
Board Committee(s):	N/A
Academic / Professional Qualification(s):	Graduated in Technical Engineering
Present Directorship(s):	LankaBangla Securities Limited, American President Lines (Lanka) Agencies Limited, IWS Holdings (Pvt.) Limited, APL Lanka (Private) Limited.



MR. NANDA FERNANDO

Director (Representing Sampath Bank PLC)

Nationality:	Sri Lankan
Board Committee(s):	Member of Board Audit Committee
Academic / Professional Qualification(s):	Associate member and a Senior Fellow member of Institute of Bankers of Sri Lanka and holds Masters of Business Administration degree specializing in Marketing from Sikkim Manipal University, India
Present Directorship(s):	Managing Director of Sampath Bank PLC, Director of Lanka Financial Services Bureau Limited, a Governing Board Director of the Institute of Bankers of Sri Lanka and a Director of Lanka Clear (Pvt.) Limited.



MR. MAHBUBUL ANAM

Director

Nationality:	Bangladeshi
Board Committee(s):	Member of Board Executive Committee and Board Audit Committee
Academic / Professional Qualification(s):	B.Sc. in Mechanical Engineering from Bangladesh University of Engineering and Technology (BUET)
Present Directorship(s):	Allied Aviation Bangladesh Limited, Airline Cargo Resources Limited, Airlines Services Limited, Aramex Dhaka Limited, Aeroness International, Arrow Aviation Limited, Anyeshan Limited, Aristeus Agriculture Limited, BizBangla Media Limited, Bengal Meat Processing Industries Limited, Bollore Logistics Bangladesh Limited, BAY Cargo Centre Limited, Cargo Center Limited, Colloid Enterprises Limited, Cross Freight Lines Limited, Cross Freight Limited, Datafort Limited, Expo Freight Limited, Expo Express Services Limited, Expo Holdings (BD) Limited, Freight Care Aviation Services Limited, First Forwarding Limited, Global Aviation Services Limited, Innoweb Limited, Joules Power Limited, LankaBangla Securities Limited, LankaBangla Information System Limited, Masco International Limited, Orchid Aviation Limited, S. G. Logistics (Pvt.) Limited, Standard Paper Products Limited, STS Capitals Limited, STS Holdings Limited, The M & M Limited, Technaf Solartech Energy Limited, Voyager Aviation Services Limited, Voytech Limited, Wings Spence Aviation Limited, Wings Classic Tours & Travels Limited, Wings Express Limited, Wings Ocean Freight Limited.



MR. M. FAKHRUL ALAM

Director (Representing ONE Bank Limited as on December 31, 2021)

Nationality:	Bangladeshi
Board Committee(s):	Member of Board Executive Committee and Board Audit Committee
Academic / Professional Qualification(s):	MBA from the Institute of Business Administration (IBA), University of Dhaka
Present Directorship(s):	N/A



MR. TAHSINUL HUQUE

Director

Nationality:	British (Original Nationality-Bangladeshi)
Board Committee(s):	N/A
Academic / Professional Qualification(s):	Graduated from Williams College, Massachusetts, USA with major in Economics and Political Science
Present Directorship(s):	N/A



MRS. ANEESHA MAHIAL KUNDANMAL
Director

Nationality:	Bangladeshi
Board Committee(s):	N/A
Academic / Professional Qualification(s):	BA (Honors) in Public Administration from University of Dhaka
Present Directorship(s):	Royal Park Residence Hotel



MRS. ZAITUN SAYEF
Independent Director

Nationality:	Bangladeshi
Board Committee(s):	Chairperson of Board Audit Committee and Member of Board Executive Committee
Academic / Professional Qualification(s):	MBA from Institute of Business Administration (IBA) of Dhaka University
Present Directorship(s):	N/A



MR. KHWAJA SHAHRIAR
Managing Director & CEO

Nationality:	Bangladeshi
Board Committee(s):	N/A
Academic / Professional Qualification(s):	BA (Honors) and MA in English from University of Dhaka, Bachelor of Business in Banking and Finance from Professional Monash University, Melbourne and Master of Business Administration in Finance from Victoria University, Melbourne, Australia
Present Directorship(s):	Director of LankaBangla Securities Limited, LankaBangla Investments Limited and LankaBangla Asset Management Company Limited.

BOARD COMMITTEES

Executive Committee

Sl. No.	Name	Status in the Organization	Status in the Committee
1	Mr. Mohammad A. Moyeen	Chairman	Chairman
2	Mr. Mahbubul Anam	Director	Member
3	Mrs. Zaitun Sayef	Independent Director	Member

Audit Committee

Sl. No.	Name	Status in the Organization	Status in the Committee
1	Mrs. Zaitun Sayef	Independent Director	Chairperson
2	Mr. Nanda Fernando (Representing Sampath Bank PLC)	Director	Member
3	Mr. Mahbubul Anam	Director	Member

MANAGEMENT COMMITTEE (MANCOM)

Sl. No.	Name	Designation	Status in the Committee
1	Khwaja Shahriar	Managing Director & CEO	Chairman
2	A. K. M. Kamruzzaman	Head of Operations	Member
3	Khurshed Alam	Head of Retail Financial Services	Member
4	Quamrul Islam	Head of Treasury & Financial Institutions	Member
5	Mohammed Kamrul Hasan	Chief Risk Officer	Member
6	Mostafa Kamal	Group Company Secretary	Member Secretary
7	Mohammad Shoaib	Head of Corporate Financial Services	Member
8	Shamim Al Mamun	Chief Financial Officer	Member
9	Md. Kamruzzaman Khan	Head of SME Financial Services	Member
10	Mohammad Hafiz Al Ahad	Head of Human Resources	Member
11	Sheik Mohammad Fuad	Head of ICT	Member
12	Mohammad Nazmul Hasan Tipu	Chief Credit Officer	Member
13	Muhammad Habib Haider	Head of GIS	Member

PROFILES OF THE MANAGEMENT TEAM



Khwaja Shahriar
Managing Director & CEO

Mr. Khwaja Shahriar joined LankaBangla Finance as Managing Director on May 21, 2017. Prior to that he was the Deputy Managing Director and Head of Business of LankaBangla Finance since June 2012. Before joining LankaBangla Mr. Shahriar worked in various Banks and Financial Institutions for almost two decades. He served BRAC Bank Limited for almost a decade in different positions and capacity including Head of Corporate Banking, Head of Cash Management and Head of Probashi Banking. He also served in various positions in both GSP Finance Company Limited and Bangladesh Finance & Investment Company Limited. Mr. Shahriar also worked for Uttara Bank Limited, AB Bank Limited and Green Delta Insurance Company.

Mr. Shahriar attended a good number of trainings, workshops and seminars at home and abroad including USA, UK, Dubai, Hong Kong, India during his long professional career.

He obtained his Bachelor of Business in Banking & Finance from Monash University, Melbourne and Master of Business Administration in Finance from Victoria University, Melbourne, Australia. He also completed his BA (Hons') and MA in English from University of Dhaka.



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

Mr. A. K. M. Kamruzzaman, FCMA, is working as the Senior Executive Vice President & Head of Operations, with the responsibility of Asset Operations, Liability Operations, Treasury Operations, Special Asset Management (SAM), Asset Accounts Maintenance, Closing & Clearance, Information, Documents & Insurance Management, Transactions Management, Litigation Management and MIS & Regulatory Reporting. During his long Nineteen and half years' tenure with LankaBangla, he has got the rare opportunity to work in almost all the functional areas of the company in different capacities as Head of Credit & Investment, Head of Business, Head of Credit Administration, Head of Accounts, Head of Administration & Company Secretary.

Mr. Kamruzzaman is a nominated Director in the Board of LankaBangla Asset Management Company Limited. Prior to LankaBangla, he served Opex Group, Prime Group, Babylon Group and some other leading companies in manufacturing and service industries. He also served time to time as part-time and guest faculty in the Institute of Cost & Management Accountants of Bangladesh (ICMAB), the Institute of Business Administration (IBA), University of Dhaka, and as a guest trainer in Bangladesh Institute of Bank Management (BIBM) and Bangladesh Leasing & Finance Companies' Association (BLFCA).

Currently Mr. Kamruzzaman is an elected Member of the National Council and Treasurer of the Institute of Cost & Management accountants of Bangladesh (ICMAB). He is also a Member of the International Transparency & Governance (ITAG) Committee of the South Asian Federation of Accountants (SAFA). Earlier, he served as the Chairman of Dhaka Branch Council (DBC) of ICMAB.

Mr. Kamruzzaman is a post graduate in Accounting from the University of Dhaka. He is also an MBA from the IBA, University of Dhaka and a Fellow Member (FCMA) of ICMAB. For personal and professional development, he has travelled India, Sri Lanka, Thailand, Malaysia, Indonesia, Singapore, Germany, France, Switzerland & Italy.



Khurshed Alam

Head of Retail Financial Services

Khurshed Alam, Senior Executive Vice President, joined the then Vanik Bangladesh Limited in July 1998. He is currently looking after the Retail Financial Services Division. As a long-term serving employee, Mr. Khurshed worked in various departments in LankaBangla, including Finance, Administration, Human Resource, Credit Card, Home Loan, SME Finance, Auto Loan, Personal Loan, and Retail Liability. As a technological enthusiast, he is also looking after the Digital Transformation Department at LBFL.

Mr. Khurshed started his career in 1992 as Probationary Officer- Finance & Accounts in Rupali General Insurance Company Limited. He obtained his Honors and Masters in Management from the University of Dhaka. He also got his Post Graduate Diploma in Personnel Management (DPM) from Bangladesh Institute of Management (BIM), Marketing Strategies for Retail Banking from National Institute of Bank Management (Pune, India), and on The Corporate Management for Bangladesh (BCDM) in HIDA, Japan. He is also successfully completed training on Crafting Innovative Business Strategy under the Management Development Program (MDP) from IBA, University of Dhaka, and Digital Transformation: Platform Strategies for Success from MIT Sloan School of Management, USA. He has attended a considerable number of training, workshop, and seminar at home and abroad.



Quamrul Islam

Head of Treasury & FI

Quamrul Islam, Senior Executive Vice President joined erstwhile Vanik Bangladesh Limited on October 7, 1997 which was later renamed as LankaBangla Finance Limited. During his tenure of office, he held different positions and looked after the functions of Finance and Treasury. Mr. Quamrul eventually went on to assume the role of Chief Financial Officer of the company for the period from 2007 to 2012.

Currently he is discharging the responsibility as Head of Treasury & Financial Institutions by proving his forte in the areas of money market, balance sheet management, capital market and relationship management with global & local financial institutions including DFIs. He has done an extensive work to implement the integrated treasury management solution for the company.

Mr. Quamrul obtained his graduation with Honors and post-graduation in Accounting from the Faculty of Business Studies of Dhaka University. He started his career with "PRAN Group" one of the largest conglomerates of the country as a Management Trainee Officer. Mr. Quamrul is the Vice President of the Bangladesh Money Market Dealers' Association (BAMDA). He attended a good number of professional trainings, workshops and seminars at home and abroad.



Mohammed Kamrul Hasan, FCA

Chief Risk Officer

Mohammed Kamrul Hasan, Senior Executive Vice President and Chief Risk Officer heads the Risk Management Division which is responsible for managing the Enterprise Risk at LankaBangla and its subsidiaries. Mr. Hasan was appointed as Vice President in February 2007. He possesses extensive experience in Accounting, Auditing and Finance.

Mr. Hasan holds a Bachelor Degree in Accounting from the National University of Bangladesh. He is a Fellow member of the Institute of Chartered Accountants of Bangladesh (ICAB).



Mostafa Kamal, FCA
Group Company Secretary

Mostafa Kamal, Senior Executive Vice President, joined LankaBangla in February 2009. Currently, he is working as the Group Company Secretary of LankaBangla Finance Limited and its subsidiaries. In addition to his current role, he also worked in the company as Head of HR and Administration. Mr. Kamal completed his B.Com. (Hons.) and M.Com. in Accounting from University of Dhaka. He is a Fellow Member of the Institute of Chartered Accountants of Bangladesh (ICAB). Prior to joining in LankaBangla he was the Head of ICC of IPDC Finance Limited and also served Rahman Rahman Huq, Chartered Accountants, (Member Firm of KPMG International) as Manager, Audit and Advisory Services from September 2003 to June 2006.

Mr. Kamal held the position of the Chairman of Dhaka Regional Committee of ICAB for the year 2010-2011. He was a Council Member of ICAB for the term 2016-2018. He held the position of the Vice President (Education & Training) of ICAB for the year 2017. Mr. Kamal played a very vital role in opening Bangladesh Chapter of Information System Audit and Control Association (ISACA) of USA. He is the Founder Director, Communication and Ex-Director, Academic Relations of ISACA Bangladesh Chapter. Mr. Kamal is also a Founder Member and the General Secretary of Vision Care Foundation (a non-profit organization). He is the Executive Director and a member of Policy Advisory Committee of Bashundhara Eye Hospital and Research Institute, a non-profit and most modern Eye Hospital in Bangladesh. During the years 2017-2020, Mr. Kamal was a Government nominated Board Member in two state owned organizations namely Bangladesh Cable Shilpa Limited and Telephone Shilpa Sangstha Limited.



Mohammad Shoaib
Head of Corporate Financial Services

Mohammad Shoaib, Executive Vice President, joined LankaBangla Finance as Assistant Vice President in May 2007. He is currently working as the Head of Corporate Financial Services Division looking after the Corporate Asset & Liability Portfolio. Mr. Shoaib has around 18 years of financial services experience and held various senior management positions in credit & investment, corporate finance, retail finance, SME finance, credit administration and corporate liability. Prior to joining LankaBangla, he was the Branch In-charge of Chittagong Branch of Prime Finance & Investment Limited. He is a Bachelor in Business Administration with Honors in Accounting and a Master's in Business Administration in Accounting & Information Systems from the University of Dhaka. He has attended a good number of trainings, seminars and workshops both in home and abroad.



Shamim Al Mamun, FCA
Chief Financial Officer

Shamim Al Mamun, FCA has worked at a variety of institutions for the past 12 years. Since April 2013, he has worked as Lankabangla Finance's Chief Financial Officer (CFO). He was the CFO and Company Secretary of Fareast Stocks & Bonds Limited prior to joining this Company. He is a Fellow of the Bangladesh Institute of Chartered Accountants (ICAB). Mr. Shamim is also one of the directors of LankaBangla Asset Management Company Limited (LBAMCL).

He graduated from American International University of Bangladesh with a Bachelor of Science in Computer Science (AIUB). He is also an ex-cadet, having completed his secondary education at Sylhet Cadet College. Mr. Shamim has ample expertise and experience in Strategic Planning and Forecasting, Process Design and Productivity Improvement, Financial Governance and Modelling, Financial Reporting, and Financial Management. He is also an ICAB resource person with the proficiency of providing student training and educational development.



Md. Kamruzzaman Khan
Head of SME Financial Services

Md. Kamruzzaman Khan, Executive Vice President, joined LankaBangla Finance Limited as a Head of SME Financial Services Division in 2013. Mr. Khan has over 19 years of Banking and Financial Services experience. Prior to joining LankaBangla Finance Limited, he served in BRAC Bank Limited under SME Division in different positions including Manager and Senior Manager. Mr. Khan has obtained an M. Com in Accounting and also attained an MBA from State University of Bangladesh with Major in Finance & Banking. He participated in advance training programme on Financing SMEs in NIBM, Pune (India) organized jointly by Frankfurt School of Finance and Management, Germany. Mr. Khan also participated in strategic Planning & Thinking programme on SME financing in SIM (Singapore), an enthusiastic learner Mr. Khan is currently pursuing a professional certificate course on 'Strategic Management' from Wharton, University of Pennsylvania. He has extensive knowledge and experience in business development, risk governance, organizational transformation and driving sustainable business growth.



Mohammad Hafiz Al Ahad

Head of Human Resources

Mohammad Hafiz Al Ahad, Executive Vice President & Head of Human Resources, is accountable for leading people & culture philosophy and strategy of LankaBangla Finance in alignment with business strategy.

Mr. Hafiz, a results-driven HR professional for almost two decades, started his career with the American Express Bank and subsequently worked as Lead HR for NOKIA (Networks), Head of HR for Philip Morris International (PMI) Bangladesh & Pakistan, Head of HR for The Coca-Cola Company (IBPL), Director-CSO, University of Liberal Arts Bangladesh (ULAB) and Head of HR, Rahimafrooz Bangladesh Limited (Agora) and has obtained local and international exposure in the field of Human Capital Management. For a short tenure, he also served as Chief People Officer (CPO) of Unique Group, one of the largest conglomerates of Bangladesh. Mr. Hafiz is a strategic and innovative HR professional who translates business strategy into HR actions that improve individual performance, organizational profitability, growth, and employee engagement. An empowering professional who supports companies and the Senior Leadership Team (SLT) with a unique perspective that human capital is the greatest asset of the organization. A passionate influencer who thrives on challenges and converts visions and strategies that are actionable and value-added goals. In addition to leading the People & Culture of the organization, Mr. Hafiz plays a pivotal role as a member of MANCOM, Integrity Committee, ICT Steering Committee, and Corporate Social Responsibility Committee (CSR).

Mr. Hafiz obtained his MBA from Oxford Brookes University, Oxford, UK, and Professional Certificate from London School of Economics and Political Science (LSE) on 'Digital Transformation in HR', in addition to his Bachelor's and Masters from the University of Dhaka.



Sheik Mohammad Fuad

Head of ICT

Sheik Mohammad Fuad, Head of Information & Communication Technology Division, has been working in LankaBangla Finance Limited since 1999 and has been serving current role as Head of Information and Communication Technology (ICT) Division since November 2011. He has more than 21 years of experience in IT Operations, IT Project Management, IT Governance and IT Risk Management. As the Head of ICT, Mr. Fuad is responsible for enabling various business requirements through development and successful deployment Information Technology features. He also contributes to the strategic planning of the organization as a member of the Management Committee. Here in LankaBangla Mr. Fuad is leading a team of highly professional personnel experienced in various wing of Information & Communication Technology such as Infrastructure & Network, ICT Security & Risk, Application & Database Management, Project Management. He has attained professional certifications such as CDCP, CPISI, COBIT®5, PRINCE2® & ITIL.



Mohammad Nazmul Hasan Tipu, CFA

Chief Credit Officer

Mohammad Nazmul Hasan Tipu, Senior Vice President & Chief Credit Officer is responsible for Credit Risk Management Division of LankaBangla Finance Limited. He joined LankaBangla Finance Limited as AVP at Credit Risk Management Division in May 2013 with around 10 years of banking experience with exposure in loans and advances both at Branch (Relationship Management) and Head Office level (Industrial Credit Division). He successfully served around 5 years as Unit Head, Corporate Credit, CRM and eventually he has been promoted to the role of Chief Credit Officer in April 2018. Since then he has been successfully leading a highly competent credit team with diverse skill sets in the area of Corporate, SME and Retail credit. Mr. Nazmul obtained B.Sc. in Chemical Engineering from Bangladesh University of Engineering and Technology (BUET) and Masters in Business Administration (MBA) from Institute of Business Administration (IBA), University of Dhaka. In 2018, he obtained coveted Chartered Financial Analyst (CFA) charter reflecting his commitment to harnessing enriched skill sets of international standard and thus demonstrating professional excellence in his area of expertise. He attended a number of trainings, seminars and workshops on Strategy, Leadership, Digital Transformation and Advanced Credit Analysis among others both in home and abroad.



Muhammad Habib Haider

Head of GIS

Muhammad Habib Haider, Head of GIS, is responsible for General & Infrastructure Services Division of LankaBangla Finance Limited. He has joined LankaBangla Finance in February 2015. Prior to joining LankaBangla Finance Limited, he served in BRAC Bank Limited under GIS Division in different roles. He has over 12 years' experiences in Banking and Financial Institution sector with exposure in supply chain management, General Administration, and Project Management. He obtained his Honors degree from University of Dhaka and MBA from Southeast University. He obtained Certified Supply Chain Manager (CSCM) certification from ISCEA, USA. He has attended a number of trainings and workshops both in home and abroad.

MANCOM MEMBERS

LankaBangla is a value driven organization with strict adherence to principles even if the situation sometimes provides temporary benefit to the company. The guiding principles are set with the objective of upholding the company's reputation and dignity and treating it as absolutely priceless. The company's affairs get the utmost priority of all the employees.



Sitting from the left

- 01 Quamrul Islam**
Head of Treasury & FI
- 02 Khurshed Alam**
Head of Retail Financial Services
- 03 Khwaja Shahriar**
Managing Director & CEO
- 04 Mostafa Kamal, FCA**
Group Company Secretary
- 05 A. K. M. Kamruzzaman, FCMA**
Head of Operations

Standing from the left


- 06 Mohammad Shoaib**
Head of Corporate Financial Services
- 07 Muhammad Habib Haider**
Head of GIS
- 08 Mohammed Kamrul Hasan, FCA**
Chief Risk Officer

- 09 Shamim Al Mamun, FCA**
Chief Financial Officer
- 10 Mohammad Hafiz Al Ahad**
Head of Human Resources
- 11 Kamruzzaman Khan**
Head of SME Financial Services

- 12 Sheik Mohammad Fuad**
Head of Information & Communication Technology
- 13 Mohammad Nazmul Hasan Tipu, CFA**
Chief Credit Officer

GOVERNANCE AND RISK

Report & Statement on Corporate Governance

 Corporate governance is the backbone of LBFL which helps us to remain transparent in dealings with all stakeholders, earn trust, to continue ethical business practices, and secure a sustainable Company. This segment delineates our statements on various aspects of corporate governance. Most of these statements are made voluntarily and represent our firm commitment to operate an institution running on the best corporate governance code.

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STATEMENT ON CORPORATE GOVERNANCE

GRI: 102-18

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.

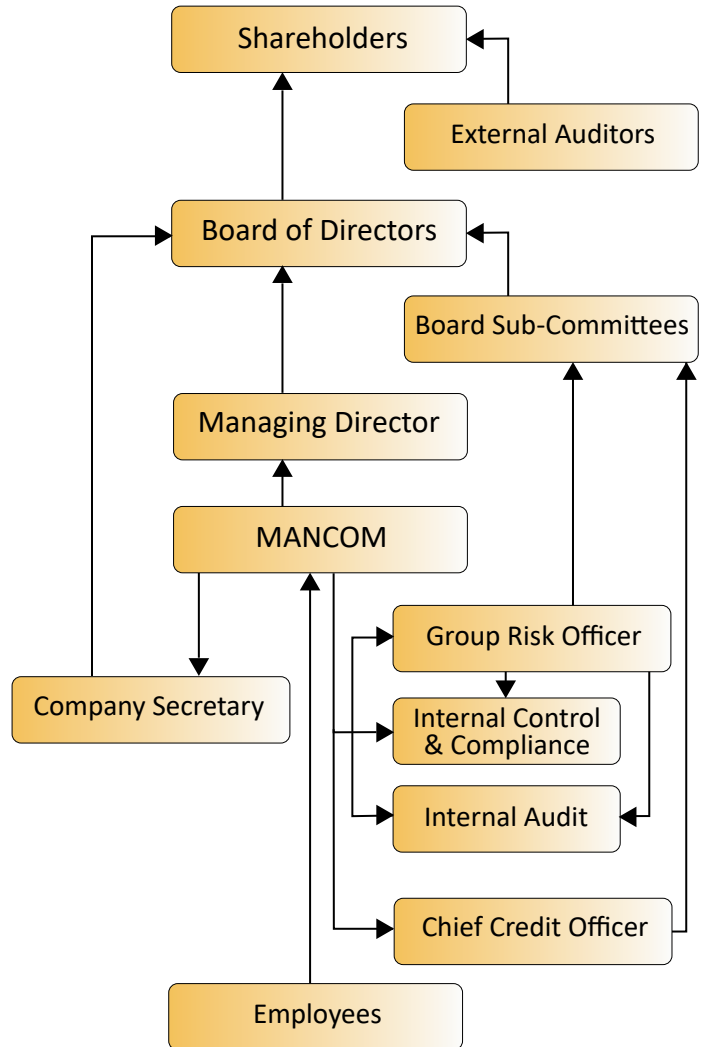
The following Acts, Regulations and Circulars have been used:

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 97 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

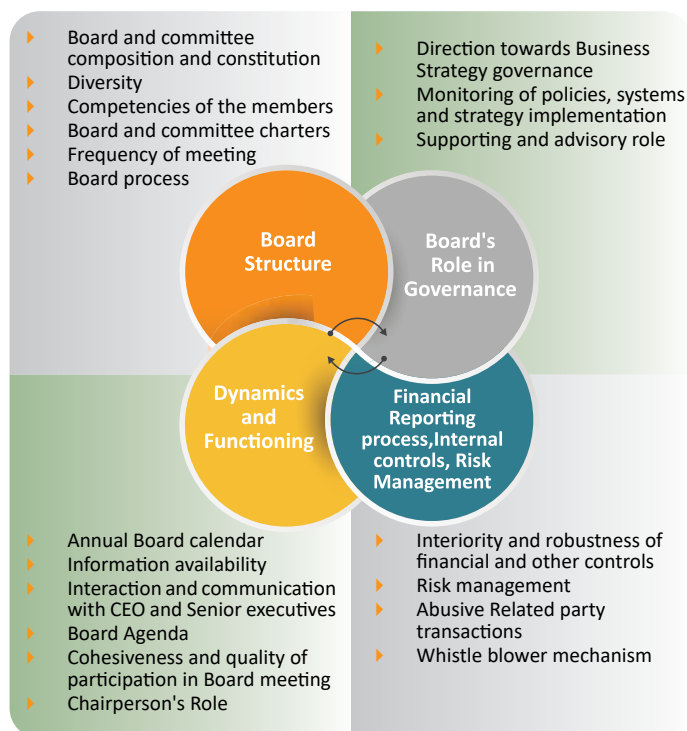
- ▶ Appointing the executive team and ensuring proper succession planning and performance appraisals
- ▶ Developing the company's strategy for consideration and approval by the board
- ▶ Developing and recommending budgets to the board that support the group's long-term strategy
- ▶ Monitoring and reporting 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. A separate statement of the Directors' responsibility for financial reporting and corporate governance is given on pages from 97 of this Annual Integrated Report.

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. Statement on Ethics and Compliance is provided on page 106 of this Annual Integrated Report.

6.17 Human Capital

LankaBangla has always been very passionate about human capital management. Description about Human Resource policies and procedures are provided in Human Resource and Remuneration Committee Report on page 103. Quantifiable information about Human resources and Human Capital is portrayed in detail on page 188 Human Resource Accounting and page 193 Human Capital.

Organizational Chart is given on page 54.

6.18 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.

6.19 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.

6.19.1 Communication through Quarterly Reports

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

6.19.2 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.

6.19.3 Communication through Digital Media

The company's website 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.

6.20 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.

Details about Environmental and Social Obligation and Performance is portrayed on Sustainability Report pages from 130 to 147.

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 Integrated report

7.2 Strategies to achieve Company's Business Objectives

Aligned with our vision of maximising stakeholders' value and thus Growing Together our Strategic Focus areas are described on pages from 185 of this Annual Integrated 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 Shamsher	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 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.

8.1.2 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 portrayed on page 54 Of this Report.

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 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.

8.2.3 Qualification of the members including the Chairman:

All the members of the Audit Committee including the Chairman vastly experienced with strong professional background. Details profile of Audit Committee members are provided on note 40 of the Financial Statements.

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

8.2.6 Board Audit Committee Report

Board Audit Committee Report is given in pages from 99.

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.

8.3.3 Summary of Key Focus Areas in 2021

Approval of Loans and advances amounted up to one hundred core.

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 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	19,144,614.66	6,075

Annexure-A
[As per condition No. 1(5)(xxvi)]

April 11, 2022

The Board of Directors
LankaBangla Finance Limited
Safura Tower (Level-11),
20 Kemal Ataturk Avenue,
Dhaka 1213.

Subject: Declaration on Financial Statements for the year ended on December 31, 2021

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated June 3, 2018 under section 2CC of the Bangladesh Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of LankaBangla Finance Limited for the year ended on December 31, 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concerns basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:-

- (i) We have reviewed the financial statements for the year ended on December 31, 2021 and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



Khwaja Shahriar
Managing Director and CEO



Shamim Al Mamun FCA
Chief Financial Officer



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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

Annexure-C
[(As per condition No. 1(5) (xxvii)]

Status of compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued under the Section 2CC of the Securities and Exchange Ordinance, 1969:

Condition No.	Title	Compliance Status		Remarks
		Complied	Not complied	
1	Board of Directors			
1(1)	Board's size shall not be less than 5 and more than 20 (Twenty)	√		
1(2)	Independent Directors			
1(2) (a)	Independent director: At least 1/5th of the total number of directors	√		1 of the 2 independent directors resigned on 02 December 2021 and Mr. Md. Fakhrul Alam has been appointed as Independent Director of LankaBangla Finance Limited which was approved in the 136 th Board meeting held on 11 April 2022.
1(2) (b)	Independent Director means			
1(2) (b) (i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		
1(2) (b) (ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	√		
1(2) (b) (iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		
1(2) (b) (iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	√		
1(2) (b) (v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange.	√		
1(2) (b) (vi)	Who is not a shareholder, director excepting independent director or officer of any member or the holder of stock exchange or an intermediary of the capital market;	√		
1(2) (b) (vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√		
1(2) (b) (viii)	Who is not independent director in more than 5 (five) listed companies.	√		



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Condition No.	Title	Compliance Status		Remarks
		Complied	Not complied	
1(2) (b) (ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFII); and	√		
1(2) (b) (x)	Who has not been convicted for a criminal offence involving moral turpitude.	√		
1(2) (c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	√		
1(2) (d)	The post of independent director(s) cannot remain vacant for more than 90(ninety) days and	√		
1(2) (e)	The tenure of office of an Independent Director shall be for a period of 3 (three) years which may be extended for 1 (one) tenure only.	√		
1(3)	Qualification of Independent Director :-			
1(3) (a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	√		
1(3) (b) (i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	√		
1(3) (b) (ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or	√		
1(3) (b) (iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or	√		
1(3) (b) (iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	√		
1(3) (b) (v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	√		
1(3) (c)	The Independent Director(s) shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not complied	
1(3) (d)	In special cases, the above qualification or experiences may be relaxed subject to prior approval of the commission.			N/A
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:-			
1(4) (a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		
1(4) (b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√		
1(4) (c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√		
1(4) (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	√		
1(4) (e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
1(5)	The Directors' Report to Shareholders shall include:-			
1(5) (i)	An industry outlook and possible future developments in the industry;	√		
1(5) (ii)	The segment-wise or product-wise performance;	√		
1(5) (iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		
1(5) (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	√		
1(5) (v)	Discussion on continuity of any extraordinary activities and their implications (gain or loss);			N/A
1(5) (vi)	Discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		
1(5) (vii)	Utilization of proceeds raised through public issues, rights issues and/or any other instruments;			N/A
1(5) (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;			N/A
1(5) (ix)	If significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;			N/A
1(5) (x)	Remuneration paid to the directors including independent directors;	√		
1(5) (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		



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Condition No.	Title	Compliance Status		Remarks
		Complied	Not complied	
1(5) (xii)	Proper books of account of the issuer company have been maintained;	√		
1(5) (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		
1(5) (xiv)	International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		
1(5) (xv)	The system of internal control is sound in design and has been effectively implemented and monitored	√		
1(5) (xvi)	Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1(5) (xvii)	There is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		
1(5) (xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		
1(5) (xix)	Key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		
1(5) (xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year			N/A
1(5) (xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1(5) (xxii)	The total number of Board meetings held during the year and attendance by each director;	√		
1(5) (xxiii)	The pattern of shareholding disclosing the aggregate number of shares (along with name-wise details) held by:	√		
1(5) (xxiii) (a)	Parent or Subsidiary or Associated Companies and other related parties (name wise details);	√		
1(5) (xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	√		
1(5) (xxiii)(c)	Executives (top 5 (five)) salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not complied	
1(5) (xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);			N/A
1(5) (xxiv)	Appointment or re-appointment of a Director a disclosure on the following information to the Shareholders:			
1(5) (xxiv) (a)	Brief resume of the Director;	√		
1(5) (xxiv)(b)	Nature of his/her expertise in specific functional areas; and	√		
1(5) (xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	√		
1(5) (xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5) (xxv) (a)	Accounting policies and estimation for preparation of financial statements;	√		
1(5) (xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		
1(5) (xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		
1(5) (xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1(5) (xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	√		
1(5) (xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		
1(5) (xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		
1(5) (xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	√		
1(5) (xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	√		
1(6)	Meetings of the Board of Directors			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			



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Condition No.	Title	Compliance Status		Remarks
		Complied	Not complied	
1(7) (a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;			Bangladesh Bank through its letter number-DFIM(P)1052/27/2021- 2436 dated 04 November 2021 has restricted the NBFIs to form Nomination and Remuneration Committee of the Board.
1.7. (b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.			
2	Governance of Board of Directors of Subsidiary Company			
2 (a)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	√		
2 (b)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	√		
2 (c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	√		
2 (d)	The Minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the Subsidiary Company also.	√		
2 (e)	The Audit Committee of the holding company shall also review the Financial Statements, in particular the investments made by the Subsidiary Company.	√		
3.0	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			
3 (1)	Appointment			
3 (1) (a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		
3 (1) (b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		
3 (1) (c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√		
3 (1) (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3 (1) (e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√		
3(2)	Requirement to attend Board of Directors' Meetings			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board.	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not complied	
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3) (a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
3(3) (a) (i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	√		
3(3) (a) (ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		
3(3) (b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		
3(3) (c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
4	Board of Directors' Committee:-			
	For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4 (i)	Audit Committee	√		
4 (ii)	Nomination and Remuneration Committee.			Bangladesh Bank through its letter number- DFIM(P)1052/27/2021- 2436 dated 04 November 2021 has restricted the NBFIs to form Nomination and Remuneration Committee of the Board.
5	Audit Committee:-			
5 (i)	Responsibility to the Board of Directors.			
5(i) (a)	The company shall have an Audit Committee as a sub-committee of the Board;	√		
5(i) (b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		
5(i) (c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		
5 (2)	Constitution of the Audit Committee			
5 (2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	√		
5 (2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	√		
5 (2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	√		



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Condition No.	Title	Compliance Status		Remarks
		Complied	Not complied	
5 (2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee	√		
5 (2)(e)	The company secretary shall act as the secretary of the Committee;	√		
5 (2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
5(3)	Chairperson of the Audit Committee			
5(3) (a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√		
5(3) (b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
5(3) (c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	√		
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year.	√		
5(4) (b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
5(5)	Role of Audit Committee			
	The audit committee shall:-			
5(5) (a)	Oversee the financial reporting process;	√		
5(5) (b)	Monitor choice of accounting policies and principles.	√		
5(5) (c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5(5) (d)	Oversee hiring and performance of external auditors.	√		
5(5) (e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5(5) (f)	Review along with the management, the annual financial statements before submission to the Board for approval;	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not complied	
5(5) (g)	Review along with the management, the quarterly and half yearly Financial Statements before submission to the Board for approval.	√		
5(5) (h)	Review the adequacy of internal audit function.	√		
5(5) (i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5(5) (j)	Review statement of all related party transactions submitted by the management;	√		
5(5) (k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors.	√		
5(5) (l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	√		
5(5) (m)	<p>Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission.</p> <p>Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results:</p> <p>Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.</p>	√		
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a) (i)	The Audit Committee shall report on its activities to the Board of Directors.	√		
5(6)(a) (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-			
5(6)(a)(ii)(a)	Conflicts of Interests.			N/A
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			N/A
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			N/A
5(6)(a)(ii) (d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			N/A



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Condition No.	Title	Compliance Status		Remarks
		Complied	Not complied	
5(6)(b)	Reporting to the Authorities: If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			N/A
5(7)	Reporting to the Shareholders and General Investors: - Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.			N/A
6	Nomination and Remuneration Committee (NRC)	Bangladesh Bank through its letter number-DFIM(P)1052/27/2021-2436 dated 04 November 2021 has restricted the NBFIs to form Nomination and Remuneration Committee of the Board.		
6(1)	Responsibility to the Board of Directors			
6 (1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;			
6 (1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;			
6 (1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).			
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;			
6(2)(b)	All members of the Committee shall be non-executive directors;			
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;			
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;			
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			

Condition No.	Title	Compliance Status		Remarks
		Complied	Not complied	
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			
6(2)(g)	The company secretary shall act as the secretary of the Committee;			
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;			
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.			
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;			
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes			
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:			
6(4)	Meeting of the NRC			
6(4) (a)	The NRC shall conduct at least one meeting in a financial year;			
6(4) (b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			
6(4) (c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);			
6(4) (d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.			
6(5)	Role of the NRC			
6(5) (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;			
6(5) (b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6(5) (b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			



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Condition No.	Title	Compliance Status		Remarks
		Complied	Not complied	
6(5) (b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;			
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and			
6(5) (b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;			
6(5) (b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;			
6(5) (b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;			
6(5) (b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;			
6(5) (b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and			
6(5) (b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;			
6(5) (c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	-		
7	External or Statutory Auditors.			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-			
7(1)(i)	Appraisal or valuation services or fairness opinions;	√		
7(1)(ii)	Financial information systems design and implementation;	√		
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements;	√		
7(1)(iv)	Broker-dealer services;	√		
7(1)(v)	Actuarial services;	√		
7(1)(vi)	Internal audit services or special audit services;	√		
7(1)(vii)	Any service that the Audit Committee determines;	√		
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	√		
7(1)(ix)	Any other service that creates conflict of interest.	√		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company:	√		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not complied	
8	Maintaining a website by the Company.			
8(1)	The company shall have an official website linked with the website of the stock exchange.	√		
8(2)	The Company shall keep the website functional from the date of listing.	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		
9	Reporting and Compliance of Corporate Governance.			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and such certificate shall be disclosed in the Annual Report.	√		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	√		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	√		

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

Sl. No.	Particulars	Compliance Status
1.	Responsibilities and authorities of the Board of Directors:	
	(ka) Work-planning and strategic management:	
	(1) The Board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goal and in the issues relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor at quarterly rests the development of implementation of the work-plans.	Complied
	(2) The Board shall have its analytical review incorporated in the Annual report as regard the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders of its opinions/recommendations on future plans and strategies.	Complied
	(3) The Board will set the Key Performance Indicator (KPI)s for the CEO and other senior executives and will evaluate half yearly / yearly basis.	Complied
	(kha) Formation of sub-committee:	



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Sl. No.	Particulars	Compliance Status
	Executive Committee may be formed in combination with directors (excluding any alternate Director) and management of the Company only for rapid settlement of the emergency matters (approval of loan/lease application, write-off, rescheduling etc.) arisen from the regular business activities.	Complied
	(Ga) Financial management:	
	(1) Annual budget and statutory financial statements shall be adopted finally with the approval of the Board.	Complied
	(2) Board shall review and examine in quarterly basis various statutory financial statements such as statement of income-expenses, statement of loan/lease, statement of liquidity, adequacy of capital, maintenance of provision, legal affairs including actions taken to recovery of overdue loan/lease.	Complied
	(3) Board shall approve the Company's policy on procurement and collection and shall also approve the expenditures according to policy. The Board shall delegate the authority on the Managing Director and among other top executives for approval of expenditure within budget to the maximum extend.	Complied
	(4) The Board shall adopt the operation of bank accounts. Groups may be formed among the management to operate bank accounts under joint signatures.	Complied
	(Gha) Management of loan/lease/investments:	
	(1) Policy on evaluation of loan/lease/investment proposal, sanction and disbursement and its regular collection and monitoring shall be adopted and reviewed by the Board regularly based on prevailing laws and regulations. Board shall delegate the authority of loan/lease/investment specifically to management preferably on Managing Director and other top executives.	Complied
	(2) No director shall interfere on the approval of loan proposal associated with him. The director concerned shall not give any opinion on that loan proposal.	Complied
	(3) Any syndicated loan/lease/investment proposal must be approved by the Board.	Complied
	(Uma) Risk management:	
	Risk Management Guideline framed in the light of Core Risk Management Guideline shall be approved by the Board and reviewed by the Board regularly.	Complied
	(Ca) Internal control and compliance management:	
	A regular Audit Committee as approved by the Board shall be formed. Board shall evaluate the reports presented by the Audit Committee on compliance with the recommendation of internal auditor, external auditors and Bangladesh Bank Inspection team.	Complied
	(Cha) Human resource management:	
	Board shall approve the policy on Human Resources Management and Service Rule. Chairman and director of the Board shall not interfere on the administrative job in line with the approved Service Rule.	Complied

Sl. No.	Particulars	Compliance Status
	Only the authority for the appointment and promotion of the Managing Director/Deputy Managing Director/ General Manager and other equivalent position shall lie with the Board in compliance with the policy and Service Rule. No director shall be included in any Executive Committee formed for the purpose of appointment and promotion of others.	Complied
	(Ja) Appointment of CEO:	
	The Board shall appoint a competent CEO for the Company with the approval of the Bangladesh Bank and shall approve any increment of his salary and allowances.	Complied
	(Jha) Benefits offer to the Chairman:	
	Chairman may be offered an office room, a personal secretary, a telephone at the office, a vehicle in the business-interest of the Company subject to the approval of the Board.	Complied
02.	Responsibilities of the Chairman of the Board of Directors:	
	(Ka) Chairman shall not participate in or interfere into the administrative or operational and routine affairs of the Company as he has no jurisdiction to apply executive power;	Complied
	(Kha) The minutes of the Board meetings shall be signed by the Chairman;	Complied
	(Ga) Chairman shall sign-off the proposal for appointment of Managing Director and increment of his salaries & allowances;	Complied
03.	Responsibilities of Managing Director:	
	(Ka) Managing Director shall discharge his responsibilities on matters relating to financial, business and administration vested by the Board upon him. He is also accountable for achievement of financial and other business targets by means of business plan, efficient implementation of administration and financial management;	Complied
	(kha) For day to day operations, Managing Director shall ensure compliance with the rules and regulation of the Financial Institutions Act, 1993 and other relevant circulars of Bangladesh Bank;	Complied
	(Ga) All recruitment/promotion/training, except those of DMD, GM and equivalent positions shall be vested upon the Managing Director. He shall act such in accordance the approved HR Policy of the company;	Complied
	(Gha) Managing Director may re-schedule job responsibilities of employees;	Complied
	(Uma) Except for the DMD, GM and equivalent positions, power to transfer and to take disciplinary actions shall be vested to the Managing Director:	Complied
	(Cha) Managing Director shall sign all the letters/statements relating to compliance of policies and guidelines. However, Departmental/Unit heads may sign daily letters/statements as set out in DFIM circular no. 2 dated 06 January 2009 if so authorized by MD.	Complied



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Annexure-III

COMPLIANCE REPORT ON BSEC'S NOTIFICATION

1. Compliance of section 1.5 (xxii)

Board of Directors meeting held during the year 2021 and attendance by each Director:

Sl. No.	Composition of the Board		No. of meeting held	Entitlement to attend	Attended
	Name	Position			
1	Mr. Mohammad A. Moyeen	Chairman	8	8	8
2	Mr. I. W. Senanayake (Representing Sampath Bank PLC)	Director	8	8	5
3	Mr. Nanda Fernando (Representing Sampath Bank PLC)	Director	8	8	2
4	Mr. B. W. Kundanmal (Alternate of Mrs. Aneesha Mahial Kundanmal)	Alternate Director	8	8	6
5	Mr. M. Fakhru Alam (Representing ONE Bank Limited)	Director	8	8	8
6	Mr. Mahbul Anam	Director	8	8	6
7	Dr. M. Mahbul Huque (Alternate of Mr. Tahsinul Huque)	Alternate Director	8	8	8
8	Mrs. Zaitun Sayef	Independent Director	8	8	8
9	Mr. Md. Mehmood Husain	Independent Director	8	6	5
10	Mr. Abdul Malek Shamsheer	Independent Director	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 02, 2021.

Board of Executive Committee meeting held during the year 2021 and attendance by each Director:

Sl. No.	Composition of the Committee		No. of meeting held	Entitlement to attend	Attended
	Name	Position			
1	Mr. Mohammad A. Moyeen	Chairman	11	11	10
2	Mr. Mahbul 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 02, 2021.

Board of Audit Committee meeting held during the year 2021 and attendance by each Director:

Sl. No.	Composition of the Committee		No. of meeting held	Entitlement to attend	Attended
	Name	Position			
1	Mrs. Zaitun Sayef (Independent Director)	Chairperson	4	4	4
2	Mr. Nanda Fernando (Representing Sampath Bank PLC)	Member	4	4	0



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Sl. No.	Composition of the Committee		No. of meeting held	Entitlement to attend	Attended
	Name	Position			
3	Mr. M. Fakhru Alam (Representing ONE Bank Limited)	Member	4	4	4
4	Mr. Mahbubul Anam	Member	4	4	2
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 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 02, 2021.

2. Compliance of section 1.5 (xxiii)

The pattern of Shareholding:

a. Parent/Subsidiary/Associated Companies and other related party

Sl. No.	Name	Relation	Shares held
1	Sampath Bank PLC	Related Party	51,036,605

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

Sl. No.	Name	Relation	Shares held
1	Mr. Mohammad A. Moyeen	Chairman	22,842,546
2	Mr. I.W. Senanayake	Representative of Sampath Bank PLC	51,036,605
3	Mr. Nanda Fernando		
4	Mr. M. Fakhru Alam	Representative of ONE Bank Limited	20,362,737
5	Mr. Mahbubul Anam	Director	23,998,741
6	Mrs. Aneesa Mahial Kundanmal	Alternate Director of Mr. B. W. Kundanmal	41,503,844
7	Mr. Tahsinul Huque	Alternate Director of Dr. M. Mahbubul Huque	20,993,703
8	Mrs. Zaitun Sayef	Independent Director	Nil
9	Mr. Khwaja Shahriar	Managing Director & CEO	Nil
10	Mr. Mostafa Kamal FCA	Company Secretary	Nil
11	Mr. Mohammed Kamrul Hasan FCA	Head of Internal Audit	Nil
12	Mr. Shamim Al Mamun FCA	Chief Financial Officer	Nil

c. Executives (top five salaried employees of the company, other than Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance)

Sl. No.	Name	Relation	Shares held
1	Mr. AKM Kamruzzaman FCMA	Senior Executive Vice President	Nil
2	Mr. Khurshed Alam	Senior Executive Vice President	Nil
3	Mr. Quamrul Islam	Senior Executive Vice President	Nil
4	Mr. Mohammad Shoaib	Executive Vice President	Nil
5	Mr. Md. Kamruzzaman Khan	Executive Vice President	Nil

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

STATEMENT ON DIRECTORS' RESPONSIBILITIES

The statement sets out the responsibility of the Directors, in relation to the Financial Statements of LankaBangla Finance Limited (the Company) and the Consolidated Financial Statements of the Company and its subsidiaries (Group). The responsibilities of the External Auditors in relation to the Financial Statements are set out in the "Auditors' Report" given on page 229.

In terms of sections 181, 183, 185, 186, 187 and 189 of the Companies Act, 1994 (Act XVIII of 1994), the Directors of the Company are responsible for ensuring that the Group and the Company keep proper books of accounts of all transactions and prepare Financial Statements that gives a true and fair view of the financial positions of the Company and the Group for each financial year and place those before a general meeting. The Financial Statements comprises of the Balance Sheets as on 31 December 2021, Profit and Loss Accounts, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and notes thereto.

Accordingly, the Directors confirms that the Financial Statements of the Company and the Group give a true and fair view of:

- ▶ The financial position of the Company and the Group as on 31 December 2021; and
- ▶ The financial performance of the Company and the Group for the financial year then ended.

Compliance Report

The Board of Directors also confirms that:

- ▶ Appropriate Accounting Policies have been selected and applied in preparing the Financial Statements exhibited on pages from 251 to 272 based on the latest financial reporting framework on a consistent basis, while reasonable and prudent judgments have been made so that the form and substances of transactions are properly reflected and material departures, if any, have been disclosed and clarified;
- ▶ The Financial Statements for the year 2021, prepared and presented in this annual report have been prepared based on the International Accounting Standards (IAS) are in agreement with the underlying books of account and are in conformity with the requirements of the International Financial Reporting Standards (IFRS), the Financial Institutions Act, 1993, the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable laws & regulations;
- ▶ These Financial Statements comply with the prescribed format issued by the Bangladesh Bank vide DFIM Circular No. 11, dated; 23/11/2009 for the preparation of annual Financial Statements of financial institutions;
- ▶ Proper accounting records which correctly record and explain the Company's transactions have been maintained as required by section 181 of the Companies Act, 1994 to determine at any point of time the Company's financial position, in accordance with the Act to facilitate proper audit of the Financial Statements;
- ▶ The Directors have taken appropriate steps to ensure that the Company and the Group maintain proper books of accounts and review the financial reporting system directly by them at their regular meetings and also through the Board Audit Committee, the report of the Audit Committee is given in pages from 99 to 101. The Board of Directors also approves the interim Financial Statements prior to their release, following a review and recommendation by the Board Audit Committee;
- ▶ The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report;

- ▶ The Directors also have taken reasonable measures to safeguard the assets of the Company and the Group and to prevent and detect frauds and other irregularities. In this regard, the Directors have instituted an effective and comprehensive system of internal controls comprising of internal checks, internal audit and financial and other controls required to carry on the business of financial institution in an orderly manner and safeguard its assets and secure as far as practicable, the accuracy and reliability of the records. The Directors' Statement on Internal Control is given in page 98 of this Annual Report;
- ▶ To the best of their knowledge, all taxes, duties and levies payable by the Company and its Subsidiaries, and all other known statutory dues as were due and payable by the Company and its Subsidiaries as at the reporting date have been paid or, where relevant, provided for ;
- ▶ As required by Sections 183(2) of the Companies Act, 1994, they have prepared this Annual Report in time and ensured that a copy thereof is sent to every shareholder of the Company, who have expressed desire to receive a hard copy or to other shareholders a soft copy of the Annual Report within the stipulated period of time as required by the Clause 22 of the Listing Regulations 2015 of Dhaka and Chittagong Stock Exchanges;
- ▶ That all shareholders in each category have been treated equitably in accordance with the original terms of issue;
- ▶ That after considering the financial positions, operating conditions, regulatory and other factors and such matters required to be addressed in the "Code of Corporate Governance" issued separately by Bangladesh Securities and Exchange Commission and Bangladesh Bank for the financial institutions, the Directors have a reasonable expectation that the Company and its Subsidiaries possess adequate resources to continue its operation for the foreseeable future. For this reason, we continue to adopt the going concern basis in preparing the Financial Statements;
- ▶ The Financial Statements of the Company and the Group have been signed by two Directors, the Managing Director and the Company Secretary of the Company on April 11, 2022 as required by Section 189(1) of the Companies Act, 1994 and other regulatory requirements;
- ▶ The Company's External Auditors, Hussain Farhad & Co. who were appointed in terms of Section 210 of the Companies Act, 1994 and in accordance with a resolution passed at the last Extraordinary General Meeting, were provided with every opportunity to undertake the inspections they considered appropriate. They carried out reviews and sample checks on the system of internal controls as they considered appropriate and necessary for expressing their opinion on the Financial Statements and maintaining accounting records. They have examined the Financial Statements made available to them by the Board of Directors of the Company together with all the financial records, related data and minutes of shareholders' and Directors' meetings and expressed their opinion which appears on page 229.

Accordingly, the Directors are of the view that they have discharged their responsibilities as set out in this statement.

By Order of the Board



Mostafa Kamal, FCA
Group Company Secretary

Dhaka, 11 April 2022

DIRECTORS' STATEMENT ON INTERNAL CONTROL

Responsibility

As per the Bangladesh Bank's DFIM Circular No. 07, dated; 25-09-2007, DFIM Circular Letter No. 09, dated; 08-10-2007, DFIM Circular Letter No. 18, dated; 26-10-2011 and DFIM Circular Letter No. 06, dated; 17-06-2012, which clearly define the Responsibility of the Board of Directors on Internal Control of the Company.

The Board of Directors ("Board") is responsible for the adequacy and effectiveness of internal controls of LankaBangla Finance Limited (LBFL). However, such a system is designed to manage the LBFL's key areas of risk within an acceptable risk profile, rather than eliminate the risk of failure to achieve the business objectives and policies of the Company. Accordingly, the system of internal controls can only provide a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Company and this process includes enhancing the system of internal controls as and when there are changes in business environment or regulatory guidelines. The process is regularly reviewed by the Board in accordance with the guidance for Directors of FIs in accordance with DFIM Circulars on Internal Control issued by Bangladesh Bank. As per the said guidance, significant processes affecting significant accounts of the Company were assessed along with the key risk areas of the Company.

The management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced by the Company, and in the design, operation and monitoring of suitable internal controls to mitigate and control those risks. The Board is of the view that the system of internal controls in place are sound and adequate to provide a reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

Significant Internal Control Processes

The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls include the following:

- ▶ The Board Sub Committees are established to assist the Board in ensuring:
 - the effectiveness of the LBFL's daily operations.
 - that LBFL's operations are in accordance with the corporate objectives and strategies.
 - that the operations of the Company are in line with the annual budget as well as the policies and business directions that have been approved by the Board.
- ▶ The Internal Audit Division of the Company checks for compliance with policies and procedures and the effectiveness of the internal control systems and highlights significant findings in respect of any non-compliance. Audits are carried out on majority of units and branches, the frequency of which is determined by the level of risk assessed by the internal audit, to provide an independent and objective report on operational and management activities of these units and branches. The annual audit plan is reviewed and approved by the Audit Committee and the findings of the audits are submitted to the Audit Committee for review at their periodic meetings.

- ▶ The Audit Committee of the Company reviews internal control issues identified by the Internal Audit Division, the external auditors, regulatory authorities and management; and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit function with particular emphasis on the scope of audits and quality of the same. The minutes of the Audit Committee meetings are tabled for the information to the Board on a periodic basis. Further details of the activities undertaken by the Audit Committee of the Company are set out in the Audit Committee Report on pages from 99 to 101.
- ▶ The Risk Management Forum (RMF) is established to assist the Board to oversee the overall management of principal areas of risk of the Company. The Risk Management Forum which includes representation from all key business and operating units of the Company, assists the Board with the implementation of policies advocated at the Board Audit Committee.
- ▶ Board Executive Committees have also been established with appropriate empowerment to ensure effective management and supervision of LBFL's core areas of business operations and investments.

In assessing the internal control system over financial reporting, identified officers of the Company collated all procedures and controls that are connected with significant accounts and disclosures of the financial statements of the Company. These in turn were observed and checked by the internal audit department for suitability of design and effectiveness on an ongoing basis.

The Company adopted the International Accounting Standards Comprising IAS & IFRS. Since adoption of such International Accounting Standards, progressive improvements on processes to comply with new requirements of recognition, measurement, classification and disclosure are being made whilst, further strengthening of processes will take place pertaining to impairment of loans and advances and financial statement disclosures. They also recognized the need to introduce an automated financial reporting process to more effectively comply with the requirements of recognition, measurement, classification and disclosures of financial instruments. The assessment did not include subsidiaries of the Company. The recommendations made by the external auditors in connection with the internal control system in previous years were reviewed during the year and appropriate steps have been taken to implement those.

Confirmation

Based on the above processes, the Board confirms that the financial reporting system of the Company has been designed to provide a reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes has been done in accordance with Bangladesh Accounting Standards and regulatory requirements of the Bangladesh Bank and Bangladesh Securities and Exchange Commission.



Mohammad A Moyeen
Chairman

Dhaka, 11 April 2022

BOARD AUDIT COMMITTEE REPORT

1. The Composition of the Committee

In accordance with the currently accepted Best Practice and Corporate Governance Guidelines, the Board appointed Audit Committee comprising of the following Directors of the Company:

- ▶ Mrs. Zaitun Sayef, Independent Director (Chairperson)
- ▶ Mr. Mahbubul Anam
- ▶ Mr. M. Fakhru Alam
- ▶ Mr. Nanda Fernando
- ▶ Mr. Abdul Malek Shamsheer, Independent Director (Resigned on March 28, 2021)
- ▶ Mr. Md. Mehmood Husain, Independent Director

The Chairperson of the Committee was Deputy Managing Director of a Scheduled Commercial Bank in Bangladesh and possesses considerable experience in the field of business, credit and financial management of banking sector. The Portfolios of the members are given in pages from 55 to 59.

The Committee is responsible and reports to the Board of Directors. The Managing Director and the Chief Financial Officer attend committee meetings by invitation. The Board Secretary functions as the Secretary of the Committee.

2. The Charter of the Audit Committee

The Audit Committee charter is periodically reviewed and revised with approval of the Board of Directors. The Terms of Reference of Audit Committee is clearly defined in the Charter of the Audit Committee. The process ensures that new developments and concerns are adequately addressed. The Committee is responsible to the Board of Directors and reports on its activity regularly. The functions of the committee are geared to assist the Board in its general oversight on financial reporting, internal audit, governance, internal controls, risk management and external audit.

Bangladesh Bank's DFIM Circular No. 13, dated; 26/10/2011, on formation of Audit Committee and its subsequent amendments and The "Corporate Governance Code" issued by Bangladesh Securities and Exchange Commission (BSEC) vide notification no. BSEC/CMRRC/2006-158/207/Admin/80, dated: 03 June, 2018, for listed companies further regulate the compositions, roles and functions of the Audit Committee.

3. Terms of Reference

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

4. Roles and responsibilities of the Audit Committee

The role and functions of the Committee are further regulated by the rules governing the Audit Committee as specified by the Guidelines of Bangladesh Bank on 'Corporate Governance for

NBFI's in Bangladesh' and also "Corporate Governance Code" by the Bangladesh Securities and Exchange Commission. The main objective of the Audit Committee is to assist the Board of Directors to effectively carry on its responsibilities relating to financial and other connected affairs of LankaBangla. The Committee is empowering to monitor, review and examine:

- ▶ The integrity of the financial statements of LBFL and all subsidiaries;
- ▶ The Company's external auditors' qualifications and independence, the performance and effectiveness of the Company's internal and external audits, internal controls and the measurement of operational risk, and the compliance by the Company with legal and regulatory requirements.
- ▶ Examine any matter relating to the financial and other connected 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.

5. Meetings

The Committee held on four (4) meetings during the year under review. The attendance of Committee members at meetings is stated in the table on page 75. Members of the senior management of the company were invited to participate at meetings as and when required. The proceedings of the Audit Committee meetings are regularly reported to the Board of Directors. On invitation of the Committee, the Engagement Partner of Company's external auditors, Hussain Farhad & Co., Chartered Accountants attended one (1) Committee meetings during the year. The Committee continued guiding the management with the selection of the new Accounting Policies which is required under the aforesaid new Accounting Standards and implementing same.

6. Activities

The Committee carried out the following activities during the year 2021:

6.1 Financial Reporting

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

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

Having assessed the internal financial controls, the Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the Company's assets are safeguarded and that the financial position is well monitored.

6.2 Regulatory Compliance

The Company's procedures in place to ensure Compliance with Mandatory Bangladesh Bank's instructions and statutory requirements were under close scrutiny. The Committee monitors the due compliance with all requirements through the quarterly statements submitted by the Internal Audit Department. The Committee monitors the due compliance with all requirements through the quarterly statements submitted by the Internal Audit Department. The Committee monitors due compliance with all relevant Laws, Regulations and timely settlements of Statutory dues.

6.3 Identification of Risk and Control measures

In view of the fact LankaBangla has adopted a risk-based audit approach, the effectiveness of internal control procedures in place to identify and manage all significant risks are being reviewed by the Committee throughout the Company and other Group entities. The Risk Management was invited to make presentations on Risk Management measures adopted in their areas of responsibility. Risk rating guidelines with an appropriate Risk Grading Matrix has been formulated for assessing and measuring the operational risks identified during inspections. The Committee seeks and obtains the required assurances from the Business Units on the remedial action in respect of the identified risks in order to maintain the effectiveness of internal control procedures in place.

6.4 Corporate Governance Report

As required by the provisions of Corporate Governance Guidelines issued by the Bangladesh Securities & Exchange Commission (BSEC) through notification Number: SEC/CMRRC/2006-158/207/ Admin/80, dated; 03 June 2018 Corporate Governance for Licensed Financial Institutions in Bangladesh, Annual Corporate Governance Report for 2021 is provided on pages from 69 to 77. The external auditors have performed procedures set out by the Bangladesh Securities and Exchange Commission (BSEC), to meet the compliance requirement of the Corporate Governance directive. Their findings presented in their report, addressed to the Board are

consistent with the matters disclosed above and did not identify any inconsistencies to those reported by the Board on pages from 79 to 96.

6.5 Internal Audit Function

The Audit Committee approves the terms of reference of internal audit and reviews the effectiveness of the internal audit function. In line with leading practice, it to provide independent and reasonable, but not absolute, assurance that the LankaBangla system of risk management, control, and governance processes, as designed and implemented by senior management, are adequate and effective. Internal Audit reports on the adequacy of the system of internal controls to the Audit Committee and management, but does not form any part of the system of internal controls. Internal Audit has implemented risk-based audit processes. Audit work is prioritized and scoped according to an assessment of risk exposures, including not only financial risks, but operational, compliance and strategic risks as well. The work undertaken by Internal Audit includes the audit of the Company's system of internal controls over its key operations, review of security and access controls for the Company's computer systems, review of control processes within and around new products and system enhancements, and review of controls over the monitoring of market, liquidity, and credit risks. Internal Audit also participates in major new system developments and special projects, to help evaluate risk exposures and to help ensure that proposed compensating internal controls are adequately evaluated on a timely basis. It also ascertains that the internal controls are adequate to ensure prompt and accurate recording of transactions and proper safeguarding of assets, and that the Company complies with laws and regulations, adheres to established policies and takes appropriate steps to address control deficiencies. The Audit Committee is responsible for the adequacy of the internal audit function, its resources and its standing, and ensures that processes are in place for recommendations raised in internal audit reports to be dealt with in a timely manner and outstanding exceptions or recommendations are closely monitored. Internal Audit reports functionally to the Audit Committee and administratively to the Managing Director, and has unfettered access to the Audit Committee, Board and senior management, as well as the right to seek information and explanations. The Audit Committee approves the appointment and removal of the Head of Internal Audit.

6.6 External Audit

The Committee met with the Auditors prior to commencement and at the conclusion of the Annual Audit to discuss the audit scope, approach and methodology to be adopted and the findings of the audit. The Committee subsequently reviewed the external auditor's findings in order to be satisfied that appropriate action is being taken. Non-Executive Directors had separate meetings with Auditors to ensure they had no cause to compromise on their independence. Auditors' Management Letter together with the Management's response thereto and the Audited Financial Statements were reviewed with the Auditors. The Committee reviewed the non-audit services provided by the Auditors to ensure that such services do not fall within the restricted services and provision of such services does not impair the External Auditors independence and objectivity.

6.7 Internal Controls

The Board believes, with the concurrence of the Audit Committee, that the system of internal controls, including financial, operational and compliance controls and risk management systems, maintained by the Company's LankaBangla 97 management and that was in place throughout the financial year and up to and as of the date of this report, is adequate to meet the needs of the company in its current business environment. The system of internal controls provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

6.8 Ethics and Good Governance

Highest standards in Corporate Good Governance and strict adherence to the requirements of LBFL's Code of Ethics are ensured through close monitoring. Through the Code of Ethics all levels of staff have been educated and encouraged to resort to whistle blowing, when they suspect wrong doings or other improprieties. The Committee also ensures that appropriate procedures are in place to conduct independent investigations into all such incidents.

6.9 International Accounting Standards

The Committee continued to monitor the progress of the mandatory implementation of International Financial Reporting

Standards (IFRS). Committee reviewed the revised policy decisions relating to adoption of new and revised IFRSs applicable to the Financial Institutions and made recommendations to the Board.

6.10 Appointment of the External Auditor

The Audit Committee has recommended to the Board of Directors that M/s Hussain Farhad & Co., Chartered Accountants, may be appointed for the financial year ending 31 December 2021, subject to the approval of shareholders at the next Annual General Meeting.

7. Evaluation of the Committee

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



Zaitun Sayef
Chairman – Audit Committee

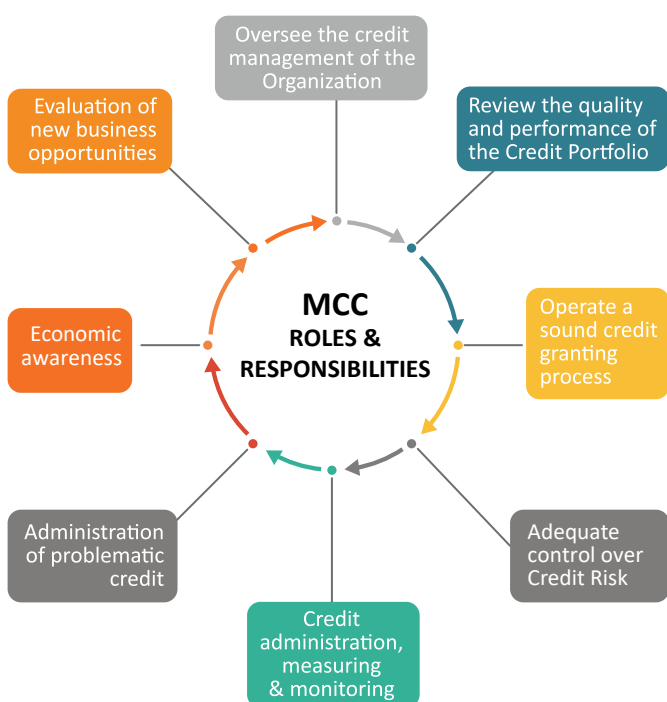
Dhaka
11 April 2022

MANAGEMENT CREDIT COMMITTEE REPORT

Composition of the Management Credit Committee (MCC)

The following members who serve on the Committee are:

Sl.	Name	Designation	Position in the Committee
1	Khwaja Shahriar	Managing Director	Member
2	A. K. M. Kamruzzaman	Head of Operations	Member
3	Khurshed Alam	Head of Retail Financial Services	Member
4	Quamrul Islam	Head of Treasury & FIs	Member
5	Mohammad Nazmul Hasan Tipu, CFA	Chief Credit Officer	Member Secretary
6	Mohammad Shoaib	Head of Corporate Financial Services	Member
7	Md. Kamruzzaman Khan	Head of SME Financial Services	Member



Duties and responsibilities:

The purpose of the Committee is to oversee the credit and lending decisions & strategies. This includes:

- (i) Overseeing the credit management, including reviewing internal Credit Policies/PPGs, Delegation of Credit Approval authority and establishing portfolio limits.
- (ii) Recommending credit related proposals to the Board Executive Committee/Board for approval.
- (iii) Reviewing the quality and performance of the credit portfolio.

In addition, the Committee is responsible for any other matters delegated to it by the Board. Hence, it is the responsibility of the Committee to:

1. Operate a sound credit granting process

- ▶ Review and approve credit proposals in accordance with Board approved credit policies and standards. Where required, submit credit requests beyond the Committee's scope to the Board Executive Committee/Board for a decision.

- ▶ Review credit policy changes including Delegation of Credit Approval Authority initiated by the management of the FI and recommend them to the Board of Directors for its approval.
- ▶ Ensure compliance by the FI's credit policies with the statutory requirements prescribed by the regulatory/supervisory authorities.
- ▶ Request rapid portfolio reviews or sector/industry reviews, where deemed appropriate.

2. Maintain adequate controls over credit risk

- ▶ Monitor capital allocation and define limits in line with risk appetite.
- ▶ Ensure credit risk exposure is kept within acceptable limits to maximise the FI's risk adjusted rate of return.

3. Maintain appropriate credit administration, measuring and monitoring process

- ▶ Review credit approval framework and assign credit delegated limits in line with the FI's policy.
- ▶ Review and recommend to the Board, facilities that they believe should have Board approval.

4. Identification and Administration of problem credits

- ▶ Monitor on an ongoing basis the FI's credit quality, review periodic credit portfolio reports and assess portfolio performance.
- ▶ Ensure post-credit monitoring and postmortem reviews are performed, where deemed appropriate.

5. Aware of the cyclical aspects of the economy (both internal and external)

- ▶ Monitor the resulting shifts in the composition and quality of the loan portfolio.

6. Ensure all new credit risk related products are reviewed from a credit risk management perspective.

Review of the committee

Members of the Committee work closely with the Board of Directors to maintain proper credit standards for the FI. The Board undertakes a review of the Committee's performance, objectives and responsibilities according to its terms of reference to ensure that it is operating effectively.

HUMAN RESOURCES & REMUNERATION COMMITTEE REPORT

1. Overview

LankaBangla has always been very passionate about human capital management and takes responsibility for developing employee potentials and leveraging employee skills in the organization. LankaBangla guards with care the great resource of intelligent, experienced, disciplined, clear-thinking and energetic people who continuously drive growth and innovation, within clear risk boundaries. LankaBangla continues to implement HR policies and practices that are aimed at growing and developing employees and ensuring their active contribution towards the achievement of corporate goals. LankaBangla believes that the skills and enthusiasm of its employees are major forces that help it to achieve sustainable results.

2. Composition of the Committee

The Human Resources & Remuneration Committee (the Committee), appointed by and responsible to the Board of Directors comprises the HR & Remuneration Committee of LankaBangla Finance Limited:

Sl.	Name	Designation
1	Khwaja Shahriar	Managing Director & CEO
2	A. K. M. Kamruzzaman	Head of Operations
3	Khurshed Alam	Head of Retail Financial Services
4	Quamrul Islam	Head of Treasury & Financial Institutions
5	Shamim Al Mamun	Chief Financial Officer
6	Mohammad Nazmul Hasan Tipu	Chief Credit Officer
7	Mohammad Hafiz Al Ahad	Head of Human Resources

The Head of Human Resources also functions as the Secretary to the Committee.

3. Policy

LankaBangla's remuneration policy aims to attract, motivate and retain employees in a competitive environment with the appropriate professional, managerial and operational expertise necessary to achieve the objectives. It is the focus of the Committee to ensure that the total remuneration package is sufficiently competitive to attract the best available talent to LankaBangla.

4. Scope

The Committee is vested with power to examine, evaluate and recommend to the Board of Directors on any matter that may affect the human resources management of LankaBangla within its Terms of Reference (TOR) and any other matters as may be referred to it by the Board. It reviews all significant Human Resource policies and initiatives, salary structures and terms and conditions relating to its employees. In this process, necessary information and recommendations are obtained from the Head of Human Resource. The Committee deliberates upon and recommends to the Board of directors the remuneration packages, annual increments and bonuses of all the employees having evaluated their performance against the set goals and targets.

The organizational structure is also reviewed as and when required and adjustments are made according to the focus of the Strategic Plan. An ongoing priority is to ensure proper succession for key posts. In doing so, the aspirations for career progression of Management are taken into account. Recruitments and promotions of employees at management level are also considered and approved based on proposals submitted by the Head of Human Resource following a formal process of evaluation and thereafter recommended to the Board for ratification.

5. Major Task Undertaken by the HR and Remuneration Committee

Organization wide the role of HR and Recruitment Committee is clearly visible. As an exceptional year due to pandemic, the committee was more focused on implementing the strategic goal in line with the organizational objective of the company. The major task done by the committee can be divided in below segments:

- ▶ Employee Development: We consider our human resources as our asset. For the development of our asset, we provide various in-house, external & foreign trainings. In 2021, although most of the trainings institutions were closed or operating virtually, we developed 10 e-learning modules by ourselves and provided necessary trainings to our employees. We have provided 81 numbers of training in the period under review.
- ▶ Employee Recognition: We are a performance driven organization. Promoting the best performer is our motto. To encourage our employees to excel in their area of work, we have several recognition programs such as:
 - ▶ Chairman's Eminence Award: Once in a year
 - ▶ MD's Brilliance Award: Twice in a year
 - ▶ Departmental Proficiency Award: Twice in a year
 - ▶ Individual Aptitude Award: Twice in a year
 - ▶ "ICON" - A Recognition Program for Best Branch Managers (BMS): Twice in a year
 - ▶ Dine with MD: Quarterly basis
 - ▶ HEROES@WORK: By-monthly basis
 - ▶ Integrity Award: Once in a year (As per Bangladesh Bank Guideline)
 - ▶ SHIKHA Award: Once in a year
 - ▶ Long-Service Award

On top of that, we also organize town-hall meeting twice in a year for our employees and the best performers are also rewarded by our honourable Chairman and Managing Director. Crest, gift hampers, cash incentive and certificates are awarded in this program. All these efforts are taken only to boost the morale of our employees and to motivate them to perform at their best. In addition to above, we run several campaign for both assets and liability product throughout the year.

- ▶ Insurance Coverage: LankaBangla ensures that all eligible employees are under cover even during pandemic. We provided health & life insurance to our employees. Health insurance covers employee, spouse and their kids. The

premium is born by the company. HR Division manages all the administrative activities for any insurance claim. We also have parent's insurance coverage facility for our employees. This is one of a mile stone achievement in the industry. The premium of parents' insurance is borne by the employee itself but parents can avail similar facility as the employee is getting from the insurance company.

- ▶ Developing e-learning modules: To ensure a learning culture in the organization, HR developed 10 e-learning modules with zero cost for its employees. We ensured 16,514 hours of training through e-learning in the year under review. We also ensured 4,457 hours of training to our employees through our internal resources to enhance the skills of our employees to combat the challenges of coming days.

6. Developing and Managing Talent at Lankabangla

Against the backdrop of strategic repositioning and the challenges ahead, LankaBangla has adopted a balanced approach to talent acquisition. It relies both on leveraging the skills and experience already available within the organization, while bringing in the necessary capabilities that will help position LankaBangla for long-term sustainable performance.

Key aspect of LankaBangla's hiring strategy is to ensure a steady pipeline of junior talent, including permanent hires and investment. In 2021, we have absorbed 29 contractual employees as full-time employees. Internal mobility plays a vital role in developing & retaining qualified, talented employees and ensuring that the company continues to benefit from their expertise and experience. There has also been a particular strategic focus on integrating Management Trainee Program to build a broader and more flexible talent pool for the future. Additionally, LankaBangla continued to expand its presence and engagement on social media platforms to ensure it is accessing the relevant target groups through the channels they use to explore career and employment opportunities. LankaBangla is also strengthened its governance, ensuring that consistent, structured, merit-based hiring practices for all target groups are in place.

7. Developing Employees and Creating Future Leaders

LankaBangla's business performance relies, first and foremost, on its employees. LankaBangla seeks to build the capabilities of managers and staff to help them develop both professionally and personally and to position the organization for future success. Talent and development activities are aligned to three priorities: building leadership capabilities and developing future leaders; fostering an environment that supports sustainable performance; and promoting continual professional and personal development for all employees.

8. Aligning the Reward System to Evolving Requirements

Compensation plays an integral role in the successful delivery of LankaBangla's strategic objectives. Attracting and retaining the most competent employees is central to the LankaBangla's compensation strategy. The cornerstone of this concept is pay for performance, within a sound risk management and governance framework, and with due consideration of market factors and societal values. As the organization seeks to align compensation evolving external and internal expectations, reward structures are regularly reviewed and changed as needed.

LankaBangla historically established a close link between employees' compensation and their performance and behaviour at all levels and across all divisions of the organization. This takes into consideration a host of factors including, but not limited to, the Company's performance, divisional performance and the employee's individual performance.

9. Succession Planning

As companies move through various stages in their life cycle and build growth strategies to deal with changing business environments, the issue of leadership becomes critical and with it, the related issue of succession. In view of that, LankaBangla implements succession planning for its management. This requires forecasting and planning appropriately to ensure that there is continuity and the right kind of leadership in the business.

10. Grievance Management and Counselling **GRI: 102-41**

LankaBangla Finance Limited (LBFL) is committed to provide the best possible working conditions for its employees and associated members. LBFL strives to ensure fair and honest treatment for all employees. Head of the Divisions, Managers, Supervisors and Employees are expected to treat each other with mutual respect.

Part of this commitment, LBFL does encourage an open and frank atmosphere in which any grievance may be shared with management to get it resolved. LBFL does believe that most of the work related problems can be resolved through mutual understanding and discussion without initiating formal grievance procedure.

11. Whistleblowing **GRI: 102-41**

The Company is committed to maintaining the highest possible standards of ethical and legal conduct especially a system of integrity within the Company. The concept of integrity is not only to include combating abuse of power or corruption but also to conform to standards in service delivery. In line with this commitment and in order to enhance good governance and transparency, the main objective of whistleblowing policy is to provide an avenue for raising concerns related to fraud, corruption, conflict of interest, negligence to protect the interest of the company and/or any other misconduct and to assure that the persons who disclose such information will be protected from retaliation or any kind of harassment.

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 pages from 254 to 258. 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.

In addition, report on Directors' Responsibility on Financial Reporting and Internal Control is provided on pages 97 and 98. 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 on page 229 of this Annual Integrated 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 report is given on page 99 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

STATEMENT ON ETHICS AND COMPLIANCE

Acknowledgement

The Board of Directors (the 'Board') is committed to the LBFL's values of dependability, openness to different ideas and cultures, and connection with customers, communities, regulators and each other. The Board ensures that each employee is aware of the obligation to ensure that his or her conduct consistently matches LBFL's values so as to serve positively the customers who entrust their financial needs to LBFL. The Board is proud of the fact that LBFL and its subsidiaries (the 'group') has a solid corporate governance framework and code of conduct for employees and directors that is built around the principles of control and accountability. This culture stems from a philosophy that puts the protection of investors and the interest of customers at the forefront.

The Chairman exercises independent judgement even though he is appointed by the majority shareholder. He leads the Board, sets the agenda and ensures that the Directors receive precise, timely and objective information and at the same time ensures effective communication with shareholders. The Chief Executive Officer/MD develops, drives and delivers performance within strategic goals, commercial objectives and business plans agreed by the Board. He effectively leads the senior management in the day-to-day running of the Company, ensures compliance with appropriate policies and procedures and maintains an effective framework of internal controls over risk in relation to the business. He is also responsible for the recruitment and appointment of senior management, after consultation with the Board. The Board develops the bank's strategy, policies and business plans. The Board of Directors monitors effectively the implementation of strategy and policy by management within the parameters of all relevant laws, regulations and codes of best practice. The Board ensures that a balance is maintained between enterprise and control. The Board ensures that the bank has appropriate policies and procedures in place that guarantee that the bank and its employees adhere to the highest standards of corporate conduct and comply with the applicable laws, regulations, business and ethical standards

Approach

We believe that the integrity with which we conduct ourselves and our business is key to our ability to running a successful, innovative business and maintaining our reputation. We expect our directors, executives and employees to conduct themselves with the highest degree of integrity, ethics and honesty.

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

Enforcing a corporate code of ethics requires understanding

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

Code of Ethics & Principles of Conduct

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

Our codes do not permit engaging in transactions or activities that are a conflict of interest. When entering purchase requisitions, employees must certify that they don't have a conflict of interest. To better protect the company and our shareholders, we regularly review our codes and related policies to ensure that they provide clear guidance to our directors, executives and employees.

We have established a corporate hotline and dedicated email to allow any employee or other stakeholders to confidentially and anonymously lodge a complaint about any accounting, internal control, auditing or other matter of concern. Employees are encouraged to report suspected conflicts of interest to their manager or human resources representative or through the hotline. We have a strict "no retaliation" policy regarding reports of activities that run counter to our ethical expectations. If an employee is found to have violated either the Code of Conduct or any policy, rules and regulations applicable to the Company, we take appropriate actions up to and including termination of employment.

Effectiveness of Code, Efforts of the Company

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

Additionally,

- ▶ Establishing the relevant facts and indentifying the ethical issue
- ▶ Taking stock of all stakeholders or parties involved
- ▶ Having an objective assessment of each stakeholder's position
- ▶ Indentifying viable alternatives and their efforts on stakeholders
- ▶ Comparing and evaluating the likely consequences of each alternatives with reference to the standards expected
- ▶ Selecting the most appropriate course of action In a nutshell, our business ethics means, "Choosing the good over the bad, the right over the wrong, the fair over the unfair and the truth over the untruth". Strict compliance, confidentiality, avoidance of conflicts of interest, encouraging the reporting by the Officers of the Company on illegal and unethical behavior is also amongst the guiding principles of the Company's Code of Ethics.

Monitoring Compliance

Compliance with our Code of Conduct and Ethics is embedded in our employment contracts, recruitment and performance management activities. We have set explicit targets for compliance, commencing at executive management level. All employees are required to comply with our Code of Conduct and Ethics and report conduct that may be in breach of the law, the Code or policy. Advice on LankaBangla policies, practices and management systems is available via our Human Resources department. Any employee, contractor or consultant can confidentially report concerns about conduct, practices or issues to our HR department.

To help our employees in applying the principles of our Code of Conduct and Ethics and the Conduct and Ethics Policy Framework, we have developed a training course regularly for the newly appointed employees, Case studies are provided to assist staff in translating the Code and related policies into real-life situations. All employees are required to complete this training course each year. Declarations within the course

require each employee to confirm whether they understand the Code's principles, have complied with them over the previous 12 months and agree to comply with them in the future. Compliance is a Key Result Area examined as part of our Performance Management Process and failure to complete required compliance training can be a factor in determining the employee's entitlement to performance-based remuneration and could lead to termination of employment in serious cases.

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

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


Reporting Compliance

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

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

GOVERNANCE AND RISK

Report & Statement on Risk Management

 LankaBangla's overall approach to risk management is supported by a well-defined risk appetite, comprehensive policy framework, effective governance structures and appropriate tools and techniques to identify, measure and manage risk.

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STATEMENT ON RISK MANAGEMENT

GRI: 102-11

1. Introduction:

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

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

2. Risk Management in LankaBangla

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

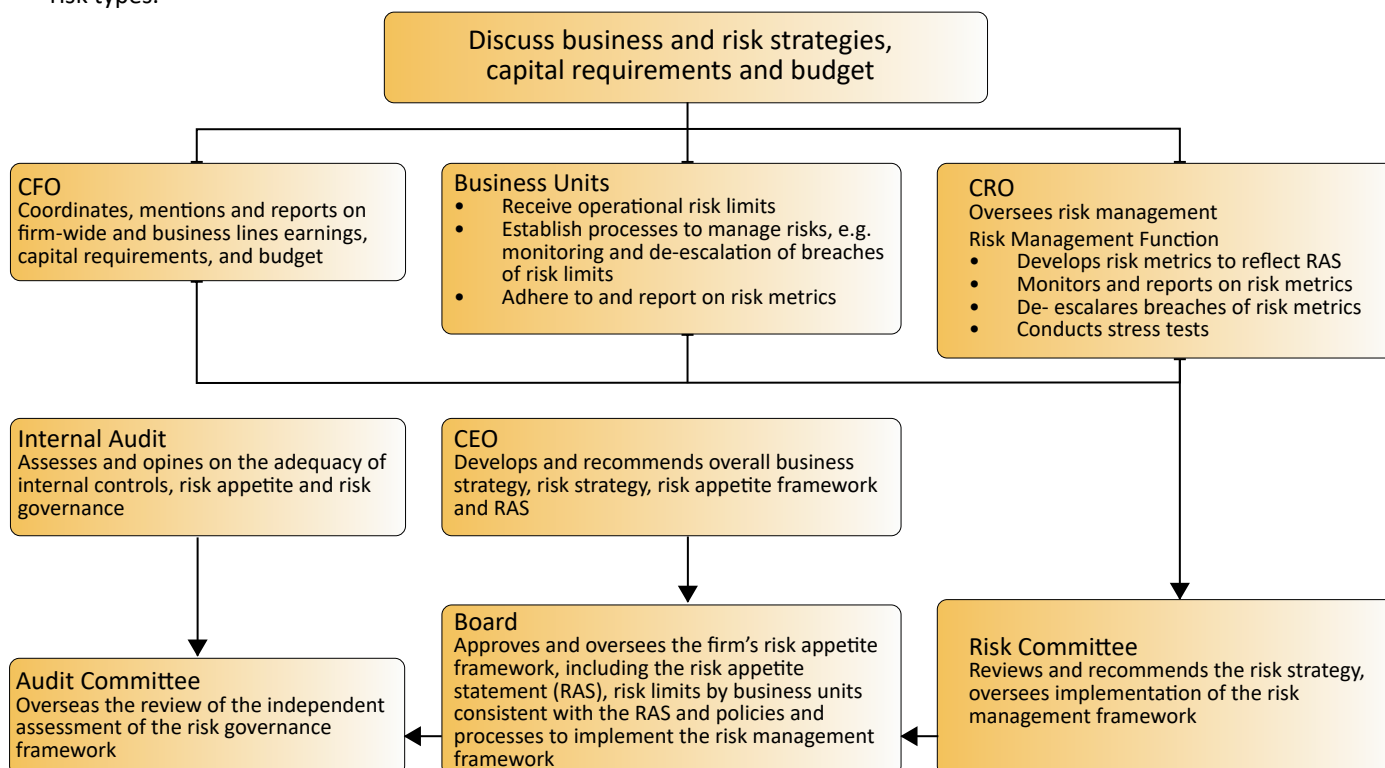
- ▶ Risk appetite – The Board of Directors approves the Company’s risk appetite, and risks are managed in alignment with the risk appetite. Risk-taking decisions must be consistent with strategic business goals and returns should compensate for the risk taken.
- ▶ Risk frameworks – The Company’s risk management frameworks for all risk types are documented, comprehensive, and consistent.
- ▶ Holistic risk management – Risks are managed holistically, with a view to understand the potential interactions among risk types.

- ▶ Qualitative and quantitative evaluations – Risks are evaluated both qualitatively and with appropriate quantitative analyses and robust stress testing. Risk models are regularly reviewed to ensure they are appropriate and effective.

The Board of Directors and senior management provide the direction to the Company’s effective risk management that emphasizes well-considered risk-taking and proactive risk management. This is reinforced with appropriate risk management staff, ongoing investments in risk systems, regular review and enhancement of risk management policies and procedures for consistent application, overlaid with a strong internal control environment throughout the Group. Accountability for managing risks is jointly owned among customer-facing and product business units, dedicated functional risk management units, as well as other support units such as Operations and Technology. Internal Audit also provides independent assurance that the Company’s risk management system, control and governance processes are adequate and effective. Rigorous portfolio management tools such as stress testing and scenario analysis identify possible events or market conditions that could adversely affect the Company. These results are taken into account in the Company’s capital adequacy assessment.

3. Risk Governance and Organisation

The Board of Directors establishes the Company’s risk appetite and risk principles. The Board Audit Committee is the principal Board committee that oversees the Company’s risk management. It reviews and approves the Company’s overall risk management philosophy; risk management frameworks, major risk policies, and risk models. The Board Audit Committee also oversees the establishment and operation of the risk management systems, and receives regular reviews as to their effectiveness. The Company’s



various risk exposures, risk profiles, risk concentrations, and trends are regularly reported to the Board of Directors and senior management for discussion and appropriate action.

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

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

4. Risk Management Forum at LankaBangla

Risk Management Forum (RMF) and Risk Analysis Unit (RAU) of LankaBangla has been established in LankaBangla in 2013 in compliance with the Bangladesh Bank's DFIM Circular No. 01 of 07 April, 2013. Risk Management Forum is headed by the Managing Director of the Company and Chief Risk Officer is the Secretary, all the business and operational heads are the members of the RMF. The main responsibility of the Risk Management Forum includes the following:

- ▶ The Risk Management Forum members will parameterize the Internal Environment of the Company including risk appetite, integrity and ethical values and the environment in which is operated.
- ▶ The MANCOM must form the objectives so that they can identify potential events affecting the achievement unenthusiastically and consistent with its risk appetite.
- ▶ The management will identify the internal and external events affecting company's achievement and distinguish between risks and opportunities.
- ▶ It is the management responsibility to assess and measure the potential risks.
- ▶ The management selects risk responses-- avoiding, accepting, reducing or sharing risk-- developing a set of actions to align risks with the company's risk tolerances and risk appetite.
- ▶ The management will take policies and procedures and implement it to help ensure the risk responses are effectively carried out.
- ▶ The managerial authority will identify, generate and communicate the relevant information in a form and timeframe that enable people to carry out their responsibilities.
- ▶ The entirety of enterprise risk management will be monitored and it will be accomplished through ongoing management activities.

- ▶ Ensure roles and responsibilities are agreed and clearly understood by all management levels.
- ▶ Ensure all staff, in business and support functions, are aware of their responsibilities for company's overall Risk management.
- ▶ Ensure there are structured processes at each department level to report control failures to designated individuals and escalate material issues to RMF.
- ▶ Establish workable Business Continuity Plans (including Disaster Recovery and Crisis).
- ▶ Management procedures to minimize the impact of unplanned events on business operations and customer service.

5. Risk Analysis Unit (RAU) at LankaBangla

Broadly, Risk Analysis Unit (RAU) will be responsible solely to identify and analyze all sorts of risks appropriately and timely. It (RAU) will act as the secretariat of Risk Management Forum. In compliance with the Bangladesh Bank guidelines RAU works independently from all other units/divisions of the FI, e. g. no member of this unit will be involved in any sort of ratings of transactions, or setting/working to achieve any target imposed by the FI. S/He will not also be involved in the process of determining any standard or threshold ranges for risk management goals.

Risk Analysis unit will be responsible only for the followings:

- ▶ Promote broader understanding of risk and work closely with risk management to ensure risk management initiatives are in place for risk controlled LBFL practices.
- ▶ Work as an active risk associate by identifying departmental risk issues and perform analysis.
- ▶ Escalate respective risk issues to risk management unit in a monthly basis for discussion and enforce mitigation in monthly risk associates' forum.
- ▶ Assist RMF to plan and reduce operational surprises and losses by recommending risk mitigation strategies.
- ▶ Finalize enterprise level risk issues to RMF meeting for management evaluation and resolutions.
- ▶ Implement RMF resolutions and monitor the risk mitigation process within the given deadline & update status to RMF.
- ▶ Interact with all the relevant stakeholders of LBFL to create risk awareness and encourage control of risk at enterprise level.
- ▶ Business and Support functions risk associates will escalate risks to this forum under supervision of Chief Risk Officer (CRO).

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

6. BASEL II

LankaBangla has implemented Bangladesh Bank's Guidelines (Basel Accord for Financial Institutions) on Risk Based Capital Adequacy Requirements for FIs incorporated in Bangladesh with effect from 1 January 2011. Bangladesh Bank adopts the Basel Committee on Banking Supervision's proposal on "International Convergence of Capital Measurement and Capital Standards," commonly referred

to as BASEL II. This framework provides a stronger linkage between capital requirements and the level of risks undertaken by FIs to enhance their risk management practices and establishes minimum capital requirements to support credit, market, and operational risks. Enhanced public disclosures on risk profile and capital adequacy are required under the mentioned guidelines.

7. Stress Testing

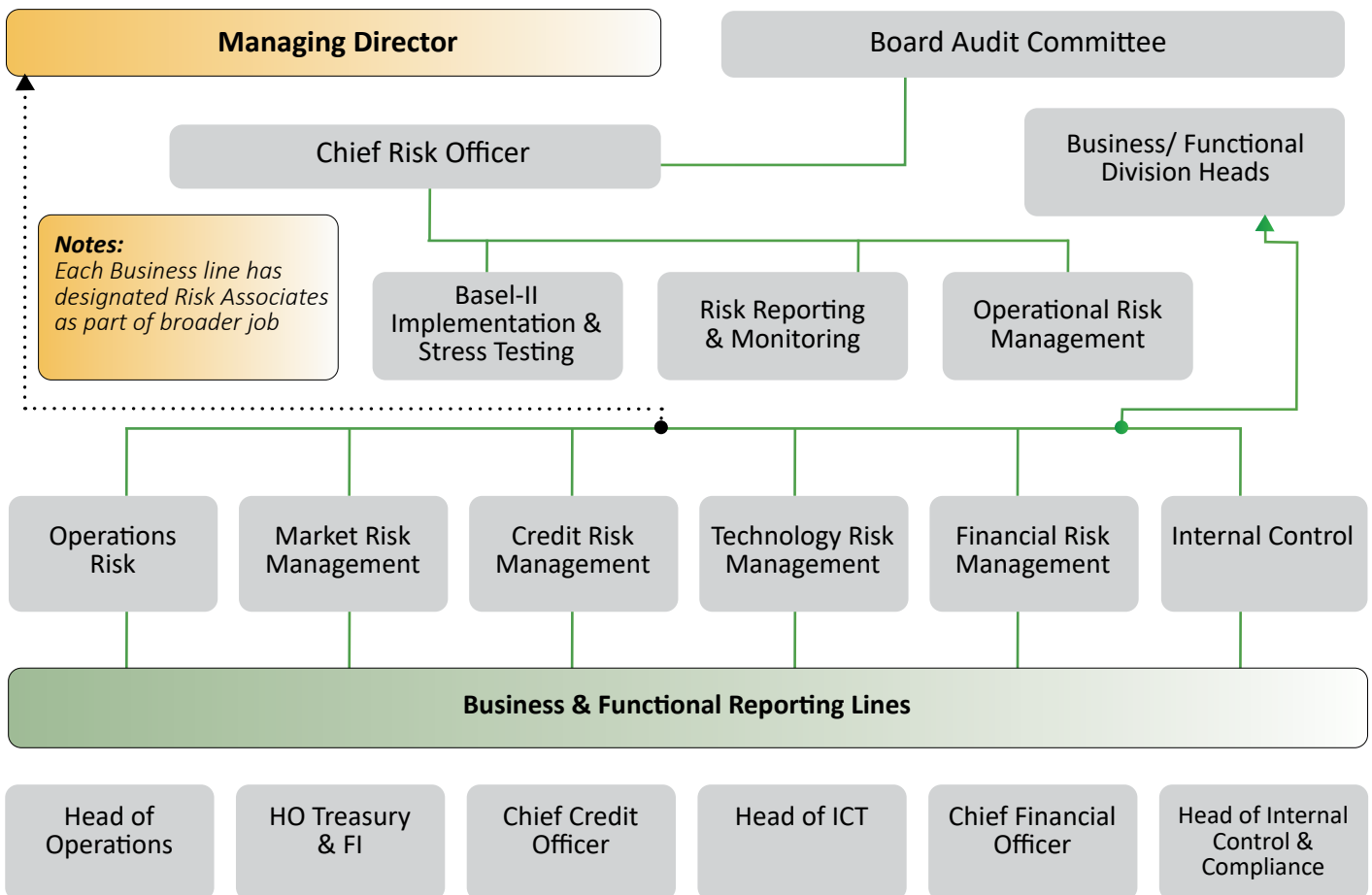
Stress testing is a simulation technique, which are used to determine the reactions of different financial institutions under a set of exceptional, but plausible assumptions through a series of battery tests. At institutional level, stress testing techniques provide a way to quantify the impact of changes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

The Company has adopted the standardized approaches for market risk and operational risk. Market risk-weighted assets are marked to

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

8. Risk Management Structure

Risk Management Structure



9. Credit Risk

9.1 Definition

LBFL defines credit risk as the risk of losses arising because counterparties fail to meet all or part of their payment obligations to the Group.

9.2 Policy

The Board of Directors sets the overall policies for the LBFL's credit risk exposure. The LBFL's risk appetite framework is determined in accordance with these policies. The LBFL's aim is to build long-term relationships with its customers. For the vast majority of products, credit is granted on the basis of the customer's financial circumstances and specific individual assessments. Ongoing follow-up on developments in the customer's financial situation enables to assess whether the basis for the credit facility has changed. The credit facilities should match the customer's credit worthiness, capital position and assets. Further and in order to increase the mitigation of credit risk, LBFL as a general rule requires collateral. LBFL aims to assume risks only within the limits of applicable legislation and other rules, including rules on best practices for financial undertakings.

9.3 Credit process

In order to ensure a consistent, coordinated credit granting process of a high quality all credit applications are handled according to a pre-defined procedure that provides a consistent, high credit processing quality:

Branches: All branch managers process all credit applications and then the applications are submitted to the Credit Risk.

9.4 Credit Profile

9.4.1 Sector wise Credit concentration with sectoral NPL

Figures in BDT Million

Sector	2021			2020		
	Total Outstanding Amount	NPL Amount	Sectoral NPL %	Total Outstanding Amount	NPL Amount	Sectoral NPL %
Garments and Knitwear	2,872.20	58.02	0.10%	1,708.44	4.28	0.25%
Textile	1,420.27	130.22	0.22%	4,816.11	28.85	0.60%
Food Production and Processing Industries	5,686.30	139.74	0.24%	590.05	33.68	5.71%
Plastic Industry	353.47	42.70	0.07%	246.43	-	0.00%
Jute and Jute-Products	108.39	102.79	0.17%	307.76	-	0.00%
Leather and Leather-Goods	239.70	2.10	0.00%	1,704.57	91.41	5.36%
Iron, Steel and Engineering	2,051.38	69.40	0.12%	1,065.01	-	0.00%
Pharmaceuticals and Chemicals	684.62	-	0.00%	1,635.21	431.54	26.39%
Cement and Allied Industry	1,720.54	459.68	0.78%	793.27	-	0.00%
Telecommunication and IT	1,022.00	5.33	0.01%	478.54	0.56	0.12%
Paper, Printing and Packaging	473.46	2.47	0.00%	-	-	0.00%
Ship Manufacturing Industry	-	-	-	691.44	-	0.00%
Electronics and Electrical Products	1,229.62	5.51	0.01%	10.22	10.22	100.00%
Glass, Glassware and Ceramic Industries	2.53	-	0.00%	815.41	-	0.00%
Power, Gas, Water & Sanitary Service	858.19	356.54	0.61%	2,408.14	40.16	1.67%
Transport and Aviation	2,417.73	54.83	0.09%	681	13	1.95%

Management Division through the respective Business Division along with a credit recommendation.

The Credit Risk Management (CRM) Division: All credit applications are submitted to the CRM Division for approval. The CRM division approves the credit proposal within the limit set by the Board of Directors. Other application those exceeds the limit, CRM division coordinates and prepares credit recommendations to The Management Credit Committee (MCC), the Board Executive Committee and to the Board of Directors.

The Management Credit Committee (MCC): The MCC reviews all applications beyond the Credit Department's credit line. The MCC conducts credit meetings on a weekly basis. The purpose of the Credit Committee is to:

- ▶ Process credit applications exceeding the credit line of the Credit Department;
- ▶ Process and provide recommendations for all credit applications to be submitted to the Board of Directors;
- ▶ Implement the guidelines for the credit area as approved by the Board of Directors; and
- ▶ Supervise the overall credit granting procedure.

Board of Directors: The Board of Directors reviews all applications that are beyond the MCC's credit line.

Credit processing must be conducted on the basis of extensive knowledge of the risks inherent to each individual exposure for the purpose of striking a balance between risk and earnings opportunities and in compliance with the overall goals defined by the Board of Directors and Bangladesh Bank.

Figures in BDT Million

Sector	2021			2020		
	Total Outstanding Amount	NPL Amount	Sectoral NPL %	Total Outstanding Amount	NPL Amount	Sectoral NPL %
Trade and Commerce	9,156.51	970.88	1.65%	6,850.13	716.28	10.46%
Agriculture	896.79	11.22	0.01%	742.50	4.48	0.60%
Housing	9,430.67	455.45	0.04%	10,735.72	443.53	4.13%
Brokerage & Securities	247.03	-	0.00%	2,048.17	-	0.00%
Others Loan	17,903.63	992.14	5.54%	14,506.60	652.42	4.50%
Total	58,775.03	3,859.02	6.57%	54,709.35	2,571.41	4.70%

9.4.2 Ten Large Credit as a % of Total Exposure

	2021	2020
Ten large credit as a % of exposure	12.56%	12.22%
Ten large credit	7,384	6,686
Total exposure	58,775.03	54,709.35

9.4.3 Classification Status of Loans and Advances

	2021	2020
Performing Loans	54,916.02	52,137.95
Unclassified	53,993.61	51,402.65
SMA	922.40	735.29
Non-Performing Loans	3,859.02	2,571.41
SS	417.21	274.11
DF	818.66	658.27
BL	2,623.15	1,639.03
Total Outstanding	58,775.03	54,709.35

9.5 Credit Risk Mitigation

From forward looking perspective borrower selection process is the most important credit risk identification measure employing fundamental analysis of credit including purpose and utilization of loan, company analysis including cash flow, industry analysis, credit rating, credit risk grading, entrepreneurial track record, repayment performance including CIB status among others. Identifying the extent of credit risk eventually determines the scope of credit risk mitigation measure. However following credit risk mitigation measures are typical employed by lenders

- ▶ **Collateral coverage:** Collateral coverage may be in the form of land and building, financial instrument such as TDR, Marketable securities etc. In the event of downside, value from liquidation of collateral securities may provide some degree of protection against credit risk. Valuation of land and building is usually done third party surveyor. Cash security by default provides maximum protection against credit risk and exposure is usually calculated net-off cash security.

- ▶ **Hypothecation:** Leased assets are primary security which inherently provide some degree of protection against credit risk. Hypothecated capital machinery and stock of goods is are usual primary security measures whereas marketability and control of the asset is important in credit risk mitigation.
- ▶ **Guarantee:** Guarantee of high net worth individuals/directors and corporate guarantee with good business standing usually provides credit enhancement. Cross default option plays a vital role because due to guarantee of an entity favoring a borrowing concern is also reflected in CIB report. Bank guarantee is also a prolific credit enhancement instrument.
- ▶ **Risk transfer:** Comprehensive Insurance against assets covering loan amount is a usual risk mitigation measure in the event of unforeseen event that may occur in future.
- ▶ **Exposure management:** Single borrower exposure limit and sectoral exposure limit are both used as risk management tools and in the credit policy both issues are addressed complying regulatory stipulations.
- ▶ **Risk-based pricing:** Risk based pricing method is being used for the customers where there is a probability that the borrower will default on the loan. A risk premium is added to the base price considering the risk profile. Different factors like Credit risk grading score, credit history, property use, property type, loan amount, loan purpose, income, and asset amounts, as well as documentation levels, property location, and others, are common risk based factors currently used.

Besides diversifying credit risk through extending small sized loan to numerous borrowers across different customer segments who are essentially unrelated with each other may be considered policy level credit risk diversification strategy.

9.6 Credit Monitoring and Portfolio Management

The Board and senior management get timely and appropriate information on the condition of the LBFL's asset portfolio, including classification of assets and the level of provisions and reserves. The information includes, at minimum, summary results of the portfolio review, comparative trends in the overall quality of problem assets, and measurements of existing or anticipated deterioration in asset quality and losses expected to be incurred on the portfolios. Significant concentration risk is also reported to the Board and senior management for review and deliberation. Stress tests is conducted regularly to assess the risk in a particular market segment under adverse conditions. Appropriate measures have been taken to mitigate undue concentration risks such as pricing for additional risk, unwinding of positions, increasing capital or reserves, securitisation etc.

10. Market Risk

LBFL defines market risk as the risks taken in relation to price fluctuations in the financial markets. Several types of risks may arise and LBFL manages and monitors these risks carefully.

Market risk arises when the fair value or future cash flows of financial instruments of the Company fluctuate due to changes in market variables, mainly interest rates and equity prices. The risk of exchange rate movements does not impact LBFL directly because as a NBFI, LBFL cannot deal with foreign currency. Interest rate risk, being a significant risk factor for the industry, is managed closely by the Company, to ensure there are no erosion of spreads and no impact to final profitability. Equity risk remains the other main market risk, considering the Company has an equity portfolio in excess of Taka 1 billion. This is managed at individual investment level, as well as on a portfolio basis, based on whether the portfolio is trading or non-trading or strategic investment. These two main market risks are discussed separately below:

10.1 Interest Rate Risk

Interest rate risk arises when changes in interest rates have an impact to the future cash flows of financial instruments' fair values. This remained a potential concern for the finance industry, as market interest rates continued to fall during the period. As LBFL deals in a number of interest bearing financial assets that are mainly grouped under loans and advances there was close focus on safeguarding core business interest spreads.

Downward movements in interest rates were continued both for lending and borrowing to be influenced by monetary policy changes whereas the decrease in lending rates remained at a relatively faster pace and resulting decreases in interest income too then the decrease in the borrowing rates. Apart from the resulting pressure exerted on our core margins, interest rate fluctuations continued to also influence;

- ▶ our ability to canvass deposits
- ▶ the fair values of financial assets and liabilities and
- ▶ Average duration of mortgage backed lease portfolios and other interest earning assets. To stay competitive, LBFL had to revise deposit rates during various times of the year through the ALCO committee.

ALCO is the main committee that regularly oversees the interest rate risk of the Company and initiate appropriate action to minimise overall interest risk exposure within the Company's risk appetite limits. Treasury division is responsible to manage funding and the market rates on an ongoing basis and uphold the optimal interest rate structure of all products of LBFL.

In maintaining an optimal level of return for our core business, average yield levels and cost of funding is monitored on a monthly basis and presented at ALCO meetings to decide on pricing matters. The ALCO evaluates any potential adverse effects that may arise from situations when the cost of funding rises at a relatively higher pace than the yield earned on lending and other investments. ALCO reviews current interest rate environment and monitors the movement of key interest rate indices and interest sensitive assets and liabilities maturity gap analysis. ALCO reviewed impact of interest rate change on the bottom line by carrying out sensitivity analysis/rate shock analysis taking

note of the continued decline in rates observed. LBFL by having a strict monitoring system maintains its interest rate risk at moderate levels despite volatility in rates in the market.

The Treasury Division was able to pursue cheaper sources of funding to bring down overall weighted average cost in the year under review. The division was able to seek optimal funding with the advice of ALCO, maintaining monthly overall-weighted average cost of funds at low levels throughout as depicted.

10.2 Equity Risk

It's the potential loss due to an adverse change in the stock price. NBFI can accept equity as collateral for loans and purchase ownership stakes in other companies as investments from free or investible cash. Any negative change in stock price either leads to a loss or diminution in investments' value.

LBFL needs to be cognisant of equity price risk as Company holds Taka 4.2 billion in trading and held-to-maturity share portfolios as at the balance sheet date. The Company's accounting policies ensure that we reflect share investments at fair value recognising any realised gains/losses through the profit and loss.

11. Operational Risk

Operational risk could arise from inadequate or failed internal processes, people and systems or risks arising from external events, leading to financial losses. LBFL has instilled various internal controls to detect possible human errors, fraud, faulty internal processes and systems, non-adherence to procedures and non-compliance to regulations. A company-wide effective internal control system is in place, requiring all staff to adhere to set policies and procedures. To ensure clarity in required practices, the Company has developed a comprehensive procedure manual, covering all key functions. Failure to manage operational risk can often result in other risks emerging such as reputational losses, which may also cause brand erosion and would raise regulatory penalties.

Operational risk management techniques adopted directly linked to people including segregation of staff duties, job rotation, staff training and development, employee operations, while inbuilt ICT controls, maintaining of documentation and keeping backup of documents and systems remain other forms of measures.

12. Liquidity Risk

Liquidity risk arises when a Company encounters difficulty in meeting its obligations associated with financial liabilities that require to be settled either through cash or any other financial asset. The sector assets and liability portfolio is such that there is a general vulnerability to liquidity problems resulting from assets and liability mismatches. Therefore, purpose of liquidity risk management is to assess the necessity of funds to meet financial obligations on time and to ensure adequacy of funding to fulfil short-term and long-term financial needs appropriately even under stressed conditions. LBFL has in place a comprehensive in-built liquidity monitoring process that has been enhanced in the past few years by embracing stringent liquidity review and safeguard measures imposed by regulator on the sector.

To strengthen liquidity management we have formed a Board approved Asset and Liability Management Committee (ALCO) to overlook the liquidity status of the Company. ALCO being the overall supervisory in managing liquidity risk of LBFL meets monthly to oversee adequacy of overall liquidity aspects from other obligations. The impact arising from all strategic and medium term decisions taken by the Board and the corporate management on liquidity is also ascertained by this high level committee comprising key divisional heads.

LBFL is a financially sound institution that has been strong in liquidity right-throughout. In meeting liquidity requirements, the Company resorts to an array of diversified funding sources in addition to its core deposit mobilisation business. Similarly, LBFL adopts a strict policy of managing its assets keeping liquidity as a vital focus and therefore monitors liquidity on a daily basis.

13. Other Risks



13.1 Legal Risk

Legal risk can arise due to several reasons such as

- ▶ A defective transaction or;
- ▶ A claim (including a defence to a claim or a counterclaim) being made or some other event occurring which results in a liability for the Company or other loss (for example, as a result of a termination of a contract) or;
- ▶ Failing to take appropriate measures to protect assets (for example, intellectual property) owned by the Company or;
- ▶ Changes in law.

LBFL deals in financial transactions with higher scrutiny in a highly regulated finance industry. We understand that regulatory changes may result in additional cost of compliance, may limit the type of financial services and products that could be offered in the market and in certain instances increase chances of competitors capitalising on their own offerings. It is therefore essential that legal risk be managed appropriately to avoid undue impact to business financially and to avoid damage to reputation that could lead to loss of confidence.

13.2 ICT Risk

Risks arising due to system breakdown, non-availability of systems, errors and disruptions or not keeping pace with the technological changes. There was continuous monitoring of employees and users of ICT systems to ensure strict adherence to information security policies, pertaining to safeguard confidentiality of information and to secure accuracy of information. Company's ICT Division conducted a comprehensive staff training program on information system security awareness to all users.

Future technological needs of the Company were reviewed and identified as part of the strategic plan development process for next three financial years. ICT Division reviewed policies in relation to, hardware and software procurement and maintenance procedures, business contingency plan on ICT, system licensing procedures etc. Updates were done in accordance with best practices in the industry. Risk review of the ICT systems has already been done by the independent consultant KPMG and contingency plans incorporated as a part of the BCP for key ICT dependent processes in order to successfully face any unpredictable technological contingencies.

13.3 Reputation Risk

It is a threat or danger to the good name or standing of a business or entity. As an institution of financial services sector, it is key to maintain sound reputation for long-term organisational survival and success. Public is highly receptive to negative factors considering past experiences.

LBFL has implemented required corporate governance practices, risk assessment measures, departmental procedure manuals and carried out due compliance checking to ensure business is conducted in a professional, ethical and prudent manner. Suggestion boxes have been placed in all branches and customer survey carried out to obtain customer feedback to enhance customer relationship. Regardless of corporate hierarchy, all the employees are expected to live by core values of the Company. Deviation to LBFL's strict policies and procedure guidelines and rules result in strict disciplinary action for employees.

In sustaining company's vision providing a deep sense of social responsibility, a number of worthy projects were initiated for the benefit of the society and the environment as explained in the section on sustainability.

13.4 Human Resource Related Risk

Being a service organisation, there is high dependency on our human capital in driving our business forward and in meeting anticipated service standards. Lot depends on the performance of our workforce in the achievement of organisational objectives and other aspirations to remain successful. Hence attracting and retaining high calibre staff, who possesses the necessary experience and skills to perform duties is integral if LBFL is to continue on its path to success. This of course has become a challenge especially since the job market is flooded with numerous job opportunities for capable individuals both within and outside our sector. This risk is relevant especially because most of our staff have been with us for at least five years or more, who have gained enormous experience in their related fields. Losing services of these experienced personnel hence at any point in time can create a vacuum in meeting anticipated standards and

may disrupt smooth running of operations at least temporarily. We are mindful of the fact that finding suitable replacements in the short-term would not be easy. A proper employee succession plan is in place to mitigate the risk of loss key people.

“ As one of the leading financial institutions in Bangladesh, managing risk is integral to our everyday activities. In 2021, the risk function played a vital role in working with the Group’s businesses to navigate an extremely complex environment and manage the associated risks. This was done in a manner that balanced the interests of clients and other key stakeholders with protecting the safety and soundness of the Group. Key to LBFL’s long-term sustainable growth and profitability is to manage risk on a consistent basis across the Group, and to ensure our risk appetite is clear and aligned to our strategy. ”

13.5 Strategic Risk

Strategic risk is defined as the risk associated with existing strategy, future business plans and strategies, including plans on

entering new business lines, expanding existing services through organic business growth, mergers and acquisitions or exposure loss resulting from a strategy that turned out to be defective or inappropriate. Management reviews performance against expected targets periodically, referring to devised strategies and success of their implementation.

13.6 Competitor Risk

Financing being a popular method of sufficing funding needs of people and institutions has gained momentum, with a large number of institutions competing aggressively to secure relative market share. NBFIs cater to a wide customer audience through a broad product range that has expanded from mere financing and deposit taking to tailor-made product offerings that meet varying customer needs. It is therefore vital to be receptive to customer needs in a highly competitive market like ours if the organisation is to thrive and succeed. Number of finance companies were introduced during this financial year. Banking and NBFIs sector margins have narrowed while the market is set to widen exponentially with enhanced public perception towards the sector. Owing to the plethora of other investments and borrowing options available to customers in the market, competition remained high for the sector players. Our style of management attempts to secure employee morale and motivation most of the time as means of sustaining optimal productivity levels in all our operations. In meeting future challenges, we are fortunate to possess a strong capital structure that gives us the opportunity and the needed flexibility to make broad strategic decisions.



DISCLOSURE ON MARKET DISCIPLINE UNDER PILLAR-III OF BASEL-II

Background: These disclosures under Pillar III of Basel II are made following “Prudential Guidelines on Capital Adequacy and Market Discipline” (CAMD) for Financial Institutions (FIs) issued by Bangladesh Bank (Central Bank of Bangladesh) in December 2011. These quantitative and qualitative disclosures are intended to complement the Minimum Capital Requirement (MCR) under Pillar I and Supervisory Review Process (SRP) under Pillar II of Basel II. The purpose of these disclosures is to present relevant information on adequacy of capital in relation to overall risk exposures of the FI so that the market participants can assess the position and direction of the FI in making economic decisions.

Consistency and Validation: The quantitative disclosures are made on the basis of consolidated along with its separate audited financial statements of LankaBangla Finance Limited (LBFL) and its Subsidiaries as at and for the year ended 31 December 2021 prepared under relevant international accounting and financial reporting standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and related circulars/instructions issued by Bangladesh Bank from time to time.

Information presented in the ‘Quantitative Disclosures’ section can easily be verified and validated with corresponding information presented in the consolidated audited financial statements for 2021 of LBFL and its Subsidiaries along with separate audited financial statements for 2021 of the FI available on the website of the FI (www.lankabangla.com).

A. Scope of application

Qualitative Disclosures

(a) The framework applies to LankaBangla Finance Limited (LBFL) on ‘Consolidated Basis’ as there were three subsidiaries of the FI as on the reporting date i.e. 31 December 2021. However, ‘Solo Basis’ information has been presented beside those of ‘Consolidated Basis’ to facilitate comparison.

(b) The FI has three subsidiaries; all of them have been operational on the reporting date. These are LankaBangla Securities Limited (LBSL), LankaBangla Investments Limited (LBIL) and LankaBangla Asset Management Company Limited (LBAMCL).

LankaBangla Securities Ltd.: LankaBangla Securities Limited (LBSL) is a public limited company. As a member of Dhaka Stock Exchanges Ltd. and Chittagong Stock Exchange Ltd. the principal activities of the Company are buying, selling and settlement of securities on behalf of investors and in its own portfolio. LBFL holds 96.67% shares (including indirect ownership) of LBSL. LBSL has two subsidiaries which were fully consolidated in the financial statements of LBSL. The subsidiaries are as under:

LankaBangla Information System Limited (LBISL): It is a private limited Company incorporated in May 2013. LBSL holds 99.80% shares of (LBISL).

BizBangla Media Limited: It is a private limited company incorporated in January 2011. The main objectives of the company are to carry on business of printing, publishing of newspaper, journals, magazines, periodicals, books, pamphlets and other literary and nonliterary works and undertakings, radio, television broadcastings. LBSL holds 96.39% shares of the Company.

LankaBangla Investments Ltd (LBIL): It is public limited Company although it was incorporated as private limited company in 2010. It obtained required license from BSEC in 2011 and started full-fledged operations of merchant banking, portfolio management, underwriting, etc. It is a fully owned subsidiary of LBFL.

LankaBangla Asset Management Company Ltd. (LBAMCL): It is incorporated as private limited company in 2007. It got license from BSEC in 2012 as an asset management company. It also received registration certificate from BSEC in 2016 to act as an Alternative Investment Fund Manager. It is a fully owned subsidiary of LBFL. The financials of all subsidiaries are fully consolidated and all intercompany transactions and balances are eliminated.

The rules and regulations of DFIM of Bangladesh Bank that govern ‘Single Borrower Exposure Limit’ for the customers are equally applicable for the LBFL in financing its own subsidiaries. LBFL is following latest Bangladesh Bank circular in determining maximum amount of finance to the subsidiaries of the Company.

Quantitative Disclosures

Not Applicable.

B. Capital Structure

Qualitative Disclosures

As per Basel II guidelines, regulatory capital consists of Tier-1 (Core) capital and Tier 2 (supplementary) capital. Core capital comprises of highest quality capital elements and supplementary capital represents other elements which fall short of some of the characteristics of the core capital but contribute to the overall strength of an FI.

Conditions for maintaining regulatory capital: The FI complied with all the required conditions for maintaining regulatory capital as stipulated in the Basel II guidelines as per the following details:

Particulars	Status of Compliance
The amount of Tier 2 capital will be limited to 100% of the amount of Tier 1 capital	Complied
50% of revaluation reserves for fixed assets and 45% of revaluation reserves for securities eligible for Tier 2 capital.	Complied
Revaluation reserve for equity instruments up to 10%	Complied
General provision up to a limit of 1.25% of risk weighted asset for credit risk may be included in Tier 2 capital	Complied
Subordinated bond in Tier 2 capital can be maximum 30% of Tier 1 Capital	Complied
Minimum capital to RWA Ratio (CAR) will be 10%	Complied

Quantitative Disclosures as on 31st December

Figures in BDT Million

Particulars	2021		2020	
	Solo	Consolidated	Solo	Consolidated
Fully paid up Capital	5,388	5,388	5,388	5,388
Statutory Reserve	2,050	2,050	1,928	1,928
Non-repayable share premium account	-	1,091	-	1,091
General reserve	-	51	-	45
Retained earnings	1,954	2,085	2,161	1,642
Minority interest in subsidiaries	-	195	-	177
Capital Reserve	-	14	-	-
Less: Book value of Goodwill	-	-	-	(234)
Tier 1 Capital	9,278	10,874	9,340	10,037
Tier 2 Capital	2,490	2,251	3,066	2,868
Total Eligible Capital	11,768	13,125	12,406	12,905

C. Capital Adequacy**Qualitative Disclosures**

Assessing regulatory capital in relation to overall risk exposures of an FI is an integrated and comprehensive process. LBFL follows the risk weighted asset-based approach (standardized Approach for credit risk & Market Risk and Basic Indicator Approach for Operational Risk) in assessing the adequacy of capital to support current and projected business activities. The LBFL focuses on strengthening risk management and control environment rather than increasing capital to cover up weak risk management and control practices. LBFL has been generating most of its incremental capital from retained profit (stock dividend and statutory reserve transfer etc.) and occasional issue of right shares to support incremental growth of Risk Weighted Assets (RWA). Besides meeting regulatory capital requirement, the FI maintains adequate capital to absorb material risks foreseen. Therefore, the Capital to Risk Weighted Assets Ratio (CRAR) remains consistently within the comfort zone during 2021. The surplus capital maintained by LBFL will act as buffer to absorb all material risks and to support the future activities. To ensure the adequacy of capital to support the future activities, the FI assesses capital requirements periodically considering future business growth. Risk Management Division (RMD) under guidance of the SRP team/RMC (Risk Management Committee), is taking active measures to identify, quantify, manage and monitor all risks to which the FI is exposed to.

Quantitative Disclosures as on 31st December

Figures in BDT Million

Particulars	2021		2020	
	Solo	Consolidated	Solo	Consolidated
Capital requirement for Credit Risk	5,907	5,425	5,753	5,339
Capital requirement for Market Risk	585	1,371	338	1,039
Capital requirement for Operational Risk	477	623	498	669
Minimum capital requirement (MCR)	6,969	7,419	6,589	7,047

Particulars	2021		2020	
	Solo	Consolidated	Solo	Consolidated
Core capital maintained	9,278	10,874	9,340	10,037
Supplementary Capital Maintained	2,490	2,251	3,066	2,868
Total Risk Weighted Asset	69,688	74,187	65,889	70,470
Common Equity Tier-1 Capital Ratio	13.31%	14.66%	14.18%	14.24%
Tier-2 Capital Ratio	3.57%	3.03%	4.65%	4.07%
Capital Adequacy Ratio	16.89%	17.69%	18.83%	18.31%

D. Credit Risk**Qualitative Disclosures**

Credit risk is defined as the probability of failure of counterparty to meet its obligation as per agreed terms. FIs are very much prone to credit risk due to its core activities i.e. lending to corporate, Consumer, SME, another bank/FI. The main objective of credit risk management is to minimize negative impact through adopting proper mitigates and to limit credit risk exposures within acceptable limit.

Credit risk management has been independent of origination of business functions to establish better control and to reduce conflicts of interest. The Head of Credit Risk Management (Chief Credit Officer or CCO) has well-defined responsibility for management of credit risk. Final authority and responsibility for all activities that expose the FI to credit risk rests with the

Board of Directors. The Board however delegated authority to the Managing Director and CEO or other officers of the credit risk management division.

The Board of Directors (BoD) sets credit policies and delegates authority to the management for setting procedures, which together has structured the credit risk management framework in the FI. The Credit Policy Manual contains the core principles for identifying, measuring, approving, and managing credit risk in the FI and is designed to meet the organizational requirements that exist today as well as to provide flexibility for future. These policies represent the minimum standards for credit extension by the FI and are not a substitute of experience and good judgment.

Definitions of past due and impaired credit:

To define past due and impairment through classification and provisioning, the FI follows Bangladesh Bank Circulars and Guidelines. General provisions ranging from 0.25% to 5% on unclassified loans (standard/SMA) and specific provisions on classified loans (20% for substandard, 50% for doubtful and 100% for bad-loss) are made on the basis of quarter-end review by the management and instructions contained in DFIM Circular. Provisions and interest suspense are separately shown under other liabilities as per DFIM Circular instead offsetting with loans.

Specific provisions for classified loans and general provisions for unclassified loans are measured following BB prescribed provisioning rates as mentioned below:

Particulars	Rates of provision
General provision on:	
Unclassified standard loans and advances (except SME)	1.00%
Unclassified standard loans to small and medium enterprises	0.25%
Unclassified SMA loans and advances	5.00%
Specific provision on:	
Substandard loans and advances	20.00%
Doubtful loans and advances	50.00%
Bad & loss loans and advances	100.00%

Quantitative Disclosures as on 31st December:

Total gross credit risk (risk weighted) exposures:

Figures in BDT Million

Particulars	2021		2020	
	Solo	Consolidated	Solo	Consolidated
Cash and cash equivalents	0	0	0	0

Particulars	2021		2020	
	Solo	Consolidated	Solo	Consolidated
Claims on Bangladesh Govt. & Bangladesh Bank	0	0	0	0
Claims on NBFI and Banks	2,239	2,825	2,293	2,688
Claims on corporate (including OBS exposures)	19,969	19,969	22,742	22,742
Claims on Retail and SME (Including OBS exposures)	4,260	4,260	3,066	3,066
Consumer Finance	8,825	8,825	8,860	8,860
Claims fully secured by residential & Commercial Property	4,876	4,876	5,216	5,216
Past due claims	2,467	2,467	1,733	1,733
All other assets	16,431	11,029	13,620	9,081
Total	59,067	54,250	57,530	53,386

Geographical distribution of exposures (without netting eligible financial collateral) as on 31st December 2021:

Figures in BDT Million

Location	Solo	Consolidated
Dhaka	40,912	44,099
Chittagong	10,096	10,804
Sylhet	585	706
Jessore	1,383	1,383
Narshindi	407	407
Comilla	473	537
Bogra	774	774
Barisal	321	322
Khulna	339	339
Mymensingh	993	993
Others	2,494	2,524
Total	58,775	62,888

Industry or counterparty type distribution of exposure and NPL (without netting eligible financial collateral): Solo Basis:

Figures in BDT Million

Particulars	Total Portfolio	Mix (%)	NPL	NPL % of Total Portfolio
1. Trade & Commerce	9,156.51	15.58%	970.88	1.65%
2. Industry			-	
A. Garments & Knitwear	2,872.20	4.89%	58.02	0.10%
B. Textiles	1,420.27	2.42%	130.22	0.22%
C. Food Production, Processing & Rice Mills	5,686.30	9.67%	139.74	0.24%
D. Jute & Jute products	108.39	0.18%	102.79	0.17%
E. Plastic & Rubber Industry	353.47	0.60%	42.70	0.07%
F. Leather & Leather goods	239.70	0.41%	2.10	0.00%
G. Iron, Steel & Engineering	2,051.38	3.49%	69.40	0.12%
H. Pharmaceuticals & Chemicals	684.62	1.16%	-	0.00%
I. Cement & Allied Industry	1,720.54	2.93%	459.68	0.78%
J. Paper, Packaging, Printing, Publishing & Allied Industry	473.46	0.81%	2.47	0.00%
K. Wood, Furniture & Fixture	86.53	0.15%	4.01	0.01%
L. Glass, Glassware & Ceramic Industry	2.53	0.00%	-	0.00%
M. Ship Manufacturing & Breaking	-	0.00%	-	0.00%
N. Electronics & Electrical Products	1,229.62	2.09%	5.51	0.01%
O. Power, Gas, Petrollium, Water & Sanitary	858.19	1.46%	356.54	0.61%
P. Transport & Aviation	2,417.73	4.11%	54.83	0.09%
Q. Others	-	0.00%	-	0.00%
3. Agriculture			-	-
A. Crops	-	0.00%	-	0.00%
B. Forestry	3.61	0.01%	-	0.00%
C. Poultry & Livestock	169.63	0.29%	4.68	0.01%
D. Fisheries	-	0.00%	-	0.00%
E. Others (Cold Storage, Biofuel, Seed, Feed, Agri-related Other Institutions & Services)	723.55	1.23%	6.54	0.01%
4. Mining & Quarrying	4.15	0.01%	-	0.00%
5. Housing			-	-
A. Individual/Retail Housing	9,430.67	16.05%	455.45	0.77%
B. Project/Commercial Housing	-	0.00%	-	0.00%
6. Financial Corporation			-	
A. Bank	-	0.00%	-	0.00%
B. Financial Institution	-	0.00%	-	0.00%
C. Insurance Company	1.70	0.00%	-	0.00%
D. NGO	1,501.46	2.55%	-	0.00%
E. Audit & Accounting firm	11.25	0.02%	-	0.00%
F. Credit Rating Agency	-	0.00%	-	0.00%
G. Merchant Banking	-	0.00%	-	0.00%
i. Loans to Own Subsidiaries	1,677.79	2.85%	-	0.00%
ii. Loans to Other FI/Bank Subsidiaries	-	0.00%	-	0.00%
iii. Loans to Brokerage House	247.03	0.42%	-	0.00%

Particulars	Total Portfolio	Mix (%)	NPL	NPL % of Total Portfolio
H. Other Financial Auxiliaries	0.00	0.00%	-	0.00%
7. Service			-	-
A. Education, Career & Training (Institutional), Consultancy Supervisory	370.88	0.63%	-	0.00%
B. Tourism, Hospitality & Logistics	1,113.36	1.89%	108.76	0.19%
C. Health Sector	1,241.82	2.11%	32.10	0.05%
D. Media, Advertising & Event Management	92.42	0.16%	12.16	0.02%
E. Beautification & Gym	3.41	0.01%	-	0.00%
F. Tailoring & Laundry	4.64	0.01%	2.16	0.00%
G. Private Survey Institution	-	0.00%	-	0.00%
H. Restaurant Service, Catering & Online Food Supplier	49.00	0.08%	5.46	0.01%
I. Telecommunication & Information Technology	1,022.00	1.74%	5.33	0.01%
J. Others	998.94	1.70%	21.35	0.04%
8. Consumer Finance			-	-
A. Personal Loan	2,643.94	4.50%	379.92	0.65%
B. Auto Loan	2,690.74	4.58%	89.85	0.15%
C. Employee/Staff Loan	445.24	0.76%	1.69	0.00%
D. Credit Card	4,487.92	7.64%	327.61	0.56%
E. Loan Against Deposit	478.45	0.81%	7.07	0.01%
9. Others	-	0.00%	-	0.00%
Grand Total	58,775.03		3,859.02	6.57%

Residual contractual maturity of credit exposure (without netting eligible financial collateral) as on 31st December 2021:

Figures in BDT Million

Particulars	Solo	Consolidated
On demand	3,319	7,431
In not more than three months	7,762	8,062
In more than three months but not more than one year	26,351	26,651
In more than one year but not more than five years	17,863	17,263
In more than five years	3,481	3,481
Total	58,775	62,888

Gross Non-Performing Assets (NPAs): Solo

On the reporting date i.e. 31 December 2021, Gross Non-Performing Assets stood at BDT 3,859.02 million.

Non-Performing Assets (NPAs) to Outstanding Loans & advances: Solo

On the reporting date i.e. 31 December 2021, Non-Performing Assets (NPAs) to Outstanding Loans & advances was 6.57%.

Movement of Non-Performing Assets (NPAs): Solo

Figures in BDT Million

Particulars	2021
Opening balance	2,571.41
Additions during the year	1,614.65
Reductions during the year	327.04
Closing balance	3,859.02

Movement of Specific Provisions for NPAs (Provisions for classified loans)

Figures in BDT Million

Particulars	2021
Opening balance	1,047.07
On fully provided debt written off during the year	95.18
Write back of excess provisions	-
Specific provision for the year	800.29
Provision held at the end of the year	1,752.18

E. Equities: Banking Book Positions**Qualitative Disclosures**

Investment in equity securities by LBFL is broadly categorized into two types: Quoted securities (Ordinary shares, Mutual Funds) and Un-quoted securities. Unquoted securities are categorized as banking book exposures which are further subdivided into two groups: unquoted securities which are invested without any expectation that these will be quoted in near future (i.e. held to maturity) and securities that are acquired under private placement or IPO or strategically held for a longer term and are going to be traded in the secondary market after completing required formalities or meeting some requirements.

Discussion of important policies covering the valuation and accounting of equity holdings in the banking book:

Investment in Marketable securities: Investment in listed securities are carried at cost. Adequate provision has been made considering each individual investment (where market price is less than cost) as guided by Bangladesh Bank. Unrealized gains are not recognized in the profit and loss account.

Investment in Non-Marketable securities: Investment in unlisted securities are reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities.

Investment in subsidiaries: Investments in subsidiaries are accounted for under the fair value method of accounting in the Company's separate financial statements in accordance with IFRS 9. Para 4.1 of IFRS 9 permits investment in subsidiary to be recognized and subsequently measured at fair value. As the Company has the intentions to hold these subsidiaries for long term, the management has decided to designate these assets irrevocably at fair value through other comprehensive income (FVTOCI). 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. However, as per Bangladesh Bank guidelines, 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 balance sheet.

- ▶ Provision for shares against unrealized loss (gain net off) has been made according to Bangladesh Bank (BB) circular.

Quantitative Disclosures as on 31st December 2021:

Figures in BDT Million

Particulars	Solo		Consolidated	
	At Cost	At Market Value	At Cost	At Market Value
Value of Quoted securities	1,319	1,180	5,057	5,112
Value of Unquoted securities	1,233	1,233	1,393	1,393

Particulars	Solo	Consolidated
The cumulative realized gains (losses) arising from sales and liquidations in the reporting period/ Net gain/(loss) on sale of quoted securities	115.2	890.3
Total unrealized gains (losses) / Provision for revaluation of shares (net)	(106)	(111)
Revaluation Reserve for Investment in Subsidiaries	1,681	-
Any amount of the above included in Tier 2 capital (10% of revaluation reserve for investment in subsidiaries)	168.2	-
Capital charge required for quoted securities:	235.9	1,022
Specific risk	118	511
General market risk	118	511

F. Interest rate risk in the banking book (IRRBB)**Qualitative Disclosures****(a) General Disclosure**

Interest Rate Risk is the risk which affects the FI's financial condition due to changes of market interest rates. Changes in interest rates affect both the current earnings (earnings perspective) and also the net worth of the FI (economic value perspective). FI assesses the interest rate risk both in earning and economic value perspective.

The process of interest rate risk management by the FI involves determination of the business objectives, expectation about future macro-economic variables and understanding the money markets and debt market in which it operates. Interest rate risk management also includes quantifying the appetite for market risk to which FI is comfortable.

The FI uses the following approach to manage interest rate risks inherent in the Balance sheet:

Simple Gap Analysis: Traditional Gap analysis of on-balance sheet Asset Liability Management (ALM) involves careful allocations of assets and liabilities according to re-pricing/maturity buckets. This approach quantifies the potential change in net interest income using a specified shift in interest rates, e.g. 100 or 200 basis points,

or a simulated future path of interest rates.

Assumptions: For Gap analysis, FI considers the following:

- ▶ For fixed-rate contract, remaining maturity is considered.
- ▶ For contracts with provision of re-pricing, time remaining for next re-pricing is considered.
- ▶ For assets and liabilities which lack definitive re-pricing interval or for which there is no stated maturity, FI determines the core and volatile portion. For assets, volatile portion is bucketed till 3 months using historical repayment behavior and stable portion is bucketed in 6-12 months' bucket. For liabilities, volatile portion is bucketed till 1 year using historical withdrawal behavior and stable portion is bucketed in over 1-year segment.

Also, following assumptions are met:

- ▶ The main assumption of gap analysis is that interest rate moves on a parallel fashion. In reality however, interest rate does not move parallelly.
- ▶ Contractual repayment schedule is met.
- ▶ Re-pricing of assets and liabilities takes place in the midpoint of time bucket.
- ▶ The expectation that loan payment will occur in schedule.

Quantitative Disclosures

Funding Gap Analysis:

Funding GAP Analysis attempts to determine the potential impact on net interest income (NII) due to changes in interest rate.

Result of Funding Gap analysis as on December 31, 2021:

Particulars	3 months	6 months
For 1% increase/decrease in interest rate, impact on NII	BDT ± 2.93 Million	BDT ± 4.73 Million
For 2% increase/decrease in interest rate, impact on NII	BDT ± 5.87 Million	BDT ± 9.46 Million

Duration GAP Analysis:

The focus of the Duration Analysis is to measure the level of a FI's exposure to interest rate risk in terms of sensitivity of Market Value of its Equity (MVE) to interest rate movements. Duration Gap can be used to evaluate the impact on the Market Value of Equity of the FI under different interest rate scenarios. ALCO monitors the Leveraged Liability Duration and duration gap of the total FI balance sheet on a quarterly basis to assess the impact of parallel shift of the assumed yield curve.

Particulars	31 December 2021
Duration of Asset	4.43
Duration of Liabilities	2.81
Duration Gap	1.62
Changes in equity for change in interest rate (1%)	1.47%
Changes in equity for change in interest rate (2%)	2.95%

G. Market Risk

Qualitative Disclosures

Market Risk: Market Risk is defined as the possibility of loss due to changes in the market variables. It is the risk that the value of on/off-balance sheet positions will be adversely affected by movements in equity price, interest rate and currency exchange rates. The objective of our market risk policies and processes is to obtain the best balance of risk and return whilst meeting customers' requirements. The primary sources of market risk for the company are:

Interest rate risk: Arising from changes in yield curves, credit spreads and implied volatilities on interest rate options.

Equity price risk: Arising from changes in the prices of equities, equity indices, equity baskets and implied volatilities on related options.

Foreign exchange risk: It is the risk of loss from movements in cross-currency exchange rates between foreign currencies and from changes in the value of the home or functional currency against foreign currencies. More specifically, forex risk results from a mismatch between assets and liabilities in a particular currency and their associated cash flows in respect to size and maturity.

Company has a comprehensive Treasury Manual, Asset-Liability Management Policy, Investment Policy approved by the BoD to assess, monitor and manage all the above market risks. Various internal limits have been set to monitor market risk and capital requirement is assessed as per standardized approach of Basel II.

Methods used to measure Market Risk: FI applies maturity method in measuring interest rate risk in respect of securities in trading book. The capital charge for entire market risk exposure is computed under the standardized approach using the maturity method and in accordance with the guideline issued by Bangladesh Bank.

Market Risk Management System: To manage the interest rate risk, ALCO regularly monitors various ratios and parameters. Of the ratios, the key ratios that ALCO regularly monitors are Liquidity Coverage Ratio (LCR) and Maximum Cumulative Outflow (MCO), Liquid asset to total assets, Volatile liability dependency ratio, Snap liquidity ratio and Short term borrowing to Liquid assets ratio. ALCO also regularly monitors the interest rate sensitive gap and duration gap of total portfolio.

Quantitative Disclosures as on December 31:

Capital charge (Solo basis) for market risk:

Figures in BDT Million

Particulars	2021	2020
Interest rate risk	0.1	0.8
Equities	235.9	248.1
Foreign exchange risk	348.7	89.3
Commodity risk	-	-
Total	584.6	338.2

H. Operational Risk

Qualitative Disclosures

Operational Risk: Operational risk is the risk of loss arising from fraud, unauthorized activities, error, omission, inefficiency, systems failure or external events. It is inherent in every business organization and covers a wide spectrum of issues. We seek to minimize exposure to operational risk, subject to cost benefit trade-offs. The FI captures some identified risk events associated with all functional departments of the FI through standard reporting format.

Views of Board on system to reduce Operational Risk: The policy for measuring and managing operational risks is approved by the Board in line with the relevant guidelines of Bangladesh Bank. Audit Committee of the Board directly oversees the activities of Risk Management Division (Audit & Inspection Unit, Internal Control & Compliance Unit, Enterprise Risk Management Unit) to protect against all operational risks. As a part of continued surveillance, the management committee (MANCOM), Risk Management Committee and Risk Management Division regularly review different aspects of operational risks and suggest formulating appropriate policies, tools & techniques for mitigation of operational risk.

Performance gap of executives and staffs: LBFL is an equal opportunity employer. It recognizes the importance of having the right people at right positions to achieve organizational goals. Our recruitment and selection are governed by the philosophy of fairness, transparency and diversity. Understanding what is working well and what requires further improvement is essential to our performance management system. The performance management process aims to clarify what is expected from employees as well as how it is to be achieved.

Our learning and development strategy puts special focus on continuous professional development to strengthen individuals' skill set by removing weaknesses to perform the assigned job with perfection. We have a wide range of internal and external training programs to enhance capabilities as well as minimize performance gap that will contribute more to bottom line.

Peoples' performance is assessed on the basis of performance objectives and key performance indicators (KPI) set at the beginning of each year. Decisions related to rewards and recognitions for the employees are taken on the basis of how well the assigned KPIs are met.

Potential external events: The overall environment within which an FI operates creates certain externalities which could affect business performance directly such as:

Fraud Risk is the risk of incurring losses as a result of an intentional act or omission by a third party involving dishonesty, for personal and/or business gain, to avoid personal and/or business loss, or to conceal improper or unauthorized activity. This includes facilitation, misrepresentation, money laundering, terrorist financing, theft, forgery and cyber-crime.

Business Continuity Risk is the risk of incurring losses resulting from the interruption of normal business activities, i.e. interruptions to our infrastructure as well as to the infrastructure that supports our businesses.

Information Security Risk is the risk of an event which could result in the compromise of organizational assets, including, but not limited

to, unauthorized use, loss, damage, disclosure or modification of organization assets. It includes the risk of cyber threats on the organization.

Regulatory Compliance Risk is the risk of incurring regulatory sanctions (including restrictions on business activities, fines or enhanced reporting requirements), financial and/or reputational damage arising from our failure to comply with applicable laws, rules and regulations.

Vendor Risk arises from adverse events and risk concentrations due to failures in vendor selection, insufficient controls and oversight over a vendor and/or services provided by a vendor and other impacts to the vendor itself.

Policies and processes to mitigate operational risk: Enterprise Risk Management Unit is primarily responsible for risk identification, measurement, monitoring, control, and reporting of operational risk. This unit identifies risk issues primarily through review of Departmental Control Function Check List (DCFCL) and reports to Head of ICCD (Internal Control and Compliance Division). DCFCL is a self-assessment process for detecting 'high' risk areas and finding mitigation of those risks. The committee titled 'Risk Management Committee (BRMC)' also oversees the operational risk issues.

Approach for calculating capital charge for operational risk: The FI applies 'Basic Indicator Approach' of Basel II as prescribed by BB. Under this approach, FIs have to calculate average annual gross income (GI) of last three years and multiply the result by 15% to determine required capital charge. Gross Income is the sum of 'Net Interest Income' and 'Net non-interest income' of a year or 'Total Operating Income' of the FI with some adjustments as noted below. Gross Income (GI) shall:

- ▶ Be gross of any provision (e.g. for unpaid interest),
- ▶ Be gross of operating expenses, including fees paid to outsourcing service providers,
- ▶ Include lost interest i.e. interest suspense on classified loans (SS, DF, BL).

Quantitative Disclosures as on 31st December:

Figures in BDT Million

Particulars	2021		2020	
	Solo	Consolidated	Solo	Consolidated
Capital charge for operational risk	477.5	622.6	497.6	669.4

STATEMENT ON NPL MANAGEMENT

1. Introduction

The impact of COVID-19 pandemic in 2020 extended throughout 2021 has been the leading force creating stresses on Non-Performing Loan (NPL) in the economy which was also same for LankaBangla. Amidst this backdrop, in addition to its regular monitoring and recovery strategies, LankaBangla adopted proactive and preventive strategies to minimize the pressure on NPL. In order to help borrowers absorb the shock of pandemic, bring back gradually to operational normalcy, revitalize and recover through liquidity support in one hand and on the other hand, deferral of repayments, Bangladesh bank has given several guidelines in respect to classification and provisioning and government has extended support through stimulus packages. In fact, managing NPL to keep it at the lowest possible level is at the core of our business priorities. We have embedded the essence of asset quality in our business values, therefore, instituted the best local as well as international industry practices throughout our business processes.

2. Business Processes and Structures to Facilitate NPL Management

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

- ▶ We have developed a credit culture with credit policies in line with the best practices which are the guiding principles for sales and relationship teams which drive their business efforts towards quality business through systematic management of any potential risk of NPL. The KPIs of sales & relationship teams include with due weight, among others, NPL of their portfolio which is assessed periodically against a set target with industry best practices to make them accountable. Moreover, collection of dues are also their prime responsibility side-by-side doing business with pre-set targets aligned with industry best practices which is also assessed periodically. Periodic performance evaluation therefore is the products of NPL & Collection in addition to doing business.
- ▶ Credit Risk Management (CRM) division independently reviews the credit proposals, approves (as per approved delegated authority) or recommends for onward approval those cases which are screened off of potential risks ensuring adequate protection against any potential NPL. The reporting authority of CRM division is also independent of reporting line of business division.
- ▶ The credit proposals recommended by CRM are reviewed by Management Credit Committee (MCC) consisting of the Managing Director, Deputy Managing Director and Heads of Business Divisions, Operations Division, CRM Division, Treasury Division and Branch Distribution & Management Division who put into a wide variety of inputs from different aspects ensuring the least possibility of NPL.
- ▶ Thereafter, credit proposals recommended by MCC are reviewed and if found acceptable, approved by the concerned authority which may be the Managing Director, the Board Executive Committee (BEC) or the Board of Directors (BOD) independently.
- ▶ Even after approval of credit facilities, the post approval activities like credit facility documentations and executions are carried out by separate department namely Asset Operations

Department under centralized Operations Division and vetting of credit facility and collateral documentations are taken care of by separate division namely Legal Affairs Division which are independent of reporting line of business departments and divisions to avoid conflict of interests.

- ▶ For post disbursement activities like monitoring, collection, early alerts, etc. sales and relationship teams hold prima-facie responsibility to ensure their accountability towards quality asset portfolio. However, to put into more and rigorous monitoring, separate department namely Asset Recovery & Monitoring Department continuously thrives for protection before assets turn into NPLs. Regular due date and overdue status reminders through SMS, e-mails, letters, telecommunications, meetings, discussions, visits, etc with the clients are consistently carried out by the department which facilitates managing NPL at the lowest possible level.
- ▶ For managing NPL cases arising out even after all the efforts as mentioned above, a dedicated department namely SAM (Special Asset Management) Department is in place to directly monitor, put into action and intensify recovery and settlement drives through dedicated internal recovery officers and also third party collection service providers, where necessary. Litigation Department is well organized with the assistance of leading law firms of the country to ensure all out legal actions for collection. These departments, SAM & Litigation, are under Operations Division, independent of Business divisions, which ensures mitigating any risks arising out of conflict of interests.
- ▶ Risk Management Division and its Internal Control & Compliance (ICC) Unit, Enterprise Risk Management (ERM) Unit and Audit & Inspection (AI) Unit are consistently reviewing and monitoring the implementation and execution of the policies, procedures, and systems; blowing whistles where necessary; updating with approval of competent authority the policies, procedures, and systems with the assistance of the Information Technology (IT) Division and other stake-holding divisions;
- ▶ The senior management is vigilant to monitor and review all the relevant aspects; provides necessary directions and guidance time to time; all to ensure asset quality maintaining the NPL ratio towards its desired goals outperforming the industry ratio.
- ▶ On top of all, the Board of Directors periodically monitors and reviews the NPL movements and performance of the management in arresting NPL; provides necessary directions and guidance, thereby ensures highest quality of assets of the company to ensure a quality asset portfolio thereby maximize business and profitability growth.

3. Strategies for NPL Management

The recovery strategies are formulated based on analysis carried out through the following four sub-functions:

- ▶ Classification of loan portfolio
- ▶ Trend analysis of the overdue installments
- ▶ Processes of recovery
- ▶ Specific measures

3.1 Classification of Loan Portfolio

Loans are classified into the following categories:

- ▶ Regular payees
- ▶ One month not paid
- ▶ Two months not paid

- ▶ Three months not paid
- ▶ Four months not paid
- ▶ Five months not paid
- ▶ Six months not paid
- ▶ Suspended account (Special Asset)

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

3.2 Trend Analysis of the Overdue Loans

The data of the outstanding loan portfolio is analyzed in two respects, namely, Sector-wise Age Analysis and Client-wise Age Analysis. From each of these two reports, cause analysis is carried out. The details are given below.

3.2.1 Sector-wise Age Analysis

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

3.2.1.1 Industry Sales Analysis

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

3.2.1.2 Industry Profitability Analysis

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

3.2.1.3 Industry Liquidity Analysis

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

3.2.1.4 Industry Change Analysis

This analysis is carried out to find out changes in the industry in terms of technology, investment, development of substitute product, etc. The objectives of the sector-wise age analysis are following:

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

3.2.2 Client-wise Age Analysis

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

3.3 Recovery Processes

The various recovery actions in order of intensity is given below:

- ▶ Phone Call/ SMS

- ▶ Letter/ E-mail
- ▶ Visit
- ▶ Reminder
- ▶ 2nd Reminder
- ▶ Visit conducted by higher level employee/s
- ▶ Letter to guarantor/s
- ▶ Final/ call up letter for legal notice
- ▶ Legal Notice
- ▶ Report to Central Bank and to other agencies
- ▶ Terminate the loan
- ▶ Ask the guarantor of payment/ encashment of security
- ▶ Litigation

The application of the above mentioned options are contingent upon the age of the overdue installments, causes of the overdue, forward looking on the business and industry, etc. Few of the application are as follows:

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

3.4 Specific Measures

COVID-19 pandemic has taught us to deal with sheer uncertainty and look beyond the sight with care, empathy and opportunity. In addition to traditional approach to recovery, we worked together with the distressed borrowers to work out client and situation specific strategies, which helped us as well as the borrowers to address this unprecedented situation of COVID-19.

4. NPL Status as on December 31, 2021

During the year 2021, the NPL ratio of the Company Increased to 6.57% from previous year's 4.70%. The absolute figures show the increase in classified portfolio from BDT 2,571.41million in 2020 to BDT 3,859.02 million in 2021. Though the COVID19 pandemic hit hard the recovery during country-wide lock downs in 2020 as well as part of 2021, all out strategies as mentioned above have substantially helped to gradually recover the collection figures and by August, 2021, sizable improvement could be made which continued during rest of the year. Moreover, the guidelines of central bank for deferred repayments due to the pandemic also helped NPL to be maintained at minimum possible level.

The movement in NPL accounts during the year 2021 has been depicted in following table:

Particulars	BDT Million
Opening Balance as on January 1, 2021	2,571.41
Add: Addition during the year 2021	1,709.83
Less: Collection During the Year 2021	327.04
Less: Write off	95.18
Closing Balance as on Dec 31, 2021	3,859.02

* The collections from NPL accounts figure is only from opening NPL accounts; total collections from all NPL accounts including those which were regularized/ settled during the year is BDT 417.02 million.

5. Write offs

During the year 2021, the movement in write-offs accounts is as under:

Particulars	BDT million
Opening Balance as on January 1 2020	933.75
Add: Addition during the year 2020	269.01
Less: Collection During the Year 2020	4.30
Closing Balance as on Dec 31, 2020	1,198.46

6. Sector-wise NPL Status

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

SL. No.	Particulars	Amount (in BDT mn)	% of Total	NPL Portfolio (in BDT mn)	NPL % of Sector wise Portfolio
1	Trade & Commerce	9,156.51	15.58%	970.88	10.60%
2	Industry	-	-	-	-
	A. Garments & Knitwear	2,872.20	4.89%	58.02	2.02%
	B. Textiles	1,420.27	2.42%	130.22	9.17%
	C. Food Production, Processing & Rice Mills	5,686.30	9.67%	139.74	2.46%
	D. Jute & Jute products	108.39	0.18%	102.79	94.83%
	E. Plastic & Rubber Industry	353.47	0.60%	42.70	12.08%
	F. Leather & Leather goods	239.70	0.41%	2.10	0.87%
	G. Iron, Steel & Engineering	2,051.38	3.49%	69.40	3.38%
	H. Pharmaceuticals & Chemicals	684.62	1.16%	-	0.00%
	I. Cement & Allied Industry	1,720.54	2.93%	459.68	26.72%
	J. Paper, Packaging, Printing, Publishing & Allied Industry	473.46	0.81%	2.47	0.52%
	K. Wood, Furniture & Fixture	86.53	0.15%	4.01	4.63%
	L. Glass, Glassware & Ceramic Industry	2.53	0.00%	-	0.00%
	M. Ship Manufacturing & Breaking	-	0.00%	-	-
	N. Electronics & Electrical Products	1,229.62	2.09%	5.51	0.45%
	O. Power, Gas, Petroleum, Water & Sanitary	858.19	1.46%	356.54	41.55%
	P. Transport & Aviation	2,417.73	4.11%	54.83	2.27%
	Q. Others	-	0.00%	-	-
3	Agriculture	-	-	-	-
	A. Crops	-	0.00%	-	-
	B. Forestry	3.61	0.01%	-	0.00%
	C. Poultry & Livestock	169.63	0.29%	4.68	2.76%
	D. Fisheries	-	0.00%	-	-

	E. Others (Cold Storage, Biofuel, Seed, Feed, Agri-related Other Institutions & Services)	723.55	1.23%	6.54	0.90%
4	Mining & Quarrying	4.15	0.01%	-	0.00%
5	Housing	-	-	-	-
	A. Individual/Retail Housing	9,430.67	16.05%	455.45	4.83%
	B. Project/Commercial Housing	-	0.00%	-	-
6	Financial Corporation	-	-	-	-
	A. Bank	-	0.00%	-	-
	B. Financial Institution	-	0.00%	-	-
	C. Insurance Company	1.70	0.00%	-	0.00%
	D. NGO	1,501.46	2.55%	-	0.00%
	E. Audit & Accounting firm	11.25	0.02%	-	0.00%
	F. Credit Rating Agency	-	0.00%	-	-
	G. Merchant Banking	-	0.00%	-	-
	i. Loans to Own Subsidiaries	1,677.79	2.85%	-	0.00%
	ii. Loans to Other FI/Bank Subsidiaries	-	0.00%	-	-
	iii. Loans to Brokerage House	247.03	0.42%	-	0.00%
	H. Other Financial Auxiliaries	0.00	0.00%	-	0.00%
7	Service	-	-	-	-
	A. Education, Career & Training (Institutional), Consultancy Supervisory	370.88	0.63%	-	0.00%
	B. Tourism, Hospitality & Logistics	1,113.36	1.89%	108.76	9.77%
	C. Health Sector	1,241.82	2.11%	32.10	2.58%
	D. Media, Advertising & Event Management	92.42	0.16%	12.16	13.16%
	E. Beautification & Gym	3.41	0.01%	-	0.00%
	F. Tailoring & Laundry	4.64	0.01%	2.16	46.54%
	G. Private Survey Institution	-	0.00%	-	-
	H. Restaurant Service, Catering & Online Food Supplier	49.00	0.08%	5.46	11.14%
	I. Telecommunication & Information Technology	1,022.00	1.74%	5.33	0.52%
	J. Others	998.94	1.70%	21.35	2.14%
8	Consumer Finance	-	-	-	-
	A. Personal Loan	2,643.94	4.50%	379.92	14.37%
	B. Auto Loan	2,690.74	4.58%	89.85	3.34%
	C. Employee/Staff Loan	445.24	0.76%	1.69	0.38%
	D. Credit Card	4,487.92	7.64%	327.61	7.30%
	E. Loan Against Deposit	478.45	0.81%	7.07	1.48%
9	Others	-	0.00%	-	-
	Grand Total	58,775.03	-	3,859.02	6.57%

In order to arrest NPL our focus is not only reducing existing NPL portfolio, but also avoiding further NPL. In line with that we have strengthened our recovery & monitoring teams, deployed external sources where found suitable, strengthened our legal team, thereby intensified recovery drive which brought in defaulting clients under negotiation. On the other hand, in order to check any further significant NPL, we have extensively reorganized our Organogram, engaged business division, CRM division, Operations division, strengthened pool of qualified human resources in the departments, enhanced lawyers' panel incorporating leading law firms, strengthened Risk management division, reengineered business and operational processes putting into a strong risk management framework in place which is expected to result in sizable improvement in year 2022.

REPORT ON GOING CONCERN

The LankaBangla Board members conducts periodic evaluation to determine whether there are any fundamental uncertainties that could jeopardize the Company's ability to going concern. This discretization process entails conducting suitable inquiries, such as a review of the budget and the future outcome of existing complexities. The Directors are persuaded by the following metrics, which provide a certain level of assurance about the company's ability to continue as a going concern in the years ahead.

Financial Indications

Performance Growth

If we think that 2020 was a financially toilsome year, we could not have been more wrong, as we had to wash out the stains of the ravages owing to the pandemic in 2021, which involved dealing with the flimsiness of the economic fluctuations and improbabilities, and LankaBangla was successful in coping with it to a large extent and posted a group net profit of 33% as well as keeping the group NPL at 6.14%. LankaBangla excelled itself in bringing out a large chunk of its income due to the bearish capital market this time which even reflected positively in its ROA and ROE which were 1.53% and 12.60% respectively. Also arduous efforts have been to put to regularize and ensure a better collection process in order to surge up our asset qualities.

Credibility in Payment Obligations

LankaBangla has strong credibility in terms of payment of its obligations to the lenders and suppliers. The Company is very particular in fulfilling the terms of payment or repayment agreements without any exception. This has resultant from our effective liquidity management plan. Even amidst this tightening liquidity scenario, we have not failed to pay any obligation on time. We have fully settled zero coupon bond, maintained regular repayment of Foreign term loan when we have en-cashed BDT 23,323 million deposit along with settling other dues all of which reflected our strength of credit worthiness.

Cash Flow Analysis

LankaBangla's cash flow analysis represents its strengths about its ability to repay its obligations, ability to adapt in changing circumstances and generate sufficient cash and cash equivalents which will lead the organization to a sustainable future growth.

Consolidated Operating Cash Flow before changes in operating assets and liabilities generated in 2021 was BDT 2,598 Million and net Operating Cash Flow after changes in operating assets and liabilities shows outflow of BDT 476 due to huge disbursement to new clients.

Expansion of Business

LankaBangla plans to attain depth in its market penetration and widen the array of its geographic reach by systematizing on the hub and spokes model which is expected to work as a tool for the expansion of our SME business segment, one of our focal points for the years ahead. We have already started walking on our targeted path and incorporated this model in some of our regions, and expect to scale up on the activities of this model as we plan to launch some more of this model in many regions. This approach will establish several spokes across the country, each of which will be served by a hub. All preexisting branches will be upgraded, depending on their area, into a hub or a spoke, and more hubs will be designed to accommodate the spokes. This plan will not only aid to business growth, but will also assist the company in deflating its cost to income ratio, which will ultimately boost profitability.

Consistent Payment of Dividends

LankaBangla has been paying consistent dividend to its shareholders over many years, which reflects company's long term vision and firm commitment to its shareholders. In 2021 LBFL has paid 653 Million cash dividend.

Corporate Environment and Employees' Satisfaction

LankaBangla works tirelessly and aspires to be the number one choice for its stakeholders when it comes to providing one of the most wholesome working environments to its employees. As deft as its stakeholders are, the organization strives to provide the best employee experiences possible, and efforts have been made to improve it even further. The company offers a very attractive remuneration package, as well as a variety of employee benefits such as provident fund, gratuity fund, home and personal loan for employees at a reduced rate, employees' health insurance, incentive bonus, and transportation facility to eligible employees. Pay scales are routinely altered to account for inflation and to accord with industry standards.

Maintenance of Sufficient Capital

As per BASEL-II, an NBFi should maintain total capital of at least 10 percent of Risk Weighted Asset (RWA). LankaBangla maintains its capital well above the required level consistently even though growth of RWA is significant. As on 31 December 2021 Consolidated Capital Adequacy Ratio (CAR) stood 17.69% and Separate Capital Adequacy Ratio (CAR) stood at 16.89%.

Other Indications

Satisfactory Credit Rating

Credit Rating Agency of Bangladesh Ltd. (CRAB) has rated the Company in 2021 with "AA3" (Pronounced as AA Three) in the long term and ST-2 for the Short Term based on audited financial of FY2018 and other available information up to the date of rating declaration. The outlook on the rating is Stable. The rating reflects the strengths of the Company which is backed by a strong team of management, growth in the non-interest income, deposits and investments, adequate capital coverage with high Tier-1 capital, improved asset quality and well controlled liquidity position.

Foreign Fund

LankaBangla managed three foreign loans from three sources of Blueorchard Micro Finance Fund, Healthier Lives DAC and ResponsAbility Investments AG for amount of 36 Million USD in the year 2021, where there was only one foreign loan from Islamic Corporation for The Development for amount of 20 Million USD in the year 2019. These foreign fund will certainly strengthen the funding position of LankaBangla and will be a gateway for more foreign funds in future.

Changes in Government Policy

LankaBangla Management believes no substantial changes in laws or policy decisions will have a material impact on LankaBangla's operations.

Directors believe it is fair to make going concern inferences based on the foregoing indicators. To comprehend the propriety of the going concern premise in generating the financial statements, adequate disclosures have been included in the financial statements and other sections of the annual report.

SUSTAINABILITY



Being focused on our strategic priorities, our redefined approach towards sustainability has built us a sustainable business that tends to continue without any pause. We have been offering financial products and services that directly or indirectly lead us along with all our stakeholders to long-term environmental benefit and social developments.

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GREEN OFFICE GUIDE

A SET OF TIPS TO MAKE OUR WORK PLACE MORE ENERGY EFFICIENT AND GREENER

GREEN OFFICE FOR EMPLOYEES

BETTER ENVIRONMENT TO LIVE IN

GREEN BANKING FOR SUSTAINABLE ECONOMIC GROWTH

Ensure efficient use of all natural resources like; daylight, water, air & electricity to develop green environment at all office premises.

Green Banking Towards Socially Responsible Banking in Bangladesh



- USE more daylight instead of electric lights and proper ventilation in lieu of using air conditioning
- TURN OFF lights when not in use
- USE energy saving bulbs
- USE solar energy/ renewable energy sources
- SET PCs in Standby Mode during short breaks
- USE smaller size Monitors
- STOP using Screen Savers
- TURN OFF Monitors when not in use

Conserve Energy, Conserve Natural Resources



- THINK twice before you print-USE both sides of paper for internal consumption
- SHRED and RECYCLE unwanted paper
- USE online communication in the best possible manner
- SHARE electronic files, voice mail and e-mail instead of paper memos
- PROMOTE e-statements
- USE eco font to reduce ink consumption when printing
- Always Use "Print Preview" option before printing

Digitize Yourself



- UNPLUG computers/printers/photocopiers when they are not in use
- ENSURE common use of table stationeries instead of individual use
- CONDUCT video/audio conference in lieu of physical travel
- USE Toner in Save/Draft mode of printers where possible to reduce toner consumption
- ENCOURAGE usage of Laptop over Desktop
- REPLACE Old CRT Monitors with LED Screens

Think Before You Start



- TURN OFF the tap when it is not needed
- ENSURE drips from taps and hand showers are STOPPED

Use Responsibly

APPROACH TOWARDS SUSTAINABILITY

Integrated Sustainability Strategy

In line with its vision of 'Growing Together,' LankaBangla has committed to positively contributing to national efforts to address sustainability challenges. We have taken a wide ranging strategy centered in the United Nations Sustainable Development Goals, which are part of the UN's 2030 vision for a more peaceful and prosperous future. Our sustainability strategy, based on the triple-bottom-line approach, serves as the foundation for combining our business goals with significant sustainability parameters in order to add value to people and the planet while striving for profitability.

We Serve	We Focus On
<p>Economic Sustainability Produce strong financial results consistently to ensure long term financial stability and continuity of business operations</p>	<ul style="list-style-type: none"> ▶ Good Governance ▶ Ethical Business Principles ▶ Leadership ▶ Market Share ▶ Productivity and Efficiency
<p>Social Sustainability Deliver solutions to help eliminate persistent socio-economic inequalities</p>	<ul style="list-style-type: none"> ▶ Socially Responsible Products and Services ▶ Equal Employment Opportunity ▶ Financial Inclusions
<p>Environmental Sustainability Lead by example in the adoption of eco-friendly best practices for the industry</p>	<ul style="list-style-type: none"> ▶ Digital Solutions ▶ Paperless Operations ▶ Green Lending

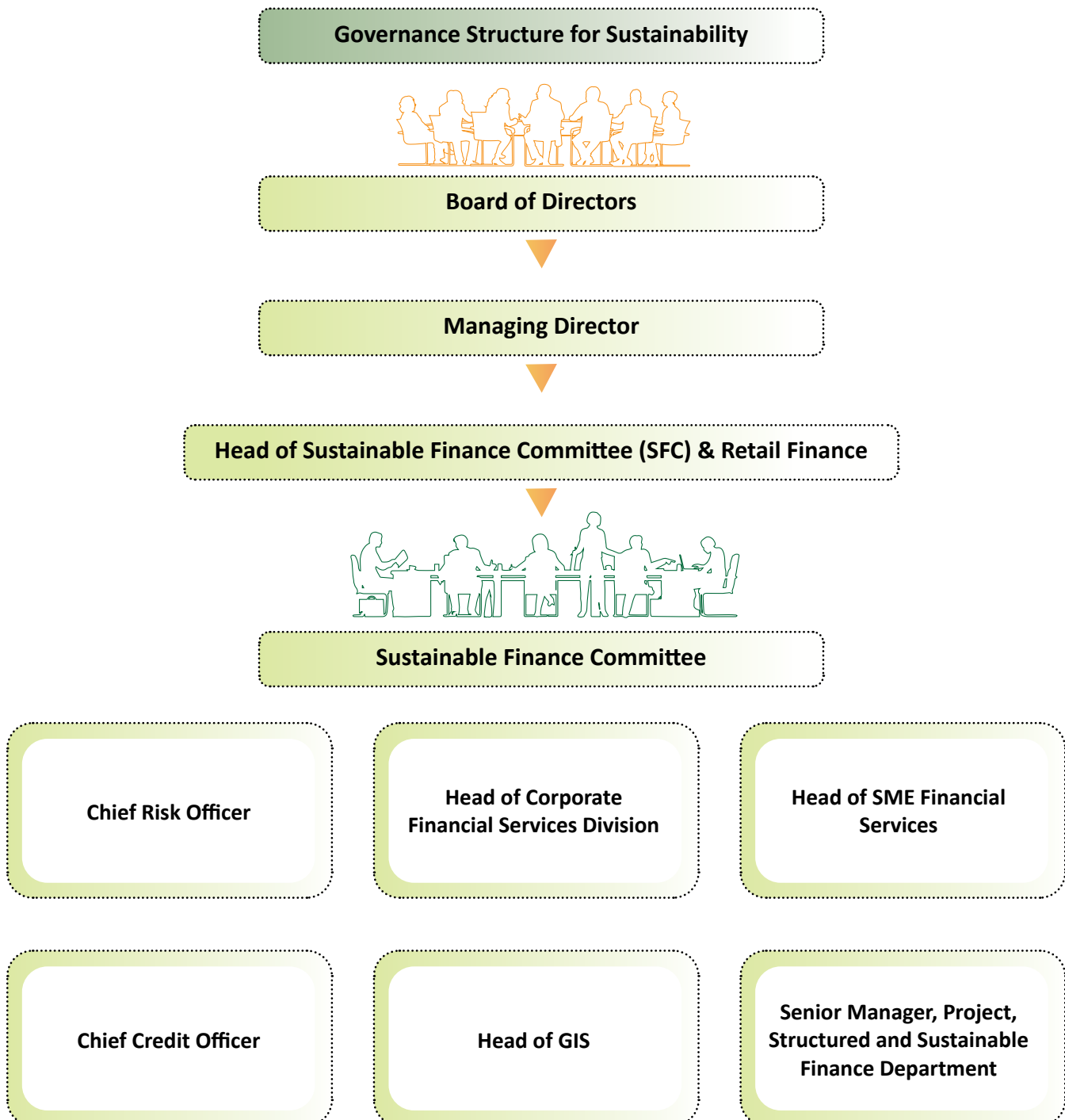
Contribution towards Achieving the United Nations Sustainable Development Goals



Sustainability Governance

LBFL's Board of Directors is the governing body in charge of strategic direction and oversight of sustainability matters. All decisions taken by the Board and its subcommittees take into account the economic, social, and environmental sustainability impact on the firm. The Sustainable Finance Committee (SFC) is responsible for developing an integrated sustainability plan that reflects the Company's commitment to environmental and social elements. The responsibility for identifying, planning, implementing and monitoring of the sustainability programs is vested with the Sustainable Finance Unit (SFU).

A fundamental pillar of the Company's entire approach to sustainability governance is continuous and continuing training and awareness. Regardless of the constraints and difficulties encountered as a result of the COVID-19 pandemic, the Company used its e-learning platform in 2021 to carry out planned awareness campaigns to improve the Board's collective understanding on socioeconomic and environmental issues. These training sessions were led with a particular emphasis on chosen socioeconomic and environmental subjects that have become pertinent in the context of the pandemic.



MATERIAL TOPICS

GRI: 102-46, 102-47

Value Creation

As an NBFIs, we play a key role in the economic activity of individuals, businesses, and the nation by helping create, grow and protect wealth through partnerships in economic development. In doing so, we are mindful that our every action should have a positive impact on society and deliver shareholder value.

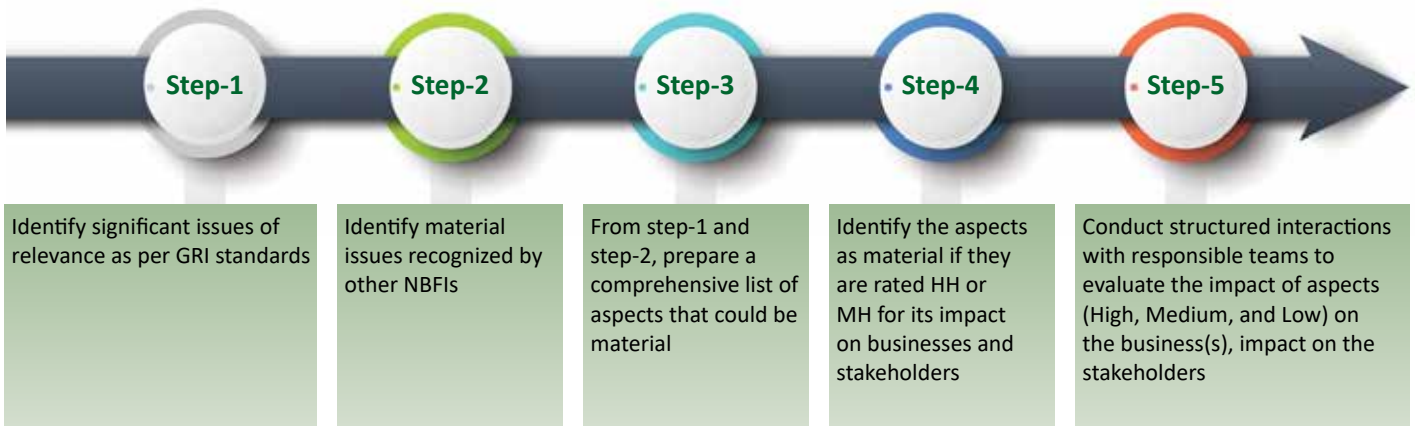
Assessing Materiality

The assessment of materiality is the first stage in our value creation journey. Materiality is a term that outlines why and how certain issues are relevant in our own business. The dangers and opportunities in our immediate operational environment, changes to legal and regulatory frameworks, global trends, and insights from stakeholder feedback all play a role in determining materiality. Each topic's materiality is assessed by its significance, likelihood of occurrence, and extent of impact. Where applicable, material topics are further aligned to GRI indicators.

We employ materiality analysis to identify major issues that are important to our business. We identified the most important components of sustainability based on our understanding of our stakeholders' needs and objectives. Our identified stakeholders' expectations and concerns assist us in prioritizing strategy, policies, and action plans in the areas of economics, environment, and society. Based on their value to stakeholders, these inputs were mapped on a materiality matrix.

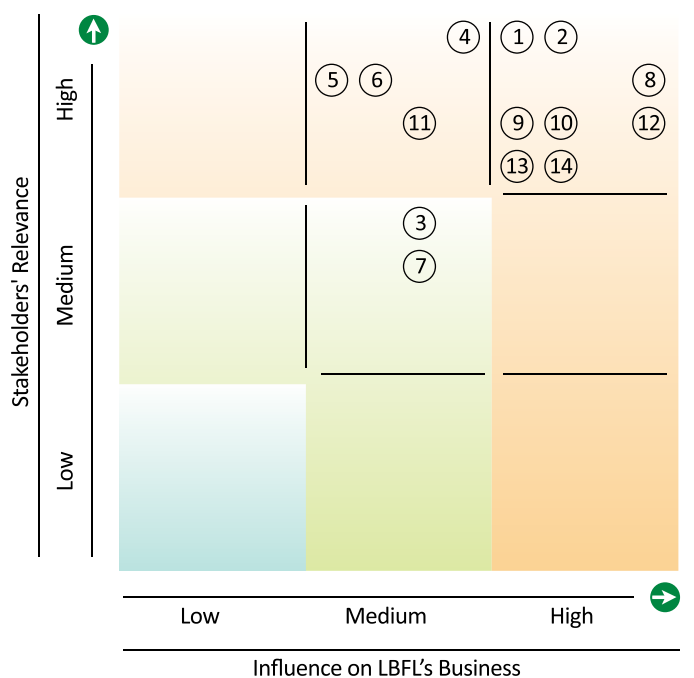
Material Topic Identification Process

The Sustainability Report detailed the LBFL's social, economic, and environmental objectives. In conformance with the GRI: Core Option, the various aspects mentioned in the GRI Standards and topic specific disclosures were evaluated and considered material based on their significance to our business and to our stakeholders, which contributed to defining the report content and communicating performance during 2021.

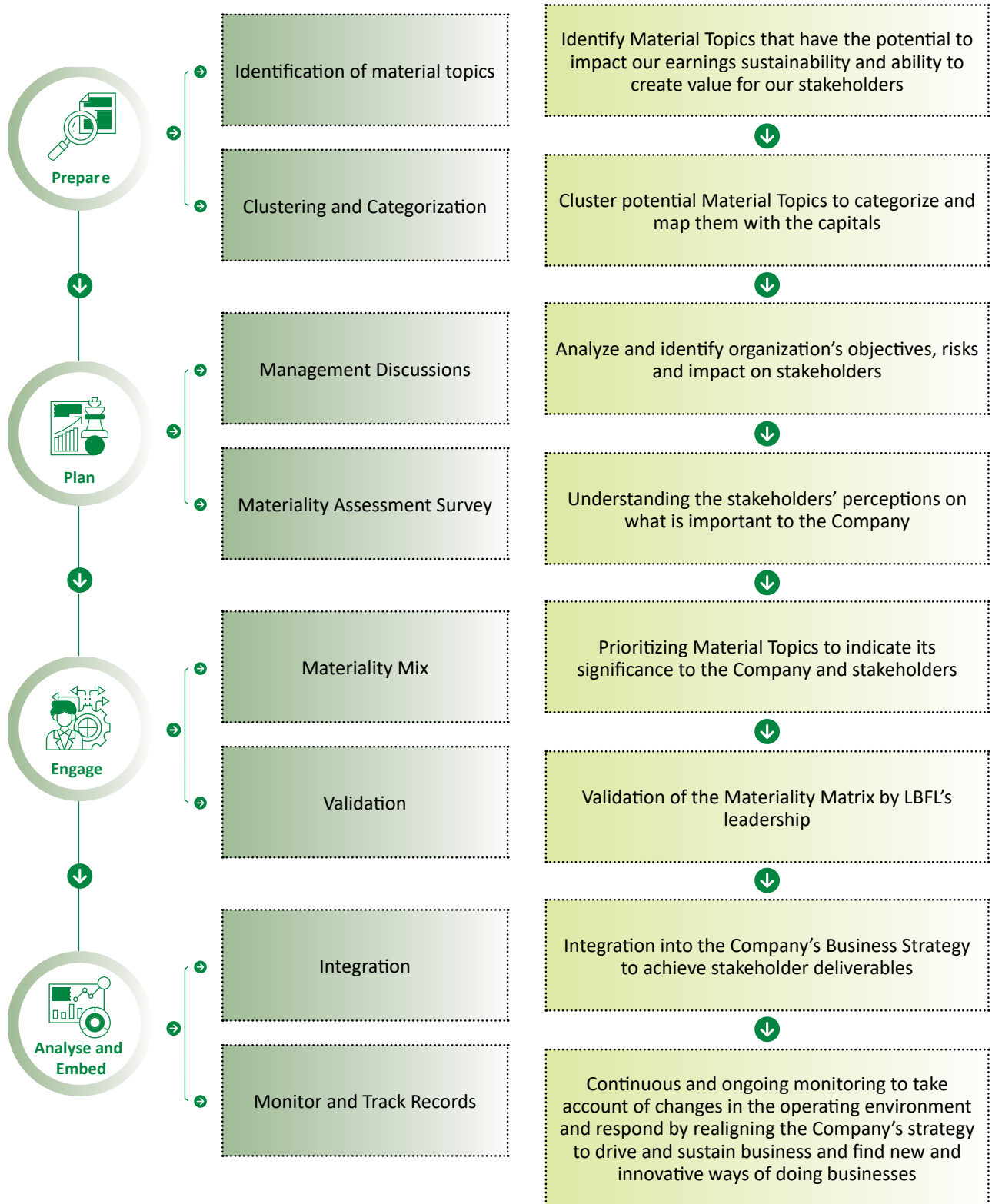


Economic	Environmental	Social
1. Economic Performance	6. Energy	10. Employment
2. Indirect Economic Impacts	7. Water and effluent	11. Occupational health and safety
3. Procurement Practices	8. Reduction of GHG emission	12. Training and education
4. Anti-Corruption	9. Effluent and waste	13. Diversity and equal opportunity
5. TAX		14. Local Communities

Through this process, the following issues were identified as material and thus LBFL, further the Annual Sustainability Report would articulate its approach to addressing these topics and disclose the Company's performance on those.



Materiality Implementation and Monitoring Process



STATEMENT ON GREEN BANKING

GRI: 306-2



Green Banking

The concept of green banking has been integral in LankaBangla, and goes hand in hand with our stance on sustainable business model. With the constant headway of our Sustainable Finance Committee (SFC) and Sustainable Finance Unit (SFU), we have been a successful team in green banking. Using smart innovative financing techniques and market development tools, we aim to stimulate investments in clean technologies and hence contribute to societal welfare. To seek increased deployment of clean energy and more efficient use of funds, we introduced Green Finance, initiated in-house management (Green Office Guide), Green Marketing and supported employee training.

Green Banking/Sustainable Financing Unit

As per the Bangladesh Bank guidance on Environmental and

Social Risk Management (ESRM) and Sustainable Financing Policy for Banks and Financial Institutions, LankaBangla Finance has ESRM Policy approved by the Board and is in the process of formulating Sustainable Finance Policy based on the guidance provided by Bangladesh Bank. A separate Sustainable Finance Committee (SFC) and Sustainable Finance Unit (SFU) has been formed for designing, evaluating and administering activities related to green banking and sustainable financing issues of the company. SFC is comprised of the representatives from relevant divisions. Notably all business divisions including Project, Structured and Sustainable Finance Unit as well as Credit Risk Management (CRM) division and Operations Division are actively looking after the various sustainable and green financing activities of LankaBangla Finance Limited.

Green Finance Committee Members

Sl. No.	Name	Designation	Status in the SFU
1	Mohammad Nazmul Hasan Tipu	Chief Credit Officer	Head of SFU
2	Mohammad Hafiz Al Ahad	Head of Human Resource Division	Member
3	Md. Nurul Islam	SAVP & Head of Small Business, SME Financial Services Division	Member
4	Kazi Mohtasim Bellah Alom	AVP, ICT Division	Member
5	Arif Hasan	SAVP & Head of Retail Credit, Credit Risk Management Division	Member
6	Md. Masud Al Mamun	FAVP & Cluster RM, Home Loan, Retail Financial Services Division	Member
7	Kajal Das	FAVP & Cluster RM, Small Business, SME Financial Services Division	Member
8	Ms. Haniem Maria Chow-dhury	FAVP & Head of Women Entrepreneur, SME Financial Services Division	Member
9	Sk. Rafikuzzaman	Senior Manager, Project, Structured & Sustainable Finance Unit	Member Secretary
10	Ziaul Abedin	Senior Manager, Procurement	Member
11	Fahad Mahmud	Assistant Manager, Project, Structured & Sustainable Finance Unit	Focal Point Official

Statement of Green Banking/Sustainable Financing Initiatives

In response to increasing awareness of climate change, and environmental degradation, urgent measures for sustainable development have been addressed by some of the stake holders all over the world. Banking system holds a unique position in an economy that can affect production, business and other economic activities through their financing activities which would in turn contribute to economic development as well as protect environment/climate from pollution and degradation. Through green banking/sustainable financing, LankaBangla concentrates on financing commercially viable technologies that consume less fossil fuel, lower emission of greenhouse gases and have lower impacts on the environment. Moreover, implementing green banking concept within the organization through efficiency in energy use, water consumption and waste reduction may significantly contribute towards controlling operating costs.

Policy formulation and Governance

In line with the global development and response to the environmental degradation and as per instructions of Bangladesh Bank, LankaBangla Finance has already established its ESRM Policy and in the process of formulating Sustainable Finance Policy based on the guidance provided by Bangladesh Bank. A Sustainable Finance Committee (SFC) has been formed with the task of developing policies, planning and administering the Sustainable and green banking initiatives of the company.

Incorporation of Environmental Risk in Core Risk Management

The Company conforms to the instructions stipulated in the detailed policy guidelines on Environmental and Social Risk Management (ESRM) in consideration to the Sustainable Finance and Green Banking policy. Clear identification of the problems related to environmental risks important for effective risk management as measures can be taken to address any environmental incidents. At LankaBangla, risks are prioritized based on the established processes in order to respond to unforeseen environmental happenings. A comprehensive risk exposure matrix including ESDD Checklist is established for assessing environmental risks and then reported to management credit committee of the company by the branches.

Introducing Green Finance

Financing in eco-friendly and environmentally sustainable business activities and energy efficient industries shall be extended through preference by all the credit delivery points. Environmental infrastructures such as renewable energy project(s), Liquid Waste Management, Alternative Energy, Fire Burnt Brick, Non Fire Block Brick, Recycling & Recyclable Product, Green Industry, Safety and Security of Factory, etc. are encouraged and those will be financed by the company with priority.

Viability of environmental infrastructures for financing shall be assessed in line with the environmental issues i.e. how the purpose of the project(s)/business(es) & to what extent this/these is/are rewarding to the environment. Most viable project(s)/business(es)/ sector(s) shall be prioritized for financing to position the financial institution gradually

as a “Carbon Neutral Financial Institution” first and then as a “Climate Positive Financial Institution”.

Creation of Climate Risk Fund

The financial institution addresses environmental issues and assesses environmental risks (high/ moderate/low) of projects/ businesses of different sectors in different areas. At the same time, LankaBangla Finance envisages to create climate risk fund for “Sustainable Finance and Green Banking” which may be used as a part of CSR activities at the time of emergency.

Introducing Green Marketing

Green Marketing incorporates a broad range of activities, including products/services design, engineering, modification, new product innovation, changes to the production process and packaging, in order to encourage potential clients to design Green Project or environmentally safe products and also to modify advertising. Besides, company effectively uses green marketing channels more for widening target markets of usual products. Financial Institution takes steps that will help build awareness among common people to promote products/ services which cause least harm to the environment. Sustainable Finance Unit (SFU) is planning for developing & marketing Sustainable Finance and Green Banking products to offer to the customers.

Supporting employee training, Consumer Awareness and Green Event

Exclusive training programs or specialized/befitting classes in foundation or other credit related courses for incorporating Sustainable Finance and Green Banking Policy Guidelines as a part of awareness building among the employees of the Company are arranged by the Human Resources Department in consultation with the Sustainable Finance Unit (SFU). Training programs on environmental and social risk and employee awareness development should have to be implemented by the HR Department as a continuous process.

Environment Related Initiatives

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

We take every effort to delight our clients being the growth partner in financing environment friendly products or initiatives. LankaBangla took pride for being one of the financiers of a project having one of the largest biological Effluent Treatment Plant (ETP) of the Bangladesh, the first auto brick manufacturing project to implement flexible fuel technology reducing CO2 emissions and also to trade Certified Emissions Reductions (CERs) to the World Bank and so forth. Green financing has been growing steadily in our portfolio.

We have established our office environment and only allow rational use of energy and promote the spirit of environment friendly action plans. Our policy allows only energy savings

bulbs at all of our service points and Head Office. While furnishing our office premises we use ISO certified paints. On top of that, LankaBangla introduced automated e-alert system to ensure secured financial information flow to our clients in Bangladesh. The launch of e-mail based Customer Statement Delivery System, added an important service to support the clients' needs, providing superior customer service to ensure delivery of account statements and transaction advices to the designated e-mail addresses of clients on time. This new system also helps to protect the environment by eliminating paper-based activities at office, protecting and preserving our environment for the next generation. In future we dream to enhance our effort on preserving ecosystems, land air and water, in line with our broad corporate mission we defined.

Environmental sustainability:

At LankaBangla, we have long acknowledged that a healthy environment is the foundation for economic progress and the well-being of society. As a leading financial institution, we are committed to finding market solutions that benefit the environment. As per our long term commitment to our community, we continued to invest both in nurturing underprivileged people of our society, and to the environment we breathe in. We provide loans to customers carrying out due diligence and considering the environment and social impact. In all credit delivery points, we have focused on financing eco-friendly and environmentally sustainable business activities and energy efficient industries. Environmental infrastructure projects such as clean water supply, waste water treatment plants, solid and hazardous waste disposal plants, Effluent Treatment Plants, Bio-gas plants, Bio-fertilizer plants and energy efficient/low carbon emission projects like Auto Bricks using Hybrid Hoffman Kiln, Vertical Kiln, Zig-Zag Kiln etc. are always encouraged and dealt with top priority.

LankaBangla Tower

LankaBangla Finance Limited believes that a hygienic environment is a key element for healthy consumers which leads to a strong business circumstances. In believing this, LankaBangla Finance Limited is constructing its own building named "LankaBangla Tower" which will be one of the LEED (Leadership in Energy and Environmental Design) certified building consistent with the green banking policy provided by Bangladesh Bank. Having 12 floors along with four basements, the tower will be both environmental friendly and energy efficient which will save both energy and expenses through usage of day light and energy efficient light sources and also conserve resources through recycling of waste water and rain water harvesting and is expected to have a good impact on environment.

To make a sustainable environment, we are creating our building based on these following activities:

Sustainable Sites

Our architectures, designers and engineers are instructed very strictly to maintain a healthy construction guideline to keep our eco-system safe and sound and to protect public health around the construction plant. We are also fully aware about the protection of our workers who are fully trained hence provide safety nets, guardrail systems as well as personal fall arrest system to our workers. We have designed our tower to

keep enough space inside and outside of the building in such a way so that our employees can feel it as home in working hours.

Water Efficiency

We will install water efficient instruments to save waters which will have good influence on our environment. We will set up rain water harvesting system on the tower's rooftop to preserve raindrops and to put less pressure on underground and surface water.

Energy and Atmosphere

To save energy and protect the environment, we will use daylight as much as possible in our workplace in working hours. To implement this, we will install glass facade system around the building to consume more sunlight and put less pressure on electricity. We will also use energy efficient LED lights which is also cost efficient and long lasting.

We are considering to use renewable energy system by installing solar power plant on the rooftops of LankaBangla tower as well to use less electricity and reduce electricity expenditure.

Recyclable materials and resource

LankaBangla Finance Limited is practicing "No Print Day" in each month as part of awareness for conservation of resources. Additionally, it has planned to install water recyclable system to diminish the consumption of water which is also cost efficient. Through this system, water will be filtered, disinfected and recycled to use afresh for toilet flushing. This will decrease our water consumption by 50% and it will reduce environmental impact.

Indoor Environment quality

We will apply eco-friendly painting to have good impact on our environment as well as employees. Our air ventilation system will be based on natural air and we will apply HVAC (Heating, Ventilation, Air Conditioning) system hence using of fan and air-condition will be reduced and the electricity consumption will be comparatively declined.

We will strictly prohibit smoking inside the building to make a sustainable environment and protect our employees.

Green Targets and Achievements

Bangladesh Bank (BB) fixed a minimum target of green disbursement at 5.00% out of total funded term investment disbursement which was earlier fixed against total funded investment disbursement as a whole.

Particulars	Achievement Percentage
Sustainable Finance (SF) as % of Total Loan Disbursed	9.095%
Sustainable Agriculture as % of Total Loan Disbursed with SF	9.916%
Sustainable CMSMEs as % of Total Loan Disbursed with SF	6.103%
SRF as % of Total Loan Disbursed with SF	83.890%

Also, Percentage of number of borrowers with sustainable finance is 1.586%. Furthermore, Total two categories belong to green finance which are liquid waste management and Brick Klin.

In-house green initiatives

Vigorous efforts have been taken by Lankabangla by enhancing awareness among all of the functional units of the organization and consequently the overall expenditure is being reduced gradually. The consumption costs of electricity, water, paper and fuel was BDT 10,457.95, BDT 992.02, BDT 1,669.42 and BDT 6,474.31 respectively over the year.

Compared to year 2019, our electricity consumption was 13.66% less in 2020. On the other hand, it increased by 15.73% in year 2021. One of the reason for the increase in consumption might be due to the daily attendance of the employee has been increased then the last year. As last year everyone was doing

office from home, the consumption was very less in compared to year 2019.

Our fuel consumption was 40.49% less in year 2020 and 26.52% less in year 2021 compared to previous year. One of the factors for the unusual decline in the 2021 data being our staff working from home during pandemic situation.

Our water consumption is 30% less than year 2020 as because in the year 2020 we have taken some initiatives of which one was to consolidate the work floors.



CSR ACTIVITIES OF LANKABANGLA FINANCE LTD. IN 2021

GRI: 203-2, 413

Planting Trees to Build a Dream Country

The LankaBangla Foundation planned a tree distribution program on October 14, 2021, to commemorate the centennial of the birth of Father of the Nation Bangabandhu Sheikh Mujibur Rahman at the head office of Dhaka North City Corporation (DNCC) near Gulshan. Mr. Khwaja Shahriar, Managing Director and CEO of LankaBangla Finance Limited, inaugurated the program by handing over saplings to Dhaka North City Corporation's Mr. Md. Selim Reza, Chief Executive Officer, and Brigadier General Mr. Md. Zobaidur Rahman, Chief Health Officer, under the theme "Let's plant trees to build Bangabandhu's dream country." Various varieties of tree saplings will be given as gifts to children under the age of two who were born and live in the Dhaka North City Corporation region. For the next five years, the LankaBangla Foundation will collaborate with Dhaka North City Corporation (DNCC) to distribute saplings.



On September 9, 2021, the LankaBangla Foundation held a tree planting program at Sheikh Hasina Software Technology Park in Jashore to honor the birth centennial of the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman. The theme was 'Let us plant trees to build Bangabandhu's dream land.' Major (Retired) Mohammad Moslem Uddin Sikder, General Manager, Techcity Bangladesh Limited, and Khwaja Shahriar, Managing Director of LankaBangla Finance Limited, inaugurated the 'Tree Plantation



Program 2021' by planting saplings in the presence of other high officials from LankaBangla Finance Limited, Bangladesh High-Tech Park Authority, and Techcity Bangladesh Limited.

Response to COVID-19 Scourge

To avoid corona infection, the LankaBangla Foundation has supplied protective supplies to the Faridpur Civil Surgeon's Office. The function was held at the Faridpur Civil Surgeon's Office on September 16, 2021, to commemorate the prevention of corona infection.

As part of the LankaBangla Foundation Health Equipment Handover Program, VTM Sticks & Tubes, 3-Layer Surgical Masks, N-95 Masks, KN-95 Masks, Hexisol Hand Sanitizers, Oxygen Cylinders, Pulse Oximeters, and other items were distributed at the Faridpur Civil Surgeon's Office. It should be emphasized that the initiative was established as part of the LankaBangla Foundation's Corporate Social Responsibility (CSR) program to support affected and at-risk families in the country's fight against the continuing pandemic.



Shikha Bicycle Distribution

LankaBangla Foundation undertook "Shikha Bicycle Distribution Program 2022" at Ranipukur Union, Birol Upazila, Dinajpur as part of its CSR activities. Under this program - total 100 bicycles were distributed among underprivileged female students of different schools of Ranipukur Union.

Head of Human Resources Division, Mr. Hafiz Al Ahad; Head of GIS, Mr. Muhammad Habib Haider; Head of LankaBangla Foundation - Mr. Md. Jahangir Hossain along with Ranipukur Union Parshad Chairman, all Headmasters of respective schools and other respectable persons of the Union were also present during distribution program.

Shikha is an initiative by LankaBangla Finance that encourages economic empowerment of women of our country. LankaBangla Shikha platform has planned and arranged to provide bicycles among underprivileged female students as school transport to facilitate their education smoothly. This transport facility will definitely help them to attend the school on time regularly at the same time it will give them security & comfort. LankaBangla

Foundation extends its support to become the growth partner of women to improve quality of life, equality in the society and help to transform into a leader.



Warm Clothes Distribution to the Penurious

The LankaBangla Foundation presented winter blankets to the Jessore unit of the Bangladesh Red Crescent Society, which was distributed to the district's underprivileged and troubled residents. This year's event was held in Jessore, taking into account the needs of the distressed and winter-affected people. The primary goal of this initiative is to alleviate the pain of society's impoverished and winter-affected citizens. LankaBangla Foundation arranged the blanket distribution operation at the Bangladesh Red Crescent Society's Jessore unit.



Mr. Zahid Hasan Tukun, Secretary of the Red Crescent Unit, and senior LankaBangla authorities were present at the distribution.

Winter clothing was donated in Satkhira on the initiative of the LankaBangla Foundation to the general public, the elderly, those with special needs, and the visually impaired. LankaBangla Foundation coordinated the distribution program at Satkhira Press Club's Bangabandhu Auditorium, Shaheed Abdur Razzak Park, and Special Needs Schools. The distribution was attended by the President of Satkhira Press Club, the Upazila Social Service Officer, Headmasters of Special Needs Schools, and LankaBangla authorities. Winter clothing was also supplied to Dinajpur residents under the efforts of the LankaBangla Foundation. This year's program was organized in Dinajpur, with the needs of the homeless and the cold in



mind. The distribution program was held at Dinajpur's 10 no. Ranipukur Union of Birol Upazila. Mr. Faruk Azom, Charman of 10no. Ranipukur Union, and LankaBangla authorities were present at the distribution. Thank you for supporting the LankaBangla Foundation in this attempt. Clothing were also supplied to students in Panchagarh. The distribution program was held in the local primary schools of Debiganj Upazila in Panchagarh. Upazila Education Officer, Principals of the schools and LankaBangla officials were present during the distribution. The primary goal of such program is to reduce the suffering of the cold and impoverished segments of society.

VALUE ADDED STATEMENT

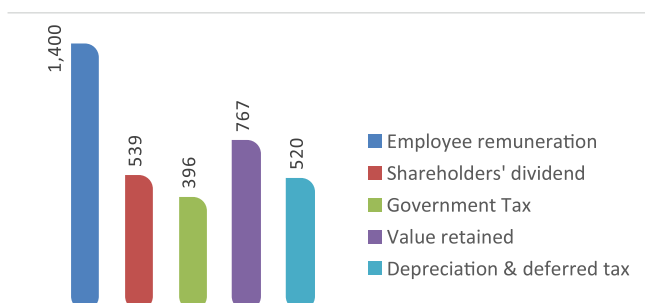
For the year ended 31 December 2021

GRI: 102-45, 201-1

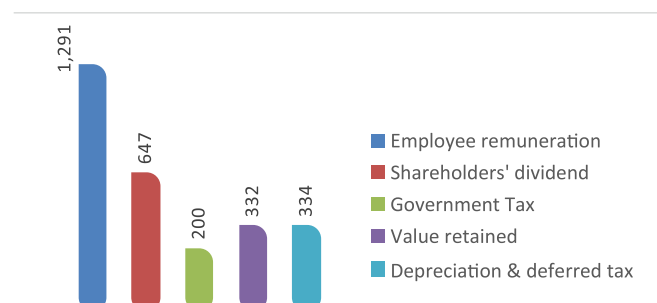
The value added statement represents the value created by LankaBangla Finance Limited and its subsidiaries through operational activities and shows how it was distributed among major stakeholders of the Company (Shareholders, Government & Employees) to meet certain obligations. A portion of added value has also been retained in the company for future investment and expansion.

	2021 BDT Mn	%	2020 BDT Mn	%	2019 BDT Mn	%
Value added						
Operating revenue	10,294		9,690		11,758	
Cost of borrowing	(4,873)		(5,972)		(7,275)	
Provisions	(842)		(151)		(885)	
Operating expenses excluding staff cost and depreciation	(957)		(764)		(990)	
Available for distribution	3,622		2,802		2,608	
Distribution of value addition						
Employees as remuneration	1,400	39%	1,291	46%	1,520	58%
Government	396	11%	200	7%	214	8%
Shareholders as dividend	539	15%	647	23%	616	24%
	2,335	64%	2,137	76%	2,350	90%
Retained for expansion and future growth						
Value retained in the business	767	21%	332	12%	(111)	-4%
Deferred tax	3.53	0%	0.11	0%	5.35	0%
Depreciation	517	14%	333	12%	363	14%
Amount distributed	3,622	100%	2,802	100%	2,608	100%
Number of employees at the end of the year	779		764		923	
Value created per employee (Mn BDT)	4.65		3.67		2.83	
Number of shares (Mn)	538.84		538.84		538.84	
Value created per share (BDT)	6.72		5.20		4.84	

Distribution of Value Addition - 2021 (BDT Mn)



Distribution of Value Addition - 2020 (BDT Mn)



MARKET VALUE ADDED (MVA) STATEMENT

For the year ended 31 December 2021

GRI: 201-1

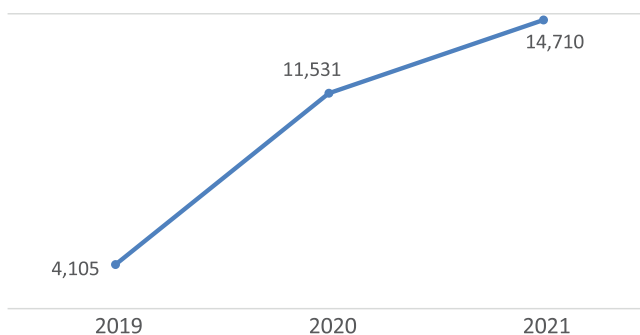
Market Value Added (MVA) statement reflects the Company's performance evaluated by the market through the shares. MVA is the difference between total market value and total book value of the share of the company. A high value of MVA indicate that company has created substantial wealth for the shareholder. The share market value of the Company stood at Tk 20,099 million whereas the book value of the shares stood at Tk 5,388 million, resulting a Market Value Addition of Tk 14,710 million as of December 31, 2021. The calculation of Market Value Added is given below:

Particulars	2021		
	No. of Share (Mn)	Price per share	BDT Mn
Market Value	539	37.3	20,099
Book Value	539	10	5,388
Market Value Added			14,710

Particulars	2020		
	No. of Share (Mn)	Price per share	BDT Mn
Market Value	539	31.4	16,920
Book Value	539	10	5,388
Market Value Added			11,531

Particulars	2019		
	No. of Share (Mn)	Price per share	BDT Mn
Market Value	513	18	9,237
Book Value	513	10	5,132
Market Value Added			4,105

Market Value Added



ECONOMIC VALUE ADDED (EVA) STATEMENT

For the year ended 31 December 2021

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

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

NOPAT

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

	2021 BDT Mn	2020 BDT Mn	2019 BDT Mn
Operating income	10,294	9,690	11,758
Operating expenses	(7,747)	(8,360)	(10,148)
Operating profit	2,547	1,329	1,610
Income tax	400	200	(217)
NOPAT	2,947	1,529	1,393

Equity

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

	2021	2020	2019
Shareholders' equity at year end	10,679	10,094	9,482
Accumulated provision for doubtful losses	3,221	2,627	2,729
Equity	13,899	12,721	12,211

Average equity

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

	2021	2020	2019
Shareholders' equity	13,899	12,721	12,211
Average equity	13,310	12,466	11,988

Cost of equity

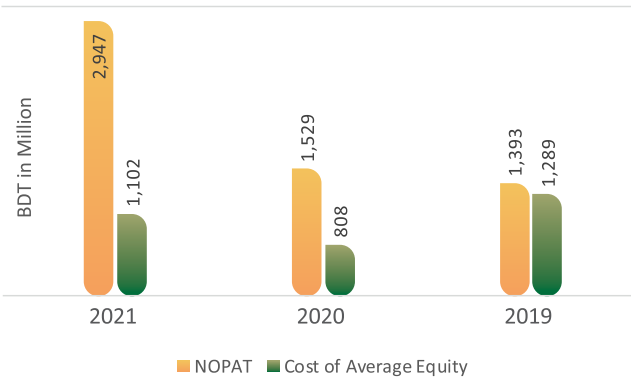
Cost of equity reflects shareholders' expected return. Eventually this is the opportunity cost for shareholders for investing their funds in the company. Interest on 5 years Government Treasury Bond plus a standard risk premium has been assumed to be the cost of equity.

	2021	2020	2019
Interest rate on 5 Years Government Treasury Bond as on 31 December	6.28%	4.48%	8.75%
Standard Risk premium	2%	2%	2%
Cost of equity	8.28%	6.48%	10.75%

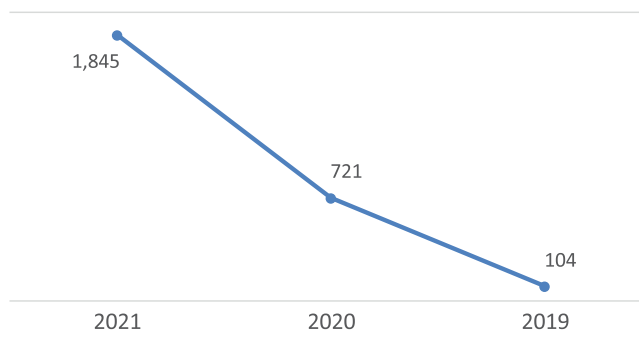
ECONOMIC VALUE ADDED

	2021	2020	2019
NOPAT	2,947	1,529	1,393
Cost of average equity	1,102	808	1,289
Average Shareholders' equity	13,310	12,466	11,988
Cost of capital	8.28%	6.48%	10.75%
EVA	1,845	721	104
Number of shares (Mn)	539	539	539
Economic Value Added Per Share	3.42	1.34	0.19

NOPAT & Cost of Average Equity



Economic Value Added



STATEMENT ON CONTRIBUTION TO GOVERNMENT EXCHEQUER

For the year ended 31 December 2021

GRI: 207-3


Government is considered as one of the most important stakeholders which play a critical role in the economic development of the country. Being a legitimate and ethical company, LankaBangla contributes to the Government Exchequer when the necessary amounts fall due. For the year 2021, LankaBangla Finance and its subsidiaries made a handsome contribution to Government Exchequer of an amount equal to BDT 1,142.69 million, composed of income tax, withholding tax, VAT, withholding VAT and excise duty. This is in comparison to BDT 900.85 million in 2020, reflecting its fair and consistent commitment towards national contribution.


Figures in BDT

Forms of Contribution	2021	2020
Income Tax	911,917,649	710,194,353
Source tax on Salary u/s 50	46,876,623	42,689,087
Source Tax on Interest on savings deposit u/s 53F	405,921,480	418,835,012
Source tax on Payment to Supplier u/s 52	10,501,842	10,649,829
Source tax on Payment to Landlord u/s 53 A	6,109,030	7,701,004
Payment on transaction of Securities	203,609,311	79,438,077
Source tax on payment of commission	8,656,724	5,890,804
Payment of Advance Corporate Tax u/s 64	141,970,183	93,949,579
Tax payment at the time of Return Submission u/s 74	4,954,336	-
Source Tax on Dividend Payment u/s 54	82,520,085	50,729,203
Others	798,034	311,758
VAT	135,871,764	82,222,215
VAT on House Rent	18,325,721	21,495,435
Collection of VAT on Processing, Documentation Fee etc.	19,201,106	13,438,537
VAT on Procurement of goods and services	16,037,458	7,001,608
VAT on Legal, Professional & Technical Fees	6,264,056	1,753,205
Others	76,043,423	64,744,984
Excise Duty	94,899,766	85,282,886
Collection of excise duty from clients	88,689,643	77,590,265
Excise duty deducted by bank	6,210,122	4,631,950
Total Paid to Government Exchequer	1,142,689,179	900,850,338


ESG GOALS AND ACTIONS


Environment

	Generic Goals	Specific Goals
 <p>Our Goals</p>	<ul style="list-style-type: none"> ▶ To ensure loan portfolio will not include any organization that pollutes the environment significantly, including the tobacco companies; ▶ Ensuring reduction of per employee energy consumption; ▶ Building a green and sustainable portfolio. 	<ul style="list-style-type: none"> ▶ To ensure compliance with the Central Bank's guidelines to disburse 5% of disbursement for green finance and 20% of total disbursement for sustainable finance; ▶ To maintain 2% green portfolio and 15% sustainable finance portfolio; ▶ To reduce paper consumption by 5% by 2025 (over 2019 baseline); ▶ To reduce electricity and water consumption by 5% by 2025 (over 2019 baseline); ▶ To allocate 20% of annual CSR budget to Environment & Climate Change Mitigation & Adaptation Projects.


	Actions Implemented	
 <p>Our Actions</p>	<ul style="list-style-type: none"> ▶ Promoting green financing to minimize and mitigate our environmental impact; ▶ Responsible consumption of resources per employee to reduce GHG emissions and resource wastages; ▶ Supporting environmental and climate change programs as part of LBFL's CSR activities; ▶ Compliance with Environmental and Social Risk Management (ESRM) guidelines, as mandated by Bangladesh Bank; ▶ Adherence to GRI standards to ensure the achievement of ESG goals. 	


Social

	Generic Goals	Specific Goals
 <p>Our Goals</p>	<ul style="list-style-type: none"> ▶ To ensure occupational health and safety of all the employees of the Company; ▶ To ensure employee gender diversity; ▶ To ensure workplace free of violence and harassment; ▶ Community stewardship. 	<ul style="list-style-type: none"> ▶ To ensure female to total employee ratio to be taken up to 25% by 2025; ▶ To ensure 10% female participation in leadership role by 2025; ▶ To conduct at least 2 trainings on employee health and safety; ▶ To ensure distribution of BDT 5 million as part of the CSR activities.

	Actions Implemented	
 <p>Our Actions</p>	<ul style="list-style-type: none"> ▶ Driving a high performance culture; ▶ Necessitated policies and committees to ensure the elimination of sexual harassment and constant abidance to the policies; ▶ Ensuring gender diversity with female to total employee ratio currently standing at 21%; ▶ Formulating a CSR wing with members from Sustainable Finance Committee (SFC) which will provide assistance and advisory support to the Sustainable Finance Unit (SFU) for its CSR activities. 	


Governance

	Generic Goals	Specific Goals
 <p>Our Goals</p>	<ul style="list-style-type: none"> ▶ To ensure policies concerning no tolerance for bribery and corruption; ▶ Ensuring the adherence to Employee Code of Conduct. 	<ul style="list-style-type: none"> ▶ To ensure 20% of woman leadership in Board level; ▶ To ensure anti-corruption training for at least 90% of FTE each year.

	Actions Implemented
 <p>Our Actions</p>	<ul style="list-style-type: none"> ▶ Regular CFT and AML trainings of employees as mandated by Bangladesh Bank; ▶ Strict adherence to anti-corruption policies and constant monitoring; ▶ Ensuring grievance management and counselling of employees.



MANAGEMENT DISCUSSION AND ANALYSIS

 The primary role of LankaBangla is to facilitate the movement of capital and flow of money from where it is to where it is required to meet stakeholder needs. It is through the meeting of these needs that we enable a thriving society and create long-term value.

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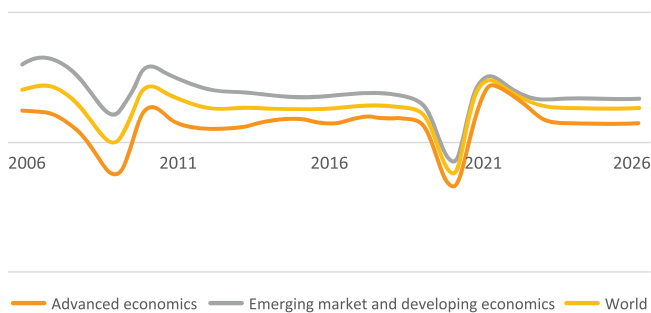


ECONOMIC OUTLOOK

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 steepens in such an overwhelming manner.

Real GDP growth (Annual % change)

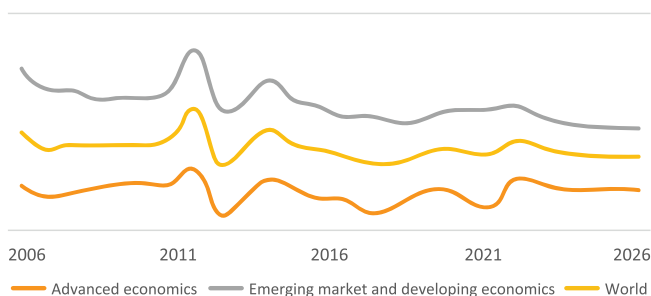


Source- IMF

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)



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

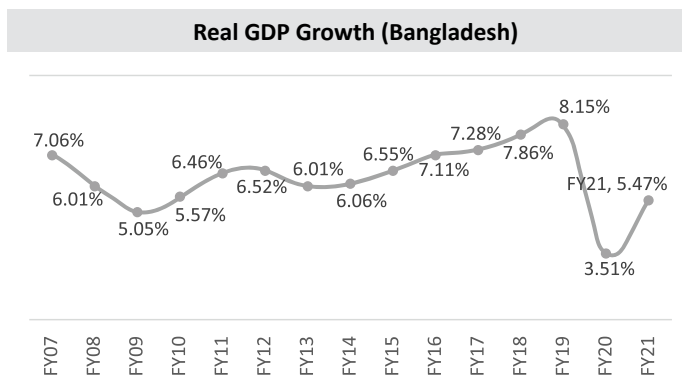
Bangladesh Economy Prior to the War and Subsequent Effects

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.



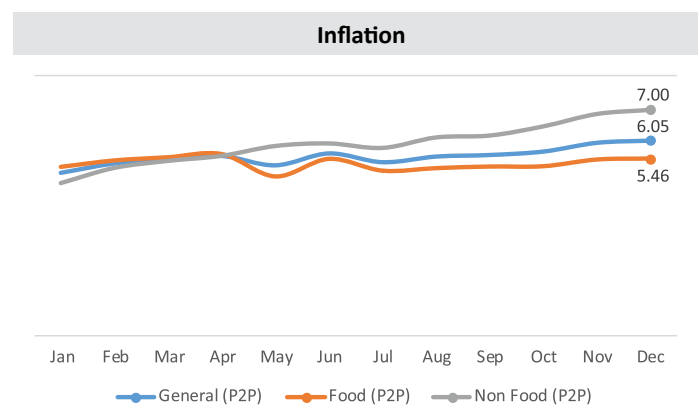
Source- Bangladesh Bureau of Statistics

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

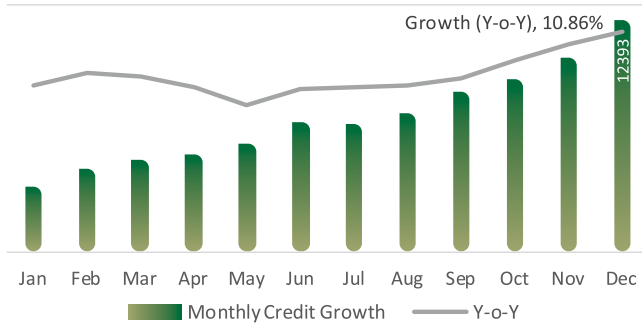
Govt. net borrowing increased by 24.72% (Y-o-Y) in December '21 from 14.58% in November '21. The government's outstanding borrowing from the banking sector stood at BDT 20 lac crore in December '21. Higher sales of national savings certificates (NSCs) in FY2020-21 were the main reason for the government's 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.

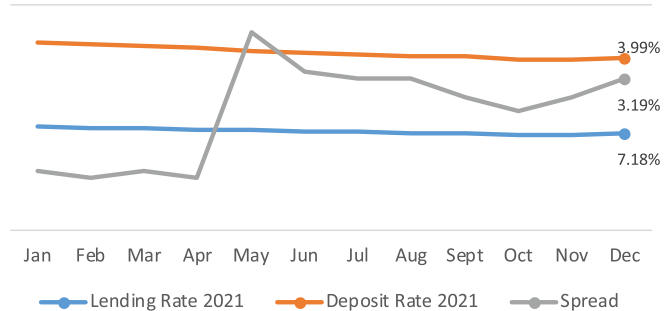
Investment on Megaprojects

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.

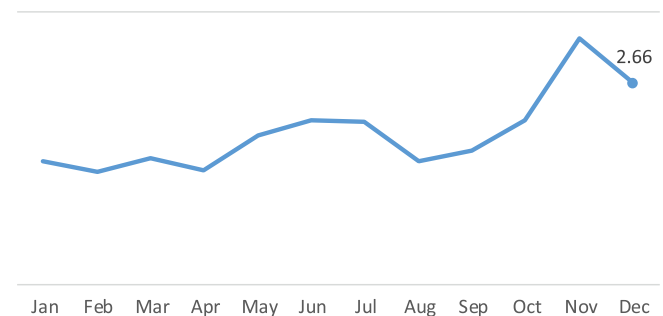
Weighted Lending and Deposit Rate and Interest Spread



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.

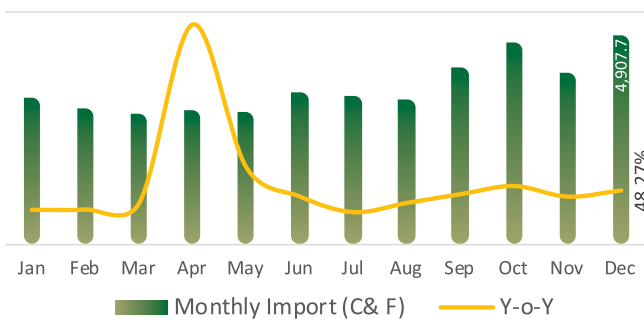
- ▶ Banks might come under a liquidity crunch in the coming months due to increased import financing and rising demand for loans from businesses as the economic activities return to normalcy as well as the Russian invasion on Ukraine, followed by increased sanctions. Thus, the high price of commodities, 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)



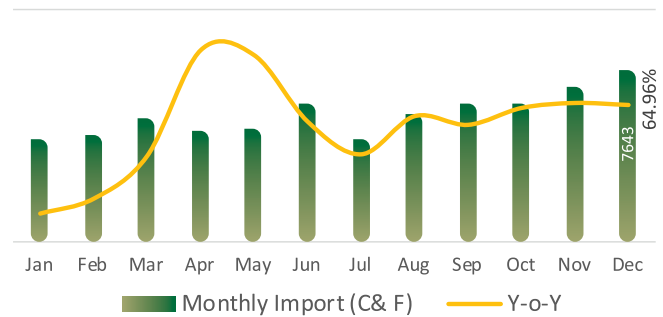
Source-Bangladesh Bank

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)

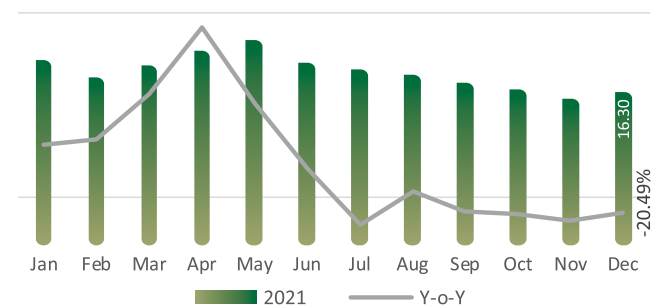


Source-Bangladesh Bank

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

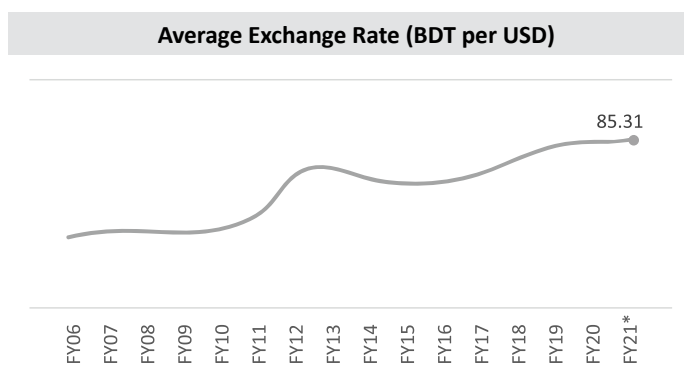


Source-Bangladesh Bank

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

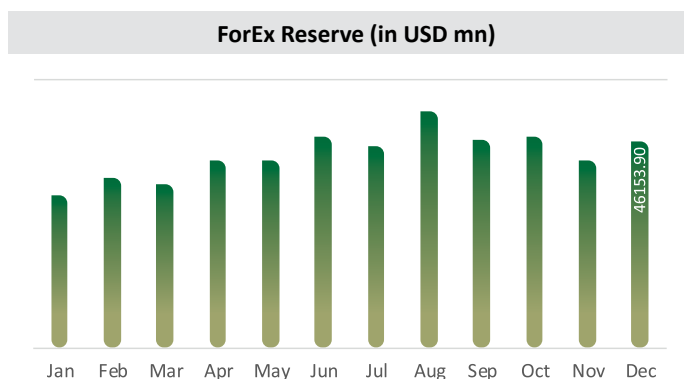
rate of dollar has increased significantly in the last several months. The prices of various commodities in the international market have risen sharply, widening the import payments and creating pressure on the foreign exchange regime. Due to the pandemic induced economic slowdown, businesses adopted 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 devalue 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.

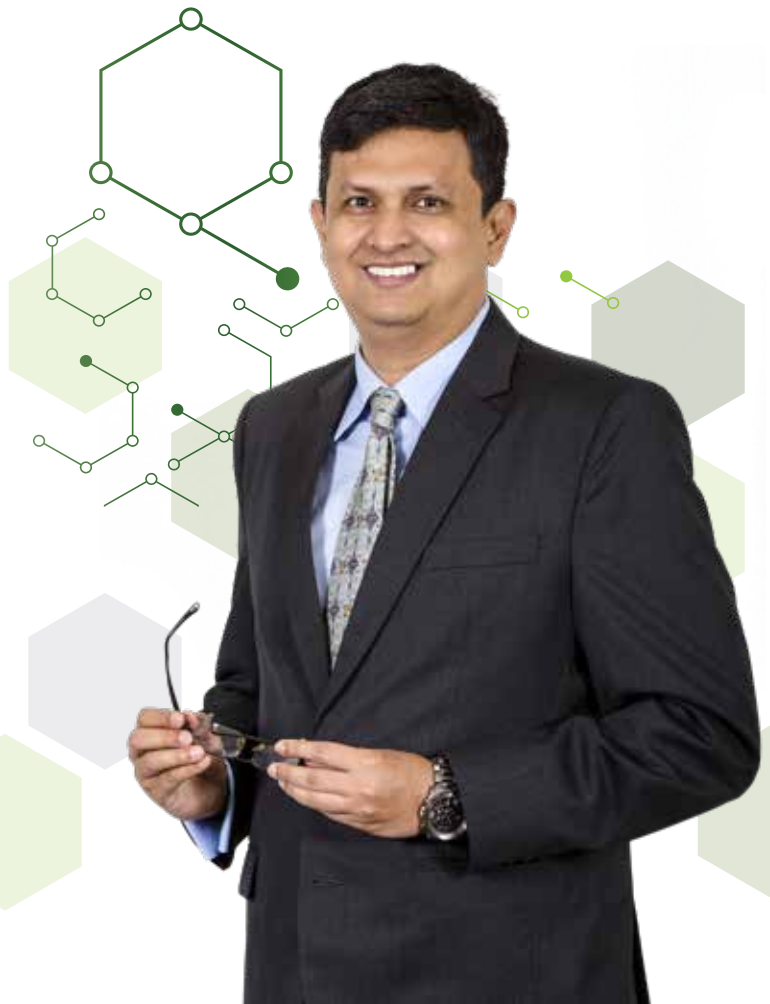
CFO's STATEMENT ON PERFORMANCE

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 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.

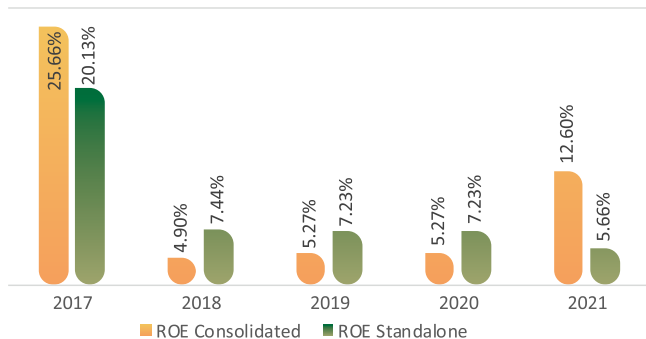
Our strong capital base served as a cushion as we dealt with a sketchy

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.

Return on Equity



Loans and Advances

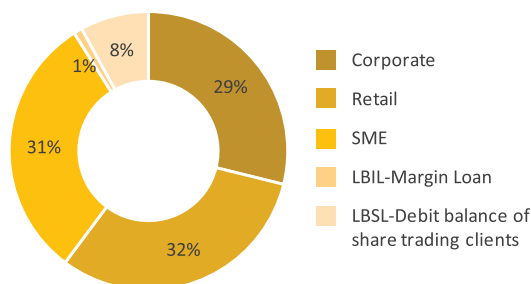
As the country slowly begins to recover from the decline in private sector investment growth of 2020, the year 2021 saw the growth of the Leases, Loans and Advances portfolio of the group by 7.55% to BDT 62,887 Million from BDT 58,472 Million in 2020. At the same time, the asset portfolio of LBFL has 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.

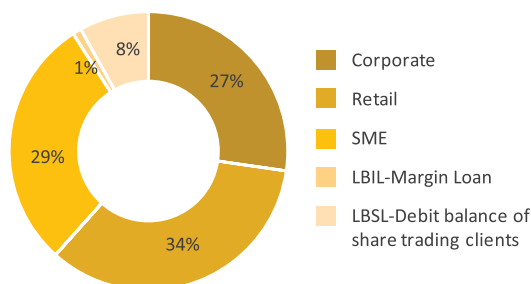
BDT Million

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%
Total	64,559.35	60,250.45	4,308.90	7.15%	100%	100%

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
Term Deposit	48,006	47,428	578	1%	72%	76%
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%
Bank Borrowing	18,502	14,816	3,689	25%	28%	24%
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%
Lease Liability	335	308	27	-	1%	0.5%
Total Deposit and Borrowings	66,508	62,244	4,264	6.85%	100%	100%

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.

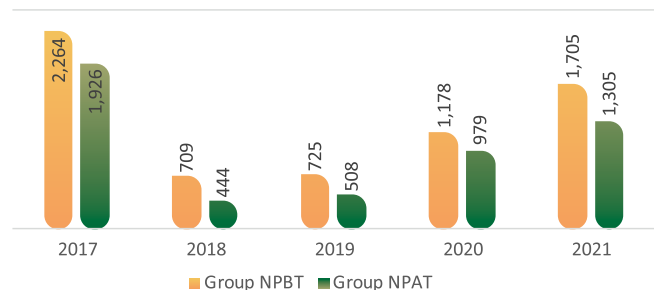
BDT Million

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%

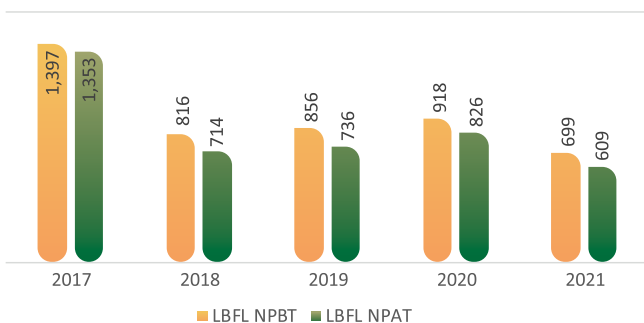
BDT Billion

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%

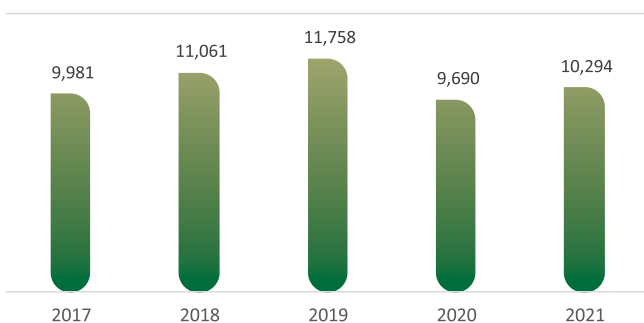
Group's Profitability (in BDT mn)



LBFL's Profitability (in BDT mn)



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%
Total Group Revenue	10,378.88	9,689.62	689.26	7%	100%	100%

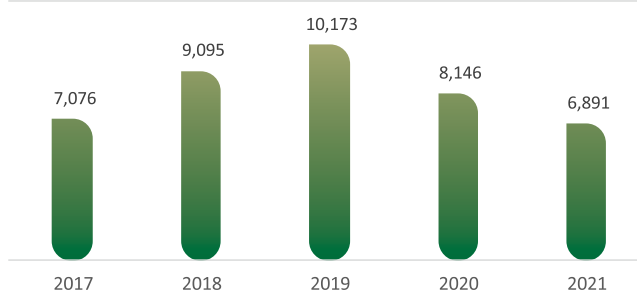
Revenue of Core Financing Business decreased by 14% in 2021. Retail segment contributed 31% revenue to the group in 2021 which continues to be the highest contributor compared to that of the other segments, as LBFL is the aspiring market leader in the industry in this segment. Even in the extreme competitive 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%
Total Interest Income	6,891.95	8,146.21	-1,254.26	-15%	100%	100%

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%
Total Interest Expenses	4,872.92	5,972.10	(1,099.19)	-18%	100%	100%

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.

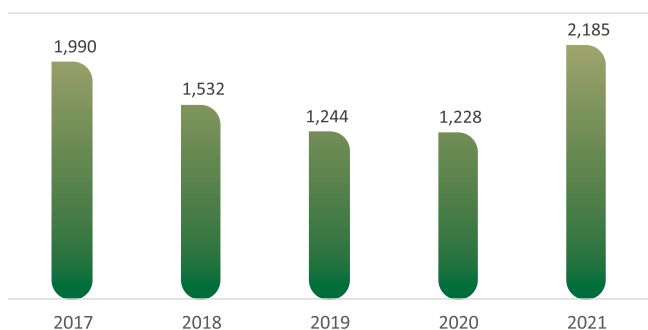
BDT Million

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%
Total Investment Income	1,217.60	315.53	902.07	286%	100%	100%

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) (in BDT mn)



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%
Total Non-Interest Revenue	2,184.72	1,227.88	956.84	78%	100%	100%

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.

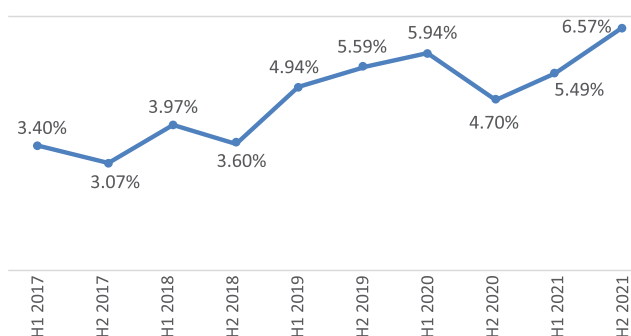
BDT Million

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%
Total Operating Expenses	2,852.29	2,369.29	483.00	20%	100%	100%

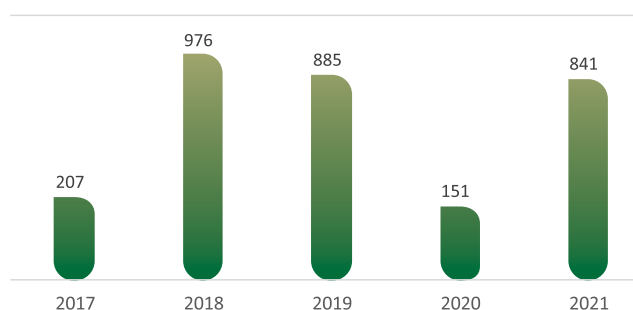
NPL and Provision Charges on Loans and Investments

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 NBFs 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.

BUSINESS MODEL

The primary role of LBFL is to facilitate the movement of capital and flow of money from where it is to where it is required to meet stakeholder needs. It is through the meeting of these needs that we enable a thriving society and create long-term value. Our business model can be understood from multiple perspectives. The primary lens is through the various activities that a financial services institution performs.



Key Stakeholders

- ▶ Staff
- ▶ Clients
- ▶ Shareholders
- ▶ Suppliers & Business Partners
- ▶ Lenders
- ▶ Regulators
- ▶ Society
- ▶ Environmental Groups



Stakeholders Analysis
page no. 170



Key Activities

- ▶ Deposit & borrowing from individuals, corporate & banks
- ▶ Loan to businesses and consumers
- ▶ Credit cards
- ▶ Financial services including syndication and factoring
- ▶ Brokerage services
- ▶ Research services
- ▶ Investment banking services
- ▶ Advisory services
- ▶ Portfolio management
- ▶ Asset management



Subsidiaries
of LBFL
page no. 423



How We
Create Value
page no. 166



Business
Divisions
of LBFL
page no. 418



Key Resources

- ▶ Financial capital
- ▶ Manufactured capital
- ▶ Human capital
- ▶ Intellectual capital
- ▶ Social & Relationship capital
- ▶ Natural capital



Capital Management
Report
page no. 189



Cost Structure

- ▶ Interest expenses
- ▶ Personnel expenses
- ▶ Operating expenses
- ▶ Tax



How We Create Value
page no. 166



Value Propositions

- ▶ Client centered innovation
- ▶ Grow our business network
- ▶ Investing in our staffs
- ▶ Delivering consistently to our shareholders
- ▶ Partnering with our regulators
- ▶ Environmental awareness
- ▶ Social contribution
- ▶ Online trading services



Delivering Value through Our Business page no. 168



Value Added Statements page no. 141



HR Accounting page no. 188



CSR page no. 139



Contribution to Government Exchequer page no. 145



Green Banking page no. 135



Customer Relationships

- ▶ Need based products
- ▶ Before & after sales services
- ▶ Advisory support to clients
- ▶ Customer reward
- ▶ Customer awareness program



Stakeholders Analysis page no. 170



Product Portfolio page no. 14



Customers Segments

- ▶ Corporate Borrowers
- ▶ Corporate Depositors
- ▶ Retail Borrowers
- ▶ Retail Depositors
- ▶ Consumers
- ▶ Suppliers
- ▶ Traders
- ▶ SME
- ▶ Investors



Business Divisions of LBFL page no. 418



Subsidiaries of LBFL page no. 423



Product Portfolio page no. 14



Channels

- ▶ Branch offices
- ▶ PMOs
- ▶ SME booth
- ▶ Call centers
- ▶ Online trading portal



Manufactured Capital page no. 205



Branches and Subsidiaries page no. 413



Revenue Streams

- ▶ Interest income
- ▶ Investment income
- ▶ Fees & commission income
- ▶ Other operating income



How We Create Value page no. 166

VALUE CREATION STRUCTURE

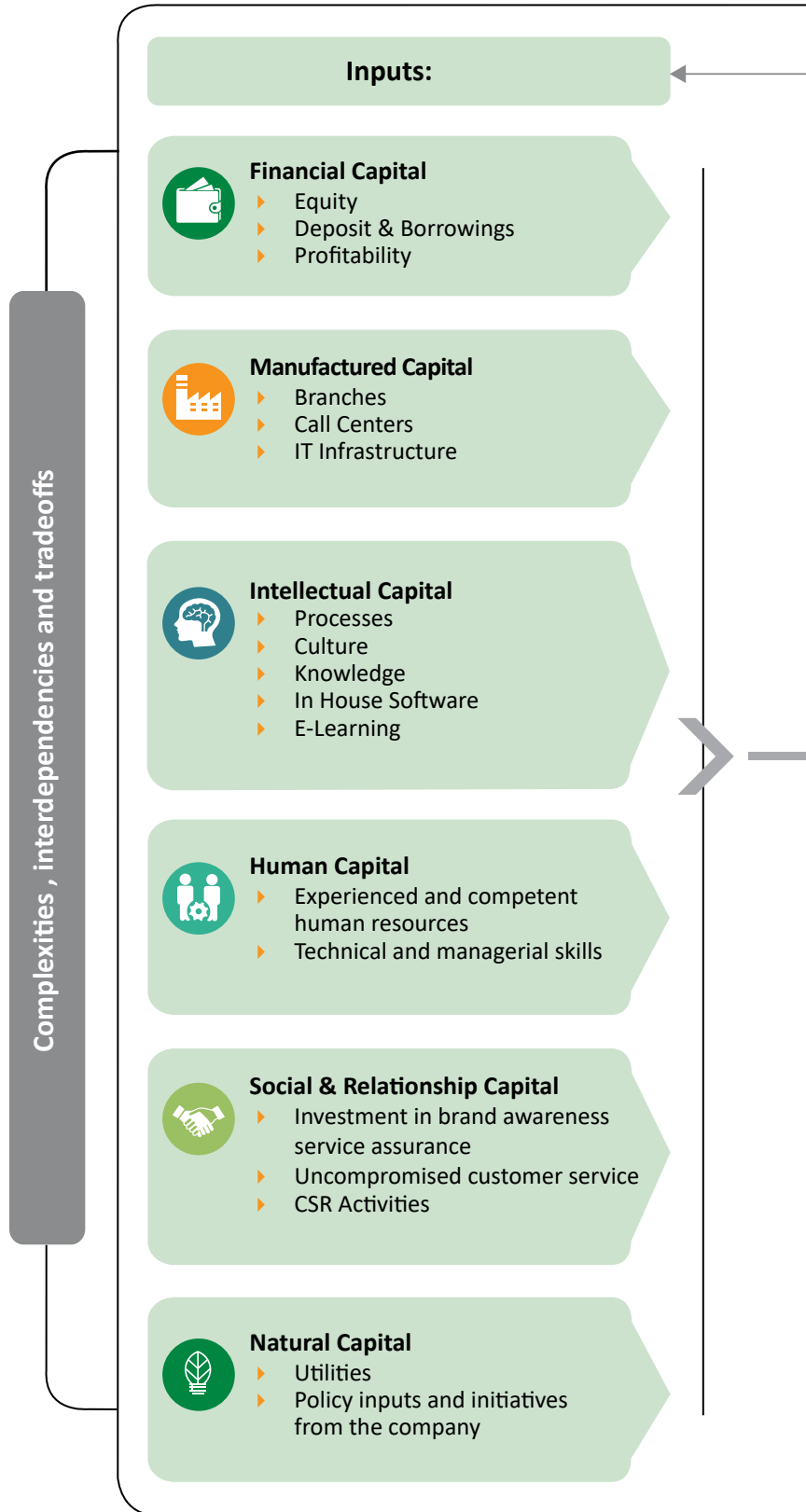
Our Value Creation Structure is inspired by our Vision, Mission and Core Values. “Creating Value to each stakeholder and the economies and the society in which we operate” is our Corporate Philosophy.

To implement the Corporate Philosophy, we are drawing on our strengths, and taking into consideration the growing sophistication of customer needs and the changes occurring in the business and social environment.

We utilize our resources (inputs) through our business activities to generate outputs not only in form of product and service offering to our customers but also valuable outcomes for other stakeholders.

Our business model requires us to invest heavily on IT infrastructure and human development. Sustainable IT infrastructure helps us to extend our presence not only physically but also virtually. Proper human resource development will boost up the social and relationship capital as well as intellectual capital to ensure business growth through professional networks, innovation in offerings and to attain process efficiency.

In the process, we ensure our business activities are aligned with our core values and well guided by our corporate governance framework.



Useful references:



Business Model
page no. 162



How we create value
page no. 166



Capital Management Report
page no. 189



Economic Outlook
page no. 149



Business Environment Analysis
page no. 176



Strategic Focus Areas
page no. 185



Outcomes:



Financial Capital (page no. 190)

- ▶ 11.69% 5 year CAGR in ROE growth
- ▶ 1.28% 5 year CAGR in ROA growth
- ▶ 16.16% 5 year CAGR in CAR growth
- ▶ Quality of asset portfolio improved



Manufactured Capital (page no. 205)

- ▶ Geographically well distributed network coverage
- ▶ Efficiency gained in operating capability
- ▶ Reduction in TAT (turnaround time)



Intellectual Capital (page no. 199)

- ▶ Speed of approval process and operations improved over the years
- ▶ FinSmart



Human Capital (page no. 193)

- ▶ BDT 6,215,647 paid for employee benefit
- ▶ 24,199 man-hour training provided
- ▶ Rise in employee productivity
- ▶ Career advancement



Social & Relationship Capital (page no. 210)

- ▶ Dividend paid to the shareholders
- ▶ Paid internship opportunities for fresh graduates
- ▶ Rehabilitation programs



Natural Capital (page no. 213)

- ▶ LEED certified LankaBangla Tower
- ▶ ISO 27001 Certified
- ▶ Green branch
- ▶ Green financing

HOW WE CREATE VALUE

We manage our business activities in a way that connects profitability to socially beneficial outcomes.

1

Lending enables individual customers to create wealth and generate income, helps business clients remain sustainable and supports employment and economic growth in Bangladesh. Regulatory capital requirements and risk appetite limit our ability to lend, and deteriorating economic conditions may limit the ability of clients to borrow or service their loans.

2

Investments support economic activity and enable wealth creation. However, regulatory capital and risk appetite limits our ability to invest to ensure we deliver appropriate risk-adjusted returns.

3

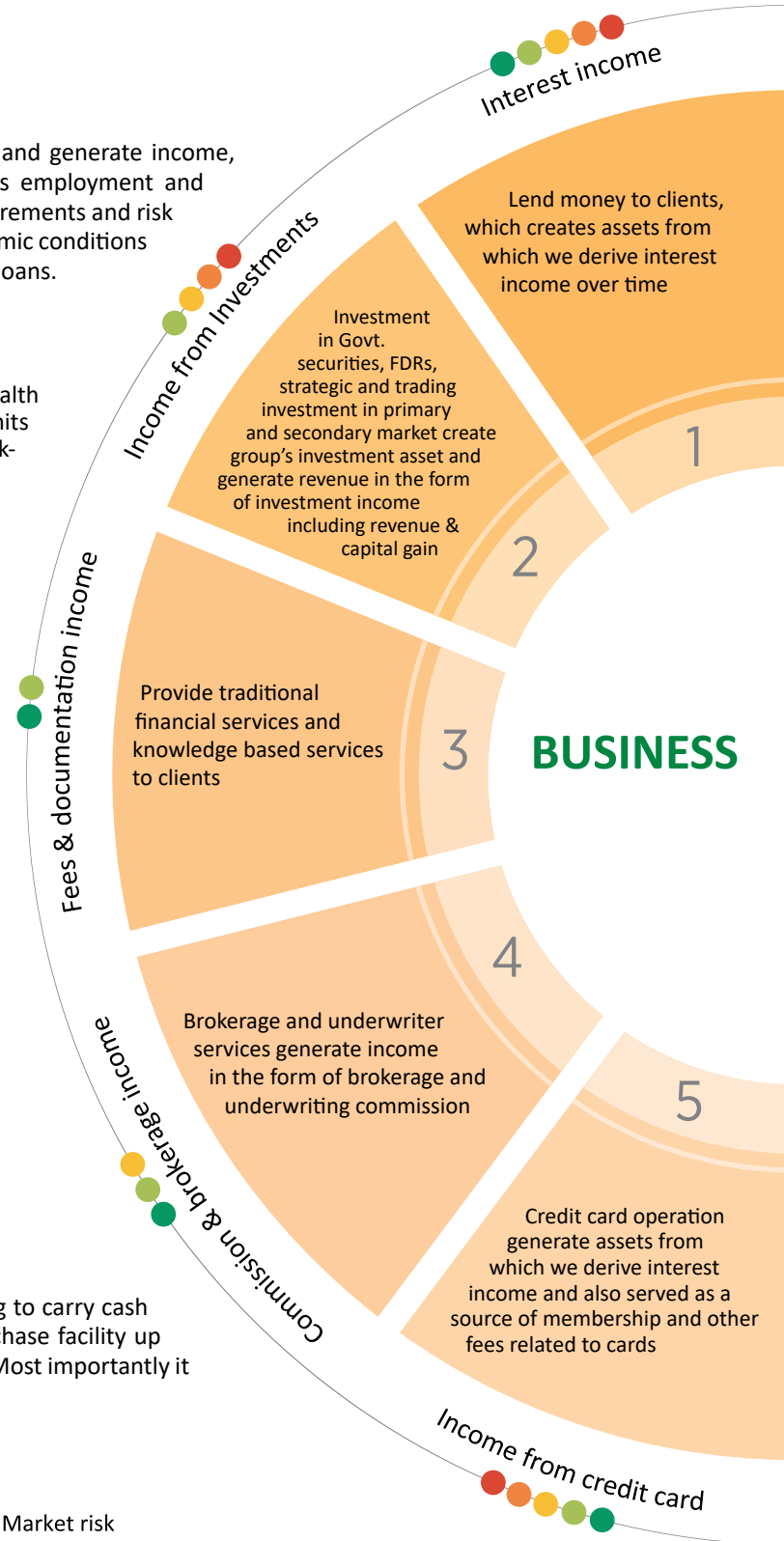
Through traditional financial services we attempt to connect the lives of our clients with progress and happiness. Our knowledge-based services, which include corporate advisory and loan structuring services, allow our clients to benefit from our experience and track record on the country.

4

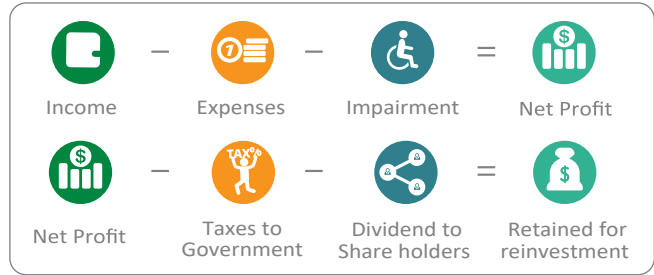
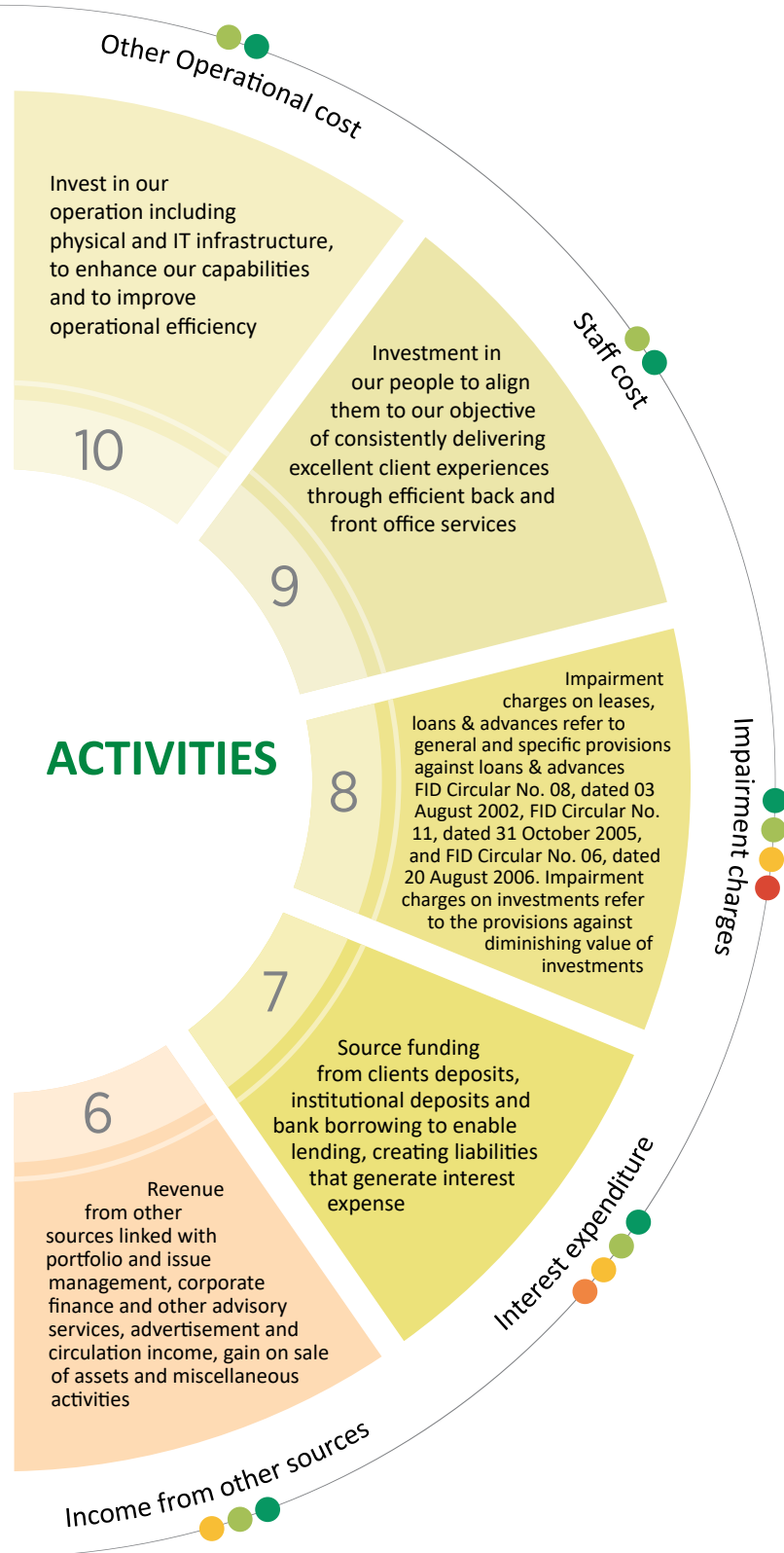
Through our brokerage services we offer clients with hassle free online trading facilities, offer guidance and advice, provide access to our valuable research and help them to achieve their business objectives.

5

Credit Cards enable the card holder facility of not having to carry cash in pocket everywhere, providing safer interest free purchase facility up to 45 days, installment facilities, discounts and rewards. Most importantly it facilitates the card holders with emergency cash.



- Credit risk
- Market risk
- Liquidity risk
- Business reputational risk
- Interest rate risk
- Operational risk including compliance, environmental and social risk



6 Various activities contribute towards revenue from other sources. Through our portfolio & issue management, corporate finance and other advisory services we tend to maximize the return of our clients and help them act as a link towards investment market. Our research based advisory services helps clients to get the best value for their investments.

7 Funding provides our depositors and lenders with returns while protecting against the erosion of capital due to inflation. We need to meet liquidity requirements (CRR & SLR) to protect depositor funds, our own sustainability and that of the broader financial system. Cost of funding depends on the interest rate regime.

8 Impairment charges on Lease, loans & advances refer to general and specific provisions against loans & advances FID Circular No. 08, dated 03 August 2002, FID Circular No. 11, dated 31 October 2005, and FID Circular No. 06, dated 20 August 2006. Impairment charges on investments refer to the provisions against diminishing value of investments.

9 As a significant employer we hire locally, wherever possible, and through our activities sustain other jobs in local economies. Training and development enhances the level of financial services and related skills in Bangladesh. Digital transformation in financial services requires greater investment in people which includes hiring new skills and training interventions for current employees.

10 Investing in our operations enables us to continue meeting our clients' needs, contribute positively to host economies and strengthen our competitive position. Although our investment in technology is currently reducing our return on equity (ROE), it will ensure future income-enhancing opportunities as well as access to new markets, thereby supporting our growth and sustainability.

DELIVERING VALUE THROUGH OUR BUSINESS



Operation Overview

Group

Uncompromised and well diversified array of financial services

Brokerage Services
Asset Management
Research based
Advisory services

LBFL

The country's leading integrated financial services provider. LankaBangla is the only Financial Institute that provides card services via its cutting-edge card software. It features a diverse product line that can meet any client's needs, whether the client is an individual with personal requirements or a corporate entity with commercial expansion plans. Its Liability Management section provides a wide array of deposit products that can be both advantageous and profitable depending on the demands of the client. The unit offers high-quality services while maintaining optimum security.

LBSL

The country's leading brokerage firm. In 2021, LBSL is crowned the largest in terms of transaction value for the 17th consecutive time on the DSE and the 16th consecutive time on the CSE. It has a fully fledged research unit that works on both macroeconomic and microeconomic matters. LBSL publishes a monthly research report called "Market Pulse," which is regarded the country's only research-based capital market newspaper. LBSL is the county's first brokerage firm to offer Bloomberg services to its clients.

LBSL has two subsidiaries:

* LankaBangla Information Systems Limited and

*BizBangla Media Limited

LBIL

The country's premier investment bank, offering corporate advising, issue management, and portfolio management services. LankaBangla Finance owns the entire company. LBIL has established a prominent position in Bangladesh's investment banking arena with a diverse range of services such as Primary Market Services, Investment Banking Services, and Portfolio Management Services.

LBAMCL

Official asset management wing of LankaBangla group, and is deeply committed to providing client driven solution and superior risk adjusted performance to its valued clients. LBAMCL is focused to meet the professional investment management demand of a wide range of Investors.



Staff

768

562

176

19

11



Total Assets

100%

83.06%

13.88%

2.67%

0.39%



Revenue

100%

73.11%

22.97%

4.97%

0.70%

GRI: 102-15



Strategic Focus Area

	Group	LBFL	LBSL	LBIL	LBAMCL
<ul style="list-style-type: none"> ▶ Portfolio diversification through long term product innovation ▶ Creating Convenience for our Customer ▶ Triple bottom line ▶ Create a Sustainable Brand ▶ Prudent Balance Sheet Management 	<ul style="list-style-type: none"> ▶ Distinctive client centered product experience. ▶ A rigorous approach to capturing circle and interdependency between client segments. ▶ Robust risk management supporting strong product niches. ▶ A sustainable strength in liability management. ▶ Collaborative and people centered culture. 	<ul style="list-style-type: none"> ▶ Providing efficient trade management service to all clients with least cost. ▶ Enabling client with best convenience to market through Internet trading system. ▶ Updating client with best information and research possible to take the best investment decision. ▶ Offering multi-channel e-trading to its customers (web, mobile, and client server) and advantages of Multi Asset Class (Equity, Derivatives, Bond, Commodity, etc.) trading option, smart order routing, multiple exchanges and Cross Border supported application, MIS & centralized risk management. 	<ul style="list-style-type: none"> ▶ Providing Value added service to client e.g. Compliance guideline, IPO Readiness, Customized Equity Financing strategy. ▶ Offering wide range of investment banking service to institutional client seeking to raise finances for business development, to merge with or acquire another business, to re-structure for better performance, or to grow business by exploring new territories. ▶ Sharing the best experience with institutional client seeking to raise funds through Issue Management, Capital raising & Private Placement business. ▶ Providing retail client with best capital market exposure through its two unique product "AlphaPlus" and "LankaBangla Nishchinto". 	<ul style="list-style-type: none"> ▶ Extensive research and strong fundamental analysis to achieve the best result in close end fund. ▶ Meeting the heavily growing demand of Islamic Shariah (IS) based products with carefully designed product line. ▶ Minimizing the clients' funding volatility while systematically improving the funding positions of their portfolios and providing research tailored to the specific needs of the organizations while managing Provident fund, Pension fund and Gratuity fund. ▶ Providing advice on appropriate strategic asset allocation strategies on the basis of risk return profile and different constraints of the investors 	



ROA

1.47%

0.82%

4.21%

13.67%

9.80%



ROE

7.15%

5.50%

9.64%

39.33%

3.47%



NAV

19.82

20.55

20.01

3.43

10.45

STAKEHOLDERS ANALYSIS


GRI: 102-40, 102-42, 102-44


We recognize that we compete and operate on the basis of trust, and that it is our stakeholders who are the ultimate arbiters of our legitimacy, and therefore our sustainability. Our stakeholders are those individuals or organizations who have direct or indirect interest in our success or failure and whose opinions and actions can impact our ability to execute our strategy and conduct our business activities and without whose continuing participation, LBFL cannot survive as a going concern. For reporting purpose, we identified following parties as our key stakeholders, from a sustainability perspective.









LBFL and its stakeholder’s relational influential matrix can be chalked out as follows:


Influence by LBFL on Stakeholder	High			<ul style="list-style-type: none"> ▶ Investors/ Shareholders ▶ Customers ▶ Employees ▶ Board Members 	
	Medium		<ul style="list-style-type: none"> ▶ Suppliers & Business partners ▶ Society 	<ul style="list-style-type: none"> ▶ Lenders ▶ Regulators 	
	Low		<ul style="list-style-type: none"> ▶ Environmental Groups 		
		Low		Medium	High
	Influence by Stakeholder on LBFL				

Stakeholder	Importance of Stakeholder	Needs and Expectation of the Shareholder	Value Created for our Stakeholders in 2021
 Investors/ Shareholders	Investors remain LBFL's key stakeholder, who having invested capital, requires information on a continuous basis to track LBFL's performance and achievements in enhancing shareholder wealth.	<ul style="list-style-type: none"> ▶ Relevant timeous information on our strategy, prospects and financial and non-financial performance so that the LBFL group can be fairly valued and appropriate credit ratings assigned ▶ Consistent financial performance, delivering attractive returns (increasing ROEs) and solid dividend income, underpinned by a sound balance sheet ▶ Good and experienced management ▶ An attractive and sustainable growth strategy. 	<ul style="list-style-type: none"> ▶ Achieved economic value addition of BDT 1,845 mn ▶ Consolidated NPAT was BDT 1,305 mn. ▶ LBFL achieved NPAT of BDT 609 mn on a solo basis ▶ Paid a full dividend of BDT 1.00 per share, 10% cash dividend ▶ Maintained world-class transparent reporting and increased our disclosure related to financial statements ▶ Experienced smooth leadership transitions, with one of the most experienced management teams in the NBFi industry.

Stakeholder	Importance of Stakeholder	Needs and Expectation of the Shareholder	Value Created for our Stakeholders in 2021
 Customers	We consider customers as the bread and butter of LBFL's business, who remain interested as they transact with LBFL on an ongoing basis. It is important for LBFL to sustain business and build bonds with them and also to attract new customers.	<ul style="list-style-type: none"> ▶ Offering innovative solutions and services ▶ Growing and protecting client investments and wealth ▶ Financing the aspirations of clients, while protecting against over indebtedness ▶ Providing convenient access to LBFL's financial services with less complexity and improved flexibility ▶ Protecting clients and their assets through secured IT systems and infrastructure ▶ Providing value added services that are competitive and transparent in pricing ▶ Providing sound financial advice and financial education. 	<ul style="list-style-type: none"> ▶ All LBFL employees are well trained to deliver uncompromised client services. 24/7 helpline service is there to help our valued clients as and when required ▶ LBFL invested meticulously in its IT structure and committed to invest more in upcoming years to align with latest state of the art technology for the smoothness of its operation, strengthen data security and ensure protection for clients' assets ▶ Providing competitive and transparent pricing and giving value back to clients ▶ Maintain agreements with good number of vendors which helps our credit card customers to avail attractive discount offers and credit purchase facilities (up to 24 months) with interest facilities ▶ LBFL along with its subsidiaries provide financial advice and financial education to the valued clients by means of interactive consultation and professional investment advices ▶ LBFL has strong research units which rigorously analyze market data and economic trends to produce weekly and monthly market pulse and other research papers to educate the investors and prospective LBFL clients.

Stakeholder	Importance of Stakeholder	Needs and Expectation of the Shareholder	Value Created for our Stakeholders in 2021
 Employees	<p>Employees are considered LBFL's most valuable asset and key to LBFL's continued success. Employees are deemed key stakeholders as they drive LBFL's business forward. They wish to grow with the Company and develop their careers to that they aspire to be, hand-in-hand, whilst the Company progresses.</p>	<ul style="list-style-type: none"> ▶ Career development opportunities ▶ Adequate training facilities ▶ Effective performance management and recognition ▶ Effective employee relations ▶ A healthy and safe work environment 	<ul style="list-style-type: none"> ▶ All employees of the company received formal performance and career development reviews during 2021. A significant number of contractual employees have been absorbed under Management Cadre as well ▶ The employees underwent a total of 24,199 man-hours of training during the year 2021 on various knowledge-building programs ▶ LBFL has followed a systematic approach to the identification of high performers among its employees to motivate them with good incentive bonus and promotion if deserved ▶ LBFL's approach to employee relations ensures that it recognizes its employees' rights to fair and equitable employment practices and to freedom of association ▶ LBFL provides the training necessary to ensure that all the Company personnel are sensitive to the importance of Health, Safety and Environment requirements.
Stakeholder	Importance of Stakeholder	Needs and Expectation of the Shareholder	Value Created for our Stakeholders in 2021
 Suppliers and business partners	<p>Material suppliers have become increasingly important to LBFL with the expansion of its network and increasing requirement for stationery and other related supplies.</p>	<p>Compliance to contractual terms.</p>	<p>LBFL operates with its suppliers based on a registered supplier list, which ensures LBFL's expectation of quality versus price is maintained while dealing with reputed parties in a mutually benefiting manner. The Company is committed to comply with all the contractual regulations with its suppliers and timely payment for supplies is its reputation.</p>
Stakeholder	Importance of Stakeholder	Needs and Expectation of the Shareholder	Value Created for our Stakeholders in 2021
 Lenders	<p>Funding providers, mostly LBFL's banking partners are an important component of LBFL's business as they support LBFL in meeting funding needs, when need arises. It is necessary to sustain a continued relationship, which will yield mutual benefit for both parties.</p>	<ul style="list-style-type: none"> ▶ Competitive interest rate ▶ Compliance to contractual terms ▶ Building business relationships 	<ul style="list-style-type: none"> ▶ Providing the lenders with market competitive interest rate on their invested fund ▶ Meticulously comply with all the contractual term and conditions ▶ Treasury division is always keen to build and maintain long term relationship with the lenders.

Stakeholder	Importance of Stakeholder	Needs and Expectation of the Shareholder	Value Created for our Stakeholders in 2021
 Regulators	<p>As a listed Finance Company and a holder of public deposits, various regulatory bodies continue to be interested to know LBFL's progress, to establish level of safety, soundness and compliance status. LBFL is regulated by following regulators:</p> <ul style="list-style-type: none"> ▶ Bangladesh Bank ▶ Bangladesh Securities and Exchange Commission (BSEC) ▶ National Board of Revenue (NBR) 	<ul style="list-style-type: none"> ▶ Ensure effective corporate governance ▶ Compliance with rules and regulations ▶ On time regulatory reporting ▶ Timely submission of VAT and Tax ▶ Ensure value for the general shareholders 	<ul style="list-style-type: none"> ▶ Ensured effective corporate governance ▶ LBFL upholds a strong compliance culture within the organization and maintains a close dialogue with regulators to ensure required regulations are followed to expectations ▶ In LBFL our regulatory reporting responsibilities are decentralized. It is designed in such a way that concerned division or department or concern individual employee will prepare and submit respective reports to the respective regulatory body. A concrete review process is predesigned to ensure correctness and timely submission of all the regulatory reports ▶ For the year 2021, LankaBangla Finance and its subsidiaries made a contribution to Govt. Exchequer of an amount equal to BDT 1,142 mn, composed of income tax, withholding tax, VAT, withholding VAT and excise duty ▶ Ensured fair value for shareholders.
 Society	<p>Society has varying expectations of LBFL especially from a broader sustainability perspective. Apart from financial needs, they require corporates to act in a socially responsible manner, for societal benefit.</p>	<p>To act in a socially responsible manner</p>	<p>In 2021, LBFL performed following CSR activities:</p> <ul style="list-style-type: none"> ▶ Blanket Distribution Program 2021 ▶ (COVID-19) Providing Personal Protective Equipment (PPE) in cooperation with OFA (Old Faujian Association) and Dhaka Civil Surgeon Office ▶ Tree Plantation Program 2021 with Dhaka North City Corporation (DNCC) ▶ Winter Blankets Distribution Program 2021 ▶ Shikha Bicycle Distribution Program 2021, to underprivileged female students.
 Environmental Groups	<p>In an era where protection of environment and resources has become vital, LBFL considers environment aspects of high importance, particularly when LBFL continues to build greater presence across the country.</p>	<p>Protection of environmental and ecological balance</p>	<p>In an era where protection of environment and its resources has become vital, LBFL considers environment aspects with high importance, particularly when LBFL continues to build greater presence across the country. LBFL has already established its Green Banking policies. LBFL promotes its operation in a Green way with less use of paper and increase the use of electronic documents. LBFL is also playing leading role in the banking and financial sector of Bangladesh in introducing and executing Green Finance.</p>

Stakeholder	Importance of Stakeholder	Needs and Expectation of the Shareholder	Value Created for our Stakeholders in 2021
 Board members	Board members are part of the investors/ shareholders. But for the roles and responsibilities, Board members remain vital for LBFL's success.	<ul style="list-style-type: none"> ▶ Sound financial position ▶ Efficient financial performance ▶ Effective corporate governance ▶ Protecting shareholders wealth 	LBFL management faces the Board on a quarterly basis. Quarterly financial statements along with detailed financial analysis and rationale for the results has been presented to the board. After detailed discussions and fact finding analysis the board approved the financial statements. Based on the financial position and data with explanation presented by the management the board guide the management for the future courses of action. Management adherence with the guidance operate the business to get desired result and hence strive towards increasing the wealth of the shareholders.

Engaging with our stakeholders

LBFL's relationships with all of its stakeholders impact directly and indirectly on its business activities and reputation. The Company proactively engages with its stakeholders to inform its business strategy and operations, shape its products and services, manage and respond to social expectations, LBFL's reputational risk and influence the environment in which it does business. The ways in which it engages with its stakeholders, and the frequency with which it does so, varies according to each stakeholder group. Engagement is based on identified issues and areas of concern that may impact the Company's stakeholders. It uses a decentralized stakeholder engagement model in which individual business units undertake stakeholder engagement appropriate to their areas and are responsible for identifying stakeholder concerns and taking appropriate action. At the center, the Board, oversees all engagement and plays a key role in analyzing LBFL's business relevant issues and concerns and providing guidance on appropriate responses.

Investor/ Shareholder

GRI: 102-43

Matters Relevant to the Stakeholder	Our Strategic Response to the Stakeholder	Engagement Mechanism	Engagement Frequency
<ul style="list-style-type: none"> ▶ Shareholder satisfaction regarding the Company's financial position ▶ Shareholder views on key governance and policy matters ▶ Development of shareholder communication channels ▶ Return on equity and interest gains ▶ Strategy and business continuity ▶ Financial performance 	<ul style="list-style-type: none"> ▶ Maintaining a consistent bottom line ▶ Ensuring a sustainable return on investment ▶ Engaging in greater transparency in line with the Corporate Governance Codes ▶ Maintaining the Company's reputation and credibility ▶ Safeguarding asset quality 	Annual General Meeting (AGM)	Annual
		Annual Report	Annual
		Integrated Report	Annual
		Announcements to Shareholders	Ad hoc as necessary (Interim accounts- quarterly)
		Extraordinary General Meetings	Ad hoc as and when necessary
		One-To-One Meetings	As necessary
		LBFL website information updates	On a regular basis
		Press releases and articles in magazines	At least one release per quarter

Customer 

Matters Relevant to the Stakeholder	Our Strategic Response to the Stakeholder	Engagement Mechanism	Engagement Frequency
<ul style="list-style-type: none"> ▶ Customer service ▶ Customer Security ▶ Satisfaction on existing products ▶ Brand perception and reputation ▶ Customer convenience ▶ Need for innovation and customized solutions ▶ Communication methods ▶ Timely and relevant information on products and services ▶ Customer touch-points ▶ Customer benefits and rewards ▶ Loyalty recognition 	<ul style="list-style-type: none"> ▶ Effective compliant resolutions ▶ Maintain service excellence ▶ Deliver technology-driven solutions ▶ Continuous introduction of innovative products ▶ Maintaining data security and customer privacy ▶ Effective marketing and communication 	Customer awareness programs	Annually in every branch
		Direct customer feedback to any of LBFL service points	On a regular basis
		Marketing visits/ Field visits	Credit customers mostly once prior to transacting
			Deposit customers on an ad hoc basis and selective
		One-to-One meetings	As necessary
		Customer suggestions via suggestion boxes and follow up	Ad hoc
		Telephone discussion/ E-mails	On a regular basis
		Media campaigns	As necessary

Employees 

Matters Relevant to the Stakeholder	Our Strategic Response to the Stakeholder	Engagement Mechanism	Engagement Frequency
<ul style="list-style-type: none"> ▶ Ethical employment practices ▶ Career development opportunities ▶ Employee communication and feedback ▶ Rewards/recognition ▶ Employee well-being ▶ Work-life balance 	<ul style="list-style-type: none"> ▶ Competitive rewards and benefits ▶ Promote greater diversity and inclusion ▶ Develop from within through training ▶ Performance based incentive ▶ Effective handling of grievances ▶ Maintain high standards of occupational health and safety ▶ Ensure employees' welfare 	LBFL corporate website	On a regular basis
		Inculcating an open-door policy for employees to freely interact one-on-one with MD and other senior officials	On a regular basis
		Management Meetings	As and when necessary
		Performance appraisal and individual review meetings	Annual
		Town Hall Meetings	Biannual
		Internal news-letter communique	Monthly
		Corporate communiques via circulars, memos and e-mails	On a regular basis

BUSINESS ENVIRONMENT ANALYSIS

1. SWOT Analysis for LBFL

Sl. No.	LBFL's Key Strengths	Outlook on Key Strengths	Key actions taken to build on Strengths
1	Nursing a culture of embracing changes	LBFL Nurtures strategy to embrace changing environment in terms of market, technology, demand etc. which give it strength to sustain in rapid and diversified challenges	<ul style="list-style-type: none"> ▶ LBFL tailored its services to meet customer new demands ▶ Adopt new IT environment to provide out of trend customer services ▶ Shuffling operational structure to meet demand of swiftness
2	Having the broadest umbrella of products and service offerings	We analyze different financial need of people and focus on new product development. It has diversified the revenue stream and improve the strength of sustainability	<ul style="list-style-type: none"> ▶ Continuous analysis on industry trend and demand. ▶ LBFL has well diversified financial products to serve its diverse customers ▶ More focus on segmented approach with dedicated team to strengthen the product line ▶ LBFL is the only NBFIs having the credit card business in Bangladesh
3	Offering highest loan ceilings and LTV ratio	High loan ceilings and LTV ratio can attract and serve people with immediate solutions to their financial needs. It ensures portfolio growth and healthy revenue streams as well as a competitive edge over peer organizations, like commercial banks	<ul style="list-style-type: none"> ▶ LBFL offers highest credit ceiling to their retail and SME clients. A ceiling of BDT 2 million for unsecured credit facility is the highest in the market ▶ Besides, LBFL offers lease facility with the maximum Loan to Value ratio, which is up to 100% ▶ To attract home loan and SME clients, LBFL facilitates them with the maximum limit of BDT 100 and 200 million respectively
4	Having a reputation as a stable Financial Institution for two decades	Public will continue to pursue institutions that remain reputed and act with utmost corporate responsibility	<ul style="list-style-type: none"> ▶ Attracting customers from other investment options ▶ Enhanced financial, governance and operational reporting to make public more aware of LBFL's financial stability ▶ Introducing Integrated Reporting ▶ Keep improving on regulatory compliances ▶ Keep investing on building a reputed brand value ▶ Actively participating in the CSR activities through LankaBangla Foundation
5	Strong capital base with a sound capital adequacy ratio position	18.83% CAR implies strength of balance sheet of LBFL	<ul style="list-style-type: none"> ▶ Planning for healthy profitability growth ▶ More focus on Retail and SME business ▶ Focus on lending to good rated corporate houses ▶ Developed a Capital planning for next five years for anticipating business growth
6	Having a skilled human resource base with the lowest average age of employees	To hire and retain skilled human resource will be key to succeed in the coming years as there are few new Banks and NBFIs in the market	<ul style="list-style-type: none"> ▶ Investing more on training key skills and soft skills ▶ Planning for an in-house training institute to train the employees ▶ Introduce a reward recognition policy under which the most performing employees are being awarded twice in every year ▶ For improvement of the performance, LBFL also introduce different programs like HEROES @ WORK, DINE WITH MD in every two months ▶ Organize different events for the employees like Annual Football, Annual Badminton, Family day, New year celebration, women's day, mother's day etc. to motivate the employees

7	Establishing a diverse delivery channel across the country	Increased expansion would lead to greater decentralization of LBFL's work operations to reach more clients. This will also increase operational risk	<ul style="list-style-type: none"> ▶ LBFL will look forward to expand its delivery channel to cater new more people ▶ Where there are no branch networks LBFL will use Hub and Spoke model and will employ mobile lending officers with state of the art technology
8	Possessing an effective ICT environment supported by right IT hardware and software systems, IT support staff and an IT savvy workforce	IT will be a key factor to improve the service quality, imposing controls and reducing the cost in coming days	<ul style="list-style-type: none"> ▶ Implemented tranzware project for credit card operation ▶ Implemented IFS (ERP) ▶ Investing more on to update IT hardware ▶ Improving the Call center ▶ Enhanced certain core system features ▶ Training users on effective use of these IT tools across the branch network
9	Online presence through user-friendly website and mobile application	Online presence can be as much about customer service as it is about selling products and services. A dynamic website or application can create a good impression about the organization, as well as ensuring faster services and accessibility	<ul style="list-style-type: none"> ▶ LBFL maintains its web presence through website, financial portals, social networking sites and its unique mobile application "Finsmart" ▶ Clients can reach LBFL through these channels and the Alternative Delivery Channel (ADC) division of LBFL facilitates the requests received from these sources ▶ LBFL's clients can avail different services like balanced information, card-check processing requests, form filling, etc. through its mobile application "Finsmart"
10	Discount and Ezipay Privileges for Credit Card clients	To attract new and retain existing clients, promotional offers like discounts, cash-back, reward point etc. can play a vital role. Moreover, Ezipay or EMI facilities can release clients from their immediate payment burden	<ul style="list-style-type: none"> ▶ LBFL has agreement with more than 500 merchants across the country to offer discount facilities to its clients ▶ EMI scheme allows clients to convert the big-ticket retail purchases made by their LankaBangla Credit Card and LankaBangla Card Cheque into an installment scheme ▶ LBFL clients can enjoy 0% interest per month on their EMI purchases (BDT 10,000 and above) from its 0% merchant partners in different product and service sectors
11	Having a knowledgeable and prudent Board of Directors	A visionary and knowledgeable Board will guide the company to a sustainable growth over the period	<ul style="list-style-type: none"> ▶ The Board will keep guiding the company with all their valuable knowledge

Sl. No.	LBFL's Key Weaknesses	Outlook on Key Weaknesses	Key actions taken to counter Weaknesses
1	Asset quality	High percentage of non-earning asset abates the profitability of the Company	<ul style="list-style-type: none"> ▶ Established reliable client base with sound credibility ▶ Ensure implementation of rigorous collection strategy
2	Comparatively high cost of fund	Absence of CASA deposits increases bank dependency and reduces bargaining power to bring public deposits resulting high cost of fund and low spread	<ul style="list-style-type: none"> ▶ We have focused to diversify sources of fund. Managing foreign fund with low rate, achieving refinance facility from Bangladesh Bank, issuing subordinate bond helps to address the weakness ▶ Increased focus placed on long term public deposit, especially scheme deposits
3	Strong Presence in the Capital Market	Exposed to highly sensitive and volatile income which depends on market conditions	<ul style="list-style-type: none"> ▶ To reduce the dependency on the capital markets, more focus was given to the core products of the company

4	Lowering Yields on traditional lending products	In churning higher income, the need for more innovative products and wider customer choice will be pivotal in the years to come	<ul style="list-style-type: none"> ▶ To retain the profitability, LBFL focus on the increased volume of business in Retail and SME ▶ Focus on the higher margin products
5	Less flexibility in the money market	Banks affording very competitive Cost of Borrowing as well as interest rates for fixed deposits will continue to add pressure to the NBFIs sector	<ul style="list-style-type: none"> ▶ Reduce dependency on bank borrowing ▶ More focus on the term deposits from the retail customers ▶ Introduced new deposit products for senior citizen, female and other niche market ▶ Quick decision making to respond the Market situation
6	Below one year asset and liability mismatch (any interest rate hike would impact core spreads as funding cost will tend to go up in such a situation)	The possibility of interest rates moving upward again is high in the medium to long-term and hence it is vital to pursue long-term funding for sustaining healthy margins	<ul style="list-style-type: none"> ▶ In accordance with ALCO recommendations, the Liability Division was able to offer attractive rates to secure greater level of one year and longer deposits during the period ▶ Managed to secure long-term borrowings between two to three years at fixed rates

Sl. No.	LBFL's Key Opportunities	Outlook on Key Opportunities	Key actions taken to build on Opportunities
1	Growing middle income group and increase in purchasing capability	More than 10% people are moving from the low income group to middle income group	<ul style="list-style-type: none"> ▶ More focused on the Retail and SME business. ▶ Increased distribution channels to reach out to more people ▶ Required ICT environment is in place
2	Reducing deposit rates in commercial banks	Due to the presence of excess liquidity, commercial banks are reducing deposit rates, which could be LBFL's way of lowering its cost of fund	<ul style="list-style-type: none"> ▶ More focus on public deposit collection with varieties of deposit products with attractive rates
3	Introduction of dual Currency credit cards and online transaction facilities	Services like dual currency and online transaction facilities will attract more customers from different market niches	<ul style="list-style-type: none"> ▶ Focus on dual currency credit card and offering online transactional facilities to enhance brand image, attract new customers, and avoid losing existing customers
4	Introduction of Mobile banking services	Current trend and success of mobile banking in grass root level indicates the huge growth potential in this segment	<ul style="list-style-type: none"> ▶ Steps have been taken to allow our deposit clients to pay their installments through different mobile banking service vendors, and few more services will be up and running by 2020
5	Expected sound GDP growth levels and improved infrastructure would continue to give impetus to financial products.	8.30% GDP growth is highest ever GDP growth for Bangladesh. We can enjoy higher credit growth to support private sector activities linked with development activities of government	<ul style="list-style-type: none"> ▶ Focus on to utilize financing opportunity in development projects ▶ Update infrastructure and technology to cope with market demand in rapidly changing developed society ▶ Maintaining commendable core business growth, taking advantage of the positive business conditions and steady economic growth trajectory
6	People prefer fixed income Term Deposit products as opposed to risky investments in the Stock Market	The stock market remains volatile and property value is declining. These two trends should continue to boost investment in fixed income securities	<ul style="list-style-type: none"> ▶ Management continued to implement successfully planned deposit mobilization strategy which sustained envisaged growth levels ▶ Our branch network played a more significant role in mobilizing deposits, taking advantage of the expanded reach taken place within the last three years
7	More funding opportunities from the foreign market	We could expect greater number of international deals to be struck by the sector in terms of funding. Rating will play a significant part	<ul style="list-style-type: none"> ▶ International funding sources remain a viable option and the company will look into these sources when optimal pricing can be obtained

Sl. No.	LBFL's Key Threats	Outlook on Key Threats	Key actions taken to counter Threats
1	Wide range of product choice for the depositors to invest, such as Government Sanchaya Patra, the share market, real estate and other fixed income securities	We could expect real estate prices to move upward and the stock market to remain attractive with better foreign investments	<ul style="list-style-type: none"> ▶ Sustained an aggressive deposit mobilization drive with attractive returns to investors throughout the year, supported by continuous advertising and promotion
2	Growing competitive pressures	More fierce competition is expected from the competitors. Quality and timeliness of services offered would be key in attracting business and retaining existing portfolios	<ul style="list-style-type: none"> ▶ Customer oriented services should be in place ▶ Intensive customer awareness campaigns in key operating locations should be undertaken
3	Shrinking margins due to heavy price competition	In gaining strategic advantage, the sector would continue to pursue low cost funding options and high yield lending avenues to improve margins	<ul style="list-style-type: none"> ▶ More focus on high yield generating lending products such as personal loan, credit cards, mortgage loan, auto loan, etc
4	Newly licensed NBFIs and Banks	More fierce competition in acquiring clients	<ul style="list-style-type: none"> ▶ More focus on building a stronger client base through uncompromised quality to retain and attract new business
5	Turnover of skilled employees	Due to the skills and learning obtained through quality training in LBFL, the employees attract employers in the same industry	<ul style="list-style-type: none"> ▶ Regular reward campaigns, motivational and other non-financial programs are conducted throughout the year to retain skilled employees

2. PESTEL Analysis

	Influencing Factor	Impact on LBFL	LBFL's Approach
POLITICAL	<ul style="list-style-type: none"> ▶ Political Stability ▶ Annual Budget 	<ul style="list-style-type: none"> ▶ Stable political situation has a positive impact on LBFL and unstable political situation has negative impact on LBFL ▶ Change in different components of yearly budget like tax rates, interest waivers, refinancing facilities has impact on different products and projections of LBFL 	<ul style="list-style-type: none"> ▶ LBFL always try to negate the unstable political situation by taking prompt strategic action on interest rates, business volume, strategic shift on business focus etc to generate the business and achieve lending target. ▶ In the stable situation try to generate a synergy. ▶ LBFL always adjusts their internal guidelines and projections as per the directives provided by Bangladesh Bank
ECONOMIC	<ul style="list-style-type: none"> ▶ Around 5.2% stable GDP growth ▶ Growing economic development activities ▶ Lowering interest rate regime ▶ Inflation control ▶ Increasing income level ▶ Fluctuations in capital market indices 	<ul style="list-style-type: none"> ▶ Due to subdued inflationary level and increasing income level, retail business will enjoy above average business growth ▶ Corporate and deposit business remain very competitive as interest rates falling to one digit level ▶ Rise in overall NPL of the country as some of the regional clients find it difficult to repay ▶ Rise in capital market indices might encourage people to choose investment options over safe saving instruments, which in result, could cause liquidity crisis and vice versa 	<ul style="list-style-type: none"> ▶ LBFL pursues core business growth in Retail and SME capitalizing on emerging opportunities, supported by our increased presence across the country ▶ Initiating prompt recovery action on overdue contracts through close supervision and effective recovery strategy ▶ Expand delivery channels ▶ As a highly customer receptive organization, we continued to identify ways of expanding our product offerings and services to cater to wider customer requests ▶ Generate a strong MIS system to gather and disseminate economic and business information ▶ Make quick decisions on product pricing through ALCO responsive to the market need

SOCIAL	<ul style="list-style-type: none"> ▶ Increased Income level improved the standard of living ▶ Growing competition ▶ Improved access to financial services ▶ Financial Inclusion ▶ Customer sophistication ▶ Changing Lifestyle ▶ Non-Regulated lending authorities ▶ Population and literacy rate 	<ul style="list-style-type: none"> ▶ Growing GDP and per capita income driven by the economic progress have paved the way for better social conditions and quality of life for society ▶ LBFL can be the substitute for region or community-based lending authorities who charge very high interest rates 	<ul style="list-style-type: none"> ▶ We emphasized the importance of creating customer awareness and building customer relationships ▶ We revisited our internal core operational processes, for purpose of streamlining parts of our work process to cut down on lead times and to afford a more effective service to our customers ▶ We afforded greater autonomy to branches to handle deposits affording them full technology support and manpower to cater to wide ranging customer requests ▶ Being a people-oriented Company, we remained receptive to people’s needs as a socially responsible corporate and a caring employer ▶ Numerous CSR initiatives were initiated for the betterment of society beyond commercial boundaries. Internally, we continued to adopt sound human resource practices to nurture our valued staff ▶ LBFL has shifted its focus towards retail business and introduced products like Titanium Credit cards et. to meet growing customer needs efficiently ▶ LBFL has 27 operational branches all over the country and our Mobile lending officers working in different areas are paving the way for future branches ▶ We emphasized the importance of creating customer awareness and building customer relationships. So, we always consider areas with high population and literacy rate as potential business operation region
TECHNOLOGICAL	<ul style="list-style-type: none"> ▶ Rapid technological advancement. ▶ Decisive factor to gain competitive advantage ▶ Growing demand for mobile banking services 	<p>Role that ICT plays in creating operational efficiency and generating Management Information Systems (MIS) for effective decision making has become vital for LBFL</p> <p>Ways through which LBFL can use this trend in its best interest</p>	<ul style="list-style-type: none"> ▶ We have implemented Trazware Project to outperform credit card operation ▶ IFS (ERP) is go live ▶ Required updates were made to the core ICT system to make it more effective and meet user requirements and also to accommodate rapidly changing demands of the industry ▶ Additional MIS reports were developed on a periodic basis to cater to information needs of key divisions, for decision-making ▶ We have already introduced mobile banking services for our deposit clients in collaboration with Bkash and Surecash and going to expand these services in near future
ENVIRONMENTAL	Green Banking initiatives	Green banking initiative has a long term effect on both environment and economy of the country and helps in cost reduction as well	Green banking initiative has a long term effect on both environment and economy of the country and helps in cost reduction as well
LEGAL	Highly regulated business environment	LBFL is regulated by the FI act 1993 and other periodic guidelines provided by Bangladesh Bank from time to time	Apart from FI act 1993 and other prescribed guidelines, LBFL also follows the instructions regarding bank rates, repo & reverse repo and statutory reserve requirements mentioned in monetary policy statements published semi-annually by Bangladesh Bank

3. Industry Forces Analysis

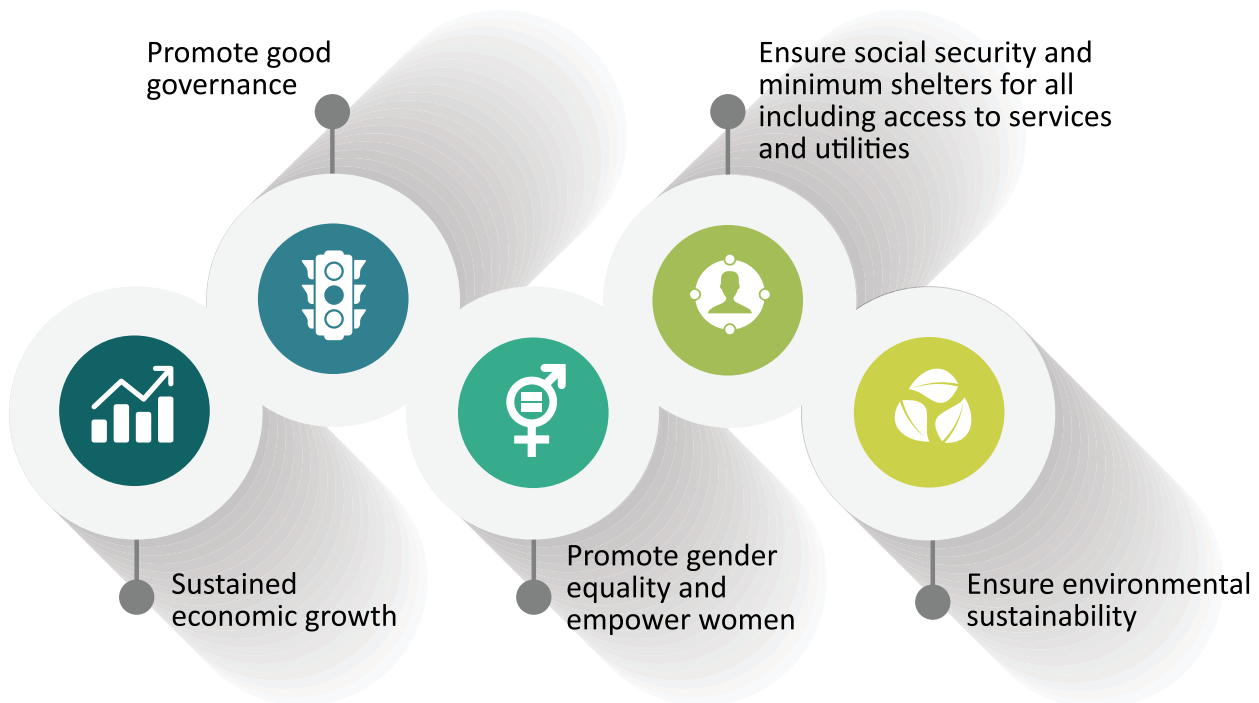
	Influencing Factor	Influence on LBFL	LBFL's Approach
Customers	<ul style="list-style-type: none"> ▶ Customer perceptions of LBFL brand ▶ Switching of customers ▶ Brand loyalty ▶ Customer relationship 	<ul style="list-style-type: none"> ▶ Effect on customer relationships thereby impacting long term revenue 	<ul style="list-style-type: none"> ▶ Strategic emphasis on serving particular customer segments (Retail and SME) ▶ Customer focused strategy ▶ Delivering uncompromised service to retain customers ▶ Upholding and strengthening LBFL brand to avoid switching
Suppliers	<ul style="list-style-type: none"> ▶ Supply of funds (deposits and borrowings) ▶ Interest rates on borrowings and deposits ▶ Supply of materials 	<ul style="list-style-type: none"> ▶ Impacts on interest rate ▶ Effect on revenue and margin ▶ Operational efficiency 	<ul style="list-style-type: none"> ▶ Appropriate sourcing of fund as per the company policy (reducing dependency on bank borrowing) ▶ Offering competitive interest on deposits and good relationship with banks for better negotiations of borrowing rates ▶ Proper selection of vendors to ensure smooth supply of materials
Competitors	<ul style="list-style-type: none"> ▶ Number of players in the industry ▶ Strategic directions of competitors ▶ Generic strategies followed-Focus/Differentiation/Cost leadership 	<ul style="list-style-type: none"> ▶ Impact on the market share ▶ Loss of revenue to competitors ▶ Customer switching 	<ul style="list-style-type: none"> ▶ Engage in competitor analysis to understand the competitors' strategies and respond accordingly ▶ Develop or revise short and long term strategies in relation to competitors' movement and impact on market share ▶ Give emphasis on innovative value creation ideas to outplay the competitors
Substitute	<ul style="list-style-type: none"> ▶ Availability of substitute products ▶ Aptness of substitute products. ▶ Relationship Management. ▶ High number of commercial bank and FIs 	<ul style="list-style-type: none"> ▶ Threat of loss of market share with increasing substitutes in the industry ▶ Impacts of service quality leading to customers switch brands ▶ Loss of revenue to substitute products ▶ Fierce competition among banks and FIs. 	<ul style="list-style-type: none"> ▶ Undertake competitors' product market analysis to understand their price structure, product features, and performance ▶ Carry out product aptness analysis to understand the threat of substitutes at a continuous basis ▶ Differentiating products to lock in customers and reduce substitute effects ▶ Adopt appropriate relationship management techniques to retain the company's profitable customers
New Entrants	<ul style="list-style-type: none"> ▶ Emergence of new Banks and NBFIs in the industry licencing through Bangladesh Bank ▶ Patents and protection of intellectual property 	<ul style="list-style-type: none"> ▶ Threat on market share and possible reduction in industry dominance ▶ Employee poaching 	<ul style="list-style-type: none"> ▶ New product development to take first mover advantage and deter possible competition from new entrants ▶ Enhance the brand value of LBFL ▶ Maintain a sound and healthy employee friendly environment within the organization
Government	<ul style="list-style-type: none"> ▶ Government regulations for the financial sector ▶ Local and Foreign investment limits ▶ Taxation policies ▶ Government stability ▶ Frequency of changing laws and regulations 	<ul style="list-style-type: none"> ▶ Regulations affecting operations-source of funds and channelling of funds ▶ Taxation policies impacting profits ▶ Laws and regulations limiting businessoperation and revenue streams 	<ul style="list-style-type: none"> ▶ Thorough compliance of laws and regulations as per Bangladesh Bank and other Government Bodies ▶ Maintaining good and professional relationships with Government representatives to lobby for policy implementation which is beneficial to the company and the industry. -Policy includes taxation rules, capital limits, FDI limits, government subsidies, etc

DRIVERS GUIDING OUR STRATEGY

LankaBangla believes in long term growth story of Bangladesh. However, at the same time we must acknowledge that connecting short term goals are vital to reach our long term dream to live as a developed nation eradicating many dimensions of poverty, promoting gender equality, promoting peace and security and sustainable human development.

Bangladesh has been experiencing average 6.45% GDP growth over the last five years. Our rising per capita income, growing export basket, higher contribution in UN peace keeping force is a testament that we are rising as a nation. However, there remains a series of social, environmental and economic challenges to reach our long term goals specially COVID 19 pandemic increases these challenges a little bit further. We recognize the interdependence between economic success, social well-being and environment health of the country and the long term sustainability of LankaBangla as a financier. We want to contribute in the long term goals we have developed for a prosperous future we want.

Long Term Goals



KEY INPUTS

Material Matters are derived from major macro trends, our unique strategic context, an analysis of our business risks and opportunities and most importantly, the needs of our key stakeholders- staff, clients, shareholders, regulators and the communities and environment in which we operate.

- Major Macro Trends
- Lankabangla’s Unique Strategic Orientation
- Needs of Our Stakeholders



MATERIAL MATTERS

- Credit Growth in Banking Industry
- Capital Market Condition
- Understanding Our Clients
- Motivating Our People
- Embracing Innovation
- Leveraging Our Investments in Information Technology
- Increased Demand on Governance and Risk Management
- Growth Opportunities in Retail and SME Segment



Material Matters that Affect Our Strategies
page no. 183



STRATEGIC FOCUS AREAS

- Diversifying Portfolio with sustainable innovation
- Creating Convenience for our Customer
- People are the business
- Create a Sustainable Brand
- Prudent Balance Sheet Management



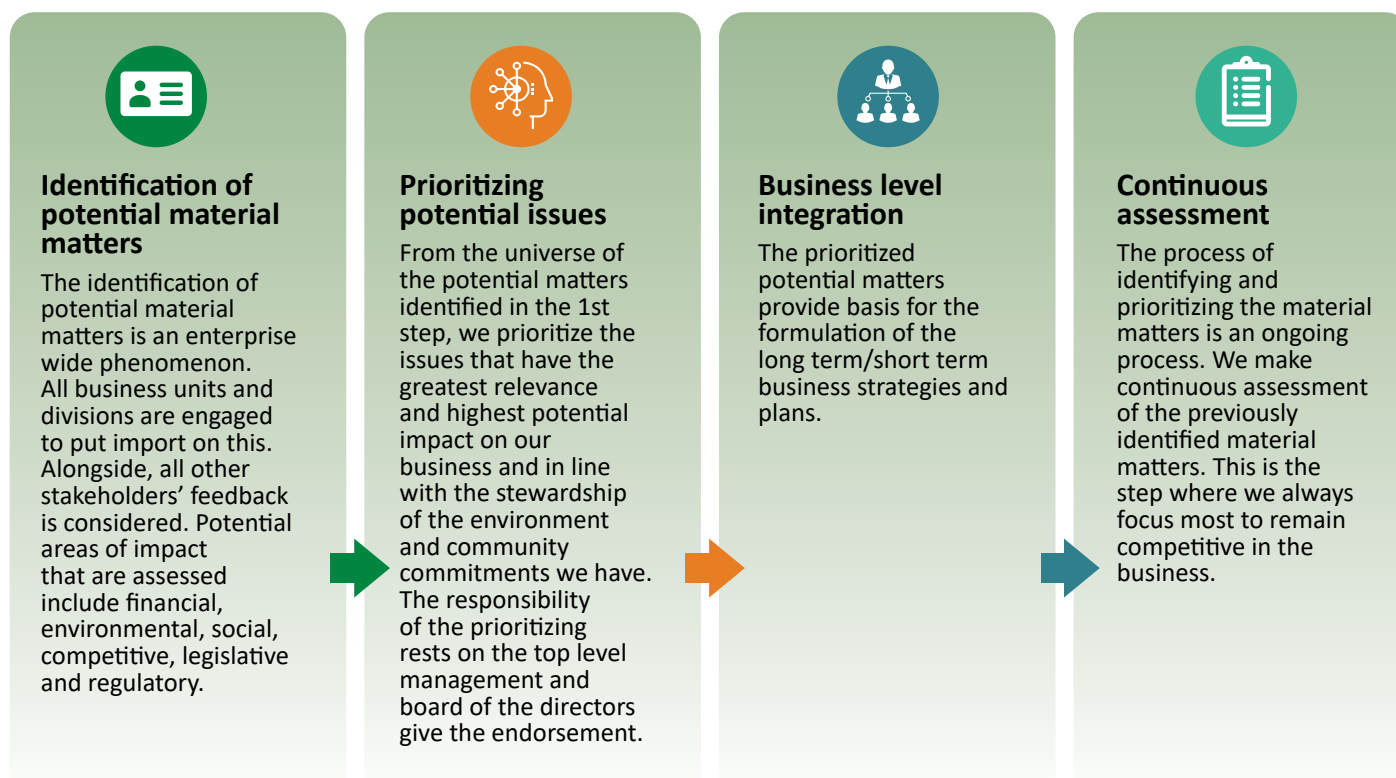
Strategic Focus Areas
page no. 185

MATERIAL MATTERS THAT AFFECT OUR STRATEGIES

Our material issues are those issues that we believe could seriously affect our commercial viability and our social relevance. These include factors influencing economic growth and political and social stability, and those which impact on how our stakeholders perceive the group and its role in society. Effectively managing our material issues is critical to achieving our strategic objectives and meeting our stakeholders’ expectations.

Materiality Determination Process:

The materiality determination process complemented our day-to-day stakeholder engagements, going beyond these engagements to place particular emphasis on aspects that are likely to influence the social, economic and physical environments in which we operate. Our material matters are our primary risks and opportunities. These have been the key factors that have significant impact on our ability to deliver sustainable value to our stakeholders. Our approach in identifying and evaluating material matters is very comprehensive. Below is our approach of chalking out material matters that guides our strategic priorities and our future.



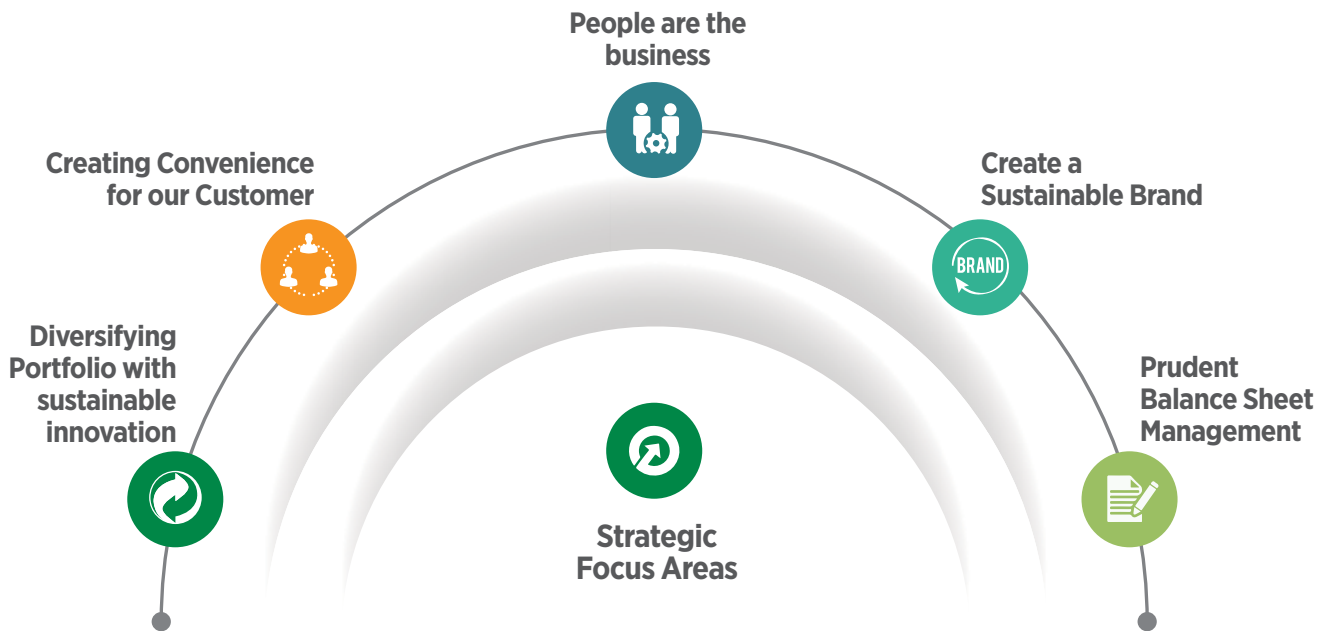
Material Issues and Strategic Response:

Following engagement with certain internal and external stakeholders, we have determined our material issues into the following matters.

Material Issue	Strategic Context	Strategic Response of LankaBangla
Credit Growth	In the monetary policy statement, private sector credit growth, which is often regarded as one of the most significant leading indicators for macroeconomic growth, is targeted to remain unchanged at 14.8 percent in FY’21. Because of the resurgence of coronavirus infection, businesses are currently adopting a go slow policy. The central bank has decided to keep the private sector credit growth unchanged with the expectation of effective disbursement of stimulus packages and resumption of economic activities.	<ul style="list-style-type: none"> ▶ Retrieval of private credit growth is expected to be beneficial for LankaBangla as we have already laid foundation for SME and Retail business in the preceding years. ▶ The declining interest rate environment would be helping in tapping good SME Clients. ▶ LankaBangla has the strength to go for retail financing business more aggressively.

Material Issue	Strategic Context	Strategic Response of LankaBangla
Understanding Our Clients	Our clients are the reason we are in business. To provide them with the products and services they need, we must understand the environments in which they live and work, their immediate needs, and their long-term plans in respect of their careers, their businesses, their personal lives and their families.	<ul style="list-style-type: none"> ▶ Instill a culture that values excellent client experiences, ethical and fair conduct and market integrity. ▶ Constantly leverage new technologies to meet changing client expectations and enter partnerships to drive innovation. ▶ Ensure appropriate technical capability and skill to prevent our clients from being exploited.
Motivating Our People	Our ability to meet our objectives, deliver value to our clients, comply with our regulatory obligations and create shareholder value depends on our people. We strive to work with people who share our passion for Lankabangla, who see the opportunities inherent in the diversity and its people, and who are committed to putting the client at the center of everything we do.	<ul style="list-style-type: none"> ▶ Ensure that we have a diverse workforce with the right skills and capabilities to successfully execute our strategy. ▶ Maintain an ethical and risk-aware culture that upholds our principles and values. ▶ Capacitate our people to perform in a world of rapidly changing client expectations, technology and ways of working.
Embracing Innovation	In a world of constant technological evolution, we need to be at the forefront of new ideas and leverage technology to provide exceptional client experiences and gain competitive advantage. Innovation extends beyond our products and services to how we operate by way of our internal processes and systems. These must all fulfill the ultimate objective of placing our clients at the center of everything we do.	<ul style="list-style-type: none"> ▶ Deliver new products and services to market quickly without compromising system stability. ▶ Develop a culture that encourages innovation and challenges established processes, with a view to delivering excellent client experiences that differentiate us in a low-cost competitive environment. ▶ Build resilience to change among our people. ▶ Find ways to address social challenges through innovation.
Leveraging Our Investments in Information Technology	IT enables us to serve our clients in a way that is more convenient and that makes their financial transactions more reliable and secure. In addition to being an enabler of our strategy, IT is also a competitive advantage. We use our understanding of our clients to provide them with value-added, uninterrupted IT products and services. Many of the Bangladesh's people still live in remote areas, where IT can be used to overcome challenges in delivering services.	<ul style="list-style-type: none"> ▶ Balance client expectation for innovation against maintaining system stability. ▶ Constantly monitor and anticipate criminal exploitation of our systems and cyber-attacks on cloud services, and deploy prevention and mitigation measures. ▶ Ensure that our systems maintain the privacy of client information and put additional measures in place to protect our data stores.
Increased Demand on Governance and Risk Management	The latest loan scams in the financial sector brought the onset of increased regulation to ensure the soundness of the financial sector. The increased reporting to central bank, offsite supervision and regulatory requirements like Basel III would justify for more disciplined financing, more compliance and more efforts to avoid reputational risk.	<ul style="list-style-type: none"> ▶ Focus on risk management on enterprise level. ▶ Ensure closer working relations and partnerships with regulators. ▶ Implement capital adequacy and liquidity requirements. ▶ Focus not only on returns but also on the risk and capital requirements of these returns.

STRATEGIC FOCUS AREAS



LankaBangla Finance Limited – reinforces companies’ commitment to its most significant constituency

- ▶ Develop deep insight into customers’ needs
- ▶ Deliver pioneering products of outstanding quality and value
- ▶ Delight our customers at every touch point

Our Five strategic focus areas support the achievement of our delivery targets which are measured and re-evaluated on an ongoing basis. These delivery targets are reflected in the strategic focus areas referred to below.

1. Diversifying Portfolio with sustainable innovation

Developing a range of options for growth, including Retail & SME exploration, new opportunities for promoting Corporate growth, value-accretive opportunities at capital market both in Primary market supply creation as well as secondary market vibration, and maximizing the relationship with large corporate house of the country within our portfolio is our focus strategic area from business arena.

1.1 Momentum in SME

SMEs, which are seen as drivers of innovation worldwide, including in Bangladesh, serve as a catalyst of economic growth, especially in these trying times, as the world battles itself out with the pandemic’s frailty. We intend to put our efforts behind our SME basket so that the businesses, such as SME Financial Services, achieve a significant portfolio turnaround. We were able to use SME business’s exemplary performance and prospects, and disbursed and mobilized BDT 34,269 mn and BDT 21,852 mn respectively, which aided in strengthening both our assets and liabilities portfolio to a great extent. Such results helped us attain total 37,806 customers for both asset and liability portfolios, the key driver being the performances of the SME business from the asset portfolio mainly.

We are working on the hub and spokes model which will act as a tool for the SME business expansion plan; our focal point in the foreseeable future. With this strategy, we are currently working on developing roughly 21 such hub and spokes models in 2022. Along with being economical, this model will allow the businesses and households to be more flexible as it helps the businesses to

adjust with newer strategy, as well as give access to broader talent pool, eventually allowing such small enterprises to scale up more efficiently.

1.2 Extended focus in Retail and Card Business

As the economy began to pick up steam and people's living conditions began to improve, we saw a significant hike in the loan appetites, which was further reflected in the number of cards used, mirrored by increased fees income, which helped us increase our disbursement along with improved and increased asset portfolio condition. Our primary concentration was on SME portfolios, which was closely followed by exceptional stride in our retail portfolio. Our retail basket disbursed BDT 14,938 million which contributed 44% of the total disbursement. The credit card portfolio backed BDT 11,077 million of the total retail business segment, contributing 74% of the total retail loans for disbursement.

1.3 “Super shop” service in Capital Market

LankaBangla through its market leader subsidiary LankaBangla Securities Ltd. provide one stop Brokerage services, NITA and Internet Trading Services, Foreign Trading Services, CDBL Services etc. We have established Fully Operational Call Centre for Stock Brokerage Services. We are backed by the strength of a comprehensive Research Unit, which provides a range of services from company, industry and country research to corporate valuation of the important functions of us is to carry out capital market research for ourselves and our valued customers. Our Research & Analysis Department is one of the most important departments which is solely dedicated to these functions. A competent Publication Department publishes the monthly magazine Market Pulse on regular basis that provides a thorough overview of the current state of economy and stock market. Our another hand LankaBangla Investment is the market leader in supply creation of primary market in capital market. It completed price discovery of 1st issue under revised Book- building Method in 2013 and Launched AlphaPlus-Initial Received Consent for Public Subscription of UPGDCL under Revised Book Building Method.

2. Creating Convenience for our Customer

LankaBangla Finance Limited has reached to the major cities

and townships of the country by this time. We have 27 branches across the country to serve even retail businesses/ clients with a close proximity. LankaBangla Securities has another 10 branches around the country.

2.1 Doing Business with Smart Phone

We have launched “FinSmart” for our customers successfully from 13-Apr-2016. LBFL Mobile App “FinSmart” is a smart solution to get Products and Services related information of LankaBangla Finance Limited. For Example: If you have LankaBangla Credit Card, you can see your credit limit, outstanding amount, minimum dues etc. The Company has digitalized EZY Pay process, started Shikha Chatbot in Facebook Messenger, upgraded Finsmart app with enhanced features & API development for CAS, CMIS, MFS, IFS, inaugurated Online Application for Credit Card & Deposit Scheme. It is worthy to mention here that we have achieved ISO27001:2013 Certification in 2020.

LBSL added new features in i-Broker like Real-time Portfolio Status, Online Payment through Internet & Mobile Banking, Stock Watch list. Online Payment facility in i-Broker App now available in IOS devices.

2.2 The Portal

The financial world around us is changing with an inevitable power of information. The one who has it right on time acquires an ability to change the world around him. The faster a person has the access to information, the better decisions he makes. To cater to this demand, we are the first to launch a full-fledged financial portal in Bangladesh. This is a platform that will not allow you to leave the page for even one second because you will not want to! We have designed new portal to replace old LankaBangla Financial Portal which enable us to reduce considerable amount of Fixed Cost. Every possible information that you might be requiring, LankaBangla Financial Portal brings that at your desktop. From market news to DGEN graph and from Economic Indicators to various Analyst Tools, everything is available in this information hive. As the portal is updated on a real-time basis, it will never let you fall behind.

2.3 I Frame

LankaBangla Financial Portal proudly presents “Investor Relationship Pages” so that anyone can add value to his/her company website by strengthening the investor relationship section. We will provide the solution and maintain it for clients.

Complex financial data and news, delivered correctly and consistently, equally to all stakeholders at the same time. How important are your existing shareholders and new potential investors to your Listed Company? Presenting a fast and cost effective way for you to deliver shareholder value, over and beyond expectations, and stay ahead of BSEC legislation.

3. People are the business

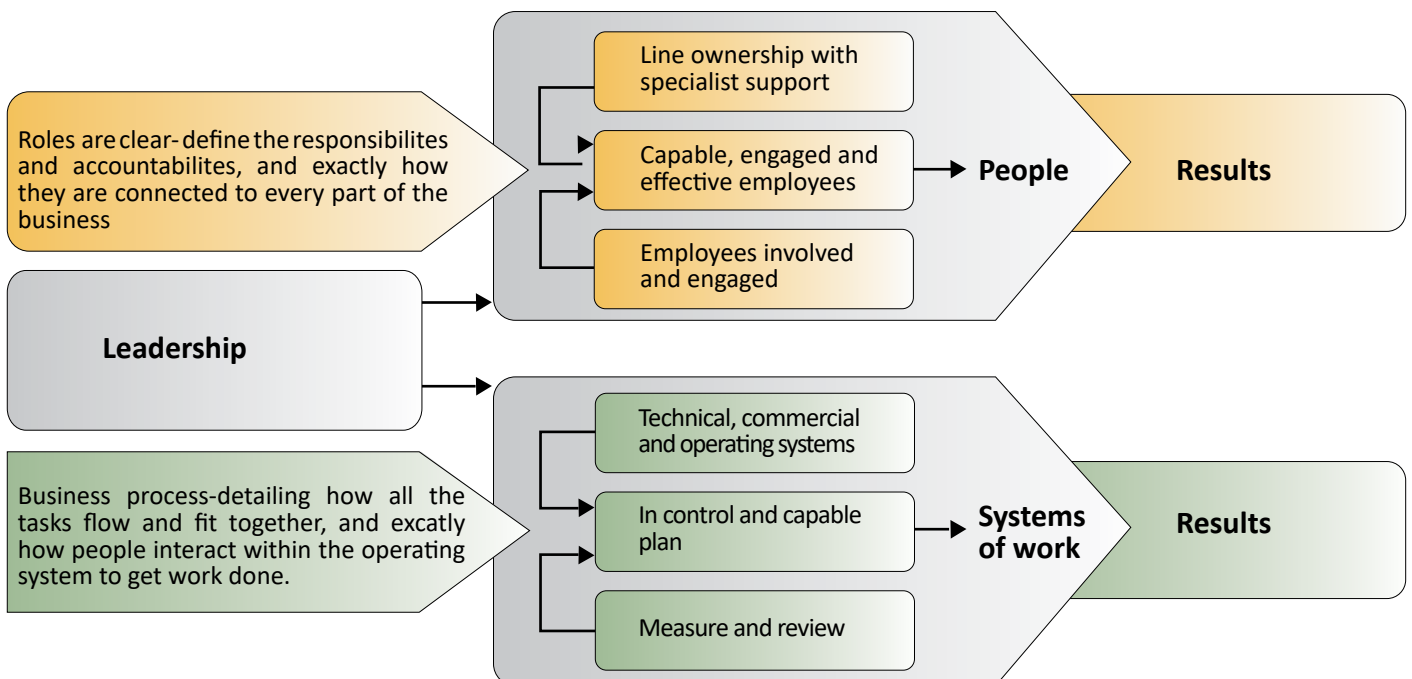
Our executive leadership team, led by our CEO, champions in terms of diversity and excellence. To enable us to work together effectively across the Company, the leadership team and human resources processes plays vital role.

3.1 Nurture High skilled talent pool

At LankaBangla, we are powered by talent. We consider our human resources as the most important asset and mobilize people and teams by engaging them in cutting-edge financial industry practices. An attractive employer, we offer a broad spectrum of opportunities for both professional and personal development as well as encourage a work environment that is characterized by respect, trust, cooperation and collaboration. We do so because the skills and enthusiasm of our employees are a major force that helps us achieve sustainable results.

3.2 Work life Integration

We encourage employees and managers to discuss both business and personal goals. Work/life flexibility creates a competitive advantage and addresses the needs of our multi- generational workforce. In response to the fetal impact of the Pandemic in 2021, LBFL immediately focused on life saving initiatives which included arranging disinfectant materials and instituting control in the office. Then facilitate remote office with the support of its strong IT backbone. We usually conduct different recreational



program with our personnel like Football tournament, Family day, women's day throughout the year most of which was postponed in 2021 to ensure social distance.

3.3 Creating Satisfaction at resources end

LankaBangla has always been passionate about Human capital management and takes responsibility for developing employee potentials and leveraging employee skills in the organization. LankaBangla continues to implement HR policies and practices that are aimed at growing and developing employees and ensuring their active contribution towards the achievement of corporate goals. LankaBangla believes that the skills and enthusiasm of its employees are a major force that helps it to achieve sustainable results. LankaBangla significantly considers human resources at corporate level, professional level, social level and overall national level. In this process LankaBangla not only identifies the value of human resources but also identifies and report investment made in human resources.

4. Create a Sustainable Brand

LankaBangla is one of the most trusted and respected financial institutions of Bangladesh. The Company is engaged in the country's economic progress through fostering entrepreneurship by disbursing loans to SME and arranging and disbursing loans to corporate customers. LankaBangla provides a better standard of living to the country's citizens by disbursing a wide range of retail loans. The Company ensures the financial security of a large population cross section by providing access to high-quality, interest-yielding deposits.

4.1 Investment in Brand

LankaBangla is continuously perusing to uphold his Brand value to Existing/Prospective Customers, Business Partners, Investors and other stakeholders. We are arranging Corporate Night, Treasury Nights to celebrate our relationship with growth partners. Our customers are honoring throughout the year in different festivals to remind them that LankaBangla feels their precious support to us in every step of success.

4.2 Assume Environment Stewardship

LankaBangla Finance has already established its "Green Banking Policy". A Green Banking Unit (GBU) has been formed with the task of developing policies, planning and administering the initiatives

LankaBangla takes pride for being one of the financiers of a project having

- ▶ one of the largest biological Effluent Treatment Plant (ETP) of the world,
- ▶ the first auto brick manufacturing project to implement flexible fuel technology trapping harmful CO2 emissions,
- ▶ Country's first lube re-cycling plant and so forth. Moreover as part of our response to the environment we at office;
- ▶ Only allow rational use of energy and promote the spirit of environment friendly action plans
- ▶ Use ISO certified paints while furnishing our office premises.
- ▶ Introduced automated e-alert system to ensure secured financial information flow to its clients in Bangladesh.
- ▶ Launch of e-mail based Customer Statement Delivery System to protect the environment by eliminating paper-based activities at office, protecting and preserving our environment for the next generation.

4.3 Support to underprivileged

LankaBangla is an inseparable and embedded part of the society. In addition to its economic role in society, LankaBangla also has several other roles and responsibilities towards society viz. responsible conduct of business activities while pursuing economic gains; the social and environmental responsibilities of the business towards its stakeholders; and business's contributions that would benefit the society at large. Our major CSR focus is to identify and support the underprivileged residing within the society. In 2021 the Company spend BDT 2.5 Million as its CSR activities.

5. Prudent Balance Sheet Management

5.1 Strengthening our Capital Base and Improve Our Funding positions

At LankaBangla Finance Ltd, Capital Management Policy sets out the principles and guidelines for effective and prudent capital planning, usage, and management. At LBFL, capital planning is done in alignment with the company's risk appetite and profile. Capital goals are set to incorporate both normal and stressful business conditions. As such, the goals take into considerations current and future regulatory requirements and economic conditions, and the expectations of stakeholders. In 2021, we emphasized on maintenance of asset quality, improvement in profitability, maintenance of hefty amount of subordinated debt, managing asset quality, revaluing investment in subsidiaries contributed to a strong balance sheet which in turn improves Capital Adequacy Ratio (CAR) of LBFL. Total supplementary capital of LBFL was BDT 2,490 million in 2021. LBFL's CAR also stood at 16.89% in 2021. At LankaBangla, Capital Management policy sets out the principles and guidelines for effective and prudent capital planning, usage and management. Tier I Core Capital of LBFL as at 2021 was BDT 9,278 million.

5.2 Diversify our Funding Sources

Issuing final and full trench of subordinated bond in penultimate months of the year, mobilizing decent amount of deposit, especially personal deposit, maintaining collaboration with financial partners LBFL has shown its strength to meet liquidity requirement. We have kept committed relationships with other banks and financial institutions that helps us to manage various mixed borrowings.

Our year end consolidated treasury borrowings balance stood at BDT 18,502 Million out of which BDT 7,802 Million were unsecured. Non-convertible subordinate bond balance of BDT 1,733 million was included in the balance of bank borrowing which helped to strengthen our Capital Adequacy ratio by providing support as Tier II Capital as we mentioned earlier. We have managed BDT 31 million year-end balance of Government Treasury Bill Bond. Due to high attrition rate of corporate and Institutional deposit, LankaBangla Finance Ltd. focused and successfully increased its Retail and SME deposit base. We will keep focusing on these sort of alternative sources of fund.

All these implies our capacity to retain strong liquidity position and prospective growth. During toughest time of liquidity management, we aim to maintain reliable and consistent relation with bank and financial institutions.

LankaBangla is the most active money market player with different short term instruments in the country.

HUMAN RESOURCE ACCOUNTING

LankaBangla has always been very passionate about human capital management and takes responsibility for developing employee potentials and leveraging employee skills in the organization. LankaBangla continues to implement HR policies and practices that are aimed at growing and developing employees and ensuring their active contribution towards the achievement of corporate goals. LankaBangla believes that the skills and enthusiasm of its employees are a major force that helps it to achieve sustainable results.

LankaBangla significantly considers human resources at corporate level, professional level, social level and overall national level. In this process LankaBangla not only identifies the value of human resources but also

BDT Million

	2021
Total employee benefits	882.58
Training Cost	7.09
Employee Benefit Per Employee	0.66
Training Cost per Employee	0.01
Gross Revenue per employee	5.69
Total Expenses per employee	4.76
Operating cost per employee	1.22
Operating profit per employee	0.94

Total value of Human Capital has been ascertained BDT 18,690 million in the year 2021 using present value of future earning model (Lev & Schwartz) by discounting total benefit payable to employees, which was considered minimum expected benefits for them up to retirement.

	2021
Human Capital (BDT Million)	18,690
No. of employee	1331
Per Capita Value (BDT Million)	14.04

Assumptions used in Human Capital Valuation:

- ▶ All existing employee will continuously serve the company up to their respective retirement.
- ▶ Average age of LankaBangla employees is around 35 years and hence it has been assumed that present set of employees will serve for another 25 years till the retirement age of 60 years.
- ▶ Employee payouts include all direct and indirect benefits (festival bonus, provident fund & gratuity) provided to them.

- ▶ Annual increment is estimated to be granted at 8% on average over the years
- ▶ The future benefits of all employees in each year are discounted at 10.08% to calculate present value, which comes with the last on the run 20 years Treasury bond rate plus 2.50% premium for risk.
- ▶ The value herein is an internal assessment based on above stated assumptions and subject to change for any deviations with the assumptions.

As per model we have capitalized the total value of employees as Human Capital. This year, our primary focus was on rationalizing our human resources for ensuring better quality of service as well as customer satisfaction.

BDT Million

	31-Dec-21	31-Dec-20
Assets		
Cash	641.04	630.75
Balance with other banks and financial institutions	9,457.78	9,728.25
Investment	3,883.39	3,025.77
Leases, loans and advances	58,775.03	54,709.35
Fixed assets including land, building, furniture and fixtures	1,669.21	1,718.10
Human Assets	18,697	16,991
Individuals' value	18,690	16,990
Value of Investments	7	1
Other Assets	8,108.11	7,000.31
Total Assets	101,231.56	93,803.53

Capital & Liabilities

Borrowings	16,188.02	12,460.71
Term deposits and other deposits	48,181.27	47,611.27
Shareholders' equity	11,073.88	10,447.70
Human Capital	18,697	16,991
Other liabilities	7,091.39	6,292.85
Total Capital & Liabilities	101,231.56	93,803.53

CAPITAL MANAGEMENT REPORT

Financial Capital

- ▶ Consolidated PAT BDT 1,305 million (LBFL BDT 609 million)
- ▶ Consolidated Shareholders' Equity BDT 10.67 billion
- ▶ Consolidated Fund Under Management BDT 154,982 million

Human Capital

- ▶ 1,331 talented employees
- ▶ Training conducted costing BDT 7.09 million

Manufactured Capital

- ▶ 27 LBFL branches along with and 10 LBSL branches
- ▶ 24/7 call center
- ▶ State of the art online trading window

Intellectual Capital

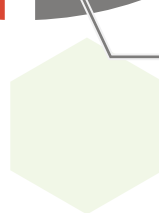
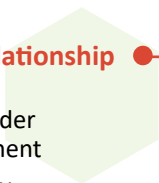
- ▶ Leadership in areas such as corporate finance, personal and auto loans
- ▶ Leading brokerage house in terms of transaction both in DSE and CSE
- ▶ Only NBFIs in Bangladesh to have Card operation

Social & Relationship Capital

- ▶ Stakeholder engagement
- ▶ Voluntary contributions towards CSR
- ▶ Committed towards sustainability





Natural Capital

- ▶ Green financing
- ▶ Green Banking initiatives



FINANCIAL CAPITAL

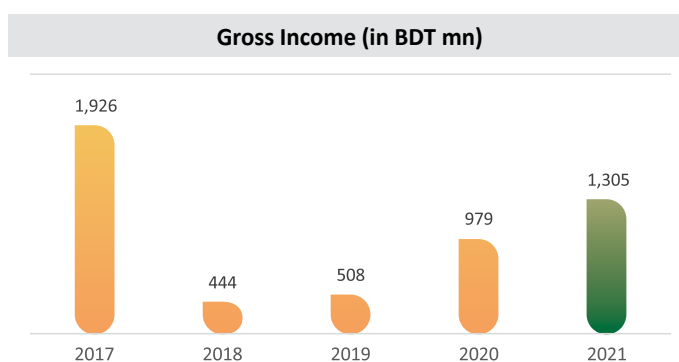
The funds we receive from capital providers and use to support our business operations and invest in our strategy. Our business activities are funded with financial capital, which includes reserves derived through share capital, other equity-related funding, and retained profits generated from operations.

Material Topics influencing the Capital Development Strategy	Key Pillars	Value Creation Highlights for 2021	Impact on other capitals	SDG relevance
<ul style="list-style-type: none"> ▶ Profitability and Financial Stability ▶ Corporate Brand Image/ Goodwill Building ▶ Sales promotions, marketing communication, and information about the company's products and services are all available 	Profit	<ul style="list-style-type: none"> ▶ 2021: BDT 1,305 mn Gross Income ▶ 23% Y-O-Y increase in net fee and commission income, driven by fees related to loans and advances, credit cards, trade and other electronic funds 	<ul style="list-style-type: none"> ▶ Allocating financial resources strategically to establish distribution channels in accordance with LBFL's expansion strategy would help to boost the market. ▶ Consistently improving financial performance over time contributes to the company's credibility and reputation in the industry. ▶ Strong financial outcomes would allow the company to allocate resources consistently in order to meet the needs of all major stakeholders. ▶ Improved financial performance enable the organization to boost wealth created for employees through higher-than-average compensation and benefits, enhancing motivation and employee satisfaction while decreasing employee turnover. 	   
	Asset Base	<ul style="list-style-type: none"> ▶ Cost-to-Income Ratio is 53% (2020: 64%) ▶ Asset Base: BDT 88.92 Bn 		
Liquidity	<ul style="list-style-type: none"> ▶ Tier I, Tier II and CAR stood at 14.75%, 3.05% and 17.80% respectively 			
Capital Structure	<ul style="list-style-type: none"> ▶ Dividend payout ratio: 42.08% 			
Strategic Theme for 2022				
<ul style="list-style-type: none"> ▶ Competitive Positioning ▶ Operational Excellence 				

Analysis of the Statement of Profit or Loss

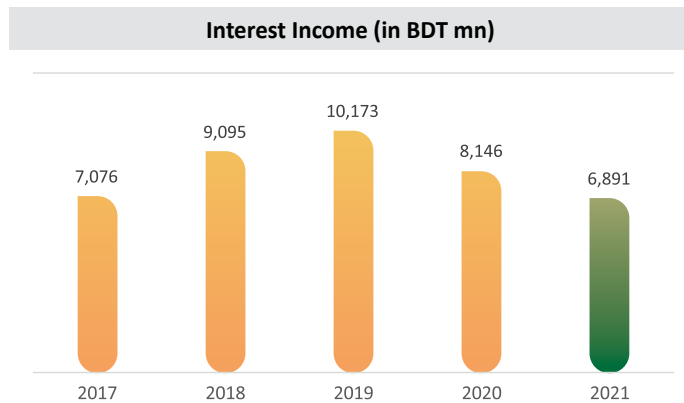
Gross Income

The consolidated gross income increased by 33% to BDT 1,305 million from BDT 978 million in 2020. This was a correspondence with effect from considerable amount of asset disbursement, optimization of operating expenses, and capital market upswing which has further resulted in all of its main subsidiaries reporting significant profit increases in their financials for the fiscal year 2021.



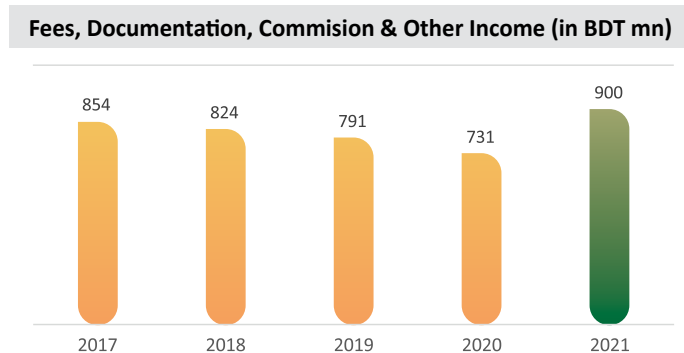
Net Interest Income

The primary source of revenue for the LankaBangla is interest income. Interest income fell by 15% in 2021 to BDT 6,891 million from BDT 8,146 million in 2020, while the average loan portfolio fell by 2% over the same period. In 2021, the interest suspense on margin loans increased by BDT 19 million. However, the Group's interest suspense balance climbed by 23% and LBFL's interest suspense balance increased by 27% at the end of 2021.



Non-Fund Based Income

LBFL recorded a fees and other operational income of BDT 900 million in 2021, a 23% increase from BDT 731 million, owing to an increase in disbursement from BDT 22,006 million in 2020 to BDT 34,269 million. The majority of this improvement was due to the success of retail finance, which was followed by the great performance of SME finance. The credit card portfolio is the core driver of retail portfolio performance, accounting for 74.15% of total retail finance. Despite the periodic shocks of the pandemic, the service fee generated significantly as the nation is hit by the second wave of the pandemic, owing mostly to the movement of businesses and customers to digital channels during the lockdown period and thereafter. As a result, fee was generated mostly through the electronic channels such as cards, reflecting a robust performance the past year resultantly mirrored by the income from credit cards which increased by 19.55% compared to the prior year. We were able to mobilize BDT 21,852 million in liabilities, BDT 11,161 million of which were retail term deposits, as a result of the credit card portfolio, which also contributed to a strong performance of service fees and commissions.

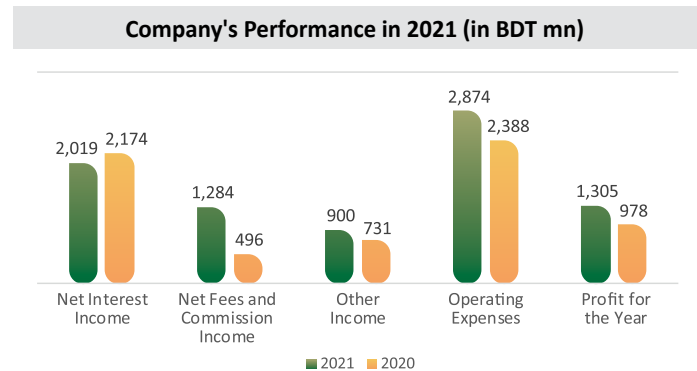


Operating Expenses

Operating expenses decreased by 20% on a Y-o-Y basis, from BDT 2,388 million in 2020 to BDT 2,874 million in 2021, which was a furtherance to the uptrend in the capital market, thus resulting in the activities of LBFL's subsidiaries to remain in full gear, throughout the year. However, LBFL's stringent cost optimization techniques implemented in response to the adverse macroeconomic conditions were essential in cost reduction. One of the primary priorities from the previous year was to optimize operating expenses, and we were successful in doing so.

Profitability

The profit before tax for the year 2020 was BDT 1,178 million which later on increased to BDT 1,305 million in 2021, reflecting a 45% increase. Alongside this uptick in PBT, the Net Profit After Tax (NPAT) also witnessed an increase of 33% to BDT 1,305 million in 2021, from BDT 978 million.



Return on Equity (ROE) and Return on Asset (ROA)

Reflecting our endeavors in the returns generated from both assets and equities, the consolidated ROA stood at 1.53% as opposed to 1.17% the previous year, and the consolidated ROE for the year 2021 stood at 12.60% from 10.02% in the prior year.

Analysis of Statement of Financial Position

Total Assets

LankaBangla's total assets reached over BDT 88,926 million at the end of December 31, 2021, up from BDT 81,835 million at the end of the previous year, a BDT 7,091 million rise (9%).

Loan Growth

As in the previous year, weak economic conditions curtailing from the pandemic, led to low demand for loans and advances throughout 2021. In the midst of these challenges, LankaBangla adopted a far-sighted approach towards granting new loans and reported a growth of BDT 4,415 million for the twelve months ended 31st December 2021, a 7.55% increase over the previous financial year.

Liabilities

LBFL's deposit reported a BDT 545 million growth, and posted a

BDT 47,676 million at 31st December 2021 with a year-on-year growth of 1.16%.

Simultaneously, term deposits also increased by 1.18% compared to the previous year. Overall, the total deposit portfolio grew by BDT 47,500 million at the end of 31st December 2021 compared BDT 46,946 million reported at the end of 31st December 2020.

Equity

Total equity of LankaBangla has reached almost BDT 10,678 million at the end of 31st December 2021, up from BDT 10,046 million at the end of the preceding year, an increase of BDT 632 million (6.29%).

Capital Adequacy Ratio and Liquidity

Throughout 2021, the Company remained well capitalized, with minimal leverage and strong levels of loss absorbing ability, with all capital indicators remaining well above regulatory norms. As of December 31, 2021, the Company's core capital Tier I, supplementary capital Tier II, and Capital Adequacy Ratio were 14.75 percent, 3.05 percent, and 17.80 percent, respectively, well exceeding the BASEL II recommended minimum capital requirements. Meanwhile, throughout the fiscal year under review, the Company maintained all liquidity ratios above the minimum standards.

Group Performance

LBFL consists of three subsidiaries: LankaBangla Securities Ltd., LankaBangla Investments Ltd., and LankaBangla Asset

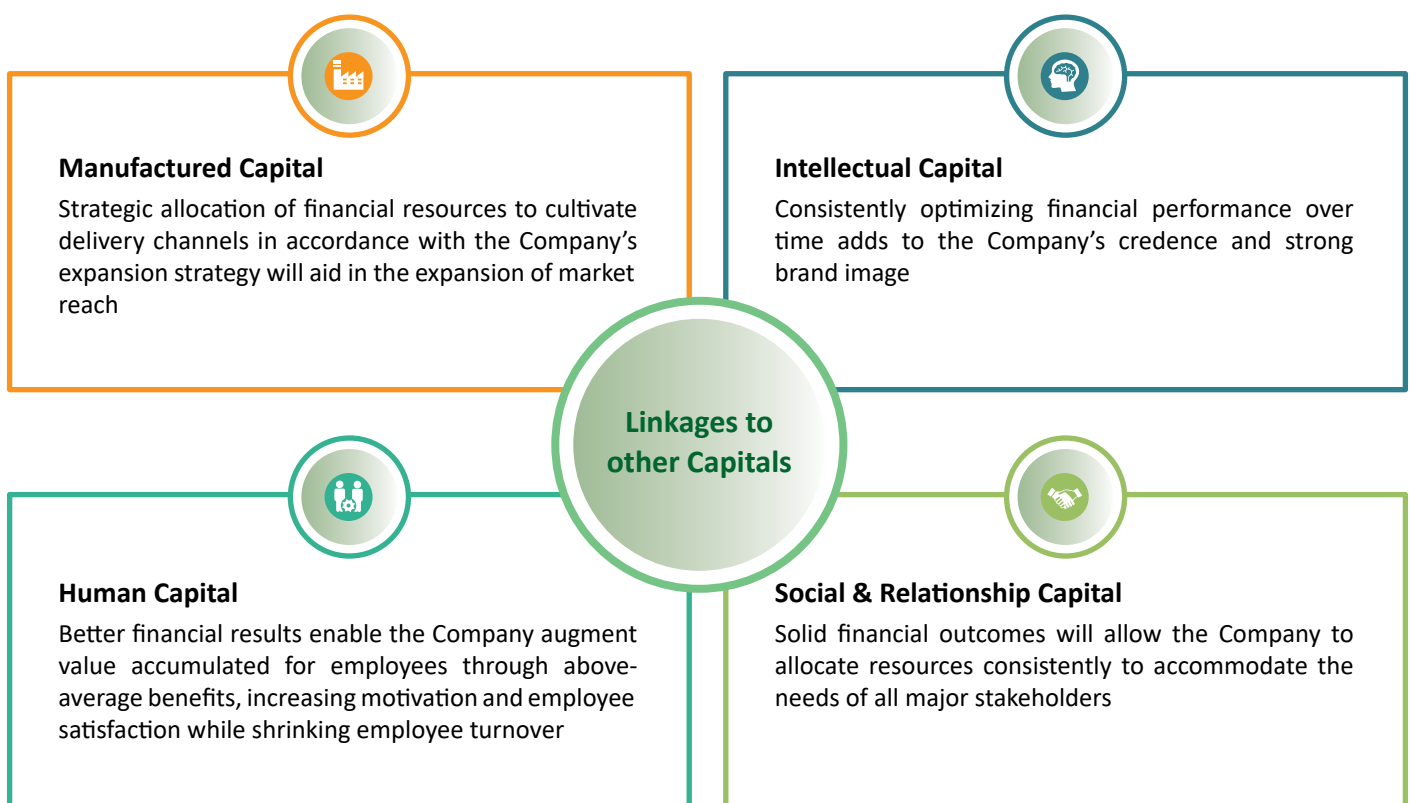
Management Company Ltd. All the companies have reported a resilient performance during these challenging times.

Performance of Shares

Following the resuscitation 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 exchange Dhaka Stock Exchange (DSEX) generating a 25.08 percent return in 2021. The total number of equities traded on the Dhaka Stock Exchange increased from 597 in 2020 to 616 in 2021.






Dividend

The Board of Director in its 136th Meeting held on 11 April 2022 has recommended to the shareholders a final cash dividend of BDT 1.00 per share (i. e. BDT 1.00 per share of TK. 10.00) each for the year ended 31 December 2021, constituting a dividend amount to reach at BDT 538 million. This will be considered for approval of shareholders at 25th Annual General Meeting (AGM) of the Company scheduled to be held on 31 May 2022. The dividend payout ratio of LBFL for year ended 31st December 2021 stood over 42.08%.



HUMAN CAPITAL

Our people and how we select, manage and develop them. This enables them to use their skills, capabilities, knowledge and experience to improve and develop products and services that meet the needs of our clients across the diverse regions in which we operate.

Material Topics influencing the Capital Development Strategy	Key Pillars	Value Creation Highlights for 2021	Impact on other capitals	SDG relevance
<ul style="list-style-type: none"> Talent Acquisition and Management Learning and Development Employee Engagement Employee Health and Safety Anti-Corruption Practices 	Remuneration and Benefits	More than 300 employees got recognized for their exemplary contribution and commitment towards business growth and core values	<ul style="list-style-type: none"> A performance-driven culture helps the business plan achieve superior financial performance. Learning and development interventions help employees to become more productive through better use of resources Employees who are emboldened are better equipped to provide the company's customer value proposition A highly talented and motivated team boosts the company's competitiveness and maintain a competitive edge 	    
	Learning and Development	Almost 31% of training activities conducted via the company's e-learning platform		
	Governance and Best Practices	126 Staff promotion		
	Digital Solution	Automation of routine HR processes to facilitate the redeployment of people towards more productive and rewarding roles		
Strategic Theme for 2022				
<ul style="list-style-type: none"> Driving a high performance culture Employee digital experience Creating a future ready workforce Operational excellence 				

Key performance indicators of HR practices and decent work responsibility

Like year 2020, COVID-19 pandemic took hold and shifted personal and professional lives again in 2021. To cope up with this, new and flexible thinking was required to motivate, engage and manage talent. The future of the workplace had already been evolving but the pandemic set in motion an acceleration in efforts and re-prioritization on management agendas.

We have a planned approach focused on building strong connections with our team members both individually and collectively, to ensure every team member is deeply committed to the LBFL's core values and purpose.

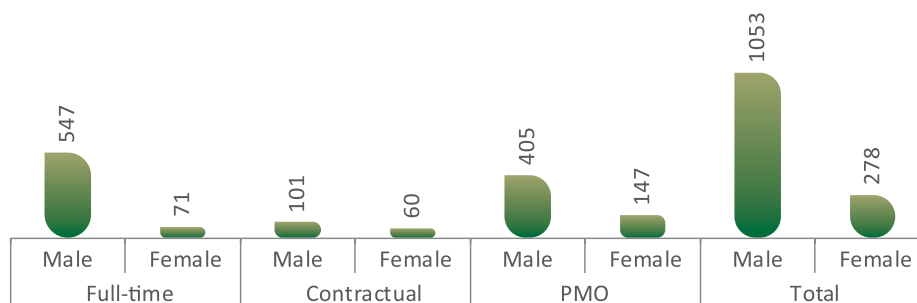
Employment Type: Full-Time, Contractual and Product Marketing Officer (PMO)

GRI: 102-8

In 2021, the company worked towards its headcount target, we continued with the process for restricted hiring to support company's strategic goal. Employees have been hired only to positions that are viewed as critical to company's success and future growth.

Employment Type	No. of Employees	Composition in%
All Employees of LBFL	2021	2021
Male	1053	79%
Female	278	21%
Full-Time	2021	2021
Male	547	89%
Female	71	11%
TOTAL	618	100%
Contractual	2021	2021
Male	101	63%
Female	60	37%
TOTAL	161	100%
PMO	2021	2021
Male	405	73%
Female	147	27%
TOTAL	552	100%
GRAND TOTAL	1331	100%

No. of Employee by Type and Gender in 2021



Age Analysis of Employees as at December 31

Category	Management Cadre		Non-Management Cadre		Menial Cadre		Total 2021	
	Male	Female	Male	Female	Male	Female	Male	Female
51-60 years	3	0	4	0	1	0	8	0
41-50 years	91	8	72	6	9	0	172	14
31-40 years	346	43	229	104	14	0	589	147
21-30 years	97	20	181	97	6	0	284	117
21 years below	0	0	0	0	0	0	0	0
TOTAL	537	71	486	207	30	0	1053	278

Service Tenure Analysis of Employees as at December 31

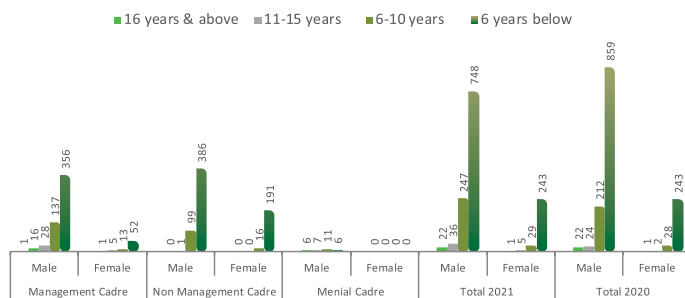
Category	Management Cadre		Non-Management Cadre		Menial Cadre		Total 2021	
	Male	Female	Male	Female	Male	Female	Male	Female
16 years & above	16	1	0	0	6	0	22	1
11-15 years	28	5	1	0	7	0	36	5
6-10 years	137	13	99	16	11	0	247	29
6 years below	356	52	386	191	6	0	748	243
TOTAL	537	71	486	207	30	0	1053	278

New Employees Hired

GRI: 401-1

Category	No. of Employees Hired
Management Grade	115
Non-Management Grade	202
TOTAL	317

New Employees Hired



Employment Status

GRI: 401-1

As mentioned earlier, hiring has been restricted to positions that are viewed as critical to company’s success and future growth. Of the total employee, 42% were confirmed in service whereas 4% were on Probation. Rest 54% of the total employees were contractual in the company. Of this 54% contractual staff 75% are Marketing Officers.

New Employees Hired

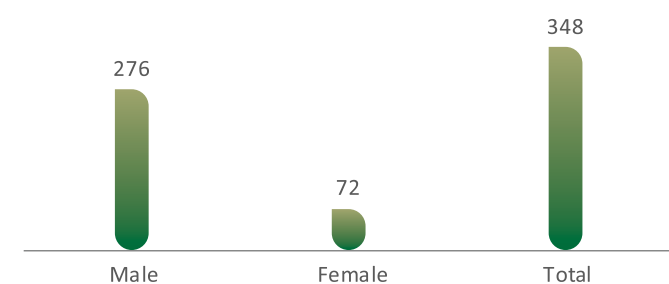
Category	No. of Employees Hired
Management Grade	115
Non-Management Grade	202
TOTAL	317

Employees Attrition

GRI: 401-1

Category	Gender-Wise Turnover	Percentage of Employees	Gender-Wise Percentage of Attrition
Male	276	79%	25.44%
Female	72	21%	26.09%
TOTAL	348	100%	26.15%

Gender-wise Employee Turnover



Employee Attrition Rate by Age Group

GRI: 401-1

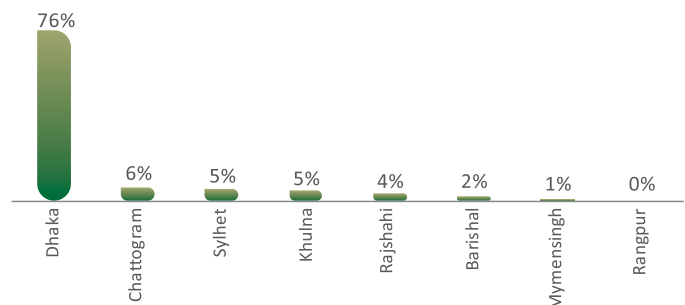
Category	No. of Employees Left
51-60 years	2
41-50 years	23
31-40 years	178
21-30 years	145
TOTAL	348

Geography-wise Employee Turnover

GRI: 401-1

Category	Gender-Wise Turnover	Percentage of Employees
Category	Turnover (No.)	Turnover %
Dhaka	266	76%
Chattogram	22	6%
Sylhet	19	5%
Khulna	17	5%
Rajshahi	13	4%
Barishal	7	2%
Mymensingh	4	1%
Rangpur	0	0%
TOTAL	348	100%

Employee Turnover 2021



Compensation and Benefits

GRI: 201-3, 401-2

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

Cash Benefits	Non Cash Benefits
Festival Bonus	Personal loan facility at a privileged interest rate
Provident Fund	Home loan facility at concessionary interest rate
Gratuity	Auto Loan for Executive grade employees
Annual Increment	Motorcycle for employees who need to visit outside office in regular basis
Performance related Bonus	Travel allowance & daily allowance
Performance Incentive for HRCs & PMOs	Fuel allowance and transport allowance

	<p>Disturbance allowance for temporary transfer</p> <p>Medical benefits enjoyed by all employees including life insurance and hospitalization insurance to cover up any medical emergency Insurance coverage for parents (premium paid by employee) which is managed by Human Resource Division</p> <p>Mobile allowance for all permanent employees</p> <p>Cost sharing for Professional qualification</p> <p>Reward and Recognition is created to set up a systematic process of expressing appreciation for employee's hard work, dedication and contribution to the company</p>
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Other Benefits

LBFL plan, design and arrange various job specific soft skills and technical training based on individual need assessment and business requirement

Orientation program for all employees (Management and Non-Management Grades including PMOs)

Response to COVID – 19

Recalibrating to Adapt to COVID-19 Challenges

- ▶ Proactive steps were taken to ensure employee safety; mask-wearing was made mandatory, installed physical barriers at counters and arranged sanitizing facilities at the entrance to each branch. All the office premises of LBFL were disinfected on regular basis.
- ▶ Branch operating hours were curtailed as per the guidelines issued by the Bangladesh Bank.
- ▶ New work arrangements, including the work-from-anywhere model were introduced for all employees.
- ▶ Provided emergency Transport facility for team ICT and Contact Centre team members for ensuring uninterrupted service.
- ▶ Critical resources were identified to deal with any emergency.
- ▶ HR Division with the help of the ICT team developed Vaccination Reporting tool in LBFL Intranet which is known as “Sporsho”
- ▶ A central database is maintained in the Human Resources Division regarding COVID infection of employees and their family members.
- ▶ Awareness e-flyer and emails were sent to all employees to keep them aware of the do’s and don’ts during pandemic.

Working Remotely

As COVID-19 pandemic took hold, our company faced significant challenges in order to continue serving clients, maintaining productivity and safeguarding the health and safety of employees. Considering this, LankaBangla Finance Limited has developed “Working Remotely” policy for all employees.

This practice is one of the growing megatrends in the world due to its unique attributes for the business. This model has already proved its effectiveness and multidimensional positive impact on our business and employee wellbeing with respect to managing operational cost, talent management, and the work-life balance of employees. This policy and practices are implemented to provide a guideline on eligibility,

mandatory practices, and obligations for both parties, precisely a complete framework on “Working Remotely”.

Learning & Development: Learning and Professional Development GRI: 404-1

Learning has long been a key element of our people strategy at the company. It is important for us to help our employees get better and better. We strive to do this by creating an engaging, personalized and varied learning experience accessible to all employees, at every stage of their career.

LankaBangla Finance Limited is dedicated in improving the professional competencies and performance of all its employees. As the year under review was an exceptional year, to avoid contamination from COVID-19, we have postponed many trainings. Still the company spent a total of BDT 7.09 million compared to BDT 1.27 million in 2020 (460% higher than 2020) on training and education programs for employees. All employees are subject to an annual performance review, at which they receive feedback on their performance and their development needs and potential as identified by the reviewers.

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

A total of 81 training programs, involving 2,763 nos. of participants, were conducted during the year. These programs were categorized as in-house, external and overseas training. We have also arranged e-learning for our employees. We have run 25 modules for e-learning of which 10 modules were developed for all employees in the year 2021 where in total 1,464 nos. of employees attended the program. Given the company’s strong commitment towards developing a learning culture, it is pertinent to note that employees underwent a total of 24,199 man-hours of training during the year on various knowledge building programs. It is to be noted that we are also focusing on providing trainings to our contractual employees as well.

Training Type	No. of Programs	No. of Participants	Person Hours
Overseas Training	5	9	368
External Training	35	209	2,860
In-House Training	16	1,081	4,457
E-Learning	25	1,464	16,514
TOTAL	81	2,763	24,199

Composition of Training Program

It is to be mentioned that, LBFL always focus on internal training rather than external training in the year under review. We have prepared our own customized course contents and hired specialist for those programs as and when required. We have also developed e-learning module with our own resources. In our internal training, we have our own resources as well to conduct the training. In 2021, of the total training, 20% was internal training, 30% were through e-Learning platform, 43% was external training and rest 6% was overseas training. This overseas training was online based from institutions like Massachusetts Institute of Technology (MIT Sloan), London School of Economics and Political Science (LSE), The Wharton School of the University of Pennsylvania (Executive Education), Cambridge Judge Business School for our top leaders.

Training Hours by Employee Grade

For creating a learning and development culture throughout LankaBangla Finance Limited, we have provided training to our contractual staffs as well as our sales forces. This will be a continuous learning process for them and helps them in honing their skills to penetrate the market effectively and efficiently since we believe in “Growing Together”. We will design and conduct more specific training for our sales forces and for our contractual employees as well in coming days.

Category	Male	Female
Management Grade	2,104	238
Non-Management Grade	168	145
Product Marketing Officer	77	31
TOTAL	2,349	414

Career Development Review & Succession Planning

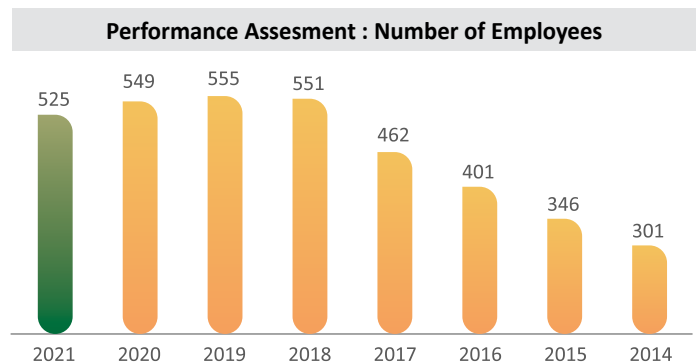
In the context of complex and special condition of the relevant industry, the primary assets of a business are the talents of its people, not the tangible and financial assets that make up the balance sheets. The cost of finding key talent and replacing key staff that leaves the company is expensive and time consuming. As a result, LBFL has the following procedure to ensure that they can continually develop and retain the talent that they groom through proper recognition and career enhancement. At the same time, we try to ensure that our operations do not become jeopardized due to the sudden departure of any key staff, so this policy also allows for some precautionary measures in terms of manpower planning.

- **Human Resources Planning:** Through Human Resources Planning (HRP), we analyse our human resources needs under changing conditions and develop the activities necessary to satisfy these needs. It helps to ensure that the right numbers of the right kinds of people are available at the right times and in the right places to shape the organisational plans into reality.
- **Human Resources Information:** In order to use the HR data effectively, it is important to update and manage Human Resources Information System in a structured manner. The data can be easily managed by a customised database to suit the management decision process of the Company regarding HR. The following information is essential in order to come to a sound and transparent decision regarding all HR issues such as transfer, promotion or redundancy:
 - ▶ Education record
 - ▶ Basic Personal Information
 - ▶ Training received
 - ▶ Job history
 - ▶ Performance rating
 - ▶ Extraordinary awards achieved
- **Career Management:** Based on the accumulated data, the management decides on the career progression of the key employee. This can happen along with the promotion or performance appraisal decisions. At the same time, the management may decide to groom potential talent among the staff through training and development efforts and also

ensuring the retention of the said talent within the Company. The HR Committee will review and develop structured Talent Identification Process along with required development interventions in this connection.

- **Succession Planning:** Succession plans establish the identity of the individual who will step in and assume the role of departed key employees, allowing companies to manage the transition and continue performing. To ensure this, we provide a mandatory 15 days or more Annual Block Leave at stretch to employees so that their senior team member can play the role of leader and can have hands-on experience of leading a team.

All employees of the company irrespective of their gender received formal performance and career development reviews during 2021. Annual performance reviews and the reviews conducted upon completion of probationary periods help the company in identifying and enhancing the potential skills and developing them as needed. As mentioned earlier, as a part of promoting our internal resources, contractual employees have been absorbed under Management Grade in 2021.



Reward and Recognition

GRI: 401-3

Reward and Recognition is a way to express appreciation for another employee's hard work, dedication and contribution to the Company. There are many levels of Reward and Recognition, to ensure both small contributions as well as the larger ones is recognized. Public recognition creates an environment in which all employees feel positive about the work place and sets a good example and motivates others to perform at a higher level. Moreover, the person feels that his/her contribution is valued by the organization.

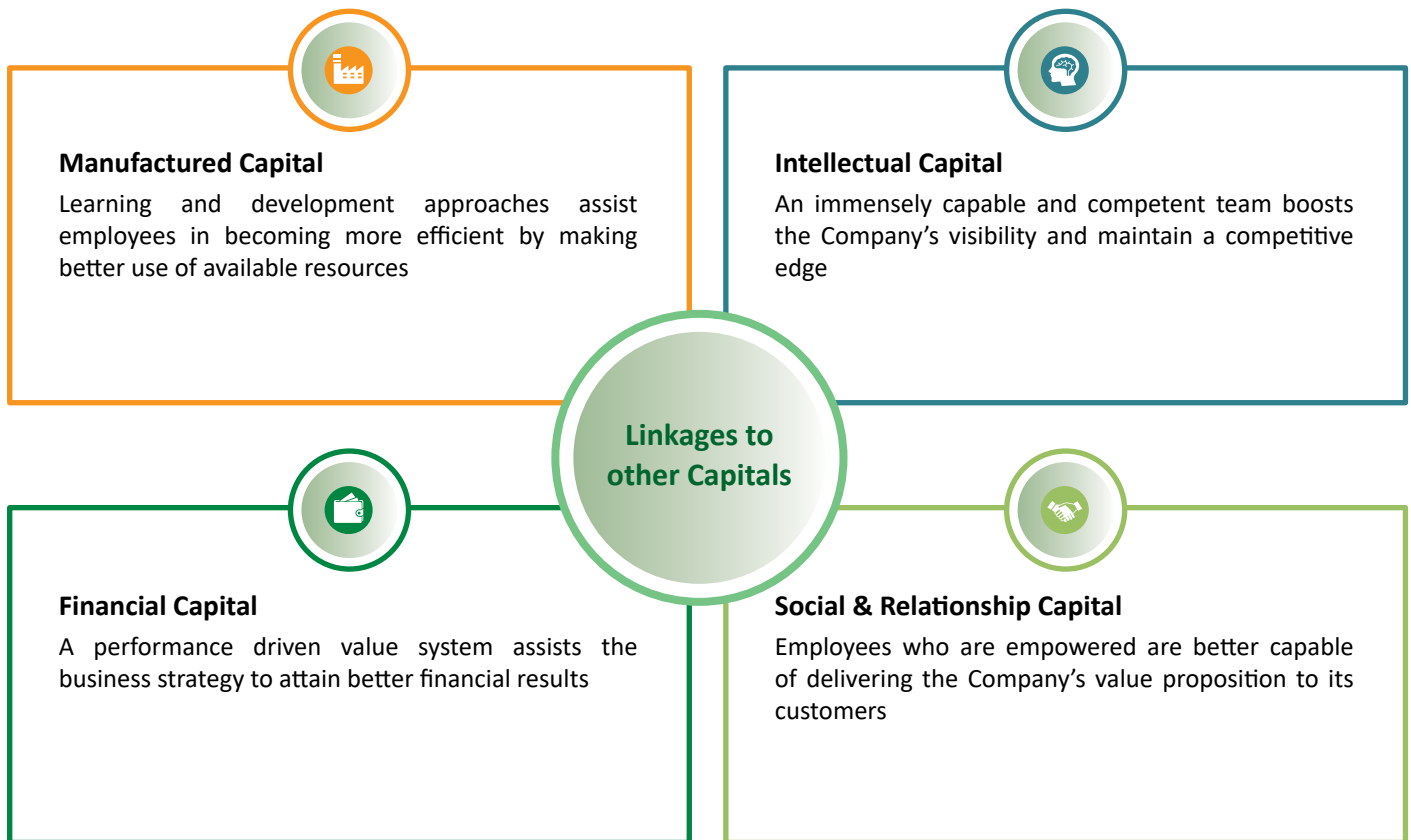
We have different reward categories:

- ▶ Chairman’s Eminence Award: Once in a year
- ▶ MD’s Brilliance Award: Twice in a year
- ▶ Departmental Proficiency Award: Twice in a year
- ▶ Individual Aptitude Award: Twice in a year
- ▶ “ICON” - A Recognition Program for Best Branch Managers (BMS): Twice in a year
- ▶ Dine with MD: Quarterly basis
- ▶ HEROES@WORK: By-monthly basis
- ▶ Integrity Award: Once in a year (As per Bangladesh Bank Guideline)
- ▶ SHIKHA Award: Once in a year
- ▶ Long-Service Award

In addition to above, we run several campaign for both assets and liability product throughout the year.

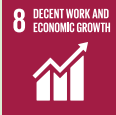


Proposed Action for 2022

- ▶ Focus on the change management process where we will seek increased automation and digitalization, thus releasing team members who perform traditional routine tasks for reskilling and subsequent redeployment to more value-adding tasks.
- ▶ Develop alternative work arrangement solutions that allow employees to be more productive to maintain a better work-life balance.
- ▶ Enhance the e-learning platform to ensure quality learning that can add value to the Company.
- ▶ Developing ERP-based Performance Appraisal System, which will ensure in providing timely feedback to concerned employees regarding their performance.
- ▶ Creating an internal high potential talent pool to meet the internal talent requirements for smooth operation of the business.
- ▶ Review and revamp LBFL's HR function to ensure a future-ready HR Division capable of driving the Company to the next level.



INTELLECTUAL CAPITAL

Intellectual capital refers to intangible resources that reinforce our company foundations in order to assist the smooth operation of day-to-day operations and to ensure the Company's long-term viability. We operate under the assumption that investing in our intellectual capital will provide the Company with a distinct competitive advantage over its competitors.

Material Topics influencing the Capital Development Strategy	Key Pillars	Value Creation Highlights for 2021	Impact on other capitals	SDG relevance
<ul style="list-style-type: none"> ▶ Corporate Brand Image/ Goodwill Building ▶ Digitalization Strategy ▶ Business Continuity Schemes ▶ Information Security ▶ Customer Privacy ▶ Customer Convenience ▶ Financial Inclusion Agenda ▶ Communal Development 	Brand Strength	<ul style="list-style-type: none"> ▶ Shikha Chatbot launched ▶ Re-launching of FinSmart app ▶ Shikha Credit Card Soft launch ▶ Strong presence on social media channels ▶ Account for customers to view their availed products 	<ul style="list-style-type: none"> ▶ The Company's strong competitive standing enables it to constantly enhance its financial performance. ▶ Allows for the provision of necessary system support in order to improve the performance efficacy of all distribution channels. ▶ Increases customer, business partner, and community trust ▶ Establishes a firm platform for staff to carry out their responsibilities efficiently and effectively. 	  
	Information Security	<ul style="list-style-type: none"> ▶ 800 secured VPN for work from anywhere ▶ DR and Near DR rolled out to preserve customer data 		
	Business Continuity Planning	Automation of routine HR processes to facilitate the redeployment of people towards more productive and rewarding roles		
Strategic Theme for 2022				
<ul style="list-style-type: none"> ▶ Competitive Positioning ▶ Customer Experience ▶ Operational Excellence ▶ Community Stewardship 				

Brand Strength


For more than two decades, LankaBangla has taken pride in its exceptional brand identity as a holistic financial service provider. With the altering business circumstances all over the world as a result of the pandemic, LankaBangla Finance Limited concentrated on solidifying its geographic and digital reach through cutting-edge digital technologies and solutions that provide a superior client experience.

Shikha's virtual assistant is now available to all current and prospective clients, allowing them to interact with a bot on

the company's website and numerous social media platforms for any type of enquiry or account information. If a customer has a specific question, they can also speak with a live agent. In addition to this development, LankaBangla had signed a white level agreement with Dmoney. In 2021, FinSmart, an app, was relaunched with new transaction features. FinSmart is a smartphone app for LankaBangla Finance Limited customers who have various products, such as a credit card, a loan, or a deposit scheme.

Shikha Chatbot Launch

Launching: 2021, May



LankaBangla Finance has launched its virtual assistant “Shikha” – a Chatbot to provide faster, improved, and convenient services for the valued customers.

'Shikha' Chatbot

Shikha Credit Card Soft Launch

Launching: 2020, June



Shikha Credit Card for women from LankaBangla evolves as a smart living solution. This preferred card ensures an ever growing range of rewarding value additions to her everyday lifestyle.

FinSmart App Re-Launch



Launching: 2021, July



LankaBangla Finance Limited brings out an updated mobile app Finsmart with all the necessary information and services to its customers. By FinSmart App, now without visiting any of the branches, customer can get the desired financial services at fingertips at any time. The updated app will be available in Google Play Store, Apple App Store.

Insurance-Backed Deposit Product (Swasti-Protiva)

Launching: 2020, June

LankaBangla Finance introduces two unique deposit schemes "Swasti" and "Protiva" with life insurance coverage at free of cost in Bangladesh.

The main objective of these two landmark deposit schemes is to build regular savings habits with an assurance of getting full maturity value for any unanticipated incident. LankaBangla Finance will pay the premium on behalf of the customers.

Brand Accolade

ISO Certification

Launching: 2020, December



LankaBangla Finance Limited is the first NBF in Bangladesh who has received the ISO/IEC 27001:2013 certification by the British Standard's Institute (BSI). This certification assures that the organization has met all requirements successfully, regarding Information Security Management.

Apply Online Anytime Anywhere for all the products

LankaBangla Finance started developing the ‘online apply’ platform during the pandemic. The provision to apply full application process with necessary document attachments without any assistance of a sales person contributes to the added customer experience.

Prospect Generation

Through Website: January 2021- December 2021

Department	Amount
Retail	1822
Corporate	24
SME	383
Deposit	2
Total	2231

Online Application

APPLICATION	LAUNCHED	APPLIED	SUBMITTED
Credit Card	Jan 2020	3003	534
Deposit	August 2020	1406	105
Personal Loan	April 2021	2584	36
Auto Loan	Nov 2021	3	1
SME Loan	20th Dec 2021	0	0
Total		6996	676

Digital Activities of LankaBangla Finance

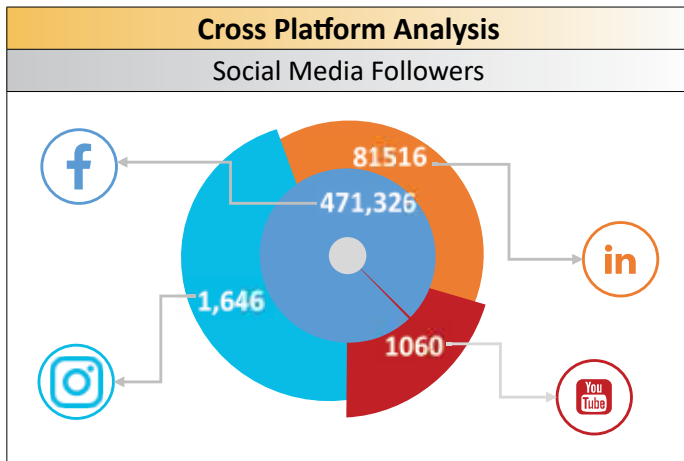
Strong Foothold on Social Media

LankaBangla Finance has a strong presence on social media channels, with a dedicated team to respond to client inquiries on our verified page. These social media platforms generate a considerable quantity of leads.

Social Platforms' Performance Overview

From 1st January, 2021 to 31st December, 2021





PLATFORM SUMMARY: WEBSITE

AUDIENCE OVERVIEW

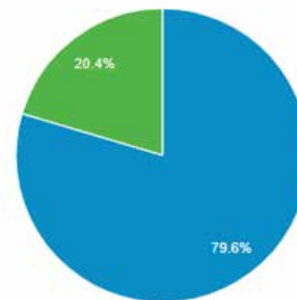


Audience Growth

From January to December, 2021

Category	Totals	Total Messages Received
Facebook	49,600 Page Likes	34.6 k
Instagram	207 Followers	
LinkedIn	10054 Followers	246 Comments
YouTube	390,000 impressions	
GDN	1,310,000 impressions	

■ New Visitor ■ Returning Visitor

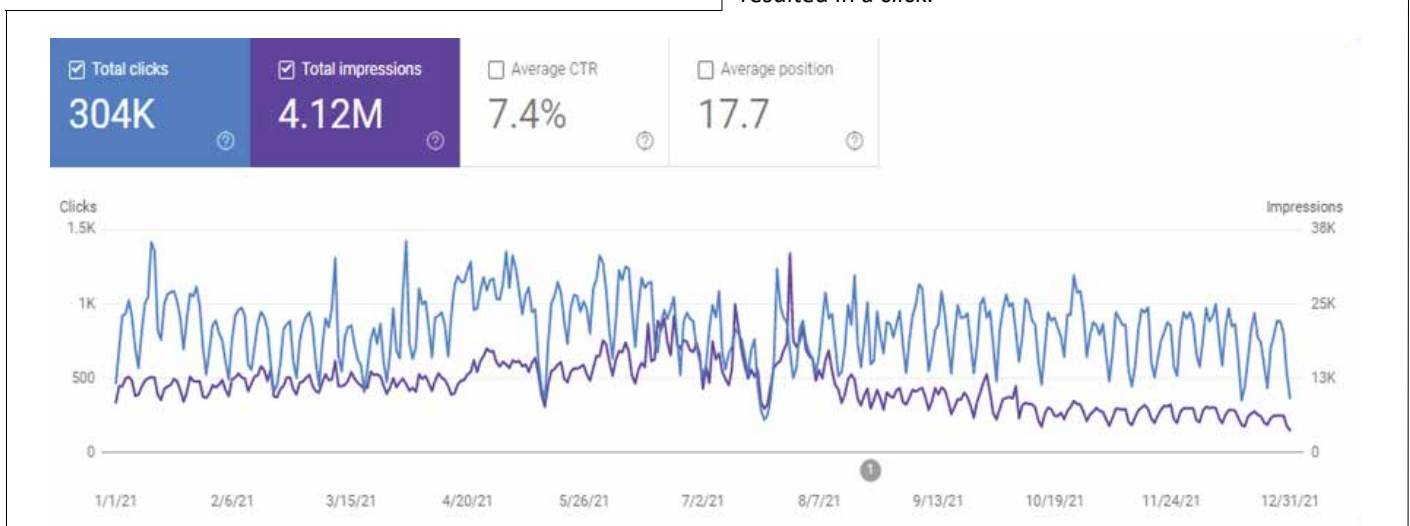


PR Valuation

Category	2020	2021
Press Release	32	35
Monitory Value (Approx.)	30,000,000	43,000,000

Google Search

The users clicked through to LBFL's website for 304K and 4.12M impressions were achieved by LBFL. Average CTR is 7.4% which refers to the percentage of impressions that resulted in a click.



Payment Operations with Digital Payment Based Organization

Driven by new innovations and digitization, LankaBangla Finance Limited is always one step ahead of the competition in providing better service to its consumers via modern technology. By

offering simple and safe financial services across the country, the company hopes to attract more people within its service umbrella. By innovating in the provision of financial services, the company has worked relentlessly to bring financial inclusion to the country.

LankaBangla Finance has struck into agreements with a number of digital payment solution-based organizations in recent years to facilitate clients' payment-related transactions. Customers will be able to conduct credit card bill payments, utility bill payments, and deposit related transactions from anywhere at any time using these businesses' apps. dMoney, Nagad, iPay, Ekpay, Upay, and other notable organizations have been contracted.




Business Continuity Planning with Digital Inclusiveness


In the world of the new normal, LankaBangla believes that digitalization and innovation would be pivotal to long-term sustainability and hence, integrates it with its business planning framework. The Company aspires to switch into being fully digital by 2023 and has taken its first step towards this transition as we tap on our future initiatives.

The Company's strong business continuity planning builds a solid ecosystem to handle the impact of major disruptions and ensure the continuity of all mission important operations as well as auxiliary services in day-to-day operations. Routine operational functions were decentralized and performed at branches, while non-core functions were approved to be done remotely by staff working from home or at the next branch. LankaBangla has begun to integrate its systems and procedures into digital platforms for both consumers and staff, consequently improving customer service quality and refining productivity, with the goal of cultivating efficiency by magnifying experiences. LankaBangla wants to improve their client experience by utilizing digital channels and models.

Firming up on Information Security System

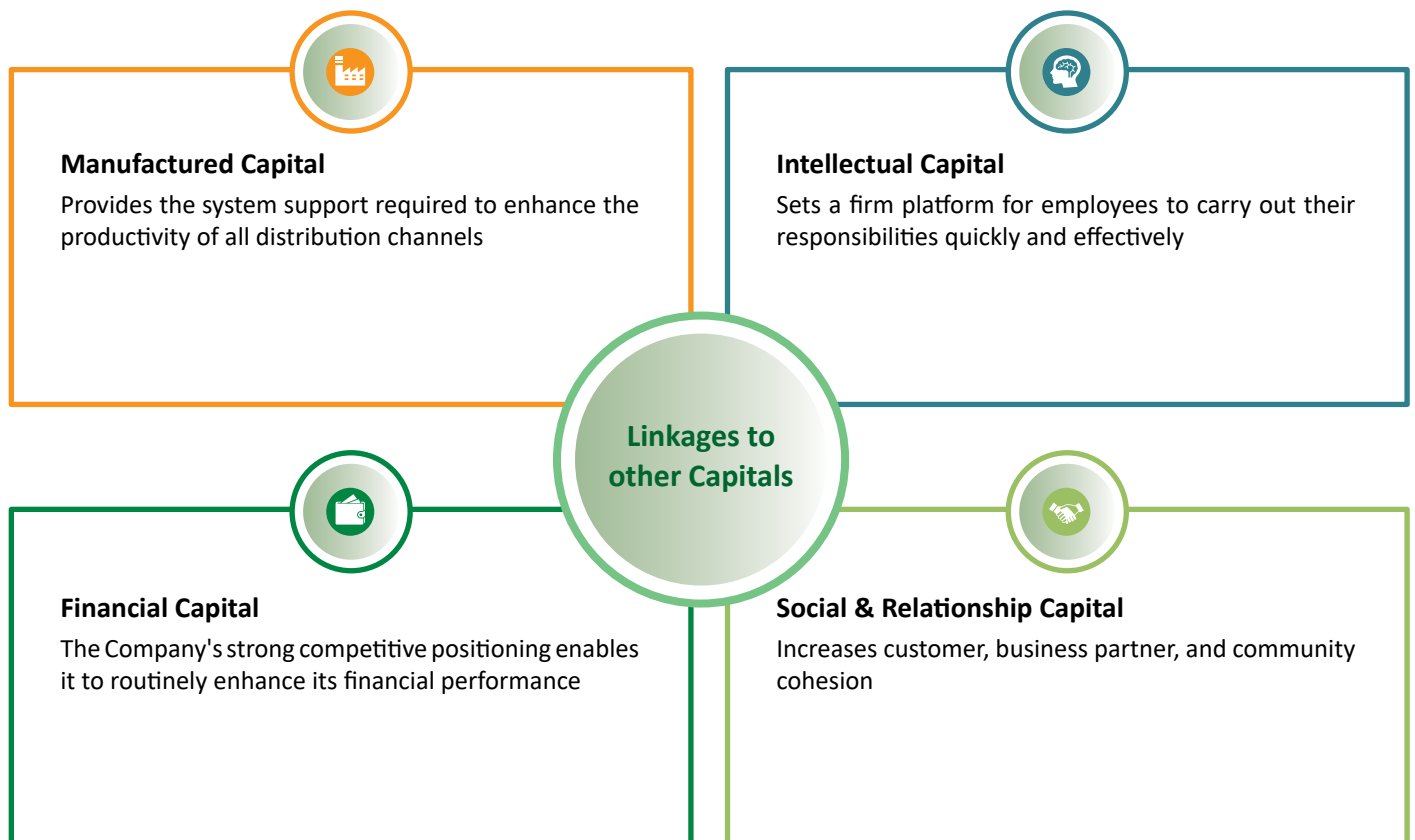
Meanwhile, as the world went digital, LankaBangla enhanced its systemic resilience to deal with the COVID-19 virus's effects. We have set up a home office for 800 users with secure VPN connectivity to let the business function smoothly.

	<p>100% licensed OS and Database LankaBangla is very keen to obey all compliances from the Central Bank and other entity as well as MasterCard and VISA inc. LankaBangla's all user device's OS is 100% licenced. And also licensed product for Oracl, Redhat etc.</p>
	<p>DR and Near DR since 2016 Tobe compliant and sensitivity of customers' data, LankaBangla established Disaster Recovery and Near DR site since 2016.</p>
	<p>EMV, Contactless and 3DS enabled Credit Card System LankaBangla has always been focused in adopting the latest technology and ensure customer security. EMV Chip Card and contactless card were rolled out in 2018. Also for e-commerce transactions, we follow 3DS method.</p>

<p>PCI-DSS Certification</p>
<p>Launching: 2021, July</p>
<div style="text-align: center;">  </div> <p>LankaBangla Finance Limited has received the Payment Card Industry Data Security Standard (PCI DSS). LankaBangla has received this certification for adopting and applying the mandatory controls set by PCI SSC to ensure the effectiveness, efficiency, confidentiality, the integrity of our credit card business operations.</p> <p>This certification entails that the organization has met all requirements with strong confidence regarding credit card security and becoming the first NBFi in Bangladesh to receive that accreditation.</p>

Proposed Action for 2022

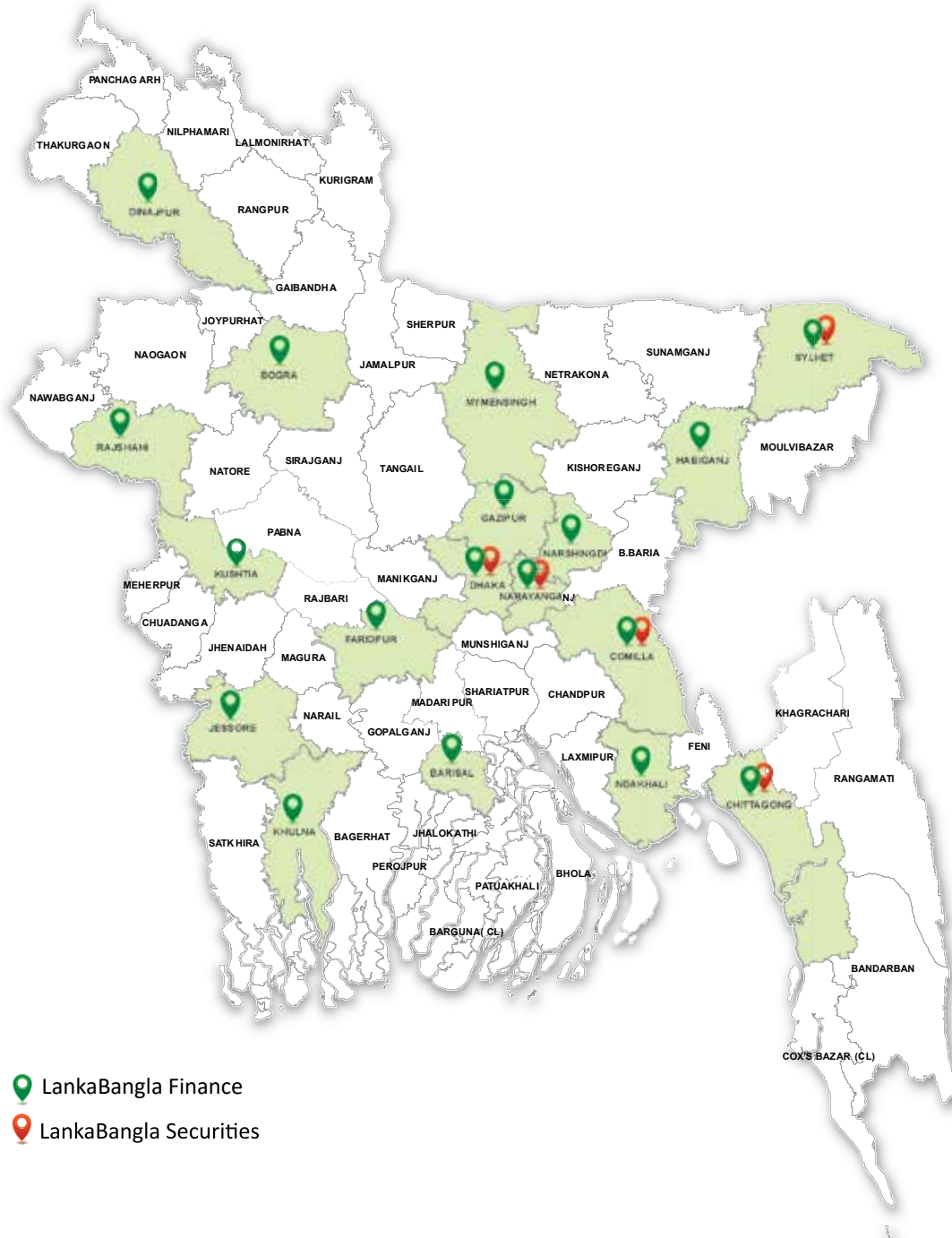
- ▶ Executives to use online application system, IFS, Chatbot, Credit Approval System and FinSmart to serve the clients better and faster
- ▶ Promote further Digital Payment Solution Campaigns
- ▶ Develop DR sites even more for identified business functions
- ▶ Open and execute digital survey for product insight and development
- ▶ Continuous customer and staff awareness programs
- ▶ Sponsorship event brandings
- ▶ Digital advertisements
- ▶ Outdoor media advertisements
- ▶ Dynamic advertisement and communication materials productions








MANUFACTURED CAPITAL

GRI: 102-4

The tangible and intangible infrastructure that we employ to conduct our business activities, such as our infrastructure, network, and information technology (IT) assets, as well as the national infrastructure of the country in which we operate. Our parent firm, LBFL, has 27 branches, and our primary subsidiary, LBSL, has 10 branches spread over Bangladesh, allowing us to expand our horizons and serve a bigger number of people with our valued services. We spent heavily in information technology to improve operational efficiency, which resulted in more pleasant services for our valued clientele. LBSL's online trading window allows its clients to easily access the stock market from remote locations and provides them with hassle-free trading services. We are devoted to further strengthening our branch network in order to outperform the possibility of expanding our presence into new frontiers. We are also committed to increasing our investment in information technology in order to improve service efficiency and realize our objective of becoming Bangladesh's most preferred financial service provider.

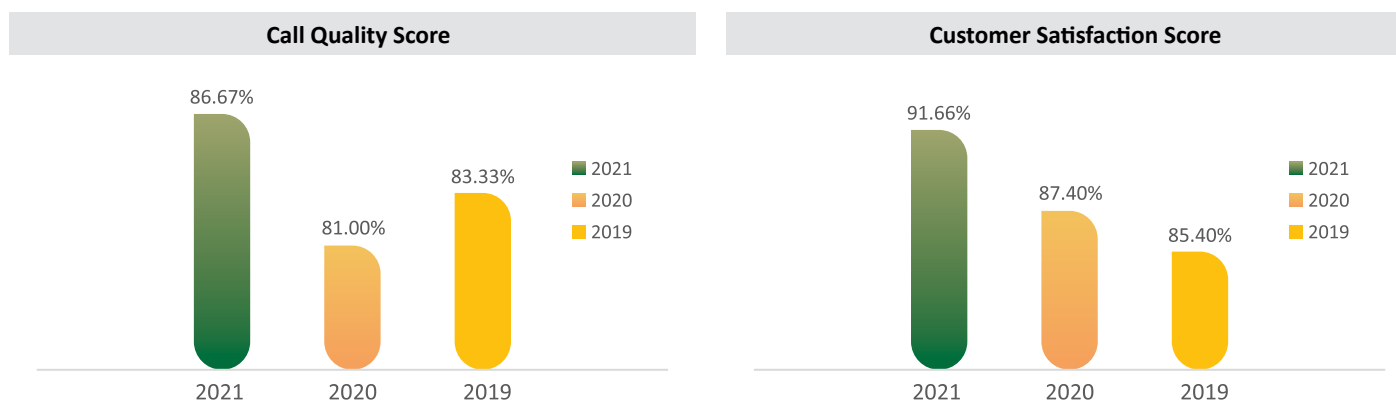


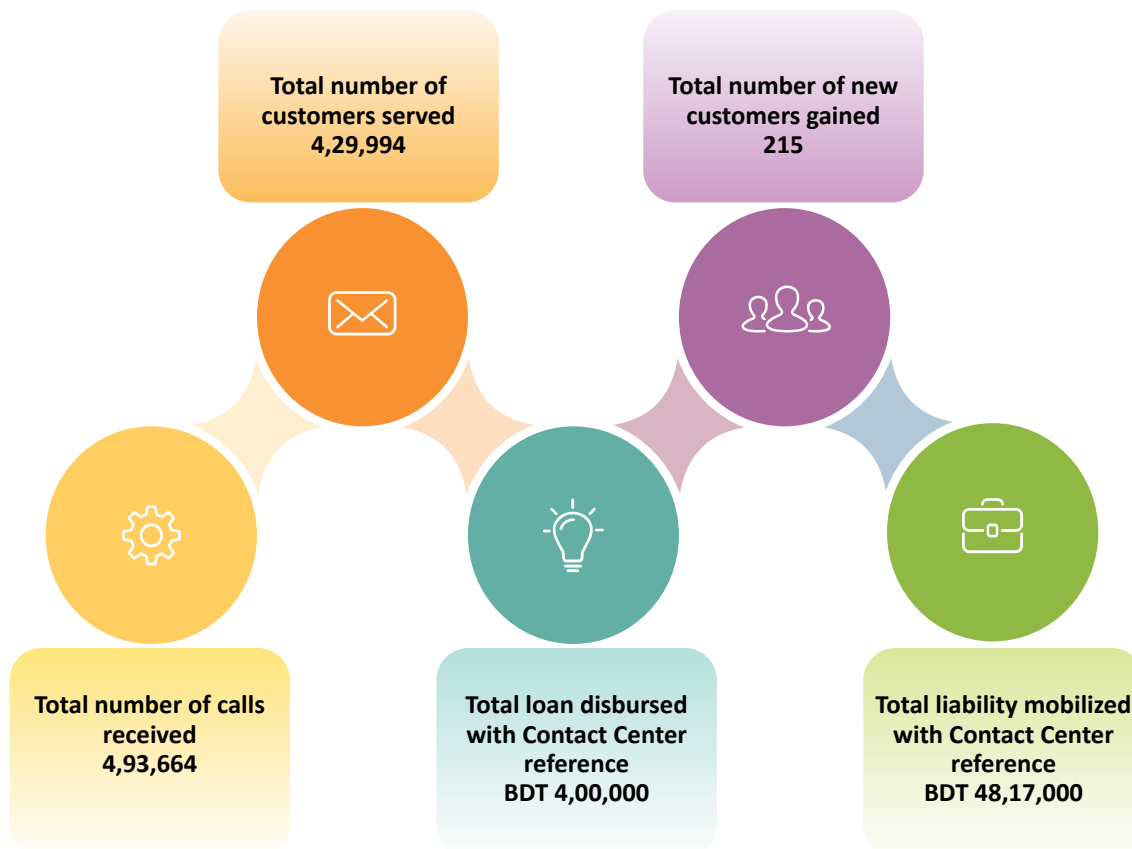
 LankaBangla Finance
 LankaBangla Securities

Material Topics influencing the Capital Development Strategy	Key Pillars	Value Creation Highlights for 2021	Impact on other capitals	SDG relevance
<ul style="list-style-type: none"> Physical Channel Digitalization Agenda Customer Convenience Customer Health and Safety 	Branch Network	<ul style="list-style-type: none"> 27 branches LBFL Contact Center 24/7 	<ul style="list-style-type: none"> Multiple banking channels enhance the number of income-generating avenues available to the company, hence increasing revenue and profitability. The dependability and high resilience of core systems assure business continuity, which benefits the company's reputation and increases brand equity. A broader range of outlets aids in gaining the trust of varied customer segments. A greater emphasis on digital operating solutions will reduce the consumption of paper, reducing the company's environmental effect. 	  
	Digital Channel	<ul style="list-style-type: none"> 137 tabs for sales force for online apply 		
	IT Infrastructure	<ul style="list-style-type: none"> Tier III Data Center 		
Strategic Theme for 2022				
<ul style="list-style-type: none"> Digital Footprint Paperless Operations Operational Distinction 				

Branch Network

The goal to consistently improve the value proposition delivered to customers through LankaBangla Finance Limited's branch network has been the fundamental underlying concept guiding LankaBangla Finance Limited's branch strategy over the years. Thus, LBFL highlighted the realignment of branch operations to support its clients, particularly during and after a pandemic, since it also focuses on being customer-centric. Throughout the year, the call center remained open 24/7, earning a stellar reputation with a high call quality and customer satisfaction score, both during and after the pandemic. In addition, new clients were successfully acquired in 2021. The performance was effectively supported by strong business continuity plans and strategies, which were implemented to ensure functional teams reported to work while administrative teams were allocated to work from home. Since 2016, LankaBangla has had a contact center capacity of more than 50 agents with a single short code 16325.





Sales force for Online Apply

LankaBangla Finance ICT Division created the OCAS Online Credit Approval System. The software connects Branch and Head Office procedures from application submission to approval, and it is projected to improve operational efficiency by shortening decision-making time.

OCAS is compatible with any platform, including laptops, Android, and iOS devices. As a test, we deployed 137 tabs for sales force. OCAS will also handle credit card, deposit scheme, personal loan, SME, Auto Loan, and Home Loan applications.

Creating Values to Our Customers

It is obvious from the outset that as a corporate participant, we understand our responsibility to the prosperity of society and the country as a whole. We want to be regarded as an organization that fosters long-term engagement with and provides superior customer experience, shareholders, employees, and the communities in which we operate. We define sustainability in the broadest sense possible at LankaBangla. It is about going about our daily lives in the proper way and continuing to play a role in tackling some of society's most pressing issues. Our operating branch network has grown to 27 in a short period of time, and we are planning future expansion.

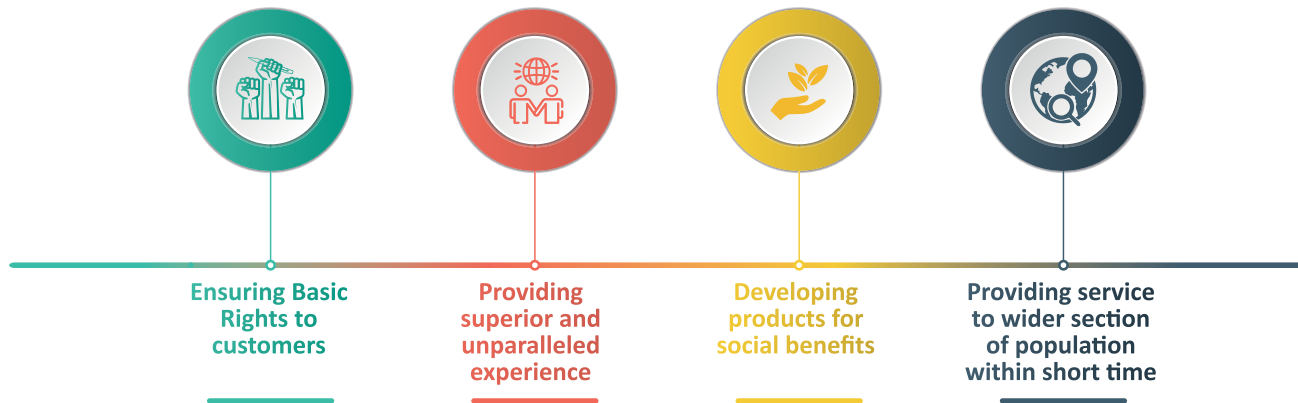
Basic Onuses to the Customers

LankaBangla Finance Ltd. believes in developing its financial operations by offering delicate financial services in addition to distinct items that can be consumed by all levels of society's clients. LBFL believes in expanding with its customers, thus it developed user-friendly products and services to ensure that all types of customers benefit and can grow alongside the firm.

Offering Remarkable and Unprecedented Services to the Customers

LBFL has been earnest about its duties and obligations to its customers from its inception, as customers are one of the important success factors. LBFL is enhancing client experience through building brand, an easy loan amortization technique, and customized services. LBFL also believes that it can assist assure dependable, appropriate, and accessible products and services to satisfy the needs and desires of our customers, allowing them to benefit.

Creating values to our customers



Customer Engagement via Frontline Level Channel

Innovation is a critical facet of sustainability because it demonstrates how we thrive at insuring and improving the financial well-being of individuals, businesses, and communities. Because of the pandemic and in attempt to lessen in-person engagements with our customers, we were primarily focused on communicating with them via call center, as we were last year. We use the call quality score and customer satisfaction score to acquire a real-time picture of the customer's experience with LBFL's product quality, convenience of transactions, and service assistance. It allows us to analyze client satisfaction at crucial points during their journey with us and implement improvement activities. We also have a well-organized system in place to handle client complaints. The online credit card and deposit application systems, which were established last year, have also garnered a lot of interest. Our contact center is unique in the Non-Bank Financial Institutions business, as it uses cutting-edge IVR (Interactive Voice Response) technology.

Providing Assistance to a Larger Population in a Short Span of Time

As LankaBangla Finance Limited feels that they are obligated to their clients, and they provide quick assistance to all difficulties raised by their clients. With the help of the department of IT's intellectual support, the organization provides solutions in the fastest feasible time through its branches all throughout the country. LBFL resolves concerns alleged by clients during the claims adjustment process and develops the causes so that the issues do not recur in the future.

IT Infrastructure

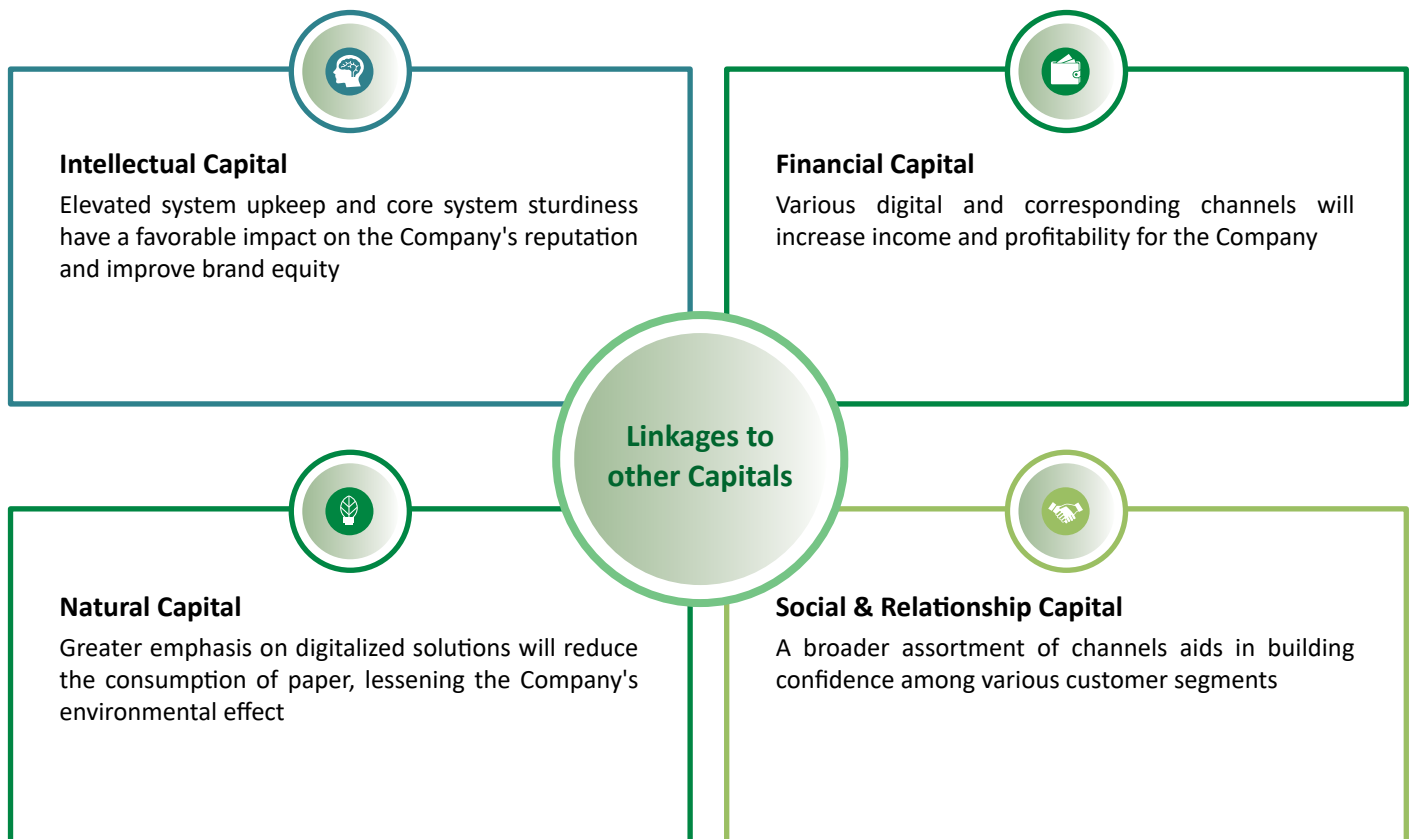
LankaBangla Finance's Data Center is Tier III certified and works in accordance with international standards and best practices for end-to-end redundancy protocols.

Digitalization for Geographical Expansion

LankaBangla intends to construct a hub and spokes model, with the goal of using it as a tool for the SME business line, as developing this business line is one of our primary goals for the future. Not only will the merging of the model in this business line help us expand our business geographically and make it viable to worm our way into the market of digitalization profoundly, but it will also be a cost-cutting method, vis-à-vis energy consumption via this model will contribute to the process of creating sustenance for the community, as additional spokes are established, the number of workplaces used decreases, and as a result, electricity and other energy and resources are used less.

Proposed Action for 2022







- ▶ Enhance customer experience through Digital Channels
- ▶ Execution of Lead Generation Programs for retail and SME division
- ▶ Development and rolling out on hub and spokes model for improved business functionalities
- ▶ Roll out more spokes in order to support the hubs
- ▶ Deeper market penetration with wider geographic reach, especially, for SME business
- ▶ Enhanced brand awareness
- ▶ Expansion at minimum cost
- ▶ Maximum utilization of resources



SOCIAL AND RELATIONSHIP CAPITAL

GRI: 203-2

The cooperative relationships with our customers, clients, capital providers, regulators, and other stakeholders that we create, develop, and maintain in order to remain commercially and socially relevant and to operate as a responsible corporate citizen are referred to as social and relationship capital.

Material Topics influencing the Capital Development Strategy	Key Pillars	Value Creation Highlights for 2021	Impact on other capitals	SDG relevance
<ul style="list-style-type: none"> ▶ Customer Convenience ▶ Customer Health and Safety ▶ Sales Promotions, Marketing Communication and Information Availability on Bank's Products and Services ▶ Research and Development ▶ Community Development ▶ Financial Inclusion Agenda 	Product Relevance	<ul style="list-style-type: none"> ▶ Improved performance of credit card portfolio and retail basket 	<ul style="list-style-type: none"> ▶ Improving the total client experience allows the company to increase revenue sources. ▶ Customer insights aid in prioritizing the company's efforts across physical and digital channels. ▶ Customer feedback aids in the development of staff capacity by increasing the relevance of training sessions. ▶ Building strong ties with customers and the community enhances LankaBangla Finance's brand reputation over peers 	       
	Product Innovation	<ul style="list-style-type: none"> ▶ Roll out on hub and spokes model for SME-led growth ▶ Execution and monitoring of Lead Generation Program through digital channels 		
	Digital Adoption	<ul style="list-style-type: none"> ▶ Shikha credit card soft launched ▶ Virtual Digital Assistance launched 		
	Customer Engagement	<ul style="list-style-type: none"> ▶ Use of digital channel to serve the clients better ▶ System of online application on any platform for SME and Retail products 		
Strategic Theme for 2022				
<ul style="list-style-type: none"> ▶ Customer Experience ▶ Digital Leadership ▶ Community Stewardship ▶ Competitive Positioning ▶ Operational Excellence 				

Product Relevance

Improving the relevance of LankaBangla Finance's product portfolio has always been important to the bank's customer strategy. The commitment of LankaBangla Finance to continually develop its products and services in order to optimize their social significance has proven to be a crucial differentiator in garnering the respect and trust of clients across the country.

LankaBangla Finance's exceptional stride in its retail basket, rationalizing to be the main driver of the improvement in its disbursements, thus ensuring that its retail basket is relevant, especially the crux of the portfolio's driver is the company's credit card basket, which strives to deliver stellar results for the past few years.

Product Innovation

Product innovation has been one of the major pillars of LankaBangla Finance's market competitive advantage. Over the years, LankaBangla's unique financial services provided, have served to solidify the Company's position as one of the trusted partners to its customers.

The future focus has been on the expansion of its SME business line in order to enhance its customers' experiences while also walking on its road to viability. Along with expanding its retail portfolio, the Company intends to expand through its SME basket, thereby providing a differentiated value proposition to its customers. With SME-led growth, the Company also makes advances to stimulate digital adoption among customers and within the business, thereby combining the SME business with the hub and spokes model and constructing overall resilience to sustain the system.

Customer Engagement

With a strong foundation provided by the digital ecosystem created over the years, the Company was able to accelerate its digital initiatives to provide clients a completely more comfortable digital experience to assist them adapt to the new normal environment in 2021.

LankaBangla Finance Ltd. believes in expanding its financial operations by providing delicate financial services as well as distinct commodities that may be consumed by clients at all levels of society. Because LBFL believes in growing with its customers, it has created user-friendly products and services to ensure that all sorts of customers benefit and can grow alongside the company. Since its inception, LBFL has been diligent about its duties and obligations to its customers, as consumers are one of the most significant success components. LBFL is improving the client experience by developing a brand, a simple loan amortization method, and tailored services. LBFL also believes that it can help provide dependable, acceptable, and accessible products and services to meet our customers' needs and preferences, allowing them to benefit.

Community Development

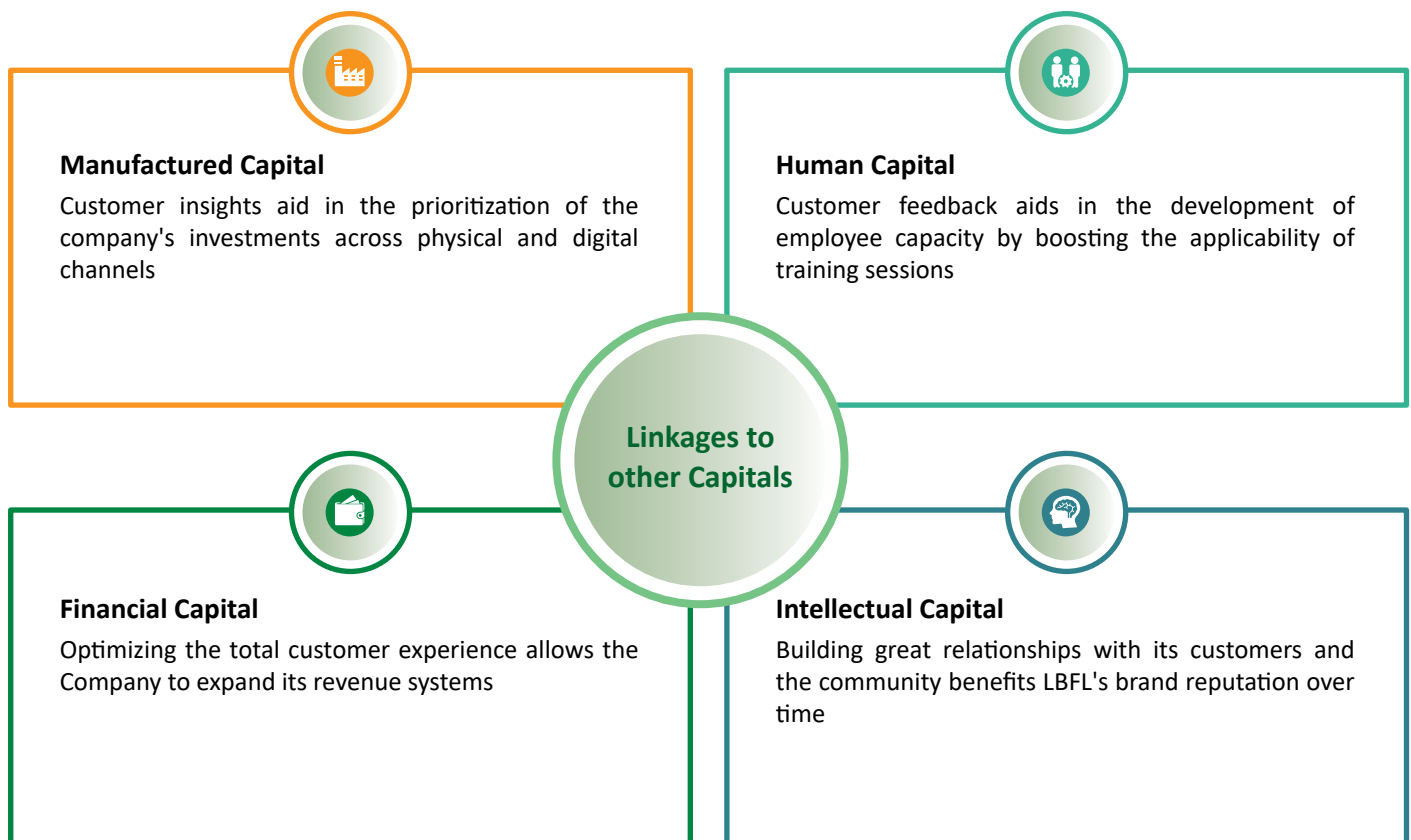
LankaBangla's Corporate Social Responsibility (CSR) is a type of corporate self-regulation integrated into our business model with the goal of good business for good society. In all business activities and interactions with stakeholders such as shareholders, customers, employees, suppliers, business partners, local communities, and other organizations, we prioritize social and environmental concerns.

The Company believes that with its CSR policies and principles, it can achieve a balance of economic, environmental, and social imperatives ("Triple-Bottom-Line-Approach") while also protecting the interests of stakeholders. It has also significantly improved its company processes, as well as its corporate governance and compliance, in order to support seamless and effective operations. As a result, it has been able to contribute to the creation of a more sustainable society. LankaBangla Foundation provides assistance to poor members of the community in order to assure their education, health, and well-being.









Proposed Action for 2022

- ▶ Expand market research activities to understand evolving customer demographics and map rapidly changing customer behavior patterns
- ▶ Prioritize the introduction of new digital solutions that have the ability to transform the local operating landscape.
- ▶ Expand the women entrepreneurial products and SME businesses
- ▶ A CSR wing is be formed with members from the Sustainable Finance Committee to provide assistance and advisory support to Sustainable Finance Unit for CSR activities.



NATURAL CAPITAL

Environmental Protection and Conservation is considered a substantial topic in LBFL’s journey towards evolving into a truly sustainable NBF. As one of the promising NBF of Bangladesh LBFL’s fundamental approach to preserve Natural Capital is premised on responsibly managing the environmental and social risks associated with its own operations as well as the client businesses, in order to minimize the negative impacts on the environment and its stakeholders.

Material Topics influencing the Capital Development Strategy	Key Pillars	Value Creation Highlights for 2021	Impact on other capitals	SDG relevance
<ul style="list-style-type: none"> ▶ Protection and Conservation ▶ Corporate Brand Image / Goodwill Building 	Resource Efficiency	<ul style="list-style-type: none"> ▶ Significant reduction in electricity consumption at all the branches including head office 	<ul style="list-style-type: none"> ▶ Higher market share in the green financing area will help to drive revenue and profit targets. ▶ Provides the opportunity to introduce innovative solutions to update/replace traditional banking models ▶ Enhances LBFL’s reputation as an NBF that prioritizes sustainable operations. 	     
	Responsible Lending	<ul style="list-style-type: none"> ▶ 9.095% of total loan disbursed as sustainable finance 		
	Environmental CSR	<ul style="list-style-type: none"> ▶ About 2,000 saplings of fruit-bearing and wood trees were planted 		
Strategic Theme for 2022				
<ul style="list-style-type: none"> ▶ Competitive Positioning ▶ Digital Leadership ▶ Operational Excellence ▶ Paperless Operations 				

LBFL’s operations cause very little direct impact on the environment. Nonetheless, stemming from its ambition to be a truly sustainable corporate entity, it has always made a circumspective endeavor to accomplish even the slightest environmental impact arising through its business. Per se, it considers Environmental Management to be a material topic driving its strategic accomplishments. Spearheading its journey towards becoming a truly sustainable NBF is a wide-ranging Environmental and Social Management System (ESMS), which is supported by a solid operation structure that outlines strong lines of responsibility accompanied by specific goals to achieve its environmental performance and drive endless development.

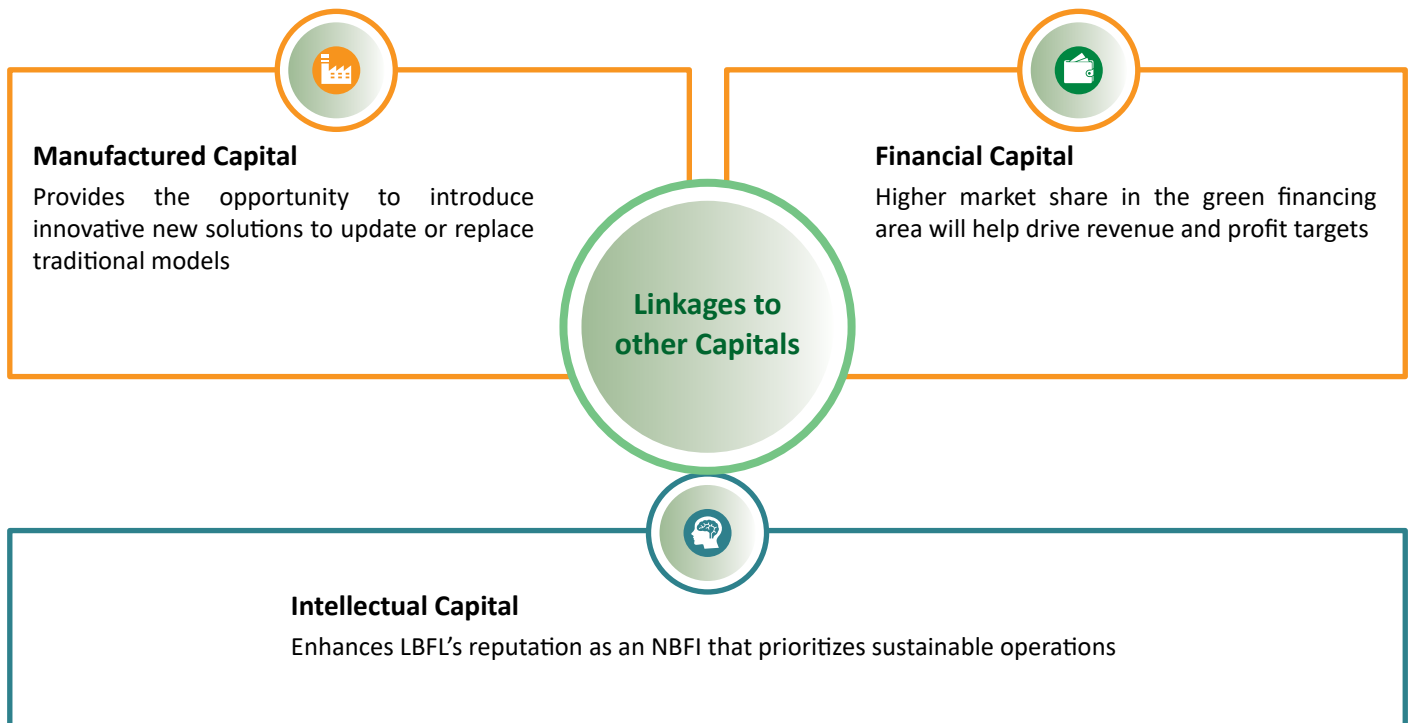
In August 29, 2021, LBFL took steps to promote strengthen governance and facilitate more proactive decision making at a strategic level, by reforming the sustainable finance committee. The Committee comprising sustainability and other relevant business units, will provide omission for refining its risk details in response to new social and environmental trends that arise periodically.

Resource Efficiency

LBFL has always believed that the efficient use of resources brings multiple benefits. It not only minimizes environmental imprint and generates cost savings that gives a viable advantage, but also helps to address the wider challenges arising as a result of climate change. Having advocated resource efficiency as a major enabler for sustainable growth now and in the future, it is looking to change its operational structure to motivate resource efficacy at all levels of operation.

Proposed Action for 2022

- ▶ Promote Green Financing to minimize and mitigate our environmental impact
- ▶ Responsible consumption of resources to reduce GHG emissions and resource wastages
- ▶ Support tree plantation programs as part of our CSR activities



BUSINESS REPORTS



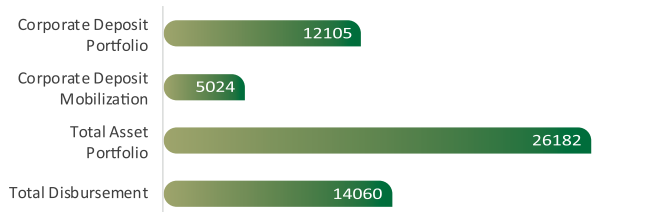
CORPORATE FINANCIAL SERVICES DIVISION

“ In a bid to secure loyal customers for LBFL, SCF created a mutually beneficial relationship with LBFL's corporate customers through excellent branding. SCF assisted and carried out a three-month campaign and social media promotion via EDM (Electronic Direct Mail), through which product awareness was spread among customers, and also published an article about Supply Chain Finance in a magazine called Supply Chain Street. ”

Overall Performance

The focus of LankaBangla on expanding its Corporate Business portfolio has maintained into 2021. A total of BDT 14,060.31 million in corporate lending has been disbursed for the year 2021, representing a 155.64% increase over the previous year's disbursement of BDT 9,034 million. The corporate portfolio's NPL rate is 5.39%. Because of the growing emphasis on Corporate Business, disbursement has increased.

Corporate Financial Services Division Highlights (in BDT mn)



Large Corporate (LC)

Large Corporate unit provides a diverse array of solutions for the corporate houses to expand their business and realize their vision. Large Corporate also actively takes part in refinancing schemes provided by Bangladesh Bank and other foreign funds like Fund from ADB, JICA, Sustainable Finance, Lead Certified Building, ETP Plantation, etc. Major products & services under Emerging Corporate Unit are: Term Finance, Short Term Finance, Revolving Finance, Lease Finance, Loan against Deposit, Work Order Finance, Club Finance, Bridge Finance etc.

- ▶ In 2021, Large Corporate Disbursed BDT 3,582.00 Million. Around 75 nos. of customers were served.
- ▶ At the year-end 2021, portfolio stood at BDT 15,503.29 Million. Portfolio growth was 11.39%. Percentage of Non-Performing loan was 2.70%.
- ▶ In 2021, LC successfully settled Problem Account amounted to BDT 142.85 million. Total Collection during 2021 was BDT 3,161.49 Million.
- ▶ During the year LC achieved total Fee based Income of BDT 10.65 Million, which was 143.15% of assigned target of BDT 7.44 million.

Emerging Corporate (EC)

Emerging Corporate unit offers comprehensive suite of products & services to cater the growing needs of emerging corporate customers from various business segments. Being a relatively new Department, Emerging Corporate of LBFL started its operation on a full-fledged basis from 2019 and since then, it has been evolved as one of the most preferred financial partners of the emerging corporate customers. Major products & services under Emerging Corporate Unit are: Term Finance, Short Term Finance, Revolving Finance, Lease Finance, Loan against Deposit, Work Order Finance etc.

- ▶ In 2021, Emerging corporate disbursed BDT 3,152.79 Million. Around 57 nos. of customers were served.
- ▶ At the year-end 2021, Portfolio stood at BDT 7,454.65 Million. Percentage of Non-Performing loan was 1.35%.
- ▶ In 2021, EC successfully settled Problem Account amounted to BDT 456.52 million. Total Collection during 2021 was BDT 3,126.62 Million.
- ▶ During the year EC achieved total Fee based Income of BDT 17.25 million, which is 426.98% of assigned target of BDT 4.04 million.

Project, Structured and Sustainable Finance (PSSF)

Project, Structured and Sustainable Finance unit is one of the key focus unit of LBFL. This unit has institutionalized capabilities to successfully manage the unique and multidimensional process of project finance transactions led by customized product offering approach. Major product & services under Project, Structured and Sustainable Finance unit are: Syndicated Project Finance (Term Loan), Alternative Modes of Capital Raising (i.e. Bond, Preference Shares etc.), Offshore/DFI/low cost structured solutions, Green/Sustainable Finance, Islamic Shariah Compliant Financing Solutions, Corporate Advisory Services etc.

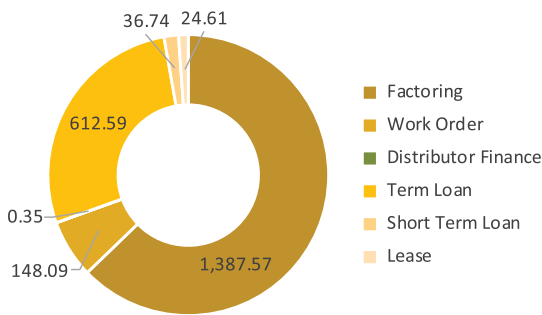
- ▶ At the year end of 2021, loan portfolio of Project, Structured and Sustainable Finance Unit stood at BDT 1,014.68 million. Against the portfolio, PSSFU managed to get BDT 137.12 as refinancing from Bangladesh Bank.
- ▶ In the year 2021, PSSF also played a key role in arranging USD 21 million foreign financing for LankaBangla Finance Limited.
- ▶ In 2021, PSSF successfully closed a syndicated deal of BDT 890 million in this year. Besides all this, PSSFU also helped LBFL to be as Participatory Financial Institution (PFI) under Bangladesh Bank Refinance Scheme of IPFF II funded by World Bank.

Supply Chain Finance (SCF)

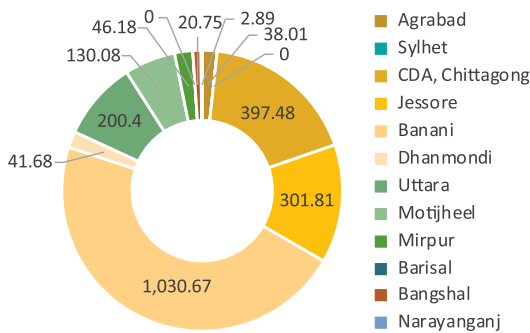
Supply Chain Finance (SCF) unit is one of the potential units under Corporate Financial Services Division of LankaBangla Finance Ltd. (LBFL). SCF offers mainly Factoring, Work Order Finance, Distributor Finance, Reverse Factoring and it also offers combined facilities like Short Term/Lease Finance/Term Finance/Short Term Revolving Finance, etc. to the core Factoring clients to fulfill their working capital needs along with their business needs. In short clients may get multiple business solutions from SCF-LBFL.

- ▶ In 2021, Supply Chain Finance Disbursed BDT 7,325.52 Million. Around 150 nos. of customers were served among which 1% is Women entrepreneur.
- ▶ At the year end of 2021, loan portfolio stood at BDT 2,209.97 Million which was 129% of budgeted target. Percentage of Non-Performing loan was 14.84%. SCF successfully settled 4 Nos of overdue accounts through collection effort in 2021.
- ▶ Branch and product wise portfolio is as follows:

Product Wise Portfolio (in BDT mn)



Branch Wise Portfolio (in BDT mn)



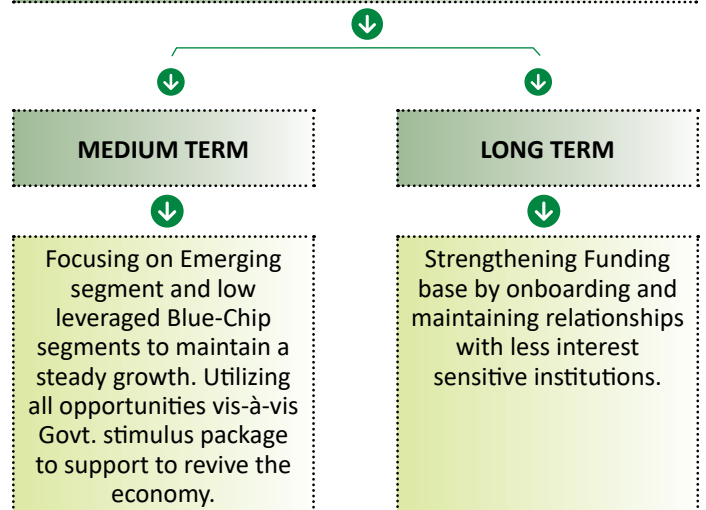
- ▶ Two new products have been launched in 2021 named Short Term Loan and Lease. Total portfolio was BDT 36.52 Million under STL and BDT 24.62 Million under Lease.

- ▶ Through effective branding, SCF built mutual beneficiary relationship with LBFL's corporate customers, which can eventually turn them into LBFL's loyal customers. SCF assisted and performed three months' campaign and social media promotion through EDM (Electronic Direct Mail) through which product knowledge has been extended among the customers and also published an article regarding Supply Chain Finance in a Magazine named Supply Chain Street.

Corporate Liability

Corporate Liability portfolio consists of a diverse deposit portfolio of corporate clients. Corporate liability's core focus on corporate deposits has resulted in a portfolio of BDT 12,105 Million at the end of 2021. Corporate Liability Mobilization in the year 2021 was BDT 5,024 Million compared to BDT 7,503 Million in 2020. Liability Mobilization decreased by 33.04% due to encashment during pandemic and onwards to meet the financial needs.

GOALS FOR THE FUTURE

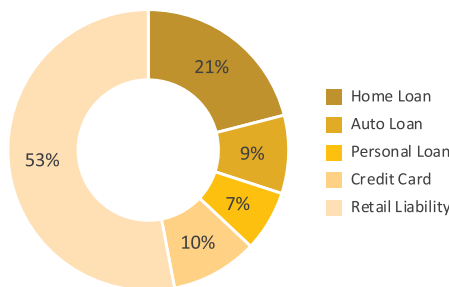


RETAIL FINANCIAL SERVICES DIVISION

“ LankaBangla Finance's excellent progress in its retail basket, rationalizing to be the main driver of the improvement in its disbursements, thereby assuring that its retail basket is relevant, notably the company's credit card basket, which aims to offer fantastic results for the past few years.”

During the year 2021, the Company has continued to concentrate more in retail business. Total BDT 14,959 Mn was disbursed during the year under retail financial services division in the form of home loan, auto loan, personal loan etc. Retail deposit mobilization was BDT 11,161 Mn during the period.

Retail Financial Services Portfolio Mix



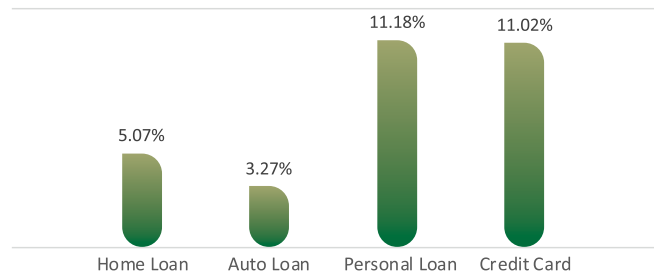
Credit Card

During 2021, a total of 22,306 new credit cards were issued by LankaBangla Finance Limited compared to 19,454 in 2020. The portfolio increased by 14.19% in 2021 to BDT 4,562 Mn from BDT 3,995 Mn in 2020. Number of active credit card users has increased to 139,525 in 2021 from 105,670 in 2020. Average monthly credit card usage in 2021 has increased to BDT 923 Mn from BDT 781 Mn in 2020.

Retail Liability

Retail liability's core focus on retail deposits has resulted in a portfolio of BDT 25,522 Mn at the end of 2021 which shows a growth of 5.41%. Retail Liability Mobilization in the year 2021 was BDT 11,161 Mn compared to BDT 11,515 Mn in 2020. Liability Mobilization decreased by 3.07% due to encashment during pandemic and onwards to meet the financial needs.

NPL Status as on 31.12.2021



RETAIL FINANCIAL SERVICES DIVISION Product Highlights

	Home Loan	Auto Loan	Personal Loan	Credit Card	Total
Total Disbursement in 2021 (in Mn)	911	1,477	1,494	11,077	14,959
Portfolio as on 31/12/2021 (in Mn)	10,143	4,534	3,475	4,562	22,714
Retail Deposit Mobilization in 2021 (in Mn)	11,161				
Retail Deposit Portfolio as on 31/12/2021	25,522 (in Mn)				
NPL Status as on 31/12/2021	5.07%	3.27%	11.18%	11.02%	

Home Loan

Total home loan disbursement in 2021 was BDT 911 Mn comprising of home loan and loan against property. Home loan portfolio decreased by 7.93% in 2021, due to take over of a good number of portfolio by banks. At the end of 2021, total portfolio stood at BDT 10,143 Mn which was BDT 11,017 Mn in 2020.

Auto Loan

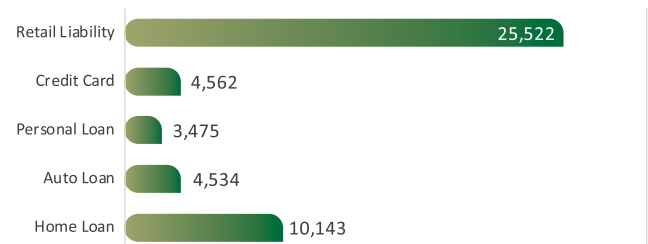
In 2021, BDT 1,477 Mn was disbursed as auto loan compared to BDT 262 Mn in 2020, resulting 463% growth in disbursement. Also the auto loan portfolio increased by 0.47% in 2021 from BDT 4,513 Mn to BDT 4,534 Mn at the end of 2021.

Personal Loan

Disbursement of personal loan was in the year 2021 with amounting BDT 1,494 Mn compared to BDT 851 Mn in 2020, which has resulted in a growth of 75.56%. Personal loan portfolio is comprised of term loan, and secured loan against deposit which stood at BDT 3,475 Mn at the end of 2021 compared to BDT 3,697 Mn, which decreased by 6.00%.

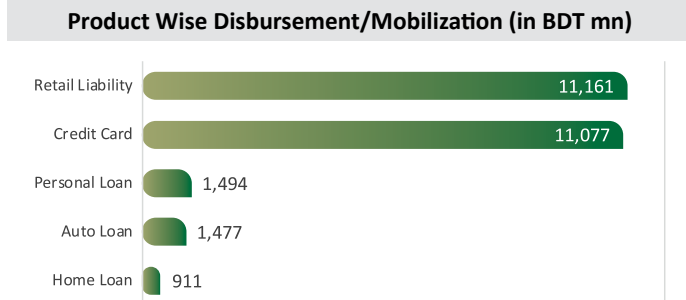
PRODUCT WISE PORTFOLIO STATUS AS ON 31.12.2021

Product Wise Portfolio (in BDT mn)



Portfolio	Home Loan	Auto Loan	Personal Loan	Retail Liability
Dhaka Zone	81.77%	71.99%	80.99%	80.58%
Chattogram Zone	11.64%	13.74%	10.14%	11.60%
South Zone	1.30%	12.61%	3.51%	3.46%
North Zone	2.36%	0.72%	3.00%	2.86%
East Zone	2.93%	0.95%	2.36%	1.51%

PRODUCT WISE DISBURSEMENT/MOBILIZATION STATUS AS ON 31.12.2021



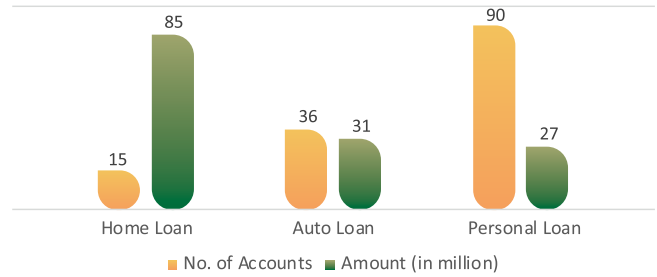
Geographical Segmentation of Disbursement/Mobilization

Disbursement/Mobilization	Home Loan	Auto Loan	Personal Loan	Retail Liability
Dhaka Zone	76.67%	84.32%	77.63%	77.13%
Chattogram Zone	12.18%	12.84%	11.43%	14.55%
South Zone	3.07%	2.20%	4.08%	3.51%
North Zone	4.31%	0.18%	3.71%	2.03%
East Zone	3.77%	0.46%	3.15%	2.77%

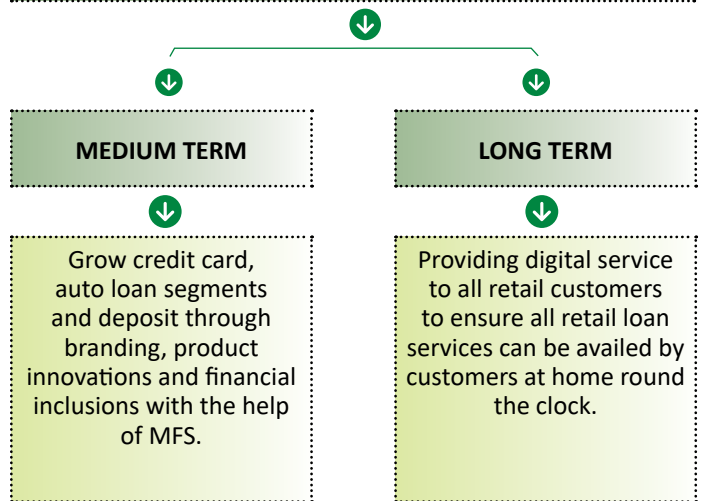
Successful Closure of Default Clients

By virtue of our efficient Special Asset Management team, total 141 number of default accounts has been settled. Details are presented below:

Product Wise Disbursement/Mobilization (in BDT mn)



GOALS FOR THE FUTURE



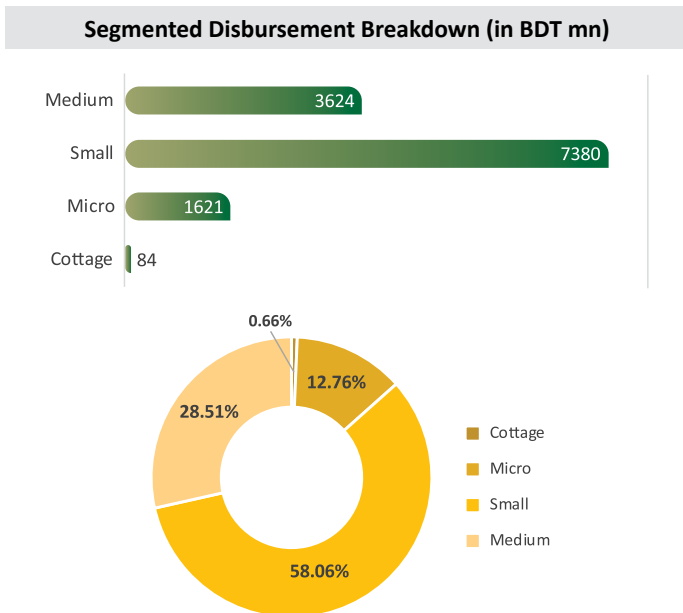
SME FINANCIAL SERVICES DIVISION

“ Responding to the increased demand for working capital from SMEs chomping at the bit to resume operations following the COVID-19-induced hiatus, LankaBangla targeted high-potential sectors by offering a differentiated value proposition to its customers through the stimulation of digital adoption within the business. ”

CMSME is a significant economic driver, accounting for 25% of the country's GDP. LankaBangla Finance Limited shares this belief and is working hard to establish a substantial presence in the financial industry. As a result, the company has 27 branches and 32 mobile loan officers, covering 47 districts around the country. SME Financial Services by LankaBangla Finance Limited promotes inclusive growth and financial inclusion. Throughout the COVID-19 pandemic, our officers travelled to various parts of the country to assist with the government's COVID-19 stimulus package. It has undoubtedly increased our loan portfolio and brought our brand to our clients' porch. The Bangladesh Bank acknowledged this endeavor by awarding accreditation for fulfilling the COVID-19 stimulus loan disbursement target.

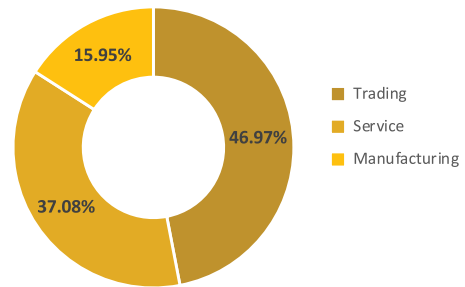
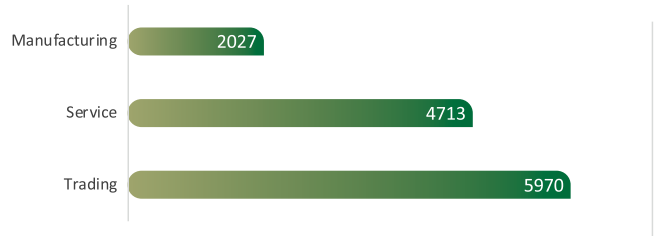
Disbursement Status

LankaBangla Finance Limited has disbursed BDT 23,369.87 million in loans during the year of 2021, of which BDT 12,711.09 million has been disbursed under the SME Financial Services Division. Thus, the division attributes 54.39% of the total disbursement for the year 2022.



The 'Small business' segment accounts for 58.06 % of the disbursement among the four segments under the SME Financial Services division, followed by the 'Medium business' segment, which contributes for 28.51%.

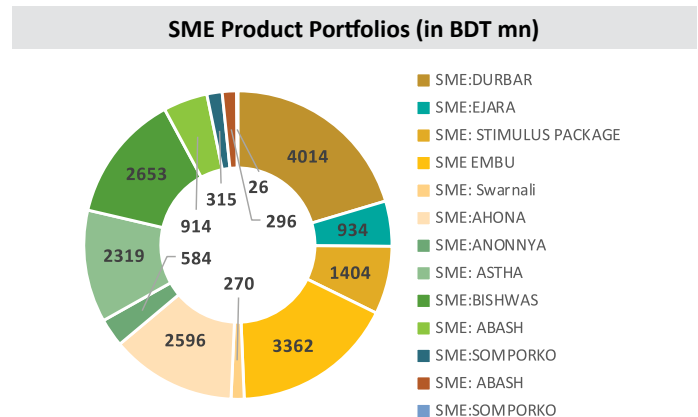
Disbursement Breakdown as per the Nature of Business (in BDT mn)



Amongst the disbursement volume by the SME Financial Services Division, Trading businesses account for 46.97% with BDT 5,970.16 million, Service oriented businesses account for 37.08% with BDT 4,713.81 million and Manufacturing businesses account for 15.95% with BDT 2,027.12 million respectively.

Portfolio Status

LankaBangla Finance Limited has a long-term portfolio in the industry. The organization has a total portfolio of BDT 58,775 million in its own basket, of which BDT 19,694.46 million, or 33.51 %, is in the SME Financial Services Division. It's been dubbed a "sustainable portfolio" since management accepts each loan while keeping green and sustainable finance policies in mind. Furthermore, the SME Financial Services Division follows a shared growth finance approach. That ideology is basic, but it has far-reaching consequences. The client will take the loan, expand his business, completely repay the lender, and maximize his income. There are numerous success stories and examples of mutual growth in the industry with LankaBangla Finance Limited. A segregation of the portfolio on basis of several products under SME Financial Services Division has been provided in the chart.



Deposit mobilization status

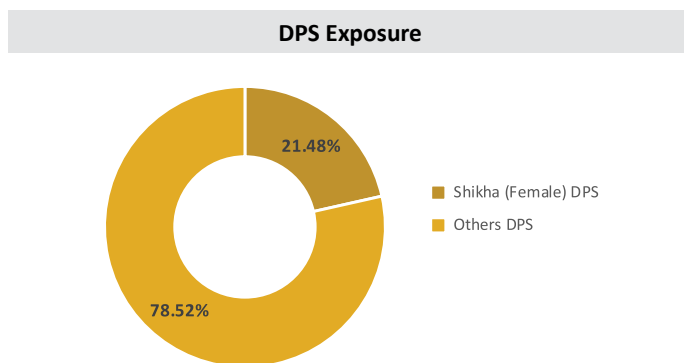
SME Financial Services has its own liability mobilization team. Besides, relationship officers of the asset team also work on amassing a liability portfolio. In 2021, the liability wing of the Division collected BDT 2,077.00 million in liability from the market. The team work in dual roles, collecting deposits and sourcing SME loans from the market.

Deposit portfolio status

As a young team in the division, the SME Liability team has a portfolio of BDT 3,918.00 million. Despite the COVID-19 pandemic, this team overcame the systematic and unsystematic risks of the portfolio and maintained a persistent portfolio in the year 2021. There is a separate product specially customized for female client under Shikha Platform. Under this product, BDT 754.62 million portfolio has been collected from 3,576 clients.

DPS Exposure

The SME Liability team of the SME Financial Division also collects DPS from clients. This team collected BDT 255.07 million DPS during the year of 2021. Out of that amount, BDT 54.8 million has been collected from female clients under Shikha DPS and BDT 200.27 million from others.

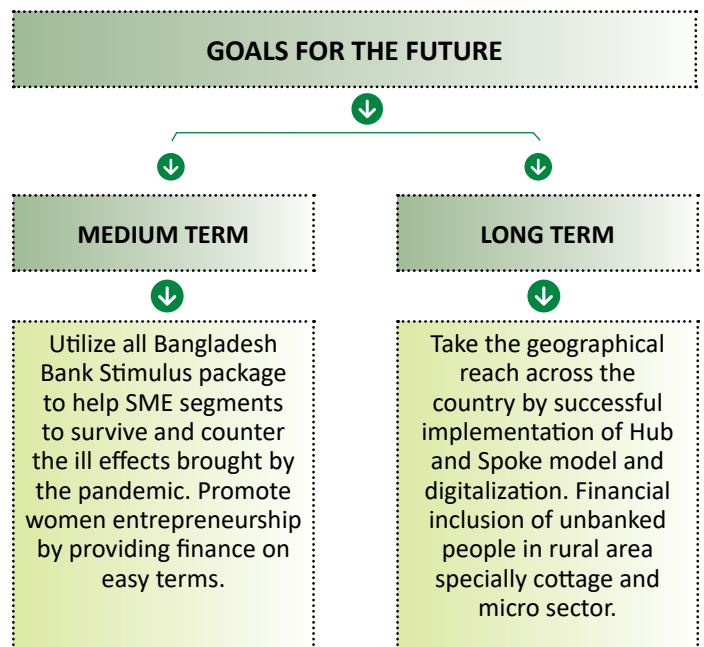


NPL status

SME Financial Services has a non-performing loan rate of 8.23% on its overall portfolio. Non-performing loans (NPLs) totaling BDT 1,620.43 million out of a total of BDT 19,694.46 million in the portfolio. Maximum accounts have become NPL due to the COVID-19 Pandemic.

Achievements and rewards

Due to achieving the target of COVID-19 stimulus package loan distribution, Bangladesh Bank has appreciated LankaBangla Finance by providing Testimonial.



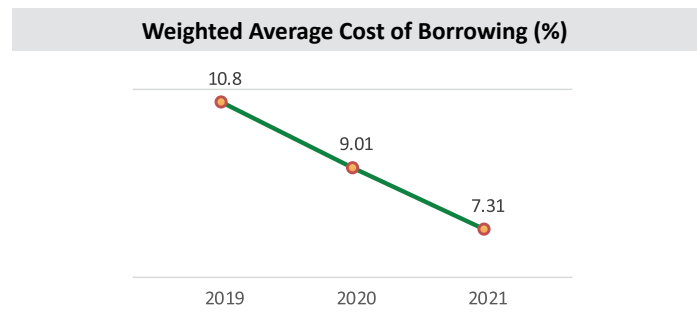
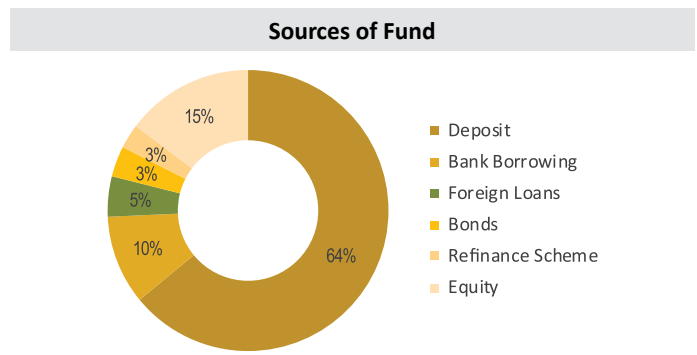
TREASURY DIVISION

“ Treasury maintained an optimal liquidity buffer throughout the year, providing adequate coverage for future cash outflows and playing a critical role in keeping the company resilient through prudent projection, keeping borrowing lines open, and proper implementation of the liquidity management plan, while also remaining lithe and actively participating in the money market. The division earned significant revenue in the form of interest income, in addition to ensuring liquidity through short-term placements of funds in the money market despite the market's low interest rates. ”

Treasury plays a vital role in managing fund and liquidity, understanding the market, taking advantage of arbitrage opportunities, and making profitable investments in both equity and fixed income securities.

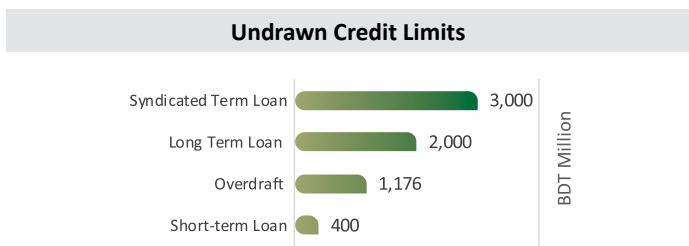
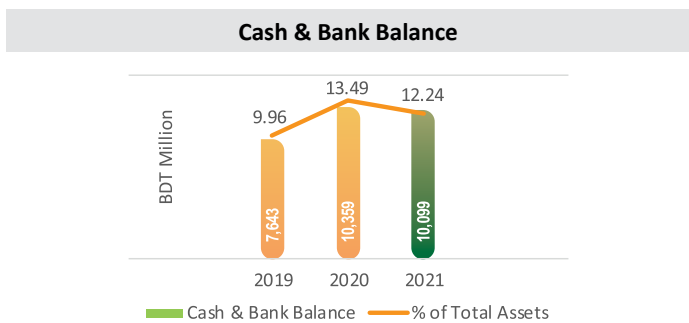
As the COVID-19 induced pandemic continued to be the biggest threat out there throughout the world for the second consecutive year, keeping the company sturdy to withstand any major economic upheaval became more important than ever before. Treasury maintained optimum liquidity buffer throughout the year 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.

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. The low cost of fund enabled the company to lend at more competitive rate to the borrowers.



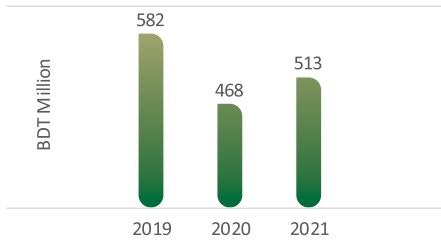
Treasury has solidified its relationship with the existing counterparties and developed relationship with new ones through effective relationship management practices to flare out its financial flexibility. During 2021, Treasury availed three long-term foreign currency loans amounting USD 36 million from BlueOrchard Investments Limited and responsAbility Investments AG. Treasury has sourced a syndicated term loan facility of BDT 5,000 million, out of which BDT 3,000 million is yet to be drawn down and is available for draw down in 2022. In 2021, Treasury has issued a zero-coupon bond with total face value of BDT 3,000 million after obtaining consent from Bangladesh Bank and Bangladesh Securities & Exchange Commission. As of December 31, 2021, BDT 870 million (in face value) has been subscribed and drawn down and the remaining amount is available for subscription and draw down in 2022. Besides, Treasury has also availed BDT 1,750 million of term loan from several commercial banks. The benefits of these longer term funds are twofold—better matching of assets and liabilities and locking a lower interest rate for the longer term.

Treasury 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 the form of interest income in addition to ensuring liquidity from the short-term placements of fund in the money market despite low interest rates prevailing in the market.

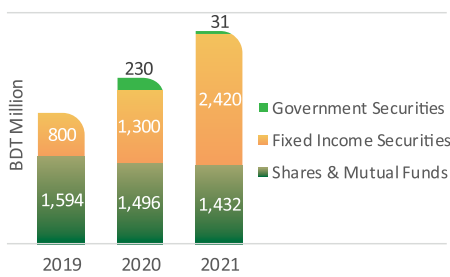


Treasury ensured prudent cash management by channelling all the cash flows of the company in an effective and efficient manner, which led to optimum utilization of fund. The division has also continued to play an important role in keeping the cost

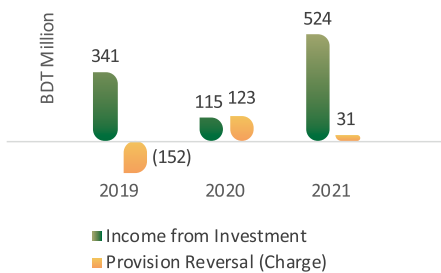
Interest Income from Treasury Placement



Investment Portfolio

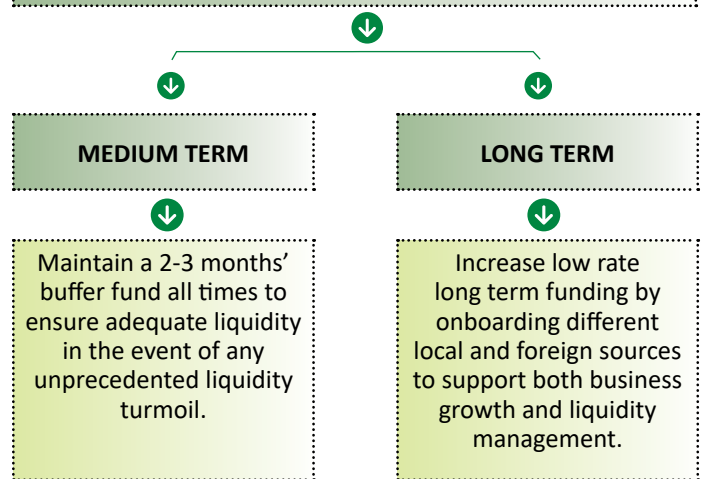


Income from Investment & Provision Reversal (Charge)



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 made considerable contribution 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 income 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 profitability of the company. Moreover, a better diversification has been obtained 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.

GOALS FOR THE FUTURE



OPERATIONAL SUPPORT

“ A Better Today and Tomorrow Centralized Operations enables financial services to reach the last mile at a lower cost, with less risk, and with greater productivity. ”

Centralized Financial Operations System (CFOS)

For many years, LankaBangla Finance Limited (LBFL) has worked hard to create an efficient Centralized Financial Operations System (CFOS) that encompasses entire control of all back office tasks of the Financial Institute (FI) under the Operations Division (OD). CFOS is the system in which all transactions and core transaction documents must be processed from a centralized place. The presence of LBFL in this system is achieved by maintaining a sufficient number of branches and staffs. Because financial services are now supplied utilizing current technology, all operations or processing activities can be carried out from a single place using appropriate technology.

LBFL keeps its key operations in its head office or other adjacent locations that are viewed as extensions of the head office. Multiple central processing facilities are maintained for the reasons of convenience, superior service, and company volume. In order to carry out this centralized operational process, many apps or web-based software have been designed and installed. The majority of the work in a centralized system is technological and web-based.

In 2012, the introduction of CORE (Centralized Online Real-time Exchange) banking software, notably BankUltimus, enabled and nearly completed the centralization of operational processes. In 2021, the aforementioned CORE banking system was further enhanced with the introduction of its customized version, namely, FinUltimus for Financial Institutions. This CORE system enabled fast and effective information sharing between the headquarters and the branches, as well as cost savings and the provision of real-time services to customers online.

The Significance of CFOS and Decentralized Business Environment

LBFL's financial services have grown exponentially in the previous few years, with an emphasis on expanding financial services even in rural areas. It is noteworthy that, as the branch network has expanded across the country, more and more people have gained simple access to the financial services provided by LBFL, while the scope and commercial opportunity of LBFL have expanded significantly.

However, the expansion of this branch network around the country does not represent LBFL's de-centralization strategy because branches have never been given operational decision-making authority. Except for sales and marketing, as well as administrative issues of branch staff and resources, which are primarily routine tasks, there is no decision-making authority at the branch level. Even LBFL does not let branch managers to approve loans against cash collateral security, also called as risk-free lending.

Under LBFL's centralized operations structure, a branch is only responsible for its day-to-day business activities and administrative concerns, and all operations are performed from its head office using technology. As a result, a traditional branch has been reduced to a sales and service point and is no longer permitted to approve loans. Even a branch manager cannot open an account unless it is routed through the central processing system.

The primary goal of the centralized procedure in LBFL is to decrease or eradicate corruption, embezzlement, fraud, and malpractice at the branch level by improperly utilizing their empowerment and authority. Because all critical decisions and actions are handled at the Head Office level, LBFL has been able to run with less people, resulting in cost and risk reduction. Centralization has greatly benefited LBFL because it speeds up the process and electronically records all acts, minimizing the scope of fraud and corruption. This technique also promotes efficiency and ensures employee responsibility and accountability.

The integration of LBFL with different technology-based products like as mobile banking, PSPs (payment service providers), internet banking, EFT, RTGS, agent banking, e-commerce, and the sharing of ATM booths with banks has rendered branch banking obsolete to a large extent.

The goal of LBFL's sales push is to bring the product to the customers' doorstep. To mobilize significant sales volume, LBFL's presence must be made apparent, which can only be accomplished by maintaining a sufficient number of branches. Furthermore, in order to expand our services to people in the country's last mile through our SME financial services, we developed and launched the Hub-and-Spoke Model, in which mobile officers are deployed even in the last mile to connect, educate, guide, and literate digital financial services to be financially included. Its centralized operation, on the other hand, is clearly distinguished from sales activities. Every sales drive is carried out from a single location, as is the processing of financial transactions.

Customers that submit requests through these applications may be granted access to some applications. If third-party access to LBFL's system must be controlled, the employee at the branch level will gather requests from clients and enter them into the system, where they will be automatically uploaded at the central processing area, where they will be validated and executed. Similarly, all other activities, such as loan documentation and validation, disbursements, loan dues collection, account establishment and closing, customer care, and so on, may be readily centralized. Centralization has greatly benefited LBFL because it speeds up the process and electronically records all acts, minimizing the scope of fraud and corruption.

LBFL's Centralized Financial Operations System (CFOS) operates under a distinct division with the name and style "Operations Division," abbreviated as "OPS," that is independent of reporting line of business departments and divisions to avoid conflict of interest and hence minimize risks.

Journey of Digital Transformation

Our young people are the driving force behind digital transformation. Our country's Millennials and Gen Z, like those around the world, began to move things in that direction even before the pandemic; the momentum, however, took the shape of disruptions with the pandemic's impact.

To cater with the challenges, lending/deposit businesses are increasingly being offered in the industry via digital platforms like as smartphone apps, WhatsApp, messenger, and websites, which are gaining popularity since young people constitute a large pie of the market who are technologically savvy.

We have already added a platform, a Mobile App called "FinSmart," and a digital assistant called "Shikha," a chatbot, to our website, Facebook page, LinkedIn page, and YouTube channel, which are linked to other digital platforms offered by FinTech companies, such as various payment service providers (MFS and PSPs) and e-commerce gateways, allowing us not only to interact with prospective and existing customers, but also to connect with other digital platforms. We no longer require our own assets to develop a payment network.

These are expanding our business opportunities. We are currently considering connecting with other platforms, such as digital market places, to broaden our retail reach, such as financial services market places (for deposits and credits), insurance services market places, and so on.

Our digital platform, when linked to the platforms of others, provides us with a greater value proposition, a larger consumer base, and lower pricing.

LankaBangla Finance has been digitally active for a long time, ever since our inception. It should be noted that we were the second player in the country's digital payment sector after Standard Chartered Bank, with our credit card "Vanik Card"

launched in 1998. In the capital market industry, we launched a digital internet trading web page for the first time in the country through our subsidiary company LankaBangla Securities Limited. In 2012, as the country's second Financial Institution (FI), we launched Core Banking Software (CBS).

Opportunities Grabbed from Pandemic

The COVID19 pandemic has not only accelerated our digital journey, as it has for many other firms locally and globally, but it has also motivated us to examine our business practices with fresh eyes and new ideas. During the pandemic, we made significant progress.

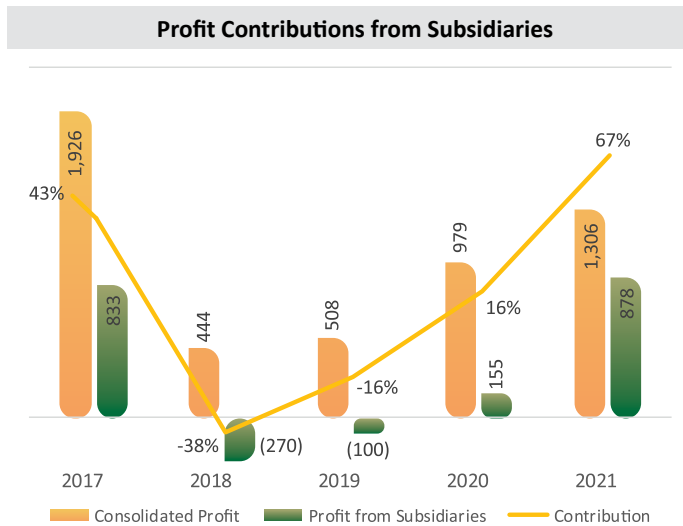
We have made it possible to Work from Home (WFH) since the beginning of the pandemic, lowering our human resources' physical presence to less than 30%. Through e-KYC, online applications for loans and deposits can now be processed via Web and App. The "FinSmart" app is now available to assist clients with services and online apps. Financial inclusion has been expanded for our consumers by onboarding and linking practically all of the country's MFS and PSPs. Customers' transactions are also enabled by a variety of digital channels such as BEFTN, NPSB, RTGS, DDI, and so on. For our credit card clients, NFC card transactions are now available. CBS has been improved to provide better services. We are the only financial institution in the country that offers call center services 24 hours a day, seven days a week. "Shikha" chatbot, the virtual assistant, is live to provide 24/7 customer services. Our digital drive towards excellence is also recognized by relevant authorities through ISO 27001:2013 certification and PCIDSS certification. Our next priority is to increase our reach to the last mile to everyone, everywhere, with financial inclusion connecting the ecosystem through platform methods.

PERFORMANCE OF SUBSIDIARIES

GRI: 102-45

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:



LankaBangla Securities Limited (LBSL)

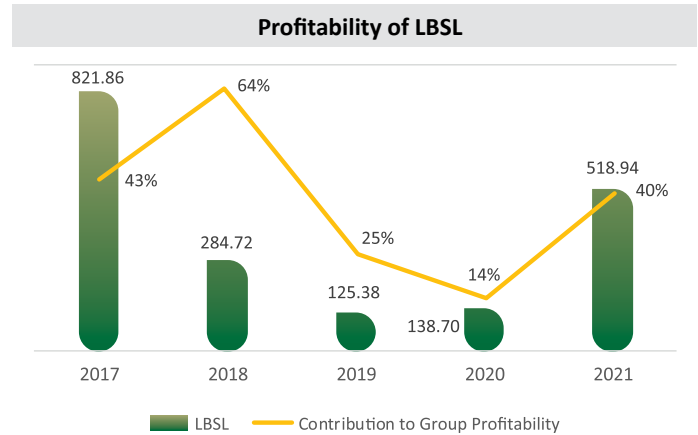
LBSL ranked Number One consecutively for the last 17 years in DSE

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.

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.

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:



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.

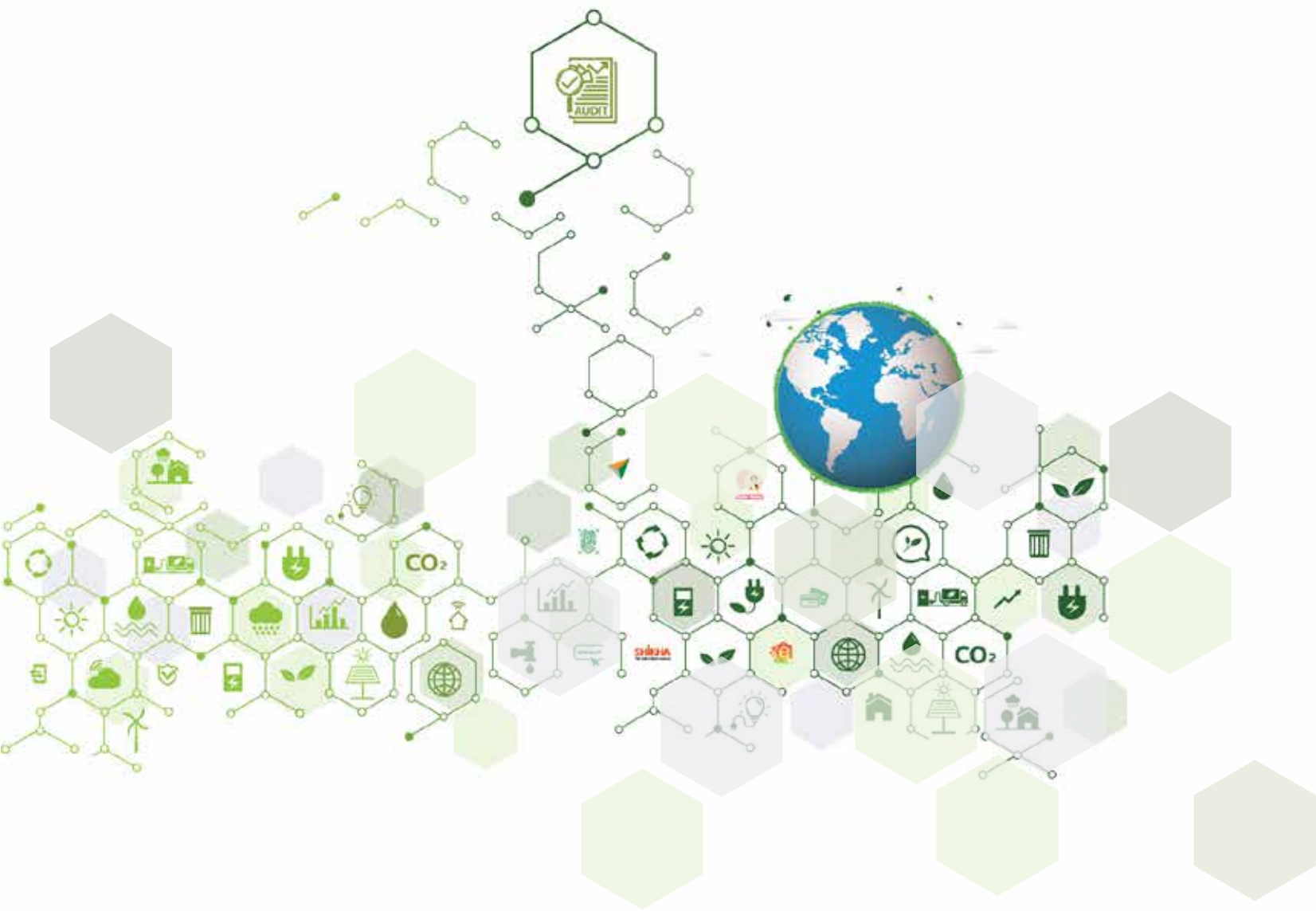
In the future, 2022 is also likely to be another challenging year for LBAMCL as the nation fights various new waves of the COVID-19 virus and heightened global inflationary pressure. LBAMCL will strive to navigate through these challenges & uncertainties to create sustainable value for its valued clients. 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.

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.

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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>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.</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"> 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. 	<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 Summery Report FIID(I-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;

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Description of key audit matters	How the matters were addressed in our audit
<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.</p> <p>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"> Reviewed disbursement procedure related to SME stimulus packages as per Bangladesh Bank guidelines. <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
<p>2. Carrying value of investments in subsidiary (s) by LankaBangla Finance Limited and impairment assessment of unquoted investments</p> <ul style="list-style-type: none"> 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 31st December 2021 the carrying value of the investment is BDT 6,781.54 million (2020: BDT 6,115.26 million). 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. 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. 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. <p>See note no. 2.5, 2.17 & 9 to the financial statements.</p>	<ul style="list-style-type: none"> 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. 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, 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. <p>The impact has been disclosed in Note 15A of the notes to the financial statements.</p>

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Description of key audit matters	How the matters were addressed in our audit
<p>3. Capital work-in-progress</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 & inappropriate recognition, significant judgment is required on the figures classified as capital work-in-progress.</p> <p>See note no. 8.3 to the financial statements</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 documentation; • 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>4. Investment and provision for diminution in value of investment</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 & 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 notes no. 2.17, 2.5, 7 & 12 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 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 & 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 & BSEC/servelleyence/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>5. Measurement of deferred tax assets</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 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 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>6. Legal and regulatory matters</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>See note no 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 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>7. IT systems and controls</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"> - IT Security management; - IT risk management; - Service delivery management; - Infrastructure security management; - Access control; - Business continuity and Disaster Recovery Management, etc. 	<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>8. Preparation of consolidated financial statements</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.

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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 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 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 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 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.

**Chattoogram Office:**

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



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;
- 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.

LankaBangla Finance Limited and its Subsidiaries

Consolidated Balance Sheet

As at 31 December 2021

Notes	Amount in Taka	
	31.12.2021	31.12.2020
PROPERTY AND ASSETS		
Cash	642,279,167	631,529,281
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
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	-	-
Investment	7,780,310,401	6,261,562,085
Government securities	31,100,325	229,908,878
Other investments	7,749,210,076	6,031,653,207
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		
Borrowings from Bangladesh Bank, other banks and financial institutions	18,502,473,665	14,816,088,224
Deposits and other accounts	47,676,287,741	47,130,343,890
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
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	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
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

Irrevocable letters of credit

Bill for collection

Other contingent liabilities

TOTAL CONTINGENT LIABILITIES

OTHER COMMITMENTS

Documentary credits and short term trade-related transactions

Forward assets purchased and forward deposits placed

Undrawn note issuance and revolving underwriting facilities

Undrawn formal standby facilities, credit lines and other commitments

TOTAL OTHER COMMITMENTS

TOTAL OFF BALANCE SHEET ITEMS

Notes	Amount in Taka	
	31.12.2021	31.12.2020
	-	-
	152,979,637	-
	-	-
	-	-
	-	-
	152,979,637	-
	-	-
	-	-
	-	-
	152,979,637	-

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

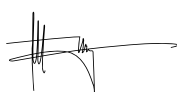
LankaBangla Finance Limited and its Subsidiaries

Consolidated Balance Sheet

As at 01 January 2020

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

Notes	Amount in Taka 01.01.2020*
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	-
Other investments	5,392,515,912
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	
Borrowings from Bangladesh Bank, other banks and financial institutions	18,672,238,771
Deposits and other accounts	46,894,962,510
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	A 9,188,531,377
TOTAL LIABILITIES	74,755,732,658
Shareholders' Equity	9,434,519,565
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	B 1,399,278,812
Non controlling interest	172,699,883
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	84,362,952,106
Net asset value per share- (NAV)	18.38



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
Operating Income			
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
Net interest income		2,019,052,306	2,174,111,006
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
Total operating income		5,421,370,887	3,717,519,947
Operating Expenses			
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
Total operating expenses		2,874,120,648	2,388,208,324
Net Operating Income		2,547,250,239	1,329,311,623
Provisions for loans, investments and other assets	32	841,853,182	151,027,084
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
Profit before tax and reserve		1,705,397,057	1,178,284,539
Provision for tax	33	399,504,525	199,766,087
Current tax		395,976,009	199,660,429
Deferred tax		3,528,516	105,659
Net profit after tax		1,305,892,532	978,518,451
Attributed to			
Shareholders of the Company		1,280,549,083	974,090,749
Non-controlling interest	38.4	25,343,449	4,427,702
		1,305,892,532	978,518,451
Appropriations		127,228,477	160,633,180
Statutory reserve		121,800,532	165,143,426
General reserve		5,427,945	(4,510,247)
Retained surplus		1,153,320,607	813,457,569
Earning per share (EPS)	34	2.38	1.81

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

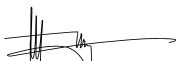
LankaBangla Finance Limited and its Subsidiaries

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Note	Amount in Taka	
		2021	2020
A) Cash flows from operating activities			
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)
Cash generated from operating activities before changes in operating assets and liabilities		2,597,520,618	1,313,886,693
Increase/(decrease) in operating assets & liabilities:			
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
Total increase/(decrease) in operating assets & liabilities		(3,073,384,615)	7,191,964,495
Net cash flows from /(used in) operating activities		(475,863,997)	8,505,851,188
B) Cash flows from investing activities			
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)	-
Net cash flows from /(used in) investing activities		(1,681,925,698)	(928,822,653)
C) Cash flows from financing activities			
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)
Net cash flows from/(used in) financing activities		2,851,805,711	(4,450,794,361)
D) Net increase/(decrease) in cash & cash equivalents		694,016,017	3,126,234,175
E) Effect of exchange rates on cash and cash equivalents		778	1,596
E) Cash and cash equivalents at the beginning of the year		12,336,095,774	9,209,860,003
F) Cash and cash equivalents at the end of the year		13,030,112,569	12,336,095,774
* Closing cash and cash-equivalents			
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
		13,030,112,569	12,336,095,774
Net Operating Cash Flows Per Share - (NOCFPS)	36	(0.88)	15.79

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 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		
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									
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	-	-	(121,800,532)	-	-	-
Appropriation to general reserve	-	-	-	5,427,945	-	(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)
Balance as at 31 December 2021	5,388,386,230	1,090,888,800	2,049,579,830	50,837,370	13,961,042	2,085,145,574	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									
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	-	-	(165,143,426)	-	-	-
Appropriation to general reserve	-	-	-	(4,510,247)	-	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)
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

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
PROPERTY AND ASSETS			
Cash		641,039,435	630,754,144
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
Balance with other banks and financial institutions	5	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	6	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	7	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	8	1,669,211,812	1,718,099,868
Other assets	9	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	10	16,188,024,885	12,460,714,321
Deposits and other accounts	11	48,181,265,170	47,611,272,015
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
Other liabilities	12	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	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
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		82,534,564,317	76,812,538,240
Net asset value per share-(NAV) (restated 2020)	35	20.55	19.39

	Amount in Taka	
	31.12.2021	31.12.2020
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	-

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

LankaBangla Finance Limited

Balance Sheet

As at 01 January 2020

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

	Notes	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		-
Term deposits		46,750,813,434
Bearer certificate of deposit		-
Other deposits		144,149,076
Other liabilities	A	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	B	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



Director



Director




Managing Director



Company Secretary



Chief Financial Officer



Hussain Farhad & Co.
Chartered Accountants

Dhaka,
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)

Payable to Workers' Welfare Foundation Fund (WWFF)

23,904,960	6,655,430,108
23,904,960	47,809,919

Other liabilities (Restated)**B) Retained earnings (Before Restating)**

Payable to Workers' Welfare Fund (WWF)

Payable to Workers' Welfare Foundation Fund (WWFF)

	<u>6,703,240,027</u>
	2,116,518,264
(23,904,960)	
(23,904,960)	(47,809,919)

Retained earnings (Restated)

* 2020 figure is restated

2,068,708,345


LankaBangla Finance Limited

Profit and Loss Account

For the year ended 31 December 2021

Operating Income

	Notes	Amount in Taka	
		2021	2020
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
Net interest income		1,672,917,652	1,913,957,318
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
Total operating income		2,876,739,803	2,562,603,626

Operating Expenses

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
Total operating expenses		1,629,211,036	1,646,314,507

Net Operating Income**Provisions for loans, investments and other assets**

Provisions for leases and loans	32	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	-

Profit before tax and reserve**Provision for tax**

Current tax	33	90,859,275	92,082,283
Deferred tax		-	-

Net profit after tax**Appropriations**

Statutory reserve		121,800,532	165,143,426
General reserve		-	-

Retained surplus

Earning per share (EPS)	34	1.13	1.53
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The annexed notes form an integral part of these financial statements.



Director



Company Secretary




Director



Chief Financial Officer



Managing Director



Hussain Farhad & Co.
Chartered Accountants

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

Dhaka,
11 April 2022
DVC No. : 2204130452AS865003

LankaBangla Finance Limited

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)	(67,769,720)
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	(3,723,797,008)
D) Net increase/(decrease) in cash & cash equivalents	(260,179,060)	2,469,558,689
E) Effect of exchange rates on cash and cash equivalents	778	1,596
F) Cash and cash equivalents at the beginning of the year	10,359,000,833	7,889,440,548
G) Cash and cash equivalents at the end of the year	10,098,822,551	10,359,000,833
* Closing cash and cash-equivalents		
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
	10,098,822,551	10,359,000,833
Net Operating Cash Flows Per Share - (NOCFPS)	(4.32)	13.56

36

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



Director



Company Secretary



Director



Chief Financial Officer



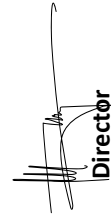
Managing Director

Dhaka,
11 April 2022

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

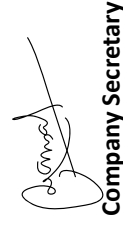
Particulars	Amount in Taka				
	Share Capital	Statutory Reserve	Revaluation Reserve	Retained Earnings	Total Equity
Balance as at 01 January 2021	5,388,386,230	1,927,779,299	1,018,070,876	2,113,466,481	10,447,702,886
Items involved in changes in equity					
Net profit for the year	-	-	-	609,002,658	609,002,658
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)
Balance as at 31 December 2021	5,388,386,230	2,049,579,830	1,681,854,774	1,954,062,260	11,073,883,094
Balance as at 01 January 2020 (Before Restating)	5,131,796,410	1,762,635,872	1,006,981,408	2,116,518,264	10,017,931,954
Transfer to Workers' Welfare and Welfare Foundation Fund	-	-	-	(47,809,919)	(47,809,919)
Balance as at 01 January 2020 (Restated)	5,131,796,410	1,762,635,872	1,006,981,408	2,068,708,345	9,970,122,035
Items involved in changes in equity					
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)
Balance as at 31 December 2020	5,388,386,230	1,927,779,299	1,018,070,876	2,113,466,481	10,447,702,886

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
Assets						
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	-	-	-	-	-	-
Total Assets	14,062,314,896	17,015,711,134	32,373,084,537	19,192,121,414	6,283,617,442	88,926,849,424
Liabilities						
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
Total Liabilities	8,817,685,287	13,852,986,675	30,063,686,799	20,472,371,810	4,846,097,641	78,052,828,212
Net Liquidity Surplus or (Gap)	5,244,629,609	3,162,724,459	2,309,397,738	(1,280,250,396)	1,437,519,801	10,874,021,212

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
Assets						
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	-	-	-	-	-	-
Total Assets	9,670,702,093	12,124,819,722	28,721,073,890	19,446,992,345	12,570,976,268	82,534,564,317
Liabilities						
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
Total Liabilities	7,961,500,876	11,311,892,729	29,854,157,919	18,797,100,078	3,536,029,621	71,460,681,223
Net Liquidity Surplus or (Gap)	1,709,201,216	812,926,992	(1,133,084,029)	649,892,267	9,034,946,647	11,073,883,094

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 (IFRS¹), 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).

¹The 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 (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. 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 for an 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. And provision for margin loan has been charged BDT 293.34, accumulated provision kept BDT 797.63.</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
2	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. In limited circumstances, cost can be an appropriate estimate of fair value for investments in unquoted shares.	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.	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.
3	Recognition of interest income for SMA and classified lease, loans and advances	IFRS 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	IFRS 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.

Sl.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank/BSEC	Financial or Presentation Effect of the Departure
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.
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;

Sl.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank/BSEC	Financial or Presentation Effect of the Departure
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.
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.

Sl.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank/BSEC	Financial or Presentation Effect of the Departure
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
Impact on Liabilities & Equity			
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
Impact on Liabilities & Equity			
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:

Fixed assets	Rate
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
General Provision on: Unclassified leases, loans, advances	
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%
Specific Provision On: Classified leases, loans, advances	
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%
General Provision on: Off-Balance Sheet Exposure	
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.
- Other long term liability on the basis of their maturity term.
- 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:

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

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

2.37.3 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 "AA₃" (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 changes 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.

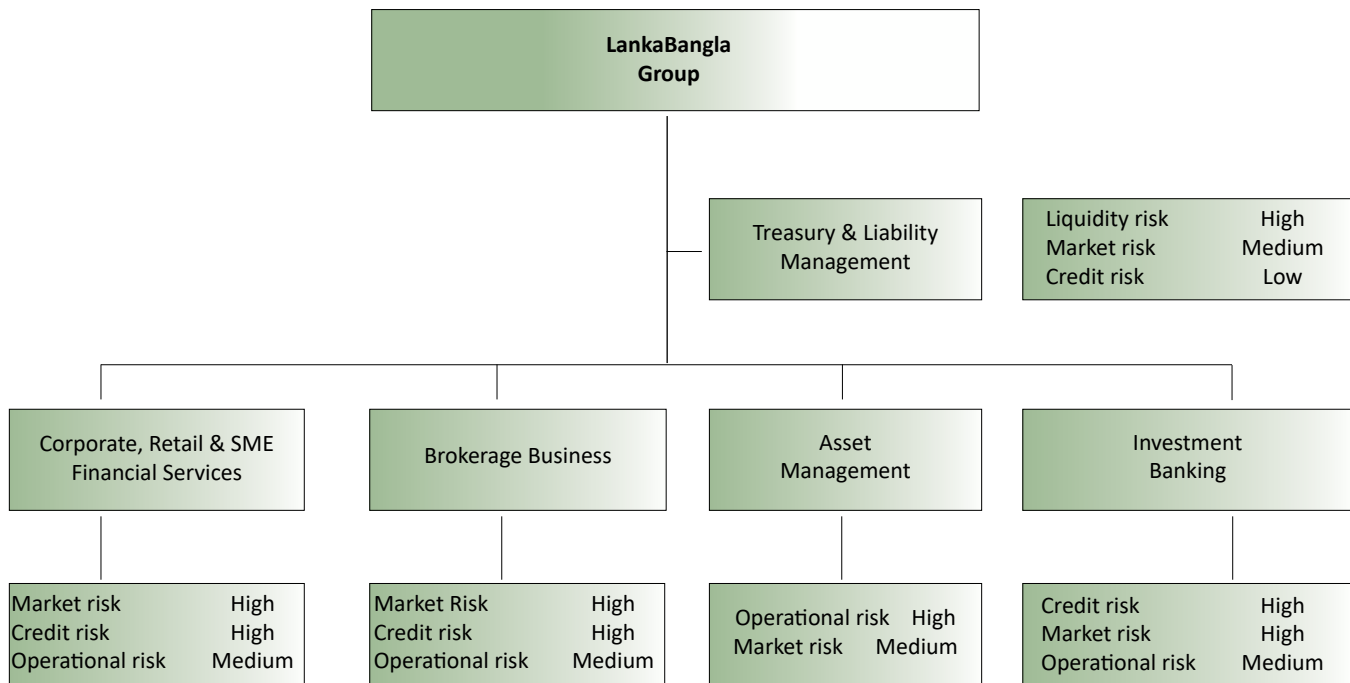
In line with Bangladesh Bank requirement, the Company has already formed BASEL Implementation Unit (BIU) to ensure timely implementation of BASEL II accord.

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
3. Cash in hand				
See accounting policy in note (2.16)				
Local currency	1,790,951	1,341,797	551,219	566,660
Foreign currency	-	-	-	-
	1,790,951	1,341,797	551,219	566,660
Cash in hand represents the amount under impress system of petty cash to meet daily petty cash expenses requirement both for head office and branch offices.				
4. Balance with Bangladesh Bank and its agent banks				
See accounting policy in note (2.16)				
Local currency	640,488,217	630,187,484	640,488,217	630,187,484
Foreign currency	-	-	-	-
	640,488,217	630,187,484	640,488,217	630,187,484
Balance with Bangladesh Bank has been maintained as Cash Reserve Requirement (CRR) of Bangladesh Bank through non-interest bearing current account.				
4.1 Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)				
Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with Financial Institution Act, 1993, Financial Institution Regulations 1994 and DFIM Circular No. 03 dated 21 June 2020				
Cash reserve requirement (CRR) 1.5%				
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
Surplus/(deficit) (2021: 0.08%, 2020: 0.09%)	33,609,370	36,490,964	33,609,370	36,490,964
Statutory Liquidity Requirements (SLR) 5.00%				
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
Total surplus/(deficit) (2021: 0.07%, 2020: 0.05%)	31,537,050	21,113,475	31,537,050	21,113,475
5. Balance with other banks and financial institutions				
See accounting policy in note (2.16)				
Inside of Bangladesh				
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
	12,387,701,759	11,704,435,628	9,457,651,473	9,728,115,823
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
	131,643	130,865	131,643	130,865
	12,387,833,402	11,704,566,493	9,457,783,115	9,728,246,688
Outside of Bangladesh				
	-	-	-	-
	12,387,833,402	11,704,566,493	9,457,783,115	9,728,246,688

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
5.1 Non interest bearing current account				
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
	73,516,910	188,909,710	73,516,910	188,909,710
5.2 Interest bearing short term deposit account				
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
	8,530,932,432	7,670,478,047	5,660,470,733	5,801,181,181

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
5.3 Fixed deposit receipt account				
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
	3,783,252,418	3,845,047,870	3,723,663,830	3,738,024,932
Disclosures in compliance to the FID Circular # 6, dated 06 November 2003 of the Bangladesh Bank consist of the following:				
5.4 Maturity grouping of balance with other banks and financial institutions				
Up to 1 month	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	-	-	-	-
	12,387,833,402	11,704,566,493	9,457,783,115	9,728,246,688
6 Investment				
See accounting policy in note (2.17)				
Government securities	31,100,325	229,908,878	31,100,325	229,908,878
Treasury bills	-	198,303,844	-	198,303,844
Treasury Bonds	31,100,325	31,605,034	31,100,325	31,605,034
Other investments	7,749,210,076	6,031,653,207	3,852,286,826	2,795,863,508
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
	7,780,310,401	6,261,562,085	3,883,387,151	3,025,772,386
Investment is Designated as follows:				
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
	7,780,310,401	6,261,562,085	3,883,387,151	3,025,772,386
6.1 Non marketable shares and mutual funds				
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
	272,635,162	267,639,492	113,437,292	113,437,292
6.1.1 Non marketable shares				
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

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
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	-	-	-
	160,404,320	105,776,050	21,569,450	21,569,450
6.1.2 Non marketable mutual funds				
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	-	-	-
	112,230,842	161,863,442	91,867,842	91,867,842

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

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

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

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	-	-
	4,808,218,679	4,258,154,812	1,070,493,300	1,176,567,313

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. বিএসইসি/মুখপত্র (৩য় খণ্ড)/২০১১/৬০ dated; 19 December 2018 and BSEC/SRI/Policy/3/2020/68 issued by BSEC.

6.3 Strategic classification of investment in shares				
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
	4,808,218,679	4,258,154,812	1,070,493,300	1,176,567,313

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
6.4 Maturity wise grouping of investments				
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
	7,780,310,401	6,261,562,085	3,883,387,151	3,025,772,386
7 Leases, loans and advances				
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	-	-	-	-
	62,887,779,221	58,472,232,776	58,775,033,963	54,709,353,488
7.1 Loans , cash credit and overdraft etc.				
See accounting policy in note (2.18), (2.19) and (2.20)				
Corporate finance				
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
	17,049,254,258	14,660,703,746	18,727,044,919	16,446,939,464
Retail finance				
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
	20,359,742,545	20,592,314,779	20,353,527,655	20,584,303,883
SME finance				
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
	19,694,461,389	17,678,110,142	19,694,461,389	17,678,110,142
Others				
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	-	-
	5,784,321,029	5,541,104,109	-	-
	62,887,779,221	58,472,232,776	58,775,033,963	54,709,353,488
Place of disbursement				
In Bangladesh	62,887,779,221	58,472,232,776	58,775,033,963	54,709,353,488
Outside of Bangladesh	-	-	-	-
	62,887,779,221	58,472,232,776	58,775,033,963	54,709,353,488
7.1.1 Term loan to subsidiaries				
Term loan to subsidiaries				
LankaBangla Investments Limited	-	-	1,636,615,450	1,696,615,450
LankaBangla Securities Limited	-	-	41,175,211	89,620,268
	-	-	1,677,790,661	1,786,235,718

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
7.1.2 Auto Loan				
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
	2,952,055,025	2,577,784,095	2,952,055,025	2,577,517,463
7.1.3 Credit card receivables				
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 ezipay	375,487,096	322,354,615	375,487,096	322,354,615
VISA card ezipay	114,855,300	114,304,317	114,855,300	114,304,317
	4,487,918,071	3,994,654,436	4,487,918,071	3,994,654,436
7.1.4 Home loan				
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
	9,697,504,853	10,321,155,006	9,697,504,853	10,321,155,006
7.1.5 Personal Loan				
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
	3,222,264,597	3,698,721,242	3,216,049,706	3,690,976,978
7.1.6 Maturity wise grouping of leases, loans and advances				
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
	62,887,779,221	58,472,232,776	58,775,033,963	54,709,353,488
7.1.7 Classification wise leases, loans and advances				
Unclassified				
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
	59,028,761,082	55,900,826,698	54,916,015,824	52,137,947,411
Classified				
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
	3,859,018,138	2,571,406,077	3,859,018,138	2,571,406,077
	62,887,779,221	58,472,232,776	58,775,033,963	54,709,353,488
See details in annexure-C				
Leases, Loans and advances on the basis of significant concentration				
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
c) Loans, advances and lease to customer groups:				
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

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
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
	62,887,779,221	58,472,232,776	58,775,033,963	54,709,353,488
d) Details of industrial loans, advances and leases				
1 Trade and commerce	9,156,506,512	6,863,138,281	9,156,506,512	6,863,138,281
2 Industry				
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	-	-	-	-
3 Agriculture				
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
4 Mining & Quarrying	4,148,465	9,018,825	4,148,465	9,018,825
5 Housing				
A. Individual/Retail Housing	9,430,670,599	10,047,229,201	9,430,670,599	10,047,229,201
B. Project/Commercial Housing	-	-	-	-
6 Financial Corporation				
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	-
7 Service				
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

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
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
8 Consumer Finance				
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
9 Others	5,784,321,029	5,541,104,109	-	-
	62,887,779,220	58,472,232,776	58,775,033,963	54,709,353,488
7.1.8 Particulars of loans, advances and leases				
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.	-	-	-	-
	62,887,779,220	58,472,232,776	58,775,033,962	54,709,353,488
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. 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	-	-	1,677,790,661	1,786,235,718
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	-	-	-	-
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
	5,302,023,293	3,359,767,417	5,302,023,293	3,359,767,417

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
c) Amount of interest credited to the interest suspense account	265,079,191	41,941,645	265,079,191	41,941,645
<u>xi) Cumulative amount of written off loans:</u>				
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	2,848,645,831	2,605,050,273	1,270,919,574	1,198,467,118
The amount of written off loans for which law suits have been filed.				
Leases, Loans, and advances -geographical location-wise				
Inside Bangladesh				
Urban				
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
	62,887,779,221	58,472,232,776	58,775,033,963	54,709,353,488
Outside Bangladesh				
	62,887,779,221	58,472,232,776	58,775,033,963	54,709,353,488
8. Fixed assets including land, building, furniture and fixtures				
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
	2,594,806,060	2,777,288,742	1,669,211,812	1,718,099,868
Details are given in Annexure - A and Annexure - B				
8.1 Freehold assets				
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
	1,646,569,405	1,668,192,151	897,610,620	930,885,683
8.1.1 Land				
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	-	-	-	-
	787,519,083	787,519,083	787,519,083	787,519,083

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
8.1.2 Freehold asset other than land				
A. Cost				
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
	<u>1,711,553,468</u>	<u>1,667,518,781</u>	<u>691,564,542</u>	<u>672,613,951</u>
Less: Sales/ disposal during the year	70,195,580	53,897,867	58,094,409	32,288,052
	<u>1,641,357,888</u>	<u>1,613,620,914</u>	<u>633,470,133</u>	<u>640,325,899</u>
B. Accumulated depreciation				
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
	<u>850,364,704</u>	<u>776,418,924</u>	<u>581,172,611</u>	<u>523,097,290</u>
Less: Adjusted during the year	68,057,138	43,471,080	57,794,015	26,137,993
	<u>782,307,566</u>	<u>732,947,845</u>	<u>523,378,596</u>	<u>496,959,298</u>
C. Written down value Total (A-B)	<u>859,050,323</u>	<u>880,673,069</u>	<u>110,091,537</u>	<u>143,366,601</u>
8.2 Intangible assets				
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
	<u>174,550,209</u>	<u>371,845,228</u>	<u>121,632,283</u>	<u>116,582,829</u>
8.2.1 Goodwill*				
Opening Balance	234,143,286	234,143,286	-	-
Add: Addition during the year	-	-	-	-
	<u>234,143,286</u>	<u>234,143,286</u>	<u>-</u>	<u>-</u>
Less : Impairment during the year	234,143,286	-	-	-
	<u>-</u>	<u>234,143,286</u>	<u>-</u>	<u>-</u>
*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.				
8.2.2 System software				
A. Cost				
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
	<u>488,811,279</u>	<u>402,510,916</u>	<u>309,508,660</u>	<u>270,284,160</u>
Less: Adjustment during the year	1,043,330	-	-	-
	<u>487,767,949</u>	<u>402,510,916</u>	<u>309,508,660</u>	<u>270,284,160</u>
B. Accumulated amortization				
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
	<u>314,261,070</u>	<u>264,808,974</u>	<u>187,876,377</u>	<u>153,701,331</u>
Less: Adjustment during the year	1,043,330	-	-	-
	<u>313,217,740</u>	<u>264,808,974</u>	<u>187,876,377</u>	<u>153,701,331</u>
C. Written down value	<u>174,550,209</u>	<u>137,701,942</u>	<u>121,632,283</u>	<u>116,582,829</u>
8.3 Capital Work in Progress (CWIP)				
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)	-	-	-	-
	<u>460,399,404</u>	<u>444,188,531</u>	<u>460,399,404</u>	<u>444,188,531</u>
8.03.1 Capital Work in Progress-Tangible Assets				
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	-	-	-	-
	<u>460,399,404</u>	<u>444,188,531</u>	<u>460,399,404</u>	<u>444,188,531</u>
8.03.2 Capital Work in Progress-Intangible Assets				
Opening balance	-	30,556,585	-	30,556,585
Add: Addition during the year	-	-	-	-
Less: Transfer to Intangible Assets	-	30,556,585	-	30,556,585
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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.

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
8.4 Right-of-use Assets				
Right-of-use Assets				
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
	313,287,042	293,062,831	189,569,505	226,442,825
8.4.1 Right-of-use Assets-Vehicles				
A. Cost				
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	-	-	-
	54,352,908	55,752,908	24,857,000	24,857,000
B. Accumulated amortization				
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	-	-	-
	49,368,844	44,919,038	23,076,759	20,060,759
C. Written down value	4,984,064	10,833,870	1,780,241	4,796,241
8.4.2 Right-of-use Assets-Office premises				
A. Cost				
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
	465,486,075	398,131,057	305,609,312	305,067,968
B. Accumulated amortization				
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
	157,183,098	115,902,095	117,820,047	83,421,384
C. Written down value	308,302,977	282,228,961	187,789,264	221,646,584
IFRS 16 has been implemented on 1 January 2019 . See accounting policy in note 2.18.				
9. Other assets				
See accounting policy in note (2.23 and 2.17.4)				
Non income generating assets				
Advances and prepayments (Note - 9.1)	2,300,881,904	1,733,996,492	1,195,822,687	808,746,522
Income generating assets	332,959,269	254,270,267	6,912,286,154	6,191,565,143
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
	2,633,841,173	1,988,266,759	8,108,108,841	7,000,311,664
9.1 Advances and Prepayments				
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
	2,300,881,904	1,733,996,492	1,195,822,687	808,746,522

*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.

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
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
	282,791,500	147,881,205	278,302,373	77,708,753

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
Deferred tax asset is arrived at as follows			
Assets:			
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)
Liabilities:			
Employee gratuity as on 31 December 2021	29,437,093	-	29,437,093
Lease liability - Office premises	210,331,243	-	210,331,243
Total	539,429,379	502,478,673	442,585,967
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
Deferred tax income need to account for during the year			145,299,305

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.

9.2 Interest and other receivables

* 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	-	-
	332,959,269	254,270,267	130,744,416	76,307,304

*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.

		LankaBangla Group		LankaBangla Finance Limited	
		31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
10	Borrowings from Bangladesh Bank, other banks and financial institutions				
	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
		18,502,473,665	14,816,088,224	16,188,024,885	12,460,714,321
10.1	Inside Bangladesh				
	Secured:				
	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
		7,213,311,205	5,383,204,473	6,666,573,995	4,929,203,868
	Unsecured:				
	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
		7,802,506,034	8,539,788,171	6,034,794,462	6,638,414,875
		15,015,817,238	13,922,992,645	12,701,368,458	11,567,618,742
10.1.1	Bank overdraft				
	Secured by FDR				
	Standard Chartered Bank	(123,074,452)	(87,056,892)	(123,074,452)	(87,056,892)
		(123,074,452)	(87,056,892)	(123,074,452)	(87,056,892)
	Secured by Pari Passu sharing agreement				
	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
		264,745,324	612,207,630	264,745,324	612,207,630
		141,670,873	525,150,737	141,670,873	525,150,737
10.1.2	Long term loan				
	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	7,033,187,534	4,610,616,118	6,491,063,021	4,164,223,427
	Details of the above balance is presented below:				
	From Bangladesh Bank and its agents Bank				
	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
		2,045,784,752	1,397,510,621	2,045,784,752	1,397,510,621

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
From other than Bangladesh Bank and its agents Bank				
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
	4,987,402,782	3,213,105,497	4,445,278,269	2,766,712,806
	7,033,187,534	4,610,616,118	6,491,063,021	4,164,223,427

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.

10.1.3 Call loan

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
	1,070,000,000	1,170,000,000	1,070,000,000	1,170,000,000

10.1.4 Short term borrowings

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
	3,796,054,180	4,769,408,324	2,020,000,000	2,850,000,000

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
10.1.5 Zero Coupon Bond				
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	-
	799,544,859	105,240,133	773,953,155	-

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.

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
10.1.6 Subordinate bond				
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
	1,733,693,397	2,200,648,922	1,884,860,064	2,382,448,922

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
10.1.7 Lease liability- Office premises				
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
	466,179,359	524,743,724	297,645,066	441,337,314
Less: Repayment during the year and adjustment	138,615,761	230,252,930	87,313,823	205,371,362
Closing Balance	327,563,598	294,490,793	210,331,243	235,965,953

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.

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
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	-
	3,486,656,427	893,095,579	3,486,656,427	893,095,579

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.

LankaBangla Group		LankaBangla Finance Limited	
31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka

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
	18,502,473,665	14,816,088,224	16,188,024,885	12,460,714,321
11 Term deposits and other deposits				
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
	47,676,287,741	47,130,343,890	48,181,265,170	47,611,272,015
11.1 Term deposits				
<u>Product wise break-up of term deposit</u>				
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
	47,500,921,591	46,946,884,814	48,005,899,020	47,427,812,939

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
11.2 Other deposits against leases, loans and advances				
Other deposits				
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
	175,366,150	183,459,076	175,366,150	183,459,076
11.3 Group-wise break-up of term deposits and other deposits				
Bank and Non Bank Financial Institutions (NBFI)	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
	47,676,287,741	47,130,343,890	48,181,265,170	47,611,272,015
11.4 Remaining maturity grouping of term deposits and other deposits				
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	-	-	-	-
	47,676,287,741	47,130,343,890	48,181,265,170	47,611,272,015
12. Other liabilities				
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

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
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
	11,874,066,806	9,665,501,871	7,091,391,169	6,292,849,018
*restated 2020				
12.1 Deferred liability - employee gratuity				
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	-	-	-	-
	101,843,948	112,387,877	97,557,810	97,024,777
Payment during the year	70,384,142	35,381,415	68,120,717	20,302,272
Transferred to Gratuity Fund Account	-	-	-	-
Closing Balance	31,459,806	77,006,463	29,437,093	76,722,505
12.2 Interest payable				
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
	2,023,438,857	2,048,430,770	1,969,706,131	2,035,473,713
12.3 Interest suspense account				
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
	1,053,247,034	788,167,844	934,899,046	669,819,856
12.3.1 Interest suspense on Leases, loans and advances account				
Corporate Finance				
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	-
	128,432,163	164,969,919	128,432,163	164,969,919

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
Retail Finance				
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
	343,837,352	204,266,579	343,837,352	204,266,579
SME Finance				
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	-	-	-	-
	426,074,677	292,077,116	426,074,677	292,077,116
	898,344,192	661,313,614	898,344,192	661,313,614
12.3.1 Movement of interest suspense account				
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)
	1,071,274,394	822,005,660	952,926,406	703,657,672
Write off during the year	(18,027,360)	(33,837,817)	(18,027,360)	(33,837,817)
	1,053,247,034	788,167,844	934,899,046	669,819,856
12.4 Provisions for loans, investments and off-balance sheet exposures and other assets				
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
	3,220,620,078	2,627,061,489	2,411,881,038	1,941,365,695
*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.				
12.4.1 Provisions for leases, loans and advances				
Corporate Finance				
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
	726,129,832	760,162,353	726,129,832	760,162,353
Retail Finance				
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
	819,664,662	535,337,948	819,664,662	535,337,948

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
SME Finance				
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
	755,955,100	410,452,907	755,955,100	410,452,907
	2,301,749,594	1,705,953,209	2,301,749,594	1,705,953,209
12.4 Movement of provisions for loans, investments and other assets				
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	3,220,620,078	2,627,061,489	2,411,881,038	1,941,365,695
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.				
12.4 Grouping of provisions for loans, investments and other assets				
General Provision				
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
	549,571,587	756,386,187	549,571,587	756,386,187
Specific Provision				
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
	1,752,178,007	1,047,067,021	1,752,178,007	1,047,067,021
Provision for margin loan	797,625,567	437,812,271	-	-
Provision for investment in 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	-
	3,220,620,078	2,627,061,489	2,411,881,038	1,941,365,695
Details see in Annexure-C				
12.5 Provision for taxation				
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	-	-	-	-
	1,761,055,964	1,365,079,955	664,168,837	573,309,562

LankaBangla Group		LankaBangla Finance Limited	
31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka

12.6 Payables/(Receivables)-other MasterCard operator

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

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
	42,222,007	42,744,954	42,222,007	42,744,954

12.7 Privileged creditors

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

VAT at source	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
	253,849,593	248,507,784	252,271,064	246,464,690

13. Share capital

Authorized capital	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000
1,000,000,000 ordinary shares of Tk.10/- each				
Issued, subscribed and paid up capital	5,388,386,230	5,388,386,230	5,388,386,230	5,388,386,230

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
Total					5,388,386,230	

Details of shares holding position are as under:

Sponsor shareholders:	Percentage 31.12.2021	2021		2020	
		Number of shares	Taka	Number of shares	Taka
a. Foreign sponsors					
Sampath Bank Limited, Sri Lanka	9.47%	51,036,605	510,366,050	51,036,605	510,366,050
b. Local sponsors	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
General shareholders	66.44%	358,022,564	3,580,225,640	358,022,564	3,580,225,640
	100.00%	538,838,623	5,388,386,230	538,838,623	5,388,386,230

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
	538,838,623	100.00	538,838,623	100.00

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. 37.30 at both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited at the end of the year 2021.

13.2 Name of the sponsors and/or directors and their shareholdings as at 31 December 2021

Sl 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)				
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	-	-	-
	Total		180,816,059	33.56%	180,816,059

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	-	-
Sub-Total		10,874,021,212	10,223,512,150	9,392,028,321	9,429,632,011

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
Total Eligible Tire - 1 Capital		10,874,021,212	9,989,368,865	9,278,122,720	9,292,132,011

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
Sub-Total		2,251,238,967	2,867,948,922	2,604,146,924	3,203,356,010

Deduction from Tier-1 (Supplementary capital)

Any investment exceeding the approved limit		-	-	113,905,601	137,500,000
Total Eligible Tire - 2 Capital		2,251,238,967	2,867,948,922	2,490,241,323	3,065,856,010

A) Total capital

		13,125,260,179	12,857,317,787	11,768,364,043	12,357,988,020
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Total assets including off -balance sheet exposures

		89,079,829,061	81,835,446,136	82,687,543,954	76,812,538,240
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B) Total risk weighted assets

		74,187,172,225	70,470,293,358	69,687,975,469	65,888,649,028
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C) Required capital based on risk weighted assets (10% on B)

		7,418,717,223	7,047,029,336	6,968,797,547	6,588,864,903
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D) Surplus capital (A-C)

		5,706,542,957	5,810,288,451	4,799,566,496	5,769,123,118
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E) Capital Adequacy Ratio

		17.69%	18.25%	16.89%	18.76%
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F) Core Capital to RWA

		14.66%	14.18%	13.31%	14.10%
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G) Supplementary Capital to RWA

		3.03%	4.07%	3.57%	4.65%
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14. Statutory reserve

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
		2,049,579,830	1,927,779,298	2,049,579,830	1,927,779,299

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2021 Taka	31.12.2020 Taka	31.12.2021 Taka	31.12.2020 Taka
15. Retained earnings				
	2,874,470,304	2,373,369,561	2,722,469,140	2,894,425,477
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
Opening Balance (After Restating)	1,593,921,220	1,399,278,812	2,113,466,482	2,068,708,345
Add: Profit for the period	1,280,549,083	974,090,749	609,002,658	825,717,132
Less: Adjustment during the year:	789,324,730	779,448,341	768,406,879	780,958,995
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
	2,085,145,574	1,593,921,220	1,954,062,261	2,113,466,482
15A. Revaluation reserve for investment in subsidiaries				
See accounting policy in note 2.17.4				
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 Investment Limited			824,868,130	500,406,975
LankaBangla Asset Management Company Limited			987,983,832	951,174,813
Investment in subsidiaries at cost			5,099,686,963	5,097,186,963
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
Revaluation reserve			1,681,854,774	1,018,070,876
Change in revaluation reserve			663,783,898	11,089,468
16 Non-controlling interest				
See accounting policy in note (2.4)				
	Percentage in Non-controlling interest	Equity as on 31.12.2021	LankaBangla Group	
			31.12.2021 Taka	31.12.2020 Taka
Name of Subsidiaries				
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
			195,222,367	177,127,178

	LankaBangla Group		LankaBangla Finance Limited	
	2021 Taka	2020 Taka	2021 Taka	2020 Taka
17 Interest income				
See accounting policy in note (2.34.1) (2.34.2), (2.34.3) and (2.34.4)				
<u>Leases, loans and advances</u>				
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
	5,855,147,479	7,146,763,536	5,863,048,791	7,159,681,975
Treasury finance				
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
	571,810,766	545,584,764	512,503,586	468,470,460
<u>Others</u>				
Debit balance of share trading clients	391,629,296	399,759,971	-	-
Margin loan to share trading clients	73,380,415	54,105,118	-	-
	465,009,711	453,865,090	-	-
	6,891,967,957	8,146,213,389	6,375,552,378	7,628,152,436
17.1 Credit Card				
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
	545,308,046	715,164,188	545,308,046	715,164,188
17.2 Home loan				
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
	1,167,766,772	1,573,506,645	1,167,766,772	1,573,506,645
17.3 Personal loan				
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
	436,947,638	601,039,140	436,118,517	599,745,973
18. Interest expenses on deposits and borrowings				
See accounting policy in note (2.29)				
Other than Bangladesh Bank				
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
	4,799,459,132	5,884,360,675	4,629,178,208	5,626,453,410
Bangladesh Bank				
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
	73,456,518	87,741,708	73,456,518	87,741,708
	4,872,915,651	5,972,102,383	4,702,634,726	5,714,195,118
18.1 Lease liability				
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
	31,011,432	30,720,773	23,551,494	21,931,200
18.2 Foreign term loan-ICD				
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
	104,991,079	71,468,289	104,991,079	71,468,289
19. Income from investment				
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
	1,217,598,874	315,533,440	523,955,231	115,347,060
20. Commission, exchange and brokerage income				
See accounting policy in note (2.34.8)				
Brokerage commission	1,281,941,447	495,838,868	-	-
Underwriting commission	2,708,922	515,410	-	-
	1,284,650,369	496,354,278	-	-
21. Other operational income				
See accounting policy in note (2.34.6), (2.34.7), (2.34.8), (2.34.9), (2.22.6) and (2.35)				
Fees and documentations				
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
	668,351,166	545,142,455	644,497,815	511,978,005
Others				
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	-	-
	231,718,172	186,378,768	35,369,104	21,321,243
	900,069,337	731,521,223	679,866,920	533,299,248
21.1 Fees and documentations Lending finance				
Lending finance				
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
	377,515,181	277,010,502	377,515,181	277,010,502
22. Salary and allowances				
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
	1,383,110,202	1,275,224,475	882,581,049	898,066,403
23. Rent, taxes, insurance, electricity etc.				
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
	37,512,699	42,372,349	22,743,789	27,797,266
*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)				
24. Legal and professional fees	30,886,402	31,362,343	24,840,453	27,386,792
See accounting policy in note (2.36)				
25. Postage, stamp, telecommunication etc.				
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
	22,915,828	23,365,252	18,109,356	19,265,935

	LankaBangla Group		LankaBangla Finance Limited	
	2021 Taka	2020 Taka	2021 Taka	2020 Taka
26. Stationery, printing, advertisement				
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
	40,645,158	31,586,394	33,836,840	26,487,822
27. Managing director's salary and allowance				
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
	17,154,000	15,479,000	17,154,000	15,479,000
28. Directors' fees and expenses				
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	-	-	-	-
	3,577,200	2,329,800	1,320,000	660,000
29. Auditors' fees	1,119,258	1,112,050	632,500	632,500
See accounting policy in note (2.36)				
30. Repairs, maintenance and depreciation				
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	-	-	-
	581,716,425	390,836,291	251,659,716	308,927,557
31. Other expenses				
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
	755,483,476	574,540,370	376,333,332	321,611,232
32. Provisions for loans, investments and off-balance sheet exposures and other assets				
See accounting policy in note (2.27)				
Provisions for leases and loans	575,447,876	121,432,439	575,447,876	121,432,439
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	-
	841,853,182	151,027,084	547,666,834	(1,510,295)
33. Provision for tax made during the period				
See accounting policy in note (2.38)				
<u>Current tax expense:</u>				
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	-	-	-	-
	395,976,009	199,660,429	90,859,275	92,082,283
<u>Deferred tax expense/(income):</u>				
Origination and reversal of temporary difference	3,528,516	105,659	-	-
Changes in tax rate	-	-	-	-
	3,528,516	105,659	-	-
Income tax expense reported in profit and loss account	399,504,525	199,766,087	90,859,275	92,082,283

	LankaBangla Group		LankaBangla Finance Limited	
	2021 Taka	2020 Taka	2021 Taka	2020 Taka
33.1 Reconciliation of current income tax charge				
Gross receipts			7,326,302,717	8,272,460,827
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				
Factors affecting the tax charge for current period:				
Share of profit of equity-accounted investees reported, net of tax			46,901,459	42,447,518
Additional tax charge for minimum tax under section 82C(5)			-	-
Changes in estimates related to prior period			-	-
			90,859,275	92,082,283
*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 outstanding (Note - 34.1)	538,838,623	538,838,623	538,838,623	538,838,623
Basic earnings per share	2.38	1.81	1.13	1.53
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
	538,838,623	538,838,623	538,838,623	538,838,623
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 outstanding (Note - 34.1)	538,838,623	538,838,623	538,838,623	538,838,623
	19.82	18.64	20.55	19.39
* 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
	(0.88)	15.79	(4.32)	13.56
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				
Profit before tax	1,705,397,057	1,178,284,539	699,861,932	917,799,415
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
	3,066,518,289	1,646,488,044	1,438,371,271	1,144,799,436
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)
	(105,896,959)	8,680,695,155	(2,203,981,088)	7,376,879,006
Income tax paid	(369,967,038)	(174,843,967)	(122,967,580)	(67,769,720)
Net Cash flows from/(used in) OperatingActivities	(475,863,997)	8,505,851,188	(2,326,948,668)	7,309,109,286

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.

Amount in Taka

Particulars	For the year ended December 2021				
	Core Financing Business	Brokerage Business	Investment Business	Asset Management Business	Consolidated
Revenue from external customers					
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
Total revenue from external customers	7,396,786,267	2,376,683,402	477,440,939	48,489,566	10,299,400,174
Revenues from transactions with other operating segments of the same entity :					
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
Total revenues from transactions with other operating segments of the same entity	182,588,262	4,620,000	38,018,583	23,830,171	67,012,905
Total segment revenue	7,579,374,529	2,381,303,402	515,459,522	72,319,736	10,366,413,079
Interest expenses					
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
Total segment interest expenses	4,702,634,726	232,950,461	597,716	454,625	4,935,412,474
Operating expenses					
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
Total segment operating expenses	1,433,105,837	1,050,117,033	79,114,330	34,509,618	2,596,846,818
Depreciation and amortization	196,105,199	79,946,248	5,138,189	5,713,913	286,903,549
Net operating income	1,247,528,766	1,018,289,660	430,609,287	31,641,581	2,547,250,239

Material non-cash items other than depreciation and amortisation

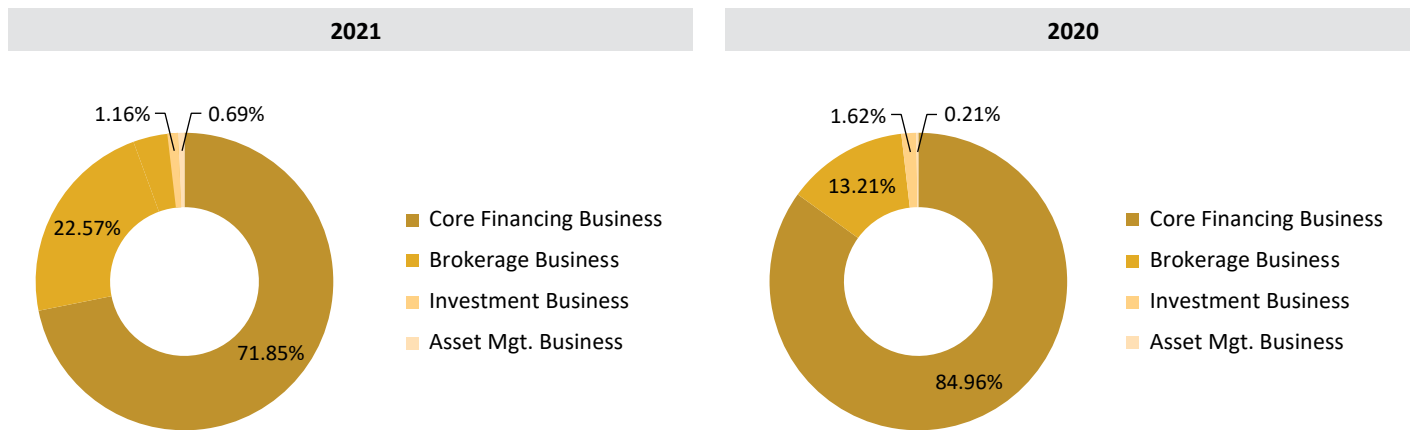
Provision for leases, loans and advances / investments	547,666,834	232,411,782	68,544,616	(6,770,050)	841,853,182
Profit before tax and reserve	699,861,932	785,877,878	362,064,671	38,411,631	1,705,397,057
Provision for tax made during the period	90,859,275	263,702,950	37,088,370	4,325,415	395,976,009
Deferred tax (expense)/ Income	-	3,236,217	515,138	(222,839)	3,528,516
	90,859,275	266,939,167	37,603,508	4,102,575.41	399,504,525
Net profit after tax	609,002,658	518,938,711	324,461,163	34,309,055	1,305,892,532
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
Net segment assets	73,861,978,300	12,340,719,187	2,374,216,249	349,935,687	88,926,849,424
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
Total segmental liability	82,534,564,317	12,369,298,695	2,829,193,678	1,196,507,932	98,929,564,622

Amount in Taka

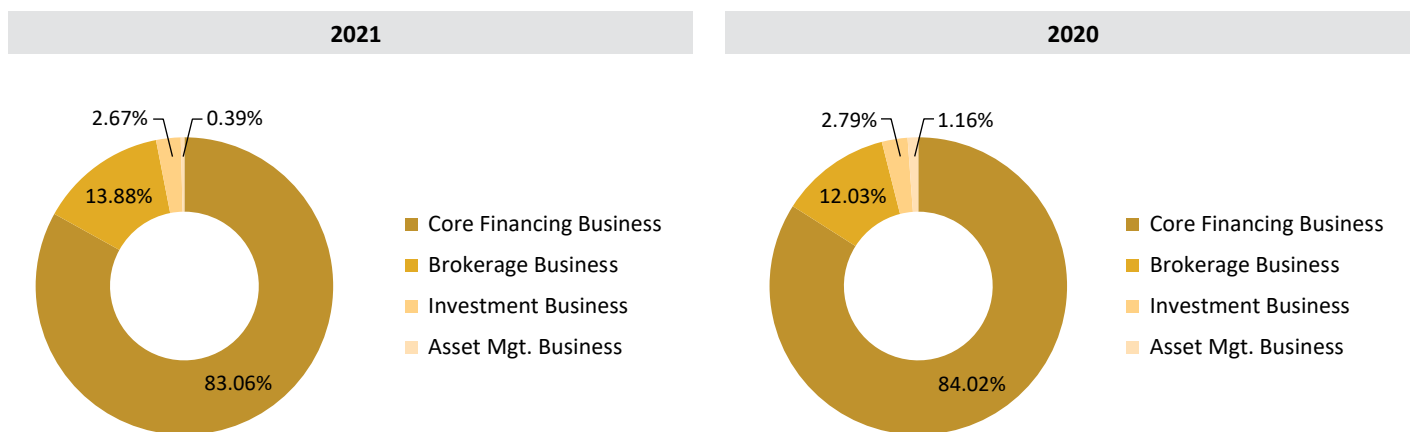
Particulars	For the year ended December 2020				
	Core Financing Business	Brokerage Business	Investment Business	Asset Management Business	Consolidated
Revenue from external customers					
Interest revenue	7,613,940,829	463,912,653	61,898,110	(16,917,033)	8,122,834,559
Revenue from investment	115,347,060	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
Total revenue from external customers	8,262,587,137	1,286,637,558	132,846,244	(2,940,270)	9,679,130,670
Revenues from transactions with other operating segments of the same entity :					
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)
Total revenues from transactions with other operating segments of the same entity	14,211,607	-	25,178,830	23,341,010	60,274,621
Total segment revenue	8,276,798,744	1,286,637,558	158,025,073	20,400,740	9,739,405,291
Interest expenses					
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
Total segment interest expenses	5,714,195,118	296,752,541	360,002	938,803	6,012,215,935
Operating expenses					
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
Total segment operation expenses	1,396,819,968	589,556,625	53,548,501	24,494,283	2,064,419,378
Depreciation and amortization	249,494,539	72,492,283	4,104,356	7,367,178	333,458,356
Net operating income	916,289,119	327,836,110	100,012,214	(12,399,524)	1,329,311,623
Material non-cash items other than depreciation and amortisation					
Provision for leases, loans and advances / investments	(1,510,295)	85,000,000	81,708,513	(14,171,134)	151,027,084
Profit before tax and reserve	917,799,415	242,836,110	18,303,700	1,771,610	1,178,284,539
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
	92,082,283	104,137,267	3,756,987.25	(210,450)	199,766,087
Net profit after tax	825,717,132	138,698,842	14,546,713	1,982,060	978,518,451
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
Net segment assets	75,026,302,522	10,743,461,309	2,495,461,912	1,031,743,269	89,296,969,011
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
Total segmental liability	76,812,538,240	10,743,461,307	2,495,461,911	1,031,743,269	91,083,204,728

37.2 Information about reportable segments (continued)

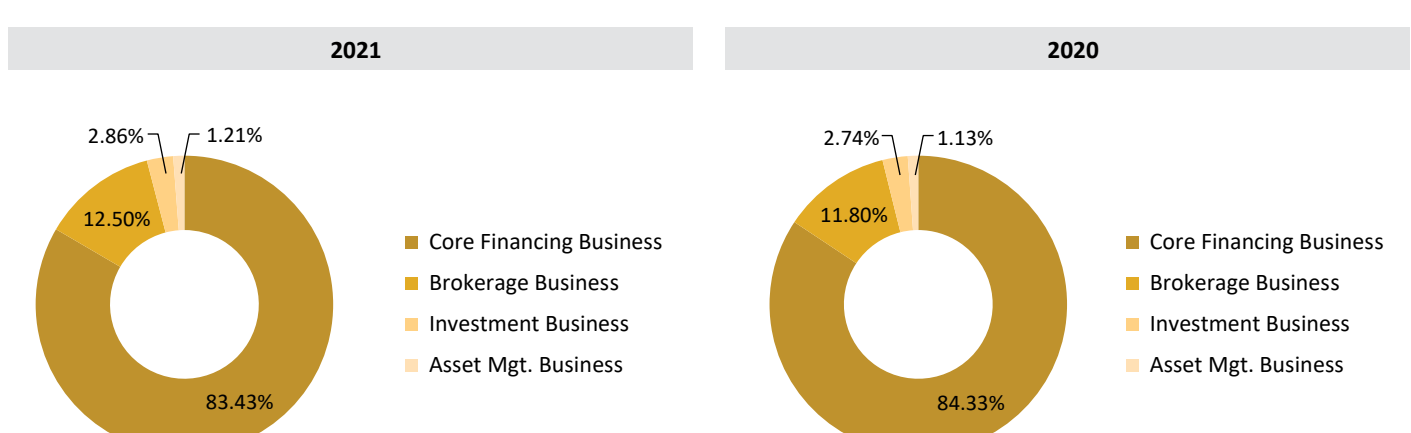
Revenue



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)
Total		25,343,449	4,427,702

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

iv) **Related party transactions**

The company in normal course of business has entered into transactions with other individuals/entities that fall within definition of related party contained in 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.

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 th Board meeting	10 March 2021	8
2	129 th Board meeting	6 April 2021	8
3	130 th Board meeting	31 May 2021	9
4	131 st Board meeting	30 June 2021	6
5	132 nd Board meeting	18 August 2021	7
6	133 rd Board meeting	28 October 2021	7
7	134 th Board meeting	2 December 2021	8
8	135 th 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 st EC meeting	14 January 2021	4
2	92 nd EC meeting	15 February 2021	3
3	93 rd EC meeting	5 April 2021	3
4	94 th EC meeting	10 June 2021	4
5	95 th EC meeting	24 June 2021	4
6	96 th EC meeting	26 July 2021	5
7	97 th EC meeting	12 September 2021	5
8	98 th EC meeting	7 October 2021	4
9	99 th EC meeting	31 October 2021	4
10	100 th EC meeting	17 November 2021	4
11	101 st 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 th Audit Committee meeting	8 March 2021	3
2	65 th Audit Committee meeting	25 May 2021	3
3	66 th Audit Committee meeting	12 August 2021	4
4	67 th 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 128th 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 136th 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 25th 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.

Sl #	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
Total			411,282	767	38,752,262

*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 st quarter)	31 May 2021
January to June (Half Year ended)	18 August 2021
January to September (3 rd 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

Amount in Taka

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
I. Freeholds assets										
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
	2,401,139,996	97,932,555	70,195,580	2,428,876,970		732,947,845	117,416,859	68,057,138	782,307,566	1,646,569,405
II. Intangible assets										
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
	636,654,202	86,300,363	1,043,330	721,911,235		264,808,974	283,595,382	1,043,330	547,361,026	174,550,209
III. Capital Work in Progress										
Tangible Assets	444,188,532	16,210,873	-	460,399,404	-	-	-	-	-	460,399,404
Intangible Assets	-	-	-	-	-	-	-	-	-	-
	444,188,532	16,210,873	-	460,399,404		-	-	-	-	460,399,404
IV. Right of Use Assets										
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
	453,883,965	171,688,566	105,733,547	519,838,983		160,821,134	124,200,334	78,469,526	206,551,942	313,287,041
Total	3,935,866,694	372,132,356	176,972,457	4,131,026,593		1,158,577,952	525,212,575	147,569,994	1,536,220,534	2,594,806,060

LANKABANGLA FINANCE LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED FIXED ASSETS SCHEDULE

As at 31 December 2020

Annexure-A

Amount in Taka

Particulars	COST			Rate %	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	Charged/Impaired during the year	Adjustment during the year	Balance as at 31.12.2020	
I. Freeholds assets									
Land	787,519,083	-	-	787,519,083	-	-	-	-	787,519,083
Building	723,845,707	-	-	723,845,707	2.5	8,592,596	-	46,095,814	677,749,894
Furniture and Fittings	284,194,023	12,385,030	20,990,875	275,588,178	20	36,112,594	18,671,999	203,785,736	71,802,441
Office Equipment	213,140,411	9,780,869	8,969,664	213,951,616	20	22,092,397	6,678,195	170,659,677	43,291,939
IT Equipment	280,685,575	2,530,383	4,952,903	278,263,055	33.33	55,894,084	4,952,903	217,169,710	61,093,345
Office Renovation	97,752,327	6,770,707	9,081,530	95,441,504	20	11,604,817	8,766,526	71,652,817	23,788,686
Motor Vehicles	36,433,749	-	9,902,895	26,530,854	20	2,425,355	4,401,457	23,584,090	2,946,763
	2,423,570,874	31,466,989	53,897,867	2,401,139,996		136,721,843	43,471,080	732,947,845	1,668,192,151
II. Intangible assets									
Goodwill	234,143,286	-	-	234,143,286	-	-	-	-	234,143,286
System Software	345,377,598	57,133,318	-	402,510,916	25	53,360,153	-	264,808,974	137,701,942
	579,520,884	57,133,318	-	636,654,202		53,360,153	-	264,808,974	371,845,228
III. Capital Work In Progress									
Tangible Assets	326,493,714	117,694,817	-	444,188,532	-	-	-	-	444,188,532
Intangible Assets	30,556,585	-	30,556,585	-	-	-	-	-	-
	357,050,299	117,694,817	30,556,585	444,188,532		-	-	-	444,188,532
IV. Right of Use Assets									
Motor Vehicle	51,566,000	4,186,908	-	55,752,908	20	6,269,916	-	44,919,039	10,833,870
Office premises	508,719,556	166,679,363	277,267,862	398,131,057	Equal Monthly Lease period	148,411,959	201,943,886	115,902,095	282,228,962
	560,285,556	170,866,271	277,267,862	453,883,965		154,681,875	201,943,886	160,821,134	293,062,832
Total	3,920,427,613	377,161,395	361,722,315	3,935,866,694		344,763,871	245,414,966	1,158,577,952	2,777,288,742

LANKABANGLA FINANCE LIMITED

SCHEDULE OF FIXED ASSETS

As at 31 December 2021

Annexure-B
Amount in Taka

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
I. Freeholds assets										
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
	1,427,844,981	51,238,643	58,094,409	1,420,989,216		496,959,298	84,213,313	57,794,015	523,378,596	897,610,620
II. Intangible assets										
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
III. Capital Work In Progress										
Tangible Assets	444,188,531	16,210,873	-	460,399,404		-	-	-	-	460,399,404
Intangible Assets	-	-	-	-		-	-	-	-	-
	444,188,531	16,210,873	-	460,399,404		-	-	-	-	460,399,404
IV. Leaseholds assets										
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
	329,924,968	61,679,113	61,137,770	330,466,312		103,482,143	77,716,841	40,302,177	140,896,806	189,569,505
Total	2,472,242,641	168,353,129	119,232,178	2,521,363,592		754,142,773	196,105,199	98,096,192	852,151,780	1,669,211,812

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/Im-paired during the year	Adjustment during the year		Balance as at 31.12.2020
I. Freeholds assets										
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
	1,442,468,987	17,664,047	32,288,052	1,427,844,981		421,416,235	101,681,055	26,137,992	496,959,298	930,885,683
II. Intangible assets										
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
	218,450,842	51,833,318	-	270,284,160		114,777,144	38,924,187	-	153,701,331	116,582,829
III. Capital Work In Progress										
Tangible Assets	326,493,714	117,694,817	-	444,188,531		-	-	-	-	444,188,531
Intangible Assets	30,556,585	-	30,556,585	-		-	-	-	-	-
	357,050,299	117,694,817	30,556,585	444,188,531		-	-	-	-	444,188,531
IV. Leaseholds assets										
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	Equal Monthly Lease period	125,188,340	115,264,321	157,031,277	83,421,384	221,646,584
	422,639,866	150,674,820	243,389,717	329,924,968		141,954,715	118,558,706	157,031,277	103,482,143	226,442,825
Total	2,440,609,993	337,867,002	306,234,355	2,472,242,641		678,148,094	259,163,948	183,169,269	754,142,773	1,718,099,869

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	Bad/ Loss (BL)	SMA	Sub Standard (SS)	Doubtful (DF)	Bad/ Loss (BL)	Standard (if any)	SMA	Classified	Total	
Corporate Finance															
Lease finance	2,366,122,388				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				-	-			-	-	49,262	-	-	-	
Short term finance	1,659,948,534				-	-			-	-	16,599,485	-	-	-	
Term loan to subsidiaries	1,677,790,661				-	-			-	-	33,555,813	-	-	-	
Term loan	12,396,172,819				-	-	491,646,218	-	-	299,857,591	14,769,084	-	82,462,451	97,231,535	
Syndication finance	239,518,490				-	-	102,789,327	-	-	91,610,001	-	-	5,799,696	5,799,696	
Work order finance					-	-	-	-	-	-	-	-	-	-	
SUB-TOTAL	18,727,044,919	17,750,043,510			341,533,544	635,467,864			220,828,544	399,852,250	726,129,832		93,772,342	128,432,163	
Retail Finance															
Auto loan	2,952,055,025	2,781,253,460	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	
Credit card receivables	4,487,918,071	3,816,549,813	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	
Home loan	9,697,504,853	9,135,773,867	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	
Personal loan	3,216,049,706	2,691,638,080	135,733,071	154,561,068	72,072,213	162,045,274	120,665,153	116,913,490	49,789,006	125,773,724	217,337,890	-	592,600	15,067,918	
SUB-TOTAL	20,353,527,655	18,425,215,220	666,722,237	244,322,707	124,283,748	892,983,743	594,872,829	152,975,059	70,000,391	519,650,295	20,600,632	71,849,408	251,387,312	343,837,352	
SME Finance															
Term loan	12,380,607,380	10,962,625,906	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	
Lease finance	2,403,498,468	2,307,071,427	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	
Auto loan	1,582,877,962	1,412,505,467	45,243,304	11,869,993	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	
Emerging and commercial	1,847,178,176	1,816,538,022	4,090,984	-	830,253	25,718,916	3,952,380	-	237,199	20,467,867	26,390,785	-	138,604	3,765,584	
Loan against deposit	259,521,552	259,521,552	-	-	-	-	-	-	-	-	648,804	-	-	-	
Home loan	448,821,776	390,204,431	-	-	-	58,617,346	-	-	-	8,792,602	10,120,531	-	1,171,518	14,994,994	
Real state developer finance	35,628,950	841	-	-	-	35,628,950	-	-	-	7,458,366	7,458,366	-	-	2,862,584	
Secured Overdraft	841	-	-	-	-	-	-	-	-	-	-	-	-	-	
Short term loan	416,016,461	364,306,287	-	-	-	51,710,174	-	-	-	29,882,810	30,793,576	-	-	15,872,755	
Syndication finance	305,580,262	305,580,262	-	-	-	-	-	-	-	-	763,951	-	-	-	
Work order finance	14,729,560	-	-	-	-	14,729,560	-	-	-	7,229,560	7,229,560	-	-	-	
SUB-TOTAL	19,694,461,389	17,818,354,194	255,680,662	172,887,619	352,844,525	1,094,694,388	236,827,516	114,593,533	220,489,333	523,502,609	755,955,100	1,260,990	18,853,147	405,960,540	
Additional provision and suspense															
TOTAL	58,775,033,962	53,993,612,925	922,402,899	417,210,326	818,661,817	2,623,145,995	831,700,344	267,568,591	511,318,268	1,443,005,155	2,301,749,594	65,027,685	90,702,555	751,120,194	

* 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 (CVMSEF)	0.25%
Unclassified of leases, loans and advances except CVMSEF and FBMSD	1.00%
Unclassified of Financing to the Brokerage 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

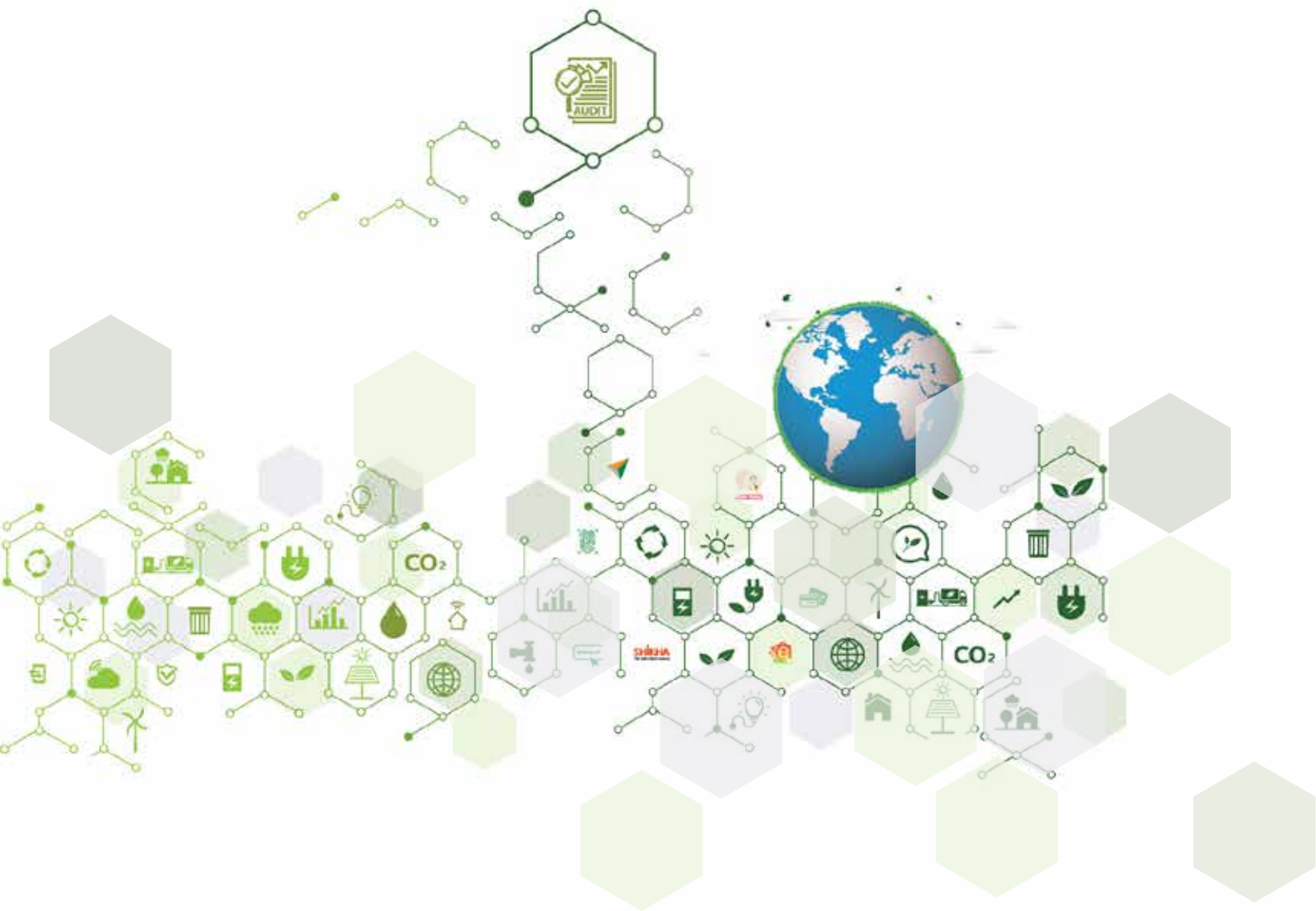
(As per Bangladesh Bank guidelines)

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

AUDITED FINANCIAL STATEMENTS OF SUBSIDIARIES LANKABANGLA SECURITIES LIMITED



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>Recognition of Income: 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 & circulation & other operational income. Additionally, we performed the following:</p> <ul style="list-style-type: none"> • We assessed the appropriateness of income recognition accounting policy in line with IFRS 15 Revenue from customer contracts. • Carried out cut-off testing to ensure the income was recognized in correct period. • Reviewed the carrying balance of the total figure. • Recalculated interest charged during the year. • Performed walkthroughs to understand the control adequacy and the revenue cycle design. • 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

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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:

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Gulshan-1, Dhaka-1212, Bangladesh.
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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.



Chattogram Office:

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



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



LANKABANGLA SECURITIES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

Particulars	Notes	Amount In Taka	
		31.12.2021	31.12.2020
ASSETS			
Non-current assets			
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
Total non-current assets		1,661,009,562	1,867,268,323
Current assets			
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
Total current assets		10,708,289,132	8,876,192,984
TOTAL ASSETS		12,369,298,694	10,743,461,307
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's Equity			
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
Shareholder's Equity		5,382,039,978	5,051,651,860
Non controlling interest		2,460,835	2,231,473
Total equity		5,384,500,813	5,053,883,333
Liabilities			
Non-current liabilities			
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
Total non-current liabilities		446,483,351	394,584,213
Current liabilities			
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
Total current liabilities		6,538,314,530	5,294,993,761
Total liabilities		6,984,797,881	5,689,577,974
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		12,369,298,694	10,743,461,307
NAV	51	20.01	18.78

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: 06th 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
Revenue			
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
Other operational income		2,373,000,043	1,274,376,665
Total Revenue			
		(472,746,035)	(440,099,939)
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			
		1,900,254,008	834,276,726
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)
Non controlling interest		518,938,712	138,698,843
Earnings Per Share (EPS)	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: 06th 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
Cash Flows from Operating Activities			
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)
		2,186,143,344	1,275,112,118
Other Operating Activities			
Advance, deposits & prepayments		7,157,105	3,003,689
Income Tax paid		(227,996,855)	(98,643,001)
		(220,839,750)	(95,639,312)
Net cash used in operating activities		1,965,303,593	1,179,472,806
Cash Flows from Investing Activities			
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)
Net Cash used in Investing Activities		(792,956,606)	254,468,332
Cash Flows from Financing Activities			
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)
Net Cash flow from Financing Activities		(418,630,840)	(817,796,589)
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
Cash & Cash Equivalent as on December 31, 2021		2,476,243,624	1,722,527,477
Net operating cash flow per share (NOCFPS)		7.31	4.38



Director



CEO & Director



Company Secretary

Place : Dhaka

Date: 06th 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
Balance at January 01, 2020	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
Changes in equity for 2020									
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	-	-	-
Balance at December 31, 2020	2,690,303,320	1,200,000,000	46,984,040	-	-	1,114,364,500	5,051,651,860	2,231,473	5,053,883,333
Changes in equity for 2021									
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)	-	-	-
Balance at December 31, 2021	2,690,303,320	1,200,000,000	52,590,312	-	14,442,438	1,424,703,908	5,382,039,978	2,460,835	5,384,500,813


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



Director



CEO & Director



Company Secretary

Place : Dhaka
Date: 06th 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
ASSETS			Re-stated	Re-stated
Non-current assets				
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
Total non-current assets		1,707,736,643	1,669,852,696	1,707,324,008
Current assets				
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
Total current assets		10,551,058,546	8,731,769,464	8,300,381,577
TOTAL ASSETS		12,258,795,189	10,401,622,160	10,007,705,585
SHAREHOLDER'S EQUITY AND LIABILITIES				
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
Total equity		5,382,050,960	4,817,506,080	4,678,578,960
Liabilities				
Non-current liabilities				
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
Total non-current liabilities		447,480,653	393,970,284	765,090,812
Current liabilities				
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
Total current liabilities		6,429,263,576	5,190,145,796	4,564,035,812
Total liabilities		6,876,744,229	5,584,116,081	5,329,126,624
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		12,258,795,189	10,401,622,160	10,007,705,585
NAV	51	20.01	17.91	17.39

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: 06th 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
Revenue			
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
Total Revenue		2,231,682,134	1,151,170,490
Cost of services		(371,416,626)	(343,156,692)
Interest expenses	36	219,724,467	282,875,607
Other costs directly attributable to services	37	151,692,159	60,281,084
Gross profit		1,860,265,508	808,013,799
Other non-operational income	38	7,977,610	12,186,411
Operating expenses		(626,549,052)	(487,230,844)
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
Operating profit before provisions		1,241,694,065	332,969,365
Provision for negative equity & others	48	232,411,782	85,000,000
Profit before tax (PBT)		1,009,282,283	247,969,365
Income tax income/ (expense)	49	(263,160,932)	(103,544,984)
Profit after tax (PAT)		746,121,351	144,424,381
Other comprehensive income			
Increase/(decrease) in revaluation reserve	53	6,744,760	(5,497,262)
Total Comprehensive income		752,866,111	138,927,119
Earnings Per Share (EPS)			
Basic	50	2.77	0.54

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: 06th 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
Cash Flows from Operating Activities			
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)
		2,177,016,640	1,265,756,319
Other Operating Activities			
Advance, deposits & prepayments		7,157,105	3,003,691
Income Tax paid		(227,177,931)	(97,186,690)
		(220,020,826)	(94,182,999)
Net Cash used in Operating Activities		1,956,995,814	1,171,573,320
Cash Flows from Investing Activities			
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)
Net Cash used in Investing Activities		(789,738,764)	263,326,734
Cash Flows from Financing Activities			
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)
Net Cash flow from Financing Activities		(412,089,138)	(820,518,440)
Net increase in Cash and Cash Equivalents		755,167,912	614,381,614
Cash & Cash Equivalent as on January 01, 2021		1,716,407,906	1,102,026,292
Cash & Cash Equivalent as on December 31, 2021		2,471,575,818	1,716,407,906
Net operating cash flow per share (NOCFPS)	52	7.27	4.35

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



Director



CEO & Director



Company Secretary

Place : Dhaka
Date: 06th 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
Balance at January 01, 2020	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)
Balance at January 01, 2020 (Restated)	2,690,303,320	1,200,000,000	51,650,689	(330,879,275)	-	1,067,504,227	4,678,578,961
Changes in equity for 2020							
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	-
Balance at December 31, 2020	2,690,303,320	1,200,000,000	46,984,040	(336,376,538)	-	1,216,595,258	4,817,506,080
Changes in equity for 2021							
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)	-
Balance at December 31, 2021	2,690,303,320	1,200,000,000	52,590,312	(329,631,778)	14,442,438	1,754,346,667	5,382,050,959


Director


CEO & Director


Company Secretary

Place : Dhaka
Date: 06th 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 6th 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
Impact on Assets			
Long Term Investment in Shares	1,180,178,669.00	(330,879,275.00)	849,299,393.00
TOTAL PROPERTY AND ASSETS	10,338,584,860.00	(330,879,275.00)	10,007,705,585.00
Impact on Liabilities & Equity			
Revaluation reserve	-	(330,879,275.00)	(330,879,275.00)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10,338,584,860.00	(330,879,275.00)	10,007,705,585.00

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.

Amount in Taka

	Consolidated		Separate	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
4.00 Property, Plant & Equipment				
Cost:				
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
	1,185,332,444	1,125,560,441	1,126,517,135	1,067,137,700
Less: Disposal during the year	12,651,956	21,243,891	11,057,400	20,027,616
Closing balance	1,172,680,488	1,104,316,550	1,115,459,735	1,047,110,084
Depreciation:				
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
	392,891,047	362,767,321	350,955,583	324,157,393
Less: Adjustment made during the year	10,681,766	16,967,172	9,482,066	16,249,083
Accumulated depreciation	382,209,280	345,800,149	341,473,516	307,908,310
A. Carrying amount	790,471,207	758,516,401	773,986,218	739,201,774
Right of Use of Assets				
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
	186,516,677	164,448,072	168,955,829	138,298,777
Less: Disposal during the year	36,091,912	69,555,638	33,453,923	54,820,591
Closing balance	150,424,765	94,892,434	135,501,906	83,478,186
Depreciation:				
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
	60,926,667	84,556,828	52,312,143	67,279,502
Less: Lease expense of Right of use of Assets	32,150,555	65,167,334	30,304,738	50,725,080
Accumulated depreciation	28,776,112	19,389,494	22,007,405	16,554,422
B. Carrying amount	121,648,653	75,502,940	113,494,501	66,923,764
Grand Total (A+B)	912,119,860	834,019,341	887,480,719	806,125,538
A schedule of property, Plant & Equipment is given in Annexure-A				
5.00 Long term loan to employees				
Staff transport loan	-	266,632	-	266,632
Loan against salary	3,122,484	2,156,294	3,122,484	2,156,294
	3,122,484	2,422,926	3,122,484	2,422,926
6.00 Long term investment in shares				
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
	745,767,217	796,682,770	817,133,439	861,304,232
6.01 Investment in subsidiary companies				
Particulars (presented at fair value)				
LankaBangla Information Technology Limited	-	-	6,067,615	5,333,946
BizBangla Media Limited	-	-	65,298,607	59,287,516
	-	-	71,366,222	64,621,462
6.02 Investment in equity of unlisted company				
Particulars				
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	-
	108,788,440	99,206,600	108,788,440	99,206,600

Amount in Taka

	Consolidated		Separate	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
6.02.A DSE and CSE Membership at Cost				
LankaBangla Securities Limited has received the following shares from DSE and CSE against the membership under demutualization scheme of the stock exchanges:				
Stock Exchange	Type of Shares	Number of Shares	Face Value	
Dhaka Stock Exchange Limited	Floated (53.33%)	2,886,042	10	
	Blocked (46.67%)	2,525,287	10	
		5,411,329		
Chittagong Stock Exchange Limited	Floated (40.00%)	1,714,932	10	
	Blocked (60.00%)	2,572,398	10	
		4,287,330		
Valuation of membership has been shown at cost in the financial statements.				
6.03 Strategic investment in listed company (dealer)				
Particulars				
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
	600,695,211	661,476,170	600,695,211	661,476,170
6.04 Strategic investment in listed company (Strg)				
Particulars				
IT	36,283,566	36,000,000	36,283,566	36,000,000
	36,283,566	36,000,000	36,283,566	36,000,000
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.				
7.00 Impairment of goodwill				
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	-	-	-
	-	234,143,286	-	-
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.				
8.00 Advances, Deposits and Prepayments				
Advances				
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
	18,316,404	22,093,445	43,042,702	48,422,726
Deposits				
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
	6,173,932	7,477,669	4,131,098	5,393,790

		Amount in Taka			
		Consolidated		Separate	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
9.00	Advance Income Tax				
	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
		980,982,405	752,985,550	970,922,388	743,744,457
	Less: Adjustment during the year	-	-	-	-
		980,982,405	752,985,550	970,922,388	743,744,457
10.00	Investments				
	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
		1,673,366,108	1,471,276,895	1,670,312,108	1,470,276,895
10.01	Investment in listed securities (dealer)				
	Particulars				
	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
		1,372,848,950	1,235,304,421	1,372,848,950	1,235,304,421
10.02	Investment in listed securities (refinancing)				
	Particulars				
	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
		240,928,570	179,624,535	240,928,570	179,624,535
10.03	Fixed deposit receipts (FDR)				
	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	-	-
		59,588,587	56,347,938	56,534,587	55,347,938
11.00	Inventories				
	Newsprint	1,662,925	457,393	-	-
	P. S plate	-	24,840	-	-
	Polyester film	3,470	10,600	-	-
		1,666,394	492,833	-	-
12.00	Current portion of loans and advances				
	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
		1,712,485	3,141,542	1,712,485	3,141,542
13.00	Accounts receivable				
	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
		5,545,050,470	4,891,117,978	5,384,611,914	4,739,302,553
13.01	Receivable from clients				
	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
		5,450,582,345	4,867,822,512	5,290,143,789	4,716,007,087
	Other clients				
	Other clients includes receivable from share trading.				

	Consolidated		Separate	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
13.02 Receivable from DSE & CSE				
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
Total DSE	94,413,086	19,241,349	94,413,086	19,241,349
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
Total CSE	55,038	4,054,117	55,038	4,054,117
Grand Total DSE & CSE	94,468,125	23,295,466	94,468,125	23,295,466
14.00 Cash and Bank Balances				
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
	2,476,243,625	1,722,527,477	2,471,575,819	1,716,407,906
14.01 Cash at Bank /NBFI				
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
Subsidiary's Bank A/C				
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	-	-
	2,475,048,746	1,721,776,467	2,470,389,709	1,715,750,795
15.00 Share Capital				
Authorized Capital				
500,000,000 ordinary shares of Taka 10 each	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
Issued, Subscribed and Paid-up Capital	2,690,303,320	2,690,303,320	2,690,303,320	2,690,303,320
269,030,332 ordinary shares of Taka 10 each fully paid	2,690,303,320	2,690,303,320	2,690,303,320	2,690,303,320
Detail of Shareholding Position of the Company				
Name of the Sponsor & Directors Shareholders		No. of Shares		
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. Mahbulul 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
		269,030,332	2,690,303,320	2,690,303,320
16.00 Share Premium				
Premium amount received against issue of 5,000,000 shares @ 240 per share in 2010.	1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000
	1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000

Amount in Taka

	Consolidated		Separate	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
17.00 General Reserve				
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
	52,725,692	51,702,165	52,725,692	51,702,165
Less: Adjustment during the year	135,380	4,718,125	135,380	4,718,125
Closing balance	52,590,312	46,984,040	52,590,312	46,984,040
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.				
18.00 Fair value reserve				
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
	-	-	(329,631,778)	(336,376,538)
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				
19.00 Capital reserve				
Opening balance	-	-	-	-
Add: Addition during the year	14,442,438	-	14,442,438	-
	14,442,438	-	14,442,438	-
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.				
20.00 Long Term Loan				
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	311,408,609	242,281,292	311,408,609	242,281,292
Detail of long term portion of the above balance is presented below:				
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
Sub total	311,408,609	242,281,292	311,408,609	242,281,292
21.00 Deferred tax Liabilities				
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".				
Assets:				
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
Taxable /(Deductible) Temporary Difference	62,171,340	47,431,338	81,503,865	65,987,842
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
Deferred Tax Liabilities/(Assets)	18,651,402	15,415,185	24,451,160	21,446,049
22.00 Finance lease obligation				
Finance lease obligation-Vehicles (Note-22.01)	2,058,543	3,705,431	-	808,197
Finance lease obligation-Office premises (Note-22.02)	88,773,094	27,942,173	86,029,182	24,194,614
	90,831,637	31,647,604	86,029,182	25,002,811
22.01 Finance lease obligation-Vehicles				
Opening balance	3,705,431	2,333,047	808,197	2,333,047
Add: Addition during the year	-	4,094,075	-	-
	3,705,431	6,427,122	808,197	2,333,047
Less: Conversion to Short term	1,646,888	2,721,691	808,197	1,524,850
Closing balance	2,058,543	3,705,431	-	808,197

		Amount in Taka			
		Consolidated		Separate	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
22.02	Finance lease obligation-Office premises				
	Opening balance	27,942,173	40,663,850	24,194,614	40,013,463
	Add: Addition during the year	91,624,243	36,836,101	85,477,643	24,452,287
		119,566,416	77,499,951	109,672,258	64,465,750
	Less: Conversion to Short term	30,793,323	49,557,778	23,643,076	40,271,136
	Closing balance	88,773,094	27,942,173	86,029,182	24,194,614
23.00	Accounts payable				
	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
		2,346,893,359	1,635,995,400	2,314,131,317	1,602,557,946
23.01	Payable to Clients				
	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
		2,191,617,636	1,537,465,764	2,191,311,462	1,529,258,216
	Other Clients				
	Other clients includes payable from share trading.				
23.02	Payable to DSE & CSE				
	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	2,956,908	5,217,145	2,956,908	5,217,145
	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	27,326,912	4,538,646	27,326,912	4,538,646
	Grand Total DSE & CSE	30,283,820	9,755,791	30,283,820	9,755,791
23.03	Accrued Expenses				
	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
		124,991,903	88,773,845	92,536,035	63,543,939
24.00	Short Term Loan				
	Opening Balance	1,919,408,324	2,095,712,913	1,859,735,825	2,032,875,839
	Loan taken during the year	-	-	-	-
		1,919,408,324	2,095,712,913	1,859,735,825	2,032,875,839
	Re-scheduled/repayment during the year	143,354,144	176,304,589	143,781,645	173,140,014
	Closing Balance	1,776,054,180	1,919,408,324	1,715,954,180	1,859,735,825
	Detail of the above balance is presented below:				
	Loan taken as a short term				
	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
	Sub total	1,776,054,180	1,919,408,324	1,715,954,180	1,859,735,825

Amount in Taka

	Consolidated		Separate	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
25.00 Provision for Current Tax				
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
	1,033,341,773	769,638,824	1,025,591,058	765,435,238
Less: Adjustment during the year	-	-	-	-
	1,033,341,773	769,638,824	1,025,591,058	765,435,238
26.00 Current portion of lease obligation				
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
	36,804,392	47,194,953	30,301,092	41,517,116
26.01 Current portion of lease obligation-Vehicles				
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
	4,487,013	4,552,840	2,325,895	2,563,527
Less: Paid during the year	1,932,860	1,712,715	1,210,861	1,045,829
Closing balance	2,554,153	2,840,125	1,115,035	1,517,698
26.02 Current portion of lease obligation-Office premises				
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
	75,148,150	89,475,891	63,642,493	76,686,722
Less: Paid during the year	40,897,912	45,121,064	34,456,436	36,687,304
Closing balance	34,250,238	44,354,828	29,186,057	39,999,418
27.00 Current portion of term loan				
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
	574,604,349	713,856,579	574,604,349	713,856,579
Less: Paid during the year	302,713,234	420,124,913	302,713,234	420,124,913
Closing balance	271,891,115	293,731,666	271,891,115	293,731,666
Detail current portion of long term loan above balance is presented below:				
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
Sub total	271,891,115	293,731,666	271,891,115	293,731,666
28.00 Provision for negative equity & others				
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
	701,652,011	469,240,230	701,652,011	469,240,230
28.01 Provision for negative equity				
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
	701,652,011	234,970,230	701,652,011	234,970,229.95
Less: Write off during the year	-	-	-	-
Closing balance	701,652,011	234,970,230	701,652,011	234,970,230

Amount in Taka

	Consolidated		Separate	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
28.02 Diminution value of investment				
Opening balance	234,270,000	234,270,000	234,270,000	234,270,000
Add: Addition during the year	-	-	-	-
	234,270,000	234,270,000	234,270,000	234,270,000
Less: Adjustment during the year	234,270,000	-	234,270,000	-
Closing balance	-	234,270,000	-	234,270,000

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.

29.00 Interest Suspense				
Opening balance	118,347,988	118,347,988	118,347,988	118,347,988
Add: Addition during the year	-	-	-	-
	118,347,988	118,347,988	118,347,988	118,347,988
Less: Adjustment during the year	-	-	-	-
Closing balance	118,347,988	118,347,988	118,347,988	118,347,988

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.

30.00 Other Liabilities				
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
	253,329,711	41,436,377	251,394,814	39,579,788

		Amount in Taka			
		Consolidated		Separate	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
31.00	Interest income				
	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
		441,742,433	462,980,288	441,742,433	462,980,288
31.01	Interest Income				
	Interest on Bank Deposit				
	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
		50,113,137	63,220,317	50,113,137	63,220,317
32.00	Income from investment				
	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
		502,518,845	175,365,719	502,518,845	175,365,719
32.01	Capital gain from shares investment				
	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
		439,572,610	126,144,374	439,572,610	126,144,374
33.00	Brokerage income				
	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
		1,264,782,909	490,349,941	1,264,782,909	490,349,941
34.00	Revenue from advertisement & circulation				
	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	-	-
		138,805,379	120,603,689	-	-
35.00	Other operational income				
	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
		25,150,477	25,077,028	22,637,947	22,474,543
36.00	Interest expenses				
	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
		225,763,362	289,349,811	219,724,467	282,875,607
37.00	Other costs directly attributable to services				
	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
		246,982,673	150,750,127	151,692,159	60,281,084

		Amount in Taka			
		Consolidated		Separate	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
38.00	Other non-operational income				
	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	-
		8,303,360	12,260,894	7,977,610	12,186,411
39.00	Salary and allowances				
	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
		414,807,149	318,451,291	408,499,155	312,436,394
40.00	Rent, taxes, insurance, electricity etc.				
	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
		56,333,550	55,976,608	56,064,072	47,845,044
41.00	Legal and professional fees				
	Legal and professional fees	1,899,562	1,430,128	1,419,337	808,745
		1,899,562	1,430,128	1,419,337	808,745
42.00	Postage, stamp, telecommunication etc.				
	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
		4,166,289	3,371,961	3,970,692	3,157,340
43.00	Stationery, printing, advertisement				
	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
		6,413,142	4,734,631	6,259,561	4,634,216
44.00	Director fees and expenses				
	Director fees and expenses	1,105,500	792,000	1,105,500	792,000
		1,105,500	792,000	1,105,500	792,000
45.00	Audit fees				
	Audit fees	212,508	212,750	143,508	143,750
		212,508	212,750	143,508	143,750
46.00	Repairs, maintenance and depreciation				
	Repairs and maintenance	855,719	275,567	855,719	275,567
	Depreciation	44,011,920	44,012,695	43,047,273	43,537,032
		44,867,639	44,288,262	43,902,992	43,812,599

		Amount in Taka			
		Consolidated		Separate	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
47.00	Other expenses				
	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
		126,319,083	89,443,879	105,184,236	73,600,755
48.00	Provision for negative equity & others				
	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)	-
		232,411,782	85,000,000	232,411,782	85,000,000
49.00	Income tax income/ (expense)				
	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
		266,939,167	104,137,267	263,160,932	103,544,984
50.00	Earnings per share (EPS):				
	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
	Earnings Per Share (EPS)	1.93	0.52	2.77	0.54
	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.				
51.00	Net assets value (NAV) per shares				
	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
		5,382,039,978	5,051,651,860	5,382,050,960	4,817,506,080
	Number of ordinary shares outstanding	269,030,332	269,030,332	269,030,332	269,030,332
	Net assets value (NAV) per shares	20.01	18.78	20.01	17.91
52.00	Net operating cash flow per share (NOCFPS)				
	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
	Net operating cash flow per share (NOCFPS)	7.31	4.38	7.27	4.35

LANKABANGLA SECURITIES LIMITED

CONSOLIDATED 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 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
Total December 31, 2021	1,104,316,550	81,015,893	12,651,956		345,800,149	47,090,897	10,681,766	382,209,280	790,471,207

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
Total December 31, 2021	94,892,434	91,624,243	36,091,912		19,389,494	41,537,173	32,150,555	28,776,113	121,648,652
Grand Total (A+B) December 31, 2021	1,199,208,984	172,640,136	48,743,868		365,189,643	88,628,070	42,832,321	410,985,393	912,119,859
Total December 31, 2020	1,230,287,193	59,721,320	90,799,529		363,522,942	83,801,206	82,134,506	365,189,643	834,019,341

LANKABANGLA SECURITIES LIMITED

SCHEDULE OF PROPERTY, PLANT & EQUIPMENT

For the year ended December 31, 2021

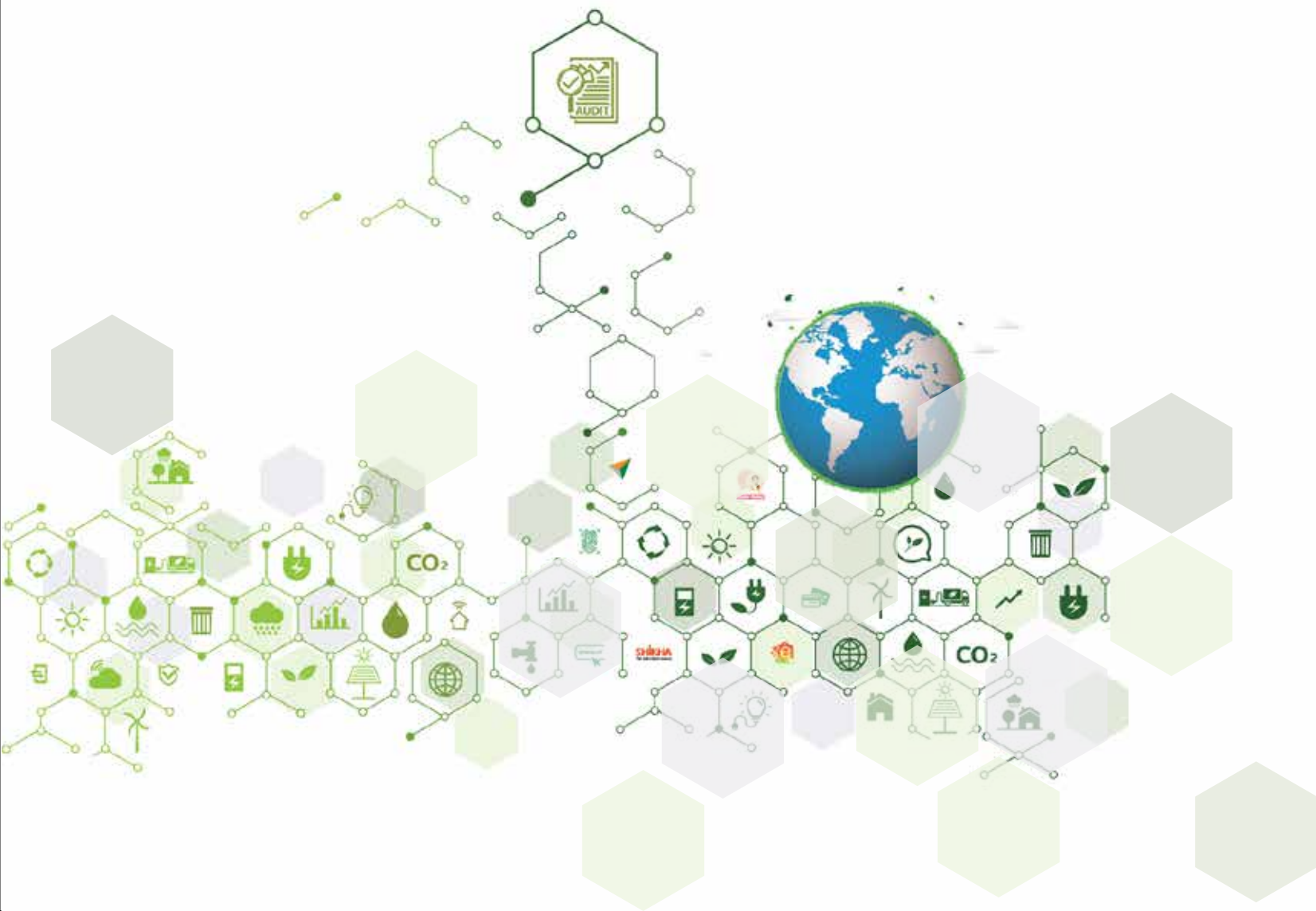
Annexure-A
Amount in Taka

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	Charged during the year	Disposal during the period	
Land & Building	723,845,707	1,310,000	850,000	2.5%	46,095,814	8,595,324	233,750	54,457,388
Furniture & Fixtures	18,924,463	2,803,346	1,575,670	10%	10,302,639	1,573,261	1,046,359	10,829,541
Office Equipment	79,718,905	12,359,639	5,738,076	20%	67,299,936	7,015,053	5,565,404	68,749,586
Data Center & Dr	112,076,737	44,504,440	991,080	30%	93,810,112	13,765,051	991,080	106,584,083
Office Renovation	82,712,476	17,354,164	1,902,574	20%	62,899,779	10,421,647	1,645,473	71,675,953
Motor Vehicle	1,360,000	-	-	20%	1,360,000	-	-	1,360,000
Software	8,152,796	1,075,462	-	33.33%	7,393,629	628,536	-	8,022,165
Leased Asset	20,319,000	-	-	20%	18,746,399	1,048,400	-	19,794,799
Total December 31, 2021	1,047,110,084	79,407,051	11,057,400		307,908,309	43,047,273	9,482,066	773,98 6,218

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	Charged during the year	Disposal during the year	
Right of Use of Assets	83,478,186	85,477,643	33,453,923		16,554,422	35,757,720	30,304,738	22,007,405
Total December 31, 2021	83,478,186	85,477,643	33,453,923		16,554,422	35,757,720	30,304,738	113,494,501
Grand Total (A+B) December 31, 2021	1,130,588,270	164,884,694	44,511,323	-	324,462,731	78,804,994	75,768,340	923,462,254
Grand Total (A+B) Dec 31, 2020	1,168,167,336	37,269,141	74,848,207		320,377,768	71,059,126	66,974,163	806,125,538

AUDITED FINANCIAL STATEMENTS OF SUBSIDIARIES LANKABANGLA INVESTMENTS LIMITED



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>Revenue: 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. Additionally, we performed the following:</p> <ul style="list-style-type: none"> We assessed the appropriateness of revenue recognition accounting policy in line with IFRS 15 Revenue from contracts with customers. Carried out cut-off testing to ensure the income was recognized in correct period. Reviewed the carrying balance of the total figure. Recalculated interest charged during the year. Performed walkthroughs to understand the adequacy and the design of the revenue cycle. 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.

See note no. 23,24,25,26,27 and 28 to the financial statement

Description of key audit matters	How the matters were addressed in our audit
<p>Margin loan: 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 & 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"> • 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 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. • 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.
<p>See note no. 09 and 21 to the financial statement</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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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 : 06th 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
Assets			
Non-Current Assets			
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
Total non-current assets		386,621,272	556,569,014
Current Assets			
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
Total current assets		2,442,572,406	1,938,892,897
Total Assets		2,829,193,678	2,495,461,911
Shareholders' Equity And Liabilities			
Equity			
Share capital	14	2,405,000,000	2,405,000,000
Retained earnings		(1,580,131,850)	(1,904,593,013)
Total equity		824,868,150	500,406,987
Non-Current Liabilities			
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		-	-
Total non-current liabilities		1,586,316,602	1,636,999,225
Current Liabilities			
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
Total current liabilities		418,008,926	358,055,699
Total liabilities		2,004,325,528	1,995,054,924
Total Shareholders' Equity And Liabilities		2,829,193,678	2,495,461,911
Net asset value per share- (NAV)		3.43	2.08

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: 06th April 2022
DVC NO. 2204110904AS830621



Hussain Farhad & Co.
Chartered Accountants

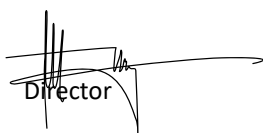
LANKABANGLA INVESTMENTS LIMITED

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
Revenue		515,493,519	154,643,285
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
Cost of services		2,052,054	810,083
Interest expenses	30	597,716	360,002
Other costs directly attributable to services	31	1,454,338	450,080
Gross profit/(Loss)		513,441,465	153,833,202
Other non-operational income	32	(33,997)	3,381,789
Operating expenses		82,798,181	57,202,777
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
Net Operating Income/(Loss)		430,609,287	100,012,214
Provisions for loans, investments and other assets		68,544,616	81,708,513
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
Profit before income tax		362,064,671	18,303,700
Income tax expense / (income)		37,603,508	3,756,987
Current tax expense / (income)	20.01	37,088,370	4,789,231
Deferred tax expense / (income)	21.00	515,138	(1,032,244)
Profit after tax (PAT)		324,461,163	14,546,713
Other comprehensive income/(expense), net of tax		-	-
Total comprehensive income		324,461,163	14,546,713
Earnings Per Share (EPS)	42	1.35	0.06

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: 06th 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
Balance at 01 January 2020	2,155,000,000	(1,919,139,726)	235,860,274
Issuance of Share Capital	250,000,000	-	250,000,000
Total comprehensive income for current period	-	14,546,713	14,546,713
Balance at 31 December 2020	2,405,000,000	(1,904,593,013)	500,406,987
Balance at 01 January 2021	2,405,000,000	(1,904,593,013)	500,406,987
Total comprehensive income for current period	-	324,461,163	324,461,163
Balance at 31 December 2021	2,405,000,000	(1,580,131,850)	824,868,150

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: 06th April 2022

LANKABANGLA INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS

For the year ended December 2021

Particulars	2021 Taka	2020 Taka
A) Cash flows from operating activities		
Cash received from:		
- Fees and other income	40,690,469	32,025,749
- Repayment of staff loan	632,533	2,410,377
- Others	-	3,355,898
Cash paid for:		
- 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)
Cash generated from operating activities before changes in operating assets and liabilities	(16,927,093)	(13,074,113)
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)
Cash generated from operating activities	(227,881,596)	247,792,569
Income taxes paid-Corporate	(3,500,000)	-
Income taxes paid-Others	(1,499,070)	(1,324,464)
Net cash from operating activities	(232,880,666)	246,468,106
B) Cash flows from investing activities		
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)
Net cash used in investing activities	377,117,561	(451,498,703)
C) Cash flows from financing activities		
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)
Net cash used in financing activities	(62,795,078)	187,338,950
D) Net increase/(decrease) in cash and cash equivalents (A+B+C)	81,441,817	(17,691,647)
E) Cash and cash equivalents at beginning of the year	115,087,453	132,779,100
F) Cash and cash equivalents at the end of the year	196,529,270	115,087,453

 Director

 Director

 Chief Executive Officer

 Company Secretary

Place : Dhaka

Dated: 06th 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
4.00 Property, plant & equipment		
Cost		
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
Closing balance	18,069,108	7,561,224
Less: Accumulated depreciation		
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
	6,540,341	6,313,980
	11,528,767	1,247,244
A schedule of property, plant & equipment is given in Annexure-A		
5.00 Right-of -Use Assets		
Cost		
Opening balance	5,379,747	5,379,747
Add: Addition during the year	18,385,209	-
	23,764,956	5,379,747
Less: Disposal during the year	7,103,865	-
Closing balance	16,661,090	5,379,747
Less: Accumulated depreciation		
Opening balance	3,293,405	585,245
Add: Charged during the year	3,592,661	2,708,159
	6,886,065	3,293,405
Less: Adjustment on disposal	4,983,794	-
	1,902,271	3,293,405
	14,758,819	2,086,342
A schedule of right-of -use assets is given in Annexure-B		
6.00 Intangible assets		
Cost		
Opening balance	2,793,154	2,793,154
Add: Addition during the year	781,761	-
	3,574,915	2,793,154
Less: Disposal during the year	-	-
Closing balance	3,574,915	2,793,154
Less: Accumulated depreciation		
Opening balance	1,684,819	1,305,653
Add: Charged during the year	386,892	379,166
	2,071,711	1,684,819
Less: Adjustment on disposal	-	-
	2,071,711	1,684,819
	1,503,204	1,108,335
A schedule of intangible assets is given in Annexure-C		

		31.12.2021 Taka	31.12.2020 Taka
7.00	Investments		
	Investment in equity of non-listed company	30,000,000	30,000,000
	Investment in equity of strategic company (Note-7.01)	207,640,214	369,887,486
	Investment in Bond	120,000,000	150,000,000
		357,640,214	549,887,486
7.01	Investment in equity of strategic company		
		Cost Price	Market Price as on 31 December 2021
	Particulars		Unrealized Gain/(Loss)
	IT Sector	47,480,214	39,840,000
	Financial Institutions	160,160,000	337,368,295
		207,640,214	377,208,295
			169,568,081
8.00	Other non-current assets		
	Non current portion:		
	Advances (Note- 10.01)	473,162	1,002,863
	Deposits (Note- 10.01)	200,000	204,500
		673,162	1,207,363
9.00	Margin loan		
	Revolving margin loan to clients	525,289,803	842,700,065
		525,289,803	842,700,065
	<i>Margin loan refers to the amount provided by the company against shares bought by the clients.</i>		
10.00	Advances, deposits and prepayments		
	Advances (Note-10.01 and 10.02)	69,014,872	49,462,853
	Deposits (Note- 10.01)	200,000	204,500
	Prepayments (Note-10.02)	191,669	268,167
		69,406,541	49,935,520
10.01	Non current portion		
	Advances		
	Loan to employees	473,162	1,002,863
		473,162	1,002,863
	Deposits		
	Security deposit	200,000	204,500
		200,000	204,500
		673,162	1,207,363
10.02	Current portion		
	Advances		
	Loan to employees	237,425	342,066
	Advance against expenses	30,000	1,110,000
	Advance income tax (Note-10.03)	46,190,354	29,580,384
	Advance salary	-	29,540
	Advance for investment in IPO shares	22,083,930	17,398,000
		68,541,710	48,459,990
	Prepayments		
	Prepayment against expenses	191,669	268,167
		191,669	268,167
		68,733,379	48,728,156

	31.12.2021 Taka	31.12.2020 Taka
13.00 Cash and cash equivalents		
Cash in hand	13,720	15,457
Cash at bank (Note- 13.01)	196,515,550	115,071,996
	196,529,270	115,087,453
13.01 Cash at bank		
One Bank Limited	196,057,531	114,856,082
Standard Chartered Bank	458,019	215,914
	196,515,550	115,071,996
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%
	240,500,000	2,405,000,000	100%	240,500,000	2,405,000,000	100%

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
15.00 Term loan		
Opening balance	1,696,615,450	1,756,600,450
Add: Addition during the year	40,000	40,000
	1,696,655,450	1,756,640,450
Less: Paid during the year	60,040,000	60,025,000
	1,636,615,450	1,696,615,450
15.01 Term loan		
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
	1,636,615,450	1,696,615,450
16.00 Defined benefit obligations (Gratuity)		
Opening balance	-	-
Add: Addition during the year	1,643,794	461,710
	1,643,794	461,710
Less: Paid during the year		
Transferred to Gratuity Fund Account	784,222	461,710
	859,572	-
17.00 Lease liability		
Lease liability-Office premises	10,515,473	2,086,401
17.01 Lease liability		
Non-current portion of term loan	8,881,580	423,774
Current portion of term loan	1,633,893	1,662,627
	10,515,473	2,086,401
18.00 Accounts payable		
Payable to clients (Note-18.01)	177,684,466	77,560,213
Accrued expenses (Note - 18.02)	28,854,305	3,705,578
	206,538,771	81,265,791
18.01 Payable to clients		
Client balance-Non-Discretionary	156,899,262	66,678,308
Client balance-Discretionary	20,785,204	10,881,905
	177,684,466	77,560,213
18.02 Accrued expenses		
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
	28,854,305	3,705,578
19.00 Current portion of term loan		
LankaBangla Finance Limited (Note-15.01)	60,040,000	60,040,000
	60,040,000	60,040,000

		31.12.2021 Taka	31.12.2020 Taka
20.00 Provision for current tax			
Opening balance		9,738,273	4,949,042
Add: Provision made during the year		37,088,370	4,789,231
		46,826,643	9,738,273
Less: Adjustment for prior year:		-	-
		46,826,643	9,738,273
20.01 Tax expense			
Current tax		37,088,370	4,789,231
Deferred tax expense/(income)		515,138	(1,032,244)
		37,603,508	3,756,987
21.00 Deferred tax asset/liability			
Deferred tax assets are arrived at as follows:			
	Carrying amount on the date of Statement of Financial Position Taka	Tax base Taka	(Taxable)/ deductible temporary difference Taka
Year: 2021			
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)			517,106
Year: 2020			
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)			1,032,244
Deferred tax income/(expense) for 2021 (A-B)			(515,138)
22.00 Provision for margin loan & others			
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
		101,943,555	204,542,041
22.01 Provision for margin loan			
Opening balance		202,842,041	136,859,549
Add: Provision during the period *		60,926,790	83,636,136
		263,768,831	220,495,685
Less: Writeoff/(Reversal) during the period		167,795,276	17,653,645
		95,973,555	202,842,041

* 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
22.02 Provision for own equity		
Opening balance	-	3,627,623
Add: Provision during the period *	-	-
	-	3,627,623
Less: Write off/(Reversal) during the period	-	3,627,623
	-	-
22.03 Provision for other asstes		
Opening balance	1,700,000	-
Add: Provision during the period *	7,617,826	1,700,000
	9,317,826	1,700,000
Less: Writeoff during the period	3,347,826	-
	5,970,000	1,700,000
23.00 Other liabilities		
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
	2,659,956	2,469,595
23.01 Withholding tax payable		
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
	249,549	222,246

	Jan-Dec 2021 Taka	Jan-Dec 2020 Taka
24.00 Interest income		
Interest on margin loan	73,380,415	54,105,118
	73,380,415	54,105,118
25.00 Income from portfolio managements		
Management Fees (Note-25.01)	3,403,350	6,703,223
25.01 Management Fees		
Management fees-Non-Discretionary	2,832,790	5,975,404
Management fees-Discretionary	570,560	727,819
	3,403,350	6,703,223
26.00 Brokerage commission/ settlement fees	17,158,538	5,488,927
27.00 Income from investment		
Dividend income	28,220,476	18,315,582
Realized gain/loss on listed securities	314,442,749	11,261,144
	342,663,225	29,576,725
28.00 Income from Investment Banking		
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
	31,848,198	25,583,301
29.00 Other operational income		
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
	47,039,792	33,185,990
30.00 Interest expenses		
Interest-Right of Use (ROU)-Office premises	597,716	360,002
	597,716	360,002
31.00 Other costs directly attributable to services		
CDBL settlement transfer fee	1,448,338	444,080
CDBL CDS connection fee	6,000	6,000
	1,454,338	450,080
32.00 Other non-operational income		
Gain/(Loss) on disposal of fixed assets	(33,997)	25,891
Miscellaneous earnings	-	3,355,898
	(33,997)	3,381,789

	Jan-Dec 2021 Taka	Jan-Dec 2020 Taka
33.00 Salary and allowances.		
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
	62,288,174	38,717,065
34.00 Rent, insurance, utilities etc.		
Insurance premium	443,955	537,527
Utilities	326,556	240,000
Service charge- Office premises	65,552	-
	836,063	777,527
35.00 Legal and professional fees		
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	-
	3,890,832	1,883,535
36.00 Postage, stamp, telecommunication etc.		
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
	435,737	502,825
37.00 Stationery, printing, advertisement		
Printing	125,433	207,955
Stationery	23,938	31,973
Advertisement	112,815	34,500
Promotional expense	53,974	300,000
	316,160	574,428
38.00 Director fees and expenses	808,500	561,000
39.00 Audit fees	143,750	156,400
40.00 Repairs, maintenance and depreciation		
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
	6,004,809	5,269,989

	Jan-Dec 2021 Taka	Jan-Dec 2020 Taka
40.01 Repairs and maintenance		
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
	866,620	1,165,633
41.00 Other expenses		
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
	8,074,156	8,760,007
41.01 Travel and accomodation		
Conveyance	221,443	180,572
Traveling	5,545,357	5,576,885
Airfare	222,844	-
Per diem	40,160	-
Accommodation	29,141	-
	6,058,945	5,757,457
41.02 Training and business development		
Corporate conference	355,245	15,000
Training and development	-	100,629
Welfare	83,360	45,000
	438,605	160,629
42.00 Earnings Per Share (EPS)		
Earnings attributed to ordinary shares	324,461,163	14,546,714
Number of ordinary shares outstanding	240,500,000	240,500,000
	1.35	0.06

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
	2,731,465,521	2,438,131,290

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
	27	29

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

Annexure-A

Particulars	Office equipment	Furniture and fittings	Motor vehicles	Interior work (immovable)	Total
Cost					
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
Balance at 31 December 2020	4,323,059	483,943	1,800,000	954,222	7,561,224
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
Balance at 31 December 2021	6,951,037	5,106,755	6,011,316	-	18,069,108
Accumulated depreciation					
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
Balance at 31 December 2020	3,769,297	285,798	1,799,999	458,886	6,313,980
Balance at 1 January 2021	3,769,297	285,798	1,799,999	458,886	6,313,980
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
Balance at 31 December 2021	4,297,520	355,086	1,887,735	0	6,540,341
Carrying amount					
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
Balance at 31 December 2021	2,653,517	4,751,669	4,123,581	-	11,528,767

LANKABANGLA INVESTMENTS LIMITED

SCHEDULE OF RIGHT-OF-USE ASSETS

As at 31 December 2021

Annexure-B

Particulars	Lease hold property (ROU:Office premises)	Total
Cost		
Balance at 1 January 2020	5,379,747	5,379,747
Acquisition/addition during the period	-	-
Disposal/adjustment	-	-
Balance at 31 December 2020	5,379,747	5,379,747
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
Balance at 31 December 2021	16,661,090	16,661,090
Accumulated depreciation		
Balance at 1 January 2020	585,245	585,245
Depreciation for the year/period	2,708,159	2,708,159
Disposal/adjustment	-	-
Balance at 31 December 2020	3,293,405	3,293,405
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
Balance at 31 December 2021	1,902,271	1,902,271
Carrying amount		
At 1 January 2020	4,794,501	4,794,501
At 31 December 2020	2,086,342	2,086,342
Balance at 31 December 2021	14,758,819	14,758,819

LANKABANGLA INVESTMENTS LIMITED
SCHEDULE OF INTANGIBLE ASSETS
 As at 31 December 2021

Annexure-C

Particulars	Intangible Assets	Total
Cost		
Balance at 1 January 2020	2,793,154	2,793,154
Acquisition/addition during the period	-	-
Disposal/adjustment	-	-
Balance at 31 December 2020	2,793,154	2,793,154
Balance at 1 January 2021	2,793,154	2,793,154
Acquisition/addition during the period	781,761	781,761
Disposal/adjustment	-	-
Balance at 31 December 2021	3,574,915	3,574,915
Accumulated amortisation		
Balance at 1 January 2020	1,305,653	1,305,653
Amortisation for the period	379,166	379,166
Disposal/adjustment	-	-
Balance at 31 December 2020	1,684,819	1,684,819
Balance at 1 January 2021	1,684,819	1,684,819
Amortisation for the period	386,892	386,892
Disposal/adjustment	-	-
Balance at 31 December 2021	2,071,711	2,071,711
Carrying amount		
At 1 January 2020	1,487,501	1,487,501
At 31 December 2020	1,108,335	1,108,335
Balance at 31 December 2021	1,503,204	1,503,204

AUDITED FINANCIAL STATEMENTS OF SUBSIDIARIES
LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED



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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
Revenue recognition 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. See notes 3.4,12,25,26,27 and 28 to 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"> • Carried out cut-off testing to ensure the income was recognized in correct period. • Reviewed the carrying balance of the total figure. • Recalculated interest charged during the year. • Our audit approach was a combination of test of internal control and substantive procedures.

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Key Audit Matter	How our audit addressed the key audit matters
Investment and provision for diminution in value of an investment	
<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 & 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"> • 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 share holding positions from the company and through directional testing assessed the completeness of the report. • 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 key controls supporting the Identification, measurement and oversight of valuation risk of financial assets. • 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.
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:

- a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) 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
- c) 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

LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	31-Dec-2021 BDT	31-Dec-2020 BDT
ASSETS			
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
		620,786,681	623,880,660
Current Assets			
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
Total Current Assets		575,721,251	407,862,608
TOTAL ASSETS		1,196,507,932	1,031,743,269
EQUITY AND LIABILITIES			
Equity			
Share capital	14	945,451,000	942,951,000
Share money deposit	15	-	-
Retained earnings	16	42,533,877	8,224,822
		987,984,877	951,175,822
Non-Current Liabilities			
Lease liability (Non- current portion)	17	-	1,679,676
Total Non-Current Liabilities		-	1,679,676
Current Liabilities			
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
Total Current Liabilities		208,523,055	78,887,771
Total Liabilities		208,523,055	80,567,447
TOTAL EQUITY AND LIABILITIES		1,196,507,932	1,031,743,269
Net asset value per share - (NAV)		10.45	10.09

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: 06th 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
Operating Income (a)			
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)
Total Operating Income		71,265,736	19,120,740
Operating Expenses (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
		40,678,156	32,800,264
Operating profit/(Loss) for the year (a-b)		30,587,581	(13,679,524)
Other non-operating income	29	1,054,000	1,280,000
Profit/(loss) before provision for diminution in investment		31,641,581	(12,399,524)
Provision for diminution in value of investments	23	(6,770,050)	(14,171,134)
Profit/(Loss) before provision for income tax		38,411,631	1,771,610
Provision for income tax			
Current tax expense/(income)		4,325,415	157,533
Deferred tax expense/(income)		(222,839)	(367,983)
		4,102,575	(210,450)
Profit/(Loss) after tax		34,309,055	1,982,060
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		34,309,055	1,982,060
Earning per share	40	0.36	0.02

The annexed notes form an integral part of these financial statements


Director


Director


Chief Executive Officer


Company Secretary

Place : Dhaka
Dated: 06th 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
Balance as at 01 January 2020	900,000,000	42,951,000	6,242,762	949,193,762
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	-	-	-	-
Balance as at 31 December 2020	942,951,000	-	8,224,823	951,175,823
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	-	-	-	-
Balance as at 31 December 2021	945,451,000	-	42,533,878	987,984,878



Director



Director



Chief Executive Officer



Company Secretary

Place : Dhaka

Dated: 06th April 2022

LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Amount In BDT	
	2021	2020
Cash Flows from Operating Activities		
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)
Cash Generated from Operating Activities before changes in operating assets and liabilities	8,396,478	(565,347)
Increase/(decrease) in Operating Assets & Liabilities		
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)
Total Increase/(Decrease) in Operating Assets & Liabilities	121,314,294	(11,035,764)
Net Cash used in Operating Activities	129,710,772	(11,601,111)
Cash Flows from Investing Activities		
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)	-
Net Cash from Investing Activities	38,951,215	40,048,990
Cash Flows from Financing Activities		
Proceed from share money deposit	2,500,000	-
Repayment of lease finance	(4,690,524)	(5,416,296)
Net Cash from Financing Activities	(2,190,524)	(5,416,296)
Net increase in Cash and Cash Equivalents	166,471,463	23,031,583
Opening Cash & Cash Equivalents	32,457,073	5,831,433
Closing Cash & Cash Equivalents	198,928,536	28,863,016
Closing Cash & Cash Equivalents include:		
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
	198,928,536	32,457,073



Director



Director



Chief Executive Officer



Company Secretary

Place : Dhaka

Dated: 06th 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:

<u>Weekly Average Net Asset Value at market price</u>	<u>Rate</u>
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

LankaBangla 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	
4.00	Property, plant and equipment			
	Cost			
	Opening balance	12,253,843	12,335,286	
	Addition during the year	133,102	-	
		12,386,945	12,335,286	
	Adjustment / (Disposal) during the year	(673,161)	(81,443)	
	Closing balance	11,713,784	12,253,843	
	Less: Accumulated depreciation			
	Opening balance	9,830,457	8,407,349	
	Charged during the year	1,289,075	1,504,551	
		11,119,532	9,911,900	
	Adjustment / (Disposal) during the year	(673,161)	(81,443)	
	Closing balance	10,446,371	9,830,457	
	Carrying amount	1,267,413	2,423,386	
	A schedule of property, plant and equipments is given in Annexure-A			
5.00	Intangible assets			
	Cost			
	Opening balance	20,702,869	18,612,467	
	Addition during the year	-	2,090,402	
		20,702,869	20,702,869	
	Adjustment / (Disposal) during the year	-	-	
	Closing balance	20,702,869	20,702,869	
	Less: Accumulated amortization			
	Opening balance	15,133,544	9,530,793	
	Charged during the year	4,151,436	5,602,751	
		19,284,979	15,133,544	
	Adjustment / (Disposal) during the year	-	-	
	Closing balance	19,284,979	15,133,544	
	Carrying amount	1,417,890	5,569,326	
	A schedule of intangible assets are given in Annexure-B			
6.00	Intangible assets			
	Cost			
	Opening balance	4,502,908	4,502,908	
	Addition during the Period	164,000	-	
		4,666,908	4,502,908	
	Adjustment / (Disposal) during the Period	(52,250)	-	
	Closing balance	4,614,658	4,502,908	
	Less: Accumulated amortization			
	Opening balance	4,083,564	3,823,689	
	Charged during the Period	273,402	259,875	
		4,356,966	4,083,564	
	Adjustment / (Disposal) during the Period	(52,250)	-	
	Closing balance	4,304,716	4,083,564	
	Carrying amount	309,942	419,344	
	A schedule of intangible assets are given in Annexure-C			
7.00	Investments (Long Term)			
	Strategic equity investment (Note: 7.01)	616,348,464	613,848,464	
		616,348,464	613,848,464	
7.01	Strategic equity investment			
	Particulars	No. of Shares	Cost Price	Market Price
	LankaBangla Securities Limited	11,694,688	616,348,464	N/A
		11,694,688	616,348,464	-
8.00	Long term loan to employees			
	Staff transport loan	66,628	466,636	
		66,628	466,636	

Amount In BDT	
31-Dec-2021	31-Dec-2020

9.00 Deferred tax assets

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.

Particulars	Carrying Amount at December 31, 2021	Tax Base	(Taxable)/ Deductible temporary difference
Property, plant and equipment	1,267,413	5,797,079	4,529,666
Gratuity	58,149	-	58,149
Total	1,325,562	5,797,079	4,587,815
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			(222,839)

10.00 Advances, Deposits and Prepayments

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
	45,005,294	20,743,929

10.01 Advances

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
	42,287,305	17,851,872

10.02 Deposits

Security deposit - Office Rent	2,664,000	2,664,000
Security deposit - Lease Finance	-	108,000
	2,664,000	2,772,000

10.03 Prepayments

Prepayment for insurance	53,989	120,057
	53,989	120,057

11.00 Investments (Current Term)

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
	279,902,536	315,817,126

11.01 Investments in listed securities

Particulars	Cost Price	Market Price as on 31.12.2021	Unrealized Gain/(Loss)
IT Sector	25,048,273	21,172,110	(3,876,163)
Pharmaceuticals & Chemicals	4,716,759	4,339,269	(377,489)
Insurance	16,271,214	16,010,916	(260,298)
Engineering	16,069,679	15,888,505	(181,174)
Travel & Leisure	30,757	28,710	(2,047)
Telecommunication	4,204,211	3,936,000	(268,211)
Textile	3,152,213	2,974,123	(178,090)
	69,493,106	64,349,633	(5,143,473)

11.02 Investment in non listed securities

Particulars	No. of Shares	Cost Price	Market Price
Union Insurance Company Limited	4,643	46,430	N/A
	4,643	46,430	-

11.03 Investment in TDR

TDR with LankaBangla Finance Ltd.	200,000,000	200,000,000
	200,000,000	200,000,000

This amount represents investment made in TDR at LankaBangla Finance Ltd.

		Amount In BDT		
		31-Dec-2021	31-Dec-2020	
11.04	Investment in non marketable mutual fund			
	Investment in LB Gratuity Opportunities Fund	-	20,000,000	
	Investment in LB Gratuity Wealth Builders Fund	10,363,000	-	
		10,363,000	20,000,000	
12.00	Accounts receivable			
	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	
		51,884,886	38,844,480	
13.00	Cash and cash equivalent			
	Cash in hand	31,133	8,670	
	Cash at Bank (Note: 12.01)	198,897,403	32,448,403	
		198,928,536	32,457,073	
13.01	Cash at bank			
	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	
		198,897,403	32,448,403	
14.00	Share Capital			
	Authorized Capital			
	100,000,000 Ordinary Shares of Taka 10 each	1,000,000,000	1,000,000,000	
	Issued, subscribed and paid up capital			
	94,295,100 Ordinary Shares of Taka 10 each fully paid up	945,451,000	942,951,000	
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
	94,545,100	100.00	945,451,000	942,951,000
15.00	Share money deposit			
	Opening balance		-	42,951,000
	Add: Addition during the year		2,500,000	-
			2,500,000	42,951,000
	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.			
16.00	Retained earnings			
	Opening balance		8,224,822	6,242,762
	Add: Profit during the year		34,309,055	1,982,060
			42,533,877	8,224,822
	Less: Adjustment during the year		-	-
	Closing balance		42,533,877	8,224,822

		Amount in BDT	
		31-Dec-2021	31-Dec-2020
17.00	Lease liability (Non- current portion)		
	Lease liability-Vehicles (Note: 17.01)	-	-
	Lease liability- Office premises (Note: 17.02)	-	1,679,676
		-	1,679,676
17.01	Lease liability-Vehicles		
	Opening balance	-	1,065,787
	Add: Addition during the year	-	-
		-	1,065,787
	Less: Paid during the year	-	(926,864)
		-	138,923
	Less: Transfer to current portion	-	(138,923)
	Closing balance	-	-
17.02	Lease liability- Office premises		
	Opening balance	1,679,676	1,220,104
	Add: Addition during the year	-	3,909,093
		1,679,676	5,129,197
	Less: Paid during the year	(1,509,499)	(2,995,108)
		170,177	2,134,089
	Less: Transfer to current portion	(170,177)	(454,412)
	Closing balance	-	1,679,676
18.00	Accounts payable		
	Provision for audit fees	159,250	109,250
	Accrued expenses	294,964	176,458
		454,214	285,709
19.00	Payable to clients		
	Clients positive balance	181,200,123	48,985,463
		181,200,123	48,985,463
20.00	Provision for current tax		
	Opening balance	12,393,296	12,235,763
	Add: Provision made during the year	4,325,415	157,533
		16,718,711	12,393,296
	Less: Adjustment during the year	-	-
	Closing balance	16,718,711	12,393,296
21.00	Lease liability (Current portion)		
	Lease liability-Vehicles Note: 21.01	-	1,062,359
	Lease liability- Office premises Note: 21.02	1,679,675	3,738,916
		1,679,675	4,801,274
21.01	Lease liability-Vehicles		
	Opening balance	1,062,359	1,123,241
	Add: Transfer from non-current portion	-	138,924
		1,062,359	1,262,165
	Less: Paid during the year	(1,062,359)	(199,806)
	Closing balance	-	1,062,359
21.02	Lease liability- Office premises		
	Opening balance	3,738,916	6,792,241
	Add: Transfer from non-current portion	170,177	454,413
		3,909,093	7,246,654
	Less: Paid during the year	(2,229,418)	(3,507,738)
	Closing balance	1,679,675	3,738,916

		Amount In BDT	
		31-Dec-2021	31-Dec-2020
22.00	Payable to gratuity fund		
	Opening balance	283,958	112,652
	Add: Provision made during the year	1,253,394	1,306,233
		1,537,352	1,418,885
	Less: Transferred to gratuity fund	(1,479,203)	(1,134,926)
	Closing balance	58,149	283,958
23.00	Provision for diminution in value of investments		
	Opening balance	11,913,523	26,084,657
	Add: Provision made during the year	-	-
		11,913,523	26,084,657
	Less: Adjustment during the year	(6,770,050)	(14,171,134)
	Closing balance	5,143,473	11,913,523
24.00	Other liabilities		
	Withholding Tax Payable	128,283	126,947
	Withholding VAT payable	53,173	97,599
	Other Liabilities	3,087,254	-
		3,268,710	224,547

		Amount In BDT	
		Jan-Dec,2021	Jan-Dec,2020
25.00	Income from unit fund operation		
	Management fee- Unit fund	18,846,583	13,400,456
	Formation fee - Unit Fund	1,000,000	1,089,100
		19,846,583	14,489,556
26.00	Income from IPM service		
	Portfolio Management fee	4,798,798	2,963,271
		4,798,798	2,963,271
27.00	Interest income		
	Interest on Term Deposit Receipt (TDR)	15,643,889	6,141,667
	Interest on Short Term Deposit (STD) account	470,784	320,129
		16,114,673	6,461,796
28.00	Income from investment		
	Net income on sale of securities	21,164,911	(5,846,905)
	Dividend income	9,340,772	1,053,022
		30,505,683	(4,793,883)
29.00	Other non-operating income		
	Income from office space rent	1,050,000	1,260,000
	Gain on disposal of fixed asset	4,000	20,000
	Miscellaneous earnings	-	-
		1,054,000	1,280,000
30.00	Interest expenses		
	Interest on loan	-	-
	Interest on lease (Note-28.01)	454,625	938,803
		454,625	938,803
30.01	Interest on lease		
	Lease liability-Vehicles	53,541	231,160
	Lease liability- Office premises	401,084	707,643
		454,625	938,803
31.00	Salary and allowances		
	Salary and allowances	21,467,917	17,573,919
	Provident fund contribution	712,519	639,561
	Gratuity fund	1,253,394	1,306,233
		23,433,829	19,519,712
32.00	Rent, taxes, insurance, electricity etc.		
	Office rent	-	-
	Insurance premium	254,821	290,487
	Utility expenses	531,456	440,735
		786,277	731,222
32.00	Legal and professional fees		
	Legal and professional fees	255,555	661,888
		255,555	661,888
34.00	Postage, stamp, telecommunication etc.		
	Postage and courier	250	105
	Stamp charges	6,010	3,175
	Telephone and mobile bill	232,294	255,797
		238,554	259,077
35.00	Stationery, printing & advertisement		
	Printing and stationery	132,990	60,764
	Advertisement	-	28,750
		132,990	89,514

		Amount In BDT	
		Jan-Dec,2021	Jan-Dec,2020
36.00	Directors' fees & expenses		
	Directors' fees & expenses	343,200	316,800
		343,200	316,800
37.00	Audit fees		
	Audit fees	130,500	110,400
		130,500	110,400
38.00	Repairs, maintenance and depreciation		
	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
		6,368,026	7,971,560
39.00	Other expenses		
	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
		8,534,599	2,201,288
40.00	Earnings Per Share (EPS)		
	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)	0.36	0.02

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 31.12.2021	Charged during the year	Adjustment / (Disposal) during the year	
Freehold Assets:								
Furniture & Fittings	7,746,307	-	(505,400)	15	5,492,088	1,085,870	(505,400)	1,168,349
Office Equipment	1,850,685	-	-	20	1,702,208	148,241	-	236
Computer Equipment	1,284,204	96,800	(158,761)	33	1,284,204	31,944	(158,761)	64,856
Electric Equipment	170,406	11,200	(9,000)	20	149,716	19,569	(9,000)	12,321
IT Equipment	1,202,241	25,102	-	33	1,202,241	3,452	-	21,650
Total:	12,253,843	133,102	(673,161)	-	9,830,457	1,289,075	(673,161)	1,267,413

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 31.12.2020	Charged during the year	Adjustment / (Disposal) during the year	
Freehold Assets:								
Furniture & Fittings	7,746,307	-	-	15	4,406,175	1,085,913	-	2,254,219
Office Equipment	1,850,685	-	-	20	1,350,371	351,837	-	148,477
Computer Equipment	1,365,647	-	(81,443)	33	1,323,440	42,207	(81,443)	-
Electric Equipment	170,406	-	-	20	128,846	20,870	-	20,690
IT Equipment	1,202,241	-	-	33	1,198,517	3,724	-	-
Total	12,335,286	-	(81,443)	-	8,407,349	1,504,551	(81,443)	2,423,386

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 31.12.2021	Charged during the year	Adjustment / (Disposal) during the year	Balance as at 31.12.2021	
Right of Use Asset- Motor Vehicle	4,990,000	-	-	4,990,000	748,500	-	4,990,000	-	
Right of Use Asset- Office Premises	15,712,869	-	-	15,712,869	3,402,936	-	14,294,979	1,417,890	
Total	20,702,869	-	-	20,702,869	4,151,436	-	19,284,979	1,417,890	

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	Charged during the year	Adjustment / (Disposal) during the year	Balance as at 31.12.2020	
Right of Use Asset- Motor Vehicle	4,990,000	-	-	4,990,000	998,000	-	4,241,500	748,500	
Right of Use Asset- Office Premises	13,622,467	2,090,402	-	15,712,869	4,604,751	-	10,892,043	4,820,826	
Total	18,612,467	2,090,402	-	20,702,869	5,602,751	-	15,133,544	5,569,326	

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
Total:	4,502,908	164,000	(52,250)	4,614,658	-	4,083,564	273,402	(52,250)	4,304,716	309,942

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
Total:	4,502,908	-	-	4,502,908	-	3,823,689	259,875	-	4,083,564	419,344

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.

SUPPLEMENTARY INFORMATION



**Additional information about
the Company and the Report.**

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CORPORATE INFORMATION

GRI: 102-5

Registered Name of the Company		LankaBangla Finance Limited
Legal Form		Public Limited Company, listed with Dhaka Stock Exchange and Chittagong Stock Exchange, having incorporated in Bangladesh on November 5, 1996 under Companies Act, 1994
Company Registration Number		C-31702 (823)/96
Bangladesh Bank License No.		FID(L) - 1053/41-1088
Corporate Office		Safura Tower (Level 11) 20 Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh Phone: (880-2) 222283701-10, Fax: (880-2) 58810998
Company E-mail		info@lankabangla.com
Company Website		www.lankabangla.com
Business Divisions	Corporate Financial Services Retail Financial Services & SME Financial Services	Assurance Nazir Tower, (Level-9), 65/B Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh Phone: (880-2) 55035425 -55035429, Fax: (880-2) 8810998 Email: info@lankabangla.com
Card Centre		Tropical Mollah Tower (Level 11), Sha 15/1-15/4 Bir Uttam Rafiqul Islam Ave., Middle Badda, Dhaka 1212, Bangladesh Phone: (880-2) 58815350-51 E-mail: cards@lankabangla.com
Contact Centre		Tropical Mollah Tower (Level 11), Sha 15/1-15/4 Bir Uttam Rafiqul Islam Ave., Middle Badda, Dhaka 1212, Bangladesh Contact Centre Number: Local-16325, Overseas-0961101632 E-mail: myrequest@lankabangla.com
Operations Division		Assurance Nazir Tower, 65/B Kemal Ataturk Avenue (Level-3), Banani, Dhaka- 1213, Bangladesh Phone: (880-2) 55034079-90 E-mail: banani@lankabangla.com
Tax Consultant		Adil & Associates 50, Purana Paltan Line (3rd floor), Dhaka-1000, Bangladesh
Legal Advisors		Sadat Sarwat & Associates House # 28, Road # 23 Gulshan-1, Dhaka-1212
Auditors		Hussain Farhad & Co. Chartered Accountants House # 15, Road # 12, Block # F, Niketon Gulshan-1 Dhaka-1212, Bangladesh. Phone: +88(02) 8836015.-7, Mobile: +88 016 8112 6120 E-mail: hfc@hfc-bd.com Web: www.hfc-bd.com
Credit Rating Agency		Credit Rating Agency of Bangladesh (CRAB) D H Tower, 6 Panthapath, Level 15, Dhaka 1215, Bangladesh Phone: (880-2) 55013678, 55013681-84, Fax: (880-2) 55013679 E-mail: info@crab.com.bd Web: www.crab.com.bd

BRANCHES AND SUBSIDIARIES OF LANKABANGLA FINANCE LIMITED

GRI: 102-4

Branches of LankaBangla Finance Limited Branches	
Banani Branch	Assurance Nazir Tower (Level-3) 65/B Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh Phone: (880-2) 55034079-86 E-mail: banani@lankabangla.com
Dhanmondi Branch	Green Rowshanara Tower (4th Floor) Type-B, 755 (Old), 55 (New) Satmasjid Road Dhanmondi C/A, Dhaka-1209, Bangladesh Phone: (880-2) 58157820-26 E-mail: dhanmondi@lankabangla.com
Uttara Branch	Ishtiak Green (2nd Floor) Plot-81 A, Road-7, Sector-4, Uttara Model Town, Dhaka 1230, Bangladesh Phone: (880-2) 48963493, 48964230, 8931412-15 E-mail: uttara@lankabangla.com
Mirpur Branch	Northern Khan Height Tower (Level 3) Plot No # 34, Road No # 03, Block # D, Section # 11 Mirpur, Dhaka-1216, Bangladesh Phone: (880-2) 9037841, 9037842-8, 9037851-2 E-mail: mirpur@lankabangla.com
Motijheel Branch	Al-Haj Tower (3rd Floor) 82 Motijheel C/A, Dhaka-1000, Bangladesh Phone: (880-2) 9514570-72, 9513714-16, 9514767-68 E-mail: motijheel@lankabangla.com
Agrabad Branch	Yunusco City Center (level 8) 807/1056, CDA Avenue, OR Nizam Road, Khulshi, Chattogram-4000, Bangladesh Phone: (880-31) 2868901-3 E-mail: cdaavenue@lankabangla.com
CDA Avenue Branch	Yunusco City Center (level 8) 807/1056, CDA Avenue, OR Nizam Road, Khulshi, Chattogram-4000, Bangladesh Phone: (880-31) 2868901-3 E-mail: cdaavenue@lankabangla.com
Sylhet Branch	Khoirun Bhaban (Level 3) Holding No # 118, Azadi, Mirboxtula, Sylhet 3100, Bangladesh Phone: (880 0299) 6631271, 6631276, 6631284 E-mail: sylhet@lankabangla.com
Cumilla Branch	The Garden City (2nd Floor) 203/187 Jhautola, Police Line, Cumilla-3500, Bangladesh Phone: (880-81) 73371-2, 74372-3 E-mail: comilla@lankabangla.com
Narsingdi Branch	Sonali Tower (2nd Floor, North-East side) Anandhi Moar, College Road, Madobdhi, Narshingdi-1604, Bangladesh Phone: (880-2) 9446730-31, 9446771, 9446776 E-mail: narsingdi@lankabangla.com
Jashore Branch	Universal Mintu Heights (2nd Floor) 1490, R.N Road, Jashore -7400, Bangladesh Phone: (880-421) 71146-48 E-mail: jessore@lankabangla.com
Barisal Branch	Mannan Plaza (2nd Floor) 84, Sadar Road, Barishal-8200, Bangladesh Phone: (880 02478-861398, 862794, 866541, 863204 E-mail: barisal@lankabangla.com

Bogura Branch	Jamil Shopping Center (3rd floor) Rangpur Road, Borogola, Bogura-5800, Bangladesh Phone: (880-51) 71031-35 E-mail: bogra@lankabangla.com
Mymensingh Branch	Sabit Sharif Bhaban (2nd Floor) 55/A Boro Bazar, Mymensingh-2200, Bangladesh Phone: (880-91) 62901-02 E-mail: mymensingh@lankabangla.com
Khulna Branch	Tribune Tower (2nd floor) 2/A KDA Avenue, Khulna-9200, Bangladesh Phone: (880-41) 731480, 731513, 725680, 725689, 731470, 731270 E-mail: khulna@lankabangla.com
Rajshahi Branch	Ahmed Plaza (2nd floor) 182-Alu Patti, Ghoramara, Boalia, Rajshahi-6100, Bangladesh Phone: (880-0721) 771216, 771286, 771293, 771036, 771158 E-mail: rajshahi@lankabangla.com
Narayanganj Branch	H.R. Plaza (2nd Floor) 64/90/A, B.B Road, Narayanganj-1400, Bangladesh Phone: (880-0671) 7631342, 7646980-82, 7631343 E-mail: narayanganj@lankabangla.com
Chowmuhani Branch	Morshed Alam Complex (2nd floor) Unit No: 74-77, Karimpur Road, Begumgonj, Chowmuhani, Noakhali, Bangladesh Phone: (880-0321) 54411-6 E-mail: chowmuhani@lankabangla.com
Bangshal Branch	Mahmud Tower (Level-8) 19, Siddique Bazar, North South Road, Dhaka-1000, Bangladesh Phone: (880-2) 223355463, 223355470, 47112904, 47122552 E-mail: bangshal@lankabangla.com
Faridpur Branch	Rangolal Plaza (Level-3) 103 Goalchamot Mouza, Holding No-30, Fairdpur sadar, Faridpur-7800, Bangladesh Phone: (880 0631) 64382-86 E-mail: faridpur@lankabangla.com
Board Bazar Branch, Gazipur	Omar Ali Plaza (Level-3) Holding No. 309, Ward No. 30, Mymensingh Road, Kolomeshor, National University Board Bazar, Gazipur, Dhaka-1704, Bangladesh Phone: (880 02) 2996691493, 2996691496, 2996691506, 2996691507, 2996691509 E-mail: gazipur@lankabangla.com
Savar Branch	MK Tower (Level-4) B16/1, Jaleshwar, Shimultola, Savar, Dhaka-1340, Bangladesh Phone: (880-2) 223371288-92 E-mail: savar@lankabangla.com
Dinajpur Branch	Northern Plaza (Level-04) Goneshtola, Dinajpur-5200, Bangladesh Phone: (880-531) 66916-20 E-mail: dinajpur@lankabangla.com
Keraniganj Branch	Haji Alimullah Complex (Level-03) Aganagar, South Keraniganj, Keraniganj, Dhaka-1310, Bangladesh Phone: (880-2) 7763103, 7763259, 7763823 E-mail: keraniganj@lankabangla.com
Gulshan Branch	The Glass House (4th Floor-West side) Plot No. 02, Block -SE (B), 38 Gulshan Avenue, Gulshan-1, Dhaka-1212, Bangladesh Phone: (880-2) 8833930-34 E-mail: gulshan@lankabangla.com
Habiganj Branch	Syed Bari Tower (2nd Floor) Holding No: 3828/1, Habiganj Sadar, Habiganj-3300, Bangladesh Phone: (880-0831) 54473, 54474, 54493-94 E-mail: habiganj@lankabangla.com
Kushtia Branch	Bashar Tower (2nd Floor) Holding No.: 72, N. S. Road, Kushtia Sadar, Kushtia-7000, Bangladesh Phone: (880-2) 477783247-48, 477782814-15 E-mail: kushtia@lankabangla.com

Branches of LankaBangla Securities Limited	
LankaBangla Securities Limited (Subsidiary of LankaBangla Finance Limited)	City Centre (Level-13) 90/1, Motijheel C/A, Dhaka-1000 Phone : +880-2-55110940-3 Fax : +880-2-55110944 Email : info@lbsbd.com Web: www.lankabangla.com
Principal Branch, Motijheel	City Centre (13th Floor) 90/1 Motijheel Dhaka - 1000 Phone : +880-2-55110940-3 Fax : +880-2-55110944 Email : elahi@lbsbd.com
Motijheel: Extension	A.A. Bhaban (Level-5) 23 Motijheel C/A, Dhaka-1000 Phone : +880-2-9563901-5, +8801730038558 Fax : +880-2-9563902 Email : masud.hossain@lbsbd.com
Banani Branch	Assurance Nazir Tower (Level-6) 65/B, Kemal Attaturk Avenue, Banani, Dhaka-1213 Phone : +880-2-55035306-8, +880177761260 Fax : +880-2-55035309 Email : zobayed.hasan@lbsbd.com
Gulshan: Extension	UDAY Tower (1st Floor, South) Plot no: 57 & 57/A, Gulshan Avenue (South) Circle-1, Gulshan, Dhaka-1212 Phone : 0431-63105, 61641, 01730073811 Email : mosharef@lbsbd.com
Dhanmondhi Branch	Shaptak Mahbuba Grandeur, Suite No: D-5, Level-5 Northern Side, Plot No # 21(Old), 17 (New) Road No-6 Dhanmondi R/A, Dhaka-1205 Phone : +880-2-44611775, 44611776, +8801817041615 Email : abu.taher@lbsbd.com
Dhanmondhi Branch: Extension	MIDAS Centre (6th Floor, South Side) House #05 Road #16 (New) 27 (Old) Dhanmondi, Dhaka-1209 Phone : +880-2-9137182, 01730322492 Email : abid@lbsbd.com
Mirpur: Extension	Northern Khan Height Tower (3rd Floor) Plot-34, Road-03, Block-D, Section-11, Mirpur, Dhaka 1216 Phone : +8801730322491 Email : milon@lbsbd.com
Uttara Branch	THAL Ishtiak Green (3rd Floor) Plot No #81A, Road # 07, Sector No #4 Uttara Model Town, Dhaka-1230 Phone : +8801730322473, +88-02-41090378-9 Fax : +88-01730073811 Email : hasib@lbsbd.com
Narayanganj Branch	Hazi Plaza (2nd Floor) 53/1, S.M. Maleh Road, Tan Bazar, Narayanganj Phone : +880-2-7632352, +880-2-7630582, +8801730341160 Fax : +880-2-7630560 Email : mokhles@lbsbd.com
Agrabad Branch	HAL's ASTER ANWAR (13th floor) 1398 (old), 1728 (new), SK. Mujib Road, Agrabad, Chattogram. Phone : +88-031-2525836-8 Fax : +880-31-2525839 Email : amir@lbsbd.com, sowkat@lbsbd.com
Khatungonj Branch	Asma Chamber, 1016 (Old) Ram Joy Mohajan Lane, Khatungonj, Chattogram Phone : +880-31-630011, 632276, 626709, 01730-322522 Fax : +880-31-627312 Email : zia@lbsbd.com

Feni Branch	Maisha A.M Ahmed Tower 192 (Level-6, North Side) Shahid Sahidullah Kaiser Road, Feni Phone: +8801730322519, +8801720110737 Email: shakhawat.ullah@lbsbd.com
Nasirabad Branch	Rahima Center (5th floor) 1618/1839, CDA Avenue, Nasirabad, Chattogram Phone: +880-31-2554171-3, +8801730310036 Fax: +880-31-2554174 Email: md.mizanur@lbsbd.com
Sylhet Branch	JR Tower (3rd floor) Holding No: 1469, Jail Road, Sylhet-3100 Phone: +880-821-711143,711752,711912,+8801730073832 Fax: +880-821-711918 Email: shamsuddin@lbsbd.com
Cumilla Branch	Nahar Plaza (1st Floor) 67/58, Nazrul Avenue, Kandirpar, Cumilla - 3500 Phone: + 880-81-62117, 62109-101, +880-8161768, +8801730322530 Fax: +880-81-62116 Email : nazir@lbsbd.com
Barisal	Mannan Plaza (3rd floor) 84, Sadar Road, Barishal-8200 Phone : +8801777761256, 0431-63105, 61641 Email : md.abubakar@lbsbd.com
Bashundhara: Extension	Rahman AJ Trade Centre (6th floor) Jagannatpur, Bashundhara Gate, Dhaka Phone : +8801730322524 Email : rikhan@lbsbd.com

LankaBangla Investments Limited

LankaBangla Investments Limited (Subsidiary of LankaBangla Finance Limited)	Assurance Nazir Tower (Level-6) 65/B Kemal Ataturk Avenue, Banani, Dhaka- 1213, Bangladesh Phone: (880-2) 9512621, 55110910-16, Fax: (880-2) 9561107 E-mail: info@lankabangla-investments.com Web: www.lankabangla-investments.com
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LankaBangla Asset Management Company Limited

LankaBangla Asset Management Company Limited (Subsidiary of LankaBangla Finance Limited)	Praasad Trade Centre (4th Floor) 6 Kemal Ataturk Avenue Banani C/A, Dhaka-1213, Bangladesh E-mail: amcl@lankabangla.com Web: www.lankabangla.com
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LankaBangla Information Systems Limited

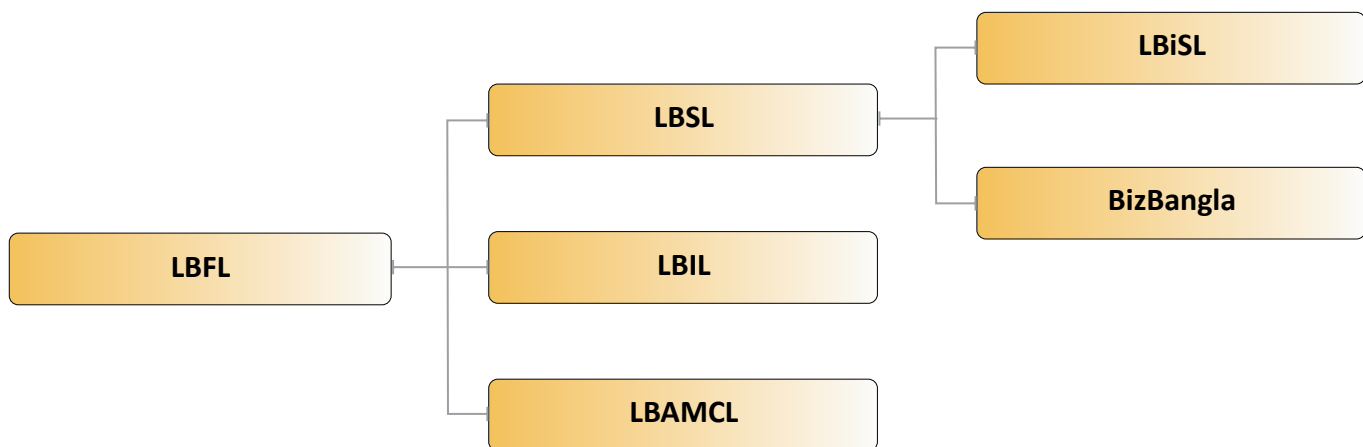
LankaBangla Information Systems Limited (Subsidiary of LankaBanglaSecurities Limited)	A.A. Bhaban (Level 6) 23 Motijheel, C/A, Dhaka-1000, Bangladesh Phone: +880 2 9563901, +880 2 9513793 Email: contact@lbis.info, FAX: +880 2 9563902 Web: www.lbis.info www.lbis.com.bd
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BizBangla Media Limited

BizBangla Media Limited (Subsidiary of LankaBanglaSecurities Limited)	12, Kazi Nazrul Islam Avenue, BDBL Bhaban (Level-17), Kawran Bazar, Dhaka-1215
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GROUP STRUCTURE

The Group consists of a total of six companies including the Parent LankaBangla Finance Limited (LBFL). LBFL has direct holding on three companies LankaBangla Securities Limited (LBSL), LankaBangla Investment Limited (LBIL) and LankaBangla Asset Management Company Limited (LBAMCL). LBFL has indirect holding on two companies LankaBangla Information System Limited (LBiSL) and BizBangla Media Limited.



The table below shows the Group Shareholding Structure of LankaBangla Finance Ltd.

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

BUSINESS DIVISIONS OF LANKABANGLA FINANCE

Corporate Financial Services Division

There are very few in the NBF market who can provide the full spectrum of 360 degree corporate finance solutions to large and middle market businesses in both the public and private sectors – which LBFL team can.

Through the credit crunch, depressed commodity prices, and global economic turmoil, Corporate Financial Services Division (CFSD) always stood beside the Businesses and Corporate Houses who have made LBFL a financing powerhouse. CFSD continue to provide customized financial solutions to help our clients do what they do best—lead. In-depth knowledge and experience in LBFL is what makes it different and gives us the strength to stay at par with our clients. CFSD is proud to offer a wide range of Tailored capital, cash management, and financial solutions in order to help our clients succeed.

The value we deliver is demonstrated through our unique relationship model, industry expertise, and local market advantage through the units as mentioned below:

- ▶ Large Corporate
- ▶ Emerging Corporate
- ▶ Supply Chain Finance
- ▶ Project, Structured & Sustainable Finance
- ▶ Corporate Liability

Large Corporate

Bangladesh has seen rapid growth in the recent years and considered amongst the emerging economies of the world. This has generated opportunity for the large corporate houses and group of companies to thrive and expand like never before. To accommodate the needs of this group of entrepreneurs and industrialists Large Corporate Unit has been operated with full financial solutions.

Large Corporate provides a diverse array of solutions for the corporate houses to expand their business and realize their vision. Our experienced team members can provide customized financial solutions which align with the overall business strategy of corporate clients so that their growth is truly sustainable. We aspire not just to become another one stop financial solution provider but a growth partner to all of our clients, so that we may Growing Together.

Already Large Corporate Unit has exposure with a number of corporate houses in sectors like Food Production and processing, Plastic, Cables, Light Engineering, Steel & Engineering, Real Estate, Cement, RMG, Footwear etc. allowing it to have a strong market presence. However, we are continuously looking to improve our team and incorporate new technological advances to better our service so that we can hold our esteem position in the market. Being a part of such a revered institution, Large Corporate actively takes part in refinancing schemes provided by Bangladesh Bank and other foreign finance provided by ADB, JICA, ICD, etc. for Sustainable Financing, Lead Certified Building, ETP Plantation, Green Financing, etc.

The followings are the products offered by Large Corporate Unit:

- ▶ Lease Finance
- ▶ Term Finance
- ▶ Short Term Finance
- ▶ Revolving Finance
- ▶ Loan against TDR
- ▶ Work Order Finance
- ▶ Club Finance
- ▶ Bridge Finance etc.

Emerging Corporate

Emerging Corporate Unit offers comprehensive suite of products & services to cater the growing needs of emerging corporate customers from various business segments. Being a relatively new unit, Emerging Corporate of LBFL started its operation on a full-fledged basis from 2019 and since then, it has been evolved as one of the most preferred financial partners of the emerging corporate customers.

Emerging Corporate has following leverages to provide the best corporate experience through a team of expert and dedicated relationship managers to identify business requirement and provide solutions through diversified products and services. The unit has the vision to use the wide network throughout the country to recognize the remote most corporate customers and provide them with tailor made financial solutions.

At LBFL we see our customer as our partners and offer superior customer service to gain the highest mind share. Our Emerging Corporate team is ready to provide best in class corporate financial services to become your most preferred Financial Institution.

Emerging Corporate Financing product suite consists of wide range of products and services to cater customer requirements under various industries. This includes tailored products for emerging manufacturing industries, service entities, MNCs, EPZ & EZ customers, DOs, project developers, supply chain concerns etc. Over the period of doing business, the Emerging Corporate Team has gained the necessary experiences and expertise to serve complex financial deals with convenient solutions.

Major products & services under Emerging Corporate Unit are as follows:

- ▶ Term Finance
- ▶ Short Term Finance
- ▶ Revolving Finance
- ▶ Lease Finance
- ▶ Loan against TDR
- ▶ Work Order Finance
- ▶ Club Finance
- ▶ Bridge Finance

Project, Structured & Sustainable Finance

Project, Structured and Sustainable Finance is one of the key focus unit of LBFL. The Project, Structured and Sustainable Finance unit has institutionalized capabilities to successfully manage the unique and multidimensional process of project finance transactions led by customized product offering approach.

We are typically engaged from the very early stages of implementing projects. Thus, we are able to analyze the viability of projects from different perspectives and ensure cohesive and comprehensive project development that takes all aspects into consideration from day one. Specifically, we conceptualize best in class financing solutions and risk-mitigation concepts for the various projects.

LBFL devises solutions that balance the requirements of customers, suppliers and capital providers. We greatly benefit from our well and long-established relationships with members of financial fraternity of the country. Thus, we can offer competitive rates in order to implement the projects. We are here to assess your financial need, design the most cost effective mode of finance for your business and give you a complete solution.

Major product & services under Project, Structured and Sustainable Finance unit are as follows:

- ▶ Project Finance
- ▶ Alternative Modes of Capital Raising (i.e. Bond, Preference Shares etc.)
- ▶ Offshore/DFI/low cost structured solutions
- ▶ Green/Sustainable Finance
- ▶ Islamic Shariah Compliant Financing Solutions
- ▶ Corporate Advisory Services

Supply Chain Finance

At LBFL, we understand the importance of adequate cash flow working as a blood circulation for live-running of a business. With this objective in mind, the Supply Chain Finance Unit of LBFL constantly strives to provide innovative financial solutions to meet working capital needs of businesses. The unit helps to manage cash flow for effective cash management of business. To overcome the challenges of cash constraints in everyday business, the Supply Chain Finance Unit offers working capital solutions to give business a positive cash flow boost – freeing up working capital, giving the financial freedom and flexibility to grow business. These are uniquely structured working capital solutions against receivables, lifting orders, confirmed payables, credit advisory, collections, etc. The procedure is relatively kept simple for the convenience of the clients. Through the products/services offered by this unit, LBFL intends to be an active partner in the management of the client's supply/delivery chain.

The followings are the products offered by Supply Chain Finance.

- ▶ Factoring Finance
- ▶ Distributor Finance
- ▶ Reverse Factoring

Corporate Liability

LBFL welcomes the opportunity to establish relationship with corporate clients willing to keep their funds with our company. Over the years we have received large deposits from various corporate houses which benefited us to enrich our portfolio. We understand that our corporate clients seek qualified and committed financial partners for safekeeping of their funds. Our endeavor to reduce dependencies on bank borrowing has been facilitated by collection of corporate deposits. In this regard, we have formed a separate corporate TDR team with professional Relationship Officers who are concentrating solely on providing RM based services to corporate houses through Head Office Priority Unit. A bunch of enthusiastic and energetic relationship managers has been deployed for marketing the services across the country who are tagged under different branches.

The followings are the products offered by Corporate Liability Unit:

- ▶ Actual Days Deposit
- ▶ Corporate Classic TDR
- ▶ Shahoj Sanchay
- ▶ Periodic Return
- ▶ Earn First
- ▶ Double Money Deposit
- ▶ Triple Money Deposit
- ▶ Money Builder

Retail Financial Services Division

The Retail Financial Service Division offers a variety of special financial services to fulfill the needs of individuals. By providing innovative, customized solutions and services, the Retail Division of LankaBangla Finance is one of the leader in the market of retail

financial services. The division currently provides services through 3 (three) different sectors namely Loan Unit, Card Center and Deposit. The division delivers services through 6 (six) units namely Auto Loan, Home and Mortgage Loan, Personal Loan, Credit Card, Retail Liability and Alternative Business Delivery Channel (ABDC).

Auto Loan

The Auto Loan Unit specializes in car financing for individuals and institutions alike. It deals with all sales, marketing, business promotional activities, as well as relationship management with individuals, corporate customers and auto dealers. It also engages in customer service activities including planning, budgeting, target setting & allocation, and also execution, monitoring & evaluation of sales deal, customer service quality, etc. The unit has also started providing Motor Cycle loan to individual professional and corporate houses. The loan facilities are at competitive rates with convenient repayment options. LankaBangla has the following differentiate features for Auto Loan:

- ▶ Loan facility up to 90% of vehicle price but not exceeding BDT 15.00 Mn for a single vehicle of individual client
- ▶ Up to 100% loan facility for Institution/Organization
- ▶ 100% loan facility for the individual customer under secured by full or partial TDR/ FDR and for the employee of specialized corporate
- ▶ Three (3) months grace/moratorium period facility for salaried individual
- ▶ Loan tenure from 12 to 72 months
- ▶ Loan facility for both individual and institution/ organizational name
- ▶ Early settlement & partial pre-payment facility

Home & Mortgage Loan

With a host of Home Loan options, the Home & Mortgage Unit aims to meet the individual needs for housing solutions. The activities of Home & Mortgage Loan Unit include sales, marketing, business promotions, and relationship management with customers and developers. The unit provides customer service management like planning, budgeting, target setting and allocation, and also execution, monitoring and evaluation of sales deal, customer service quality, etc. Home loan serves the following purpose:

- ▶ To buy a new or used apartment or ready home & commercial space
- ▶ To renovate existing apartment & home & commercial space
- ▶ To construct apartment or home
- ▶ Existing loan pay off/ loan takeover

Proposed property and/or any property acceptable to LankaBangla may be taken as collateral. Property is required to be Registered Mortgage through TPA (Tripartite Agreement) or Registered Mortgage as per Law prevailing in Bangladesh. The following features differentiate Home Loan from that of the competitors:

- ▶ Highest loan ceiling of BDT 100 million
- ▶ Loan term up to 30 years including maximum 12 months moratorium period
- ▶ EMI calculation on Monthly Reducing Balance Method
- ▶ Partial Prepayment or Early Settlement options at any time on outstanding principal amount.
- ▶ Approval of home loan before purchase of apartment for high net worth customer
- ▶ Loan disbursement during the construction stage
- ▶ Disburse against tripartite agreement or registered mortgage

- ▶ Top up facility
- ▶ Loan takeover facility
- ▶ Semi Fixed and Variable interest rate – anyone can choose
- ▶ Loan facilities for Non-Resident Bangladeshis

Personal Loan

The Personal Loan Unit offers any purpose loans for personal exigencies. The unit deals with all sales, marketing, business promotional activities, as well as relationship management with corporate houses, and other customer service activities such as planning, budgeting, target setting and allocation, and also execution, monitoring and evaluation of sales deal, customer service quality, etc. Personal loan for Salaried person (Bandhan), Doctor’s Loan, Teacher’s Loan (Beacon), Govt. Employee Loan (Hope), Personal Loan for Land/ Lady, Personal Loan for Businessman Loan (Bonik) and Short term loan against lien of deposits (SOD) are offered under this unit. The following features make the personal loan of LankaBangla a leading financial product in the market:

- ▶ Highest loan ceiling of BDT 2.50 Mn
- ▶ Insurance Facility
- ▶ Top up loan facility
- ▶ Partial disbursement options
- ▶ Partial prepayment option

Credit Card

LankaBangla is the lone Financial Institution that offers cards through its owned CMS. Card Centre deals with issuing of MasterCard and VISA credit cards. LankaBangla VISA & Mastercard come with an ever growing range of benefits with an acceptance at all VISA & Mastercard POS, ATMs & e-commerce websites nationwide. There are mainly three categories of MasterCard-Titanium, Gold and Classic (General & Shikha) and three categories of VISA Card-Platinum, Gold and Classic for individual and corporate clients.

Sl.	Name	Place of business	Valid in	Limit Range
1	Master Titanium	BDT	Bangladesh	BDT 150,000 – BDT 1,000,000
2	Master Gold	BDT	Bangladesh	BDT 60,000 – BDT 149,999
3	Master Classic	BDT	Bangladesh	BDT 20,000 – BDT 59,999
4	VISA Platinum	BDT	Bangladesh	BDT 150,000 – BDT 1,000,000
5	VISA Gold	BDT	Bangladesh	BDT 60,000 – BDT 149,999
6	VISA Classic	BDT	Bangladesh	BDT 20,000 – BDT 59,999

The basic features of LankaBangla Credit Card are as follows:

- ▶ Unsecured & revolving credit line
- ▶ Safer substitute to cash
- ▶ Monthly billing on purchases & cash withdrawals
- ▶ Minimum required payment per month: 5% or BDT 500 whichever is higher
- ▶ Exclusive Reward Program
- ▶ Interest free periods – Minimum of 15 days or Maximum 45 days
- ▶ Cash Withdrawal Facility – 50% of Credit Limit, No Interest Free period on Cash Advance
- ▶ Credit Shield Insurance Coverage up to BDT 500,000

- ▶ Secured EMV enabled chip card & contactless payment (NFC) facility
- ▶ 1000 (Approx.) active marchants where discount facility is available
- ▶ ezyppay Installment Facility @ 0% interest at above 500 merchants
- ▶ 3(three) times complimentary access to Balaka Executive Lounge at Hazrat Shahjalal International Airport or Modhumoti Executive Lounge at Shah Amanat International Airport for Titanium & Platinum Cardmembers in a year
- ▶ Unlimited Complimentary Meet & Greet Service at Hazrat Shahjalal International Airport for Mastercard Titanium & VISA Platinum Cardmembers

Retail Liability

The core objective of Retail Liability unit is to focus on retail deposits. Different Liability products are being designed & offered to customers to cater their requirements. Considering the nature of retail clients and to provide the best customer service through strong relationships, various retail deposit teams consisting of a large pool of product marketing officers have been deployed throughout the branches of all over Bangladesh.

Retail Liability unit offers the following product and services:

Classic TDR:

It is the one of the prominent deposit product of LankaBangla, the product is designed with the tenure flexibility where the customer will receive the interest at maturity.

Shohoj Sanchoy:

Under this scheme customer will have the flexibility to choose their own tenure from 4 months to 18 months.

Earn First:

Under this scheme customer can draw interest upfront BDT 100,000 for deposited amount BDT 1,100,000 or reinvest the interest amount into our other attractive Deposit Schemes.

Periodic Return Term Deposit:

Term Deposit schemes- where customers of all segments are eligible to earn interest on a monthly/quarterly/half-yearly basis.

Money Builder:

LankaBangla’s own DPS facility called “Money Builder” is an installment based saving deposit scheme under which you can deposit your money on monthly basis.

Flexi Deposit:

An Initial deposit amount is fixed for this product and thereafter client can deposit any amount and will enjoy a certain percentage of interest, which will be entertained on daily basis.

Double Money:

“Double Money” can be the best solution for long term deposit plan. The deposited amount will be double at the time of maturity.

Triple Money:

“Triple Money” can be another solution for long term future plan, where deposited amount will be triple at the time of maturity.

Quick Sanchoy:

“Quick Sanchoy” is the one of specially tailored deposit product of LankaBangla Finance which is similar to Money Builder. This is a monthly savings scheme having an initial deposit which will be double or triple at maturity.

Protiva Deposit:

“Protiva” – “Money Builder (DPS) for new generation to explore new horizon. It is a specialized deposit scheme with life insurance coverage at free of cost. The minor account holder under this scheme will be eligible to get the full maturity value in case of death or permanent disability (accidental) of the legal guardian at any time for any reason.

Swasti Deposit:

“Swasti” – It is a specialized “Money Builder” (DPS), scheme with life insurance coverage at free of cost. The nominee of the account will be eligible to get the full maturity value in case of death or permanent disability (accidental) of the account holder at any time for any reason.

LankaBangla also offer below specialized products for woman with privileged rate of interest:

Shikha Ichhe (Classic and Shohoj Sanchoy), Shikha Obiroto (Periodic Return Term Deposit), Sikha Projolon (Double and Triple Money), Shikha Sonchoy (Money Builder).

Alternative Delivery Channels (ADC)

Alternative Delivery Channels (ADC) is a digital transformation department that accommodate the demand for access to our services anytime, anywhere and anyhow. LankaBangla Finance has launched Alternative Delivery Channels (ADC) department on 01 November 2016. The main objective of ADC department is to create, develop & manage an integrated, customer focused, alternative way of customer service, branding, business promotion and development. ADC is entrusted with the responsibilities of supervising, monitoring of LankaBangla website, social media (like facebook page, LinkedIn page & Youtube), online leads management. It helps to improve operational efficiency and cost-effective business.

The responsibilities of ADC are given below:

- ▶ Manage eCRM (electronic Customer Relationship Management) Leads. ADC maintains the MIS of all Leads generated through website and social media (Facebook, LinkedIn, FinSmart App) and contact center
- ▶ Follow up and update eCRM panel & update MIS accordingly, Initiate Cross Sell & generate monthly Business Review Report
- ▶ Update information in LBF website. Review, manage, update and follow up website banners, pop-up of promotional offers, regular events and regulatory issues. Highlights updates of CSR & Green Banking issues
- ▶ Coordinate, communicate and resolve all complains and service requests received from customers in social media and website in consultation with concerned departments and conclude the issue with customers.
- ▶ Managing and executing day to day promotional offers and activities
- ▶ FinSmart mobile app management such as leads identification, address all customers, collect details, provide feedback and follow up till approval/decline. Besides, managing FinSmart Feedback, meet up statement & chequebook requests received from customers and solving FinSmart related queries/complain received through “My Request” as well
- ▶ Update information on FinSmart app (Promotional offer, products, SMS, rate change etc. of all products & branch information)
- ▶ Generate significant business/sales or conversion from identified prospective leads received from all sources of social

media portals

- ▶ Boost up LBF digital platform through providing structure and leadership on the development and management of the digital innovation roadmap as well as the day to day operations of related activities

SME Financial Services Division

Cottage, micro, small and medium enterprise (CMSMEs) are acknowledged worldwide as lifeblood of local trade, commerce and industry. With lower energy supply, lesser infrastructure facilities and minor environmental risk, CMSMEs contribute notably to alleviation of poverty, creation of employment opportunities, women empowerment and equitable distribution of income as well as diversification of industrial sector in Bangladesh. A strong, vibrant financial sector can play a significant role in the growth and development of Small and Medium Enterprises by providing credit support to potential entrepreneurs. LankaBangla Finance Ltd., with the belief of ‘Growing Together’, has focused in CMSME business and performed well so far. Through the SME Financial Services division, the company offers various CMSME products based on the needs of the business. The value created by this unit is demonstrated through the unique relationship model, industry expertise, and local market advantage. The CMSME division deals with all sorts of activities-sales, marketing, business promotions, relationship management, customer service, budgeting, target setting and allocation, and also execution, monitoring and evaluation of sales deals.

Some of the value addition activities of the SME Financial Service division are as follows:

- ▶ Flexible Collateral norms based on client’s financials, business and nature of Collateral.
- ▶ No hidden costs on loan sanction.
- ▶ Working capital limits to support growth plans and enhancements based on the client’s further requirements - ranging from BDT 0.3 million to BDT 200 million.
- ▶ E-mail & Mobile alert supports to existing client.
- ▶ Choice of fixed tenure for repayment (12 months to 60 months).

SME Financial Services Division of LankaBangla has created a sound footprint in the year 2015 and it enjoyed higher growth in every parameter than that of previous year and is expecting to excel further. The division is working on new product introduction, cluster analysis and finding out prospective sectors. The focus on CMSME growth is reflected by various campaign arrangements, CMSME Fair, etc. A dedicated team for each branch is working to develop woman entrepreneurship in Bangladesh. LBFL is providing CMSME finance facilities to different types of sector with increased focus on women. By availing the refinancing facility through Bangladesh Bank, LBFL is able to offer attractive rates for prospective women entrepreneurs of Bangladesh.

The services offered by the SME Financial Services Division can be summarized as following:

- ▶ Limits offered to Small Enterprise: loan amount from BDT 0.3 million to BDT 30 million
- ▶ Limits offered to Medium Enterprise: loan amount from BDT 30 million to BDT 750 million
- ▶ Collaterals: Funding against commercial, industrial, residential property and liquid securities.
- ▶ Facilities offered: Term Loan, Short Term Loan, Revolving loan
- ▶ Fast processing and quick availability of loans
- ▶ Best suited for: Retailers, Traders, Manufacturers, Wholesalers, Distributors, Importers, Exporters, and Dealers

- ▶ Pre-requisites: Minimum two years' business experience

The following are the products offered by SME Financial Services Division:

Small Business

- ▶ Ahona (Unsecured loan)
- ▶ Biswas (Partial Secured Loan)
- ▶ Anonnya (Women Entrepreneur)
- ▶ Abash (Loan for Construction Mess)
- ▶ Durbar (Commercial Vehicle Finance)
- ▶ Somporko (Startup Finance)
- ▶ Astha (Fully Secured)
- ▶ Swarnali (Agro Processing Industry Finance)
- ▶ Ejara (Lease Finance)
- ▶ Sorol (Loan Facility against TDR, FDR and MB)

SME Liability

SME Liability Unit has been operating since the year 2018 under SME Financial Services Division. The main objective of this unit is to mobilize deposits from SME segments, individual and corporate houses and cater superior client experience from LankaBangla Finance Limited. So far the SME Liability unit is doing good and the growth of the SME Liability portfolio is noticeable from its inception. A bunch of enthusiastic and energetic business relationship managers and contractual staffs has been deployed for marketing the products and services across the country who are tagged under different branches.

Different SME liability products are being tailored and offered to clients as per their deposit need with attractive features which are shortly described below-

- ▶ SME Bishwas-TDR (TDR lien against Loan)
- ▶ SME Shaccholata (Term Deposit of different periods)
- ▶ SME Shacchando (Periodic Return)
- ▶ SME Agro (Designed Senior Citizen customers)
- ▶ SME Uparjon (Offers Advance interest)
- ▶ SME Digun Munafa (Double return at Maturity)
- ▶ SME Tin gun Munafa (Triple Return at Maturity)
- ▶ SME Druto Sanchoy (combination of Term deposit and DPS with flexible tenure)
- ▶ SME Moner Moto Sanchoy (Flexible Term deposit)
- ▶ SME Somriddhi (A deposit scheme on different tenures)
- ▶ SME Shikha Icche (Term Deposit of different periods for female customers)
- ▶ SME Shikha Obirot (A Periodic Return deposit for female customers)
- ▶ SME Shikha Projolon (Digun & Tin gun Munafa for female customers)
- ▶ SME Shikha Sanchoy (A deposit scheme for female customers)

Emerging and Medium Business

Emerging and medium business segment transforms into a formidable segment for business growth and create endless opportunity. Considering the growing demand, CMSME Medium & Emerging Business Unit offers wide range of products & services to cater the Medium business customers from various business segments. So under SME Emerging and Medium Business unit are major products & services as follows

- ▶ **Term Loan Financing** includes Industrial Term Loan, Business Instalment Loan, Commercial Vehicle Loan and Commercial

Space Financing purpose aimed to cater manufacturing businesses

- ▶ **Lease/Asset Backed Financing** includes Lease, Sub-Lease, Commercial Vehicle Lease/loan and Sale and Lease Back financing etc.
- ▶ **Working Capital Solution** includes Short Term Loan (One-off), Revolving Short Term Loan, distributorship Financing and Import Documents Release Loan etc.

Treasury & FI Division

Treasury is the "Financial Hub" which operates as a financial clearing house for all the parts of an organization. Traditionally, fund management is the key function of Treasury that ensures availability of funds at the Right Time, Right Place at the possible Minimum Cost.

Treasury function also encompasses the Balance Sheet management and looks after the inherent treasury risk elements of the organization including mismatches of Assets and Liabilities. Managing maturity schedules of deposits and credit lines coincide with the demand for loans while ensuring adequate liquidity is the most crucial aspect of treasury division. In LankaBangla Finance, Treasury & FI division is internally structured in three major units, namely – Balance Sheet Management Unit, Money Market, Financial Institutions & Central Bank Dealings Unit and Capital Markets & Agency Service Unit. Treasury performs its responsibility under two broad heads:

Treasury front office & Treasury mid office. The core functions of Treasury & FI's are as follows:

Treasury Front Office

- ▶ Significant interactions with various counterparties & market participants
- ▶ Money Market Operation, i.e. Dealings with Overnight/Placement/Treasury Line etc.
- ▶ Maintenance of CRR & SLR
- ▶ Dealings with Govt. fixed income securities
- ▶ Investment in commercial paper and other money market instrument to generate revenue
- ▶ Striking of deals (trading) and ensuring profits from arbitrage dealing
- ▶ Credit relationship with Banks & FI's
- ▶ Seeking the alternate source of fund, e.g. issuing of debt instrument, foreign currency loan etc.
- ▶ Liquidity Management by prudent Cash Management
- ▶ Repo & Reverse Repo dealings i.e. ALS/LS, Repo & Special Repo with Central Bank, Interbank repo

Treasury Mid Office

- ▶ Set up Treasury policies and strategies
- ▶ Monitoring, measurement, analysis and reporting of risks namely
 - ▶ Interest rate risks
 - ▶ Liquidity risk
 - ▶ Asset Liability Management (ALM)

Capital Market

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

SUBSIDIARIES OF LANKABANGLA FINANCE

LankaBangla Securities Limited

LankaBangla Securities Limited (LBSL) is committed to providing top notch brokerage services and leading the industry with cutting edge trading, top rated research and customer service. LankaBangla Securities began as Vanik Bangladesh Securities Ltd in 1997 with their activities confined only within the Chittagong Stock Exchange (CSE) Ltd. A year later, they made a step ahead and introduced themselves to the Dhaka Stock Exchange (DSE). It rebranded to LankaBangla Securities Ltd. in 2005 following a restructuring of the company. The company is 90.91% owned subsidiary of LankaBangla Finance Limited (LBFL) which is one of the leading listed non-banking financial institutions in Bangladesh engaged in Leasing, Credit Card Services, Corporate Financing, and Financial Consultancy. LBFL is owned, by a group of highly successful local business entrepreneurs of Bangladesh, Sampath Bank Limited of Sri Lanka, One Bank Limited of Bangladesh, and the general public. With all these on the back, our house LBSL is undoubtedly a global one which knows clients' preferences, acts on their choice, and guarantees the most comfortable investment environment while investing in Bangladesh. LankaBangla Securities Ltd. is the leader in customer transactions. The ability to meet the demands considering every client's time horizon, goals, and risk tolerance have made the company settle relations with thousands of retail and institutional clients all over the globe. This is reflected in the fact that the brokerage house is crowned as the largest in terms of transaction value for the 14th consecutive time in DSE and CSE. At LBSL, people specialize in developing the country's most efficient stock brokerage workforce with unmatched skills and consummate perfectionism. Also, in whichever corner of the country the customers are, LBSL gets them covered with their 10 branches spread in the leading cities and towns. Quality, convenience, and reliability are some things that LBSL provides the customers at the highest level and which the customers can expect from their brokers. This is the key as LBSL has a strong network of key clients all over the world. Furthermore, the local and international recognitions from financial institutions, custodian banks, corporations, international fund managers, and other fellow brokers for its professionalism has laid the foundation of strength and further success. Apart from NITA trading, LankaBangla Securities Ltd. (LBSL) is offering trading facilities to foreign institutional clients comprising of different funds, international brokers, banks, etc. who are interested in trading Bangladeshi securities. Throughout the world, any client of an international broker can trade in the Bangladesh Capital Market through LBSL. To make it better, LBSL foreign trade execution team has a Bloomberg terminal on its dedicated foreign trade desk which connects the team with every fund manager around the globe assuring 100% compliant trading for the foreign clients. Possessing a strong equity base, LBSL focuses on the diversification strategy following which LBSL has made an equity participation in BizBangla Media Limited which is publishing the country's first Bengali business daily 'The Daliy Bonik Barta'. Besides, LankaBangla Securities Limited is one of the directors of MIDAS Financing Limited, a renowned financial institution. LBSL has already initiated establishing an independent IT subsidiary LankaBangla Information Systems Limited.

Brokerage Services

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

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

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

CDBL Services

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

Research Services

LBSL firmly believes in the knowledge-based investment in the capital market to keep pace with the advanced market and sophisticated clients. Apart from efficient and effective brokerage services, LBSL is backed by the strength of a comprehensive Research Unit, which provides a range of services from company, industry and country research to corporate valuation. One of the important functions of LBSL is to carry out capital market research for themselves and their valued customers. Their Research & Analysis Department is one of the most important departments which is solely dedicated to these functions. The Capital Market Research Department is continually generating knowledge based reports on the overall capital market, the macroeconomy, and the individual companies listed on the stock exchanges. The team puts its effort to analyze the capital market along with the fundamental and technical indicators of listed securities of DSE and CSE. The approach is to understand the psychology and trend history of the market, and most importantly the actions of investors. The flagship magazine "Market Pulse" published from the Publication Department has continued drawing attention and appreciation from readers here and outside the country.

Internet-based Services

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

running the Order Management System (OMS) with Chittagong Stock Exchange through API to provide DMA (Direct Market Access) facility to the Dealers as well as investors. This is the first time in Bangladesh to provide DMA through Broker House instead of exchange provided application. It offers multi-channel e-trading to its customers (web, mobile, client server) and advantages of Multi Asset Class (Equity, Derivatives, Bond, Commodity, etc) trading option, smart order routing, multiple exchanges and Cross Border supported application, MIS & centralized risk management. It has ability to create interfaces to other systems such as accounting systems, banking solutions and depository systems; and real time access charting with strategies, indicators and patterns. The Algo trading (VWAP, TAWP, POV, IS, etc.) and STP-Gate/FIX protocol supported system is the advanced option for the futuristic capital market. It requires Ultra low latency bandwidth and configurable network architecture for Broker and Investors. The LBSL OMS is the open platform to integrate with other stock exchange trading engine. It is the new milestone for the capital market in Bangladesh. Dealers and inventors can place the order based on conditions and strategies using real time technical analysis and risk management.



Our web portal acts as a hub of information of the capital market, with abundant sources of information of the capital market and macro-economic insights for the investor, entrepreneur, academician and policy makers.

Out Internet Trading Department is mainly responsible for providing online based trading facilities to the clients of LBSL on both Chittagong Stock Exchange and Dhaka Stock Exchange platform. There are two online based platforms for the two exchanges which are given as follows:



This is the internet trading platform which is capable of trading in multi exchanges simultaneously. Currently, it is connected to Chittagong Stock Exchange only. The platform could be used by clients in desktops and all mobile devices. The trading orders could be placed any time and the validity is for 24 hours. The platform is also available for download in both Google and Apple application stores.



The platform is owned by Dhaka Stock Exchange and is provided to all the stock brokerage houses in Bangladesh to facilitate online trading in Dhaka Stock exchange. LBSL also facilitates its clients by providing DSE mobile services. The platform is also available for download in Google and Apple application store.

Under the wing of our portal services we have introduced other services like



This is referred to as the online back office for LBSL clients so that they can use iBroker for the following purposes:

- ▶ Online IPO application
- ▶ Access portfolio statements and client ledger details
- ▶ Fund requisition requests online

I-frame/investor relationship Service:



Investor Relation Service is built on the cutting edge technology for listed companies complying the requirement of Dhaka Stock Exchange (Listing) Regulations, 2015 as well as mitigating the BSEC compliance. The services run through i-frame technology which is very easy to integrate on the specific company website and the theme is also designed to match with particular website theme. The i-frame service is available for listed companies, newspapers and for TV display.

The information is not only useful for the investors but also creditors and other important stakeholders of an organization. We have partnered with few reputed listed companies, committed to improve the investor relationship through convenience and accurate information. Our service easily integrates with websites without any sorts of complication.

Virtual Office Dynamics (VOD) - An Smart Enterprise Resource Planning (ERP) Solutions



Virtual Office Dynamics ERP offers the freedom of choice, ease of integration, high performance and reliability that forward-thinking companies rely on to increase profitability and seize the competitive advantage. There are two modes of deployment: Cloud Based ITES and On-Premises.



Custodian Service Management System provides back office services to the custodian as well as investors.



Investor can buy and surrender the multiple AMCs Mutual Fund from a single platform.



Exclusive and Comprehensive digital business magazine publish monthly basis.

LankaBangla Investments Limited (LBIL)

LankaBangla Investments Limited is a premier investment bank in the country providing corporate advisory, issue management and portfolio management services. It is a fully owned subsidiary of LankaBangla Finance Limited, one of the leading Non-Banking Financial Institutions in Bangladesh. LBIL was incorporated in Bangladesh with the Registrar of Joint Stock Companies and Firms (RJSCF), vide registration no. C 83568/10 dated 29 March 2010 as a Private Limited Company under the Companies Act, 1994. LBIL inherited its merchant banking operation from its parent company, LankaBangla Finance Limited, which was the first merchant bank to offer discretionary portfolio management services back in 1997. The Company obtained Merchant Banking license (registration certificate no. MB-57/2010) from the Securities and Exchange Commission on 2 January 2011 and spun off its merchant banking operation as a separate company. Later on the company converted itself into a public limited company with effect from 12 June 2013. LBIL has positioned itself prominently in investment banking arena of Bangladesh through its wide range of services including Primary Market Services and Portfolio Management Services.

LBIL has competent human resources with a combination of experience, diversified knowledge, and knowledge on regulations, which makes LBIL a major force in investment banking business of Bangladesh. Our human resources are well capable of providing optimum financial solutions for our clients. LBIL values on long term sustainable business operation and relationship with clients. We provide tailored financial solution for client with in-depth analysis.

Services of LankaBangla Investments Limited

LBIL offers a wide selection of Investment Banking Services for institutional clients seeking to raise finances for business development, to merge with or acquire another business, to re-structure for better performance, or to grow business by exploring new territories.

Corporate Advisory

The pursuit of a long term financial goal begins with a Corporate Advisor who can help you reach it. Armed with a deep understanding of your distinctive needs, LBIL as Corporate Advisor can plan and execute strategies from the products and services of Investment Banking suite.

Bond Issuance

LankaBangla Investments Limited combines expertise on debt origination and structuring with established distribution capabilities to a large base of investors. The origination team works directly with issuers, including corporations, banks and other entities that seek funding. LBIL advises these clients on debt financing strategies from a wide range of Bond Structures.

Alternative financing

LBIL provides Issue Management and Subscription Arrangement in case of Preference Share issuance, Commercial Paper issuance and Equity arrangement through Private Placement. With the market insight and expertise LBIL provides best possible services to its clients.

Mergers and Acquisitions

LankaBangla Investments Limited acts as the financial advisor for all transactions related to Merger or Acquisitions, whether the client is the bidder or the target. Our service starts from designing the scheme to Post-merger compliance.

Joint Advisory Services

LBIL provides Advisory services for the Joint Venture projects. Regular services under this segment includes aligning both local and foreign investors, assisting in legal and regulatory compliances, research support for both the investors, designing the financial structure of the joint venture etc. Notable achievements of the Investment Banking Services (IBS) of LankaBangla Investment Ltd. are as follows:

- ▶ Successfully issued and arranged fund of BDT 400 million through preference share issuance for Doreen Power House & Technologies Limited (DPHTL). BSEC accorded consent for raising capital through preference share issuance of DPHTL in 2015. The Investment Banking team acted as the Lead arranger of the issue and successfully completed the Financial Closing in 2016
- ▶ The Investment Banking team prepared the Feasibility Report on PowerPac Economic Zone under Corporate Advisory Services provided to PowerPac Holdings Limited. This feasibility report was first ever feasibility report for an Economic Zone under PPP model completed by any investment banks in Bangladesh
- ▶ SSD-TECH operates in VAS and ISP Business and is considered as one of the leading VAS providers. IBS team prepared the valuation report on SSD-TECH under Corporate Advisory Services. It was a completely new experience for LBIL to complete a valuation report of a company operating in VAS industry
- ▶ Ajinomoto Bangladesh Limited is foreign entity operating in Bangladesh. The IBS team provided Corporate Advisory Services for BDT 210 Million Foreign Equity arrangement of Ajinomoto Bangladesh Limited

Primary Market Services

LBIL provides assistance to institutional clients seeking to raise funds through Issue Management, Capital raising & Private Placement business. The Primary Market Services Team has wide range of experiences in managing different types of issues across various industries, leading to obtaining of in-depth knowledge of the regulatory framework and processes.

Capital Raising for Private & Public Ltd. Companies

Services include Transaction feasibility analysis, Capital Raising, Pricing & Valuation, Negotiating with Investors, and Effective Project Management to successful closing.

Issue Management

LBIL assists companies with good growth potential and excellent business ideas to raise fund through initial public offering. With the finest issue management services LBIL not only aids clients to increase the value of their companies but also assists in increasing the supply of quality shares in the capital market.

LBIL acts as issue manager for Private Placement, Initial Public Offering (IPO), Direct Listing, Rights Offering and Repeat Public Offering (RPO).

Corporate Advisory Services

Our Corporate Advisory Services in this segment include:

- ▶ **Capital Restructuring:** Our expert team of professionals is adept in rebuilding the existing capital structure of client's Company which will derive optimum value in changing business conditions. Our methods are especially focused on improving the operational efficiency of the client
- ▶ **Financial Consultancy:** We provide in-depth and complete financial solutions which include advice, guidance and service to the issuer especially in ensuring compliance related to financial disclosure requirements
- ▶ **Feasibility of IPO:** We determine the feasibility of an IPO given the company's fundamentals including business model and management capability, growth potential and market size, financial track record, shareholders' objectives etc.
- ▶ **Post Issue Services:** The transformation from a private company to a public enterprise is a life-changing process for any organization and it will continue long after the actual IPO transaction. Our Post Issue Services ease the activities of the company that has gone public
- ▶ **Company Valuation:** In the quest for discovering the economic value of an owner's interest in business, we conduct business valuation, where we consider the relevant industry and business aspects along with historical performance and future growth of the business entity
- ▶ **Corporate Governance Structuring:** We assist companies to adapt its internal structure to meet the requirements of the Corporate Governance framework guideline authorized by the regulators

Underwriting

LBIL provides underwriting services for public issues to create efficiencies in the capital markets and reduce risk for Public Issues, Repeat Offering and Rights Issue. LBIL has underwritten a large number of issues in various industries.

Value Added Services

We offer value added services which are unique, 1st time in Bangladesh and Global Standard. It includes:

- ▶ Compliance Guideline
- ▶ IPO Readiness
- ▶ Customized Equity Financing Strategy

Since the beginning from 2015, Primary Market Service department of LBIL have successfully completed a number of landmark transactions worth around BDT 7,650 million including 4 Initial Public Offer and 2 Rights Offer for reputed conglomerates in diversified sectors.

Portfolio Management Services

Portfolio management refers to investment in diversified types of assets such as different equity securities and bond securities. Two types of accounts are available in LankaBangla Investments Ltd. One of them is discretionary portfolio account, "AlphaPlus" (managed by Investment Team of LBIL) and other one is Non-Discretionary portfolio account (Managed by clients). In the

portfolio management services, LBIL do vast research and maintain proper combinations of securities that gives maximum return with minimum risk for LBIL discretionary clients. LBIL's portfolio management service is designed to provide personalized, secure and simple financial solutions for a wide range of investors, who wish to enhance their opportunities while minimizing their administrative burden. With an objective of introducing new investment avenue for potential investors under the Discretionary Portfolio Management Services, Investment Banking Services of LBIL developed new Product named "LankaBangla Nishchinto" in end 2015. This product is designed to facilitate the investment in capital market, through a monthly investment scheme like DPS. This new product has added strength to the discretionary product portfolio of LBIL.

Discretionary Portfolio Management

In the ever changing capital market, managing investment has become an increasingly complex and time consuming process for a company or an individual to handle in isolation. For effective investment, one has to go through the hassle of following tons of financial data and market information continuously. LBIL provides Discretionary Portfolio Management Services which relieves the investors from the hassles and burden of following market information as well as investment management. LBIL offers three Discretionary products for its clients.

AlphaPlus (Investments Best Managed)

Discretionary Portfolio Management Service offers a number of benefits to clients. It frees them from the burden of making day-to-day investment decisions, which may be better made by a qualified portfolio manager who is attuned to the vagaries of the market. Delegating the investing process to a competent manager leaves the client free to focus on his/her priorities. Efficient trade execution by LBIL team also ensures optimum benefit for the client.

AlphaPlus INITIAL

Some potential investors having small savings left for investment, faces problem in making investments, as their investment amount in most cases is too small for investment in secondary market and little opportunity is available to invest that small amount in fixed income securities. Moreover, the potential return from investment in fixed income securities is very low. On a condition like this, AlphaPlus INITIAL will pave the way of investment in primary market with least hassle for those investors and reducing risks arising out from secondary markets.

LankaBangla Nishchinto

LankaBangla Nishchinto is a monthly savings instrument with monthly fixed deposit for 3 years, which will be invested in selected Blue Chip stocks, Mutual Funds and Fixed Income instruments. Any individual can start LankaBangla Nishchinto by depositing minimum BDT 5,000 each month for three years. Profit along with the invested amount will be distributed to the client after maturity.

Non-Discretionary Portfolio (IPA Scheme)

LankaBangla Investments provides comprehensive

nondiscretionary services including trade execution and margin loan under its Investors Portfolio account called 'IPA Scheme'. We are capable of executing proper and efficient trades through our designated sister concern 'LankaBangla Securities Limited', the largest stock broker of the country.

LankaBangla Asset Management Company Limited (LBAMCL)

Established in 2007, LankaBangla Asset Management Company Limited is a 99.99% owned subsidiary of LankaBangla Finance Limited, one of the leading NBFIs in Bangladesh. It received its license from Bangladesh Securities and Exchange Commission (BSEC) on June 24, 2012 to operate as a full-fledged asset management company. LBAMCL is the official asset management wing of LankaBangla group, and is deeply committed to providing client driven solution and superior risk adjusted performance to its valued clients. Backed by the group's strong operating history and strong footprint in the financial sector LBAMCL makes continual investments in the asset management and client service platform, resulting in a client-focused, solutions-driven orientation. LBAMCL values original thinking, due diligence, first hand research and investment discipline. By keeping the target investors in focus, it opts to become one of the leading asset management companies in Bangladesh very soon.

The mission of LBAMCL is to provide a diverse array of investment choices and the best possible investment management service to investors and institutions.

LBAMCL is focused to meet the professional investment management demand of a wide range of Investors. It will undertake management of funds of institutional investors like banks, insurance companies, other financial institutions, and other corporate bodies as well as funds of the high net worth individuals. With LBAMCL, a client can stay focused on what matters to long term success. Smart decisions are ensured by providing the information and perspectives to the clients, thereby increasing the chances of success. LBAMCL has utmost dedication towards superior service, outstanding performance, low costs, and commitment to integrity, loyalty, and respect for the investors. It ensures that the investment principles and the strict investment processes that are followed are in the best interest of the clients.

The investment approach of LBAMCL is founded on the belief that both fundamental and technical analyses are related to returns. Special attention is given to minimize downside volatility while evaluating the risk embedded in portfolio construction. LBAMCL takes benefits of the tactical asset allocation in the short or midterm but maintains the strategic asset allocation in the long term.

Products and Services of LBAMCL

LBAMCL offers various investment choices, including mutual funds, discretionary portfolio management, provident fund management etc. Followings are the financial products offered by LBAMCL:

Closed-end Mutual Fund

A closed-end fund is a publicly traded fund that raises a fixed amount of capital from sponsors, institutional investors and

from initial public offering (IPO). The fund comes with a fixed number of units and the units can only be purchased and sold in the market.

Open-end Mutual Fund

In the mutual fund, the investors can buy or sell as much amount as they want. The fund has virtually no limit of units. The buying or selling price of a unit is always tied to the Net Asset Value (NAV) of that unit. It is not traded in the stock exchanges but can be bought or sold very easily from selling agents. LBAMCL's management of open end mutual funds is based on specific strategies as per the demand of different type of investors. Units can be bought or sold in any working day from a list of easily available selling agents.

Discretionary Portfolio Management

LBAMCL offers the service of discretionary portfolio management where experienced and seasoned portfolio managers take investment decisions to manage clients' money. Risk-return profiles of the investors are carefully extracted. The investment policy statement (IPS) are then prepared, and the fund managed according to the investor specific IPS. LBAMCL also builds portfolio according to different investment style and investors can put funds in any style specific portfolio. The fund management fee structure of LBAMCL is very competitive.

Islamic Shariah based Products

There is a heavily growing demand of Islamic Shariah (IS) based products. Keeping this in mind LBAMCL offers a full range of IS based products for both institutional and individual investors. LBAMCL's IS based products and services range from mutual funds of both closed-end and open end types to discretionary portfolio, provident fund, and investment advisory services. An independent Shariah council provides and updates approved IS based securities to best serve the clients' needs and demand.

Provident Fund, Pension Fund, and Gratuity Fund Management

Employees are the key to building a successful organization. To attract and retain employees for the long term, an organization offers contributory provident fund and gratuity fund to employees. On behalf of the organization and the employees LBAMCL offers provident fund, pension fund and gratuity fund management services. LBAMCL have the size, scope and expertise to meet the clients' specific requirements, which include liability matching, accounting solutions and growing assets for meeting obligations well into the future. LBAMCL helps to minimize the clients' funding volatility while systematically improving the funding positions of their portfolios, and providing research tailored to the specific needs of the organizations. It also help an organization build such fund for the first time, and to look after the regulatory affairs like taking permission of NBR for a recognized provident fund or pension fund.

Alternative Investment Management

LBAMCL offers investment management services in different alternative investment segments such as Private Equity, Venture Capital and Impact investments. LBAMCL's approach towards identifying and investing in these segments is informed by the group's long experience in successfully financing businesses in

the country. LBAMCL's proactive approach seeks out only the most innovative companies in target sectors, with potential for exponential value creation which distinguish themselves through superior operational excellence, prescient strategic vision as well as long-term sustainability of their business model in a rapidly changing world. Once having successfully applied resources and expertise in a portfolio of companies, LBAMCL seek a realization of its investments after having multiplied its value.

Financial Planning Services

Different individuals have different investment bases and different liquidity needs. Different organizations have different asset-liability structures. With this in mind, LBAMCL offers financial planning services for both individual and institutional clients. It provides advice on appropriate asset allocation strategies on the basis of risk return profile and different constraints of the investors.

LankaBangla Information System Limited (LBIS)

LankaBangla Information System is a leading information technology service provider in the country. LBIS started its journey on May, 2013. LBIS's strong base of expertise and technical know-how is built on the firm belief that "Technology Serves the Business". This belief enables us to deliver IT services that match and grow with clients requirements as they evolve. LankaBangla Information System is an IT Management Services outsourcing and consulting company providing IT solutions, project management and comprehensive infrastructure support and monitoring. With well understanding of the communications industry, access to current and emerging technologies, mature development processes, global resources and a proven track record, LBIS creates complete solutions to help clients succeed. In today's world, organizations will have to quickly reengineer themselves and be more responsive to changing customer demands. LBIS is well positioned to be a partner and coinovator to businesses in their transformation journey, identify new growth opportunities and facilitate their venture into new sectors. The value is in the unification of proven experiences, skilled expertise and defined thought leadership.

Products and Services of LankaBangla Information System

Virtual Office Dynamics

ERP is an enterprise re-engineering solution that uses new business computing paradigms to integrate IT processes across company divisions and departments. LBIS has developed a web based ERP (HR, Payroll, Fixed Asset etc.) solution namely Virtual Office Dynamic (VOD) which is currently running in LankaBangla Finance Limited, LankaBangla Securities Limited, LankaBangla Investment Limited and LankaBangla Asset Management Company Limited.

Market Data Service

This is a FIX protocol based server side engine. This disseminates DSE market data to subscribed FIX clients and clients can feed it to its simulation engines to demonstrate the market. This is a new concept and LBIS is the first to implement it in Bangladesh. In other words, LBIS is the pioneer in this arena. This is a

complete solution and it is delivered to Vienna Stock Exchange to meet the requirement of Swiss Pro Invest.

Project Management

LankaBangla Information System focuses on helping small and mid-sized businesses to manage their IT infrastructures and software implementations. It has a well reputation of working with clients to maximize their returns on IT investment. All LBIS team members are trained in professional IT project management tools and techniques. This ensures that the clients are working with a team of experienced and knowledgeable Engineers who have experience working with a broad range of IT systems. LBIS team members assist clients in every aspect of IT planning, procurement, implementation and operation. The team of expert consultants can help with all of the following IT issues:

- ▶ Information Technology
- ▶ IT Project Management
- ▶ Systems Analysis and Design
- ▶ Market Data Service

Consultancy

LankaBangla Information System Consulting can give you the business analyses you need and follow through with implementation. LBIS can deliver a depth of resources unsurpassed by other firms. We have the flexibility to deliver solutions quickly and cost-effectively. Our confidence in our ability to think ahead makes us willing to be measured against any business outcomes. This means that with LankaBangla Information System Consulting, you get the advantage of future thinking - along with the advantage of being your partner or future endeavours. LBIS Consulting provides services through following practices:

- ▶ Project Management
- ▶ IT Audit
- ▶ IT Services
- ▶ Software Procurement

Cloud Services

In this constant and rapidly evolving cloud market, the battle for dominance is raging. Infrastructure, Platform and Software as Service providers are all locked in an increasingly competitive fight for service superiority and market share. The scalability and rapid deployment characteristics of a cloud environment can be the perfect solution for many of clients' applications. To determine exactly where, when and how cloud infrastructure should be implemented, however, thorough analysis of the level of security, control, customization and support of the customers' applications is required. LBIS also provides physical and logical space at state of art data center to share server/data to its clients. LBIS cloud service includes Software as a service (Saas), Platform as a service (Paas), Infrastructure as a service (Iaas), Data as a service (Daas) and Backup as a service (Bass). Server Management and Storage as a service is also a part of LBIS cloud service.

Outsourcing

Information Technology outsourcing has become a popular

trend since the beginning of the millennium. Due to better cost incentives and high availability of skilled resources, outsourcing has gained momentum to a scale that it has become a global standard in software development. LBIS provides solutions to its clients in time and in budget, helping them to quickly adapt to changing needs of their businesses. With technologies changing at rapid speed, LBIS continues to remodel its applications through migrations, integration and development services. Within the outsourcing model, offshore web application, software development, and custom application development services are provided to clients. LBIS prides in being the best IT outsourcing companies in Bangladesh on custom application & software product development.

Mobile Application Development

Mobile technology has progressed significantly since the advent of Apple iPhone and iOS platform. All users whether enterprises or others want to be connected all the time. Businesses are now looking to build competitive advantages by expanding the reach of essential business and consumer information to the fingertips of the users. LankaBangla Information System has a good understanding of the mobile application development processes. We have focused our efforts in the three most popular operating systems and platforms - Apple iOS, Google Android, and Microsoft Windows Phone OS.

BizBangla Media Limited

BizBangla Media Limited is an 92.5% owned subsidiary of LankaBangla Securities Limited, a leading brokerage service company in Bangladesh. BizBangla Media Ltd. is committed to publishing the country's first Bengali business daily 'The Daliy Bonik Barta'. Since 2011, Bonik Barta (BB) has been ensuring sustainable growth in quality business reporting and large clientele base, thereby leading to a strong market positioning in the market. Today this highly regarded business daily has an extensive network of circulation across the major operation i.e.

business hubs/outlets across the country. In the recent years with a consolidated effort and prudent Management leadership, BizBangla has attempted to position itself within the top performing (Bengali) business newspapers in Bangladesh. This has resulted to emergence as one of the major Department of Film & Publications (DFP) compliant organizations. This rating by the DFP provides a very important indication of the integrity and strength of the organization and the concerned Newspaper and is particularly relevant to its ultimate readers/ consumers and other stakeholders such as the strategic partners, shareholders and lenders. Value adding activities for BizBangla Media are as follows:

- ▶ Placing the trade & commerce sector's interest and satisfaction as first priority by providing updated, full proof, scrutinized information
- ▶ Adding value to the stakeholders through attaining excellence in daily operation
- ▶ Maintaining high ethical standard and transparency in publication
- ▶ Being a compliant institution through adhering to all regulatory requirements
- ▶ Contributing significantly to the betterment of the society

A commitment to be a partner to the growth of the nation strong and reliable partnership with the trade and commerce community, the Government Sector, the MNCs has led to a broader opportunity to serve the market. Through the extensive level of news coverage network, focus on Generalized News, Telecom & Technology, the Editorial, International Trade, the Global Business, the Commerce & Industry and the Financial Institutions Industry, Life Style, Talkies, the Commodities Market, the Stock Market, Sports and the Domestic Market, BizBangla Media Ltd. offers a smooth service across all the major operating hubs wherever there is a bureau present. All this is seamlessly done by the efficient employees of the company.

AN EVENTFUL YEAR FOR LANKABANGLA



24th AGM of LankaBangla Finance Limited



LankaBangla offers MSME loans at interest rates in association with SME Foundation



Mastercard Excellence Award



ICAB awarded LankaBangla Finance Annual Reports 2020



Finech Award



LankaBangla Finance Achieves PCI DSS Certification



Shikha Joyee Award



CMIS Launching Ceremony 2021

AN EVENTFUL YEAR FOR LANKABANGLA



Bangshal Branch Launching



MoU Signed with Dutch Bangla Bank



MoU Signed with Anwar Landmark



MoU Signed with United Commercial Bank



MoU Signed with Edison Real Estate



MoU Signed with Bproperty



MoU Signed with Impulse



MoU Signed with Este Medical Hospital

AWARDS AND RECOGNITIONS

This is undoubtedly an igning accomplishment that will work as an inspiration for us to reach the summit of success. It is a reflection of our ethical practices, true compliance and a great team work.



Excellence in MasterCard Credit Business (Domestic) 2020-21



Excellence in MasterCard Contactless 2020-21



**ICAB National Award for Best Presented Annual Reports 2020
Joint First – Corporate Governance Disclosure Category**



**ICAB National Award for Best Presented Annual Reports 2020
Second Position - Integrated Reporting Category**



**South Asian Federation of Accounts (SAFA)
SAARC Anniversary Award 2020
Joint First Runners Up - Corporate Governance**



**South Asian Federation of Accounts (SAFA)
SAARC Anniversary Award 2020
Joint Second Runners Up - Integrated Reporting Category**



**ICAB National Award for Best Presented Annual Reports 2020
Certification of Merit - Financial Service Sector Category**



**Bangladesh Fintech Award 2021
Fintech Innovation of the year
Shikha Chatbot – Honorable Mention**



**Payment Card Industry Data Security Standard (PCI DSS) Certification
First NBF in Bangladesh**

INTEGRATED REPORTING CHECKLIST

SL. No.	Particulars	Page Reference	Chapter/ Section Reference
1. Elements of an Integrated Report			
1.1	Organizational overview and external environment		
	<i>An integrated report should disclose the main activities of the organization and the environment of which it operates.</i> An integrated report should identify the organization's mission and vision, and provides essential context by identifying matters such as:		
	The organization's:		
	▶ Culture, ethics and values	12 01	Code of Conduct Guiding Principles Core Values
	▶ Ownership and operating structure including size of the organization, location of its operations)	53 12 412-416	Shareholding Structure Organizational Overview Corporate Information and Branches
	▶ Principal activities and markets	418-422 423-429 166-167	Business Divisions of LBFL Subsidiaries of LBFL How we create value
	▶ competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, and the intensity of competitive rivalry)	181	Industry Forces Analysis
	▶ Key quantitative information	16-21 29-30 322	Financial Highlights Triple Bottom Line Highlights Highlights
	▶ Significant factors affecting the external environment and the organization's response(include aspects of the legal, commercial, social, environmental and political context that affect the organization's ability to create value in the short, medium or long term)	176-179 179-180	SWOT Analysis for LBFL PESTEL Analysis
	▶ The legitimate needs and interests of key stakeholders	170-175	Stakeholders Analysis
	▶ Macro and micro economic conditions, such as economic stability, globalization, and industry trends	149-154	Economic Outlook
	▶ Market forces, such as the relative strengths and weaknesses of competitors and customer demand	181	Industry Forces Analysis
	▶ Environmental challenges, such as climate change, the loss of ecosystems, and resource shortages as planetary limits are approached	179-180	PESTEL Analysis
	▶ The legislative and regulatory environment in which the organization operates		
	▶ The political environment in countries where the organization operates and other countries that may affect the ability of the organization to implement its strategy		
1.2	Governance		
	<i>An integrated report should how does the organization's governance structure support its ability to create value in the short, medium and long term.</i> An integrated report needs to provide an insight about how such matters as the following are linked to its ability to create value:		
	▶ The organization's leadership structure, including the skills and diversity (e.g., range of backgrounds, gender, competence and experience) of those charged with governance and whether regulatory requirements influence the design of the governance structure	55-59 61-66 54	Profile of Board Directors Profiles of the Management Team Corporate Organogram of LankaBangla Finance
	▶ Specific processes used to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues	106 111	Statement on Ethics and Compliance Risk Management Structure
	▶ Particular actions those charged with governance have taken to influence and monitor the strategic direction of the organization and its approach to risk management	109-116	Statement on Risk Management
	▶ How the organization's culture, ethics and values are reflected in its use of and effects on the capitals, including its relationships with key stakeholders	170-175	Stakeholder Analysis
	▶ The legislative and regulatory environment in which the organization operates	98 179-180 106	Statement on Internal Control PESTEL Analysis Statement on Ethics and Compliance

	SL. No Particulars	Page reference	Chapter/ Section reference
	<ul style="list-style-type: none"> ▶ The responsibility those charged with governance take for promoting and enabling innovation 	103-104	Human Resources & Remuneration Committee Report
	<ul style="list-style-type: none"> ▶ How remuneration and incentives are linked to value creation in the short, medium and long term, including how they are linked to the organization's use of and effects on the capitals. 	188	Human Resources Accounting
1.3	<p>Stakeholder Identification/ relationships <i>An integrated report should identify its key stakeholders and provide insight into the nature and quality of the organization's relationships with its key stakeholders, including how and to what extent the organization understands, takes into account and responds to their legitimate needs and interests.</i></p>	170-175	Stakeholders Analysis
	<p>Capitals <i>An integrated report needs to provide insight about the resources and the relationships used and affected by the organization, which are referred to collectively as the capitals and how the organization interacts with the capitals to create value over the short, medium and long term.</i></p> <p>An integrated report need to identify the various forms of capitals which are essential for the success of its business operations.</p> <p>Eg: financial, manufactured, intellectual , human, social and relationship, and natural, However an entity can do its own classification of capitals based on its business activities. An entity needs to ensure that it does not overlook a capital that it uses or affects.</p>	189-215	Capital Management Report
1.4	<p>Business model <i>An integrated report should describe the organization's business model</i></p>	164 162	Value Creation Structure Business Model
	An integrated report need to describe the business model, including key:		
	<ul style="list-style-type: none"> ▶ Inputs 	189-215	Capital Management Report
	<ul style="list-style-type: none"> ▶ Business activities 	09 418-422 423-429	Organizational Overview Business Divisions of LBFL Subsidiaries of LBFL
	<ul style="list-style-type: none"> ▶ Outputs 	166 14 164-165	How we create value Product Portfolio of LBFL Value Creation Structure
	<ul style="list-style-type: none"> ▶ Outcomes 	16-21, 322 166-167 168 141-144 145	Financial Highlights How We Create Value Delivering Value Value Added Statements Contribution to Government Exchequer
1.5	Performance		
	<p><i>An integrated report needs to explain the extent to which the organization has achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals?</i></p> <p>An integrated report should contain qualitative and quantitative information about performance that may include matters such as:</p> <ul style="list-style-type: none"> Quantitative indicators with respect to targets and risks and opportunities, explaining their significance, their implications, and the methods and assumptions used in compiling them ▶ The organization's effects (both positive and negative) on the capitals, including material effects on capitals up and down the value chain ▶ The state of key stakeholder relationships and how the organization has responded to key stakeholders' legitimate needs and interests ▶ The linkages between past and current performance, and between 	29-30 35-36 47-51 155-161 16-21 322	Triple Bottom Line Highlights Message from the Chairman Review from the MD CFO's Statement on Performance Financial Highlights Highlights

SL. No	Particulars	Page reference	Chapter/ Section reference
1.6	Risks and opportunities		
	<p><i>An integrated report should explain what are the specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how is the organization dealing with them?</i></p> <p>This can include identifying:</p> <ul style="list-style-type: none"> ▶ The specific source of risks and opportunities, which can be internal, external or, commonly, a mix of the two. ▶ The organization's assessment of the likelihood that the risk or opportunity will come to fruition and the magnitude of its effect if it does. ▶ The specific steps being taken to mitigate or manage key risks or to create value from key opportunities, including the identification of the associated strategic objectives, strategies, policies, targets and KPIs. 	<p>109-116</p> <p>176-179</p> <p>179-180</p> <p>181</p>	<p>Statement on Risk Management</p> <p>SWOT Analysis</p> <p>PESTEL Analysis</p> <p>Industry Forces Analysis</p>
1.7	Strategy and resource allocation		
	<p><i>An integrated report should describe its strategic direction (Where does the organization want to go and how does it intend to get there)</i></p> <p>An integrated report need to identify:</p> <ul style="list-style-type: none"> ▶ The organization's short, medium and long term strategic objectives ▶ The strategies it has in place, or intends to implement, to achieve those strategic objectives ▶ The resource allocation plans it has to implement its strategy ▶ How it will measure achievements and target outcomes for the short, medium and long term. 	<p>182</p> <p>183</p> <p>185</p>	<p>Drivers Guiding Our Strategy</p> <p>Material Matters that Affect Our Strategies</p> <p>Strategic Focus Areas</p>
1.8	Outlook		
	<p><i>An integrated report should explain what challenges and uncertainties is the organization likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?</i></p> <p>An integrated report should highlight anticipated changes over time and provides information on:</p> <ul style="list-style-type: none"> ▶ The organization's expectations about the external environment the organization is likely to face in the short, medium and long term ▶ How that will affect the organization ▶ How the organization is currently equipped to respond to the critical challenges and uncertainties that are likely to arise. 	<p>13</p> <p>47-51</p> <p>149-154</p> <p>176-181</p>	<p>Forward Looking Statement</p> <p>Review from the MD</p> <p>Economic Outlook</p> <p>Business Environment Analysis</p>
1.9	Basis of preparation and presentation		
	<p><i>An integrated report should answer the question: How does the organization determine what matters to include in the integrated report and how are such matters quantified or evaluated?</i></p> <p>An integrated report describes its basis of preparation and presentation, including:</p> <ul style="list-style-type: none"> A summary of the organization's materiality determination process Brief description of the process used to identify relevant matters, evaluate their importance and narrow them down to material matters Identification of the role of those charged with governance and key personnel in the identification and prioritization of material matters. A description of the reporting boundary and how it has been determined A summary of the significant frameworks and methods used to quantify or evaluate material matters 	<p>03</p> <p>183-184</p> <p>130-147</p>	<p>About the Report</p> <p>Material Matters that Affect Our Strategies</p> <p>Sustainability Report</p>
2.	Responsibility for an integrated report		
	<p>An integrated report should include a statement from those charged with governance that includes:</p> <ul style="list-style-type: none"> ▶ An acknowledgement of their responsibility to ensure the integrity of the integrated report ▶ An acknowledgement that they have applied their collective mind to the preparation and presentation of the integrated report ▶ Their opinion or conclusion about whether the integrated report is presented in accordance with the Framework 	<p>03</p> <p>37-46</p> <p>99-101</p> <p>97</p> <p>98</p> <p>105</p>	<p>About the Report</p> <p>Directors' Report</p> <p>Board Audit Committee Report</p> <p>Statement on Directors' Responsibilities</p> <p>Directors' Statement on Internal Control</p> <p>Responsibility Statement of MD and CFO</p>

GRI CONTENT INDEX

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX – ‘IN ACCORDANCE CORE’

GRI Standards	Disclosure	Page No	Remarks / Reason for Omission
100. General Disclosures			
Organizational profile			
102-1	Name of the organization	AR- 12	
102-2	A description of the organization’s activities	AR- 12, 14	
102-3	Location of the organization’s headquarters	Back page of AR	
102-4	Number of branches where the organization operates	AR- 205, 413-416	
102-5	Nature of ownership and legal form	AR- 412	
102-6	Sectors served	SR- 10	
102-7	Scale of the organization	AR- 7, 16, 19, 23, 29-30, 164-165	
102-8	Information on employees and other workers	AR- 193	
102-9	A description of the organization’s supply chain	SR- 44	
102-10	Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination	SR- 44	
102-11	Precautionary Principle or approach	AR- 109	
102-12	External initiatives	AR- 03	
Strategy			
102-14	Statement from senior decision-maker	AR- 35-36, 47-51	
102-15	Key impacts, risks and opportunities	AR- 164-165, 166-167, 168-169	
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	AR- 01, 12 SR- 42-43, 50-51, 52	
Governance			
102-18	Governance structure of the organization, including committees of the highest governance body	AR- 54, 69	
	Committees responsible for decision-making on economic, environmental, and social topics	AR- 132	
Stakeholder engagement			
102-40	List of stakeholders group engaged	AR- 170	
102-41	Collective bargaining agreements	AR- 104	100% employees are covered under the agreement and no complaints were reported for the past years
102-42	Basis for identifying and selecting stakeholders	AR-170	
102-43	An Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	AR- 174-175	
102-44	Key topics and concerns that have been raised through stakeholder engagement	AR- 170-175	

GRI Standards	Disclosure	Page No	Remarks / Reason for Omission
Reporting practices			
102-45	Entities included in the consolidated financial statements	AR- 141, 226	
102-46	Defining report content and topic boundaries	AR- 4, 133	
102-47	List of the material topics identified in the process for defining report content	AR- 133	
102-48	Restatements of information		Not Applicable for LBFL since it's the first edition of the report
102-49	Changes in reporting		Not Applicable for LBFL since it's the first edition of the report
102-50	Reporting period for the information provided	AR- 03 SR- 02	
102-51	Date of most recent report	AR- 03 SR- 02	
102-52	Reporting cycle	AR- 03 SR- 02	
102-53	Contact point for questions regarding the report	AR- 01	
102-54	Claims of reporting in accordance with the GRI Standards	AR- 03 SR- 02	
102-55	GRI Content Index	AR- 435-437	
102-56	External assurance	AR- 04	Not applicable for LBFL as no external assurance was sought while reporting
200. Economic			
201-1	Direct economic value generated and distributed	AR- 141, 142	
201-3	Defined benefit plan obligations and other retirement plans	AR- 195 SR- 54	
203-2	Significant indirect economic impacts	AR- 139, 210	
204-1	Proportion of spending on local suppliers	SR- 45	
205-1	Operations assessed for risks related to corruption	SR- 45	
205-2	Communication and training about anti-corruption policies and procedures	SR- 45	No complaints on anti-corruption, money laundering or fraud was reported for the past years
207-1	Approach to tax	SR- 47	
207-3	Stakeholder engagement and management of concerns related to tax	AR- 145	
300. Environment			
302-1	Energy consumption within the organization	AR- 138 SR- 63, 65	
302-4	Reduction of energy consumption	AR- 138 SR- 63	
303-1	Interactions with water as a shared resource	SR- 63	
305-5	Reduction of GHG emissions	AR- 138, SR- 63	The company does not have significantly direct impact that would result in gross emission of any GHG or fuels

GRI Standards	Disclosure	Page No	Remarks / Reason for Omission
306-2	Management of significant waste-related impacts	AR- 135 SR- 64	
400. Social			
401-1	Total number and rate of new employee hires during the reporting period, by age group, gender and region	AR- 195, 196 SR- 52-53	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	AR- 195 SR- 54	
403	Occupational Health and Safety	SR- 55-56	No hazardous situation was reported by the employees of the company for the past years
404-1	Average hours of training per year per employee	AR- 196 SR-54-55	
404-3	Percentage of total employees by gender and by employee category who received a regular performance and career development review	AR- 197 SR- 56	
405-1	Diversity of governance body and employees	SR- 20	
413	Local Communities	139	

Note: AR - Annual Integrated Report; SR - Annual Sustainability Report.

GLOSSARY OF TECHNICAL TERMS

A

Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting Financial Statements.

Accrual Basis

Recognition of the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalents.

Amortization

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Amortized Cost

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

Asset and Liability Committee (ALCO)

A risk management committee in a bank that generally comprises the senior management levels of the institution. The ALCO's primary goal is to evaluate, monitor and approve practices relating to risk due to imbalances in the capital structure. Among the factors considered are liquidity risk, interest rate risk, operational risk and external events that may affect the bank's forecast and strategic balance sheet allocations.

B

Basel II

The capital adequacy ratio framework issued by the Basel Committee on Banking Supervision (BCBS) in the form of the 'International Convergence of Capital Measurement and Capital Standards'.

C

Capital Adequacy Ratio

The percentage of risk-adjusted assets supported by capital as defined under the framework of risk-based capital standards developed by the Bank for International Settlement (BIS) and as modified to suit local requirements by the Bangladesh Bank.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash Flows

Cash flows are inflows and outflows of cash and cash equivalents.

Collectively Assessed Loan Impairment Provisions

Also known as portfolio impairment provisions. Impairment assessment on a collective basis for homogeneous groups of loans that are not considered individually significant and to cover losses that has been incurred but has not yet been identified at the reporting date. Typically, assets within the consumer banking business (housing, personal, vehicle loans, credit cards etc.) are assessed on a portfolio basis.

Commercial Paper (CP)

An unsecured, short-term debt instrument issued by a corporation, typically for the financing of accounts receivable, inventories and meeting short-term liabilities. The debt is usually issued at a discount, reflecting prevailing market interest rates.

Commitments

Credit facilities approved but not yet utilized by the clients as at the reporting date.

Consolidated Financial Statements

Consolidated financial statements are the financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity.

Contingencies

A condition or situation, the ultimate outcome of which (gain or loss) will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

Contract

An agreement between two or more parties that creates enforceable rights and obligations.

Control

An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Corporate Governance

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of entity, the supervision of executive actions and accountability to owners and others.

Cost Method

A method of accounting whereby the investment is recorded at cost. The Income Statement reflects income from the investment only to the extent that the investor receives distributions from accumulated net profits of the investee arising subsequent to the date of acquisition.

Cost to Income Ratio

Operating expenses excluding impairment charge for loans and other losses as a percentage of total operating income.

Credit Rating

An evaluation of a corporate's ability to repay its obligations

or likelihood of not defaulting, carried out by an independent rating agency.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the loans and advances to customers and other banks and investment debt securities.

Credit Risk Mitigation

A technique to reduce the credit risk associated with an exposure by application of credit risk mitigates such as collateral, guarantee and credit protection.

Currency Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Customer Deposits

Money deposited by account holders. Such funds are recorded as liabilities.

D

Deferred Tax

Sum set aside in the financial statements for taxation that may become payable/receivable in a financial year other than the current financial year. It arises because of temporary differences between tax rules and accounting conventions.

Delinquency

A debt or other financial obligation is considered to be in a state of delinquency when payments are overdue. Loans and advances are considered to be delinquent when consecutive payments are missed. Also known as 'Arrears'.

Depreciation

The systematic allocation of the depreciable amount of an asset over its useful life.

Derecognition

Derecognition is the removal of a previously recognized financial asset or financial liability from an entity's statement of financial position.

Derivatives

A derivative is a financial instrument or other contract, the value of which changes in response to some underlying variable (e.g. an interest rate), that has an initial net investment smaller than would be required for other instruments that have a similar response to the variable, and that will be settled at a future date.

Discount Rate

A rate used to place a current value on future cash flows. It is needed to reflect the fact that money has a time value.

Dividend Cover

Profit after tax divided by gross dividend. This ratio measures

the number of times dividend is covered by the current year's distributable profits.

Dividend Yield

Dividend earned per share as a percentage of its market value.

E

Earnings per Share (EPS)

The profit attributable to each ordinary share in the Company, based on the profit for the period after tax and after deducting minority interest and preference share Dividend.

Economic Value Added (EVA)

A measure of productivity which takes into consideration cost of total invested equity.

Effective Interest Rate (EIR)

Rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Equity Instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Equity Method

The equity method is a method of accounting whereby the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. The profit or loss of the investor includes the investor's share of the profit or loss of the investee.

Events after the Reporting Period

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue.

F

Fair Value

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Finance Lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Financial Guarantee Contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial Instrument

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

G

Global Reporting Initiative (GRI)

GRI is a leading organization in the sustainability field. GRI promotes the use of sustainability reporting as a way for organizations to become more sustainable and contribute to sustainable development.

Going Concern

The financial statements are normally prepared on the assumption that an entity is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the entity has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

Gross Dividend

The portion of profits distributed to the shareholders including the tax withheld.

Group

A group is a parent and its subsidiaries.

H

High Quality Liquid Assets (HQLA)

HQLA are assets that can be easily and immediately converted into cash at little or no loss of value, that can be readily sold or used as collateral to obtain funds in a range of stress scenarios and are unencumbered, i.e., without legal, regulatory or operational impediments.

I

Impaired Loans

Impaired loans are loans where the Group does not expect to collect all the contractual cash flows or expects to collect them later than they are contractually due.

Impairment

This occurs when recoverable amount of an asset is less than its carrying amount.

Impairment Provisions

Impairment provisions are provisions held on the Statement of Financial Position as a result of the raising of a charge against profit for the incurred loss.

Intangible Asset

An intangible asset is an identifiable non-monetary asset without physical substance.

Interest Cover

A ratio showing the number of times interest charges is covered by earnings before interest and tax.

Interest Margin

Net interest income expressed as a percentage of average interest earning assets.

Interest Rate Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest Spread

This represents the difference between the average interest rate earned and the average interest rate paid on funds.

Investment Properties

Investment property is property (land or a building - or part of a building - or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative services; or sale in the ordinary course of business.

K

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity.

L

Leverage Ratio

The Leverage Ratio is a transparent, simple, non-risk based ratio and is calculated by dividing Total Tier I capital from the Bank's total exposures of all assets and off balance sheet items.

Liquid Assets

Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with other banks, bills of exchange and treasury bills and bonds.

Liquidity Risk

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

M

Market Capitalization

The value of a company obtained by multiplying the number of ordinary shares in issue by its market value as at a date.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/ issuer's credit standing) will affect the Company's income or the value of its holdings of financial instruments.

Materiality

The relative significance of a transaction or an event, the omission or misstatement of which could influence the decisions of users of financial statements.

N

Net Asset Value Per Share

Shareholders' funds divided by the number of ordinary shares in issue.

Net-Interest Income (NII)

The difference between what a company earns on assets such as loans and securities and what it pays on liabilities such as deposits, refinance funds and inter-bank borrowings.

Non-Controlling Interest

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly to a parent.

O

Operational Risk

Operational risk refers to the losses arising from fraud, negligence, oversight, human error, process errors, system failures, external events, etc.

Parent

A parent is an entity that controls one or more entities.

P

Price Earnings Ratio (P/E Ratio)

The current market price of the share is divided by the earnings per share of the Company.

R

Repurchase Agreement

This is a contract to sell and subsequently repurchase government securities at a given price on a specified future date.

Return on Average Assets (ROA)

Profit after tax expressed as a percentage of average total assets, used along with ROE, as a measure of profitability and as a basis of intra-industry performance comparison.

Return on Average Equity (ROE)

Profit after tax less preferred share dividends if any, expressed as a percentage of average ordinary shareholders' equity.

Rights Issue

Issue of shares to the existing shareholders at an agreed price, generally lower than market price.

Right-of-use Asset (ROU)

ROU asset is a lessee's right to use an asset over the life of a lease. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received.

Risk-weighted Assets (RWA)

Used in the calculation of risk-based capital ratios. The face amount of lower risk assets is discounted using risk weighting factors in order to reflect a comparable risk per rupee among all types of assets. The risk inherent in commitment & contingencies

is also recognized, first by adjusting notional values to Statement of Financial Position (or credit) equivalents and then by applying appropriate risk weighting factors.

S

Segmental Analysis

Analysis of financial information by segments of an enterprise specifically, the different industries and the different geographical areas in which it operates.

Shareholders' Funds

Total of issued and fully paid share capital and capital and revenue reserves.

Statutory Reserve

A capital reserve created as per the provisions of the Financial Institutions Act 1993.

Subsidiary

A Subsidiary is an entity that is controlled by another entity.

Substance over Form

The consideration that the accounting treatment and the presentation in financial statements of transactions and events should be governed by their substance and financial reality and not merely by legal form.

T

Total Tier I Capital

Total Tier I Capital consists of Common Equity, share premium and retained earnings.

Total Capital (Capital Base)

Capital base is summation of the core capital (Tier I) and the supplementary capital (Tier II).

U

Useful Life

Useful life is the period over which an asset is expected to be available for use by an entity or the number of production or similar units expected to be obtained from the asset by an entity.

V

Value Added

Wealth created by providing banking and other services less the cost of providing such services. The value added is allocated among the employees, the providers of capital, to government by way of taxes and retained for expansion and growth.

Y

Yield to Maturity

Discount rate at which the present value of future payments would equal the security's current price.

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:

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

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 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.

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. 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

Price Sensitive Information

Notice For Shareholder

Share Trading Information

Notes:

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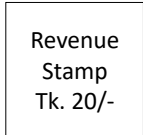
Safura Tower (Level-11), 20, Kemal Ataturk Avenue
Banani, Dhaka-1213. Phone: (880-2) 222283701-10
Fax: (880-2) 58810998, E-mail: info@lankabangla.com

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 25th 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 April, 2022

(Signature of the proxy)



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

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