



ANNUAL INTEGRATED REPORT 2022



ADAPTING
ANALYTICS AND CREATIVITY
FOR MEANINGFUL AND MEASURABLE



Growing Together...



ADAPTING
ANALYTICS AND
CREATIVITY
FOR **MEANINGFUL** AND
MEASURABLE
CHANGES



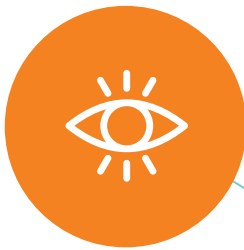
➔ ADAPTING ANALYTICS AND CREATIVITY FOR MEANINGFUL AND MEASURABLE DIFFERENCES

Today's challenging environment requires organizations and leadership to hone their edge in the critical areas like analytics & creativity that helps drive insight, ownership and great execution. While we are experiencing new shocks layered onto earlier shocks that in turn dramatically accelerated long standing trends such as digitization and sustainability, LankaBangla practices to be more analytical and creative in its glorious journey. Last 25 years the company has incorporated technology for analytical dividend to innovate customer friendly and meaningful solutions in every phase of economic cycles that has made them shock proof.

mindset, strategy, and capabilities. In turn, it actively tracks leading growth indicators to tie in aspirations to a clear and measurable key performance indicators (KPIs), explore and invest in opportunities both within and outside its core business. Its commitment to growth leads the company to invest in an appropriate mix of enablers at the right time and scale, and organization stay resolutely faithful to its growth vision in the face of unexpected challenges in its business and operating context, even turning disruption to its advantages. LBFL strongly believes that adapting analytics & creativity can bring meaningful and measurable differences and changes.

The resilient leadership in the company has chosen calculated and measurable growth and outperform its peers not only in thinking but also acting differently. The company aligned around a shared

GRI: 102-16



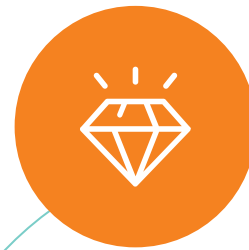
VISION

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

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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 Lanka Bangla'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



ABOUT THE REPORT

Our Reporting Suites

<p>Annual Integrated Report- LankaBangla Finance Limited Report providing holistic view of actions taken to achieve strategic vision and deliver consistent values to stakeholders</p>	<p>Abridged Annual Report- LankaBangla Finance Limited Abridged version of integrated report covers financial statements along with disclosures mandated by regulator</p>	<p>Annual Sustainability Report- LankaBangla Finance Limited Disclosure on Company's commitments and progress toward the social, economic and environmental (SEE) impacts</p>	<p>Annual Report- LankaBangla Securities Limited Report providing strategic views and actions on capital market and investment, and values delivered to the stakeholders</p>

Prologue on Integrated Reporting

Annual integrated report for 2022 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 highlight 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 towards 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

GRI: 102-46

Our 2022 annual integrated report covers the period between 1st January 2022 and 31 December 2022. All materials that matter, up to the group board of directors (Board) approval on 27 April 2023, 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 2022 with relevant comparative information.

Our Integrated Reporting Boundary				
Value Creation Structure	Business Model & Strategy	Governance	Risk Analysis & Management	Material Topics & ESG Goals
Our Financial Reporting Boundary				
LBFL's Business Activities and Performance			Subsidiaries' Business Activities & Performance	

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 2022 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 187 to 188 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

GRI: 102-56

Sl.	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)
Who we are and What we do	Organizational overview	12
	Product Portfolio of LBFL	14
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Leadership Insight	Chairman's Message	36
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	Performance Of Subsidiaries	231
Our commitment toward Social, Economic and Environmental (SEE) impacts and toward Environment, Social & Governance (ESG) goals	Approach Towards Sustainability	129
	Material Topics	132
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	ESG Goals And Actions	146
Measuring our successes	Audited Financial Statements of LBFL	233

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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ABOUT

LankaBangla Finance Limited



LankaBangla Finance Limited started its journey in 1997 as a joint venture financial institution having International collaboration with the license from Bangladesh Bank under Financial Institution Act - 1993. LankaBangla Finance Limited is owned by group of highly successful and renowned entrepreneurs of Bangladesh, Sampath Bank Limited of SriLanka, One Bank Limited of Bangladesh the general public. LankaBangla Finance is celebrating 25 years of its glorious journey, staying by its people side today, tomorrow and forever. Aspiring to live in an ecosystem that encourages to grow better, together.

Today LankaBangla Finance is one of the leading integrated financial conglomerate that is active in both financial sector as well as capital market. Over the decades, LankaBangla has developed a portfolio of products specifically designed to meet the diverse need of its Retail, CMSME and Corporate customers. Under the widest umbrella of products and services, LankaBangla offers Retail Financial Services, Corporate Financial Services, CMSME Financial Services, Liability Management, Stockbroking, Corporate Advisory and Wealth Management Services. LankaBangla is the only organisations of its kind in Bangladesh to issue Mastercard and VISA credit card.

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Building Bonding & Beyond

We have come all along through the glorious 25 years with your inspiration and cooperation. We have come this far with your love and admiration. With business acumen, transparency and good governance, we nurture your investment with utmost sincerity, ensuring highest level of financial security. In return, you delighted us with your trust.



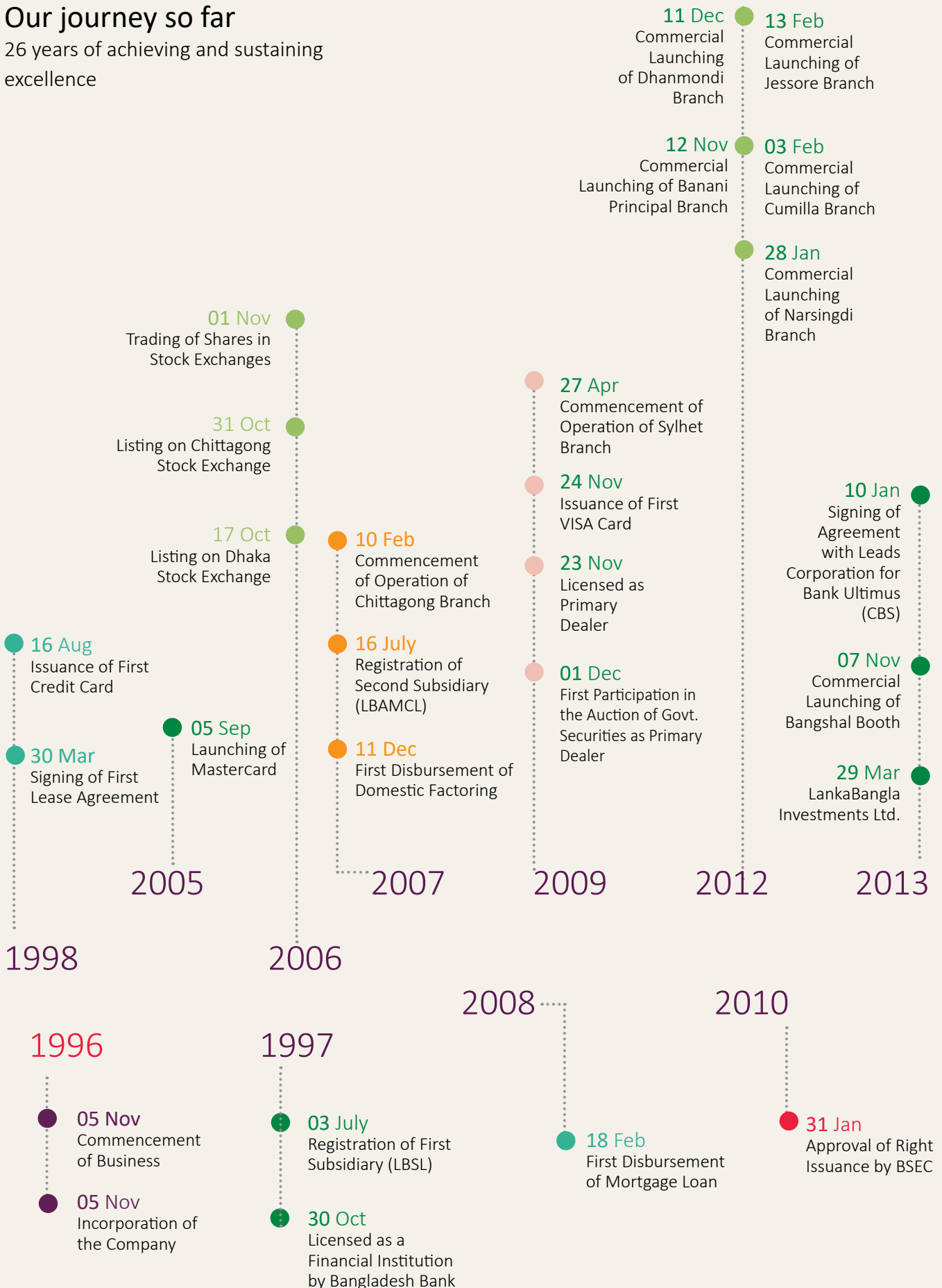
In this journey of glorious success, we wholeheartedly convey our gratitude to all our valued customers, patrons, well-wishers and members of the regulatory bodies concerned.

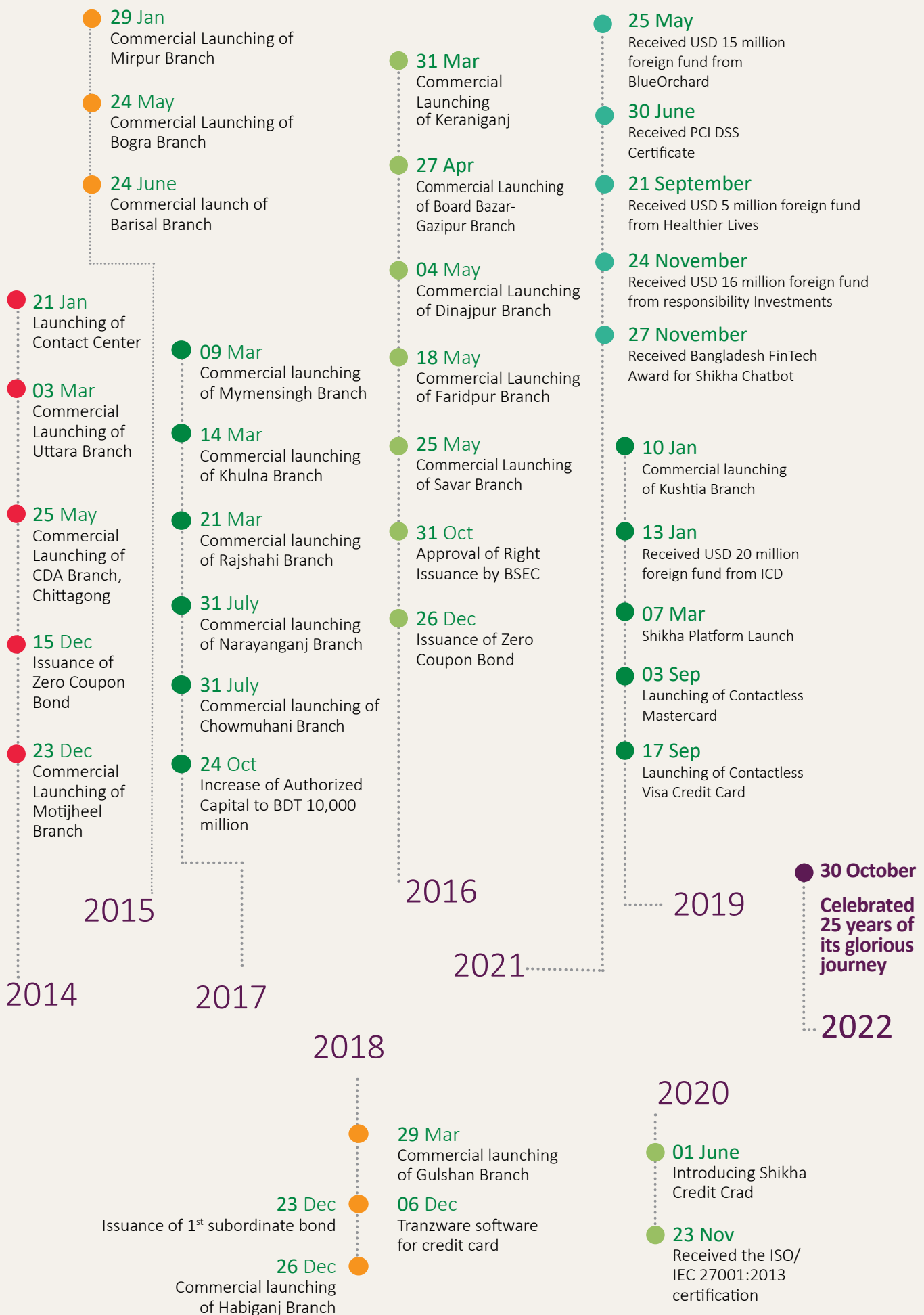


MILESTONES

Our journey so far

26 years of achieving and sustaining excellence





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, CMSME 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 (2014-2021) 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 2022, 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 CMSME business, honing substantial yields on the CMSME 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

CMSME, 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 CMSME 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



Retail Deposit Schemes

- Classic TDR
- Shohoj Sanchoy
- Periodic Return
- Agroj (Senior Citizen)
- Quick Sanchoy
- Earn First
- Double Money
- Triple Money
- Money Builder
- Flexi Deposit
- Swasti Deposit
- Protiva Deposit



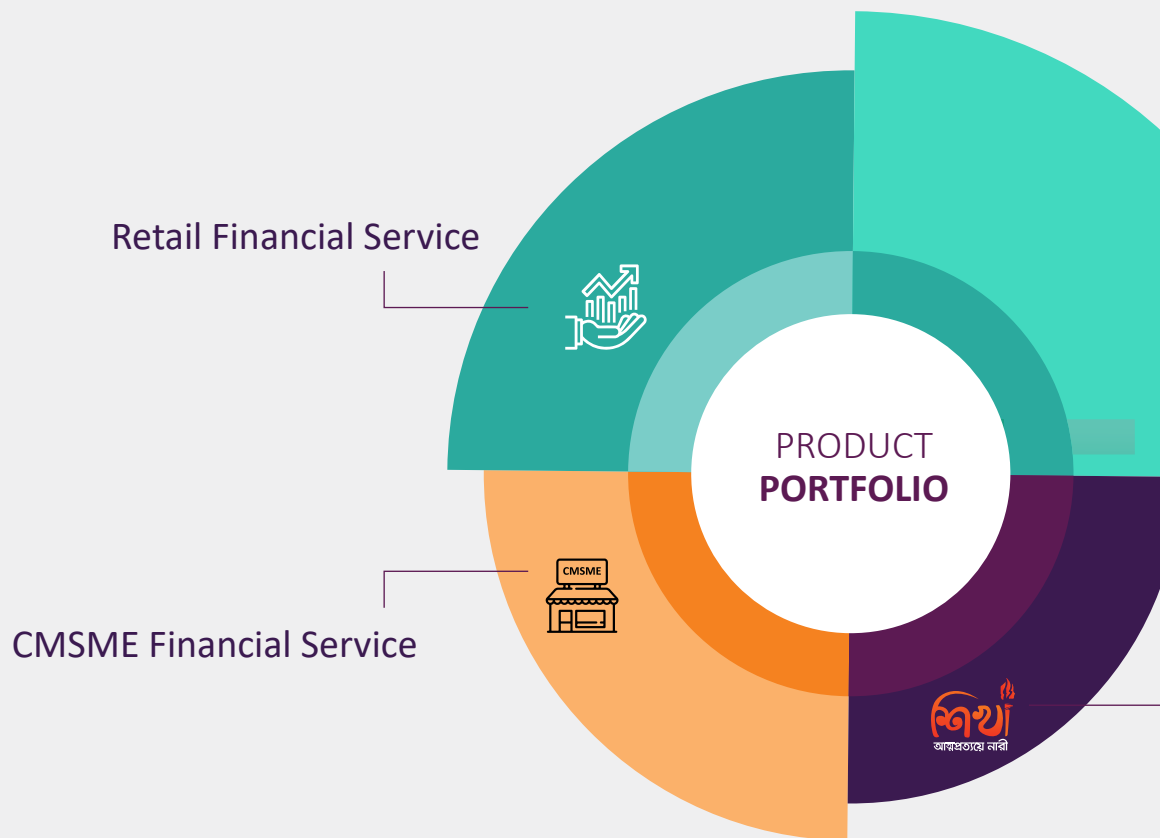
Loan

- Auto Loan
- Home & Mortgage Loan
- Personal Loan (unsecured)
- Short Term (secured Loan)



Credit Cards

- VISA Platinum
- Mastercard Titanium
- VISA Gold
- Mastercard Gold
- VISA Classic
- Mastercard Classic



CMSME Deposit Schemes

- (CMSME Shaccholota)
- (CMSME Classic TDR)
- (CMSME Sommidhi)
- (Money Builder)
- (CMSME Shacchando)
- (Periodic TDR)
- (CMSME Agroj)
- (Senior Citizen)
- Digun Munafa
- Tingun Munafa
- (CMSME Moner Moto Sanchoy)



Small Business

- Ahona (Un Secured Loan)
- Swarnali (Agro Processing Industry Finance)
- Abash (Loan for Construction of Mess rent)
- Bishwas (Partially Secured Loan)
- Astha (Total Secured Loan)
- Anonnya (Woman Entrepreneur Loan)
- Durbar (Commercial Vehicle Finance)
- Somporko (Combination of Capital & Entrepreneurship)
- Saral (Cash Secured Loan)
- Ejara (Equipment & Machineries)



Medium & Emerging Business

- Term Loan Financing
- Lease/Asset Backed Financing
- Working Capital Solutions



Large Corporate

- Lease Finance
- Term Finance
- Short Term Finance
- Revolving Finance
- Loan Against TDR
- Work Order Finance
- Club Finance
- Bridge Finance



Emerging Corporate

- Term Finance
- Short Term Finance
- Revolving Finance
- Lease Finance
- Loan Against TDR
- Work Order Finance
- Club Finance
- Bridge Finance



Supply Chain Finance

- Factoring Finance
- Distributor Finance
- Reverse Finance



Project Structured & Sustainable Finance

- Project Finance
- Alternative Modes of
- Capital Raising
- Offshore/DFI/low cost structured solutions
- Green/Sustainable Finance
- Islamic Sharih Compliant Financing Solutions
- Corporate Advisory Services



Corporate Liability

- Actual Days Deposit
- Corporate Classic TDR
- Shahoj Sanchay
- Earn First
- Periodic Return
- Double Money Deposit
- Triple Money Deposit
- Money Builder



Corporate Financial Service

SHIKHA Financial Service



Shikha Retail Deposit Schemes

- Shikha Icche
- Shikha Obiroto
- Shikha Sonchoy
- Shikha Projjolon



Shikha CMSME Deposit

- Shikha CMSME Shaccholota
- Shikha CMSME Moner Moto Sonchoy
- Shikha CMSME Shachhando
- Shikha CMSME Somriddhi
- Shikha Digun Munafa
- Shikha Tingun Munafa

Shikha CMSME Loan

- Shikha Anonnya

Shikha Credit Cards

- Shikha Titanium Mastercard
- Shikha Gold Mastercard
- Shikha Classic Mastercard



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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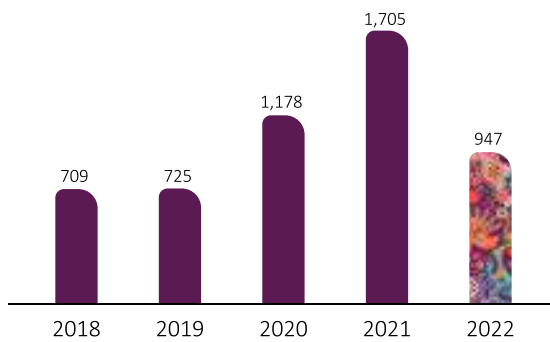
FINANCIAL HIGHLIGHTS OF LANKABANGLA GROUP

GRI: 102-7

All figures in BDT million except (%)

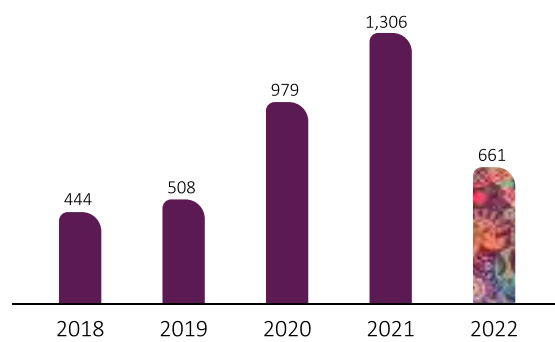
Financial Position	2018	2019	2020	2021	2022	Growth of 2022 over 2021	5 Year CAGR (%)/ Average* 2022
Total Assets	87,889	84,363	81,835	88,927	90,765	2.07%	0.81%
Total Liabilities	77,954	74,708	71,612	78,053	79,769	2.20%	0.58%
Business Disbursement	38,754	33,666	22,007	34,269	43,770	27.72%	3.09%
Property Plant and Equipment	2,406	2,861	2,777	2,595	2,860	10.20%	4.42%
Current Assets	44,980	58,403	61,658	63,451	63,451	0.00%	8.98%
Current Liabilities	41,741	56,368	54,511	52,734	52,734	0.00%	6.02%
Net current assets	3,239	2,035	7,147	10,717	10,717	0.00%	34.87%
Non Current Assets	42,909	25,960	20,178	25,476	27,314	7.22%	-10.68%
Long Term Liabilities	36,213	18,340	17,101	25,318	27,035	6.78%	-7.05%
Loans and Advances	68,676	65,117	58,472	62,888	65,086	3.50%	-1.33%
Term Deposits	53,231	46,751	46,947	47,501	42,708	-10.09%	-5.36%
Total Investment Portfolio	81,946	78,642	76,249	82,982	84,343	1.64%	0.72%
Operational Performance							
Operating Revenue	11,061	11,758	9,690	10,294	9,324	-9.42%	4.36%
Operating Expenses	2,770	2,873	2,388	2,874	2,668	-7.17%	0.94%
Financial Expenses	6,606	7,275	5,972	4,873	5,014	2.89%	7.14%
Non Interest Revenue	1,966	1,585	1,543	3,402	2,127	-37.48%	-1.95%
Net Profit Before Tax	709	725	1,178	1,705	947	-44.50%	-6.97%
Net Profit After Tax	444	508	979	1,306	661	-49.35%	-9.46%
EBITDA	7,315	8,363	7,484	6,861	7,484	9.08%	-0.57%
Turnover of Share Trading by LBSL	235,595	147,526	158,882				
Financial Ratios							
Gross Profit Ratio	59.72%	61.88%	61.63%	47.34%	53.77%	13.59%	56.87%
Operating Profit Ratio	15.24%	13.69%	13.72%	24.74%	17.62%	-28.80%	17.00%
Return on Capital Employed	0.56%	0.66%	1.33%	1.76%	0.85%	-51.66%	1.03%
Cash reserve ratio/ liquidity asset ratio (Required 2.5%)	2.57%	2.57%	1.59%	1.58%	1.70%	7.54%	2.00%
Statutory Liquidity Reserve (Required 5%)	5.03%	5.04%	5.05%	5.07%	5.07%	0.00%	5.05%
Capital Adequacy Ratio	16.18%	16.75%	18.31%	17.80%	17.33%	-2.65%	17.27%
Gross Non performing assets to gross advances/Non performing loans (assets) to total loans (assets)	3.35%	5.20%	4.40%	6.14%	6.80%	10.75%	5.18%
Cost to Income Ratio	62.17%	64.09%	64.24%	53.01%	61.89%	16.75%	61.08%
Current Ratio	1.08	1.04	1.13	1.20	1.20	0.00%	113%
Debt Equity Ratio	7.07	6.90	6.15	6.18	6.31	2.13%	652%
Financial Expense Coverage Ratio	1.26	1.22	1.22	1.52	1.33	-12.81%	131%
Return on Equity (%)	4.90%	5.27%	10.02%	12.60%	6.16%	-51.10%	7.79%
Return on Assets (%)	0.51%	0.59%	1.18%	1.53%	0.74%	-51.87%	0.91%
Equity Parameters							
Authorized Capital	10,000	10,000	10,000	10,000	10,000	0.00%	0.00%
Paid-up Capital	5,132	5,132	5,388	5,388	5,388	0.00%	1.23%
Shareholders' Equity	9,823	9,482	10,046	10,679	10,788	1.02%	2.37%
No. of Share Outstanding	513	513	539	539	539	0.00%	1.23%
Net Asset Value (NAV) Per Share	18.23	17.60	18.64	19.82	20.02	1.02%	2.37%
Earnings Per Share (EPS)	0.81	0.94	1.81	2.38	1.21	-49.26%	10.60%
Market Price Per Share (Closing)	22.90	18.00	31.40	37.30	37.30	0.00%	12.97%
Price Earnings Ratio (Times)	26.81	19.25	17.37	15.70	15.70	0.00%	-12.53%
Dividend Payment (C- cash & B- bonus)	-	5% B	-				-
	15% C	7% C	12% C	10% C	10% C		-
Profit Per Employee (mn)	0.37	0.57	1.10	1.68	0.53		9.50%
Credit Ratings							
Long Term	AA3	AA3	AA3	AA3	AA3		
Short Term	ST-2	ST-2	ST-2	ST-2	ST-2		

Net Profit Before Tax (Amount in BDT mn)



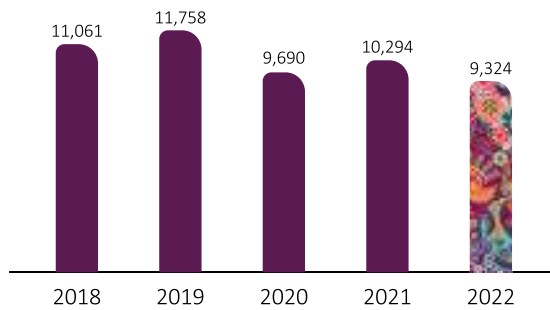
Net Profit before Tax (NPBT) decreased by 44.50% in 2022 compared to 2021. This is mainly because of decreasing income from share investments and commission, exchange, brokerage income.

Net Profit After Tax (Amount in BDT mn)



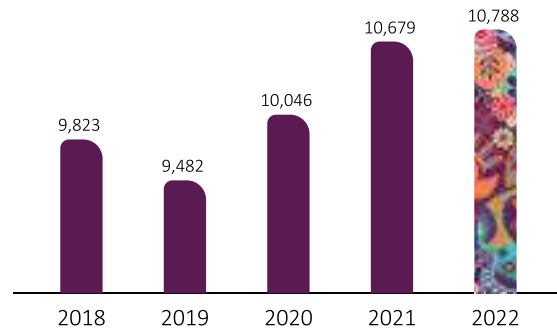
Net Profit after Tax (NPAT) decreased by 49.35% in 2022 compared to 2021. This is mainly because of decreasing income from share investments and fees, exchange, brokerage income.

Operating Revenue (Amount in BDT mn)



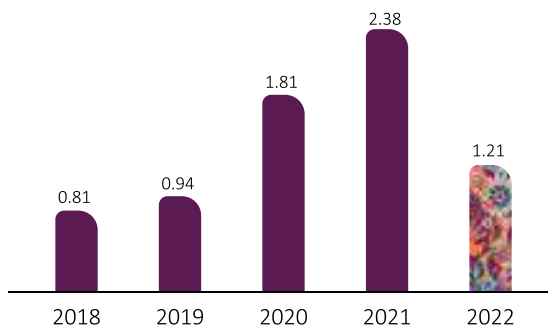
Operating Revenue has been decreased in 2022. Operating revenue decreased by 9.42% in 2022 compared to 2021 maintaining an average 0.77% over the five-year period. Operating revenue has decreased in investment income and commission, exchange, brokerage income.

Shareholders' Equity (Amount in BDT mn)



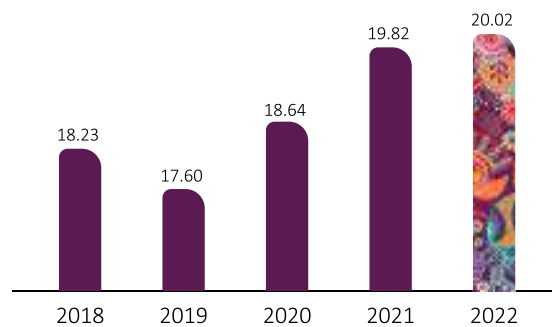
Shareholders' Equity slightly increased by 1.02% in 2022 to reach BDT 10,788 million. Current year's profit contributes to increase shareholders' equity.

Earnings Per Share (EPS) (Amount in BDT)



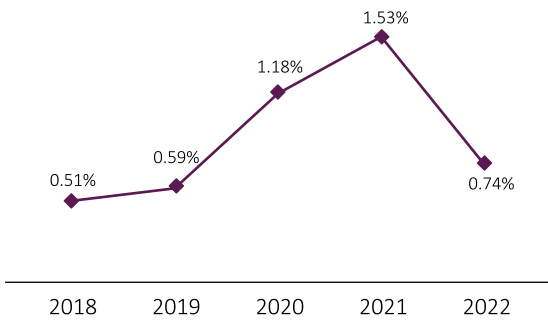
EPS decreased by 50.84% in 2022 because of decrease in investment income and commission, exchange, brokerage income.

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



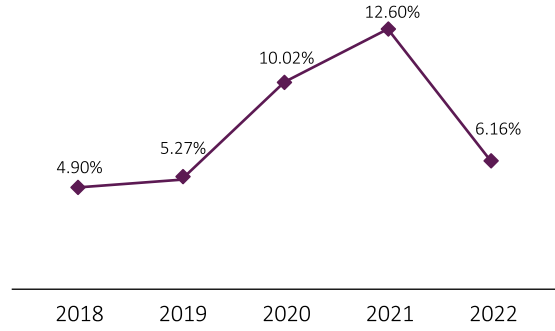
NAV increased to 20.02 in 2022 from 19.82 in 2021. Net Profit After Tax (NPAT) has contributed to increase NAV.

Return on Assets (%)



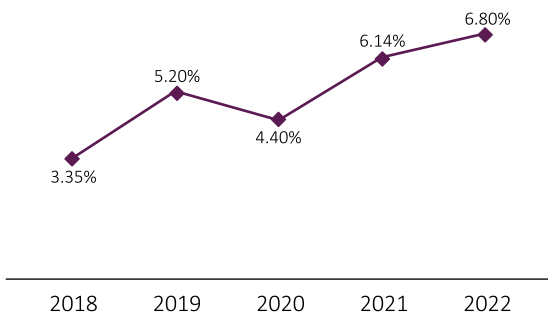
Return on Assets (ROA) also registered a decrease in 2022 by 0.74 percentage points due to decrease in net profit after tax (NPAT) during the year.

Return on Equity (%)



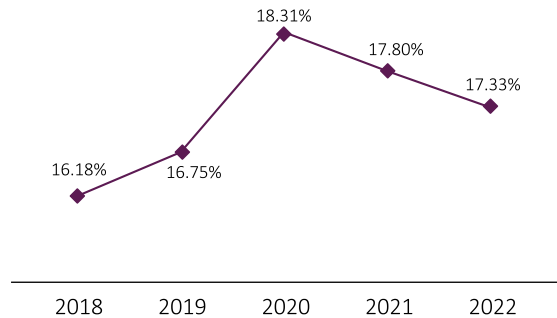
Return on Equity (ROE) decreased 6.16% in 2022 due to decrease in Net Profit after Tax during the year compared to ROE 12.60% in 2021.

NPL Ratio (%)



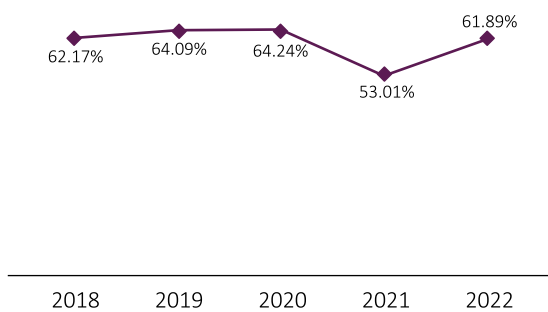
Though NPL increased by 0.66 basis point compared to 2021, effective and continuous effort has been deployed to manage the credit risks exposed by the Company for a resultant risk management in the future.

Capital Adequacy Ratio (%)



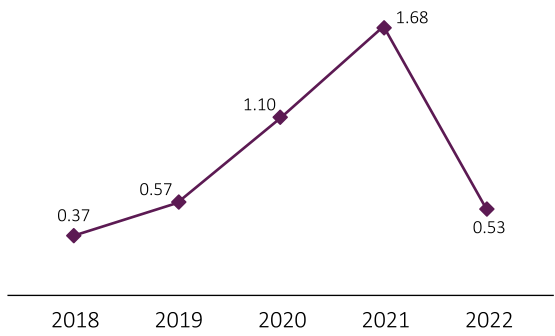
The CAR has decline to 17.33% in 2022 compared to 17.80% in 2021. The Company always endeavors to keep more than adequate capital in order to be compliant and risk free. Continuous monitoring of capital adequacy is undertaken.

Cost/Income Ratio (%)



Costs to income ratio Increased in 2022 by 16.75 percentage points due to increase in operating expenses during the year while the operating income decrease in 2022.

Profit Per Employee (mn)



Profit per employee decreased in 2022 from 2021 due to decrease in net profit after tax (NPAT) compared to 2021.

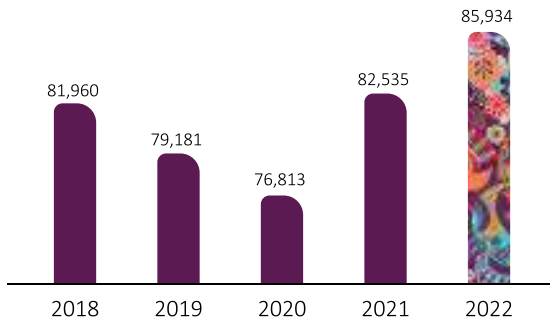
FINANCIAL HIGHLIGHTS OF LANKABANGLA FINANCIAL LIMITED

GRI: 102-7

All figures in BDT million except (%)

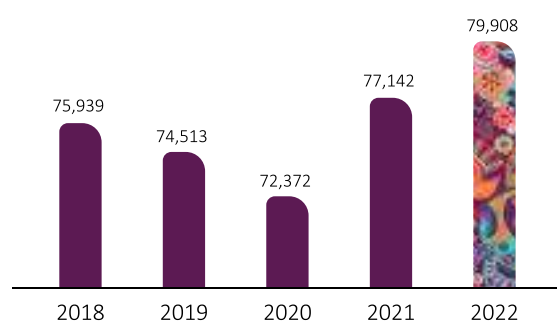
Financial Position	2018	2019	2020	2021	2022	Growth of 2022 over 2021	5 Year CAGR (%) / Average 2022
Total Assets	81,960	79,181	76,813	82,535	85,934	4.12%	1.19%
Total Liabilities	71,623	69,163	66,317	71,461	74,766	4.62%	1.08%
Business Disbursement	38,754	33,666	22,007	34,269	43,770	27.72%	3.09%
Property Plant and Equipment	1,358	1,762	1,718	1,669	1,891	13.27%	8.63%
Deposits	53,252	46,751	47,428	48,006	43,457	-9.48%	-4.95%
Total Investment Portfolio	75,939	74,513	72,372	77,142	79,908	3.59%	1.28%
Operational Performance							
Operating Revenue	9,233	10,334	8,277	7,579	7,534	-0.60%	-4.96%
Operating Expenses	1,750	1,897	1,646	1,629	1,684	3.36%	-0.96%
Financial Expenses	6,190	6,841	5,714	4,703	4,892	4.02%	-5.71%
Net Profit Before Tax	816	856	918	700	304	-56.61%	-21.89%
Net Profit After Tax	714	736	826	609	178	-70.69%	-29.29%
EBITDA	7,129	7,971	7,957	5,599	5,368	-4.11%	-6.85%
Financial Ratios							
Gross Profit Ratio	32.96%	33.80%	30.96%	37.95%	35.07%	-7.59%	34.15%
Operating Profit Ratio	14.01%	15.44%	11.07%	16.46%	12.72%	-22.71%	13.94%
Return on Capital Employed	0.96%	0.99%	1.16%	0.84%	0.23%	-72.15%	0.84%
Capital Adequacy Ratio	15.49%	16.40%	18.76%	16.89%	15.78%	-6.56%	16.66%
Gross Non performing assets to gross advances/Non performing loans (assets) to total loans (assets)	3.60%	5.59%	4.70%	6.57%	7.22%	9.89%	5.54%
Cost to Income Ratio	57.51%	54.33%	64.24%	56.63%	63.73%	12.53%	59.29%
Debt Equity Ratio	7.29	6.23	5.73	5.80	5.98	3.18%	620.41%
Financial Expense Coverage Ratio	1.21	1.23	1.16	1.27	1.20	-5.48%	121.27%
Return on Equity (%)	7.44%	7.23%	8.07%	5.66%	1.60%	-71.64%	6.00%
Return on Assets (%)	0.89%	0.91%	1.06%	0.76%	0.21%	-72.28%	0.77%
Equity Parameters							
Authorized Capital	10,000	10,000	10,000	10,000	10,000	0.00%	0.0%
Paid-up Capital	5,132	5,132	5,388	5,388	5,388	0.00%	1.2%
Shareholders' Equity	10,337	10,018	10,448	11,074	11,169	0.85%	2.0%
No. of Share Outstanding	513.18	513.18	538.84	538.84	538.84	0.00%	1.2%
Net Asset Value (NAV) Per Share	19.18	18.59	19.39	20.55	20.73	0.85%	2.0%
Earnings Per Share (EPS)	1.33	1.37	1.53	1.13	0.33	-70.69%	-29.3%
Market Price Per Share (Closing)	22.90	18.00	31.40	37.30	26.00	-30.29%	3.2%
Price Earnings Ratio (Times)	17.28	13.18	20.49	33.00	78.49	137.83%	46.0%
Dividend Payment (C-cash & B- bonus)	-	5% B	-				
	15% C	7% C	12% C	10% C	10% C	0.00%	0.0%
Dividend Payout Ratio (%)	107.79%	83.67%	78.31%	88.48%	301.89%	241.20%	29.4%
Dividend Coverage (Times)	0.94	1.95	1.28	1.13	0.33	-70.69%	-22.9%
Dividend Yield (%)	6.55%	3.89%	3.82%	2.68%	3.85%	43.46%	-12.5%
Profit Per Employee (mn)	0.80	0.80	1.08	0.78	0.14	-81.66%	-34.9%
"Credit Ratings"							
	Long Term	AA3	AA3	AA3	AA3		
	Short Term	ST-2	ST-2	ST-2	ST-2		

Total Assets (Amount in BDT mn)



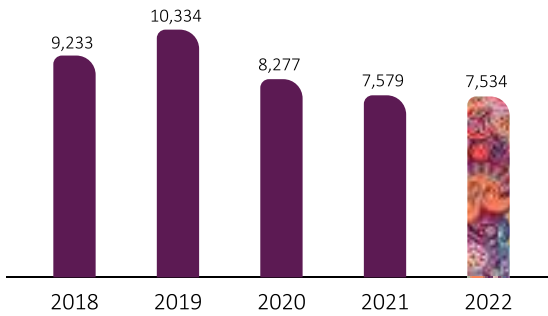
In 2022, Total Assets increased by 4.12% compared to 2021. Maintaining an average growth of 1.19% over the last 5 years.

Total Investment Portfolio (Amount in BDT mn)



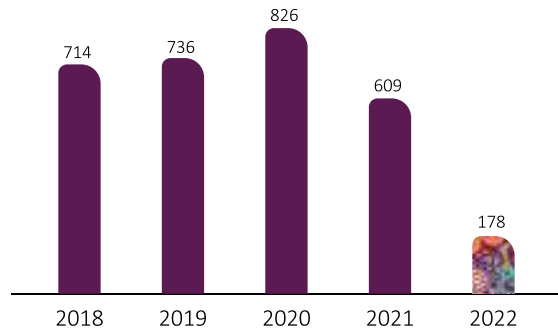
Total Investment portfolio increased by 3.59% in 2022 from that of 2021 registering an average growth of 1.28% in last 5 years. Effective Investment policy contribute in this increased amount.

Operating Revenue (Amount in BDT mn)



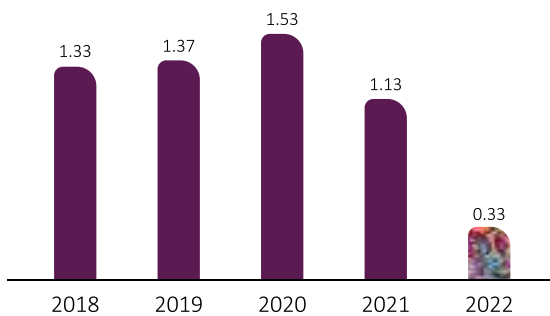
Operating revenue decreased 0.60% in 2022 over 2021. Operating revenue has declined because of decreasing income from investment.

Net Profit After Tax (Amount in BDT mn)



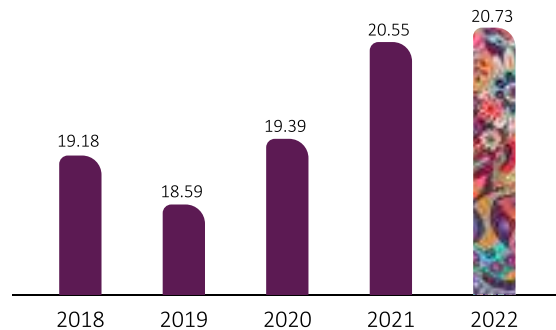
Net Profit after Tax (NPAT) registered a negative growth in 2022. Due to decrease of investment income, interest rate cap by the regulator and increase of realized foreign exchange loss.

Earnings Per Share (EPS) (Amount in BDT)



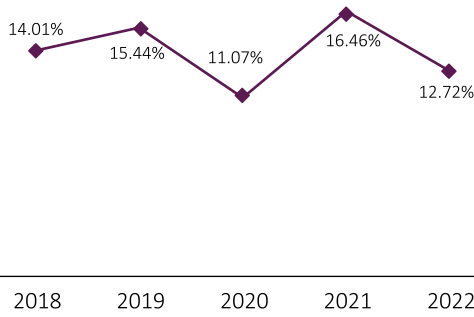
EPS decreased to BDT 0.33 in 2022 compared to BDT 1.13 in 2021.

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



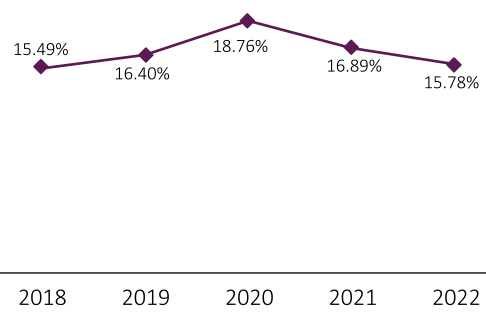
NAV slightly increased to 20.73 in 2022 compared to 20.55 in 2021, maintaining an average growth of 0.85% over the 5-year period.

Operating Profit Ratio (%)



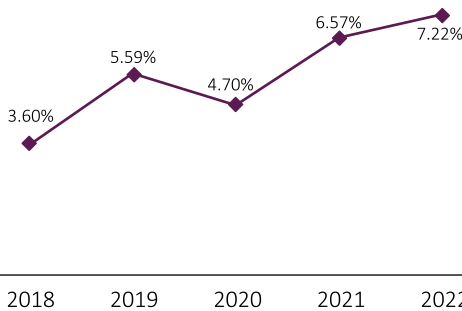
Operating margin decreased by 22.71% in compared with 2021. This is because of decrease in investment income.

Capital Adequacy Ratio (%)



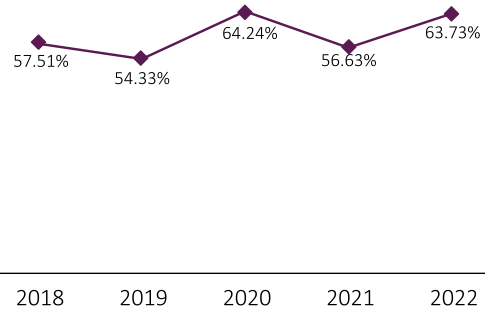
The CAR has decreased by 6.56% in 2022 compared to 2021. Continuous monitoring of capital adequacy is undertaken.

NPL Ratio (%)



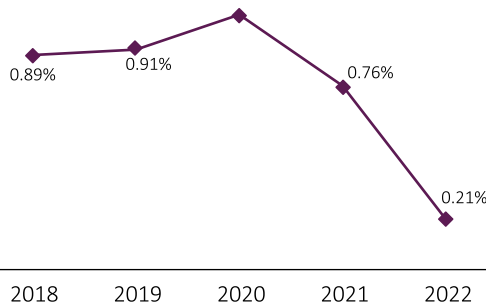
Though NPL increased by 0.65 basis points compared to 2021, effective and continuous effort has been deployed to manage the credit risks exposed by the Company for a resultant risk management in the future.

Cost to Income Ratio (%)



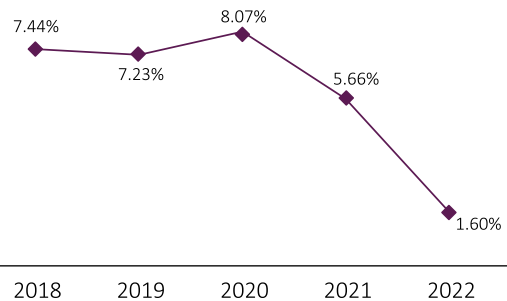
Costs to income ratio increased to 63.73% in 2022 from 56.63% in 2021.

Return on Assets (%)



Return on Average Assets decreased to 0.21% at the end of 2022 which was 0.76% in 2021. Decrease in ROA is triggered by the decrease in Net Profit After Tax (NPAT) during 2022.

Return on Equity (%)



In 2022, ROE experienced a negative growth in a figure of 1.60% compared to 5.66% in 2021. Decrease in Net Profit After Tax (NPAT) has contributed for decreased in ROE.

NON-FINANCIAL HIGHLIGHTS

365 New hires	15,273 Hour Of total trainings conducted	BDT 3.98mn Value created per employee	20% Female employees
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↑
People





↓
Profit


↓
Planet


BDT 538 Mn Value distributed to providers of capital	BDT 8.03 Mn Value distributed to the community
BDT 1,247 Mn Value distributed to the Government	


25.21% Electricity consumption reduced from 2019 base year	4,000 Trees planted through environmental CSR programs
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Category	Key Indicators		Measurement	2022	2021
Manufactured Capital 	Call center performance	Dispute calls solved	%	98.23	-
		Total no. of customers served	No.	4,54,686	4,29,994
	Customer satisfaction score		%	94	91.66
	Investment in property, plant and equipment		BDT Mn	860.65	372.13

Category	Key Indicators		Measurement	2022	2021
Intellectual Capital 	PR valuation		BDT	70,000,000	43,000,000
	Total prospect generated through website		No.	9,479	2,231
	Total online application	Applied	No.	7,076	6,996
		Submitted	No.	3,590	676

Category	Key Indicators		Measurement	2022	2021
Human Capital 	Total employees		No.	1,235	1,331
	Annual no. of trainings		No.	60	81
	New Hires		No.	365	321
	Total training hour		Hours	15,273	24,186
	Training hour per employee		Hours	18	18
	Returned to work after maternity leave		Ratio	89	100
	Industrial disputes		No.	Nil	Nil
	Employees receiving performance appraisal		No.	610	525
	Gender diversity ratio (Male: Female)		Ratio	80:20	79:21

Category	Key Indicators		Measurement	2022	2021
Social & Relationship Capital 	Contribution to govt. exchequer		BDT Mn	1,030	1,142
	CMSME disbursed of total asset disbursement		%	22	17
	Shikha CMSME liability portfolio		BDT	946	755

Category	Key Indicators		Measurement	2022	2021
Natural Capital 	Electricity consumption in Head Office		kWh	545,360	872,416
	Sustainable finance of total loan disbursed		%	10.99	9.095

HORIZONTAL ANALYSIS

For the last 5 years
Consolidated Profit and Loss Account

	2022	2021	2020	2019	2018
Operating Income					
Interest income	79%	97%	144%	180%	161%
Less : Interest expenses on deposits & borrowings	76%	101%	151%	184%	167%
Net interest income	88%	90%	128%	171%	147%
Income from investment	127%	133%	65%	70%	90%
Commission, exchange and brokerage income	110%	113%	88%	81%	126%
Other operational income	97%	105%	122%	132%	137%
Total operating income	97%	105%	111%	134%	133%
Operating Expenses					
Salary and allowances	100%	106%	129%	152%	138%
Rent, taxes, insurance, electricity etc.	22%	17%	23%	34%	134%
Legal and professional fees	174%	92%	104%	131%	93%
Postage, stamp, telecommunication etc.	98%	80%	113%	139%	130%
Stationery, printing, advertisement	109%	62%	67%	101%	109%
Managing director's salary and allowance	102%	160%	89%	89%	89%
Director fees and expenses	128%	150%	90%	102%	88%
Audit fees	111%	102%	91%	89%	94%
Changes on loan losses	-	-	-	-	-
Repairs, maintenance and depreciation	171%	317%	317%	334%	169%
Other expenses	91%	92%	99%	130%	141%
Total operating expenses	96%	108%	119%	144%	139%
Net Operating Income	97%	103%	99%	120%	126%
Provisions for loans/ investments	71%	407%	38%	224%	247%
Provisions for leases and loans	147%	232%	61%	295%	185%
Provision for margin loan	-1%	798%	54%	37%	83%
Provision for diminution in value of investments	309%	51%	-20%	255%	292%
Provisions for Off-Balance Sheet Exposure	100%	100%	-	-	-
General provision for other assets	-12%	-424%	100%	0%	100%
Profit before tax and reserve	133%	75%	124%	77%	75%
Provision for tax	108%	118%	132%	143%	175%
Provision for tax made during the year	109%	118%	135%	144%	175%
Deferred tax expense or (Income)	53%	-9%	96%	15%	-97%
Net profit after tax	149%	68%	123%	64%	56%
Earnings Per Share (EPS)	142%	57%	72%	39%	34%

	2022	2021	2020	2019	2018
PROPERTY AND ASSETS					
Cash	53%	56%	90%	125%	143%
Cash in hand	123%	376%	171%	99%	115%
Balance with Bangladesh Bank	53%	55%	90%	125%	143%
Balance with other banks and financial institutions	124%	140%	269%	192%	194%
Inside Bangladesh	124%	140%	269%	192%	194%
Outside Bangladesh	0%	0%	0%	0%	0%
Money at call and short notice					
Investment	155%	142%	124%	107%	113%
Government securities	0%	0%	0%	0%	0%
Other investments	142%	142%	120%	107%	113%
Leases, loans and advances	95%	95%	114%	127%	134%
Lease portfolio, term finance, short term loan, etc.					
Fixed assets including land, building, furniture and fixtures	119%	144%	194%	200%	168%
Other assets	179%	165%	154%	138%	129%
TOTAL PROPERTY AND ASSETS	103%	104%	128%	132%	137%
LIABILITY AND SHAREHOLDERS' EQUITY					
Liabilities					
Borrowings from Bangladesh Bank, other banks and financial institutions	156%	100%	136%	172%	150%
Deposits and other accounts	80%	92%	117%	117%	133%
Term deposits	80%	92%	117%	117%	133%
Other deposit	115%	143%	159%	125%	150%
Other liabilities	138%	175%	155%	146%	133%
TOTAL LIABILITIES	102%	101%	125%	130%	136%
Shareholders' Equity	110%	128%	150%	142%	147%
Paid up capital	105%	169%	195%	185%	185%
Share money deposit for right issue	0%	0%	0%	0%	-
Share premium	100%	100%	100%	100%	100%
Statutory reserve	129%	139%	160%	147%	134%
General reserve	90%	100%	97%	107%	113%
Capital reserve	100%	100%	100%		
Fair value measurement reserve					
Retained earnings	108%	88%	101%	92%	122%
Non controlling interest	187%	192%	209%	204%	131%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	103%	104%	128%	132%	137%

VERTICAL ANALYSIS

For the last 5 years

Consolidated Profit and Loss Account

	2022	2021	2020	2019	2018
Interest income					
Less : Interest expenses on deposits & borrowings	77.19%	66.95%	84.07%	86.52%	82.23%
Net interest income	53.77%	47.34%	61.63%	61.88%	59.72%
Income from investment	23.42%	19.61%	22.44%	24.64%	22.51%
Commission, exchange and brokerage income	5.91%	11.83%	3.26%	2.90%	3.92%
Other operational income	8.34%	12.48%	5.12%	3.85%	6.40%
Total operating income	8.57%	8.74%	7.55%	6.73%	7.45%
Total operating income	46.23%	52.66%	38.37%	38.12%	40.28%
Operating Expenses					
Salary and allowances	14.59%	13.44%	13.16%	12.80%	12.36%
Rent, taxes, insurance, electricity etc.	0.58%	0.36%	0.44%	0.55%	2.27%
Legal and professional fees	0.52%	0.30%	0.32%	0.33%	0.25%
Postage, stamp, telecommunication etc.	0.28%	0.22%	0.24%	0.24%	0.24%
Stationery, printing, advertisement	0.61%	0.39%	0.33%	0.41%	0.47%
Managing director's salary and allowance	0.17%	0.17%	0.16%	0.13%	0.14%
Director fees and expenses	0.03%	0.03%	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	3.84%	5.65%	4.03%	3.51%	1.89%
Other expenses	7.98%	7.34%	5.93%	6.43%	7.39%
Total operating expenses	28.61%	27.92%	24.65%	24.43%	25.04%
Net Operating Income	17.62%	24.74%	13.72%	13.69%	15.24%
Provisions for loans/ investments	7.47%	8.18%	1.56%	7.53%	8.83%
Provisions for leases and loans	5.80%	5.59%	1.25%	4.99%	3.33%
Provision for margin loan	-0.02%	2.85%	1.74%	0.99%	2.36%
Provision for diminution in value of investments	1.71%	-0.37%	-1.45%	1.55%	3.09%
Provisions for Off-Balance Sheet Exposure	-	-	-	-	-
General provision for other assets	-0.01%	0.09%	0.02%	0.00%	0.04%
Profit before tax and reserve	10.15%	16.57%	12.16%	6.16%	6.41%
Provision for tax	3.06%	3.88%	2.06%	1.84%	2.39%
Provision for tax made during the year	3.03%	3.85%	2.06%	1.82%	2.34%
Deferred tax expense or (Income)	0.03%	0.03%	0.00%	0.02%	0.05%
Earnings Per Share (EPS)	7.09%	12.69%	10.10%	4.32%	4.02%

	2022	2021	2020	2019	2018
PROPERTY AND ASSETS					
Cash	0.59%	0.72%	0.77%	1.04%	1.14%
Cash in hand	0.00%	0.00%	0.00%	0.00%	0.00%
Balance with Bangladesh Bank	0.58%	0.72%	0.77%	1.04%	1.14%
Balance with other banks and financial institutions	11.53%	13.93%	14.30%	9.88%	9.59%
Inside Bangladesh	11.53%	13.93%	14.30%	9.88%	9.59%
Outside Bangladesh	0%	0%	0%	0%	0%
Money at call and short notice					
Investment	9.76%	8.75%	7.65%	6.39%	6.50%
Government securities	0.81%	0.03%	0.28%	0.00%	0.00%
Other investments	8.94%	8.71%	7.37%	6.39%	6.50%
Leases, loans and advances	71.71%	70.72%	71.45%	77.19%	78.14%
Lease portfolio, term finance, short term loan, etc.					
Fixed assets including land, building, furniture and fixtures	3.15%	2.92%	3.39%	3.39%	2.74%
Other assets	3.27%	2.96%	2.43%	2.11%	1.89%
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	27.97%	20.81%	18.10%	22.13%	18.50%
Deposits and other accounts	47.27%	53.61%	57.59%	55.59%	60.76%
Term deposits	47.05%	53.42%	57.37%	55.42%	60.57%
Other deposit	0.22%	0.20%	0.22%	0.17%	0.20%
Other liabilities	12.64%	13.35%	11.81%	10.83%	9.43%
TOTAL LIABILITIES	87.89%	87.77%	87.51%	88.56%	88.70%
Shareholders' Equity	11.89%	12.01%	12.28%	11.24%	11.18%
Paid up capital	5.94%	6.06%	6.58%	6.08%	5.84%
Share money deposit for right issue	0.00%	0.00%	0.00%	0.00%	0.00%
Share premium	1.20%	1.23%	1.33%	1.29%	1.24%
Statutory reserve	2.30%	2.30%	2.36%	2.09%	1.84%
General reserve	0.05%	0.06%	0.06%	0.06%	0.06%
Capital reserve	100%	100%	0.00%	0.00%	0.00%
Fair value measurement reserve					
Retained earnings	2.30%	2.34%	1.95%	1.72%	2.20%
Non controlling interest	0.23%	0.22%	0.22%	0.20%	0.13%
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	2022	2021	Change
	BDT Mn	BDT Mn	%
Gross Income	7,534	7,579	-0.60%
Interest Income	6,712	6,514	3.03%
Interest Expenses	4,892	4,703	4.02%
Profit before Tax	304	700	-56.61%
Provision for Taxation	125	91	37.76%
Profit after Tax	178	609	-70.69%

Financial Position at the year end	2022	2021	Change
	BDT Mn	BDT Mn	%
Shareholders' Fund (Stated Capital and Reserves)	11,169	11,074	0.85%
Deposits from Customers	43,657	48,181	-9.39%
Lease, Loans & Advances	61,331	58,775	4.35%
Total Investment	4,750	3,883	22.31%
Fund Under Management (FUM)	160,807	154,982	3.76%
Total Assets	85,934	82,535	4.12%

Investors	2022	2021	Change
Gross Dividend (mn)	539	539	0.00%
Earnings per Share (BDT)	0.33	1.13	-70.69%
Dividends per Share (BDT)	1.00	1.0	0.00%
Net Assets per Share (BDT)	20.73	20.6	0.85%

Ratios	2022	2021	Change
Return on Shareholders' Funds (%)	1.60%	5.66%	-71.64%
Return on Average Assets (%)	0.21%	0.76%	-72.28%
Year on Year Growth in Dividends on Ordinary Shares (%)	539	539	0.00%
Interest Cover (Times)	1.20	1.27	-5.48%
Equity : Assets (%)	13.00%	13.42%	-3.14%
Debt : Equity (Times)	5.98	5.80	3.18%
P/E Ratio (Times)	78.49	33.00	137.83%
Non-Performing Loans Ratio (%)	7.22%	6.57%	9.89%
Advance Growth (%)	4.35%	7.43%	-41.48%
Deposit Growth (%)	-9.39%	1.20%	-884.40%

Statutory Ratios	2022	2021	Change
Capital Adequacy Ratio (CAR) - Min. Req. 10%	15.78%	16.89%	-6.56%
Core Capital to RWA - Minimum Required 5%	12.74%	13.31%	-4.29%
Supplementary Capital to RWA	3.04%	3.57%	-14.99%
Cash Reserve Ratio (CRR) - Minimum Required 1.5%	1.70%	1.58%	7.54%
Statutory Liquidity Reserve - Minimum Required 5%	5.07%	5.07%	-0.02%

Economic Sustainability	2022	2021
	BDT Mn	BDT Mn
Economic Value Available for distribution	2,880	3,622
Economic Value Addition	147	1046
Number of new branches launched	0	0

Environment Sustainability	2022	2021
Electricity Consumption in value (mn)	15.22	15.38
Fuel Cost (mn)	2.47	1.93
Water Consumption in value (mn)	1.97	1.51
Paper consumption in value (mn)	14.80	11.46
Significant environment fines	Nil	Nil
Environment protection expenditure	0	0
Number of environmental grievances	Nil	Nil

Labor Sustainability	2022	2021
Total Workforce in number	1,245	1,331
Recruitments in number	365	321
Attrition rate	27%	26%
Retention rate after maternity leave	89%	100%
Number of injuries	Nil	Nil
Total Training Hours	15,273	24,186
Average Training hours per employee	12	18
Employee performance appraisal as a percentage of total workforce	100%	100%

Human Rights Sustainability	2022	2021
Incidents of discriminations	Nil	Nil
Incidents of child labor (below 18 years)	Nil	Nil
Incidents of forced labor	Nil	Nil
Human rights incidents reported and resolved	Nil	Nil

QUARTERLY STATISTICS

BDT in mn

Statement of Financial Position (As at)	2022				2021			
	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
Total Assets	90,765	91,702	92,450	92,879	88,927	85,393	84,438	81,591
Financial Assets-loans & advances	65,086	67,345	65,352	62,453	62,888	59,558	59,768	58,433
Financial liabilities (deposits and borrowings)	68,298	68,431	69,660	69,151	66,179	62,476	62,886	60,491
Total Equity	10,788	10,601	10,451	10,909	10,679	10,346	9,829	10,317

BDT in mn

Statement of Profit or Loss (For the quarter ended)	2022				2021			
	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
Net interest income	482	638	534	529	605	614	507	431
Income from investment	161	142	99	148	497	346	105	269
Commission, exchange and brokerage income	143	250	150	235	281	433	322	248
Other operational income	190	202	180	226	170	189	149	254
Net operating income	977	1,232	963	1,139	1,553	1,583	1,084	1,202
Less: Total operating expense	727	642	668	630	1,032	643	603	595
Less: Provisions for loans & investments	(21)	358	157	202	23	291	224	304
Less: Provision for tax	81	78	55	72	104	123	96	76
Profit for the period	190	154	83	235	393	525	161	227

Market price per share (Taka) (For the quarter ended)	2022				2021			
	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
Highest	26.00	26.00	28.70	32.50	37.90	46.10	35.80	29.30
Lowest	26.00	26.00	28.10	32.00	37.20	43.90	35.20	27.50
Closing	26.00	26.00	28.50	32.30	37.30	45.70	35.60	27.70

Profitability (As at)	2022				2021			
	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
Net Interest margin (%)	26.83%	37.98%	26.81%	30.64%	33.52%	31.91%	26.30%	25.15%
Return on assets (%)	0.72%	0.69%	0.69%	1.03%	1.55%	1.46%	0.94%	1.11%
Return on equity (%)	6.19%	5.89%	5.94%	8.69%	12.75%	12.00%	7.70%	8.90%
Regulatory Capital								
Capital Adequacy Ratio to total RWA (Minimum requirement: Higher of minimum 10% or % of Core capital to total RWA)	17.33%	17.44%	17.17%	17.61%	17.69%	17.19%	17.14%	18.50%
Core Capital to total RWA	14.91%	14.63%	14.42%	14.57%	14.66%	13.65%	13.49%	14.45%
Supplementary Capital to total RWA (%)	2.42%	2.80%	2.75%	3.04%	3.03%	3.55%	3.65%	4.05%
RWA=Risk Weighted Assets								
Assets Quality								
*Gross NPL ratio (%)	6.80%	6.92%	6.66%	6.88%	6.14%	6.14%	5.13%	4.86%
**Net NPL ratio (%)	2.34%	2.29%	2.42%	2.58%	2.16%	2.15%	2.01%	1.79%
Regulatory Liquidity								
Cash Reserve Reserve (CRR)								
Held	1.70%	1.55%	1.64%	1.58%	1.58%	1.53%	1.58%	1.51%
Required	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Surplus	0.20%	0.05%	0.14%	0.08%	0.08%	0.03%	0.08%	0.01%
Statutory Liquidity Reserve (SLR)								
Held	5.07%	5.05%	5.02%	5.04%	5.07%	5.02%	5.05%	5.07%
Required	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Surplus	0.07%	0.05%	0.02%	0.04%	0.07%	0.02%	0.05%	0.07%

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

DIGITALIZATION

We aspire to go through digital transformation by integrating new and improved processes, digital tools and data analytics to enhance customer experience.

We are thriving for digital transformation in business, operation and communication.

LBFL has developed 15 online applications and platforms since 2021, and it is still working hard to reach its ultimate goal of digitalization.

IN 2022, WE FOCUSED ON...

DATA ANALYTICS

Digital transformation, in addition to customer engagement, has ensured us to take data-driven decisions based on analytical insights, helping us to stay ahead of our competitors.

STRATEGY AND CULTURE

To build rapport with the new and existing clientele to ensure customer loyalty and to create advocates for the Company as a whole. We further strived to ensure that we incorporate new platforms, services, products and channels in to our digital ecosystem.

PROCESS INNOVATION

We strived to guarantee higher customer engagement as well as to increase brand awareness. Customers can seamlessly and securely interact with us through multiple online and offline channels.



IN 2023, WE PRIORITIZED ON...

DIGITAL TRANSFORMATION

Focus on online applications to streamline its operations and improve the overall customer experience is given. The introduction of online applications has allowed customers to access financial services and products at any time without needing to visit any branch physically. Going digital has also aided in customers' self-tracking regarding the status of their application and transaction and access their accounts' information, creating a more transparent and self-service oriented experience.

ECRM Platform

The ECRM Platform ensures that all the applications submitted to the Website are captured with the customer attributes. The customers' statuses are also recorded based on availability. Multiple filter options are available for different user roles and capabilities.

Customer Referral

The existing clients of LBFL can refer to another prospect using the Customer Referral Online Application for the products and services available for LBFL.

Courier Portal



The Courier Portal Application can upload Multiple Batches. Tracking can be done using a timestamp in the application. It also has a Multiple Filter option. In addition to that, a new user can be created in the application very easily. It also consisted of the remarks module, roles and capabilities, and a secured Infrastructure.

BEFTN Enrollment



Using the BEFTN Enrollment Application, an account number is attached to the Mastercard using the details of a beneficiary, and if one wants to transfer a certain amount later on, the call center must be informed, and LBFL then transfers money to the account within the specified working days.

Online Tax Return Slip Submission



The clients of LBFL can submit their return slip online using the platform by logging in with the registered phone number to get the list of accounts and choose the tax return slip. Users can submit the associated slip conveniently.

Customer Feedback



The customer Feedback Application is used to gather the customer experience about the services in the different branches

Career Portal



Career Portal Application receives data from the Job applications, which can be filtered using multiple filters based on the requirements and experience. The data can then be exported for usage. The seat arrangements for the job examinations are created using the application and the automated attendance sheets. The admit cards could also be printed using the tracking ID, which is mailed to the candidates

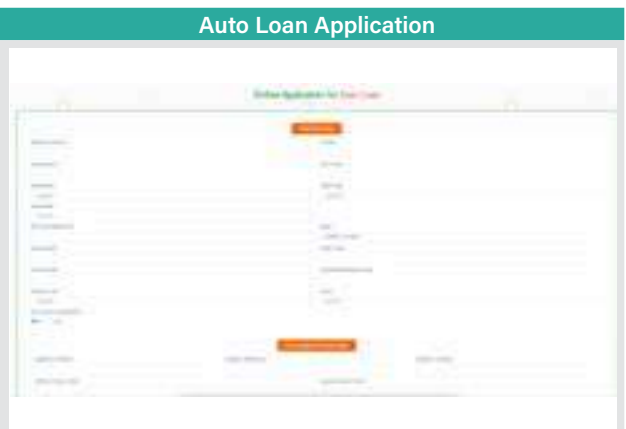
Deposit Application



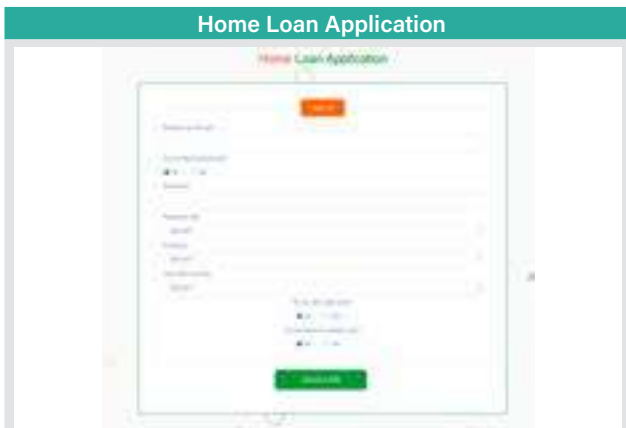
Multiple products are available, and customers are provided with a temporary account number which is used to submit the amount. Deposit applications can be cloned as well for existing applications. However, information can be updated as well



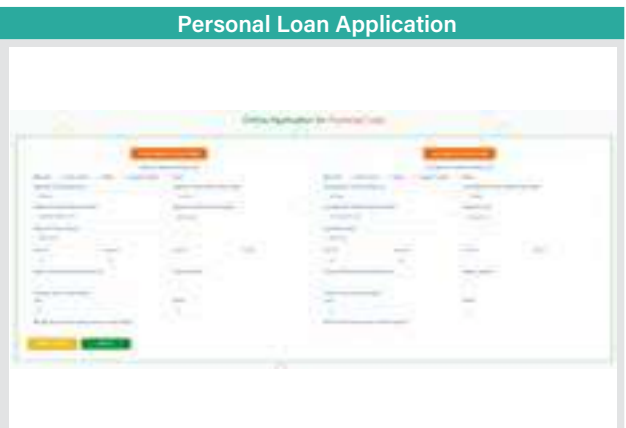
Preliminary approval is given to applicants using the CMSME Loan Online Application based on the data provided to LBFL. The online application offers precise information and eligibility ratios.



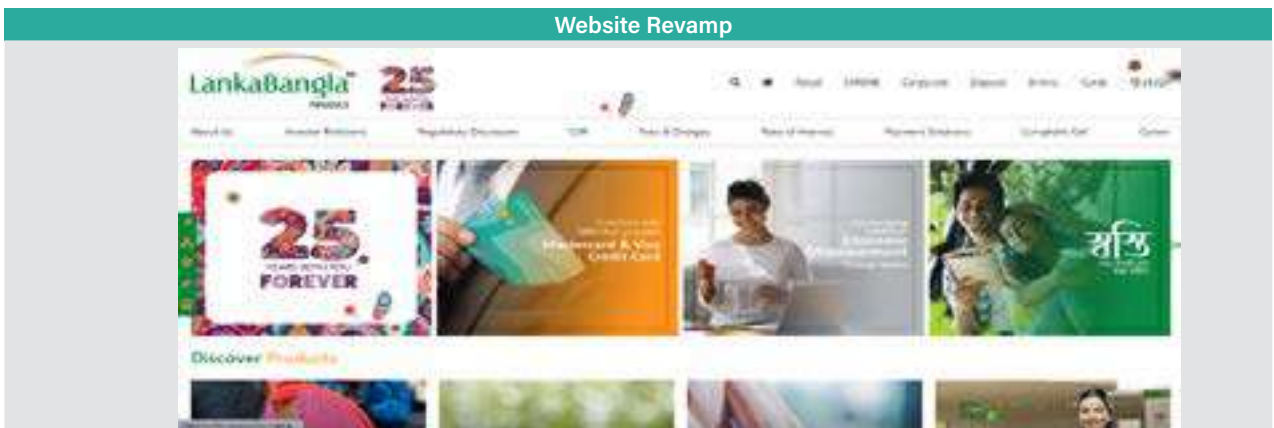
Auto Loan Application is a multi-step form that the users use to submit all the data of the product application form. User-level data submission is OTP based. The users' data is saved if the form is incomplete, saving time.



Using the Home Loan Application, preliminary approval is provided to the applicants based on the information provided to LBFL. Clear information and eligibility ratio are obtained using the online application.



Users fill out the multi-step Auto Loan Application form to submit all of the product application form's data. OTP is used for user-level data submission. If the form is left unfinished, the user's information remains saved.



LBFL also launched its new and improved Website in 2022. The Website was revamped based on the dynamic and changing needs of the clients of LBFL. The UI was designed based on the new trends to appeal to the users, which can positively impact the user experience and increase the chances of lead conversion. The primary goal of the revamp was to ensure an excellent customer experience for the new and existing clientele of LBFL through faster load time, good website navigation, and website content management. The features were also updated to meet the clientele's demands. The SEO capabilities of the Website were also enhanced to rank better in the search engine and attract more organic visitors. The Website was revamped based on the newly integrated branding practices.

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

MOHAMMAD ABDUL MOYEEN

CHAIRMAN

“As 2022 marks the completion of 25th year of its extraordinary journey as one of the leading non-bank financial institutions of the country, LankaBangla strived to prioritise the needs of its customers, the security and wellbeing of its employees, and all facets of national economy in 2022, all of which continue to remain a priority as the Company and the country faces yet another volatile year.”



Dear fellow shareholders,

The last few years has been exceptionally challenging for the country, with battling through the pandemic, to the opening of businesses to normalcy in a stretched economic condition. Thus, when the world appeared to be moving forward post-pandemic, many of us dared to hope that 2022 would be a turning point for the world economy. It rather turned out to be the tipping point as the world economies straddled with uncertainty due to war in the Europe. It further set the other economies ablaze as the world witnessed global shortages and supply crises for essentials and energy, thus leading to an already heaving inflation going above the roof. With global interdependence, a crisis of this magnitude involving a country like Russia, was bound to have subsequent influences on other economies, Bangladesh's included.

In the context of global economic crisis, Russia-Ukraine war, depleting FOREX reserve, internal capacity of the banking systems to facilitate import and export through opening LCs, timely payment of foreign currencies, remittance etc., challenges continue to persist as we enter 2023.

Firming up on strategies in 2022

Creating value for our stakeholders

LBFL worked closely with its customers and developed highly targeted and customized solutions to assist its most valuable stakeholders. Amidst the ongoing crisis, the Company focused on being customer-centric and strived for them to have an enhanced experience with the Company. The call centre and its availability and services provided to the customers are a testament to that commitment, as the customer satisfaction score stood at 94% in 2022, which was 87% in 2021.

Digitalization

The Company remained steadfast in its futuristic vision and build a peerless financial organization equipped with up-to-date technology. The Company focused on simplifying the transactions and going digital, by implementing online and digitalized services for its customers. It has introduced online loan and deposit application, online customer service requests for different documents. It has also done extensive process re-engineering to reduce turnout time for loan processing. The relentless efforts put forth by the branding and marketing channels saw a feat as we saw the customer engagements on all our social media and digital channels soaring upwards.

Prudent liquidity management

The Company judiciously assessed the aftermath of the prolonged economic stress caused by the pandemic, and adequate impairment provisions were thereafter allocated on a prudential basis. As a testament to this, the capital adequacy ratio was well above the margin, and the Company kept sufficient reserves to survive through the year despite the liquidity crisis in the industry.

Optimized operating expenses

LankaBangla navigated the impact of the ongoing economic crisis on the business operations prior to addressing challenges. It continued to focus on optimizing its expenses and reduced it by 7% as it prudently implemented effective

and administrative cost management strategies without jeopardizing the business.

Giving back to the community

Even in such difficult period, LankaBangla never wavered in its obligations towards the society and continued to focus on its strategies and approaches undertaken from the year prior. It contributed for the betterment of the society and increased its horizon of communal engagement through a contribution of BDT 8 million as its CSR expenditure in 2022.

Driving sustainable business practices

As an advocate for sustainability, the Company kept ahead in its path to drive its business in a sustainable way without faltering. It has adequately set its targets till 2025 to achieve an impactful and sustainable business practices through financing in renewables and green projects. To deep-root the sustainable practices in the Company, it has established committees and units which are acting duely to achieve the desired results.

Excellence and Accolades

It has been another rewarding year in terms of awards and accolades with LankaBangla's progress on many fronts. It has achieved excellence in Mastercard Credit Business (Domestic) and Mastercard Contactless for the second consecutive year. 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 NBF in Bangladesh to achieve such accreditation. As a demonstration to the enormous endeavor and strategic agility of LankaBangla, it received an AA3 credit rating for long-term and ST-2 credit rating for short-term rated by CRAB.

2022 at a glance

- PAT of the Company and the Group reduced to BDT 178 million and BDT 661 million, a 79% and 49% dip respectively compared to 2021.
- The Company delivered satisfactory performance in growing its asset portfolio by 4% in 2022 to BDT 61,331 million, which resulted in a high volume of disbursement of BDT 43,770 million, reporting a 28% increase from the previous year.
- CMSME segment mobilized BDT 483 mn more in 2022 than 2021, i.e., in 2022 CMSME contributed 14% in total mobilized amount compared to 2021's 10% mark.
- The Company further ensured and disbursed under government-led refinancing schemes.
- Retail segment contributed 37% of the total asset disbursement, and credit card portfolio backed 81% of the total retail-led disbursed amount.
- The Company reported 17.37% Group CAR and 15.78% standalone CAR.

In the midst of operational disruption and incessant market condition, it was noticed that operating income was taking a significant hit. Thus, the Company successfully optimized its operating expenses with strategic reorientation and cost minimization. Given the exceptionally difficult environment, I can say that the Company delivered a rather sustainable outcome in 2022.

Outlook for 2023

The ongoing Russia-Ukraine war, coupled with the global COVID-19 pandemic, has raised concerns about the economic outlook for Bangladesh. The prolonged escalation of the conflict is likely to aggravate the country's growth prospects even more. In the midst of the ongoing shocks, the country faces difficult choices on balancing economic growth and social welfare policies. Policymakers need to adopt measures to mitigate the impact of external shocks and strengthen domestic economic resilience.

The Company is fully aware of its overarching responsibility, not only towards its shareholders but also to wider society during this period of painful economic transition and is completely invested in generating opportunities for value creation. In striving to achieve this objective, LankaBangla intends to adopt the highest standards of governance, stringent internal controls and effective risk management practices in order to facilitate stable and sustainable growth in 2023, and beyond.

Key focuses of LankaBangla for 2023 would be:

- To opt for portfolio growth without comprising with the Company's asset qualities and financial budget
- To opt for economic drive by strengthening and diversifying its liability basket
- Focus on bringing in long term funds in addition to deposits
- To strive to keep its NPLs at the lowest level possible with more rigorous monitoring and collection strategy
- Bring traction in CMSME led deposit portfolio

- To ensure and focus on Bangladesh Bank led refinancing schemes
- To accelerate market penetration by expanding the Company's digital drive
- To opt for technology and process improvement to enhance customer experience and to increase sourcing of loans and deposits and bring faster, more convenient and cost-effective financial services to all of its stakeholders
- To contribute significantly towards the betterment of the society and nature, and develop scopes of empowerment, while also augmenting the LankaBangla's financial returns

Word of appreciation

As LankaBangla has reached its 25th year of operations in 2022, I would like to take this opportunity to express my sincere appreciation to all of its stakeholders for the unrelenting support and faith that they have placed in the Company and in its accomplishments and endeavors. The Company will continue to work relentlessly to create value for its stakeholders and strive with the vision of GROWING TOGETHER.

Thank you!



Mohammad Abdul 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 26th 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 2022 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 27 April 2023.

In the year 2022, LankaBangla Finance Limited recorded remarkable growth on its core business. With a good penetration in loan products, LankaBangla made good profit growth in 2022. We are pleased to report that during the year 2022, LankaBangla Finance Limited earned consolidated after tax net profit of BDT 661 million, meeting or exceeding all financial and operational objectives.

In each quarter of 2022, 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 2 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. LBFL

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

- Fees based services include Credit Card Membership Fees, Merchants Commission, Underwriting of Securities, IPOs, Portfolio Management, and Corporate Financial Services etc.
- Fund based services include Lease Finance, Term Finance, Real Estate Finance, Credit Card Operation, CMSME, 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 2022

World economic outlook is provided on from pages 148 to 149

5. Industry Outlook

Economy of Bangladesh is now on the way of developed country. Non-Bank Financial Institution (NBFI) is major contributor partner in this road. NBFIs provide multiple alternatives to transform an economy's savings into capital investment. The NBFIs are dependent on banks and customer deposits for their funds. Currently, 35 NBFIs are running their business across the country. Though the deposit interest rate in the NBFIs is still far better than the banks, the NBFIs could not capitalise the situation to improve their liquidity base. Most of the banks are offering interest rates below 6 per cent while many of the NBFIs are offering around 10 per cent interest against their deposit products. During Oct.-Dec., 2022 total loan disbursements by NBFIs decreased by 1.80% compared to Jul.-Sep., 2022 and decreased by 9.77% against Oct.-Dec., 2021. Bangladesh Bank data showed that the deposits in the NBFIs fell to Tk. 41,585.48 crore at the end of September quarter of 2022 from Tk. 42,086.4 crore in deposits at the end of June quarter. Deposits in the NBFIs usually increase in a gradual manner, but the situation has changed following massive irregularities in the NBFIs sector that prompted the government to initiate a process of liquidation of People's Leasing and Financial Services in 2019. The liquidation process was later scrapped and steps have been taken to revive the entity following a court order. The High Court formed the People's Leasing's board of directors with 10 professionals to resume the operations of the company. Apart from People's Leasing, Bangladesh Industrial Finance Company and International Leasing and Financial Services are among the other NBFIs which are going through an intense crisis. Fund withdrawals by banks from the NBFIs along with the absence of public confidence were the reason for the liquidity crisis in the sector. FIs in Bangladesh should take some serious initiatives to deliver short term results as well as long term vision while preparing for the coming changes. It is important to build detection, assessment and mitigation of risk. New instrument may introduce which will be emerged as an important tool and added a new dimension in the financial market. Moreover, Bangladesh Bank facilitates interest rate subsidy and refinance scheme for pandemic affected clients of non bank financial institutions and banks under the government stimulus packages for providing working capital in industry and service sector and cottage, micro, small and medium enterprises (CMSME) sector. These prompt policy supports and responses from Bangladesh Bank in sync with the government's stimulus packages and other policies helping widely to mitigate COVID's negative impact on Bangladesh's economy.

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 2019 are contained in the Chairman's Message (page 36), the Managing Director's Review (page 18), and the CFO's Reviews (page 154). 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 CMSME 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 (page 36), the Managing Director's Review (page 48), and the CFO's Reviews (page 154). 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 International Financial Reporting Standards (IFRS) 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 2022 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 240 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 93 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 103 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 2022 and their report on those Financial Statements, as required by the Companies Act 1994 is given on 234.

11. Significant Accounting Policies

Significant Accounting policies adopted in the preparation of the Financial Statements are given on pages from 252 to 272 which comply with provisions of IFRSs 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 notable progress in many of the business lines during 2022. Mentionable amounts of disbursements were made in

Corporate, Retail and CMSME business. However, due to the impending global crisis and supply chain disruption, inflationary pressure has been at its peak during the year, which caused many notable indicators like deposit portfolio of the Company to decrease from the previous year. The imposed interest rate cap by Bangladesh Bank and realised exchange rate loss have affected our bottom line significantly. Furthermore, a bearish capital market also played a key role in our sluggish bottom line. Total asset of the group has increased by 2.07% from BDT 88,927 million in 2021 to BDT 90,765 million in 2022. Total Asset disbursement of LankaBangla Finance for the year 2022 has increased by 27.72% compared to 2021, due to sufficient liquidity most of the year. Total disbursed amount in 2022 was BDT 43,770 million compared to BDT 34,269 million in 2021. On the deposit side, our total term deposits decreased by 9.39% from BDT 48,181 million in 2021 to BDT 43,657 million in 2022, mostly due to the global economic crisis and supply chain disruption. The percentage of classified loans (NPL) for the Company has increased to 7.22% in 2022 compared to 6.57% in 2021.

13. Core Business Review

13.1 Corporate Financial Services

LankaBangla's focus on extending its Corporate Business portfolio has continued throughout 2023. A total of BDT 17,643 million of corporate lending has been disbursed for the year 2022 compared to BDT 13,447 million of 2021, which illustrates a massive 31% growth compared to the previous year. Disbursement in 2022 was driven mostly by Term Loan and Factoring. Subsequently, the corporate asset portfolio has also increased by BDT 1,880 million in 2022, from BDT 26,183 million in 2021 to BDT 28,062 million in 2022, showing a 7.18% growth compared to previous year.

13.2 Retail Financial Services

During the year 2022, the Company has continued to concentrate more on retail financial activities. Total BDT 16,292 million was disbursed during 2022 under retail financial services in the form of auto loan, home loan, personal loan, credit card and staff loan. The disbursement growth is 9.06% in 2022 from 2021. The retail asset portfolio stood at BDT 15,954 million at the end of 2022.

13.2.1 Home Loan

Total Home Loan disbursement in 2022 was BDT 486 million comprising of Mortgage Loan and Staff Home Loan. The disbursement has decreased significantly by 45% compared to the home loan disbursement of 2021. Home Loan portfolio also has decreased by 13% in 2022. At the end of 2022, Home Loan portfolio stood at BDT 8,850 million which was BDT 10,146 million in 2020.

13.2.2 Auto Loan

In 2022, BDT 1,614 million has been disbursed as auto loan compared to BDT 1,478 million in 2021 resulting in 9.20% increase in disbursement. The auto loan portfolio has also increased by 0.31% in 2022 from BDT 4,539 million in 2021 to BDT 4,553 million at the end of 2022.

13.2.3 Personal Loan

Personal Loan disbursement has decreased by 30% in 2022 with a total figure of BDT 1,054 million. The Personal Loan portfolio is comprised of Loan against Deposit, Term Loan and Staff Loan. Portfolio for the Personal Loan in 2022 was BDT 2,550 million, which has reduced by 27% from BDT 3,475 million in 2021.

13.2.4 Credit Card

During 2022, a total of 13,680 new credit cards were issued by LankaBangla. The card portfolio has increased by 6.65% in 2022 to BDT 4,786 million from BDT 4,488 million in 2021. Number of active credit card users has increased from 107,307 in 2021 to 109,188 in 2022 resulting in a growth of 1.75%. Monthly average spending by all credit card users has also increased in 2022 in comparison to previous year. Average monthly credit card usage in 2022 has increased to BDT 1,095 million from BDT 923 million in 2021 resulting in an increase of 18.61%.

13.3 CMSME Financial Services

Bangladesh is moving towards CMSME led industrial development, and as such, growth of CMSME Financial Service in LankaBangla Finance is also remarkable. The total CMSME disbursement in 2022 is BDT 9,835 million compared to BDT 5,884 million in 2021, thereby resulting in a 67% increase. At the end of 2022, CMSME portfolio stood at BDT 12,391 million compared to BDT 9,949 million in 2021 resulting in 25% 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 2022 was BDT 43,457 million which was BDT 48,006 million in 2021, resulting in 9.48% decrease compared to the portfolio of 2021. The Corporate TDR and Bank & FI Liability (Treasury) units played a major role in this regard.

13.4.1 Retail Liability Management

Retail Liability's core focus on retail deposits has resulted in a portfolio of BDT 24,512 million at the end of 2022 which shows a de-growth of 4% from the portfolio of 2021. Retail liability mobilization for the year 2022 was BDT 8,722 million compared to figure of 2021's BDT 11,161 million.

13.4.2 CMSME Liability Management

As a prime focus for the year with CMSME led deposit growth, its liability portfolio at the end of 2022 stood at BDT 4,471 million which shows a growth of 14% from 2021 portfolio. CMSME liability mobilization was BDT 2,560 million in 2022, a growth of 23.26% from previous year, which was BDT 2,077 million.

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 3,682 million at the end of 2022 decreasing significantly by 43% from 2021. Corporate liability mobilization for the year was BDT 4,455 million compared to BDT 5,014 million of 2021.

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, and 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 efficiently channelling all the cash flows of the company in an effective 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 by skilfully negotiating with counterparties leveraging the strong foundation of the company and solid repayment history, and sourcing fund from comparatively cheaper sources. Treasury has solidified its relationship with existing counterparties and developed relationship with new ones through effective relationship management practices to enhance its financial flexibility.

During 2022, Treasury has drawn down syndicated term loan of BDT 3,000 million (out of BDT 5,000 million) and issued non-convertible, zero-coupon bond with total face value of BDT 582 million (out of BDT 3,000 million). Treasury has also procured term loan of BDT 5,900 million during the year from different local and multinational commercial banks. The division actively engaged in the money market to earn sizable revenue and ensure liquidity from short-term placements of funds. Additionally, Treasury identified, assessed, and mitigated balance sheet risk areas to ensure long-term sustainability and growth as a part of asset-liability management.

The investment portfolio of the company stood at BDT 4,750 million at the end of 2022, with a year-on-year growth of 22.31%. In 2022, additional investment has been made in risk-free government securities, which acts as liquidity reservoir and at the same time, ensures earning of considerable interest income. Earnings from capital gain and dividend from the investment in equity shares has decreased in 2022 and additional provision for diminution in value of investment has been provided for during the year due to the subdued capital market. However, the investment portfolio was better diversified by mixing equity and fixed income securities, ultimately ensuring a more stable income flow in the future.

14. Credit Rating

Credit Rating Agency of Bangladesh Limited (CRAB) has rated LankaBangla Finance Limited on June 30, 2022, with 'AA3' rating (very strong capacity and very high quality) in the long term and 'ST-2' rating (high grade) in the short term based on audited financial statements as of December 31, 2021, un-audited financial statements as of March 31, 2022 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 2022 was BDT 9,324 million compared to BDT 10,294 in 2021. Total revenue of LBFL for the year 2022 was BDT 7,534 million compared to BDT 7,579 million in 2021. An analysis of the revenue is given in pages from 154 of the annual report.

15.2 Profitability

Consolidated net profit after tax for the year 2022 was BDT 661 million that was BDT 1,306 million in previous year. Consolidated net interest income increased 1.20% from BDT 2,184 million in 2022 compare to BDT 2,158 in 2021. LBFL's net profit after tax for the year 2022 was BDT 178 million compared to BDT 609 million in 2021. LBFL's net interest income also increased by BDT 8 million compared to previous year.

Particulars	Consolidated		LBFL	
	2022	2021	2022	2021
Total Revenue	9,324.44	10,294.29	7,534.08	7,579.37
Total Expenses	7,681.77	7,747.04	6,575.59	6,331.85
Operating Profit	1,642.67	2,547.25	958.48	1,247.53
Provisions	696.10	841.85	654.83	547.67
Profit before Tax	946.57	1,705.40	303.66	699.86
Tax	285.20	399.50	125.17	90.86
Profit after Tax	661.38	1,305.89	178.49	609.00

15.3 Profitability

Particulars	in million BDT
Net Profit After Tax for the year 2022	178.49
Retained Earnings brought forward	1,415.22
Profit available for appropriation	1,593.71
Less: Statutory Reserve	35.70
Amount available for declaration of dividend	1,558.01
Less: Dividend (Proposed 10.00% Cash)	538.84
Retained Earnings carried forward	1,019.18

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 2022. 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 2023. Further details on liquidity position is given in page number 251 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	
	2022	2021	2022	2021
Share premium	1,090.89	1,090.89	-	-
Statutory reserve	2,085.28	2,049.58	2,085.28	2,049.58
General reserve	47.49	50.84	-	-
Capital Reserve	86.09	13.96	-	-
Revaluation Reserve	-	-	2,136.85	1,681.85
Retained earnings	2,089.58	2,085.15	1,558.01	1,954.06
Total reserves	5,399.33	5,290.41	5,780.14	5,685.50

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 17 to 22.

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 2022 amounted to BDT 860.65 million and BDT 614.49 million respectively which were BDT 372.13 million and BDT 168.35 million respectively for the year 2021. 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 40 (g) 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 2022 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

Syndicated Term Loan

In 2022, LankaBangla Finance Limited availed a long-term syndicated loan led by Standard Chartered Bank amounting to BDT 3,000 million. The full loan amount of BDT 3,300 million has been drawn down in multiple tranches, the repayment of this loan will be made in 08 equal quarterly instalments (EQIs).

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 and issued zero-coupon bond with total face value of BDT 582 million (out of 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 17 to 22. Information on trading of the shares and movement in the number of shares of LankaBangla is given in note 13 of the Financial Statements.

26. Shareholding

There were 32,022 nos. of registered ordinary shareholders as at 31st December 2022 (2021: 29,404). Information on distribution of shareholding and the respective percentages are given in note 13 of the 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 91.

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 eight Directors with wide knowledge and experience. The names of the Directors of LankaBangla during the period 1st January 2022 to 31st December 2022 are mentioned in Report on Corporate Governance (page 91) and their brief profiles are given on pages 54 to 58 of the Annual Report.

29. Appointment of Independent Director

The Board in its 141st meeting dated 22 December 2023 has appointed Mr. Ahmad Ahsanul Munir as an Independent Director of the Company for a period of three years which will be placed in the 26th Annual General Meeting of the Company for approval of the shareholders. Mr. Ahmad Ahsanul Munir is a seasoned career banker with experience over 35 years serving various banks in United Arab Emirates (Mashreqbank, Union National Bank, Abu Dhabi Commercial Bank & Al Hilal Bank) and Bangladesh (Arab Bangladesh Bank Ltd and Eastern Bank Ltd) under different management capacities. His expertise includes significant exposure in Credit Risk Management, Credit Audit, Operational Audit and Financial Control. He handled credit portfolio of diversified large business groups including contracting, construction, real estates, trade finance, hospitality, education sectors etc. in domestic and international locations. He played pivotal roles in development/revision of credit policy/procedure/programs in different banks. He was involved in process re-engineering and conducted in house seminars on credit risk management and Total Quality Management. Post retirement in banking career, Mr. Munir provided consultancy services in United Arab Emirates catering to the corporate sectors. He earned MBA degree from IBA, University of Dhaka and also from Indiana University, USA.

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 Abdul 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. Md. Fakhurul Alam	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 Abdul Moyeen	Chairman
	2) Mr. B. W. Kundanmal (Nominated by LankaBangla Finance Limited)	Director
	3) Mr. Al-Mamoon Md. Sanaul Huq	Independent Director
	4) Mr. Md. Fakhurul Alam	Independent Director
	4) Mr. Abdullah Al Karim	Director
	5) Mr. Mohammed Nasir Uddin Chowdhury (Nominated by LankaBangla Finance Limited)	Director
LankaBangla Asset Management Company Limited	1) Mr. Md. Fakhurul Alam	
	2) Mr. Al-Mamoon Md. Sanaul Huq (Nominated by LankaBangla Finance Limited)	Independent Director
	3) Mr. Khwaja Shahriar (Nominated by LankaBangla Finance Limited)	Director
	4) Mr. Abul Kalam Mohammad Kamruzzaman (Nominated by LankaBangla Finance Limited)	Director
	5) Mr. Quamrul Islam (Nominated by LankaBangla Finance Limited)	Director
	6) Mr. Shamim Al Mamun (Nominated by LankaBangla Finance Limited)	Director
LankaBangla Information System Limited	1) Mr. Mohammad Abdul Moyeen	Chairman
	2) Mr. Mahbulul Anam	Director
	3) Mr. S. A. R. Md. Muinul Islam (Nominated by LankaBangla Securities Limited)	Director
BizBangla Media Limited	1) Mr. Mohammad Abdul Moyeen	Chairman
	2) Mr. Mahbulul 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 2022 were as follows:

31.1 Executive Committee

The Executive Committee of the Board of LankaBangla Finance Limited was re-constituted in the 138th Board of Directors meeting held on May 30, 2022.

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 139th Board of Director's meeting held on July 27, 2022.

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 91 to 92 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 International Accounting Standard-IAS 24 (Related Party Disclosure) which is adopted in preparation of the Financial Statements. Those transactions disclosed by the Directors are given in note number 37 to the Financial Statements which form an integral part of the Annual Report of the Board of Directors.

34. Directors' Interest in Ordinary Shares

The shareholdings of Directors are as follows:

Sl. No.	Name of Director	Number of shares as on 31 December 2022	Number of shares as on 31 December 2021
1	Mr. Mohammad Abdul 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. Aneesa 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
9	Mr. Md. Fakhru Alam	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, 2022 is given in page 54 of this report.

36. Directors' Interest in Ordinary Shares of Subsidiaries as on December 31, 2022

LankaBangla Securities Limited				
Sl. No.	Name of Director	Position	Shares held on 31-Dec.-2022	Shares held on 31-Dec.-2021
1	Mr. Mohammad Abdul 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.-2022	Shares held on 31-Dec.-2021
1	Mr. Mohammad Abdul Moyeen	Director	1	1
2	Mr. Mahbubul Anam	Shareholder	1	1

LankaBangla Information System Limited				
Sl. No.	Name of Director	Position	Shares held on 31-Dec.-2022	Shares held on 31-Dec.-2021
1	Mr. Mohammad Abdul Moyeen	Chairman	100	100
2	Mr. Mahbubul Anam	Director	100	100

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 Abdul Moyeen	Shareholder	1	1
2	Mr. Mahbubul Anam	Shareholder	90	90

BizBangla Media Limited				
Sl. No.	Name of Director	Position	Shares held on 31-Dec.-2021	Shares held on 31-Dec.-2020
1	Mr. Mohammad Abdul 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 (page 48) & 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 74.

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 2022, the number of employees on the payroll of LankaBangla was 1245 which was 1331 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

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 to 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 127 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 pages 104 to 127. 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 pages 104 to 127 of this Annual 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 pages 66 to 73.

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-B page 75.

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;
- 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

M/s. Hussain Farhad & Co., Chartered Accountant have completed the audit of Financial Statements of the Company for the year 2022. As per DFIM Circular number 04 dated April 30, 2015 of Bangladesh Bank the same external audit firm cannot be appointed for more than three consecutive years as statutory auditors of any NBF. M/s. Hussain Farhad & Co., Chartered Accountants' three term will expire as on the date of 26th AGM. Therefore, they are not eligible for reappointment.

The Board in its 142nd meeting held on April 27, 2022 recommended the shareholders to appoint M. J. Abedin & Co. Chartered Accountants at a remuneration of BDT 600,000. LBFL has also taken prior approval from Bangladesh Bank to appoint M. J. Abedin & Co., Chartered Accountants, until completion of conclusion of the 27th AGM.

Based on the declaration provided by M/s. Hussain Farhad & Co., Chartered Accountants 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.

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
- ICAB Best Presented Annual Report 2021
- ICAB Corporation Governance Disclosures Award 2021

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

53. Notice of Meeting

The 26th Annual General Meeting of LankaBangla Finance Limited will be held on 21 June 2023.

The Notice of Meeting is given on page number 347 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 heart-felt appreciation and gratitude to the valued clients, depositors, lenders, bankers, patrons and business partners for their continued support and cooperation. The Board also expresses its deep gratitude to Bangladesh Bank, Bangladesh Securities & Exchange Commission (SEC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), Registrar of Joint Stock Companies and Firms, National Board of Revenue (NBR) and other regulatory bodies for their help, assistance, valuable guidance and advice being extended to the Company from time to time. The Board also thanks Hussain Farhad & Co., Chartered Accountants, the Auditors of the Company, for their efforts for timely completion of audits.

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

I would like to take this opportunity to thank my colleagues on Board, who have extended their all sorts of cooperation, in the face of adverse internal and external conditions, and made the year 2020 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.

REVIEW FROM THE MANAGING DIRECTOR & CEO

GRI: 102-14

KHWAJA SHAHRIAR

MANAGING DIRECTOR & CEO

“Setting aside its plans for growth and expansion, LankaBangla quickly shifted its gears to focus instead on the strategic reorientation to enable itself to adapt to the highly uncertain economic conditions; thus constituting an urgent call to action to build the necessary defenses that would allow the Company to deliver its performance objectives and strengthen the Balance Sheet despite the headwinds.”



Dear stakeholders,

Despite the anticipation of 2022 being a year of respite after battling the two-year long pandemic, the series of events that kept on unfolding throughout the rest of the year had a bearing on the country's financial system as a whole. Being a part of this construct, LankaBangla too was affected in numerous ways.

The country bore a rather passive brunt of the ongoing heat between the warring countries and the domino effect it is posing on the other major economies of the world.

While Bangladesh managed to maintain a satisfactory GDP growth rate in 2022, due to low remittance inflows and increased imports, the country's FOREX reserve took a hit. This rising import spending triggered a negative trend in the country's current account balance, thus resulting in local currency to depreciate drastically. Furthermore, the inflation soared up even more in 2022.

The country also faced a rather dry liquid market condition as it was dealing with the global tensions the past year. The picture of last year's market condition was not as bullish as it was during the pandemic-driven years.

Performance review 2022

The financial sector of Bangladesh also passed a tumultuous time, which mostly was a subsequent effect of the war between the two countries, if not only due to post-COVID recovery period.

The ongoing conflict between Russia and Ukraine has had a significant impact on currencies. The Bangladeshi Taka lost value of 18.50% against the Dollar in just a matter of a year, and as per IAS 21, a loss of around BDT 11 crore had to be realized by the Company for its foreign loan, which impacted the overall bottom line of the Company. The hit on the bottom line of the Company further intensified with the imposed interest rate cap at 11% and 7% lending and deposit rates respectively on the NBF sector. This resulted in a significant slash on the potential growth in the interest income, one of the key revenue generating indicators of the Company. Thus, a significant amount of potential revenue generation had to be realized as loss.

While the Company did fall short in terms of its bottom line, it operated with great effectiveness in terms of cost management, risk reduction and successful navigation in combatting the challenging economic conditions and the Company's financial performance for the year is a testament to those.

An in-depth analysis of LBFL's financial performance can be found in CFO Statement section and a summary of the outcomes can be found in subsequent sections of the annual integrated report.

LBFL's loans and advances portfolio increased by 4% in 2022 to BDT 61,331 million from BDT 58,775 million in 2021. In 2022, the Company disbursed around BDT 43,770 million, almost BDT 9,501 million more than the previous year.

LBFL was able to stand firm to one of its core strategies for the reporting year, which was to prioritize CMSME led growth and disbursements. It was able to display a stellar performance as the Company's total asset disbursement marked up by 28% in 2022. Out of the total disbursement CMSME financial services contributed for 22% of the total asset disbursement in 2022, which was 17% in 2021. This

was mostly possible as the Company was able to maintain sufficient liquidity throughout the year, which was another focal point for LBFL amidst the financial crisis all over the industry.

LBFL ensured refinancing under government stimulus packages. This was one of the key strategic objectives from the former year, and this led to a high volume of disbursement under many government-refinancing schemes; some of which are "CMSME Term Loan Refinance" and "Supporting Post COVID-19 Small Scale Employment Creation Project (SPCSSECP)", under which the Company has already disbursed BDT 1,029 million and BDT 500 million respectively.

On the other hand, the Company's total deposit position in 2022 was BDT 43,457 million, which reduced by 9% compared to 2021 from BDT 48,006 million. Total liability mobilized for the year 2022 was BDT 18,147 million out of which CMSME-led mobilization contributed 14% in 2022, while the same metric for year prior accounted for 10% of total mobilized amount. This is a demonstration of the depth of our clientele.

The Company worked its way in achieving large amount of foreign term loans in 2020 and 2021, whose outstanding balance is BDT 2,554 million in 2022. It successfully settled previously issued zero coupon bonds and fulfilled other obligations, further issued zero coupon bonds currently standing at BDT 928 million, and maintained collaboration with its financial partners.

The Company also saw increase in its bank borrowings, which in hindsight demonstrates the depth of its relationship with the long-term lenders. LankaBangla will keep focusing on such sort of alternative sources of fund in 2023 in its pursuit to meet its liquidity requirements.

Despite the rigorous collection and monitoring strategy, and optimistic expectation regarding the economic condition, many of the key economic indicators of the country started to go down. This posed a potential red flag on the liquidity condition of the country. The amount of defaulted loans all across the financial sector of the country has been blazing up and LBFL also faced the brunt of it as it saw its non-performing loans increase to 7.22% in 2022, compared to 6.57% in 2021.

On the heels of the stringent regulations by the regulatory body in 2022, even though the provisions for loans and advances decreased slightly, it did not affect our bottom line as optimistically as we had hoped it would post-COVID. A large part of this instance was the income from investments being on the negative side of the scale due to fragile market condition and operational disruption. The situation further aggravated due to the interest rate caps and its decision to fixate the exchange rate without adjusting for inflation differences. All these regulatory policies ultimately made the industry take a hit of around BDT 37 crore, which significantly influenced the bottom-line picture.

Despite the myriad of obstacles that presented itself throughout the year, LankaBangla worked diligently to support and create value for its stakeholders. It has been striving for digital transformation. It stayed true to its vision and focus from the past year, as the Company gained immense feat in digital optimization. The Company focused on data analytics, strategy and culture, and process innovation

throughout the year and worked hard to guarantee higher customer engagement and satisfaction. The Company's digital presence all across social media was soaring up the roof throughout the year. From online product and service applications provided by LBFL to website revamping, LBFL's effort for brand awareness and enhanced customer engagement saw elevated numbers. Not to mention the stellar performance of the call centers that are availed by our customers 24/7 saw a high customer satisfaction score of 94%.

As the Company embarked on a new journey towards sustainability last year, the Company was able to achieve some of its targets with significant reduction in many ESG indicators set in 2021's reporting period. It was able to tap on the social indicators as well. A big part of this is the communal engagement and strengthening the human capital of the Company, the instances of which are reported in the Sustainability Report of 2022. LankaBangla Foundation undertook numerous CSR initiatives for the betterment of society beyond commercial boundaries and it spent around BDT 8.03 million on its CSR activities in 2022. The LBFL family increased as it added 365 new talented members under its roof.

One of the highlights for the Company in 2022 was completing its 25-year long journey as the employees and top management celebrated this event all around the country. It marks the business sustainability in Bangladesh's financial institutes' competitive market.

Major financial highlights

Revenue

The consolidated revenue generated for the year 2022 is BDT 9,324 million, a 9% dip from 2021, which was BDT 10,294 million. Also LBFL itself posted a declining revenue of 0.60% from 2021, and generated BDT 7,534 million revenue in 2022 as opposed to BDT 7,579 million in 2021. This was mostly due to the impact of interest rate cap imposed by the regulatory bodies. The group operating income posted a decline of 20% while LBFL posted a dip of 8% in 2022 as compared to previous year.

Portfolio

Despite the dry market liquidity condition, the Company saw its asset portfolio increase by 4% in 2022 to BDT 61,331 million which was BDT 58,775 million in 2021. This resulted in a heaping disbursement in 2022, which was BDT 9,501 million more than the previous year.

Non-performing loan

Despite the Company's rigorous collection and monitoring strategy, the Company saw its percentage of classified loans increase from 6.57% in 2021 to 7.22% in 2022. It was majorly the result of Bangladesh Bank's stringent regulation policies causing lenders to default and asset quality to deteriorate over the course of the year. Again, the Company reduced its provision for diminution in value of investments by 475%.

Capital Adequacy Ratio

The standalone CAR for the year stood at BDT 15.73% while the consolidated CAR stood at 17.37% in 2022.

Profitability

While the consolidated ROA was 0.18%, the standalone ROA of the Company stood at 0.21% in 2022. The consolidated ROE in 2022 was 6% whereas the standalone ROE was 1.60%.

EPS

LBFL's consolidated EPS for the year 2022 was BDT 1.21 while it was BDT 0.33 on a standalone basis.

NAV

The standalone NAV of the Company stood at BDT 20.73 in 2022 which was BDT 20.55 the previous, whereas, the group NAV increased to BDT 20.02 in 2022 which was BDT 19.82 in 2021.

Way Forward

Although it is not possible to predict when the currently prevailing uncertainties will end and a turnaround can be materialized, LankaBangla's path remains clear, as it will focus on building up on its already taken curative actions in 2022.

LBFL will focus on ensuring that the Company has sufficiently resilient liquidity base to withstand any possible conflagration that might come its way in 2023. In light of this, the Company is also maintaining a liquidity buffer fund for 2.5 months. The Company will keep on emphasizing on diversifying its liability basket and opt for a deposit-led growth keeping the inflationary pressures under consideration. It aims to penetrate the market with wider geographic reach by emphasizing more on CMSME led growth. The Company also believes that it has the strength to lead a retail portfolio growth as well. The Company will also ensure to focus on increasing its refinancing growth.

Again LBFL will continue to put forth efforts in transforming the Company digitally and provide quality customer care via digital channels and focus on simplifying transactions. Continuous efforts, despite the fluid and frail economic condition, will be given in improving the Company's asset quality and ensuring better management of NPL. The Company will also focus on long term funding with reasonable rates.

Along with focus on bettering the financial and economic performance, LankaBangla will strive for the betterment of its people. It will provide opportunities for growth and self-development and create value for them, thus strengthening the Company's human resource.

LankaBangla will also build up on its social cause and opt to drive sustainable business practices. It will aim to focus on green and sustainable investments, as it believes to achieve a society that lives in harmony with the nature.

Appreciation

Even though the events of uncertainty are mounting up, there were multiple instances of the Company's customers being its pillar of strength. On that note, LankaBangla would like to extend its sincere gratitude to all LankaBangla's customers for their belief in the brand. It was also humbling to see the Company being backed up by its people in such dire times, and thus LBFL would like to thank its employees for coming and growing together. LankaBangla also values the support of its shareholders, investors and other relevant stakeholders who continued to stand by the Company. LankaBangla is motivated to keep its journey towards mutual growth and achievement, and is hopeful that it will be able to work together to weather any storm in the foreseeable future.

Thank you.



Khwaja Shahriar
Managing Director & CEO

Governance



Risk



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.

Corporate Structure

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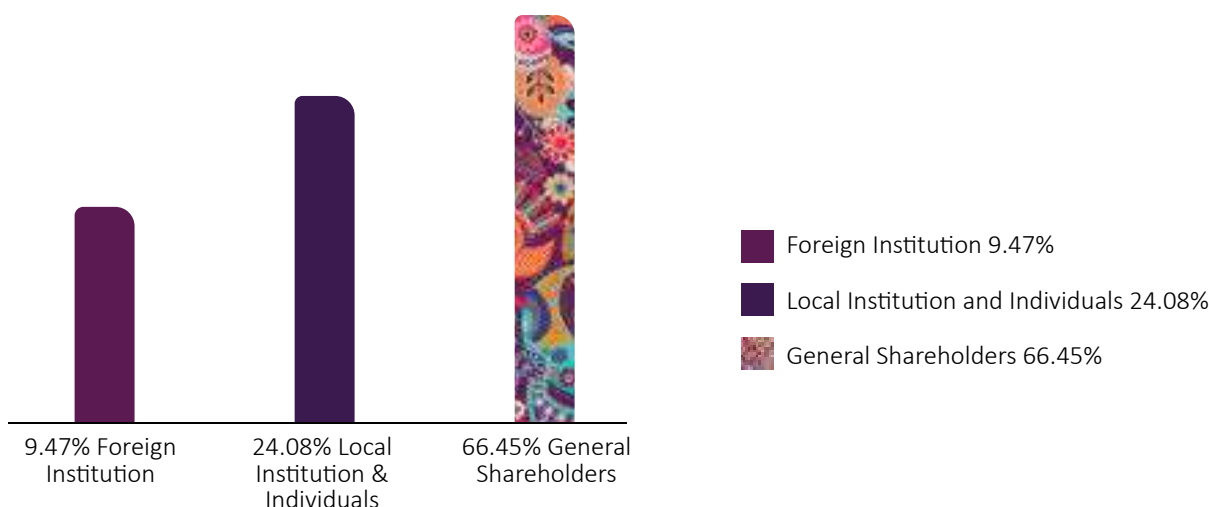
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SHAREHOLDING STRUCTURE

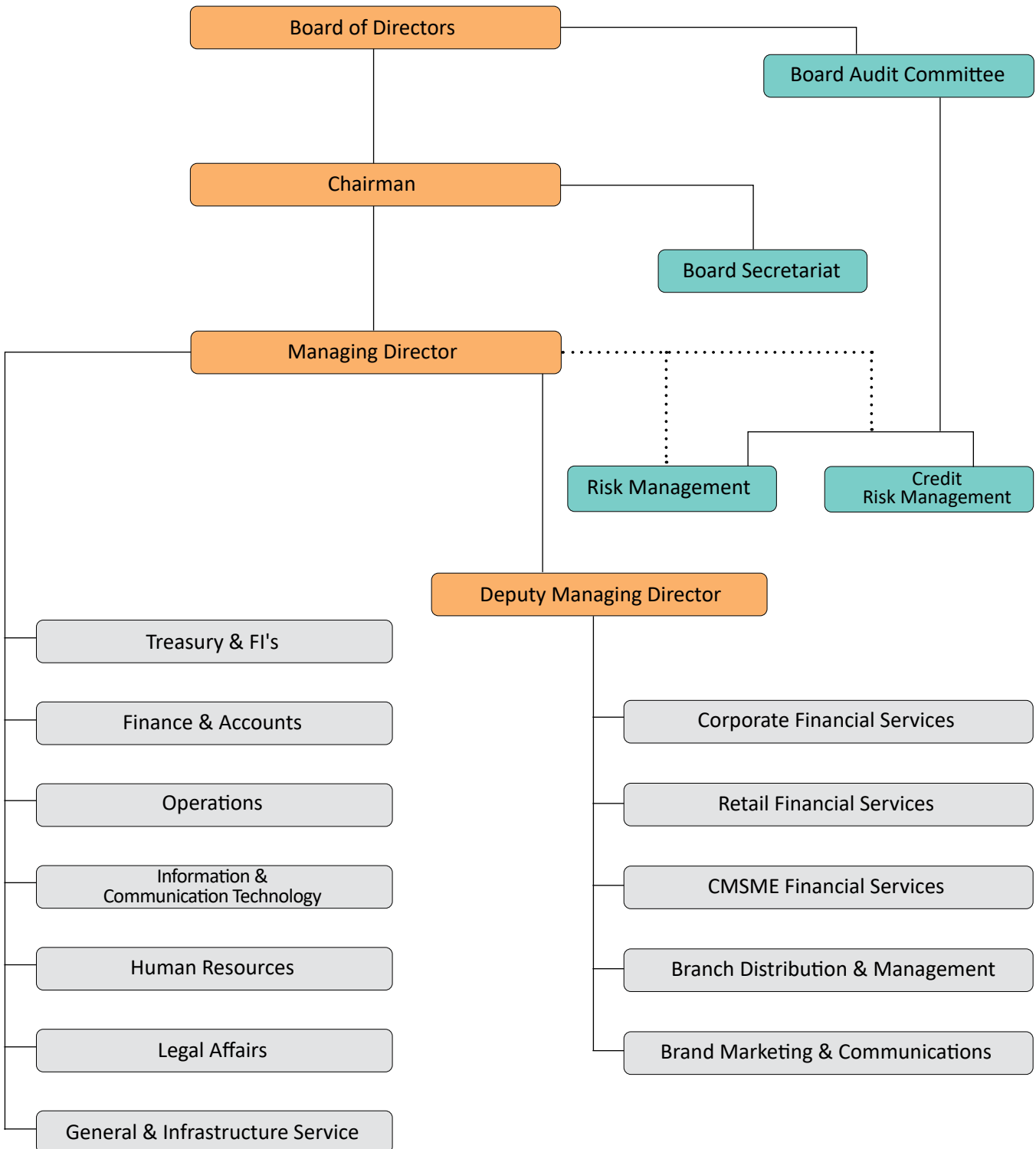
AS on 31 December 2022

Authorised Capital:	No. of Share	BDT
(Ordinary Shares of TK. 10.00 each)	1,000,000,000	10,000,000,000
Issued, Subscribed and Paid up Capital:	No. of Share	BDT
(Ordinary Shares of TK. 10.00 each)	538,838,623	5,388,386,230
Details of shareholding structure are as under:		
Sponsor and/or Director	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 Abdul 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	20,973,565	3.89%
Mrs. Jasmine Sultana	77,883	0.01%
Sub-Total	109,396,579	20.30%
Sponsor/Director Local	129,759,316	24.08%
Sponsor/Director Total	180,795,921	33.55%
General Shareholders	358,042,702	66.45%
Grand Total	538,838,623	100.00%



ORGANOGRAM OF LANKABANGLA FINANCE

GRI: 102-18



PROFILES OF THE DIRECTORS OF THE BOARD



MR. MOHAMMAD ABDUL MOYEEEN

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):	Tropica Garments Ltd, WAC Logistics Limited, Wings Ocean Freight Limited, Standard Paper Products Limited, Swift Logistics Services Limited, The M & M Limited, STS Capital Limited, SG Logistics (Pvt.) Limited, Wings Tours and Travels Limited, CLS Logistics Limited, Cross Freight Lines Limited, Orchid Aviation Limited, STS Holdings Limited, Global Aviation Services Limited, Wings Express Limited, Origin Solutions Limited, Freight Options Limited, BizBangla Media Limited, Bengal Meat Processing Industries Limited, Datafort Limited, Wings Aviation Limited, APS Logistics International Limited, Innoweb Limited, First Forwarding Limited, ANYESHAN Limited, Expo Holdings (BD) Limited, AVS Cargo Management Services Ltd., ZENOV BPO Ltd., LankaBangla Information System Limited, Aeroness International Ltd., Meat Products Limited, Bangal Meat Distribution Limited, Bengal Cattle Breeding & Fattening Farms Limited, Bengal Goat Breeding Farms Limited, Uniworld Logistics Limited, Air Line Cargo Resources Ltd., LankaBangla Investments Limited, LankaBangla Securities Limited, Air Lines Services Ltd., Allied Aviation Bangladesh Limited, Arrow Aviation Limited, Cargo Center Limited, Colloid Enterprises Limited, Expo Express Services Limited, Expo Freight Limited, InfoSapex Limited, Joules Power Limited, Technaf Solartech Energy Limited, Voytech Limited, Wings Spence Aviation Limited, Wings Travels Limited, Forseti Logistics Ltd., Sigma Powertech Limited



MR. I. W. SENANAYAKE

Director (Representing Sampath Bank PLC)

Nationality:	Sri Lankan
Board Committee(s):	Member of Board Audit Committee
Academic / Professional Qualification(s):	Graduate 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):	Expolanka Bangladesh Limited, Allied Aviation (BD) Limited, BizBangla Media Limited, Bengal Meat Processing Industries Limited, Expo Freight Limited, Freight Care Aviation Services Limited, Global Aviation Services Limited, LankaBangla Securities Limited, Standard Paper Products Limited, SG Logistics (Pvt.) Limited, Bollore Logistics (BD) Limited, The M & M Limited, Tropica Garments Limited, Voyager Aviation Services Limited, WAC Logistics Limited, Wings Ocean Freight Limited, Wings Spence Aviation Limited, Aramex Dhaka Limited, Cross Freight Limited, Cargo Center Limited, Innoweb Limited, ANYESHAN Limited, Expo Holdings (BD) Limited, Aristeus Agriculture Limited, Masco International Limited, Orchid Aviation Limited, Arrow Aviation Limited, Schenker Logistics Bangladesh Limited, LankaBangla Information System Limited, Good Alliances Services Ltd., Aeroness International, Freight Concept Bangladesh Ltd., Air Line Cargo Resources Ltd., Air Lines Services Ltd., Bay Cargo Centre Limited, Colloid Enterprises Limited, Cross Freight Lines Limited, Expo Express Services Ltd., Joules Power Limited, Technaf Solartech Energy Limited, Voytech Limited, Wings Travels Limited, Wings Express Limited, InfoSapex Limited

MR. MD. FAKHRUL ALAM

Independent Director



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):	Independent Director of LankaBangla Securities Limited, LankaBangla Investments Limited and LankaBangla Asset Management Company Limited.

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 Abdul Moyeen	Chairman	Chairman
2	Mr. Mahbubul Anam	Director	Member
3	Mr. Md. Fakhru Alam	Independent Director	Member
4	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. Mahbubul Anam	Director	Member
3	Mr. I. W. Senanayake (Representing Sampath Bank PLC)	Director	Member
4	Mr. Nanda Fernando (Representing Sampath Bank PLC)	Director	Member
5	Mr. Md. Fakhru Alam	Independent 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 CMSME 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 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

Head of Operations

Mr. A. K. M. Kamruzzaman, FCMA, is working as the Senior Executive Vice President & Head of Operations Division, with the responsibility to supervise and oversee Asset Operations, Card Operations, Liability Operations, Treasury Operations, Asset Accounts Maintenance, Closing & Clearance, Information, Documents & Insurance Management, Transactions Management, MIS & Regulatory Reporting and Special Asset Management (SAM). During his long twenty 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 Operations, 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 and earlier was a Nominated Director in the Board of MIDAS Financing 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).

Mr. Kamruzzaman was an elected Member of the National Council during 2020-2022 and Secretary and Treasurer in 2022 and 2021 respectively of the Institute of Cost & Management accountants of Bangladesh (ICMAB). He was 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. He has presented many keynotes in various local and international seminars and conferences.

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, CMSME 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 20 years of financial services experience and held various senior management positions in credit & investment, corporate finance, retail finance, CMSME 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 is Associate Member of Institute of Financial Accountants (IFA), UK and Member of Institute of Public Accountants (IPA), Australia.

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 13 years. Since April 2013, he has been working 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 CMSME Financial Services

Md. Kamruzzaman Khan, Executive Vice President, joined LankaBangla Finance Limited as a Head of CMSME Financial Services Division in 2013. Mr. Khan has over 20 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.



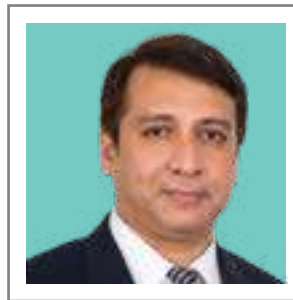
MOHAMMAD HAFIZ AL AHAD

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.



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, CMSME 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.



SHEIK MOHAMMAD FUAD

Head of ICT

Sheik Mohammad Fuad, Senior Vice President of LankaBangla Finance Limited, has been serving current role as Head of Information and Communication Technology (ICT) Division since 2011. He is responsible for the overall technology strategy and direction of the company. With over 23 years of experience in the technology industry, he has a proven track record of success in leading teams to develop and implement innovative solutions that drive business growth.

As the Head of the ICT Division, Mr. Fuad leads a team of engineers and developers in designing, developing, and implementing new technology solutions that meet the needs of the organization and its customers. He plays a key role in the organization's efforts to achieve ISO 27001:2013 and PCI DSS certifications.

Mr. Fuad holds a Bachelor's degree in Science from the National University of Bangladesh and an International Diploma in Computer Studies from NCC (UK) which he obtained in 1998. Additionally, he holds professional certifications such as CDCP, CPISI, COBIT®5, PRINCE2® & ITIL.



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 13 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 Shoab**
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

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.

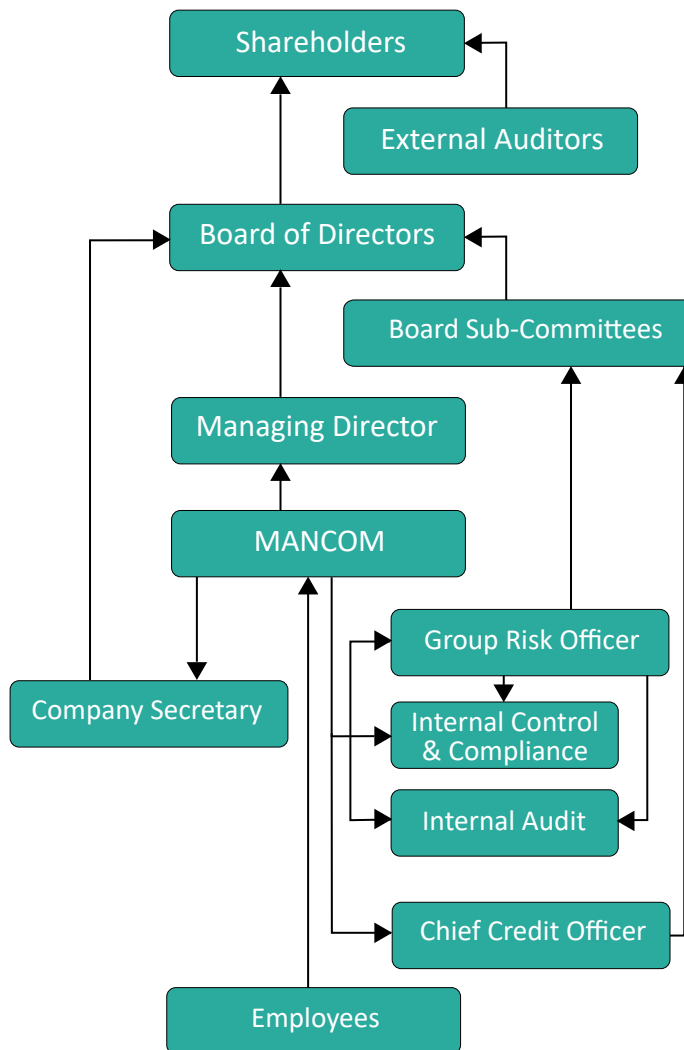
The following Acts, Regulations and Circulars have been used:

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/CMRRC/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 2022

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, CMSME 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 include 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
- 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 93 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

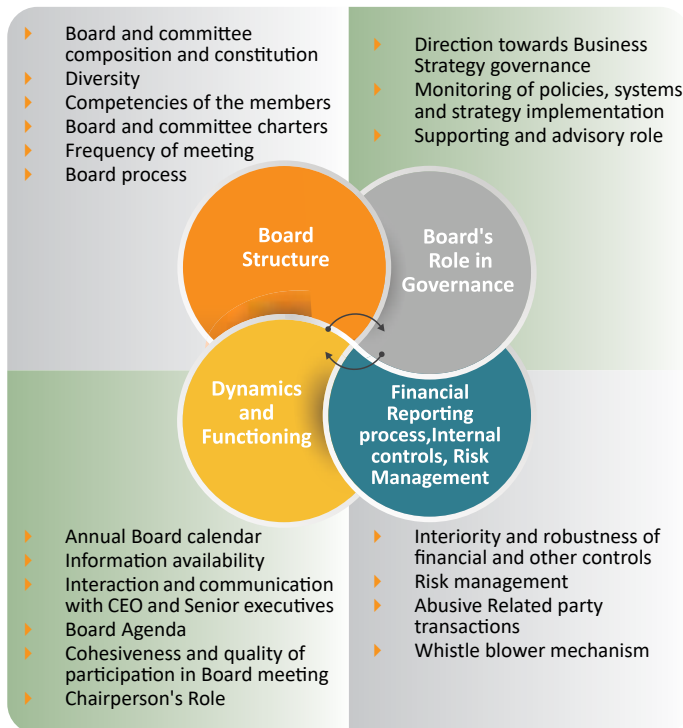
6.7.2 The Managing Director's responsibilities include

- 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 93 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 102 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 99. Quantifiable information about Human resources and Human Capital is portrayed in detail on page 198 Human Resource Accounting and page 193 Human Capital.

Organizational Chart is given on page 53.

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 128 to 146.

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 2 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 189 of this Annual Integrated Report.

8. Board and Board Committees

8.1 Board

8.1.1 Members and 2022 Meeting Attendances

Members and 2022 Meeting Attendances

Sl. No.	Name	Position	Appointment Date	No. of meeting held	Entitlement to attend	Attended
1	Mr. Mohammad Abdul Moyeen	Chairman	November 5, 1996	6	6	6
2	Mr. I. W. Senanayake (Representing Sampath Bank PLC)	Director	November 27, 2008	6	6	3
3	Mr. Nanda Fernando (Representing Sampath Bank PLC)	Director	February 13, 2018	6	6	5
4	Mr. B. W. Kundanmal (Alternate of Mrs. Aneesha Mahial Kundanmal)	Alternate Director	November 5, 1996	6	6	3
5	Mr. Mahbubul Anam	Director	November 5, 1996	6	6	4
6	Mr. Dr. M. Mahbubul Huque (Alternate of Mr. Tahsinul Huque)	Alternate Director	November 5, 1996	6	6	6
7	Mrs. Zaitun Sayef	Independent Director	September 7, 2020	6	6	6
8	Mr. M. Fakhurul Alam	Independent Director	April 11, 2022	6	5	5

Notes:

- Directors who could not attend meetings were granted leave of absence by the Board.
- The Board in its 136th meeting held on 11 April 2022 has appointed Mr. Md. Fakhurul Alam as an Independent Director of the Company.

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 53 Of this Report.

8.2.2 Members and 2022 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	1	1
3	Mr. I. W. Senanayake (Representing Sampath Bank PLC)	Member	4	4	4
4	Mr. Mahbubul Anam	Member	4	4	4
5	Mr. M. Fakhru Alam (Independent Director)	Member	4	4	4

Notes:

- Directors who could not attend meetings were granted leave of absence by the Board.
- The Board in its 136th meeting held on 11 April 2022 has appointed Mr. Md. Fakhru Alam as an Independent Director of the Company.

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 2022

- 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 95.

8.3 Executive Committee

8.3.1 Members and 2022 Meeting Attendances

Sl. No.	Name	Position	No. of meeting held	Entitlement to attend	Attended
1	Mr. Mohammad Abdul Moyeen	Chairman	6	6	6
2	Mr. Mahbubul Anam	Member	6	6	6
3	Mr. M. Fakhru Alam (Independent Director)	Member	6	4	4
4	Mrs. Zaitun Sayef (Independent Director)	Member	6	6	6

Notes:

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

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 2022

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 2022 is given in the note 42(h) of the Financial Statements

DECLARATION ON FINANCIAL STATEMENTS OF MD & CFO

Annexure-A

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

April 27, 2023

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, 2022

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, 2022 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 & CEO



Shamim Al Mamun, FCA
Chief Financial Officer

CERTIFICATION ON COMPLIANCE OF THE CORPORATE GOVERNANCE CODE

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, 2022. 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.

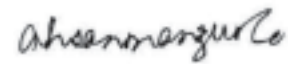
Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

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: 27 April 2023



Ahsan Manzur & Co.
Chartered Accountants



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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(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 (NBFI); 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);	√		



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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;	√		
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	√		



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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.	√		



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Condition No.	Title	Compliance Status		Remarks
		Complied	Not complied	
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
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	√		



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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;	√		



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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)	<p>Reporting to the Authorities:</p> <p>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.</p>			N/A
5(7)	<p>Reporting to the Shareholders and General Investors: -</p> <p>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.</p>			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;			



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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.	√		



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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



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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 polices and guidelines. However, Departmental/Unit heads may sign daily letters/statements as set out in DFIM circular no. 2 dated 06 January 2009 if so authorized by MD.	Complied

COMPLIANCE REPORT ON BSEC'S NOTIFICATION

1.Compliance of section 1.5 (xxii)

Board of Directors meeting held during the year 2022 and attendance by each Director:

Sl. No.	Composition of the Board		No. of meetingheld	Entitlement to attend	Attended
	Name	Position			
1	Mr. Mohammad Abdul Moyeen	Chairman	6	6	6
2	Mr. I. W. Senanayake(Representing Sampath Bank PLC)	Director	6	6	3
3	Mr. Nanda Fernando (Representing Sampath Bank PLC)	Director	6	6	5
4	Mr. B. W. Kundanmal (Alternate of Mrs. Aneesha Mahial Kundanmal)	Alternate Director	6	6	3
5	Mr. Mahbubul Anam	Director	6	6	4
6	Dr. M. Mahbubul Huque (Alternate of Mr. Tahsinul Huque)	Alternate Director	6	6	6
7	Mr. Md. Fakhru Alam	Independent Director	6	5	5
8	Mrs. Zaitun Sayef	Independent Director	6	6	6

Notes:

- ▶ Directors who could not attend meetings were granted leave of absence by the Board.
- ▶ The Board in its 136th meeting held on 11 April 2022 has appointed Mr. Md. Fakhru Alam as an Independent Director of the Company.

Board of Executive Committee meeting held during the year 2022 and attendance by each Director:

Sl. No.	Composition of the Committee		No. of meeting held	Entitlement to attend	Attended
	Name	Position			
1	Mr. Mohammad Abdul Moyeen	Chairman	6	6	6
2	Mr. Mahbubul Anam	Member	6	6	6
3	Mr. M. Fakhru Alam (Independent Director)	Member	6	4	4
4	Mrs. Zaitun Sayef (Independent Director)	Member	6	6	6

Notes:

- ▶ Directors who could not attend meetings were granted leave of absence by the Board.
- ▶ The Board in its 136th meeting held on 11 April 2022 has appointed Mr. Md. Fakhru Alam as an Independent Director of the Company.

Board of Audit Committee meeting held during the year 2022 and attendance by each Director:

Sl. No.	Composition of the Committee		No. of meetingheld	Entitlement to attend	Attended
	Name	Position			
1	Mrs. Zaitun Sayef (Independent Director)	Chairperson	4	4	4
2	Mr. I. W. Senanayake (Representing Sampath Bank PLC)	Member	4	4	4
3	Mr. Nanda Fernando (Representing Sampath Bank PLC)	Member	4	1	1
4	Mr. Md. Fakhru Alam (Independent Director)	Member	4	4	4
5	Mr. Mahbubul Anam	Member	4	4	4

Notes:

- ▶ Directors who could not attend meetings were granted leave of absence by the Board.
- ▶ The Board in its 136th meeting held on 11 April 2022 has appointed Mr. Md. Fakhru Alam as an Independent Director of the Company.

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 Abdul Moyeen	Chairman	22,842,546
2	Mr. I.W. Senanayake	Representative of Sampath Bank PLC	51,036,605
3	Mr. Nanda Fernando		
4	ONE Bank Limited	Corporate Director	20,362,737
5	Mr. Mahbubul Anam	Director	23,998,741
6	Mrs. Aneesha 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	Mr. Md. Fakhru Alam	Independent Director	Nil
9	Mrs. Zaitun Sayef	Independent Director	Nil
10	Mr. Khwaja Shahriar	Managing Director & CEO	Nil
11	Mr. Mostafa Kamal FCA	Company Secretary	Nil
12	Mr. Mohammed Kamrul Hasan FCA	Head of Internal Audit	Nil
13	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 Shoib	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 234.

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 2022, 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 2022; 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 252 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 2022, 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 95 to 97. 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 94 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 234.

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, 27 April 2023

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 95 to 97
- ▶ 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 Abdul Moyeen

Chairman

Dhaka, 27 April 2023

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, Independent Director
- Mr. I. W. Senanayake
- Mr. Nanda Fernando

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 54 to 58.

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/CMRRCD/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 NBFIs 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 71. 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 2022:

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 of 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 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/CMRRCD/2006-158/207/ Admin/80, dated; 03 June 2018 Corporate Governance for Licensed Financial Institutions in Bangladesh, Annual Corporate Governance Report for 2022 is provided on pages from 66 to 73. 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 75 to 92.

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 2022, 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.



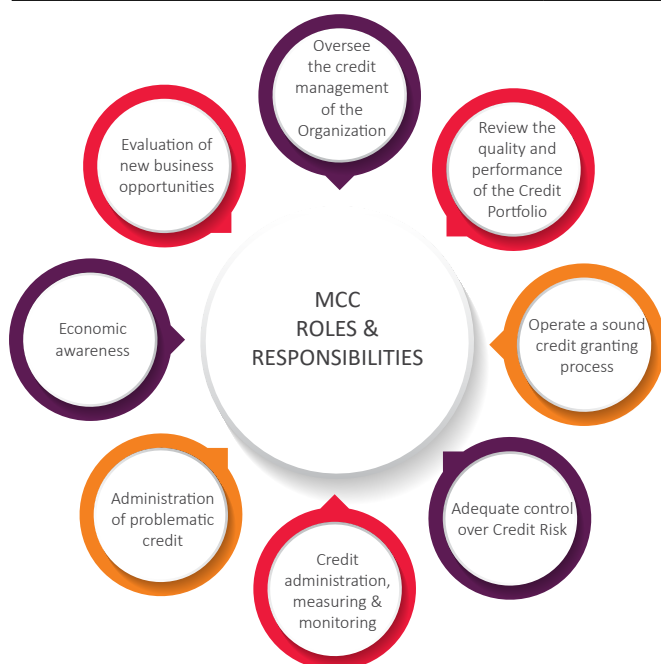
Zaitun Sayef
Chairman – Audit Committee
Dhaka, 11 April 2023

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, FCMA	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 Shoab	Head of Corporate Financial Services	Member
7	Md. Kamruzzaman Khan	Head of CMSME Financial Services	Member



Duties and responsibilities:

The purpose of the Committee is to oversee the credit and lending decisions and formulating management guidelines and strategies in this respect. This includes:

- Overseeing the credit management, including reviewing internal Credit Policies/PPGs, Delegation of Credit Approval authority and establishing portfolio limits
- Recommending credit related proposals to the Board Executive Committee/Board for approval
- 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:

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
- Scrutinize periodic portfolio reviews or sector/industry reviews, where deemed appropriate

Maintain adequate controls over credit risk

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

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

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

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
- 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 potential 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. No.	Name	Role
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 the power to examine, evaluate and recommend to the Board of Directors 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 Resources. 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 the management level are also considered and approved based on proposals submitted by the Head of Human Resources 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. After passing two years of the 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 into below segments:

- ▶ **Employee Development:** We consider our human resources as our assets. For the development of our asset, we provide various in-house, external training. In 2022, although most of the training institutions were closed or operating virtually, considering the situation after the pandemic, we have provided 46 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 meetings twice in a year for our employees and the best performers are also rewarded by our honorable Chairman and Managing Director. Crest, gift hampers, cash incentives 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 the above, we run several campaigns for both assets and liability products throughout the year.

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

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

- ▶ **Developing e-learning modules:** To ensure a learning culture in the organization, HR has developed 10 e-learning modules with zero cost for its employees in 2021 & in 2022 we have added one more module in e-learning. We ensured 1,678 hours of training through e-learning in the year under review. We also ensured 6,662 hours of training to our employees through our internal resources to enhance the skills of our employees to combat the challenges of the coming days. In 2022, we have provide 15,273 hours of training to our employees in different modes

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.

A key aspect of LankaBangla's hiring strategy is to ensure a steady pipeline of junior talent, including permanent hires and investment. In 2022, we have absorbed 92 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 has 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 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. Given 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

LankaBangla Finance Limited is committed to providing the best possible working conditions for its employees and associated members. LankaBangla 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.

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

11. Whistleblowing

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 includes combating abuse of power or corruption but also conforming to standards in service delivery. In line with this commitment and to enhance good governance and transparency, the main objective of the 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 2022 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 255 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 93 and 94. 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 234 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 95 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

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 NBFi 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 embodied 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.

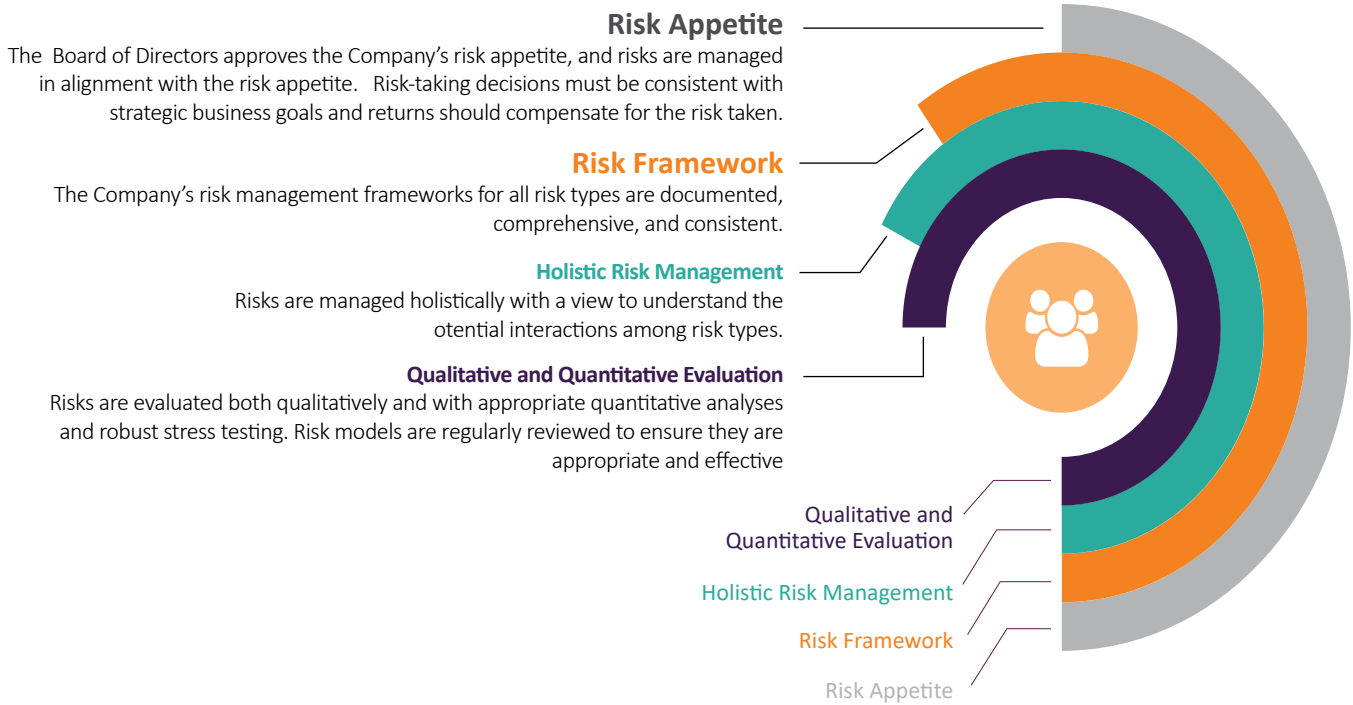
Compliance with our Code of Conduct and Ethics is monitored by Internal Audit, who ensures processes are in place to appropriately investigate alleged breaches of the Code. We also conduct annual testing of the controls that support our Code of Conduct and Ethics, which forms part of our financial reporting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

STATEMENT OF RISK MANAGEMENT

GRI: 102-11

1. Introduction

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.

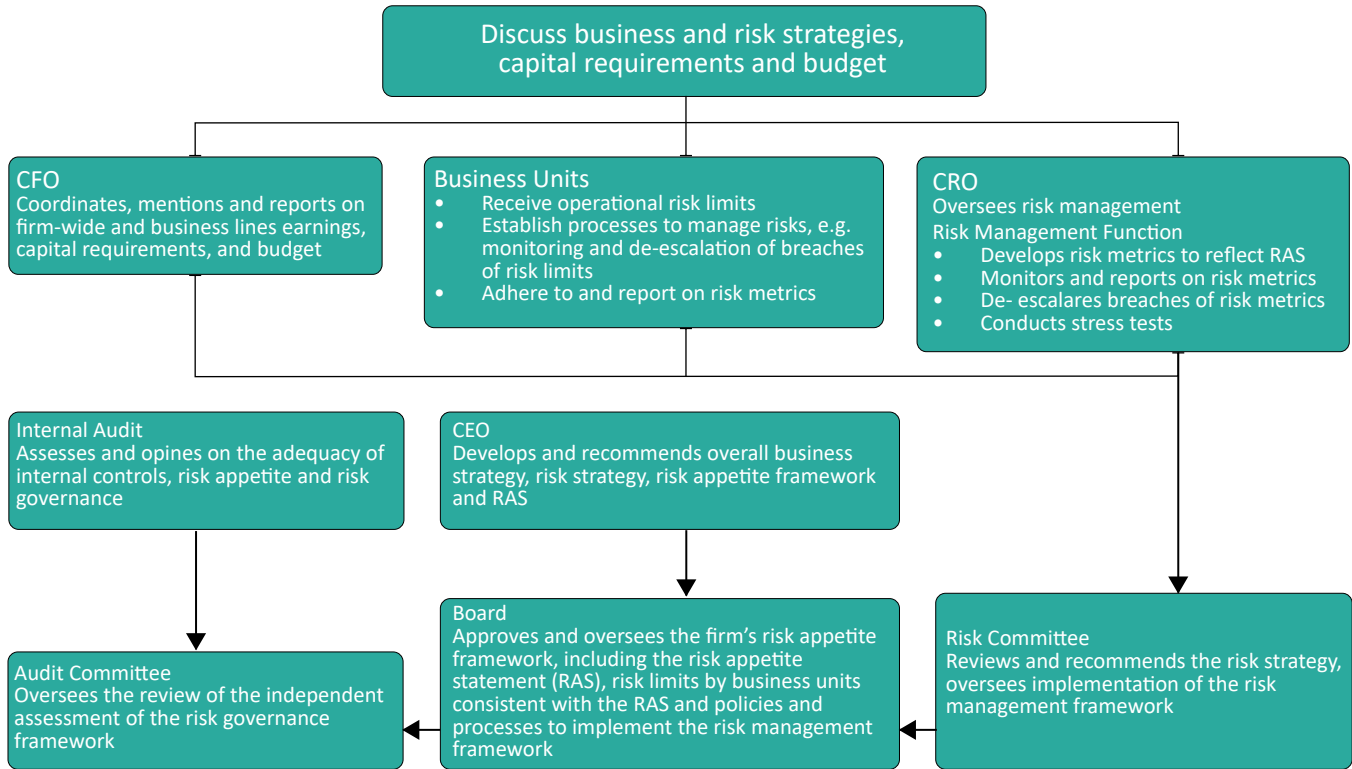


2. Risk Management in LankaBangla

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



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.

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 risktaking and risk control units are represented on these committees, emphasizing shared risk management responsibilities. LBFL Internal Audit conducts regular independent reviews of loan portfolios and business processes to ensure compliance with the Company’s risk management frameworks, policies, processes, and methodologies.

BASEL-II

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

framework provides a stronger linkage between capital requirements and the level of risks undertaken by 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.

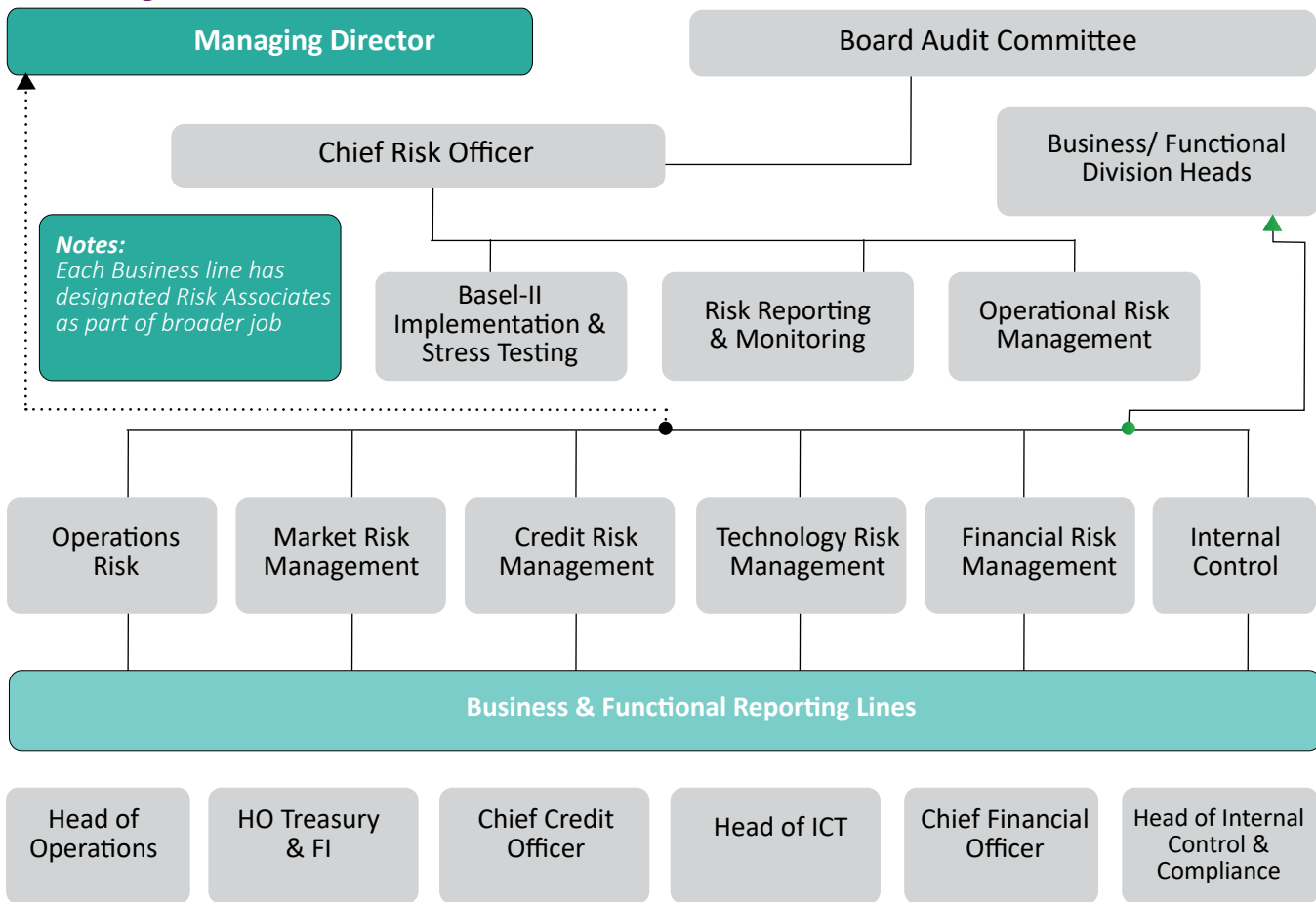
Stress Testing

As a part of risk management unit we prepare stress testing report at each quarter to check out four major shocks (interest rate risk, credit risk, equity price risk, liquidity risk) under different magnitude level to ensure optimum allocation of capital across its risk profile. The Company has adopted the standardized approaches for market risk and operational risk. Market risk-weighted assets are marked to market and are risk weighted according to the instrument category, maturity period, credit quality grade, and other factors. Operational risk-weighted assets are derived by applying specified beta factors or percentages to the annual gross income for the prescribed business lines in accordance with regulatory guidelines. Initiatives are in place to move toward Internal Model Approach for market risk.

Capital adequacy assessments and Plans, incorporating stress test results, are submitted quarterly to Bangladesh Bank. Implementing the BASEL-II framework is an integral part of our efforts to refine and strengthen, as well as to ensure our management of risks is appropriate for the risks we undertake. Company management remains vigilant to ongoing industry and regulatory developments, including risk-adjusted compensation and new standards established in the BASEL-II Framework published in December 2010. We

are constantly reviewing to further improve and refine our businesses and risk management capabilities as well as engaging in dialogue with industry peers and regulators to position ourselves for the far reaching consequences of these reforms.

Risk Management Structure



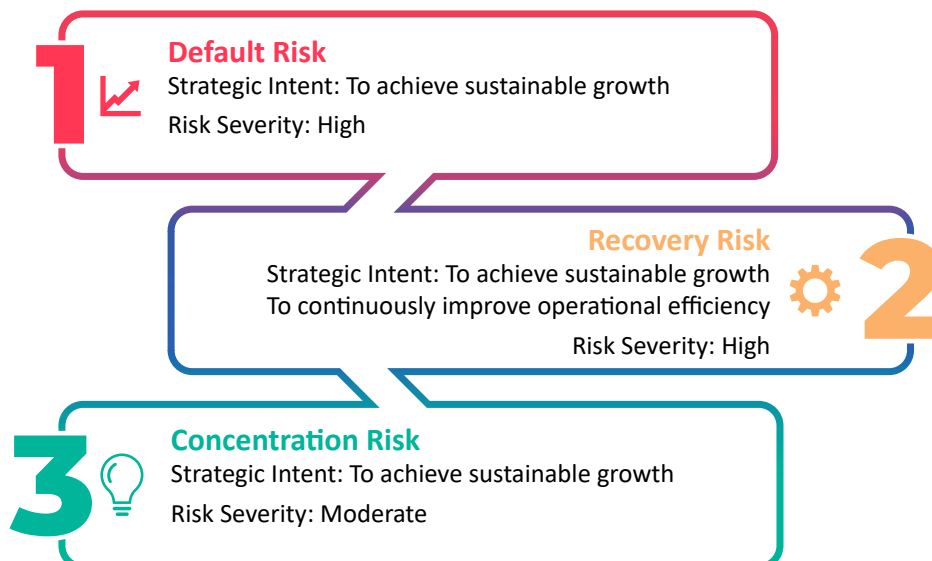
Risk Types and Our Strategic Responses

This section will outline how LankaBangla Finance Limited identify, assess, and manage risks that could potentially affect its operations, finances, or reputation. The goal of a Risk Management Strategy is to minimize the impact of risks and to ensure that the whole organization can continue to operate effectively in a rapidly changing environment.

1. Credit Risk

Risk Severity: High

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.



Credit 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.

Highlights in 2022

Particulars	Amount (in BDT mn)	NPL Portfolio (in BDT mn)	NPL % of Sector wise Portfolio
Trade & Commerce	11,758.94	1,141.09	9.70%
Industry		-	
A. Garments & Knitwear	2,363.32	22.73	0.96%
B. Textiles	1,948.91	183.86	9.43%
C. Food Production, Processing & Rice Mills	5,224.60	74.30	1.42%
D. Jute & Jute products	121.19	108.87	89.83%
E. Plastic & Rubber Industry	1,303.19	2.96	0.23%
F. Leather & Leather goods	288.16	1.77	0.61%
G. Iron, Steel & Engineering	2,059.87	89.54	4.35%
H. Pharmaceuticals & Chemicals	1,355.01	-	0.00%
I. Cement & Allied Industry	1,711.81	460.07	26.88%
J. Paper, Packaging, Printing, Publishing & Allied Industry	512.71	29.25	5.71%
K. Wood, Furniture & Fixture	151.13	12.83	8.49%
L. Glass, Glassware & Ceramic Industry	1.28	-	0.00%
M. Ship Manufacturing & Breaking	-	-	
N. Electronics & Electrical Products	1,425.13	5.49	0.38%
O. Power, Gas, Petroleum, Water & Sanitary	597.15	341.53	57.19%
P. Transport & Aviation	2,244.74	42.11	1.88%
Q. Others	-	-	
Agriculture		-	
A. Crops	-	-	
B. Forestry	0.88	-	0.00%
C. Poultry & Livestock	342.65	3.81	1.11%
D. Fisheries	4.73	-	
E. Others (Cold Storage, Biofuel, Seed, Feed, Agri-related Other Institutions & Services)	863.39	7.00	0.81%
Mining & Quarrying	5.59	-	0.00%
Housing		-	
A. Individual/Retail Housing	8,181.28	376.09	4.60%
B. Project/Commercial Housing	-	-	
Financial Corporation		-	
A. Bank	-	-	
B. Financial Institution	-	-	
C. Insurance Company	1.00	-	0.00%
D. NGO	2,152.66	-	0.00%
E. Audit & Accounting Firm	11.63	-	0.00%
F. Credit Rating Agency	-	-	
G. Merchant Banking	-	-	

Particulars	Amount (in BDT mn)	NPL Portfolio (in BDT mn)	NPL % of Sector wise Portfolio
i. Loans to Own Subsidiaries	1,576.68	-	0.00%
ii. Loans to Other FI/Bank Subsidiaries	-	-	
iii. Loans to Brokerage House	375.34	-	0.00%
H. Other Financial Auxiliaries	-	-	0.00%
Service		-	
A. Education, Career & Training (Institutional), Consultancy Supervisory	251.41	-	0.00%
B. Tourism, Hospitality & Logistics	1,034.99	124.50	12.03%
C. Health Sector	388.26	31.16	8.03%
D. Media, Advertising & Event Management	92.95	12.07	12.98%
E. Beautification & Gym	5.23	-	0.00%
F. Tailoring & Laundry	13.07	2.14	16.39%
G. Private Survey Institution	-	-	
H. Restaurant Service, Catering & Online Food Supplier	61.46	2.85	4.64%
I. Telecommunication & Information Technology	1,127.93	5.25	0.47%
J. Others	1,328.72	18.68	1.41%
Consumer Finance		-	
A. Personal Loan	1,956.24	467.79	23.91%
B. Auto Loan	2,741.64	142.46	5.20%
C. Employee/Staff Loan	433.77	1.69	0.39%
D. Credit Card	4,786.39	710.66	14.85%
E. Loan Against Deposit	526.15	5.27	1.00%
Others	-	-	
Total	61,331.19	4,427.82	7.22%

Ten Large Credit as a % of Total Exposure

	2022	2021
Ten large credit as a % of exposure	10.80%	12.56%
Ten large credit	6624	7,384
Total exposure	61331.18	58,775.03

Classification Status of Loans and Advances

	2022	2021
Performing Loans	56,903.37	54,916.02
Unclassified	53,965.61	53,993.61
SMA	2,937.76	922.40
Non-Performing Loans	4,427.82	3,859.02
SS	779.72	417.21
DF	575.69	818.66
BL	3,072.41	2,623.15
Total Outstanding	61,331.19	58,775.03

Risk Mitigation Strategy

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.

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.

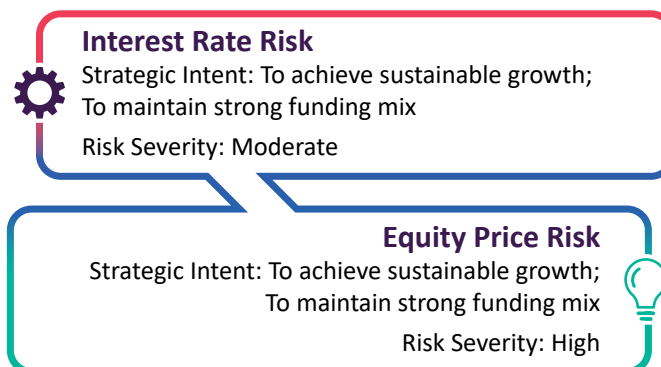
Outlook:

Enhancing assessment quality and increasing process efficiency through automation will be critical to long-term funding. As a result, LBFL CRM plans to introduce comprehensive risk management systems that will integrate facility development, risk assessment, mitigation, and monitoring under a single canopy.

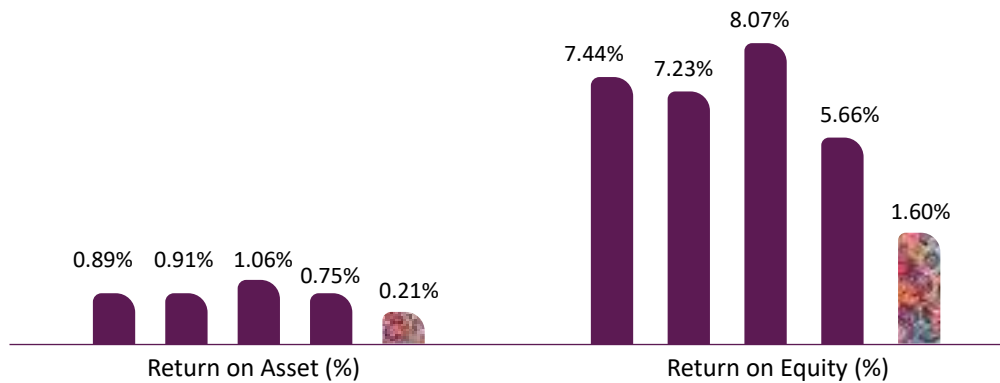
2. Market Risk

Risk Severity: High

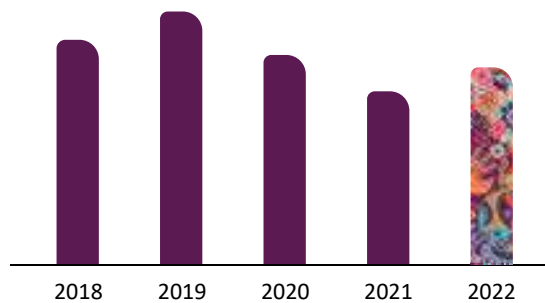
LBFL defines market risk as the risks taken in relation to price fluctuations in the financial markets. Several types of risks may arise and LBFL manages and monitors these risks carefully. The risk of exchange rate movements does not impact LBFL directly because as a NBFI, LBFL cannot deal with foreign currency.



Highlights in 2022



Changes in Net Interest Income



Risk Mitigation Strategy

- 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
- The Company’s accounting policies ensure that we reflect share investments at fair value recognising any realised gains/losses through the profit and loss


Outlook:

Going forward, interest rate risk measurement techniques will be improved further. Additionally, improvement in ROA will be given priority as portfolio starts to mature. Furthermore, ROE will be maintained in the event of additional cash inflow. Our vigilance will continue to tackle the equity price risk.


3. Liquidity Risk

Risk Severity: High

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. ALCO being the overall supervisory in managing liquidity risk of LBFL meets monthly to oversee adequacy of overall liquidity aspects from other obligations.



Funding Liquidity Risk
 Strategic Intent: To achieve sustainable growth; To maintain strong funding mix
 Risk Severity: High



Market Liquidity Risk
 Strategic Intent: To achieve sustainable growth; To maintain strong funding mix
 Risk Severity: High

Highlights in 2022

ALM Ratio	Recommended by Bangladesh Bank	Recommended by ALCO	Maintained
(YES/NO)			
CRR	Minimum 1.50%	Minimum 1.50%	YES
SLR	Minimum 5.00%	Minimum 5.00%	YES
Loan to fund ratio	<95%	<95%	YES
GAP (%)			
1 Month	Maximum (15%)	Maximum (15%)	YES
2 Month	Maximum (15%)	Maximum (15%)	YES
3 Month	Maximum (15%)	Maximum (15%)	YES

Risk Mitigation Strategy

- Minimizing maturity gap between assets and liability
- Resorting to an array of diversified funding sources in addition to its core deposit mobilisation business
- Monitoring funding position daily
- Maintaining strong line of credit with banks and making short term investments with high rated Banks and FIs
- Continuous effort to reduce bank dependency
- Keeping adequate Tier-I and Tier-II capital beyond the Bangladesh Bank’s requirement
- Maintaining 2-3 months buffer fund for addressing liquidity shortfalls in emergency situations

Outlook:

Liability growth will be one of the key areas of concentration going forward. Special emphasis on retail and CMSME deposits will be given. Efforts will also be made towards increasing the proportion of long term funds in funding baskets. More funding opportunities from refinancing schemes of Bangladesh Bank will be explored.

4. Operational Risk

Risk Severity: Moderate

Operational risk could arise from inadequate or failed internal processes, people and systems or risks arising from external events, leading to financial losses.

Risk Mitigation Strategy



People Risk
 Strategic Intent: To achieve sustainable growth; To attract, retain and develop talented employees
 Risk Severity: Moderate

Process Risk
 Strategic Intent: To achieve sustainable growth; To improve operational efficiency
 Risk Severity: Moderate

System Risk
 Strategic Intent: To achieve sustainable growth; To improve operational efficiency
 Risk Severity: High

External Risk
 Strategic Intent: To achieve sustainable growth
 Risk Severity: High

- 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.
- 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
- Multiple telecommunication channels in place and effect
- Business continuity planning (BCP) and disaster recovery planning (DRP)
- Whistleblowing policies and reporting procedures

Outlook:

Ensuring effective and integrated operational risk management procedures is LBFL’s continued focus. The Company strives to build a network of systems throughout the company to facilitate the collection of data for analyzing and assessing its operational risk exposure.

5. Strategic Risk

Risk Severity: High

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.

Positioning Risk

Strategic Intent: To achieve sustainable growth; To maintain strong funding mix; To attract, retain and develop talented employees; To continuously improve operational efficiency; To advance our social cause

Risk Severity: High

Implementation Risk

Strategic Intent: To achieve sustainable growth; To maintain strong funding mix; To attract, retain and develop talented employees; To continuously improve operational efficiency; To advance our social cause

Risk Severity: High

Highlights in 2022

- Performance against the market as well as major competitors were regularly monitored to identify any performance gap
- Some key employees were promoted to take on additional responsibilities and to drive key strategic priorities
- Risk Mitigation Strategy
- Performance against the strategic plan, competitors, and industry is tracked on a regular basis to ensure that the company is adequately aligned and updated
- Integrated planning across the Company, along with discussion and engagement with all the relevant parties at the planning stage of essential projects are done
- Setting KPIs at branch, department, divisional and organizational levels, and aligning and updating strategies based on changes of factors
- Ensuring person-fit role through robust recruitment, retention, training and development processes

Outlook:

Going forward, improving decision accuracy and speed by improving research, increasing the quantity of reports, expanding automation to improve coverage of business intricacies, timeliness, and early detection of budget deviations will be prioritized.

6. ICT Risk

Risk Severity: High

Risks arising due to system breakdown, business continuity, information security.

Highlights in 2022

Funding Liquidity Risk

Strategic Intent: To achieve sustainable growth; To continuously improve operational efficiency

Risk Severity: Moderate

Information Security Risk

Strategic Intent: To achieve sustainable growth; To continuously improve operational efficiency

Risk Severity: High

Business Continuity Risk

Strategic Intent: To achieve sustainable growth; To continuously improve operational efficiency

Risk Severity: High

- New website launched in July 2022
- Alternative payment and channel facilities for its clients
- Digital financial services agreement between LBFL and Dana Fintech
- Risk Mitigation Strategy
- Firewall, End Point Security, System and Network Security Control, Encryption, Multi-factor Authentication, Vulnerability Assessment etc. are done to ensure that the system is up and running.
- Adequate awareness and training for users and IT personnel.
- Compliance of policy, SOP and Periodic review of policy and procedure are ensured
- Limiting external email and web access
- Securing IT asset disposal
- Work from home (WFH) infrastructure, periodic business continuity plan (BCP) in effect

Outlook:

The Company plans to sustain strong risk culture through enhancing ICT risk framework, enforcing stringent rules, continuous assessment and monitoring progress.

7. Legal Risk

Risk Severity: High

LBFL deals in financial transactions with higher scrutiny in a highly regulated finance industry. 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.

Highlights in 2022



AML and CFT trainings provided to LBFL personnel:

	2019	2020	2021	2022
CFT (Combatting Finance in Terrorism)	4	2	2	1
Anti-Money Laundering (AML)	4	2	2	1

The Company also held 4 Know-Your-Customer (KYC) trainings in 2022 in the event of combatting this risk.

Risk Mitigation Strategy

- Aligning in-house policies and procedures with regulatory laws and regulations and integrating these policies into regular business and decision making
- Adequate employee training by type
- Appropriate AML/CFT policies and procedures, and Company structure and units to monitor and control the activities
- Due diligence for STR
- Transaction monitoring

Outlook:

Increased focus on effective operation of operational risk management key control standards.

8. Reputation Risk

Risk Severity: Moderate

We define reputational risk as the risk of possible damage to our brand and reputation, and the associated risk to earnings, capital or liquidity, arising from any association, action or inaction which could be perceived by stakeholders to be inappropriate, unethical or inconsistent with LBFL's values and beliefs.

Highlights in 2022

Reputation Risk

Strategic Intent: To achieve sustainable growth; To attract, retain and develop talented employees; Advance our social causes

Risk Severity: Moderate

No major events occurred in 2022 that resulted in negative media coverage. The Company was rather able to establish goodwill with its clients and engage with a wide range of customers, both virtually and physically via contact centers. Moreover, there were also no cases of dishonored cheque in as the last five years. So, there were no issues of loss in customer trust regarding financial stability due to being unable to settle customer claims. Information centers and sales centers have been set up which are more accessible for customers and will provide a greater opportunity for deposit sourcing.

Number of negative media coverage	0
Dishonored cheque	0
Customer Contact Centre	
Resolved	98.23%
Contact Centre Disputes	
Digital Engagement	
Facebook	5.5 Mn
LinkedIn	67,969

Risk Mitigation Strategy

- Strong board oversight on matters of strategy, policy, execution, and transparent reporting is vital to effective corporate governance, a powerful contributor to sustaining reputation
- We are investing to build our brand recognition which is vital to our market success
- Customer feedbacks are constructively taken to improve customer experience and complaints are seriously taken and acted upon to prevent any further negative consequences
- We have strong vigilance in maintaining internal control over financial reporting and in deploying effective disclosure controls and procedures to ensure reliable public reports

Outlook:

By focusing on building goodwill, engaging customers and managing and resolving potential issues, we plan to improve our reputational risk management.

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 2022 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 2022 of LBFL and its Subsidiaries along with separate audited financial statements for 2022 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 2022. 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	2022		2021	
	Solo	Consolidated	Solo	Consolidated
Fully paid up Capital	5,388	5,388	5,388	5,388
Statutory Reserve	2,085	2,085	2,050	2,050
Non-repayable share premium account	-	1,091		1,091
General reserve	-	47	-	51
Retained earnings	1,558	2,090	1,954	2,085
Minority interest in subsidiaries	-	208		195
Capital Reserve	-	86		14
Less: Book value of Goodwill	-	-	-	-
Tier 1 Capital	9,032	10,996	9,278	10,874
Tier 2 Capital	2,153	1,787	2,490	2,251
Total Eligible Capital	11,185	12,783	11,768	13,125

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 2022. 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	2022		2021	
	Solo	Consolidated	Solo	Consolidated
Capital requirement for Credit Risk	6,110	5,496	5,907	5,425
Capital requirement for Market Risk	499	1,187	585	1,371
Capital requirement for Operational Risk	478	693	477	623
Minimum capital requirement (MCR)	7,088	7,376	6,969	7,419

Particulars	2022		2021	
	Solo	Consolidated	Solo	Consolidated
Core capital maintained	9,032	10,996	9,278	10,874
Supplementary Capital Maintained	2,153	1,787	2,490	2,251
Total Risk Weighted Asset	70,879	73,763	69,688	74,187
Common Equity Tier-1 Capital Ratio	12.74%	14.91%	13.31%	14.66%
Tier-2 Capital Ratio	3.04%	2.42%	3.57%	3.03%
Capital Adequacy Ratio	15.78%	17.33%	16.89%	17.69%

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, CMSME, 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 of leases, loans and advances except CMSMEF and FBMSD	1.00%
Unclassified of Cottage, Micro, Small & Medium Enterprise Financing (CMSMEF)	0.25%
Unclassified of Financing to the Brokerage House/Merchant Banks/Stock Dealers etc. (FBMSD)	2.00%
Special Mention Account of leases, loans and advances (SMA)	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	2022		2021	
	Solo	Consolidated	Solo	Consolidated
Cash and cash equivalents	0	0	0	0
Claims on Bangladesh Govt. & Bangladesh Bank	0	0	0	0
Claims on NBFIs and Banks	2,105	2,440	2,239	2,825
Claims on corporate (including OBS exposures)	21,003	21,003	19,969	19,969

Particulars	2022		2021	
	Solo	Consolidated	Solo	Consolidated
Claims on Retail and CMSME (Including OBS exposures)	6,001	6,001	4,260	4,260
Consumer Finance	7,934	7,934	8,825	8,825
Claims fully secured by residential & Commercial Property	4,272	4,272	4,876	4,876
Past due claims	2,632	2,632	2,467	2,467
All other assets	17,216	10,740	16,431	11,029
Total	61,163	55,022	59,067	54,250

Geographical distribution of exposures (without netting eligible financial collateral) as on 31st December 2022:

Figures in BDT Million

Location	Solo	Consolidated
Dhaka	41,310	44,158
Chittagong	9,419	10,157
Sylhet	612	693
Jessore	1,737	1,737
Narshindi	726	726
Cumilla	494	553
Bogura	1,144	1,144
Barisal	370	372
Khulna	567	567
Mymensingh	1,151	1,151
Narayangonj	913	936
Rajshahi	527	527
Chowmuhani	338	338
Dinajpur	683	683
Gazipur	423	423
Faridpur	381	381
Habiganj	302	302
Others	234	237
Total	61,331	65,085

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	11,758.94	19.17%	1,141.09	1.86%
2. Industry			-	
A. Garments & Knitwear	2,363.32	3.85%	22.73	0.04%
B. Textiles	1,948.91	3.18%	183.86	0.30%
C. Food Production, Processing & Rice Mills	5,224.60	8.52%	74.30	0.12%
D. Jute & Jute products	121.19	0.20%	108.87	0.18%
E. Plastic & Rubber Industry	1,303.19	2.12%	2.96	0.00%
F. Leather & Leather goods	288.16	0.47%	1.77	0.00%
G. Iron, Steel & Engineering	2,059.87	3.36%	89.54	0.15%
H. Pharmaceuticals & Chemicals	1,355.01	2.21%	-	0.00%
I. Cement & Allied Industry	1,711.81	2.79%	460.07	0.75%
J. Paper, Packaging, Printing, Publishing & Allied Industry	512.71	0.84%	29.25	0.05%
K. Wood, Furniture & Fixture	151.13	0.25%	12.83	0.02%
L. Glass, Glassware & Ceramic Industry	1.28	0.00%	-	0.00%
M. Ship Manufacturing & Breaking	-	0.00%	-	0.00%
N. Electronics & Electrical Products	1,425.13	2.32%	5.49	0.01%
O. Power, Gas, Petrollium, Water & Sanitary	597.15	0.97%	341.53	0.56%
P. Transport & Aviation	2,244.74	3.66%	42.11	0.07%
Q. Others	-	0.00%	-	0.00%
3. Agriculture			-	-
A. Crops	-	0.00%	-	0.00%
B. Forestry	0.88	0.00%	-	0.00%
C. Poultry & Livestock	342.65	0.56%	3.81	0.01%
D. Fisheries	4.73	0.01%	-	0.00%
E. Others (Cold Storage, Biofuel, Seed, Feed, Agri-related Other Institutions & Services)	863.39	1.41%	7.00	0.01%
4. Mining & Quarrying	5.59	0.01%	-	0.00%
5. Housing			-	-
A. Individual/Retail Housing	8,181.28	13.34%	376.09	0.61%
B. Project/Commercial Housing	-	0.00%	-	0.00%
6. Financial Corporation			-	0.00%
A. Bank	-	0.00%	-	0.00%
B. Financial Institution	-	0.00%	-	0.00%
C. Insurance Company	1.00	0.00%	-	0.00%
D. NGO	2,152.66	3.51%	-	0.00%
E. Audit & Accounting firm	11.63	0.02%	-	0.00%
F. Credit Rating Agency	-	0.00%	-	0.00%
G. Merchant Banking	-	0.00%	-	0.00%
i. Loans to Own Subsidiaries	1,576.68	2.57%	-	0.00%
ii. Loans to Other FI/Bank Subsidiaries	-	0.00%	-	0.00%
iii. Loans to Brokerage House	375.34	0.61%	-	0.00%
H. Other Financial Auxiliaries	0.00	0.00%	-	0.00%

Particulars	Total Portfolio	Mix (%)	NPL	NPL % of Total Portfolio
7. Service			-	-
A. Education, Career & Training (Institutional), Consultancy Supervisory	251.41	0.41%	-	0.00%
B. Tourism, Hospitality & Logistics	1,034.99	1.69%	124.50	0.20%
C. Health Sector	388.26	0.63%	31.16	0.05%
D. Media, Advertising & Event Management	92.95	0.15%	12.07	0.02%
E. Beautification & Gym	5.23	0.01%	-	0.00%
F. Tailoring & Laundry	13.07	0.02%	2.14	0.00%
G. Private Survey Institution	-	0.00%	-	0.00%
H. Restaurant Service, Catering & Online Food Supplier	61.46	0.10%	2.85	0.00%
I. Telecommunication & Information Technology	1,127.93	1.84%	5.25	0.01%
J. Others	1,328.72	2.17%	18.68	0.03%
8. Consumer Finance			-	-
A. Personal Loan	1,956.24	3.19%	467.79	0.76%
B. Auto Loan	2,741.64	4.47%	142.46	0.23%
C. Employee/Staff Loan	433.77	0.71%	1.69	0.00%
D. Credit Card	4,786.39	7.80%	710.66	1.16%
E. Loan Against Deposit	526.15	0.86%	5.27	0.01%
9. Others	-	0.00%	-	0.00%
Grand Total	61,331.19		4,427.82	7.22%

Residual contractual maturity of credit exposure (without netting eligible financial collateral) as on 31st December 2022:

Figures in BDT Million

Particulars	Solo	Consolidated
On demand	2,050	2,954
In not more than three months	10,076	12,033
In more than three months but not more than one year	29,388	30,135
In more than one year but not more than five years	16,828	16,954
In more than five years	2,990	3,011
Total	61,331	65,086

Gross Non-Performing Assets (NPAs): Solo

On the reporting date i.e. 31 December 2022, Gross Non-Performing Assets stood at BDT 4,427.82 million.

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

On the reporting date i.e. 31 December 2022, Non-Performing Assets (NPAs) to Outstanding Loans & advances was 7.22%.

Movement of Non-Performing Assets (NPAs): Solo

Figures in BDT Million

Particulars	2022
Opening balance	3,859.02
Additions during the year	1,012.39
Reductions during the year	443.59
Closing balance	4,427.82

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

Figures in BDT Million

Particulars	2022
Opening balance	1,752.18
On fully provided debt written off during the year	90.13
Write back of excess provisions	-
Specific provision for the year	542.92
Provision held at the end of the year	2,204.97

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 2022:

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	4.47	181.96
Total unrealized gains (losses) / Provision for revaluation of shares (net)	(222)	(271)
Revaluation Reserve for Investment in Subsidiaries	2,137	-
Any amount of the above included in Tier 2 capital (10% of revaluation reserve for investment in subsidiaries)	213.7	-
Capital charge required for quoted securities:	222.82	910.64
Specific risk	111.41	455.32
General market risk	111.41	455.32

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, 2022:

Particulars	3 months	6 months
For 1% increase/decrease in interest rate, impact on NII	BDT ± 9.59 Million	BDT ± 3.94 Million
For 2% increase/decrease in interest rate, impact on NII	BDT ± 19.18 Million	BDT ± 7.88 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 2022
Duration of Asset	3.51
Duration of Liabilities	2.24
Duration Gap	1.28
Changes in equity for change in interest rate (1%)	1.16%
Changes in equity for change in interest rate (2%)	2.32%

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	2022	2021
Interest rate risk	0.1	0.1
Equities	222.8	235.9
Foreign exchange risk	255.4	348.7
Commodity risk	-	-
Total	478.2	584.6

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	2022		2021	
	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, 2022

During the year 2022, the NPL ratio of the Company increased to 7.22% from previous year's 6.57%. The absolute figures show the increase in classified portfolio from BDT 3,859.02 million in 2021 to BDT 4,427.82 million in 2022. Though the COVID19 pandemic hit hard the recovery during country-wide lock downs in 2020 as well as 2021, the impact of the same carried over in 2022, and accordingly all out strategies as mentioned above have substantially helped to gradually recover the collection figures and by December 2022, sizable improvement could be made. However, withdrawal/ cessation of the guidelines of central bank for deferred repayments/ classification due to the pandemic offset the improvements in collection and accordingly NPL increased somewhat.

The movement in NPL accounts during the year 2022 has been depicted in following table:

Particulars	BDT Million
Opening Balance as on January 1, 2022	3,859.02
Add: Addition during the year 2022	1,012.39
Less: Collection During the Year 2022	353.45
Less: Write off	90.13
Closing Balance as on Dec 31, 2022	4,427.82

* 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 495.05 million.

5. Write offs

During the year 2022, the movement in write-offs accounts is as under:

Particulars	BDT Million
Opening Balance as on January 1, 2022	1,270.92
Add: Addition during the year 2022	90.13
Less: Collection During the Year 2022	33.55
Closing Balance as on Dec 31, 2022	1,327.50

6. Sector-wise NPL Status

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

GRI: 102-6

SL. No.	Particulars	Amount (in BDT mn)	% of Total	NPL Portfolio (in BDT mn)	NPL % of Sector wise Portfolio
1	Trade & Commerce	11,758.94	19.17%	1,141.09	9.70%
2	Industry			-	
	A. Garments & Knitwear	2,363.32	3.85%	22.73	0.96%
	B. Textiles	1,948.91	3.18%	183.86	9.43%
	C. Food Production, Processing & Rice Mills	5,224.60	8.52%	74.30	1.42%
	D. Jute & Jute products	121.19	0.20%	108.87	89.83%
	E. Plastic & Rubber Industry	1,303.19	2.12%	2.96	0.23%
	F. Leather & Leather goods	288.16	0.47%	1.77	0.61%
	G. Iron, Steel & Engineering	2,059.87	3.36%	89.54	4.35%
	H. Pharmaceuticals & Chemicals	1,355.01	2.21%	-	0.00%
	I. Cement & Allied Industry	1,711.81	2.79%	460.07	26.88%
	J. Paper, Packaging, Printing, Publishing & Allied Industry	512.71	0.84%	29.25	5.71%
	K. Wood, Furniture & Fixture	151.13	0.25%	12.83	8.49%
	L. Glass, Glassware & Ceramic Industry	1.28	0.00%	-	0.00%
	M. Ship Manufacturing & Breaking	-	0.00%	-	-
	N. Electronics & Electrical Products	1,425.13	2.32%	5.49	0.38%
	O. Power, Gas, Petrol/ium, Water & Sanitary	597.15	0.97%	341.53	57.19%
	P. Transport & Aviation	2,244.74	3.66%	42.11	1.88%
	Q. Others	-	0.00%	-	-

SL. No.	Particulars	Amount (in BDT mn)	% of Total	NPL Portfolio (in BDT mn)	NPL % of Sector wise Portfolio
3	Agriculture			-	
	A. Crops	-	0.00%	-	
	B. Forestry	0.88	0.00%	-	0.00%
	C. Poultry & Livestock	342.65	0.56%	3.81	1.11%
	D. Fisheries	4.73	0.01%	-	
	E. Others (Cold Storage, Biofuel, Seed, Feed, Agri-related Other Institutions & Services)	863.39	1.41%	7.00	0.81%
4	Mining & Quarrying	5.59	0.01%	-	0.00%
5	Housing			-	
	A. Individual/Retail Housing	8,181.28	13.34%	376.09	4.60%
	B. Project/Commercial Housing	-	0.00%	-	
6	Financial Corporation			-	
	A. Bank	-	0.00%	-	
	B. Financial Institution	-	0.00%	-	
	C. Insurance Company	1.00	0.00%	-	0.00%
	D. NGO	2,152.66	3.51%	-	0.00%
	E. Audit & Accounting firm	11.63	0.02%	-	0.00%
	F. Credit Rating Agency	-	0.00%	-	
	G. Merchant Banking	-	0.00%	-	
	i. Loans to Own Subsidiaries	1,576.68	2.57%	-	0.00%
	ii. Loans to Other FI/Bank Subsidiaries	-	0.00%	-	
	iii. Loans to Brokerage House	375.34	0.61%	-	0.00%
	H. Other Financial Auxiliaries	-	0.00%	-	0.00%
7	Service			-	
	A. Education, Career & Training (Institutional), Consultancy Supervisory	251.41	0.41%	-	0.00%
	B. Tourism, Hospitality & Logistics	1,034.99	1.69%	124.50	12.03%
	C. Health Sector	388.26	0.63%	31.16	8.03%
	D. Media, Advertising & Event Management	92.95	0.15%	12.07	12.98%
	E. Beautification & Gym	5.23	0.01%	-	0.00%
	F. Tailoring & Laundry	13.07	0.02%	2.14	16.39%
	G. Private Survey Institution	-	0.00%	-	
	H. Restaurant Service, Catering & Online Food Supplier	61.46	0.10%	2.85	4.64%
	I. Telecommunication & Information Technology	1,127.93	1.84%	5.25	0.47%
	J. Others	1,328.72	2.17%	18.68	1.41%
8	Consumer Finance			-	
	A. Personal Loan	1,956.24	3.19%	467.79	23.91%
	B. Auto Loan	2,741.64	4.47%	142.46	5.20%
	C. Employee/Staff Loan	433.77	0.71%	1.69	0.39%
	D. Credit Card	4,786.39	7.80%	710.66	14.85%
	E. Loan Against Deposit	526.15	0.86%	5.27	1.00%
9	Others	-	0.00%	-	
	Grand Total	61,331.19		4,427.82	7.22%

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 relationship, 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 divisions, 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 2023.

REPORT ON GOING CONCERN

The Board of Directors of LankaBangla has made annual assessment about whether there exists any material uncertainty which may cast significant doubt upon the Company's ability to continue as going concern. This assessment involves making appropriate inquiries including review of budget and future outcome of inherent uncertainties in existence. The Directors are convinced from the following indications, which give reasonable assurance as to Company's continuance as a going concern for the foreseeable future.

Financial Indications

Performance Growth

In 2022, the Company dealt with economic fluctuations and improbabilities, and LankaBangla was successful in coping with it to a large extent and posted a group net profit of BDT 661 mn as well as keeping the group NPL at 6.80%. Due to operational disruption owing to the recent socio-economic and global crisis as well as the imposed regulations by the regulatory bodies, the interest income growth was seen to be marginal, which affected the potential revenue generation too. Furthermore, arduous efforts have been to put to regularize and ensure a better collection process in order to improve our asset qualities, all the while expanding and diversifying our asset and liability portfolios.

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, the Company has not failed to pay any obligation on time. We have fully settled zero coupon bond, maintained regular repayment of foreign term loan along with settling other dues all of which reflected LankaBangla's 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 2022 was BDT 1,643 Million and net Operating Cash Flow after changes in operating assets and liabilities shows outflow of BDT 6,785 million.

Expansion of Business

LankaBangla plans to attain depth in its market penetration and widen the array of its geographic reach by focusing mainly on CMSME-led portfolio growth. All pre-existing 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 2022 LBFL has paid 538 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 NBFIs 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 2022 Consolidated Capital Adequacy Ratio (CAR) stood 17.37% and Separate Capital Adequacy Ratio (CAR) stood at 15.78%. Other Indications

Satisfactory Credit Rating

Credit Rating Agency of Bangladesh Ltd. (CRAB) has rated the Company in 2022 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. In 2022, the outstanding balance of these foreign loans stand at BDT 2,554 million.

Changes in Government Policy

LankaBangla Management anticipates no significant change in legislation or government policy, which may materially affect the business of LankaBangla.

Based on the above mentioned indications, Directors feel it is appropriate to adopt going concern assumptions. Adequate disclosures have been made in the financial statements and different sections of the annual report to understand the appropriateness of going concern basis in preparing the financial statements.

SUSTAINABILITY

Reporting



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.

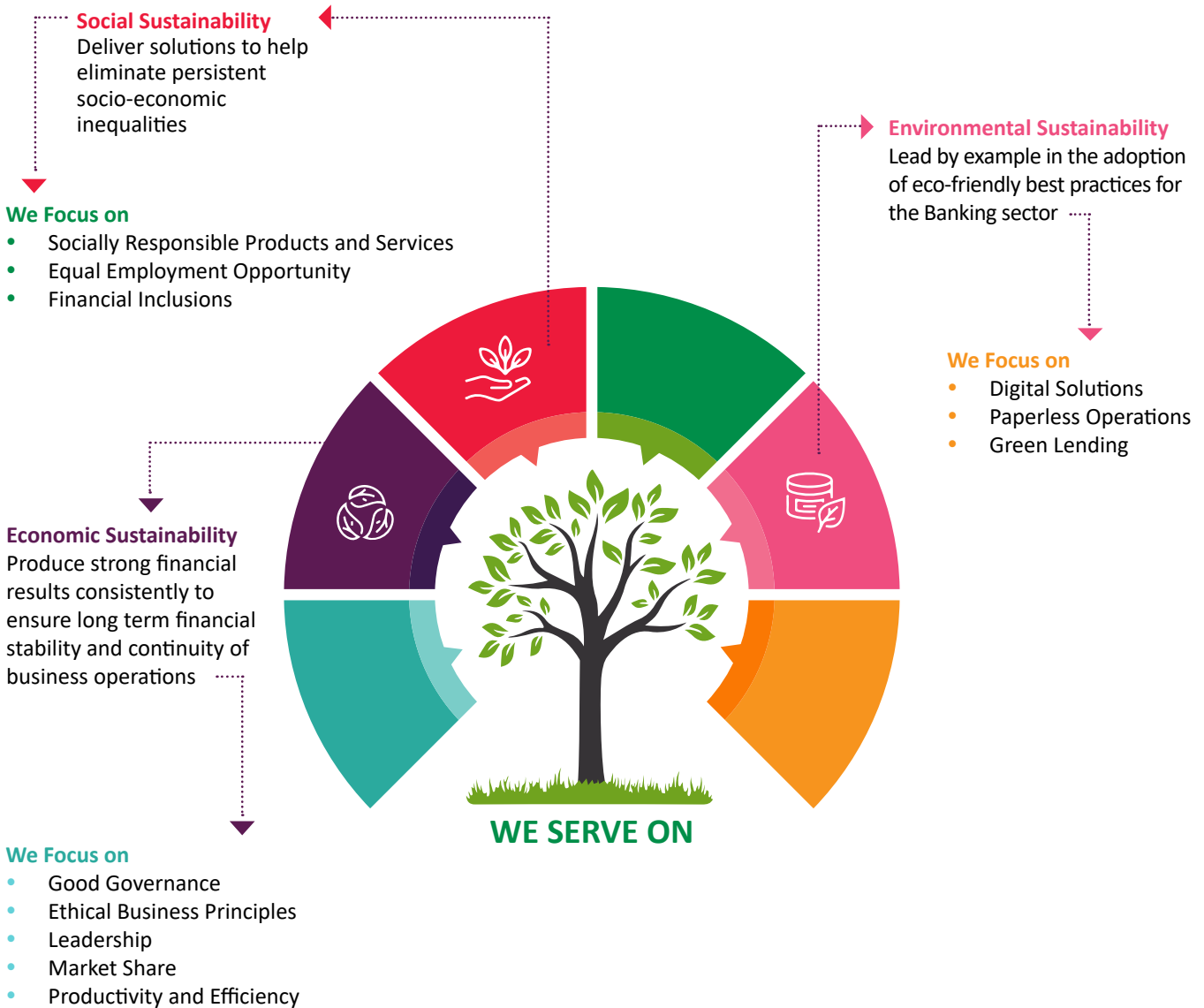
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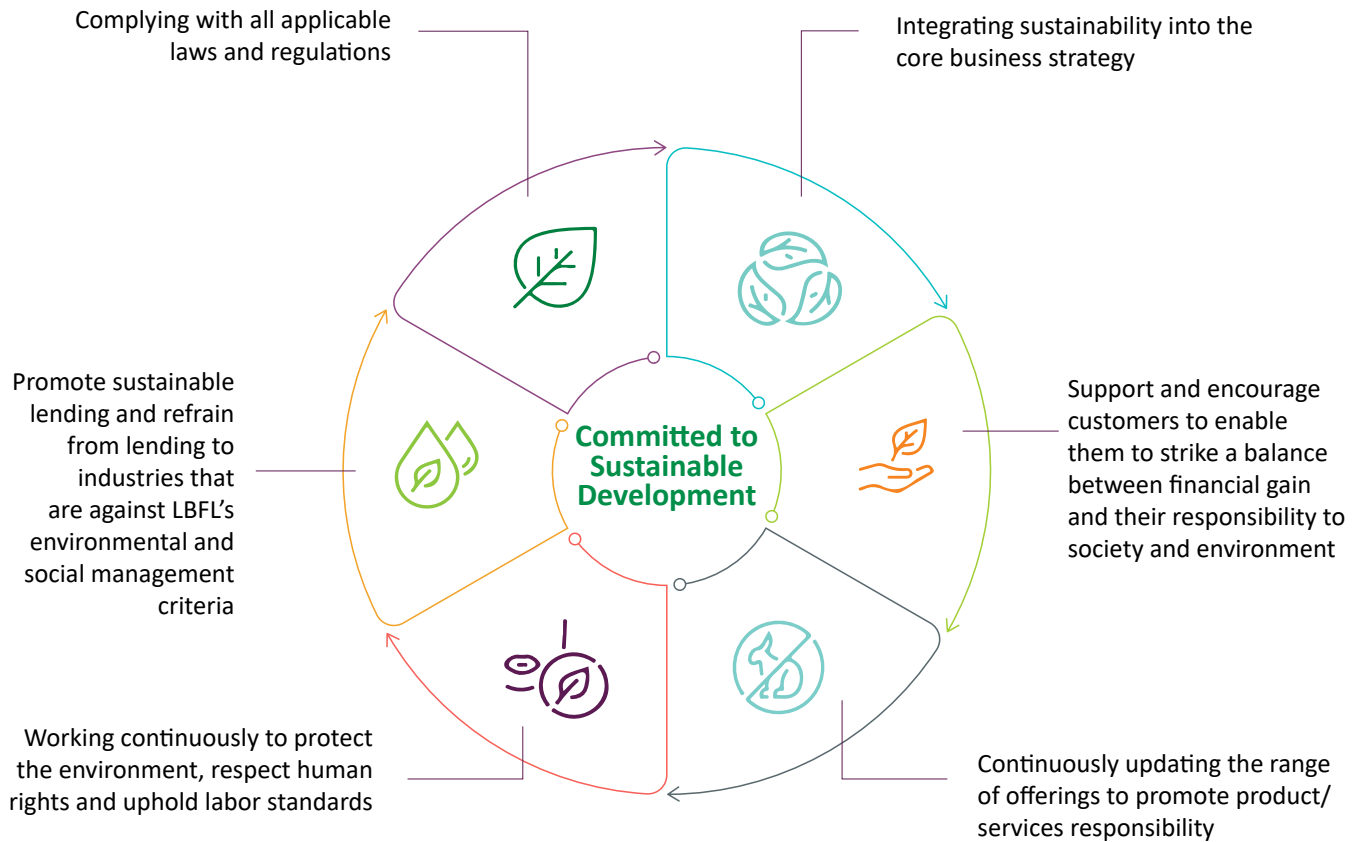
OUR APPROACH TOWARDS SUSTAINABILITY

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.



Contribution towards Achieving the United Nations Sustainable Development Goals

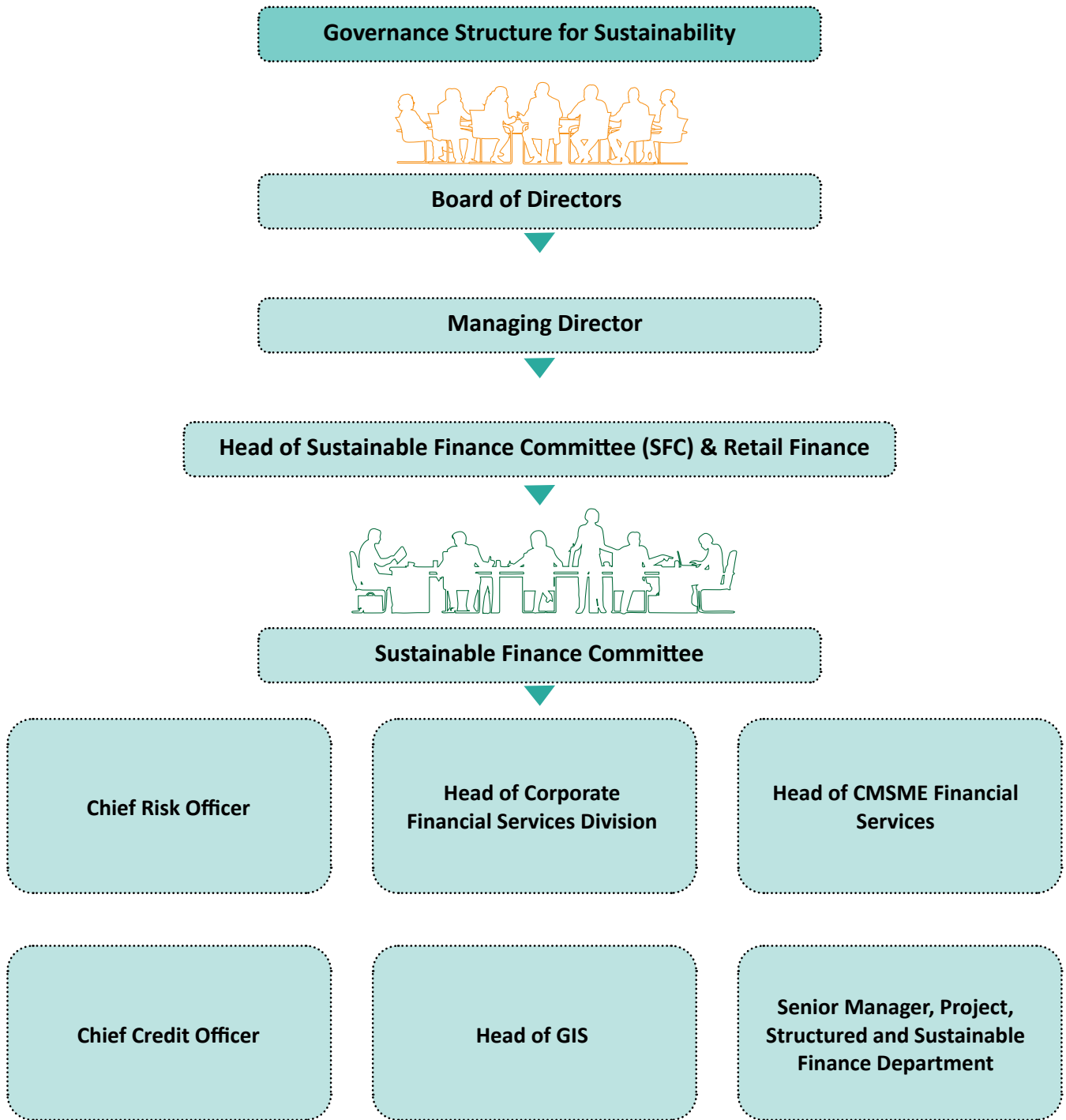


Sustainability Governance

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 2022 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.

Governance Structure for Sustainability



MATERIAL TOPICS FOR SUSTAINABILITY

GRI: 102-46, 102-47

Value Creation

As an NBFi, 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.

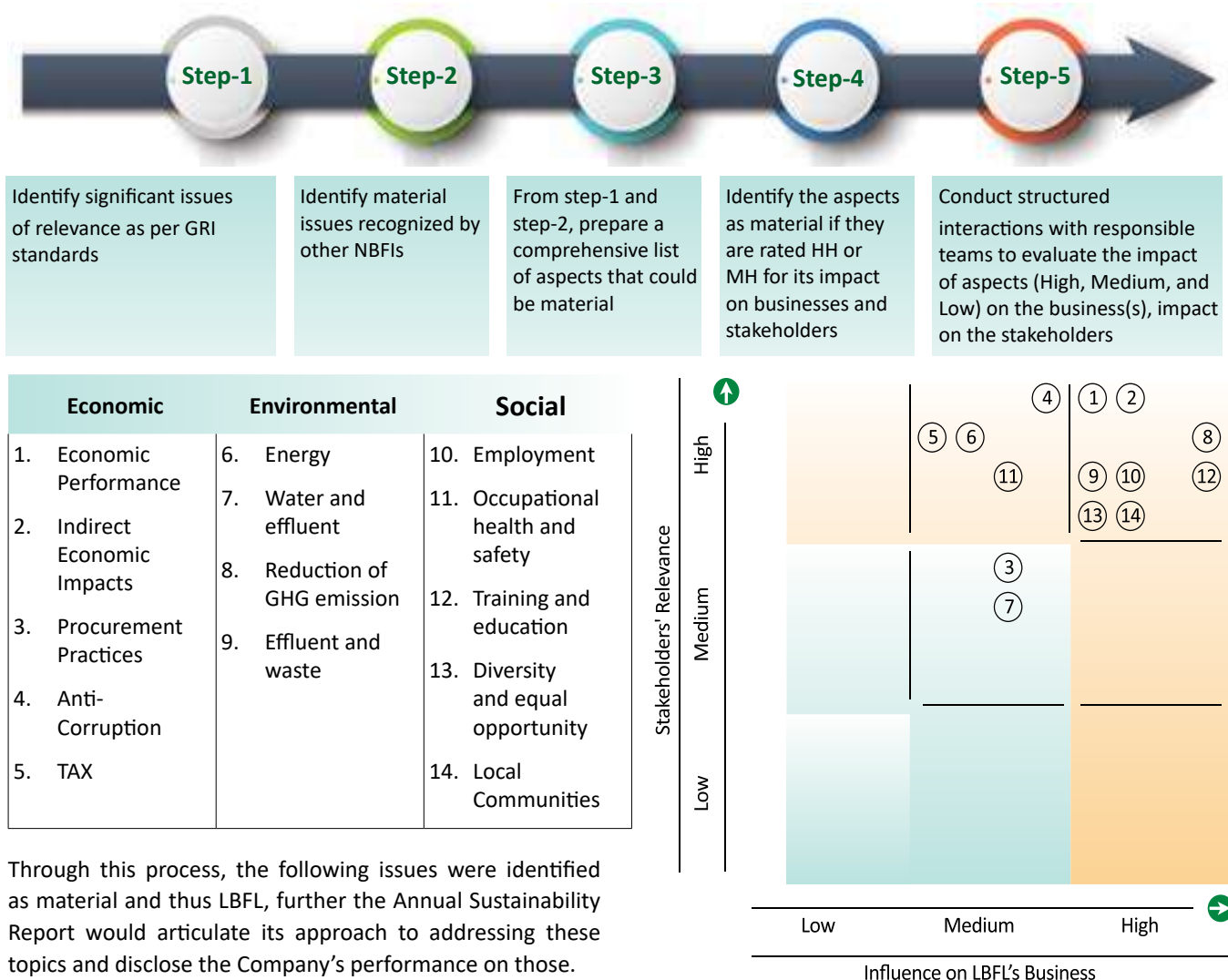
We employ materiality analysis to identify major issues that are important to our business. We identified the most important components of sustainability based on our understanding of our stakeholders’ needs and objectives. Our identified stakeholders’ expectations and concerns assist us in prioritizing 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

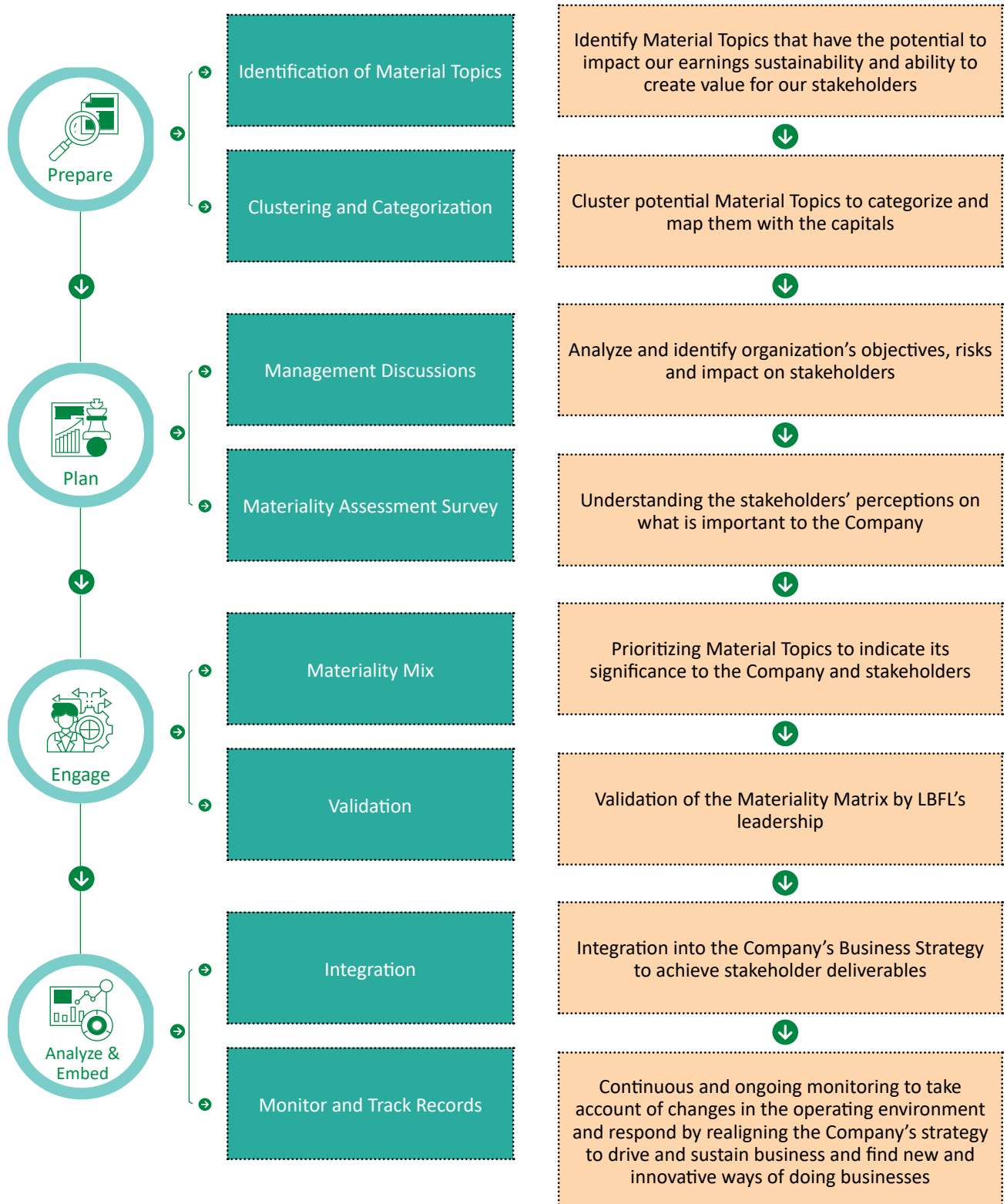
The Sustainability Report detailed the LBFL’s social, economic, and environmental objectives. In conformance with the GRI: Core Option, the various aspects mentioned in the GRI Standards and topic specific disclosures were evaluated and considered material based on their significance to our business and to our stakeholders, which contributed to defining the report content and communicating performance during 2022.

Changes to Material Topics in 2022

The findings from the 2022 Materiality Assessment indicated that all the Material Topics identified in previous years’ remained relevant for FY 2022 as well. The topic referring to the “Responses to COVID-19” which was discussed in the FY 2021 Report was no longer considered to be material as the pandemic had seemingly dissipated by end of 2021.



Materiality Implementation and Monitoring Process



STATEMENT ON GREEN BANKING AND SUSTAINABLE FINANCE

GRI: 306-2



To minimize using ecofriendly electronic gadgets paper work





Invest in ecofriendly projects of technology





Training employees to achieve Green Banking Policy Guidelines Implementation





Building an ecofriendly tower to save energy and better waste management process



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.

Sl. No.	Name	Designation	Status in the Committee
1	Khurshed Alam	Head of Retail Financial Services	Chairman
2	Mohammed Kamrul Hasan	Chief Risk Officer	Member
3	Mohammed Shoaib	Head of Corporate Financial Services	Member
4	Md. Kamruzzaman Khan	Head of CMSME Finance	Member
5	Mohammad Nazmul Hasan Tipu	Chief Credit Officer	Member
6	Muhammad Habib Haider	Head of GIS	Member
7	Sk. Rafikuzzaman	Senior Manager – Project, Structured & Sustainable Finance Unit	Member Secretary

SFU Unit is working in line with the Term of Reference (TOR) outlined by Bangladesh Bank

Sustainable Finance Unit 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, CMSME 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, CMSME Financial Services Division	Member
8	Sk. Rafikuzzaman	Senior Manager, Project, Structured & Sustainable Finance Unit	Member Secretary
9	Ziaul Abedin	Senior Manager, Procurement	Member
10	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.

Sustainable Sites

For the safety and security of our eco-system and to safeguard public health around the building site, our architects, designers, and engineers are under tight orders to uphold healthy construction guidelines. We supply safety nets, guardrail systems, as well as personal fall arrest devices to our workers since we are fully conscious of the need to protect our highly trained workforce. Our tower has been built with adequate room inside and outdoors so that during working hours, our staff may feel at home there.

Water Efficiency

To conserve water, which will benefit our ecosystem, we will install water-efficient equipment. On the tower’s rooftop, we will install a rain water harvesting system to store rainwater and relieve strain on surface and subsurface water supplies.

Energy and Atmosphere

We shall use as much daylight in our office during working hours as feasible to conserve energy and safeguard the environment. In order to do this, we will erect a glass facade system around the building to take advantage of more natural light and use less power. Additionally, we’ll employ long-lasting, cost-effective, and energy-efficient LED lighting. In order to utilise less electricity and lower our electricity costs, we are also thinking about using renewable energy by building solar power plants on the roofs of LankaBangla tower.

Recyclable Materials and Resource

Every month, LankaBangla Finance Limited observes “No Print Day” to raise awareness about resource conservation. Additionally, it has planned to develop a water recycling system to reduce water use in a cost-effective manner. With the help of this technology, water will be purified, sanitised, and recycled for use in fresh toilet flushes. Our water use will drop by 50% as a result, and the environmental effect will be lessened.

Indoor Environment quality

To benefit both our environment and people, we shall use eco-friendly painting techniques. Since we will use an HVAC (Heating, Ventilation, Air Conditioning) system and base our air ventilation system on natural air, less power will be consumed and less fan and air conditioning use will be required.

For the sake of a healthy workplace and the safety of our employees, smoking will be absolutely prohibited within the building.

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. Out of this 5%, achievement in green financing was 0.33%.

Disbursement in Green and Sustainable Financing

Particulars	Achievement Percentage
Sustainable Finance (SF) as % of Total Loan Disbursed	10.99%
Sustainable Agriculture as % of Total Loan Disbursed with SF	1.08%
Sustainable CMSMEs as % of Total Loan Disbursed with SF	0.76%
SRF as % of Total Loan Disbursed with SF	9.15%

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. Compared to year 2019, our electricity consumption was 13.66% less in 2020, which increased by 15.73% in year 2021. The Company was able to reduce it by 25.21% in 2022 from the same base year. On the other hand, our paper consumption increased marginally by 1.21% in 2022 from that of 2019, as the businesses went back to normalcy and the Company requires to go for various report submissions on the demand of the regulatory bodies.

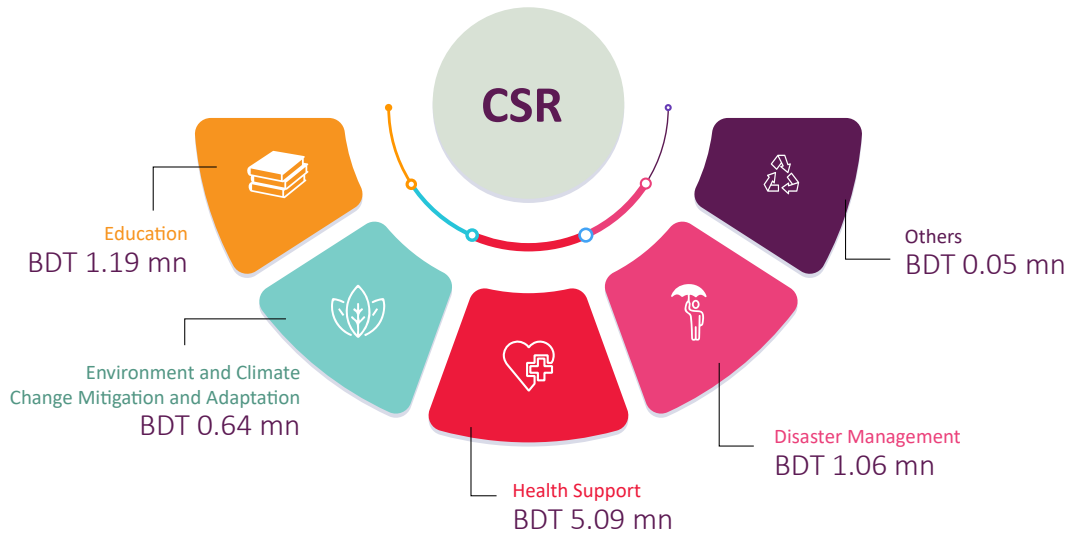


CSR ACTIVITIES OF LANKABANGLA IN 2022

GRI: 203-2, 413

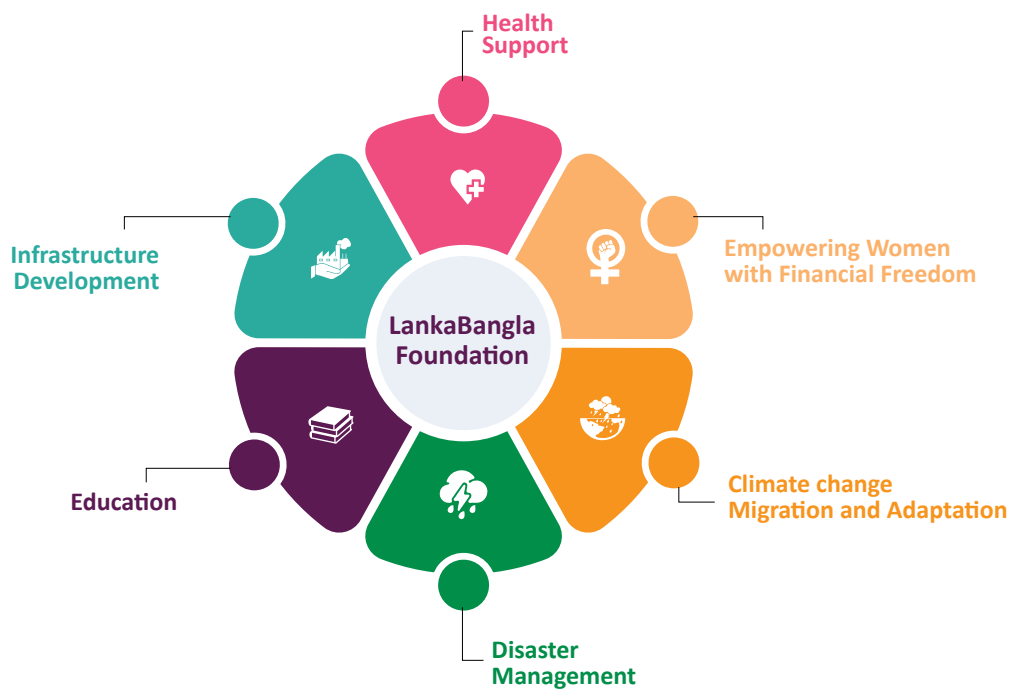
Corporate Social Responsibility of LankaBangla is a form of Corporate self-regulation integrated into its business model based on the objective of good business for good society. LankaBangla in its core Management concept and corporate responsibility integrated CSR with focus on social and environmental concerns in all business operations and interactions with its stakeholders.

LankaBangla believes to achieve a balance of economic, environment and social imperatives ("Triple-Bottom-Line-Approach") besides safeguarding interest of stakeholders. LankaBangla through LankaBangla Foundation has extended its support for the underprivileged people of the community in particular to ensure their education, health and leaving standards.



Over the years, LankaBangla Foundation has taken part in numerous corporate social programs. Some of the notable initiatives are namely, the Free Eye Care Program, Blanket Distribution, Sewing Machine Distribution, Flood Relief, Shikha Bicycle Distribution, Plant Distribution, Tailoring Training, and more. LBFL focused extensively on healthcare programs, women entrepreneurship and training privileges,

Covid-19 aid, plant distribution, winter aid, education, and more in various districts of Bangladesh. CSR projects that made them shine in the spotlight were catered to the underprivileged women and children of Bangladesh in villages and rural areas. The financial system of LBFL holds a stake in the economy which positively impacts the economy, business, and production facilities.



"WE ARE COMMITTED TO DEVELOP THE SOCIAL - ECONOMIC CONDITIONS"

Education

Contributed BDT 1.19 mn, i.e., 15% of actual CSR expenditure

Donation to Prime Minister’s Education Assistance Trust Worth BDT 250,000

50% Annual Assistance to a Family Member of a Deceased Employee of LankaBangla Family

LankaBangla Foundation's "Shikha Bicycle Distribution Program 2022" in Ranipukur Union of Dinajpur



As part of LankaBangla Foundation CSR activities, "Shikha Bicycle Distribution Program 2022" was organized in Ranipukur Union of Birol Upazila of Dinajpur. Under this program, a total of 100 bicycles were distributed among the underprivileged girls of various schools of Ranipukur Union, spending BDT 780,000 in this initiative

Environment and Climate Change Mitigation and Adaptation

Contributed BDT 0.64 mn, i.e., 8% of actual CSR expenditure

LBFL-DNCC Saplings Distribution with Birth Certificate



Through this program by LankaBangla Foundation, various types of tree saplings will be provided as gifts to children under the age of two who are born and living in the area under Dhaka North City Corporation. The LankaBangla Foundation will work with Dhaka North City Corporation (DNCC) to distribute saplings for the next 5 years. The

main objective of this tree distribution program of the LankaBangla Foundation is to encourage all to plant trees on their own initiative. Moreover, LankaBangla Foundation has been organizing tree distribution programs in the country every year as part of its Corporate Social Responsibility (CSR) activities to prevent land degradation, fruit production, long term environment and biodiversity conservation.

Tree Plantation Program by LankaBangla Foundation on the occasion of National Mourning Day



A tree plantation program was organized by LankaBangla Foundation at Swarnali Housing Project, 300 feet adjacent to Dhaka, on the occasion of National Mourning Day on 15th August 2022. Other subsidiary companies of LankaBangla Group - LankaBangla Securities Limited, LankaBangla Investments Limited and LankaBangla Asset Management Company Limited actively participated in the plantation program.

“ASIDE FROM SAFEGUARDING THE ENVIRONMENT AND THE COMPANY’S STAKEHOLDERS, EFFICIENT BUSINESS POLICIES ENABLE CORPORATE COMPLIANCE AND GOVERNANCE TO ATTAIN THE HIGHEST DEGREE OF SEAMLESS BUSINESS PROCESSES IN A SOCIETY THAT LBFL IS A GENEROUS PART OF”

LankaBangla organizes Tree Plantation Program with Rajshahi City Corporation (RCC)



On September 18, 2022, a tree plantation program was organized by LankaBangla Foundation at Sheikh Russel Shishu Park, Shalbagan, located in Ward No. 19, Chotobon village under Rajshahi City Corporation area. The main objective of this tree planting program of LankaBangla Foundation is to encourage everyone to plant trees with the aim of greening the city of Rajshahi, increasing the forest resources of the country and protecting the ecological balance. LankaBangla Foundation has been conducting tree plantation programs in the country every year as part of Corporate Social Responsibility (CSR) activities, considering land degradation prevention, fruit production, long-term environment and biodiversity conservation.

Health Support

Contributed BDT 5.09 mn, i.e., 63% of actual CSR expenditure

Free Eye Care Program Organized by LankaBangla Foundation



On November 29, 2022 a free eye care program was organized by LankaBangla Foundation, in collaboration with Bashundhara Eye Hospital & Research Institute and Zahurul Islam City Society, Aftabnagar, Dhaka. The program was held at the premises adjacent to the head office of Zahurul Islam City Society located in Aftabnagar. A team of experienced Ophthalmologists provided all eye care related services to more than 300 people throughout the day and dispensed medicines among them free of cost.

LankaBangla Foundation’s Donation for Setting-up a Dialysis Center



LankaBangla Foundation and Ahsania Mission Cancer & General Hospital signed a MoU at Ahsania Mission Cancer & General Hospital near Uttara, Dhaka. This MoU aims to set up a well-equipped dialysis center in the hospital for the treatment of kidney patients. LankaBangla Foundation will provide a total grant of Tk. 1.29 crore to the Ahsania Mission Cancer & General Hospital for the establishment of this dialysis center.

On this occasion, the heads of both the organizations discussed various issues related to the advanced treatment of kidney diseases and the establishment and management of dialysis center in Bangladesh.

Disaster Management

Contributed BDT 1.06 mn, i.e., 13% of actual CSR expenditure

Relief Distribution Program for Flood Victims at Sylhet District by LankaBangla Foundation



On June 23, 2022, LankaBangla Foundation distributed food items to help the flood affected people in Bhatipara of Dirai Upazila of Sunamganj District. LankaBangla Foundation conducted this distribution program as part of its Corporate Social Responsibility (CSR) activities. The main objective of this program is to reduce the suffering of flood affected people.

Others

Contributed BDT 0.05 mn, i.e., 1% of actual CSR expenditure

Food Distribution Program by LankaBangla Foundation on the occasion of National Mourning Day 2022



On the occasion of National Mourning Day on 15th August 2022, a food assistance program was organized by LankaBangla Foundation at Al Jamiatul Islamia Miftahul Uloom and Badda Barkatpur Orphanage near Badda, Dhaka.

VALUE ADDED STATEMENT

For the year ended 31 December 2022

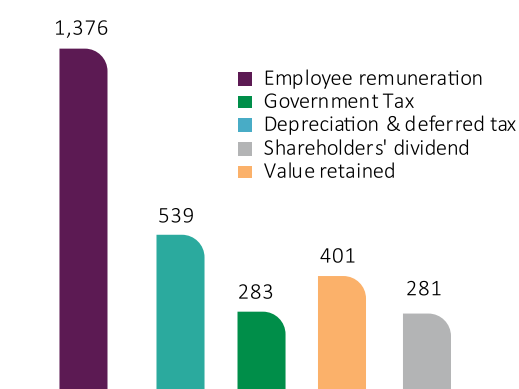
GRI: 102-45, 201-1, 207-1

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.

	2022 BDT Mn	%	2021 BDT Mn	%	2020 BDT Mn	%
Value added						
Operating revenue	9,324		10,294		9,690	
Cost of borrowing	(5,014)		(4,873)		(5,972)	
Provisions	(696)		(842)		(151)	
Operating expenses excluding staff cost and depreciation	(735)		(957)		(764)	
Available for distribution	2,880		3,622		2,802	
Distribution of value addition						
Employees as remuneration	1,376	48%	1,400	39%	1,291	46%
Government	283	10%	396	11%	200	7%
Shareholders as dividend	539	19%	539	15%	647	23%
	2,198	76%	2,335	64%	2,137	76%
Retained for expansion and future growth						
Value retained in the business	401	14%	767	21%	332	12%
Deferred tax	2.53	0%	3.53	0%	0.11	0%
Depreciation	278	10%	517	14%	333	12%
Amount distributed	2,880	100%	3,622	100%	2,802	100%
Number of employees at the end of the year	724		779		764	
Value created per employee (Mn BDT)	3.98		4.65		3.67	
Number of shares (Mn)	538.84		538.84		538.84	
Value created per share (BDT)	5.34		6.72		5.20	

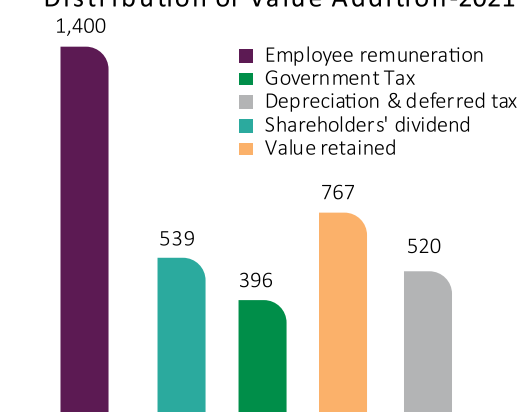
Distribution of Value Addition - 2022 (BDT Mn)

Distribution of Value Addition-2022



Distribution of Value Addition - 2021 (BDT Mn)

Distribution of Value Addition-2021



MARKET VALUE ADDED (MVA) STATEMENT

For the year ended 31 December 2022

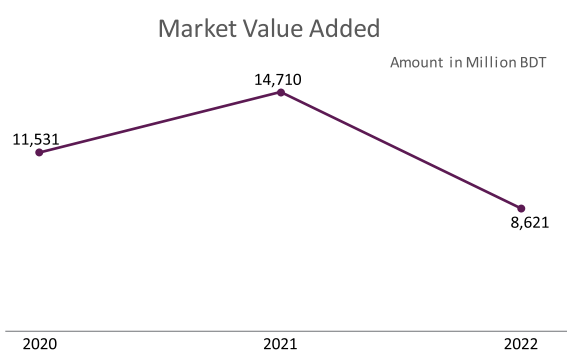
GRI: 201-1

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 14,010 million whereas the book value of the shares stood at Tk 5,388 million, resulting a Market Value Addition of Tk 8,621 million as of December 31, 2022. The calculation of Market Value Added is given below:

Particulars	2022		
	No. of Share (Mn)	Price per share	BDT Mn
Market Value	539	26	14,010
Book Value	539	10	5,388
Market Value Added			8,621

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



Market Value Added

ECONOMIC VALUE ADDED (EVA) STATEMENT

For the year ended 31 December 2022

GRI: 207-1

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.

	2022 BDT Mn	2021 BDT Mn	2020 BDT Mn
Operating income	9,324	10,294	9,690
Operating expenses	(7,682)	(7,747)	(8,360)
Operating profit	1,643	2,547	1,329
Income tax	(285)	(400)	(200)
NOPAT	1,357	2,148	1,130

Equity

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

	2022	2021	2020
Shareholders' equity at year end	10,788	10,679	10,094
Accumulated provision for doubtful losses	3,812	3,221	2,627
Equity	14,600	13,899	12,721

Average equity

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

	2022	2021	2020
Shareholders' equity	14,600	13,899	12,721
Average equity	14,250	13,310	12,466

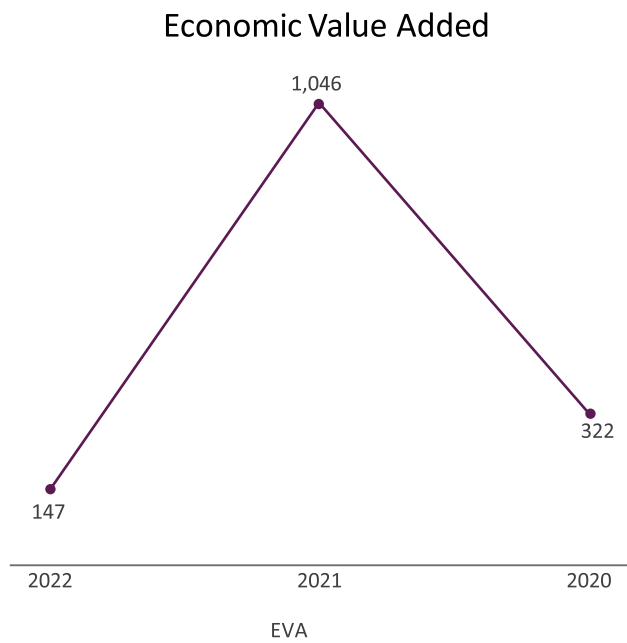
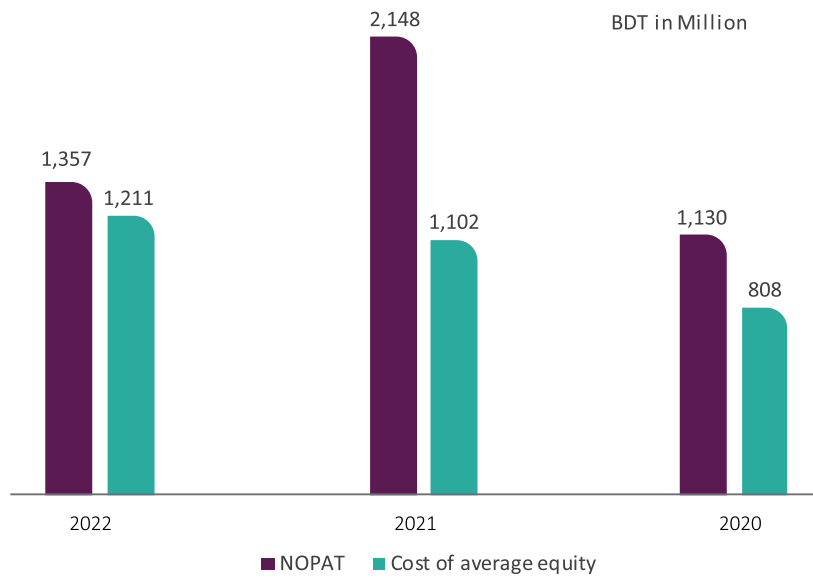
Cost of equity

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.

	2022	2021	2020
Interest rate on 5 Years Government Treasury Bond as on 31 December	7.90%	6.28%	4.48%
Standard Risk premium	2%	2%	2%
Cost of equity	9.90%	8.28%	6.48%

ECONOMIC VALUE ADDED

	2022	2021	2020
NOPAT	1,357	2,148	1,130
Cost of average equity	1,211	1,102	808
Average Shareholders' equity	14,250	13,310	12,466
Cost of capital	9.90%	8.28%	6.48%
EVA	147	1,046	322
Number of shares (Mn)	539	539	539
Economic Value Added Per Share	0.27	1.94	0.60



STATEMENT ON CONTRIBUTION TO GOVERNMENT EXCHEQUER

For the year ended 31 December 2022

GRI: 207-3

Government is considered as one of the most important stakeholders that 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 2022, LankaBangla Finance and its subsidiaries made a handsome contribution to Government Exchequer of an amount equal to BDT 1,247.25 million, composed of income tax, withholding tax, VAT, withholding VAT and excise duty. This is in comparison to BDT 1,142.69 million in 2021, reflecting its fair and consistent commitment towards national contribution.

Forms of Contribution	Figures in BDT	
	2022	2021
Income Tax	1,018,012,515	911,917,649
Source tax on Salary u/s 50	53,934,237	46,876,623
Source Tax on Interest on savings deposit u/s 53F	376,297,732	405,921,480
Source tax on Payment to Supplier u/s 52	14,451,200	10,501,842
Source tax on Payment to Landlord u/s 53 A	6,262,690	6,109,030
Source tax on Income of Non-residents u/s 56	45,512,740	-
Payment on transaction of Securities u/s 51	1,810,000	-
Source tax on payment of commission	131,840,764	212,266,035
Payment of Advance Corporate Tax u/s 64	266,976,939	141,970,183
Tax payment at the time of Return Submission u/s 74	-	4,954,336
Source Tax on Dividend Payment u/s 54	110,652,920	82,520,085
Others	10,273,294	798,034
VAT	136,770,706	135,871,764
VAT on House Rent	18,782,675	18,325,721
Collection of VAT on Processing, Documentation Fee etc.	16,874,809	19,201,106
VAT on Procurement of goods and services	13,498,449	16,037,458
VAT on Legal, Professional & Technical Fees	2,311,806	6,264,056
Others	85,302,967	76,043,423
Excise Duty	92,464,630	94,899,766
Collection of excise duty from clients	86,071,930	88,689,643
Excise duty deducted by bank	6,392,700	6,210,122
Total Paid to Government Exchequer	1,247,247,850	1,142,689,179

ESG GOALS AND ACTIONS

Environment Scorecard

Sl. No	Goals Set	Target	Achievement
1	Comply with the central bank's guidelines to disburse 5% of disbursement for green finance	5%	0.33%
	Comply with the central bank's guidelines to disburse 20% of total disbursement for sustainable finance	20%	10.99%
2	Reduce paper consumption by 5% by 2025 (over 2019 baseline)	(5%)	1.21%
3	Reduce electricity and water consumption by 5% by 2025 (over 2019 baseline)	(5%)	(25.21%)
4	Loan portfolio will not include any organization that pollutes the environment significantly including tobacco company		No environmentally harmful investments made
5	20% of the annual CSR budget will be allocated to Environment & Climate Change Mitigation & Adaptation	20%	8%

Actions Implemented

- Promoting green financing to minimize and mitigate our environmental impact;
- 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

Way Forward

- 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

Social Scorecard

Sl.No	Goals	Target	Achievement
1	Increase female to total employee ratio by 2025	25%	20%
2	Ensure female participation in leadership role by 2025	10%	3%
3	Conducting training on health and safety for all employees	02	03

Actions Implemented

- 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 20%;

Way Forward

- 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

Governance Scorecard

Sl. No	Goals	Target	Achievement
1	Ensure woman leadership in board level	20%	11%
2	Ensure Anti - Corruption training for FTE every year	90%	91%

Actions Implemented

- Regular CFT and AML trainings of employees as mandated by Bangladesh Bank;
- Ensuring grievance management and counselling of employees

Way Forward

- To ensure policies concerning no tolerance for bribery and corruption
- Ensuring the adherence to Employee Code of Conduct

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 REVIEW

Bangladesh Economy

Bangladesh has seen strong economic growth in recent years, with significant progress in reducing poverty and improving the standard of living for its citizens. But the COVID-19 pandemic has presented new challenges to this growth, particularly in the textile and apparel sector, which has been a significant driver of economic growth in the country. The pandemic has disrupted global supply chains and reduced demand for apparel and textiles, leading to factory closures and reduced operations.

Despite these challenges, several factors are anticipated to drive economic growth in Bangladesh, including the government's efforts to improve infrastructure, attract foreign investment, and promote private sector development. Bangladesh's growing population also presents opportunities for businesses in sectors such as healthcare, education, and retail. The country's position as a hub for regional trade and its membership in trade organizations such as SAARC and BIMSTEC make it an important transit point for trade between India and Southeast Asia.

Several challenges could hinder Bangladesh's economic growth in the coming years. Climate change is a significant threat to the country's agricultural sector and infrastructure, and the government will need to invest in infrastructure and promote diversification of the economy to address these challenges. Regulatory barriers and corruption also need to be addressed to improve the business climate in the country.

Recent developments, including the Russian invasion of Ukraine, have created uncertainty, and increased global commodity prices, leading to inflation in South Asia. Banks in Bangladesh are facing liquidity stress due to high inflation and a dollar shortage, and rising default loans are exacerbating the crisis. The resulting squeeze on real income, particularly for people with low incomes, is severe, and domestic demand is likely to be compressed due to historic high inflation. In addition, external demand conditions are presumed to worsen macroeconomic stability, with the war in Ukraine and associated sanctions leading to a higher current account deficit and rising inflation as global commodity prices surge.

Macroeconomic Indicators	Projection		
	FY2022-23	FY2023-24	FY2024-25
Real GDP growth (percent)	7.5	7.80	8.0
CPI Inflation (percent)	5.6	5.5	5.5
Investment (percent GDP)	31.5	32.8	33.6
Total Revenue	9.8	10.4	10.6
Current Account Balance (percent GDP)	-1.19	-0.86	-0.81

Source- Bangladesh Economic Review, Ministry of Finance.

The prospective USD 4.5 billion loan program from the International Monetary Fund is expected to positively restore macroeconomic stability, but significant reforms are

needed to improve productivity and ease trading constraints internally and externally. Improving the exchange rate, removing the interest rate cap, accelerating income transfer programs to the poor and vulnerable, and raising tax revenues are some of the measures that can aid in improving the current economic conditions.

The current economic situation in Bangladesh is a mix of opportunities and challenges. While there are growth opportunities, particularly in sectors such as healthcare, education, and retail, the country needs to address several challenges to sustain its economic growth and improve the standard of living for its citizens.

Global Outlook

The global economic landscape has a mixed outlook on the Bangladesh economy. The ongoing COVID-19 pandemic has posed a significant challenge to the country's economic growth prospects, with disruptions to global trade and supply chains impacting export-oriented industries, such as the readymade garment sector. In addition, the global market's inflationary pressures and rising energy prices could also weigh on Bangladesh's economy, as the country heavily relies on imported oil and other commodities. The increasing pace of vaccination drives worldwide, and the government's stimulus measures and efforts to boost domestic demand could help revive economic activities and support growth.

Furthermore, Bangladesh's recent graduation to a lower-middle-income country status and its strategic location in the Indo-Pacific region provides ample opportunities for foreign investments and trade partnerships. The country's focus on improving infrastructure, diversifying export markets, and attracting foreign direct investment can help drive sustainable growth in the long run.

	Actual		Forecast	
	2021	2022e	2023	2024
Real GDP (Percent change from previous year)				
World	5.9	2.9	1.7	2.7
Advanced Economies	5.3	2.5	0.5	1.6
United States	5.9	1.9	0.5	1.6
Euro area	5.3	3.3	0.0	1.6
Japan	2.2	1.2	1.0	0.7
Emerging market and developing economies	6.7	3.4	3.4	4.1

* 2022 estimated

Source- Global Economic Prospects (January 2023)

The ongoing Russian-Ukrainian conflict has affected Bangladesh's economy. The sanctions imposed on Russia have affected trade relations between Bangladesh and Russia,

resulting in a decrease in demand for Bangladeshi garments and a decrease in exports and revenue for Bangladesh. The conflict has also increased oil prices, impacting Bangladesh's economy due to its heavy dependence on oil imports. Additionally, the conflict has decreased foreign investment in Bangladesh.

The COVID-19 pandemic has also affected Bangladesh's economy, resulting in a decline in export orders, remittances, and foreign investment, which are critical to the country's economic growth. The garment industry, a significant contributor to the country's export earnings, has witnessed a decline in demand from major export destinations such as the US and Europe. The government has taken several measures to support the industry, including providing financial assistance to workers and ensuring a safe working environment. The pandemic has also led to a decline in remittances, a critical source of foreign exchange for Bangladesh.

Despite the challenges, Bangladesh's economy has shown resilience, with growth projected to remain robust in the medium term. The government's focus on infrastructure development, including constructing new power plants, highways, and bridges, is expected to drive economic growth in the coming years. Bangladesh's proactive measures and focus on infrastructure development offer hope for continued growth in the future.

While Bangladesh's economy has been impacted by the global economic slowdown and the ongoing pandemic, the country's measures to diversify its economy and focus on infrastructure development offer opportunities for continued growth.

Regional Outlook

The global economy is expected to expand in the near term, albeit at a more moderate pace. But that the recovery is likely to be uneven across regions and countries. There are several potential growth drivers, including public investment, technology, and rebounding commodity prices, but also significant challenges remain, including rising energy prices, supply chain disruptions, geopolitical tensions, and climate change.

East Asia and Pacific

The region is anticipated to grow by 4.3% in 2023, compared to an estimated growth of 3.2% in 2022. China's economy is expected to slow down but grow by 4.3% in 2023, while other countries in the region are expected to see more vigorous growth. Increased public investment and continued growth in the technology sector will remain the key drivers of change in the region.

Europe and Central Asia:

The region is expected to grow by 0.1% in 2023, compared to an estimated growth of 0.2% in 2022. This region might continue its gradual recovery, but growth will likely be modest due to ongoing challenges such as the pandemic and geopolitical tensions.

Latin America and the Caribbean

The region is hoped to grow by 1.3% in 2023, compared to an estimated growth of 3.6% in 2022. Economic activity might recover, albeit slower than expected, as ongoing challenges such as high inflation and fiscal imbalances continue weighing on the region's prospects.

The Middle East and North Africa

The region is assumed to grow by 3.5% in 2023, compared to an estimated growth of 5.7% in 2022. This region might continue its gradual recovery, with oil-exporting economies benefiting from higher oil prices while non-oil economies face ongoing challenges such as social unrest and political instability.

South Asia

The region is expected to grow by 5.5% in 2023, compared to an estimated growth of 6.1% in 2022. The region's recovery from the COVID-19 pandemic has been relatively strong, with India's economy expected to grow by 6.6% in 2023. The region's young and growing population are potential drivers of growth, but the region also faces significant challenges, including climate change and rising inequality.

Sub-Saharan Africa

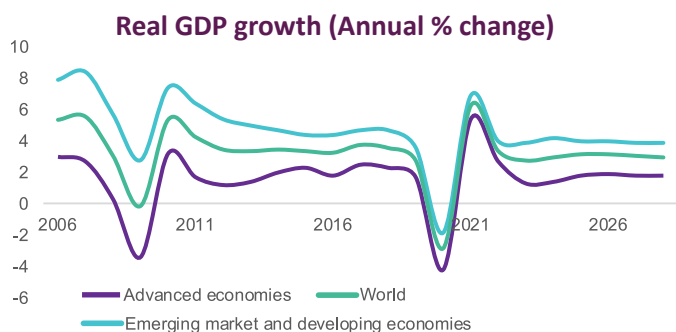
The region is presumed to grow by 3.6% in 2023, compared to an estimated growth of 3.4% in 2022. The region's recovery from the COVID-19 pandemic has been slower than in other regions, and the recovery is likely to be uneven across countries. In addition, the ongoing conflicts and weak governance will remain potential headwinds for the region's growth.

Source-Global Economic Prospects (Jan'23), World Bank

GDP Growth Projection for the fiscal year 2022-2023

The IMF lowered its growth projection for the fiscal year 2022-2023 to 5.5 percent due to high energy and food prices, inflation, higher interest rates, and Russia's invasion of Ukraine. The government, however, has set an ambitious target of 7.5 percent in expectation of economic revival.

According to ADB, Bangladesh's GDP is expected to grow by 5.3 percent in the FY 2022-23. The slower growth forecast is attributable to the slowing of global economy in the wake of Russia's invasion of Ukraine, which has resulted in weaker domestic demand and export growth.

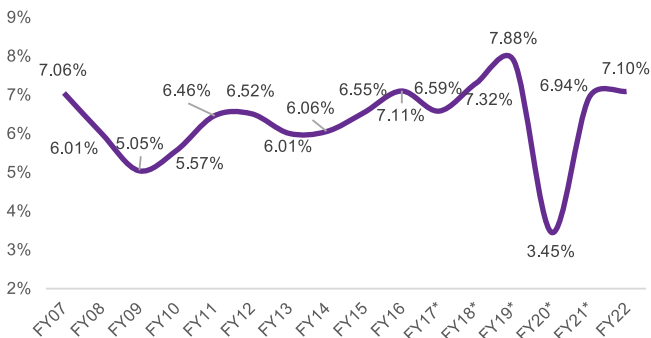


Source- IMF

World Bank also downgraded growth forecast for Bangladesh to 5.2 percent for the current fiscal year ending in June 30,

2023, impacted by inflation, energy shortage, slowdown of the recovery from the pandemic, and the war in Ukraine. According to World Bank, as inflationary pressure eases, external conditions improve, growth is assumed to accelerate in FY24 and converge to around 6.5% over the medium term.

Real GDP Growth (Bangladesh)



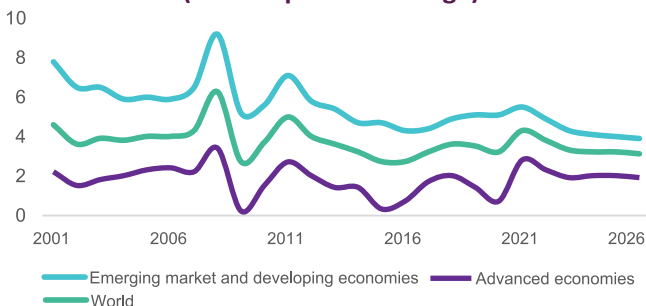
*New Base, FY22- Provisional

Inflation

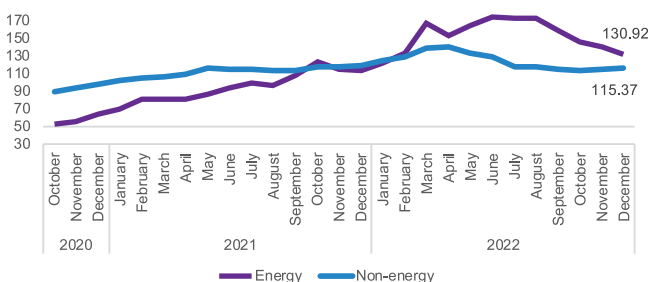
According to the IMF (October'22), inflation is forecasted to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but to decline to 6.5 percent in 2023 and to 4.1 percent by 2024.

The Central Bank of Bangladesh aims to keep annual average CPI-based general inflation to 5.60% in FY23. Average inflation rate stood at 6.15% at the end of FY22, which was 85% higher than the fiscal budget.

Inflation rate, average consumer prices (Annual percent change)



Commodity price indexes

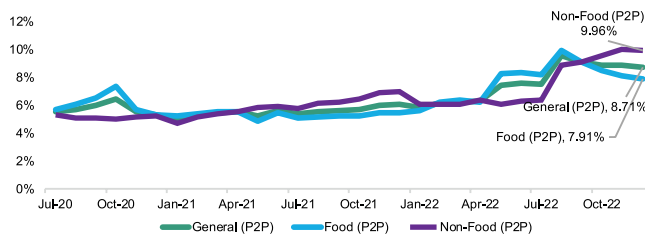


Source- IMF, World Bank

As of December 2022, the general inflation declined to 8.71% as food inflation eased. Food inflation stood at 7.91% and Non-food inflation stood at 9.96% in Dec'22. Twelve-month average general inflation stood at 7.67%, up by 22 bps on a monthly basis. The main reasons for the increasing inflation

rate in Bangladesh are the increase in food prices and prices of imported daily consumption, supply chains disruptions in domestic and global market, rising fuel prices, currency depreciation, and imperfections and anomalies in the local markets. The middle-income and fixed-income people are struggling as the burden of rising prices is increasing. Many families have had to withdraw their savings to cope with the higher consumer prices. Due to a surge in prices of commodities in the global market and the fast depletion of the foreign currency reserves, sales of savings certificates has increased and remained at an elevated level for the last few months.

Inflation



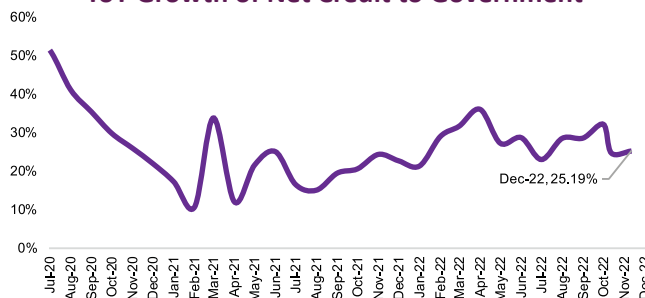
Source- Bangladesh Bureau of Statistics

If the government maintains its current trend of borrowing from the central bank, non-food inflation and, in turn, inflation might spiral in the coming months.

Domestic Credit Growth

Govt. net borrowing increased by 25.19 percent (YoY) in Dec'22. It stood at 2,936.19 billion at the end of Dec'22. The government has targeted to borrow BDT 1,063.34 billion from the banking sector in FY23. Currently, banking sector is experiencing a liquidity shortage due to a slow deposit growth against high lending growth and a surge in dollar purchase from the central bank to meet the foreign currency crunch.

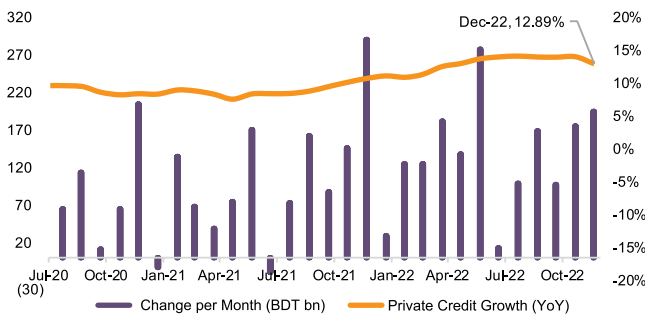
YoY Growth of Net Credit to Government



Source- Bangladesh Bank

In July-December of FY 2022-23, net borrowing of the government from the banking sector stood at BDT 99.52 billion, 25.19 percent lower than the same period of the previous financial year. This was primarily due to drastic decline in net national savings certificate sale. Total sale of National Savings Certificates (NSCs) during July-December of FY23 amounted to BDT 404.72 billion, which was 21.61 percent lower, compared to the same period of FY22. In a time of elevated inflation, the government has started to borrow significantly from the Bangladesh Bank to meet the budget deficit, a move that is expected to push up the inflation level further.

YoY Private Sector Credit Growth



Source- Bangladesh Bank

Private sector credit growth declined to 12.89% (YoY) in Dec-22 amid a liquidity shortage and a fall in imports. Credit to the private sector stood at BDT 14,261.34 billion and mainly because of increasing demand for working capital. However, the growth is still lower than the central bank’s target of 14.8%. The central bank has reduced the private sector credit growth target for FY23 to 14.01% from 14.8% in FY22 to control inflationary pressure. Considering the low interest rates in banks, it is still high. Besides, many people are now refraining from taking loans considering the current economic condition in the country.

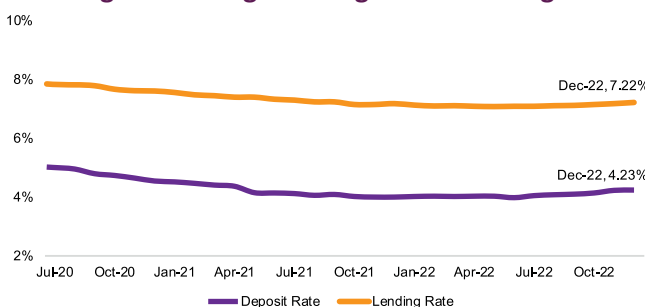
NBR Tax Revenue

The National Board of Revenue (NBR) has collected BDT 909.18 billion in the July-December period of FY23. According to NBR’s latest data, revenue collection has increased by 10.74 percent in December, compared to last fiscal year. The government has targeted BDT 3,700 billion collection for the NBR for the current fiscal year. The tax collection is unlikely to see buoyancy for the rest of the fiscal year if import restrictions continue and economic pains intensify. Given the current economic vulnerabilities, the country needs to focus on revenue enhancement and mobilization as well as expenditure rationalization on urgent basis.

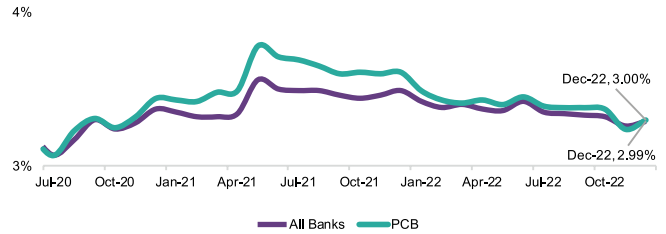
Interest Rate

Banks’ lending and deposit rates have been increasing gradually as demand for funds has risen in the sector amid a liquidity shortage. According to Bangladesh Bank data, weighted average deposit rate was 3.97 percent in June 2022 that increased for the five consecutive months to settle at 4.23 percent in December. The lending rate was 7.09 percent in June 2022 that increased continuously to reach 7.22 percent at the end of December. The high inflationary pressure in the country discouraged people to keep money in banks as deposit rate was much lower than the inflation rate.

Weighted average lending and borrowing rate



Interest Rate Spread

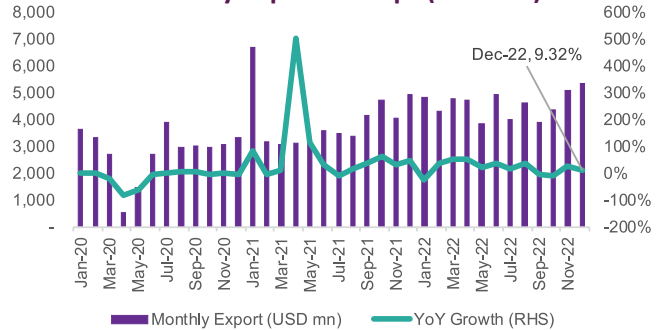


Source- Bangladesh Bank

External Sector Export

With a comfortable balance of payment position, foreign exchange reserves, exchange rate stability, robust export and remittance growth, and impressive import performance, the external sector has been a pillar of the economy. In the last few months, the sector has come under pressure on all counts, and subdued exports are one of the reasons. However, in Dec’22, export stood at USD 5,365.19 million, up by 9.32% as compared to the same period in FY22.

Monthly Export Receipt (USD mn)



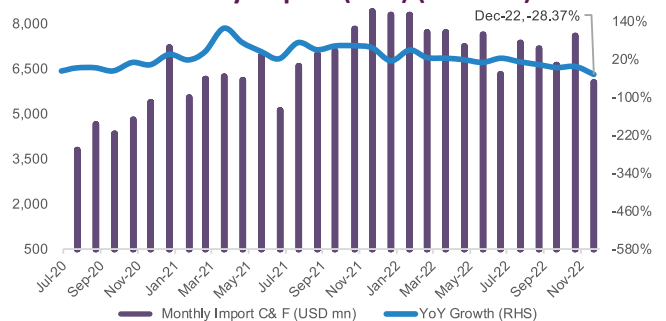
Source- Bangladesh Bank

Bangladesh’s export sector is expected to continue its growth trajectory in 2023. The government’s efforts to diversify the export base, improve trade facilitation, and attract foreign investment are expected to contribute to this growth.

Import

Import payments in December 2022 witnessed a significant decline of 28.37%, amounting to USD 6,042.9 million. To control imports, there was a substantial decrease in the opening of letters of credit (LCs) for importing capital machinery as well as intermediate goods and industrial raw materials. This could result in a slowdown of economic growth and employment generation in the current fiscal year, with micro, small, and medium enterprises (MSMEs) being the most susceptible to the impact.

Monthly Import (C&F) (USD mn)



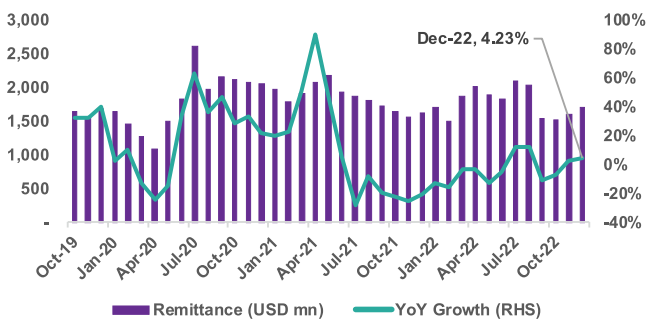
Source- Bangladesh Bank

Imports are expected to increase in 2023 due to the growing demand for capital goods and raw materials. The increase in imports might put pressure on the balance of payments, which may necessitate further measures to boost export earnings and attract foreign investment.

Remittance

In Dec '22, remittance stood at USD 1.69 billion, up by 4.23% on a yearly basis. The inflow of remittance is inconsistent with the number of workers going abroad. The difference in rates of the dollar between the banking system and the kerb market needs to be narrowed immediately, alongside taking measures to devalue the local currency further to attract the remitters to send their money in formal channels. The hundi business, an illegal cross-border money transfer system, needs to be restricted to augment the flow of remittances through legal channels.

Remittance Inflow (USD mn)



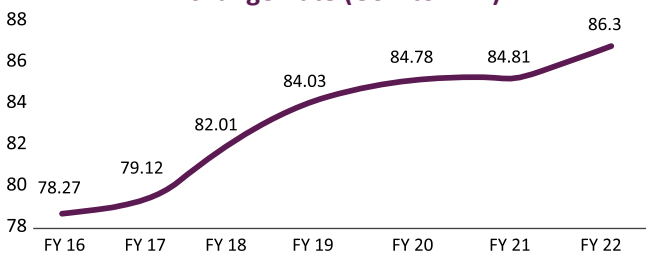
Source- Bangladesh Bank

Remittance inflows are expected to remain strong in 2023, driven by the steady growth of overseas employment and the government’s efforts to promote formal channels for remittance transfers. The ongoing pandemic and geopolitical risks could pose challenges to the remittance sector.

Exchange Rate

The central bank approved floating rate of dollars on September 14. Although the Bangladeshi taka lost more than 50% of its value from 2010 and 2022, the steepest decline only occurred in the last few months because, up until that point, the taka was maintained at an artificially higher value. In contrast, India, Vietnam, and Indonesia allowed a gradual devaluation of their currencies to avoid sudden shocks.

Exchange Rate (USD to BDT)



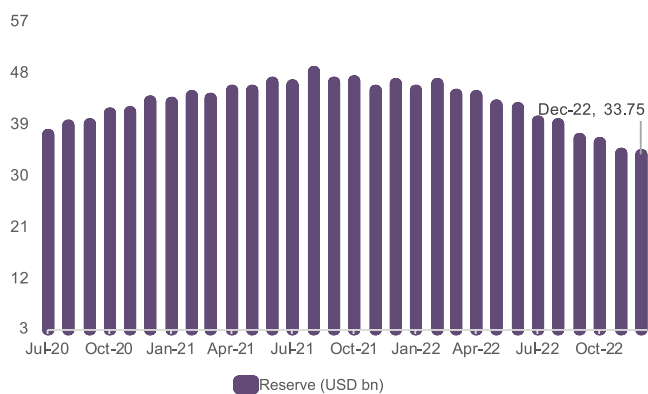
The exchange rate is expected to remain stable in 2023, with the Bangladesh Bank continuing to intervene in the foreign exchange market to maintain a stable rate. The central bank has set a target of maintaining a moderate level of depreciation against the US dollar to support export competitiveness and boost remittance inflows.

Source- Bangladesh Bank

Forex Reserve

Bangladesh’s foreign-exchange reserves dropped below USD 34 billion despite restrictive measures to stall the fall to navigate internal and external headwinds on the financial front, probably after the early stage of the Covid-19 pandemic. The downturn in the foreign-currency reserves continued because of a gradual fall in earnings from export and remittance in recent months. Simultaneously, the selling of dollars from the central bank to the commercial banks to meet the foreign-currency obligations to pay the import bills continues rising. According to the official data, Bangladesh Bank sold over USD 7.8 billion to banks in July-December of FY23, while in FY22, it injected USD 7.62 billion into the financial market. The significant decline in reserves, particularly the greenback, comes as a matter of concern for the economy, which is under stress amid Bangladesh’s falling foreign-exchange reserves, dragged by higher import payments against lower export earnings and remittance inflows.

Foreign Exchange Reserve (USD bn)



Source- Bangladesh Bank

To shield the reserves, the central bank took various initiatives, like discouraging imports of non-essential goods, strict monitoring of pre-and post-LC opening, and moving to raise the exchange rate of the dollar that Bangladesh Bank sells to the banks. Despite all the measures, the gradual fall of reserves could not be controlled. Settling high import payments was the main reason for the depletion of the forex reserve. Imports were surging amid rising commodity prices, global supply chain disruptions, and Russia- Ukraine war. This sharp depletion of reserves has put macroeconomic stability in danger.

Overall, the economy is still in a perilous situation, but concerns remain if the rate of depletion does not slow down.

Current Account Balance

In July- December of FY23, the current account balance stood at USD 5.3 billion, against a higher deficit of USD 8.3 billion in July- December of FY22. In addition, the deficit is also hurting the foreign exchange reserve. Furthermore, increasing import payments despite banks limiting the opening of letters of credit (LC), unproportioned remittance inflow with worker outflow, dire lack of monitoring is causing damage to the economy.

Looking ahead, the IMF projects that the current account

deficit will be 2.1% of the GDP in FY23, compared to 4.1% in the last fiscal year. The widening current account deficit is primarily driven by a surge in imports due to higher global commodity prices and increased domestic demand.

However, the deficit might be partly offset by a recovery in remittances and export growth, supported by the gradual resumption of economic activity in key trading partners and improved competitiveness due to a depreciating exchange rate. While the projected widening of the current account deficit presents some challenges for Bangladesh's external position, the country's economic fundamentals remain relatively strong, with robust growth prospects and ample foreign exchange reserves to support external stability.

Capital Market

The prime bourse Dhaka Stock Exchange (DSEX) closed at 8.14 percent lower at 6207 in 2022. The total number of listed securities in the Dhaka Stock Exchange jumped from 616 in 2021 to 668 in 2022. In 2022, total capital raised through IPO stood at BDT 11,136 million, down from BDT 12,790 million in 2021, registering 12.93 percent de-growth. The market capitalization of DSEX surged to BDT 7,609 billion in 2022. Despite the negative outlook of increasing

inflation and low-interest rates in early 2022, the stock market remained unaffected, with most securities staying at the floor price. The capital market saw the introduction of Treasury bonds and Sukuk in exchange trading for the first time, although the Treasury bond market has yet to show significant growth. Equity capital raised through IPOs or right share issuances declined. The improvement of the market in 2023 is uncertain due to recessionary global forecasts, unresolved Ukraine-war issues, pre-election uncertainty, banking sector crisis, devaluation of BDT, and stressed forex reserve. Investors are expected to continue being cautious due to the possibility of ongoing inflation.

However, market sentiment is anticipated to stabilize by the end of 2023 as economic tensions ease with recent declines in LC openings and import bills and the receipt of the first tranche of IMF loan installments, which may lead to an improvement in the country's current account deficit and foreign exchange volatility.

Source- Bangladesh Bank, Bangladesh Bureau of Statistics, Ministry of finance, Newspapers.

CFO's STATEMENT ON PERFORMANCE

SHAMIM AL MAMUN, FCA

CHIEF FINANCIAL OFFICER

"The economy of the country faced mounting challenges, due to the Russia-Ukraine war-related inflationary pressure, and COVID-induced shocks, and accordingly, the country's economic outlook for 2022 was downgraded. With global tightening monetary policies, the industry as a whole faced significant challenges. The global interest rate hike along with depreciation pressure on Taka made the external borrowings more expensive, which in turn put risk in asset quality, further increasing the amount of classified loans. The capital market is grappling with the economy's liquidity crisis, resulting in a bearish market and posing substantial obstacles for our capital market operations. However, we are pleased to report that our company has managed to perform well amidst these multidimensional challenges and posted a Group profit of BDT 661 million."



Key Result Areas



BDT 958 mn
Operating Profit



BDT 178 mn
Net Profit After Tax



BDT 1,684 mn
OPEX



BDT 2,180 mn
Provision Movement



63.73%
Cost-to-Income Ratio



BDT 85,934 mn
Asset Base



BDT 61,331 mn
Loan Portfolio Size



BDT 11,169 mn
Shareholder's Equity



7.22%
NPL



15.78%
CAR



2.37%
Profit Margin



0.21%
ROA



1.60%
ROE



0.30%
ROI



0.33
EPS

Financial Position

To provide a comprehensive analysis of our financial performance, we present the DuPont analysis of our results for the current year.

DuPont Analysis

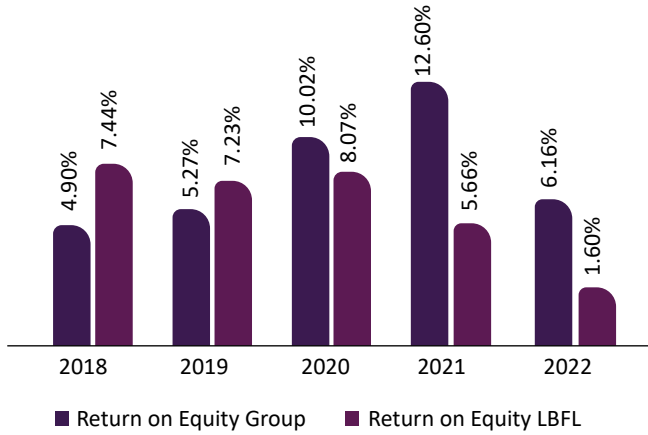
Consolidated DuPont Analysis						Standalone DuPont Analysis				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
Net Profit Margin	4%	4%	10%	13%	7%	8%	7%	10%	8%	2%
Asset Turnover	13%	14%	12%	12%	10%	11%	13%	11%	9%	9%
Equity Multiplier	8.95	8.90	8.15	8.33	8.41	7.93	7.90	7.35	7.45	7.69

LBFL's core operations have consistently generated a relatively stable ROE, exhibiting less volatility. The Company has strategically built its balance sheet over time, aiming to reduce return volatility and diversify risk to the best of its ability. This approach has allowed for a more sustainable and resilient financial performance.

Despite the challenging economic environment, our organization remained committed to maintaining prudent financial practices and managing risks effectively. By leveraging our gradual balance sheet development and focusing on minimizing volatility, we aimed to navigate through the ongoing uncertainties and continued to deliver long-term value to our stakeholders.

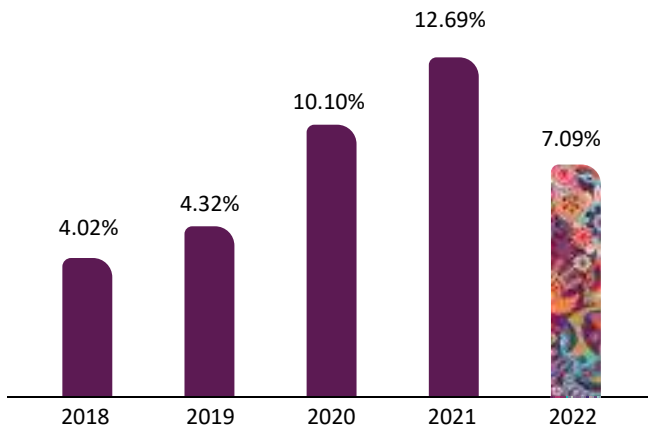
The global economy has faced numerous economic shocks, including a pandemic, war, inflation, and currency depreciation, which has collectively slowed its growth potential. Despite these challenges, the Group generated a **Return on Equity (ROE)** of 6.16% in 2022, a significant decline from the year prior to that. On a standalone basis, the ROE declined from 5.66% in 2021 to 1.60% in 2022. Over the past five years, the cumulative average growth rate of ROE stood at 7.79%.

Return on Equity



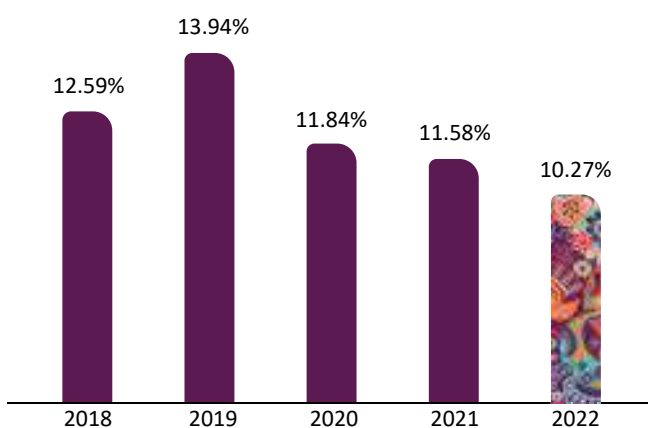
Over the five-year period, the LankaBangla **Group's Net Profit Margin (NPM)** has shown a positive trend. For the past few years, even in the midst of recurring shocks due to COVID, NPM has been on an upward trend. However, in 2022, the Group's NPM declined to 7.09% from 12.69% in 2021. This decrease in profitability is an impact of the losses realized due to interest rate cap and exchange rate.

Group Net Profit Margin



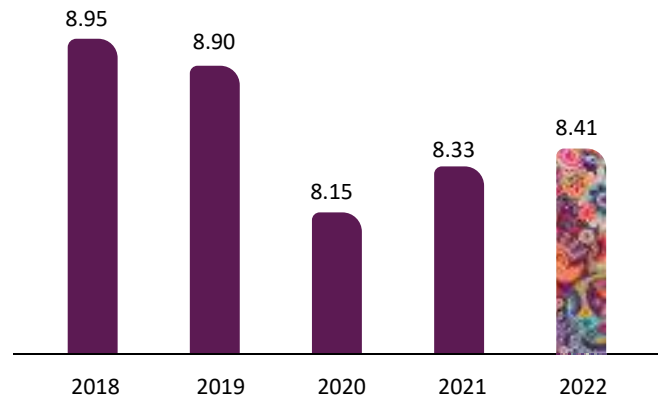
The **Group's Asset Turnover (ATO)** remained relatively consistent over the last five-year period, which showcases the Group's effective utilization of its assets to generate revenue and maintain stable level of efficiency in its operations

Group Asset Turnover



The **Equity Multiplier**, which measures the level of financial leverage employed by the company, has shown slight fluctuation over the years although in 2022 it slightly increased to 8.41 from 8.33 in 2021. This is an indication of the changes in the Group's capital structure and its slight dependence on debt financing owing to the fragile economic and industry condition.

Group Equity Multiplier



Capital

With an already stretched economic condition due to the pandemic, the global economy entered a new terrain fraught with unpredictability following Russia's invasion of Ukraine since the first quarter of FY 2022. Supply disruptions and financial sanctions, taken together, constituted a significant economic issue, which is likely to result in an economic recession in 2023. All the major economies of the world experienced record-high levels of inflation.

The economic volatility due to the war has led to an energy shortage for industries, affecting their profitability and hindering their ability to access credit, subsequently affecting the financial sectors. Consequently, the inability of many entities to repay debts led to an increase in non-performing loans (NPLs), fueling the cycle of inflation.

In the capital market, after witnessing a surge in 2021, investors' confidence dampened in 2022 as the market took a downturn. While our Tier II capital provided a cushion in 2021, the bearish trend in the market presented different circumstances in 2022. The decline in the market due to operational and supply chain disruptions posed considerable challenges for investors, affecting their sentiment and trust in the market's stability.

The supplementary capital comprises of General Provision for leases and loans, which was in control as we maintained our asset quality despite any cap on asset classification by the regulator 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 1,818 million on a Group basis and BDT 2,153 million on a Standalone basis.

The Group's Capital Adequacy Ratio (CAR) currently stands

at 17.37%, while LankaBangla Finance Limited (LBFL) has achieved a CAR of 15.78%, which are well above the base requirements set by the regulatory body for the banking sector. The robust capital base serves as a testament of the protective measures we have taken to navigate through a challenging economic environment.

As of 2022, the Tier I Core Capital of LBFL Group and LBFL itself amounted to BDT 10,996 million and BDT 9,032 million respectively on a standalone basis. The total eligible capital for the Group is BDT 12,814 million, and for LBFL, it is BDT 11,185 million. Group risk weighted asset for the year stood at BDT 73,763 million in 2022, a marginal decline of 0.57% from that of the previous year, while standalone risk weighted asset increased marginally by 1.71% in 2022 and stood at BDT 70,876 million. Consequently, the Company was able to ensure a healthy surplus capital for both the Group and LBFL, which stood at BDT 5,438 million and BDT 4,097 million respectively in 2022.

Loans and Advances

Following a private sector investment slowdown in 2020, our organization experienced growth in 2021, and in 2022, we continued this upward trajectory with a 3% increase in our group’s asset portfolio. The Group asset portfolio of

LBFL stood at BDT 65,086 million in 2022, compared to BDT 62,888 million in 2021.

The Group’s asset portfolio mix in 2022 comprised 28% corporate portfolio, 29% retail portfolio, and CMSME contributing 34% to the outstanding portfolio. LBFL itself witnessed significant growth in its CMSME financial services, with a 13% increase (BDT 2,649 million) from BDT 19,694 million in 2021 to BDT 22,343 million at the end of 2022.

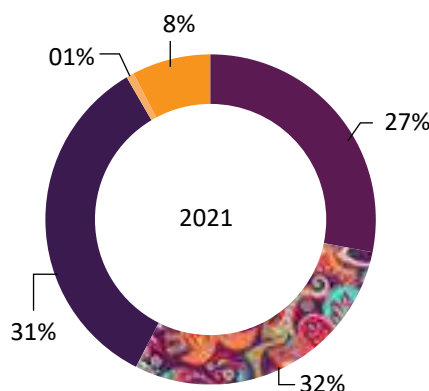
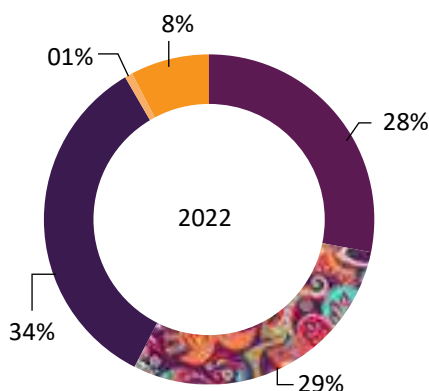
However, the Group’s retail asset portfolio experienced a decline of BDT 1,212 million, decreasing from BDT 20,360 million in 2021 to BDT 19,148 million in 2022. Home loans constituted a significant portion of the retail asset portfolio. Notably, LBFL remains the sole non-banking financial institution (NBFI) providing credit card services in the industry, with the credit card portfolio reaching BDT 4,786 million in 2022, reflecting a 7% increase compared to BDT 4,488 million in 2021, as the Company saw heightened credit card usage throughout the year.

As a part of one of the core strategies of CMSME led growth the segment demonstrated remarkable growth in its Group portfolio, expanding by 25% to BDT 22,343 million in 2022, compared to BDT 19,694 million in 2021.

Consolidated Loans and Advances

(amount in BDT mn)

Particulars	Actual		Growth in 2022		Contribution %	
	2022	2021	Amount	%	2022	2021
Corporate Division	18,268	17,049	1219	7%	28%	27%
Retail Division	19,148	20,360	-1212	-6%	29%	32%
CMSME Division	22,343	19,694	2649	13%	34%	31%
LBIL- Margin loan to share trading clients	415	525	-111	-21%	1%	1%
LBSL- Debit balance of share trading clients	4,912	5,259	-347	-7%	8%	8%
Total Business Divisions	65,086	62,888	2198	3%	100%	100%



- LBSL
- LBIL
- CMSME Division
- Retail Division
- Corporate Division

- LBSL
- LBIL
- CMSME Division
- Retail Division
- Corporate Division

Funding and Liquidity

In 2021, the prevailing lockdowns and fund shortages resulting from COVID-related issues presented significant challenges. However, the landscape in 2022 worsened as the post-COVID scenario was marred by inflation, the war, and a forex crisis, ultimately leading to a liquidity crisis in the economy. Due to the cost-push inflationary pressure, people's disposable income started to limit, which further culminated in an insurmountable suffering for the public. This liquidity crunch affected the public deposit of the company as individuals held onto their cash and assets, resulting in a decrease in savings. This resulted in lenders to default, which caused a decline in the deposit portfolio by 9% from BDT 48,006 million in 2021 to BDT 43,457 million in 2022.

As a response to the ongoing liquidity crisis, borrowings were secured to ensure the smooth functioning of lending operations. The total bank borrowings increased by 44% from BDT 16,188 million in 2021 to BDT 23,342 million in 2022. While there was an overall increase in borrowings, certain types of borrowings, such as foreign loans, decreased by 27% or BDT 933 million due to the volatile foreign exchange situation. The Company had to realize a foreign exchange loss of BDT 11 crore, which significantly impacted the revenue generation of the Company.

LBFL Deposit & Borrowings

(amount in BDT mn)

Particulars	Actual		Growth in 2022		Contribution %	
	2022	2021	Amount	%	2022	2021
Corporate TDR	10,793	12,105	-1,313	-11%	16%	19%
Retail TDR	24,512	25,523	-1,011	-4%	37%	40%
SME TDR	4,471	3,918	553	14%	7%	6%
Bank & FI TDR	3,682	6,460	-2,778	-43%	6%	10%
Total Deposit	43,457	48,006	-4,549	-9%	65%	75%
Long Term Loan - Bank & FI	6,439	2,494	3,945	158%	10%	4%
Long Term Loan - BB Refinance	4,497	2,046	2,452	120%	7%	3%
Short term borrowing	2,740	1,570	1,170	75%	4%	2%
Call Loan	0	1,070	-1,070	-100%	0%	2%
Bank Overdraft	721	142	579	409%	1%	0%
Foreign Fund	2,554	3,487	-933	-27%	4%	5%
Commercial Paper	0	0	0	-	0%	0%
Syndicated Term Loan	2,984	1,951	1,033	53%	4%	3%
Money Market Placement	380	450	-70	-16%	1%	1%
Subordinate Bond	1,391	1,885	-494	-26%	2%	3%
Inter Bank REPO against Govt. Treasury Bills	0	0	0	-	0%	0%
Bangladesh Bank REPO against Govt. Treasury Bonds	153	31	122	388%	0%	0%
Zero Coupon Bond	997	774	223	29%	1%	1%
Long Term Loan - SME Foundation	331	76	256	338%	0%	0%
Lease Liability- Vehicles	3	2	0	13%	0%	0%
Lease Liability- Office Premises	152	210	-58	-28%	0%	0%
Bank Borrowings	23,342	16,188	7,154	44%	35%	25%
Total Deposit & Borrowings	66,799	64,194	2,605	4%	100%	100%

The categories that experienced significant increases in borrowing include long-term loans from other banks and refinance schemes of Bangladesh, which rose by BDT 3,945 million and BDT 2,452 million respectively. Short-term borrowings and syndicated loans also witnessed substantial increases, with respective increments of BDT 1,170 million and BDT 1,033 million. Additionally, REPO against Government Treasury Bonds, Zero Coupon Bonds, and long-term loans from CMSME Foundation saw increases of more than BDT 100 million.

These adjustments in borrowing strategies were made to address the liquidity crisis effectively and enable uninterrupted lending operations.

Financial Performance

Profitability Position:

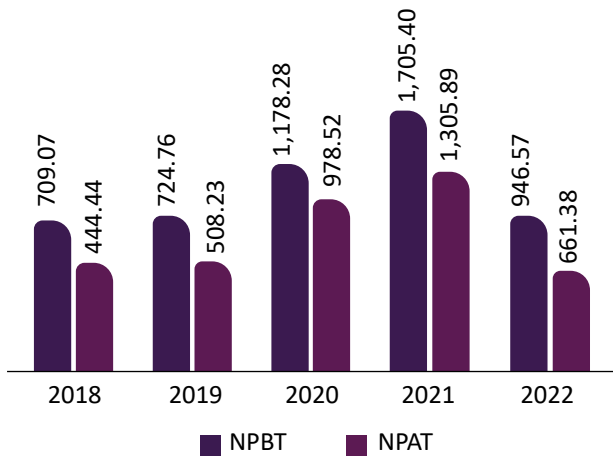
In 2022, LankaBangla Group encountered various challenges, including inflation, intensified competition, and a liquidity crisis. Despite these difficulties, the group managed to increase its asset portfolio and optimize operating expenses. However, these circumstances resulted in a significant decline in net profit after tax by 71% to BDT 178 million on standalone basis. The consolidated profit after tax for the group also decreased by 49% to BDT 661 million in 2022.

Net Profit/NIM Comparisons

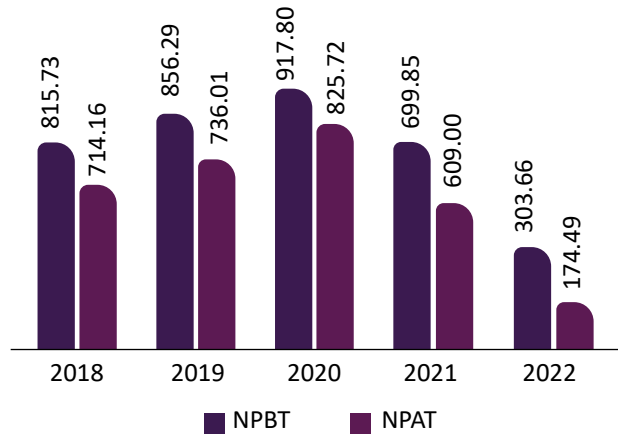
(BDT mn)

LB Group				
	BDT Million		YOY Growth	
Year	2022	2021	Amount	%
NPBT	947	1,705	-759	-44%
NPAT	661	1,306	-645	-49%
Net interest Margin	2,184	2,126	58	3%
LBFL				
Year	2022	2021	Amount	%
NPBT	304	700	-396	-57%
NPAT	178	609	-431	-71%
Net interest Margin	1,820	1,780	40	2%

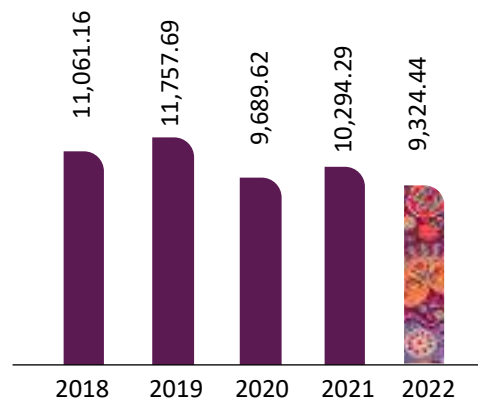
Group Profitability (BDT mn)



LBFL Profitability (BDT mn)



Group Revenue (BDT mn)



Consolidated Gross Revenue Breakdown

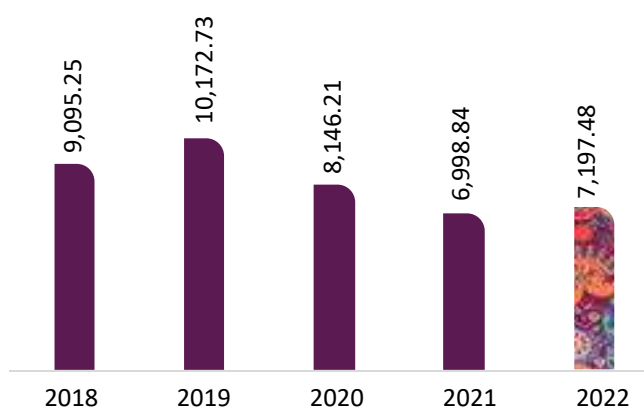
(BDT mn)

Particulars	Actual		Growth in 2022		Contribution %	
	2022	2021	Amount	%	2022	2021
Interest income	7,197.5	7,030.7	166.75	2%	77.2%	66.9%
Income from investment	550.9	1,217.6	-666.70	-55%	5.9%	11.8%
Commission, exchange and brokerage income	777.4	1,284.7	-507.28	-39%	8.3%	12.5%
Other operational income	798.7	761.3	37.37	5%	8.6%	8.7%
Gross Revenue	9,324.4	10,294.3	-969.85	-9%	100%	100%

In 2022, LankaBangla Group experienced a 9% decrease in revenue, from BDT 10,294 million in 2021 to BDT 9,324 million. This decline is an attribution of two major factors: a decrease in income from

Group Interest Income

(BDT mn)



In 2022, interest income from the Corporate and CMSME segments witnessed a 5% and 25% increase respectively. However, interest income from the retail segment experienced a 6% decrease. Consequently, the interest income from core lending saw a marginal rise of BDT 208 million, representing a 4% increase compared to the previous year.

Interest Expenses

Amidst the inflationary pressures in the economy, the overall cost of funds has increased, leading to a 3% rise in consolidated interest expenses. In 2022, interest expenses amounted to BDT 5,013 million, compared to BDT 4,873 million in 2021. Notably, interest expenses on term deposits decreased by BDT 577 million. However, interest expenses on bank overdrafts witnessed a significant increase of 229%, while interest expenses on short-term loans rose by 37% in 2022.

Consolidated Interest Expense

(BDT mn)

Particulars	Actual		Growth in 2022		Contribution %	
	2022	2021	Amount	%	2022	2021
Term deposits	3,218.41	3,795.09	-576.68	-15%	64%	78%
Term loan- commercial bank	501.21	404.87	96.34	24%	10%	8%
Zero Coupon Bond	93.57	12.15	81.42	670%	2%	0%
Short term loan	170.62	124.66	45.96	37%	3%	3%

Particulars	Actual		Growth in 2022		Contribution %	
	2022	2021	Amount	%	2022	2021
Bank overdraft	29.49	8.96	20.52	229%	1%	0%
Call loan	32.64	46.52	-13.88	-30%	1%	1%
Term loan- Bangladesh Bank	96.58	72.61	23.97	33%	2%	1%
BB REPO against Govt. T-Bonds	1.63	0.60	1.02	170%	0%	0%
REPO with BB against Govt. T-bills	0.00	0.24	-0.24	-100%	0%	0%
Subordinate bond	135.24	185.63	-50.39	-27%	3%	4%
Lease liability	30.65	31.01	-0.36	-1%	1%	1%
Syndicated term loan	400.54	85.58	314.96	368%	8%	2%
Foreign term loan-ICD	303.20	104.99	198.20	189%	6%	2%
Total Interest Expense	5,013.75	4,872.92	140.84	3%	100%	100%

Investment Income

Contrary to the optimistic market conditions we witnessed in 2021, the capital market experienced a significant downturn in 2022, retreating to levels similar to those seen in 2020. This bearish trend nullified the gains in investment income achieved in 2021, resulting in a substantial decrease of approximately 55% in total investment income. In 2022, consolidated investment income declined to BDT 551 million from BDT 1,218 million in the previous year. The liquidity crisis prompted individuals to withdraw their funds from the capital market, exacerbating the situation even further.

Consolidated Investment Income

(BDT mn)

Particulars	Actual		Growth in 2022		Contribution %	
	2022	2021	Amount	%	2022	2021
Subordinated bond	181.96	890.34	-708.37	-80%	33%	73%
Dividend income	236.85	178.84	58.01	32%	43%	15%
Commercial paper	0.00	0.00	0.00	-	0%	0%
Treasury Bills	0.13	1.70	-1.57	-93%	0%	0%
Treasury Bonds	19.19	3.13	16.05	513%	3%	0%
Subordinated bond	56.04	56.00	0.04	0%	10%	5%
Perpetual Bond	49.98	44.38	5.59	13%	9%	4%
Discretionary corporate fund-LBAMCOL maximizer	6.76	43.21	-36.45	-84%	1%	4%
Total Investment Income	550.90	1,217.60	-666.70	-55%	100%	100%

Non-Interest Revenue (NIR)

In 2022, the total Non-Interest Revenue (NIR) experienced a decline of 24%, amounting to BDT 1,576 million, compared to BDT 2,078 million in 2021. Issue management fees slightly decreased by BDT 14 million compared to the previous year. Although the disbursement of lease, loans and advances increased during the reporting year, due to the reserved loan appetite of people and somewhat of a stretched market condition, fees and documentation income decreased by a margin of 2% in 2022 to BDT 370 million from BDT 378 million in 2021. Membership fees and other income from credit cards decreased by 17% to BDT 132 million in 2022 from BDT 160 million in 2021. However, other income increased by 24% during the same period.

(BDT mn)

Particulars	Actual		Growth in 2022		Contribution %	
	2022	2021	Amount	%	2022	2021
Commission, exchange and brokerage income	777.37	1,284.65	-507.28	-39%	49%	62%
Portfolio and issue management fees	9.92	23.85	-13.94	-58%	1%	1%
Fees and documentations income	369.62	377.52	-7.89	-2%	23%	18%
Membership and other Credit Card income	132.11	160.11	-28.00	-17%	8%	8%
Other income	287.03	231.72	55.32	24%	18%	11%
Total Non-Interest Revenue	1,576.06	2,077.84	-501.78	-24%	100%	100%

Operating Expenses

The operating expenses for the group decreased by 7% to BDT 2,668 million, compared to BDT 2,874 million in the previous year. The company optimized its operating expenses by resizing and relocating office spaces and restructuring and re-strengthening human capital along with other one-off initiatives. In line with the total operating expenses, the Group's salary and allowances also decreased by 2%. Legal fees have seen a significant jump of 57% or around BDT 17 million.

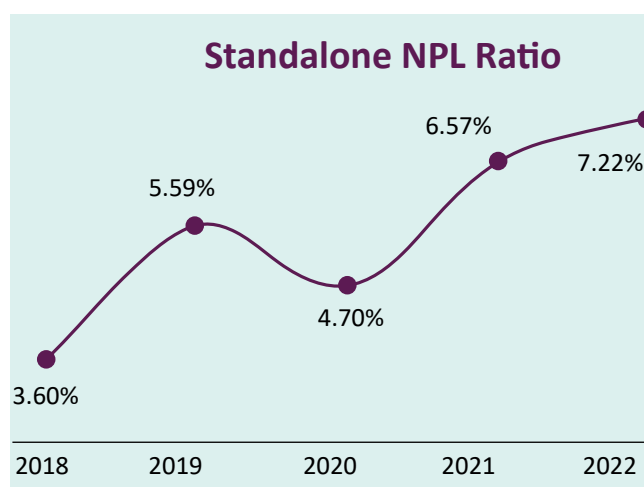
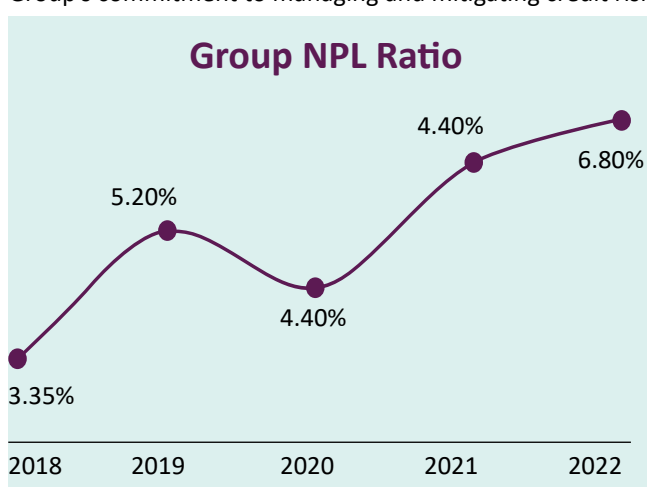
Consolidated Operating Expense

(BDT mn)

Particulars	Actual		Growth in 2022		Contribution %	
	2022	2021	Amount	%	2022	2021
Salary and allowances	1,376.35	1,400.26	-23.92	-2%	52%	49%
Rent, taxes, insurance, electricity etc.	54.45	37.51	16.94	45%	2%	1%
Legal and professional fees	48.60	30.89	17.71	57%	2%	1%
Postage, stamp, telecommunication etc.	26.14	22.92	3.23	14%	1%	1%
Stationery, printing, advertisement	56.47	40.65	15.82	39%	2%	1%
Repairs, maintenance and depreciation	358.01	581.72	-223.71	-38%	13%	20%
Other expenses	748.01	760.18	-12.17	-2%	28%	26%
Total Operating Expense	2,668.02	2,874.12	-206.10	-7%	100%	100%

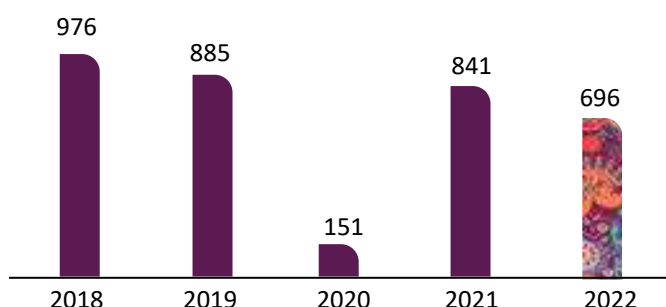
NPL and Provision Charges on Loans and Investments

The LankaBangla Group experienced an increase in Non-Performing Loans (NPL) from 6.14% in 2021 to 6.80% at the end of 2021. This rise in NPL indicates a higher proportion of loans that are not being repaid on time or in full. To address this situation, the Group allocated provision charges of BDT 541 million for leases, loans, and advances in 2022, slightly lower than the previous year's provision of BDT 575 million. Additionally, provision charges of BDT 159 million were made for investments in the same period. Despite these efforts, the total provision charged in 2022 amounted to BDT 696 million, reflecting the Group's commitment to managing and mitigating credit risks.



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

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



LBFL's Performance Summary

Total Assets and Liability

LBFL has demonstrated commendable performance within the financial sector despite the challenges posed by the COVID-19 pandemic and recent economic fluctuations. With a total asset base of BDT 85.93 billion, LBFL has achieved a growth rate of 3.96% compared to the previous year's figure of BDT 82.53 billion. Despite the decrease in deposits from BDT 48.2 billion in 2021 to BDT 43.6 billion in 2022 LBFL maintained a diversified term deposit portfolio. LBFL's focus on offering well-diversified and tailored loan products has contributed to the growth of its Leases, Loans, and Advances portfolio. With a 4.17% increase, the portfolio reached BDT 61.33 billion in 2022 from BDT 58.78 billion in 2021.

Asset Quality

Despite the trying times, upholding asset quality remains a top priority for LBFL, evidenced by an NPL ratio of 7.22% at the end of December 2022, significantly outperforming the industry average of 23% for Non-Bank Financial Institutions (NBFIs) as of June 2022. This achievement is particularly noteworthy considering the regulatory guidelines on loan provisioning in 2021.

Return On Asset

LBFL's Return on Asset (ROA) stands at 0.21%, with the consolidated ROA at 0.73%. Although influenced by macroeconomic slowdowns, LBFL's performance in comparison to the industry displays reasonable outcomes amid significant losses experienced by others.

Return On Equity

The ROE for LBFL reached 1.60%, while the consolidated ROE stands at 6.13%. It is important to note that the bearish trend of the capital market has contributed to the downward trend in ROE, influencing NPL.

Overall, the LankaBangla Group has achieved admirable results in its core financing business in 2022, despite facing a challenging liquidity crisis. While Consolidated Net Interest Income and standalone Net Interest Income (NII) increased

by 3% and 2.26% respectively, the profitability of the Group decreased by 49%, with LBFL experiencing a substantial reduction of 71% in 2022 compared to the previous year. This was a result of the market operational disruption, regulatory policies on loan provisioning and due to the realized losses of exchange rate and rate cap imposed by the Bangladesh Bank, which hit our bottom line significantly.

Consolidated Earnings per Share (EPS) decreased from BDT 2.38 in 2021 to BDT 1.21, while LBFL's Earnings per Share stood at BDT 0.33, a decline from BDT 1.13 per share in 2021. However, the Net Asset Value (NAV) per share of the Group saw a slight increase from BDT 19.82 in 2021 to BDT 20.02 in 2022.

In 2022, the LankaBangla Group faced various challenges, including a bearish trend in the capital market, leading to a decline in investment income and net profit. The retail segment experienced a decrease in revenue, while the CMSME segment showed growth, which is a feat for the Company as it was a major strategic focus area from the previous year. Operating expenses were optimized, with legal fees witnessing a significant increase. The NPL ratio increased due to the ongoing crisis, while provisions for leases, loans, and advances decreased slightly. The Group maintained a stable asset base and demonstrated efficient asset utilization. Return on equity indicated reasonable profitability.

Going Forward

We will continue to do the good works that has helped us to create the strong platform for the company in last 25 years. We will focus on keeping our NPL at the lowest level possible with rigorous monitoring and collection strategy implementation, and strive to keep our operational costs at lower level with strategic relocations in the midst of the persisting crisis. We will take steps for our portfolio growth, but that will be achieved without compromising with our asset qualities and financial budget. We will further focus on diversifying our liability basket and try to bring in long term funds in addition to fixed deposits which are done for shorter period of time. We will also focus on maintaining our liquidity base and ensure adequate spread between our lending rate and cost of fund. We will continue to adapt to market conditions and focus on profitability for a sustained growth.

GREEN OFFICE GUIDE

A Set of Tips to Make Our Workplace More Energy Efficient and Greener

Sustainable Economic Growth | Better Environment To Live In | Green Office For Employees



Use of Electricity

Conserve Energy, Conserve Natural Resources

- 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



Use & Re-Use of Equipments

Think Before You Start

- 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



Use of Paper

Digitize Yourself

- 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



Use of Water

Use Responsibly

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

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

Green Banking Towards Socially Responsible Banking in Bangladesh

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. 174



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. 323



How We
Create Value
page no. 170



Business
Divisions
of LBFL
page no. 327

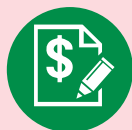


Key Resources

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



Capital Management
Report
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Cost Structure

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



How We Create Value
page no. 170



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. 172



Value Added Statements
page no. 141



HR Accounting
page no. 193



CSR
page no. 138



Contribution to Government Exchequer
page no. 145



Green Banking
page no. 134



Customer Relationships

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



Stakeholders Analysis
page no. 174



Product Portfolio
page no. 14



Customers Segments

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



Business Divisions of LBFL
page no. 327



Subsidiaries of LBFL
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Product Portfolio
page no. 14



Channels

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



Manufactured Capital
page no. 218



Branches and Subsidiaries
page no. 323



Revenue Streams

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



How We Create Value
page no. 170

VALUE CREATION STRUCTURE

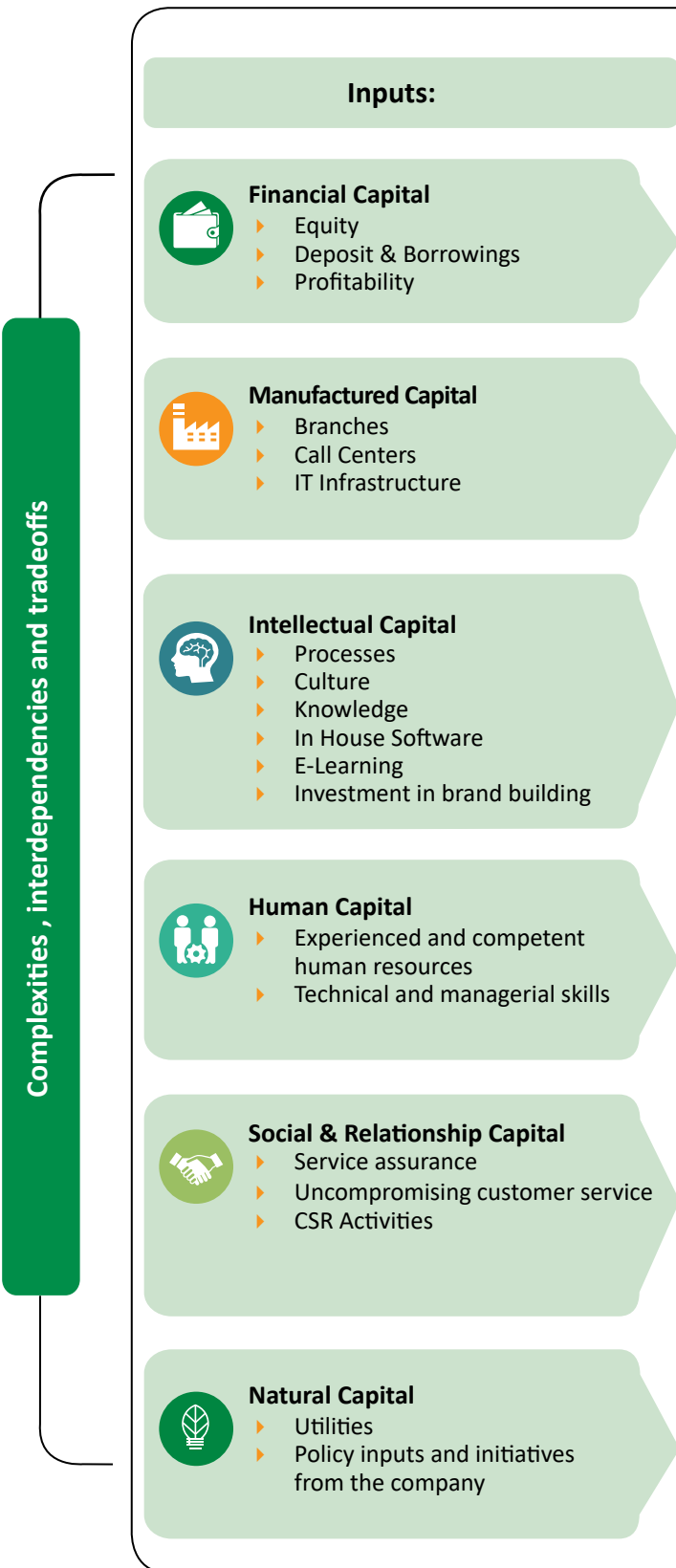
Our Value Creation Structure is inspired by our Vision, Mission and Core Values. “Creating Value to each stakeholder and the economies and the society in which we operate” is our Corporate Philosophy.

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. 166



How we create
value
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Capital Management
Report
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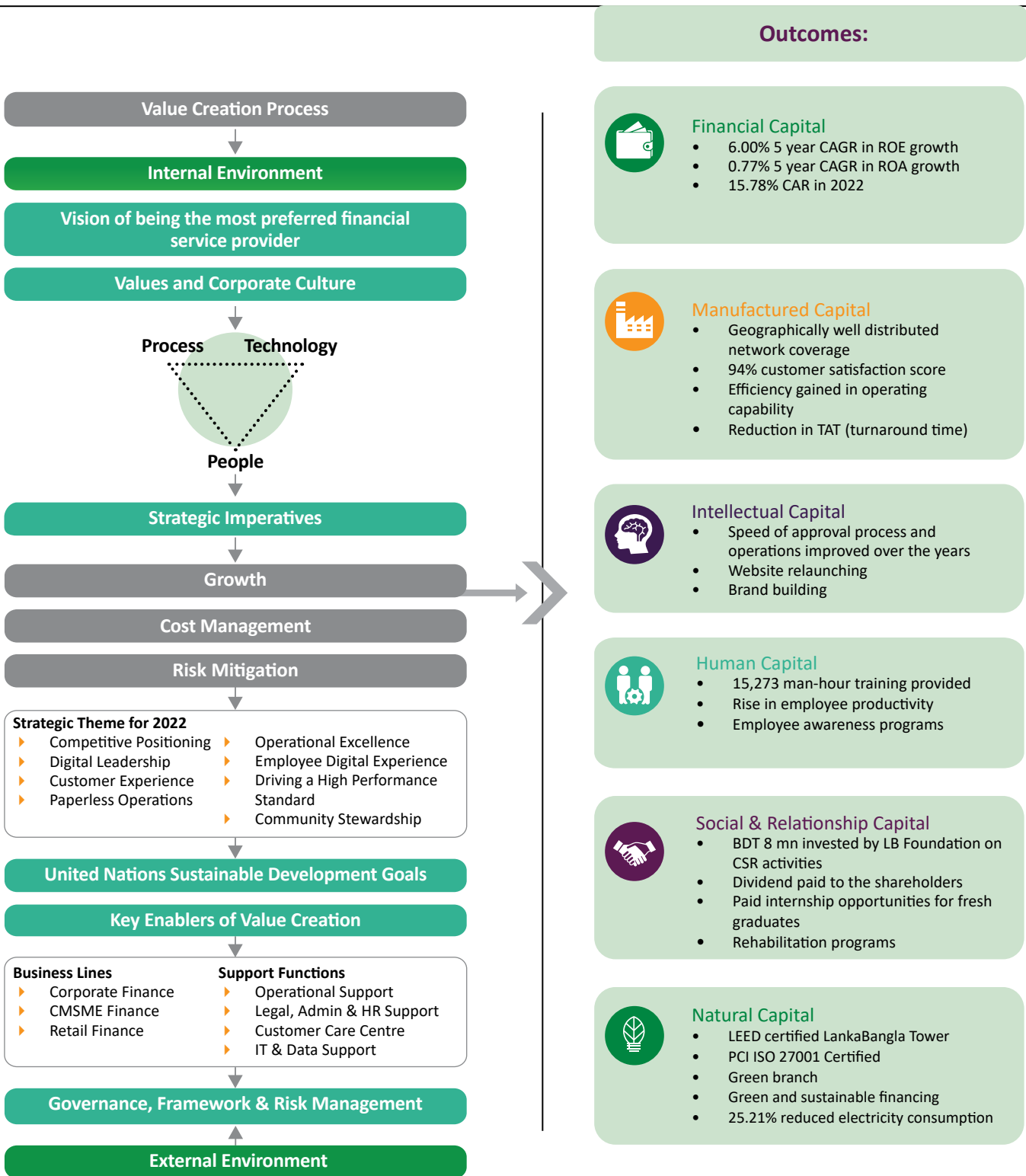
Economic
Review
page no. 148



Business Environment
Analysis
page no. 182



Strategic Focus
Areas
page no. 189



HOW WE CREATE VALUE

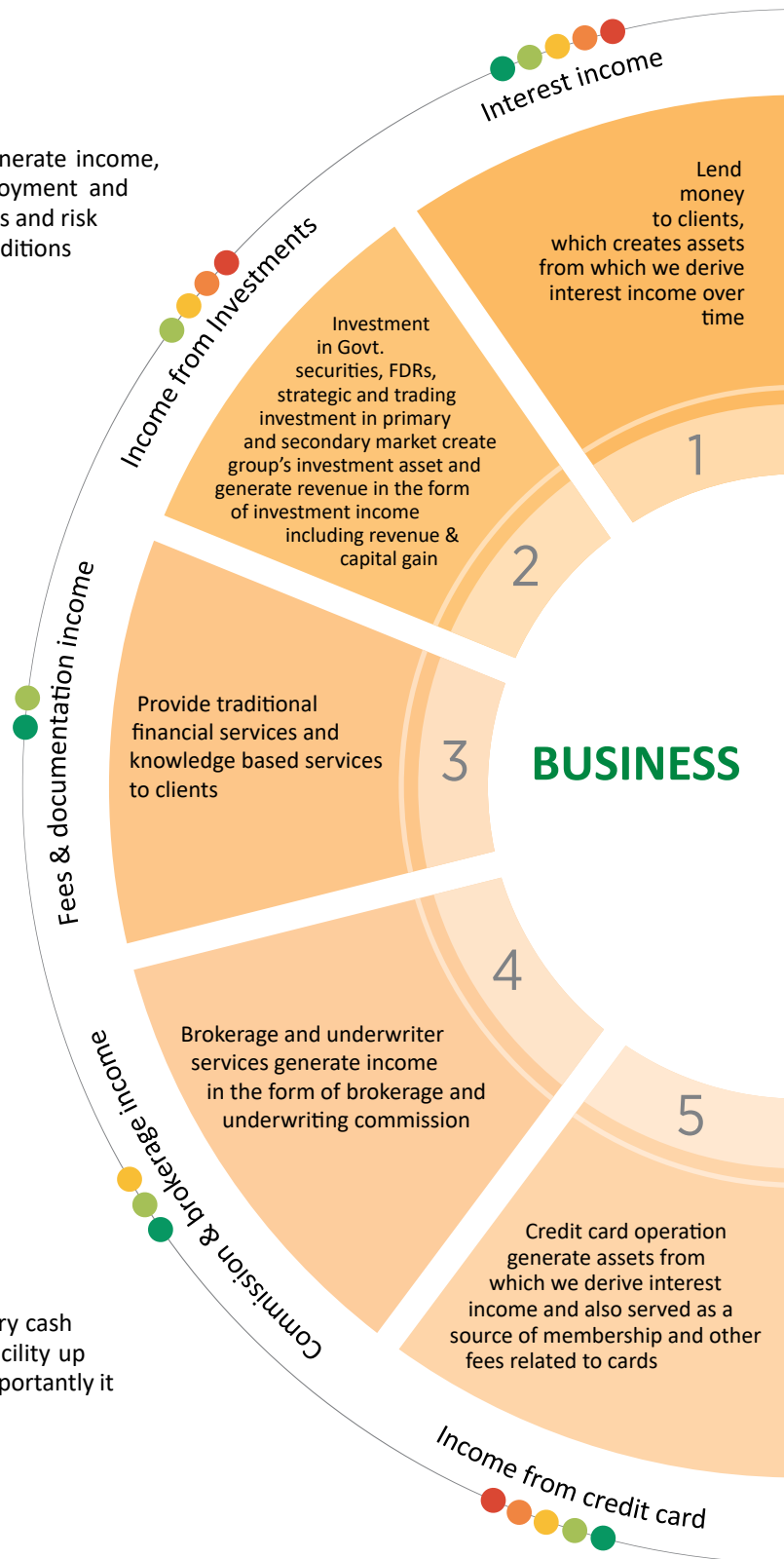
1 Lending enables individual customers to create wealth and generate income, helps business clients remain sustainable and supports employment and economic growth in Bangladesh. Regulatory capital requirements and risk appetite limit our ability to lend, and deteriorating economic conditions may limit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

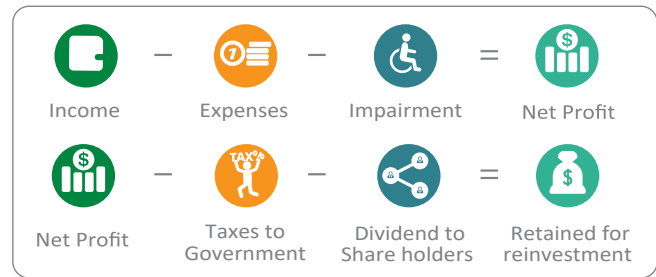
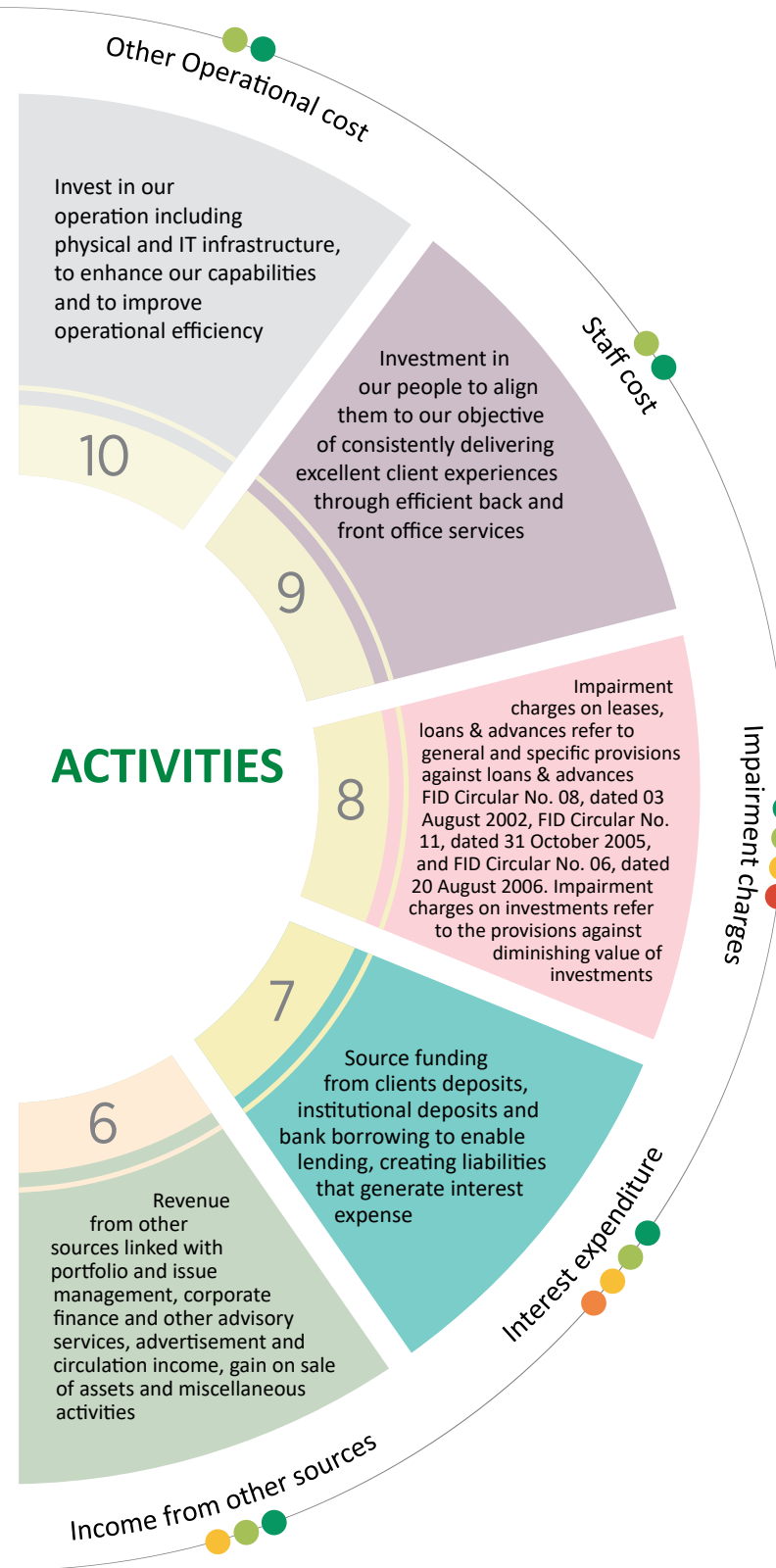
3 Through traditional financial services we attempt to connect the lives of our clients with progress and happiness. Our knowledge-based services, which include corporate advisory and loan structuring services, allow our clients to benefit from our experience and track record on the country.

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
- Liquidity risk
- Interest rate risk
- Market risk
- Business reputational 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, DFIM circular No. 04 dated 26 July 2021, DFIM circular No. 27 dated 21 December 2022. 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 2022, LBSL hold first largest position at CSE and second in DSE in terms of transaction value. 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

1,639

1,245

358

24

12



Total Assets

100%

84.89%

12.48%

2.39%

0.23%



Revenue

100%

80.21%

16.45%

2.72%

0.62%

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

0.73% 0.23% 2.98% 6.45% 1.54%

 ROE

6.12% 1.60% 5.92% 14.54% 0.33%

 NAV

20.02 20.73 21.26 4.01 10.49

STAKEHOLDER ANALYSIS

GRI: 102-40,42,44

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				


Connecting with our stakeholders





Stakeholder	Importance of Stakeholder	Needs and Expectation of the Shareholder	Value Created for our Stakeholders in 2022	Relevant Responses through Capital
 <p>Investors/ Shareholders</p>	<p>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.</p>	<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 661 mn • LBFL achieved NPAT of BDT 178 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 	<ul style="list-style-type: none"> • Financial Capital (page 195) • Intellectual Capital (page 206) • Social and Relationship Capital (page 221)


Stakeholder	Importance of Stakeholder	Needs and Expectation of the Shareholder	Value Created for our Stakeholders in 2022	Relevant Responses through Capital
 <p>Customers</p>	<p>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.</p>	<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 	<ul style="list-style-type: none"> • Manufactured Capital (page 218) • Social and Relationship Capital (page 221)


Stakeholder	Importance of Stakeholder	Needs and Expectation of the Shareholder	Value Created for our Stakeholders in 2022	Relevant Responses through Capital
			<ul style="list-style-type: none"> 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 2022	Relevant Responses through Capital
 Employees	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.	<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 15,273 man-hours of training during the year 2022 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 and promoted 213 employees in 2022 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 	<ul style="list-style-type: none"> Human Capital (page 198) Social and Relationship Capital (page 221)


Stakeholder	Importance of Stakeholder	Needs and Expectation of the Shareholder	Value Created for our Stakeholders in 2022	Relevant Responses through Capital
 Suppliers and Business Partners	Material suppliers have become increasingly important to LBFL with the expansion of its network and increasing requirement for stationery and other related supplies.	Compliance to contractual terms.	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.	<ul style="list-style-type: none"> Social and Relationship Capital (page 221)

Stakeholder	Importance of Stakeholder	Needs and Expectation of the Shareholder	Value Created for our Stakeholders in 2022	Relevant Responses through Capital
 Lenders	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.	<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 	<ul style="list-style-type: none"> Financial Capital (page 195) Social and Relationship Capital (page 221)

Stakeholder	Importance of Stakeholder	Needs and Expectation of the Shareholder	Value Created for our Stakeholders in 2022	Relevant Responses through Capital
 Regulators	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: <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 pre-designed to ensure correctness and timely submission of all the regulatory reports For the year 2022, LBFL and its subsidiaries made a contribution to Govt. Exchequer of an amount equal to BDT 1,030 mn, composed of income tax, withholding tax, VAT, withholding VAT and excise duty Ensured fair value for shareholders 	<ul style="list-style-type: none"> Financial Capital (page 195)

Stakeholder	Importance of Stakeholder	Needs and Expectation of the Shareholder	Value Created for our Stakeholders in 2022	Relevant Responses through Capital
 Society	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.	To act in a socially responsible manner	In 2022, LBFL performed various CSR activities and spent BDT 8.03 million in different key community, women empowerment and environmental sectors of the Company.	<ul style="list-style-type: none"> Social and relationship capital (page 221) Natural Capital (page 225)

Stakeholder	Importance of Stakeholder	Needs and Expectation of the Shareholder	Value Created for our Stakeholders in 2022	Relevant Responses through Capital
 <p>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.	Protection of environmental and ecological balance	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. Mentionable of the ESG goals set by the Company was it reduced its electricity consumption in such dire times with hiking commodity prices by 25% in 2022 from 2019.	<ul style="list-style-type: none"> Natural Capital (page 225)

Stakeholder	Importance of Stakeholder	Needs and Expectation of the Shareholder	Value Created for our Stakeholders in 2022	Relevant Responses through Capital
 <p>Board members</p>	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.	<ul style="list-style-type: none"> Financial Capital (page 195)

GRI: 102-43

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

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



Suppliers and Business Partners

Matters Relevant to the Stakeholder	Our Strategic Response to the Stakeholder	Engagement Mechanism	Engagement Frequency
<ul style="list-style-type: none"> Developing strategic partnerships Promoting transparent and ethically responsible business practices Continuous communication with suppliers and service providers Regular reviews on quality of goods and services 	<ul style="list-style-type: none"> Engaging in fair and equitable procurement Supplier risk assessment mechanism Contractual agreements to promote sustainable procurement Local sourcing Registration of multiple suppliers and service providers as a BCP measure Maintenance of suppliers and service providers register Developing CMSME entrepreneurs whilst purchasing goods which meet the Company's standards at a reasonable cost thus enjoying a win-win situation for both the Company and the supplier 	Interactions through the purchasing policy	On a regular basis
		Feedback evaluations	As and when necessary
		Meetings	As and when necessary
		Visits to supplier workshops/offices	Periodically
		Written communications (letters and e-mails)	On a regular basis
		Reviews and assessments	Periodically



Regulators

Matters Relevant to the Stakeholder	Our Strategic Response to the Stakeholder	Engagement Mechanism	Engagement Frequency
<ul style="list-style-type: none"> Proper and prompt action on regulatory requirements introduced from time to time Formulate the Company's policies in line with the broad objectives of the Bangladesh Bank 	<ul style="list-style-type: none"> Compliance with regulations Rectification actions on supervisory concerns On-time submission of statutory returns and statutory payments Response and contribution at meetings/forums and to initiatives of the regulators Micro, small and medium entrepreneurs lending and entrepreneurship development Complying with the green financing schemes and policies Support to maintain stability in money and foreign exchange markets Help investors to make better investment decisions 	Policy directives/ circulars, guidelines and operating instructions	On a regular basis
		Meetings and forums	Periodically
		Press releases	On a regular basis
		Periodic and one-off returns	Periodically
		On-site and off-site supervision	Periodically
		Training programmes	On a regular basis



Society

Matters Relevant to the Stakeholder	Our Strategic Response to the Stakeholder	Engagement Mechanism	Engagement Frequency
<ul style="list-style-type: none"> Community capacity building Community empowerment Social welfare of communities Environmental protection and conservation Preservation of local culture 	<ul style="list-style-type: none"> Socially responsive CSR model Transparency and Governance Community engagement Employee volunteerism Become a catalyst for change 	Ground level interactions with community leaders by staff	On a regular basis
		Interactions with social groups and volunteer organisations	On a regular basis
		Community and environment grievance handling mechanism	On a regular basis
		Discussions with government organisations	On a regular basis
		Digital media-based forum	On a regular basis
		CSR projects	On a regular basis

BUSINESS ENVIRONMENT ANALYSIS

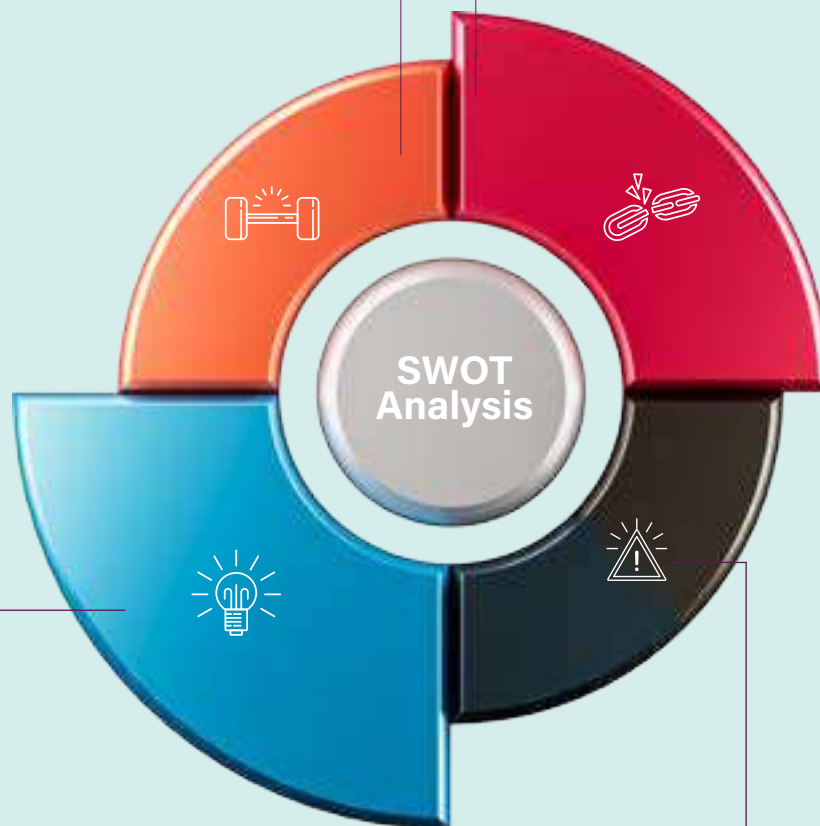
SWOT Analysis

STRENGTHS

- Nursing A Culture of Embracing Changes Broadcast Umbrella of Products And Services
- Offering highest loan ceilings and LTV ratios Strong capital base with sound CAR
- Having a knowledgeable and prudent governance
- Having a skilled human resource base with the lowest average age of employees
- Strong corporate governance and possessing an effective ICT environment supported by right IT hardware and software systems, IT support staff and an IT savvy

WEAKNESSES

- Asset Quality
- High COF
- Strong capital market
- Lowering yields on traditional lending products
- Less flexibility in the money
- 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)



OPPORTUNITIES

- Growing middle income group and increase in purchasing capability
- Reducing deposit rates in commercial banks
- Introduction of dual Currency credit cards and online transaction facilities and mobile banking services
- More funding opportunities from the foreign market
- Expected sound GDP growth levels and improved infrastructure would continue to give impetus to financial products
- People prefer fixed income Term Deposit products as opposed to risky investments

THREATS

- 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
- Growing competitive pressures
- Shrinking margins due to heavy price competition
- Newly licensed NBFI and Banks
- Turnover of skilled employees

Porters Five Forces Analysis

Threat of New Entrants	Supplier Power	Buyer Power	Threat of Substitutes	Competitive Rivalry
Influencing factor <ul style="list-style-type: none"> Emergence of new banks and NBFIs in the industry, licensing through Bangladesh Bank Patents and protection of intellectual property 	Influencing factor <ul style="list-style-type: none"> Supply of funds (deposits and borrowings) Interest rates on borrowings and deposits Supply of materials 	Influencing factor <ul style="list-style-type: none"> Customer perception of LBFL on brand Switching of customers Digitalization changing traditional business method Government regulations for financial sector Frequency of changing laws and regulations 	Influencing factor <ul style="list-style-type: none"> Availability of substitute products Aptness of substitute products Emergence of digital banking, neo banking and MFS deposit schemes Higher number of commercial banks and FIs 	Influencing factor <ul style="list-style-type: none"> Number of players in the industry Strategic directions of competitors Cost leadership
Influence on LBFL <ul style="list-style-type: none"> Threat on market share and possible reduction in industry dominance Employee poaching 	Influence on LBFL <ul style="list-style-type: none"> Impacts on interest rates Effect on revenue and margin Operational efficiency 	Influence on LBFL <ul style="list-style-type: none"> Laws and regulations limiting business operations and revenue streams Lending rate cap imposed by regulatory body Effect on customer relationship thereby impacting long term relationship 	Influence on LBFL <ul style="list-style-type: none"> Threat of loss of market share with increasing substitutes in the industry Impacts of service quality leading to customer switch brands Loss of revenue to substitute products Fierce competition amongst banks and FIs 	Influence on LBFL <ul style="list-style-type: none"> Impact on market share Loss of revenue to competitors Customer switching
LBFL's approach <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 	LBFL's approach <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 One-time payment options have been enabled 	LBFL's approach <ul style="list-style-type: none"> Thorough compliance of laws and regulations as per regulatory bodies Customer focused strategy and focus on serving particular customer segment (retail and CMSME) Opting for digitalized method to deliver faster and efficient services to the customers Upholding and strengthening brand to avoid switching 	LBFL's approach <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 	LBFL's approach <ul style="list-style-type: none"> Engage in competitors' 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'

Pestel Analysis



POLITICAL

Influencing factor


- Political stability
- Annual budget

Impact on LBFL

- Stable political situation has a positive impact on LBFL and unstable one pose a negative impact
- Change in different components of yearly budget like tax rates, interest waivers, refinancing facilities has impact on different product and projections of LBFL

LBFL's approach

- LBFL has always tried 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
- Adjusting LBFL's internal guidelines and projections as per the directive of Bangladesh Bank

ECONOMIC

Influencing factor



- Lowering interest rate regime
- Inflation control
- Growing global economic crisis
- Increasing income level
- Fluctuations in capital market indices

Impact on LBFL

- Even in the midst of elevated global economic challenges, income level has increased which will help retail business to enjoy above average business growth, although surge in commodity prices is a looming crisis
- Corporate and deposit business remains very competitive as interest rates fall to one digit
- Rise in overall NPL of the country as some of the regional clients find it difficult to repay the loans
- 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

LBFL's approach

- Pursuing core business growth in retail and CMSME
- Initiating prompt recovery actions on overdue contracts
- Expansion of delivery channels, product offerings and services
- Quick decision on product pricing through ALCO responsive to market need

SOCIAL

Influencing factor


- Increased income level improved the standard of living
- Growing competition
- Improved and innovative access to financial service aiding in financial inclusion
- Non-regulated lending authority

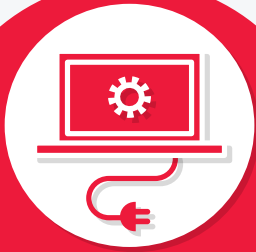
Impact on LBFL

- Growing GDP and per capita income has paved the way for better social condition and standard of living
- LBFL can be substitute for region or community-based lending authorities, who charge very high interest rates

LBFL's approach

- LBFL revisited its core operational processes, for purpose of streamlining parts of its work process to cut down on lead times and to afford a more effective service to its customers
- Affording greater autonomy to branches to handle deposits and assisting with full technical support to cater to wide customer range
- Numerous CSR activities, creating customer awareness





TECHNOLOGICAL

Influencing factor

- Rapid technological advancement
- Decisive factor to gain competitive advantage
- Shift towards digital and neo banking services, and MFS

Impact on LBFL

Customers are increasingly choosing smarter and faster services as digital transactions become more ubiquitous, and simultaneously with this development, security and risk challenges are on the rise. Thus constant innovation from LBFL's front is now imperative.

LBFL's approach

- Implemented Trazware Project to perform credit card operations
- IFS (ERP) is go live
- Required updates were made to the core ICT system to make it more effective and meet user requirements
- Development of MIS on a periodic period
- Introduced mobile banking services and online application to access the financial services and products at any time



ENVIRONMENTAL

Influencing factor

- Implications of climate change
- Green banking initiatives encouraged by the regulatory bodies

Impact on LBFL

- Initiating sustainable habits and operations within the Company has a long term effect on both the environment and the economy and it further helps in cost reduction
- LBFL must be steered towards catering to green financing and environmental concerns

LBFL's approach

- A separate sustainable finance unit (SFU) has been formed to drive the green financing initiatives and opportunities
- Various initiatives inside the Company such as implementation of 'No Print Day' is practiced
- Online application process to streamline the Company's operations and further initiatives for digitalization is under process, to create a more transparent and self-service-oriented experience for customers, so that they don't need to travel to the branches physically
- LBFL published its first sustainability report in compliance with the GRI initiative



LEGAL

Influencing factor

- Highly regulated business environment
- Increasing compliance requirements
- Legal landscape

Impact on LBFL

- Regulations imposed on NBFIs are stringent which affects both positively or negatively while conducting our business
- As compliance and reporting requirements increase, operational efficiency may decline, necessitating the use of additional resources to uphold those requirements
- Non-performing loans may increase even more as defaulters might take advantage of potential lapse in legal environment

LBFL's approach

- Strict due diligence is conducted before disbursement
- Proper training and knowledge on AML and CFT is given to employees
- Strong MIS system has been developed and constantly updated for easy monitoring of business activities
- Maintains compliance practices and assists regulators with proper and accurate reporting

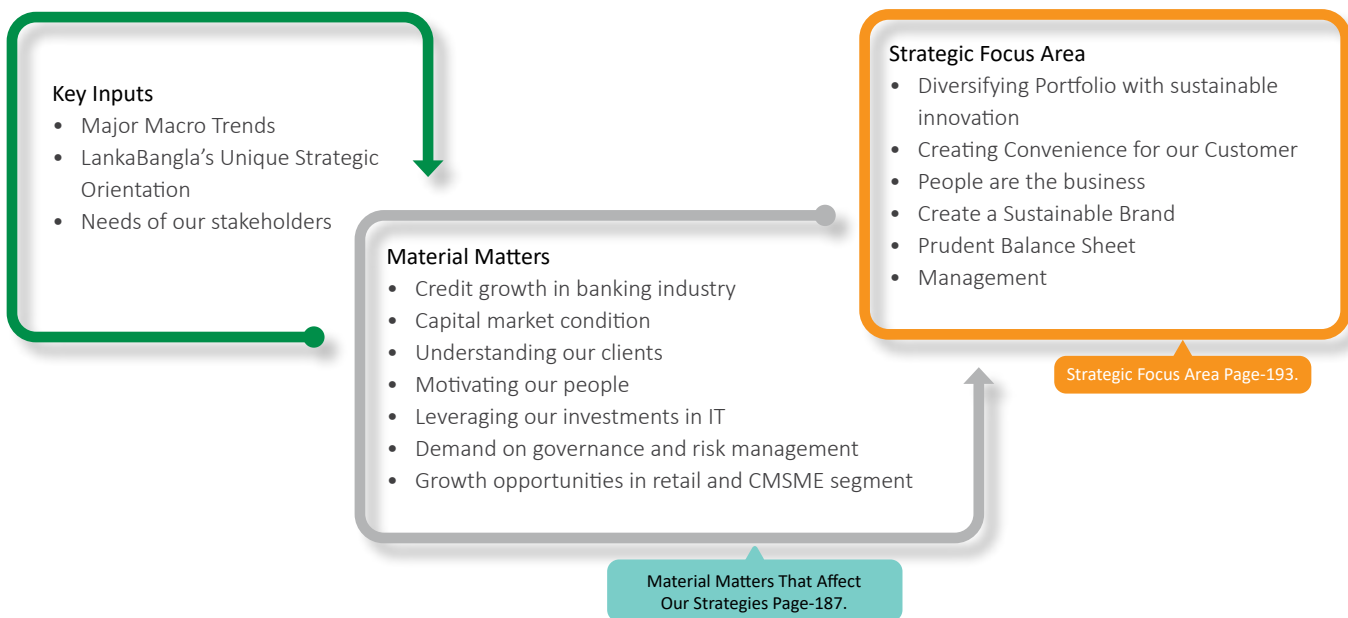
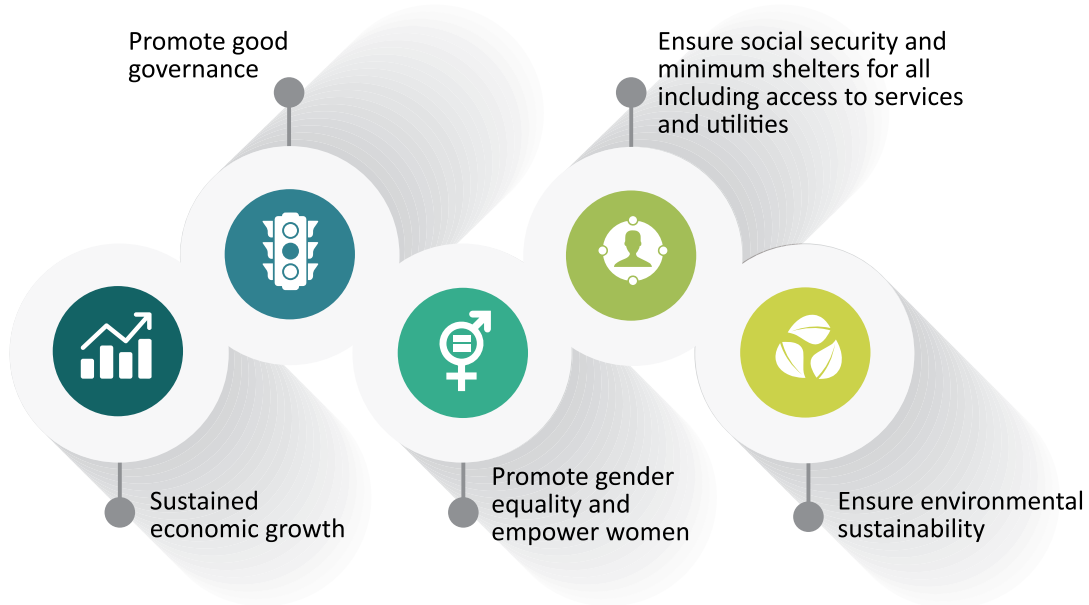


DRIVERS GUIDING OUR STRATEGY

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, any significant improvement is uncertain owing to the recessionary global forecasts, the unresolved Russia-Ukraine war issues, as well as local factors including political uncertainty, banking sector crisis, devaluation of currency, and stressed FOREX reserve. 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



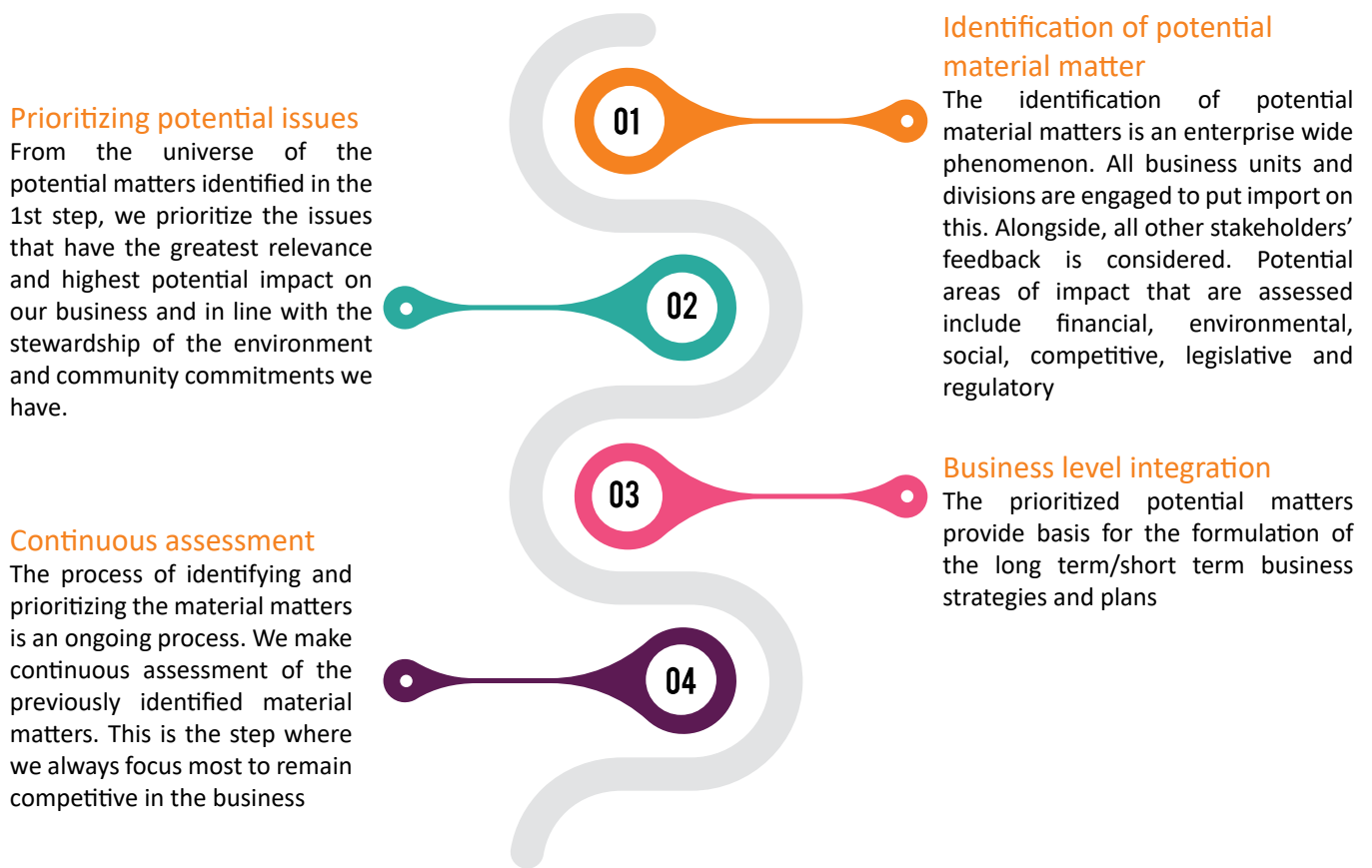
MATERIAL MATTERS THAT AFFECT OUR STRATEGIES

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’22. Because of the disruption in global supply chain due to ongoing war, 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 CMSME and Retail business in the preceding years The declining interest rate environment would be helping in tapping good CMSME Clients LankaBangla has the strength to go for retail financing business more aggressively

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 & CMSME, 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 CMSME

CMSMEs, 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 post-pandemic’s frailty and . We intend to put our efforts behind our CMSME basket so that the businesses, such as CMSME Financial Services, achieve a significant portfolio turnaround. We were able to use CMSME business’s exemplary performance as a driver and disbursed total asset of BDT 43,770 mn and saw a liability mobilization of BDT 18,147 mn respectively, which aided in strengthening both our assets and liabilities portfolio to a great extent. Out of the total mobilized amount, CMSME mobilized BDT 483 mn more in 2022 than 2021, i.e., in 2022 CMSME contributed 14% in total mobilized amount compared to 2021’s 10% mark.

We are working on the hub and spokes model and CMSME-led liability growth, which will act as a tool for the CMSME business expansion plan; our focal point in the foreseeable future. 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. The Company is also ensuring and exploring refinancing under government stimulus packages and already disbursed hefty amounts and plans on picking up the pace and making it one of the core strategies for the coming year.

1.2 Extended focus in Retail and Card Business

Regardless of the fact that the country operated on a stretched economic condition and hit a slump due to the ongoing global tensions, the upward trend in the loan appetite of people persisted in 2022 from 2021, which was further reflected in the number of cards used, mirrored by increased fees income, which helped us increase our total asset disbursement by 28% along with increased asset portfolio condition. Our primary concentration was on CMSME portfolios, which was closely followed by exceptional stride in our retail portfolio. Our retail basket disbursed BDT 16,291 mn i.e., contributed to 37% of the total disbursement. The credit card portfolio backed BDT 13,138 mn of the total retail business segment, contributing 81% of the total retail loans for disbursement, while it had accounted for 74% of the same metric in 2021.

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 for the third consecutive time in 2023.

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.

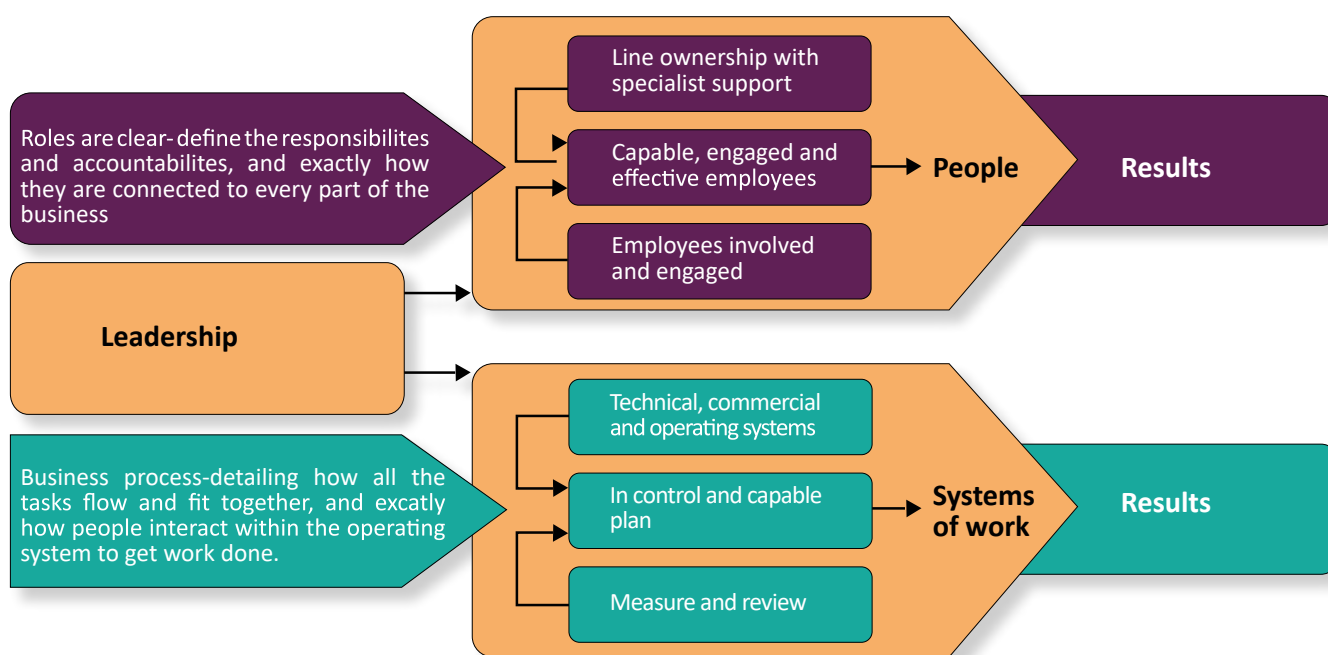
2.2 The Portal

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 some of which was postponed in 2022 due to recurrent COVID-19 shocks.

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 CMSME 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 2022 the Company spend BDT 8.03 Million as its CSR activities. It conducted various environmental and social cause related campaigns for the broader community.

5. Prudent Balance Sheet Management

5.1 Strengthening our Capital Base and Improve Our Funding positions

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 2022, 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. LBFL’s CAR also stood at 15.78% in 2022. At LankaBangla, Capital Management policy sets out the principles and guidelines for effective and prudent capital planning, usage and management.

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 25,390 Million out of which BDT 7,489 Million were unsecured. Non-convertible subordinate bond balance of BDT 1,270 million was included in the balance of bank borrowing which helped to strengthen our Capital Adequacy

ratio by providing support as Tier II Capital. We have managed BDT 153 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 CMSME 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 relation ship 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 identifies and reports investment made in human resources.

BDT Million

	2022
Total employee benefits	917.65
Training Cost	6.97
Employee Benefit Per Employee	0.74
Training Cost per Employee	0.006
Gross Revenue per employee	6.05
Total Expenses per employee	5.28
Operating cost per employee	1.35
Operating profit per employee	0.77

Total value of Human Capital has been ascertained BDT 18,690 million in the year 2022 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.

	2022
Human Capital (BDT Million)	16,102
No. of employee	1,245
Per Capita Value (BDT Million)	12.93

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 11.45% 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 2022	31 Dec 2021
Assets		
Cash	531.36	641.04
Balance with other banks and financial institutions	8,790.34	9,457.78
Investment	4,749.76	3,883.39
Leases, loans and advances	61,331.19	58,775.03
Fixed assets including land, building, furniture and fixtures	1,890.68	1,669.21
Human Assets	16,107	18,697
Individuals' value	16,102	18,690
Value of Investments	5.45	7
Other Assets	8,640.78	8,108.11
Total Assets	102,041.11	101,231.56
Capital & Liabilities	23,341.75	16,188.02
Borrowings	43,656.71	48,181.27
Term deposits and other deposits	11,168.53	11,073.88
Shareholders' equity	16,107	18,697
Human Capital	7,767.11	7,091.39
Other liabilities	102,041.11	101,231.56
Total Capital & Liabilities	101,231.56	93,803.53

CAPITAL MANAGEMENT REPORT

Financial Capital

- Consolidated PAT BDT 661 million (LBFL BDT 178 million)
- Consolidated Shareholders' Equity BDT 10,788 million
- Consolidated Fund Under Management BDT 160,807 million

Human Capital

- 1,235 talented employees
- Training conducted costing BDT 7.09 million

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 NBFI in Bangladesh to have Card operation



Key Resources of LankaBangla



Manufactured Capital

- Website revamping
- 98% call disputes solved via 24/7 call center facility
- Customer satisfaction score 94%
- State of the art online trading window





Social & Relationship Capital

- Stakeholder engagement
- Voluntary contributions towards CSR
- 11% achievement on sustainable finance as of total loan disbursed
- Operating expense reduced by 7%

Natural Capital

- Reduced electricity consumption upto 25%
- Green Banking initiatives and sustainable finance policies implemented
- 13% contribution of actual CSR expenditure in disaster management

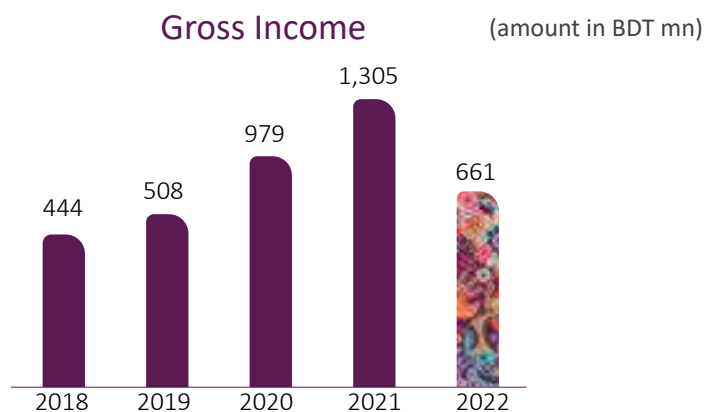
FINANCIAL CAPITAL

Material Topics influencing the Capital Development Strategy	Key Pillars	Value Creation Highlights for 2022	Linkages to other capital	SDG relevance
Profitability and Financial Stability Corporate Brand Image/ Goodwill Building Sales promotions, marketing communication, and information about the bank's products and services are all available.	Profit	<ul style="list-style-type: none"> 3% Y-O-Y increase in interest income BDT 7,534 Mn revenue generated ROE: 1.60% ROA: 0.28% Gross income BDT 947 Mn Dividend pay out ratio: 42.08% 	<ul style="list-style-type: none"> Strategic allocation of financial resources to cultivate delivery channels in accordance with the Company's expansion strategy will aid in the expansion of market reach Consistently optimizing financial performance over time adds to the Company's credence and strong brand image Better financial results enable the Company augment value accumulated for employees through above average benefits, increasing motivation and employee satisfaction while shrinking employee turnover Solid financial outcomes will allow the Company to allocate resources consistently to accommodate the needs of all major stakeholders 	   
	Asset Base	<ul style="list-style-type: none"> Cost-to-Income Ratio is 64% Asset Base: BDT 86 Bn 		
Liquidity	<ul style="list-style-type: none"> Group Tier I, Tier II and CAR stood at 14.91%, 2.47% and 17.37% respectively Standalone CAR is 15.78% 			
Strategic Theme for 2023				
Competitive Positioning				
Operational Excellence				

Analysis of the Statement of Profit or Loss

Gross Income

Although in 2022, the consolidated gross income declined by 49% to BDT 661 million from BDT 1,305 million in 2021 the Company saw a considerable amount of asset disbursement and liability mobilization in 2022. Furthermore, we were able to optimize our operating expenses by 7%. However, since the capital market had taken a nosedive as a correspondent effect of the global economic tension and dry market condition, it resulted in significant deduction in its income from investment, by 55%.



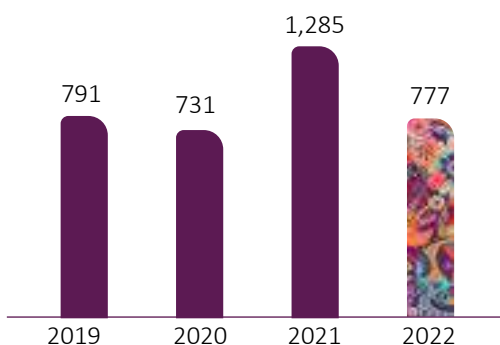
Net Interest Income

The primary source of revenue for the LankaBangla is interest income which increased by 1.20% from BDT 7,031 mn in 2021 to BDT 7,197 mn in 2022 while it was able to reduce its operating expense by 7% during the same period. Our average portfolio increased by 3.50% from 2021 to 2022 as well. However, as the Company realized losses from interest rate cap imposed by the central bank, the real net interest income did not increase as much in real sense thus, affecting our bottom line.

Non-Fund Based Income

LBFL recorded a fees and other operational income of BDT 799 million in 2022, a 5% marginal increase from BDT 761 million, owing to an increase in disbursement from BDT 34,269 million in 2021 to BDT 43,770 million. The majority of this improvement was due to retail finance (37%), which was followed by the great performance of CMSME finance (22%). The credit card portfolio is the core driver of retail portfolio performance, accounting for 81% of total retail finance. Despite the periodic shocks of the pandemic and the global trade tensions and disruption in overall supply chain, the service fee generated marginally owing mostly due to the regulatory body’s imposed caps. Fees were generated mostly through the electronic channels such as cards, reflecting a robust performance the past year resultantly mirrored by the income from credit cards. We were able to mobilize BDT 18,147 million in liabilities of which most were mobilized by retail term deposits, as a result of the credit card portfolio, which also contributed to a relatively positive performance of service fees and commissions.

Fees, Documentation, Commission & Other Income in BDT mn



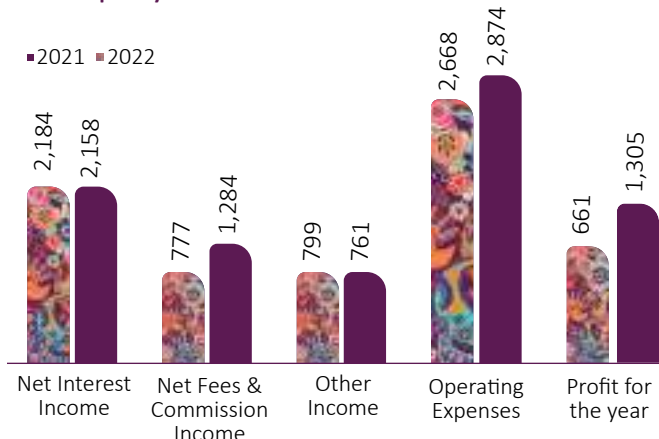
Operating Expenses

Operating expenses decreased by 7% on a Y-o-Y basis, from BDT 2,874 million in 2021 to BDT 2,668 million in 2022. 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 NPAT for the year 2021 was BDT 1,305 million which later on dropped to BDT 661 million in 2022, reflecting a drop of 49%. A large part of this drop in the Company’s bottom line was played by the realized losses of the interest rate cap and exchange rate losses due to Bangladesh Bank’s regulations and prevailing economic frailty respectively.

Company’s Performance in 2022 in BDT mn



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 0.98%, and the consolidated ROE for the year 2022 stood at 6.0%.

Analysis of Statement of Financial Position

Total Assets

LankaBangla’s total assets reached over BDT 90,765 million at the end of December 31, 2022, up from BDT 88,927 million at the end of the previous year, a BDT 1,838 million rise (2.07%).

Loans and Liabilities

As in the previous year, weak economic conditions curtailing from the post recovery period of the pandemic and newer blow hitting the global economic crisis due to geopolitical tension, led to a decline in the deposit portfolio of the Company by BDT 4,769 million with inflation hitting the roof being the main cause in the midst of an already frail economy. In the midst of these challenges, LankaBangla adopted a far-sighted approach towards granting new loans and reported a growth of BDT 2,198 million for the twelve months ended 31st December 2022, posting a 3.50% marginal increase in the overall loan portfolio from the previous financial year.

Equity

Total equity of LankaBangla has reached almost BDT 10,788 million at the end of 31st December 2022, up from BDT 10, 678 million at the end of the preceding year, an increase of 1.02%.

Liquidity

Throughout 2022, 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, 2022, the Company’s core capital Tier I, supplementary capital Tier II, and Capital Adequacy Ratio were 14.91%, 2.47% and 17.37% 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.

Liquidity Gap – Maturity Analysis

In BDT Million

Particulars	2020	2021	2022
Up to 1 month	3,983	1,709	1,993
1 to 3 month	(500)	813	1,538
3 to 12 month	(1,121)	(1,133)	1,360
1 to 5 year	243	650	(1,897)
5 year	7,889	9,035	8,174

Liquidity Gap as % of Liability

In BDT Million

Particulars	2020	2021	2022
Up to 1 month	57.67%	21.47%	27.00%
1 to 3 month	(3.85%)	7.19%	12.81%
3 to 12 month	(3.62%)	(3.80%)	4.44%
1 to 5 year	1.96%	3.46%	(8.95%)
5 year	256.24%	255.51%	228.49%

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) surging to BDT 7,609 billion in 2022. The total number of listed securities in the Dhaka Stock Exchange jumped from 616 in 2021 to 668 in 2022. In 2022, total capital raised through IPO stood at BDT 11,136 million, down from BDT 12,790 million in 2021, registering 12.93 percent de-growth.

Dividend

The Board of Director in its 142nd Meeting held on 27 April 2023 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 2022, constituting a dividend amount to reach at BDT 538 million. This will be considered for approval of shareholders at 26th Annual General Meeting (AGM) of the Company scheduled to be held on 21 June 2023. The dividend payout ratio of LBFL for year ended 31st December 2022 stood over 303.03%.

HUMAN CAPITAL

GRI: 102-8,102-17, 201-3, 205-1, 401-1, 401-2, 401-3, 403, 404-1, 404-3, 405-2

Material Topics influencing the Capital Development Strategy	Key Pillars	Value Creation Highlights for 2022	Linkages to other capital	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	242 employees got recognized for their exemplary contribution and commitment towards business growth and core values.	<ul style="list-style-type: none"> Learning and development approaches assist employees in becoming more efficient by making better use of available resources An immensely capable and competent team boosts the Company's visibility and maintain a competitive edge A performance driven value system assists the business strategy to attain better financial results Employees who are empowered are better capable of delivering the Company's value proposition to its customers 	    
	Learning and Development	<ul style="list-style-type: none"> 60 trainings provided to the employees BDT 5.06 mn spent on employees' training and development 		
	Governance and Best Practices	213 Staff promotions on all levels were given		
	Digital Solution	<ul style="list-style-type: none"> End-to-end process from sourcing, recruitment and welcoming new talents was delivered virtually 15,273 person hours spent on e-learning trainings 		
Strategic Theme for 2023				
<ul style="list-style-type: none"> Learning and development Employee digital experience Operational excellence 				

Key performance indicators of HR practices and decent work responsibility

After two consecutive year of COVID-19 pandemic, 2022 was little better than previous two years and people started to cope up with the new normal. Since things were changing quickly, new and flexible thinking was required to motivate, engage and manage talents. 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 planned an approach which focuses on building strong connections with our team members both individually and collectively, to ensure every team member is deeply committed to LBFL's core values and purposes.

Here you will gain insights on our workforce, employee mobility, sustainable reward and our practices. You will also find how we are modernizing our training and development techniques, safeguarding staff wellbeing and evolving our employee benefits.

Employment: Total by Employee type, Region and Gender

LankaBangla Finance Limited has its branches in all the divisions in the country. Currently the total number of branches stood 27 and Head Office in Dhaka.

Bangladesh Administrative Division-Wise Breakdown of Human Capital as at December 31:

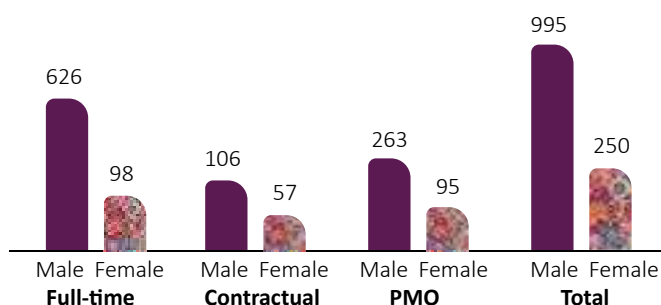
				No. of Employees
District	No. of Branches	Male	Female	Total
Dhaka	13	735	216	951
Chattogram	4	107	17	124
Sylhet	2	24	2	26
Khulna	3	44	7	51
Rajshahi	2	36	1	37
Barishal	1	15	3	18
Mymensingh	1	15	2	17
Rangpur	1	19	2	21
TOTAL	27	995	250	1245

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

In 2022, 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%
Full-Time	2022	2022
Male	626	86%
Female	98	14%
TOTAL	724	100%
Contractual	2022	2022
Male	106	65%
Female	57	35%
TOTAL	163	100%
PMO	2022	2022
Male	263	73%
Female	95	27%
TOTAL	358	100%
All Employees of LBFL	2022	2022
GRAND TOTAL	1245	100%

No. of Employee by Type and Gender in 2022

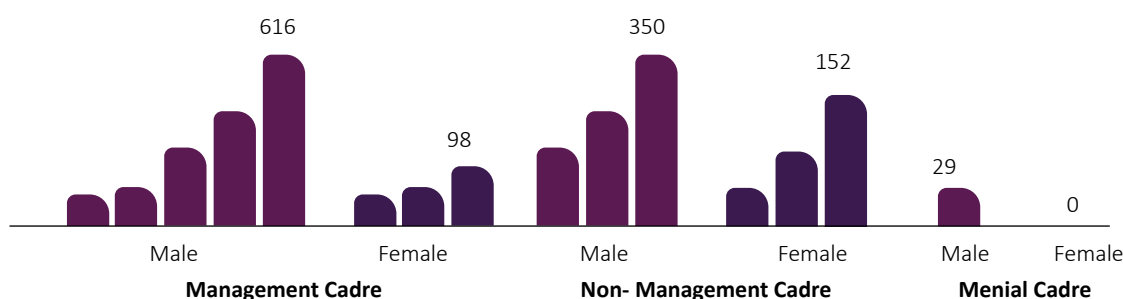


Age Analysis of Employees as at December 31:

Category	Management Cadre		Non-Management Cadre		Menial Cadre		Total 2022	
	Male	Female	Male	Female	Male	Female	Male	Female
51-60 years	8	1	5	0	2	0	15	1
41-50 years	158	13	78	6	11	0	247	19
31-40 years	384	68	173	88	13	0	570	156
21-30 years	66	16	94	58	3	0	163	74
21 years below	0	0	0	0	0	0	0	0
TOTAL	616	98	350	152	29	0	995	250

Service Tenure Analysis of Employees as at December 31:

Category	Management Cadre		Non-Management Cadre		Menial Cadre		Total 2022	
	Male	Female	Male	Female	Male	Female	Male	Female
16 years & above	18	1	0	0	7	0	25	1
11-15 years	38	5	1	0	6	0	45	5
6-10 years	149	15	99	27	10	0	258	42
6 years below	411	77	250	125	6	0	667	202
TOTAL	616	98	350	152	29	0	995	250



Employment Status

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, 51% were confirmed in service whereas 7% were on Probation. Rest 42% of the total employees were contractual in the company. Of this 42% contractual staff, 90% are Marketing Officers.

Employment Status as at December 31	No. of Employees	Composition in%
Confirmed in Service	641	51%
On Probation	83	7%
Contractual	521	42%
TOTAL	1245	100%

Employees by Grade

We have three grades of employee; Management Cadre (all full time employee), Non-Management Cadre (all contractual employee) and Menial Cadre (all attendants & drivers). Now Management Cadre accounting around 57% of the total staff strength and Non-Management Cadre accounting for 40% & Menial Cadre 2%.

Category	No. of Employees	Percentage
Management Cadre	714	57%
Non-Management Cadre	502	40%
Menial Cadre	29	2%
TOTAL	1245	100%

New Employees Hired

From 2021 because of COVID-19, LBFL moved quickly to transition its talent sourcing activities to a virtual environment. The end-to-end process from sourcing, recruitment and welcoming talent was delivered virtually by recruitment team and hiring manager. There was no disruption to the recruitment activities. During the period 2022, we hired 365 new employees. Of this 365 new joiners, 92 were our existing employee who were on contract with LBFL.

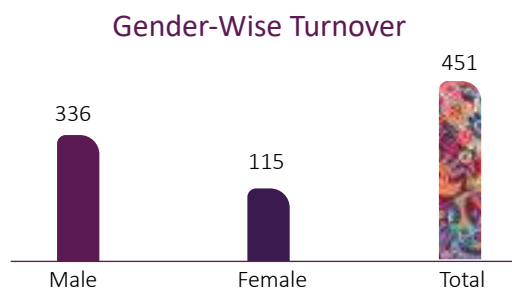
Category	No. of Employees Hired
Management Grade	238
Non-Management Grade	127
TOTAL	365

Employees Attrition

In 2022, we saw a very tough financial market. Job opportunities declined significantly due to financial instability. A total of 451 nos. of employees have resigned from service during the year 2022, which includes both full time employee and contractual employee. Of the total resigned employees, 92 employees have been absorbed as Full-Time employee from the contractual positions and contract expired for 5 employees; which have not been considered in the overall attrition rate. So we can say that attrition rate for the year 2022 is 27.48%. Of the total employees resigned, 75% were male and 25% were female.

Category	Gender-Wise Turnover	Actual Gender-Wise Turnover	Percentage of Employees	Gender-Wise Percentage of Attrition
Male	336	266	75%	20.65%
Female	115	88	25%	6.83%
TOTAL	451	354	100%	27.48%

Gender-wise Employee Turnover



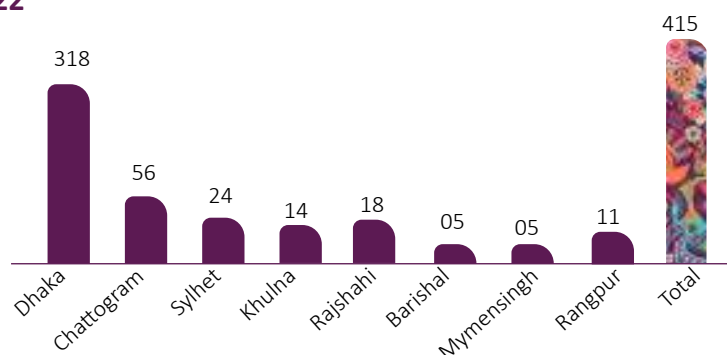
Employee Attrition Rate by Age Group:

Category	No. of Employees Left
51-60 years	1
41-50 years	31
31-40 years	254
21-30 years	165
TOTAL	451

Geography-wise Employee Turnover:

Category	Turnover (No.)	Turnover %
Dhaka	318	71%
Chattogram	56	12%
Sylhet	24	5%
Khulna	14	3%
Rajshahi	18	4%
Barishal	5	1%
Mymensingh	5	1%
Rangpur	11	2%
TOTAL	451	100%

Employee Turnover 2022



Compensation and Benefits

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
<ul style="list-style-type: none"> Festival Bonus Provident Fund Gratuity Annual Increment Performance related Bonus Performance Incentive for HRCs & PMOs 	<ul style="list-style-type: none"> Personal loan facility at a privileged interest rate Home loan facility at concessionary interest rate Auto Loan for Executive grade employees Motorcycle for employees who need to visit outside office in regular basis Travel allowance & daily allowance Fuel allowance and transport allowance Disturbance allowance for temporary transfer 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 Mobile allowance for all permanent employees Cost sharing for Professional qualification 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

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)

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

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

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

- We are committed to continuously improving our Health, Safety and Environment performance
- We will continually promote employee safety on and off the job

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

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

Learning & Development: Learning and Professional Development

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.

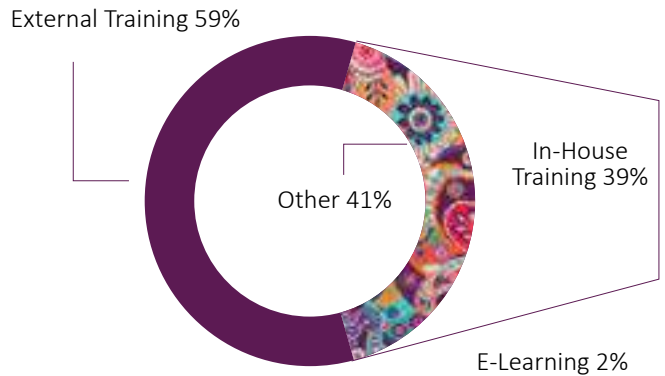
LankaBangla Finance Limited is dedicated in improving the professional competencies and performance of all its employees. After pandemic still there is risk of contamination to avoid contamination from COVID-19, we have postponed many trainings. Still the company spent a total of BDT 5.04 million on 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 46 training programs, involving 2,214 nos. of participants, were conducted during the year. These programs were categorized as in-house and external training. No Overseas training were conducted due to Central Bank’s regulation in the year of 2022. But we have arranged 18 In-House Training & 27 External Training for our employees. Given the company’s strong commitment towards developing a learning culture, it is pertinent to note that employees underwent a total of 15,273 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	0	0	0
External Training	27	181	6,933
In-House Training	18	1,194	6,662
E-Learning	1	839	1,678
TOTAL	46	2,214	15,273

Composition of Training Program:



It is to be mentioned that, LBFL always focus on external training rather than internal training in the year under review. We have prepared our own customized course contents and hired specialist for those programs as and when required. In our internal training, we have our own resources as well to conduct the training. In 2022, of the total training, 39% was internal training, 2% were through e-Learning platform, 59% was external training.

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	1,611	298
Non-Management Grade	131	92
Product Marketing Officer	72	10
TOTAL	1,814	400

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:

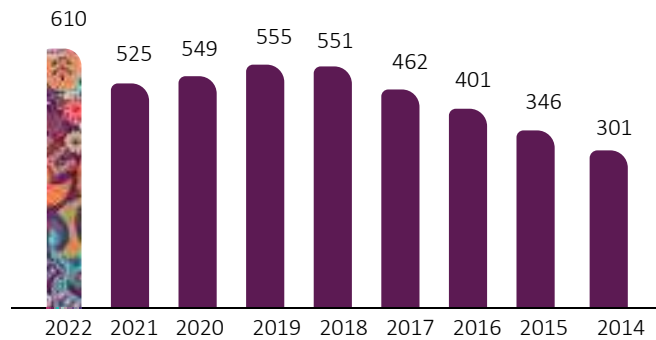
- Education record
- Basic Personal Information
- Training received
- Job history
- Performance rating
- Extraordinary awards achieved

❖ **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 2022. 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, 92 contractual employees have been absorbed under Management Grade in 2022.

Performance Assessment: Number of Employees



Employee Counseling

For the sake of development of performance of employees receiving Unsatisfactory or Marginal grade in their annual appraisal, they are counselled on one to one basis by his/her respective supervisor in presence of HR and Cross Functional Representative and provide deadline for improvement. HR will review the improvement along with the Concerned Division Head and decide next course of action. In case of Divisional/Departmental Head himself/herself, MD/DMD will counsel the personnel and take corrective measures. After the given time if the employee fails to deliver a satisfactory result, HR in consultation with the Division Head & the management; can take any decision regarding the concerned employees.

Reward and Recognition

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.

Grievance Management

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.

Nonetheless, employees do get dissatisfied with various aspects of employment at workplace that may not be resolved through informal procedure. Hence, this policy is framed to ensure that employees can seek redress for any work related grievances from superior authority.

Whistleblowing Policy

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.

The Management Committee is designated as the advocate for complainants or whistleblowers and is authorized to implement this Policy. The Chief Risk Officer (CRO) or any other employee as advised by the Audit Committee shall be responsible for undertaking investigations under this Policy.




Strengthening the Overall HR Policy Framework

- For the first time, LBFL introduced Customer Relationship Executive (commission-based Full-time employees) in 2021 and in 2022, we have on
- boarded 78 employees under this program to attract talented resources from the industry. It worked as a retention tool for the internal employees as well.
- Staff Car Loan policy has been updated. Now employee can avail "Total Cash Allowance" after closing their Staff Auto Loan if they wish not to take new Staff Auto Loan.

Way Forward

- 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

Material Topics influencing the Capital Development Strategy	Key Pillars	Value Creation Highlights for 2022	Linkages to other capital	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"> Revamping of website One-stop digital financial services launch Strong presence on different media platforms 	<ul style="list-style-type: none"> Provides the system support required to enhance the productivity of all distribution channels Sets a firm platform for employees to carry out their responsibilities quickly and effectively The Company's strong competitive positioning enables it to routinely enhance its financial performance Increases customer, business partner, and community cohesion 	  
	Information Security	<ul style="list-style-type: none"> Secured VPN for work from anywhere Digital Financial Services Agreements PCI DSS and ISO certification for third consecutive year 		
	Business Continuity Planning	Major sponsoring events, signing events with different business bodies and campaigns were held		
Strategic Theme for 2023				
<ul style="list-style-type: none"> Competitive Positioning Customer Experience Operational Excellence Community Stewardship 				

Branding with purpose

The world is moving towards a new dimension where technology is playing a significant role in everyone's life. We are evolving more dynamically and digital transformation makes our life more convenient. We are also taking many measurable actions to cope up with the changes and adapting changes in operations and product innovation. Our product innovation, client engagement modality, and digital transformation helps us to reach unbanked people and bring them under the financial ecosystem. With such varieties of products and services and with the help of digitalization, we are fulfilling the customized demand of customers from different demographics, lifestyles and segments. Most importantly, our products and services lead the people of Bangladesh towards entrepreneurship and bring changes in their lives. And through extensive branding activities in the ever-evolving Bangladesh landscape, we utilize our resources at optimal levels for reaching

top-tier ratings in financial organizations and increase the positive trend in the perception.

Brand marketing and communications horizon

We are accountable to the stakeholders for developing, managing, building, and protecting the brand's reputation into the market as a respected, informative, and trusted financial company. We are the hub of the Company's internal and external branding and communication efforts. Our broad range of works includes developing brand strategy, planning and managing events and activation, developing customer engagement programs, purchasing offline and online media spaces, conducting extensive digital activities and data analysis to improve communication and achieve KPIs, and maintaining positive relationships with media help us to be a customer oriented financial company.

As we move towards a digital world in which all of our existing and future clients will be on digital platforms, we have set a target for this year of strengthening all of our digital channels and identifying the measurable criteria for building a digital business center. And we are attempting to engage all possible digital platforms with measurable KPIs for this purpose.

Nevertheless, we are also communicating with various print media, sponsoring events and activations. In 2022, we gave approximately 330 different print advertisement in daily newspapers, magazine, souvenirs, and sponsor magazine. Approximately 45 different PR were published in different channels. We participated in almost 15 different major sponsoring events and arrange almost 100 business signing ceremony with various business body. To support those activities, we posted approximately 1400 digital creative post in our digital channels, revamp our website and created 60 new pages along with launching 15 new campaign page. We also prepare 70 different video materials though out the year such as customer testimony, apex body testimony, product and service animation. We delivered almost 600 EDM to customers. Our all these activities are measurable and has proven number.

Highlighting Events and Activities of 2022

2022 was an eventful year for us and our major program was celebrating 25 years, apart from this we were engaged with multiple celebrations, prestigious acknowledgements, participating in fairs, customer aweless program, CSR program, sponsoring programs, successful product campaigns and many more activities.

In 2022, the biggest highlight was 25 years’ celebration and we celebrated this program in all our office premises along with all branches. Existing customers showed gratitude and wish us our best in the future and give us assurance to be part of our future journey as well. This celebration marks our business sustainability in the Bangladesh financial institutes’ competitive market.

In 2022 we successfully conducted multiple awareness campaigns, including breast cancer awareness and women entrepreneurship campaigns. Along with that, in different branches all over Bangladesh have conducted Customer Awareness Programs throughout the year. We have been completed multiple Memorandums of Understanding signings throughout the year with different organizations and business ventures such as airlines, luxury hotels, restaurants, apparel merchants, hospitals, and many more to reach its target customer groups. These collaborations will bring joyous moments for our customers. We have also participated in multiple fairs and expos throughout 2022 such as Rehab Fair 2022, Bangladesh’s first-ever Non-Bank Financial Institutions (NBF) Fair 2022 in Dhaka and Jessore, 10th National SME Product Fair 2022 organized by the SME Foundation, Grameenphone Investment Fair 2022 and Digital Innovation Fair 2022. There are also many other events, activations and engagements program are taking place under the sponsorship.

Product and Service Campaigns and Communications

We conducted numerous marketing campaigns to promote its products and services, such as CMSME, credit cards, deposit schemes, Alternative payment channels. These campaigns can take various forms, including print, television, and online advertisements, direct mail, email marketing, and social media promotions. The campaigns aim to increase

awareness and interest among potential customers, drive sales, and build brand loyalty. These campaigns range from specific merchant campaigns to e-commerce website campaigns.

Deposit Campaigns

This year we keep focusing on deposit schemes. Most of our communications materials are based on deposit schemes of individual, woman and CMSME. And it paid of almost 1000 online leads are we received from our online. We gave more than 100 print communication and 200 online post of deposit schemes in different entity. We focus on Swosti, Protiva, Agroj, Money Builder, Woman Deposit, CMSME deposit for communication. Apart from that in various fair we also highlight the products.



CMSME Campaign



CMSME campaign ran multiple times with different timespan in 2022. Through this campaign, LBFL has promoted its loan and deposit programs circling around CMSME clients We gave more than 100 print communication and 200 online post of CMSME schemes in different entity.

Shikha Campaign



Through the Shikha campaign, we have promoted women to enter into the world of business. Our women-centric loan and deposit programs were the highlights of this campaign. We also took the initiative to educate underprivileged women on different aspects of business through multiple training programs.

Alternative Payment and Channels

Make 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

Registered Mobile Apps		
<ul style="list-style-type: none"> • Bill payment of credit card • Payment of loan installment • Payment of deposit 	<ul style="list-style-type: none"> • Bill payment of credit card • Payment of loan installment • Payment of deposit 	<ul style="list-style-type: none"> • Bill payment of VISA card • Bill payment of credit card • Payment of loan installment • Payment of deposit
<ul style="list-style-type: none"> • Bill payment of credit card • Payment of loan installment • Payment of deposit 	<ul style="list-style-type: none"> • Bill payment of credit card • Payment of loan installment • Payment of deposit 	<ul style="list-style-type: none"> • Bill payment of credit card • Payment of deposit
Registered Banks		
<ul style="list-style-type: none"> • Bill payment of credit card • Payment of deposit 	<ul style="list-style-type: none"> • Bill payment of credit card 	<ul style="list-style-type: none"> • Bill payment of credit card
<ul style="list-style-type: none"> • Bill payment of credit card 	<ul style="list-style-type: none"> • Bill payment of credit card 	<ul style="list-style-type: none"> • Payment of deposit
Registered ATM Booth		
<ul style="list-style-type: none"> • Bill payment of Mastercard (From ATM Booth) 	<ul style="list-style-type: none"> • Bill payment of credit card • Payment of deposit • Mobile recharge 	<ul style="list-style-type: none"> • Bill payment of Credit Card • Payment of loan installment • Payment of Deposit

To know more about our payment procedure and details visit: www.lankabangla.com/payment-solutions/

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.

Shikha Chatbot Campaign



Now by visiting LankaBangla website www.lankabangla.com, customers can get the required information and services through "Shikha" Chatbot.

Finsmart Campaign

EASY SOLUTION FOR YOU

Life becomes more convenient and easier when you have our updated FinSmart. Now without visiting any of our branches, you can get your desired financial services at your fingertips at any time.

Managing Account

- Secured Biometric Login
- My Account Details
- Credit Card & Deposit Payment
- Apply Online
- IBFTN Enrollment

Value Added Services

- Mobile Topup
- Utility Bill Payment
- Travel Ticket Purchase
- Hotel Booking
- Latest Offers

We also have 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. For registration process customers can visit www.lankabangla.com/FinSmart.

Credit Card Campaign



We try to cover every national and international days for introducing credit card campaigns. From happy new year, Valentine's day, Pohela Falgun, Pohela Boishak, Ramadan,

Eid, Winter, Woman’s day, Mother’s day, Father’s day, 25 years’ etc. As credit card is very dynamic product in nature, so we have to be very fast and need to take fast mover advantage in the market, so we always be the fast in the market while promoting our offers.

Retail Campaign

This year we also keep focusing on our other retail products such as Auto loan, Home Loan and Personal loan. Throughout the year we communicate various offers to our customers and participates in various fairs to promote our products.



25 Years Celebration

Building Bonding & Beyond

We have come all along through the glorious 25 years with your inspiration and cooperation. We have come this far with your love and admiration. With business acumen, transparency and good governance, we nurture your investment with utmost sincerity, ensuring highest level of financial security. In return, you delighted us with your trust.

In this journey of glorious success, we wholeheartedly convey our gratitude to all our valued customers, patrons, well-wishers and members of the regulatory bodies concerned.

www.lankabangla.com

LankaBangla Finance Digital Platforms

Protiva Platform



Protiva Platform demonstrates the creative creations of children who participated in the Art competition. The parents of the children then uploaded their drawings and sketches who participated in the art competition.

Art Competition



All pictures of the winners of art competitions are categorized and uploaded in the Art Competition Application.

Reflection of Passion



LBFL organized a photography contest for employees of LBFL. Only the employees of LBFL can register by using the official LBFL email id. The themes are provided by LBFL and based on it, the photos are uploaded, and winners were chosen accordingly. The winners' pictures were used to make the calendars.

Shuddhachar



Press Ads for Shuddhachar has been published 4 times a year

Integrity in Website



Shuddhachar Slogans has been visible in the website throughout the year and NIS and relevant pages has been updated as per regulatory body

BFIU



Awareness for Anti Money Laundering Activities

Celebrating Special Days

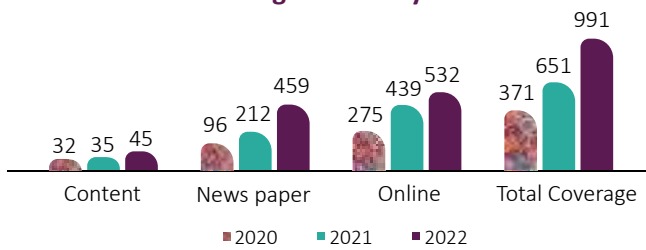
Apart from our regular business communications and campaigns we celebrated various days and prepare communication materials.



PR makes our Brand more credible

LBFL uses press releases to communicate with stakeholders to share information about its financial performance, business strategy, and new products and services. This helps to build trust and credibility with stakeholders, enhance the overall perception of the company, and stay top of mind with the target audience. Additionally, press releases are used to announce partnerships, collaborations, events, awards, and other notable developments, showcase leadership positions and commitment towards CSR activities, and be more transparent and accountable to stakeholders, thus helping to build a better brand image in the Financial Institution industry. In the year of 2022 we publish 45 different PR to different news channels and publications which value is approximately BDT 70,500,000.

Coverage Summary



Valuation Summary		
Year	Content	Valuation
2020	32	30,000,000.00
2021	35	43,000,000.00
2022	45	70,000,000.00

Digital Marketing Performance

Social media is a powerful communication medium in this digital era. Since it comprises a significant portion of branding, LBFL came up with a Social Media Guideline for the employees so that they use social media in a responsible manner to protect the reputation of the company. The Social Media Guideline states that all communications and interactions with customers must be aligned with the company's values and messaging. It is essential since the trust and confidence of customers are associated with it. Adhering to the company's social brand guidelines also ensured that the company was portrayed in the best possible light, which helped to protect its reputation and maintain customer loyalty.

LBFL analyzes the data obtained for the decision-making processes. Using data-driven decision-making, LBFL made more accurate predictions, reduced risks, and improved its performance. It also made them more agile and adaptable to changes. Furthermore, it also aided in identifying areas of improvement and creating actionable plans to achieve LBFL's business objectives.

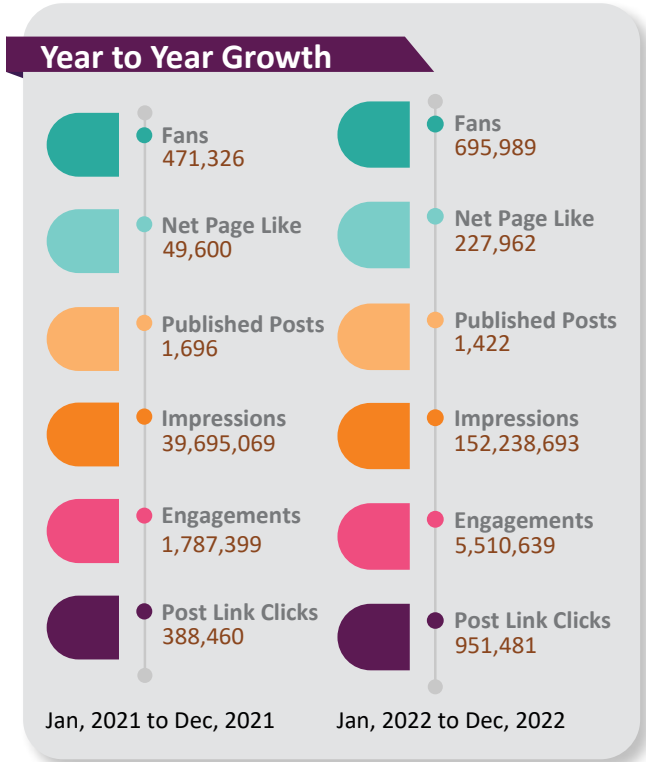
Online channels

In 2022, LBFL created a new standard for perfecting online reach by taking advantage of different online platforms, such as Facebook, Instagram, LinkedIn, Youtube, Google Ad Networks, and Local Ad Networks. Different digital resources from LBFL have served as advertising components on these platforms, and through these channels, people worldwide have learned more about LBFL's brand and products.

Digital creative content in 2022

Platform	Number
Posts	330
Finsmart Banners	45
Panel Edit	30
Post Edit & Resize	150
Carousel	80
Videos	45
Icons	8
GDN & Local Ads	168
Total	856

Facebook: Through Facebook, LBFL can reach a specific audience based on demographics, interests, and behaviors, allowing them to effectively promote its products to potential customers. The highest number of social interactions are collected from this platform for LBFL.



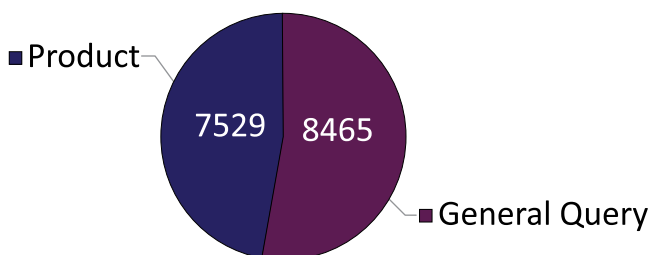
Content Publishing Behavior in Facebook

Details	2021	2022
Total Published Posts	1696	1422
Published Videos	56	70
Published Photos	1602	1343
Published Links	38	3
Published Texts	0	0

The total number of published posts have been reduced in order to achieve better results. The posts were republished which helped to increase the engagement and Facebook Algorithm rearranges the posts in a different order that boosted the news feed accordingly.

Facebook Message Summary

Message Categories for 2022

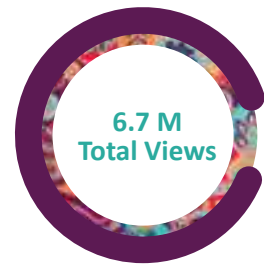


Video Performance of Facebook

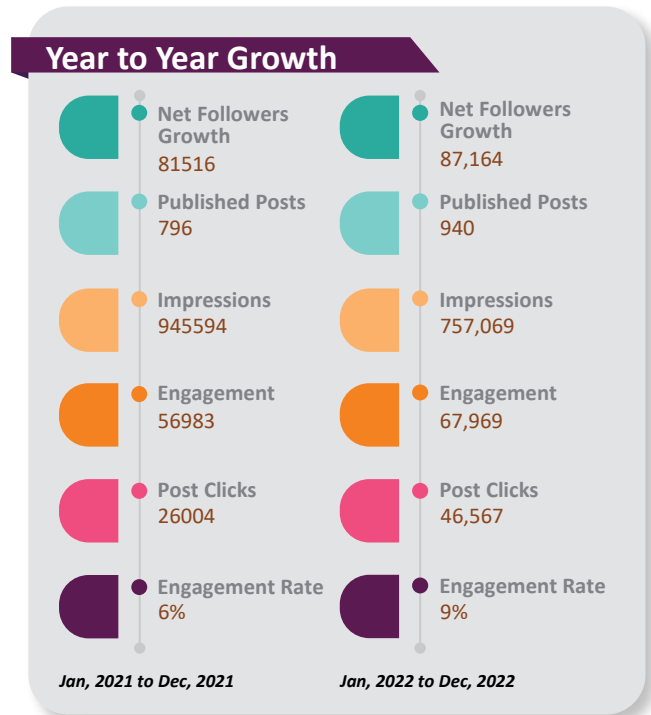
2021 VIEW METRICS



2022 VIEW METRICS



LinkedIn: To reach new corporate clients, LBFL targets a specialized group of business professionals and decision-makers on LinkedIn. Along with that, LBFL also showcases its CSR activities and awareness campaigns in LinkedIn



Content Publishing Behavior in LinkedIn

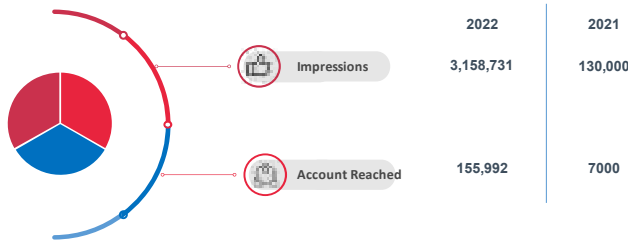
Details	2021	2022
Total Published Posts	796	940
Published Photos	734	869
Published Links	41	10
Published Videos	21	61

The total number of published post has increased by 18.09%. The number of published photos has increased by 18.39% and the number of published videos has increased significantly by 190.48%. However the number of links has dropped by 75.61% since we started to post videos directly on LinkedIn rather than sharing external links to videos from another platform, YouTube.

Instagram: Since Instagram is a visual social media platform, this has been effective for LBFL to promote its products and services by publishing

static or motion graphic content. Promoting products on Instagram can be specifically targeted. To capture the attention of the younger generation to partake in financial decisions, LBFL’s ads on Instagram play an important role

Year to Year Growth

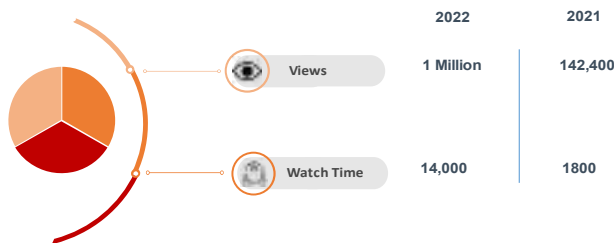


Content Publishing Behavior in Instagram

Details	2021	2022
Total Published Posts & Stories	156	591
Published Videos	1	1
Published Photos	155	567
Published Carousel	0	20

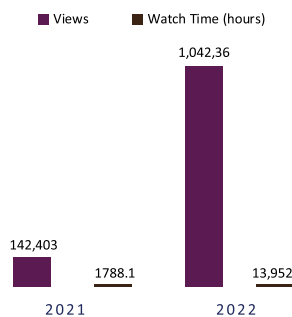
Instagram activity started from September 2021. The total published posts and stories increased by 278.85% and the published photos increased by 265.81%. Only 1 video was posted in both the years. In addition to that, in 2021 no carousel was posted but in 2022, a total of 20 carousels were posted.

YouTube: Since YouTube is a global online video sharing, this has been effective for LBFL to promote its products and services by publishing motion graphic contents. YouTube shorts is a trendy right now.



The Total Number of Views that was obtained from LankaBangla Finance’s YouTube channel was 1 Million in 2022. Total watch time (hours) is 14,000

YouTube View Growth Rate



YouTube Shorts



To keep up with the current trends, we’ve uploaded YouTube Shorts to increase the engagement.

Product and Special Day Video



Videos on product and services and special day uploaded on YouTube

25th Anniversary Greetings

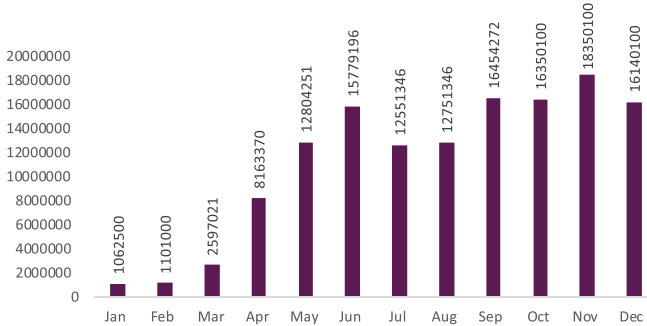


Greetings from our beloved vendor, partners, customers was uploaded on YouTube.



GDN: Through GDN, LBFL places display advertising in a variety of forms such as images, and videos. Additionally, GDN enables interaction with Google Analytics, a Google marketing solution that aids LBFL in monitoring, analyzing, and fine-tuning its operations.

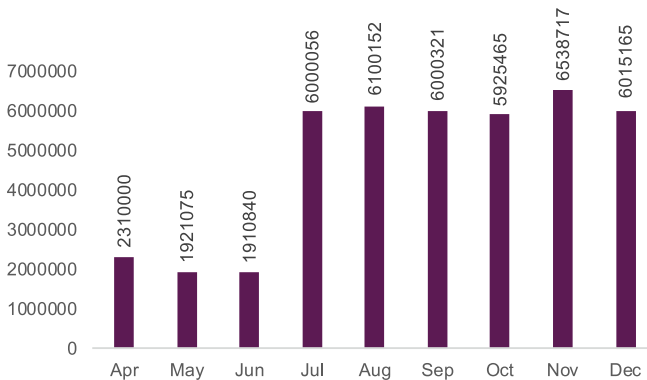
GDN IMPRESSIONS



Impressions per month was obtained for the year 2022. In 2022, **167.63%** of the Target was achieved



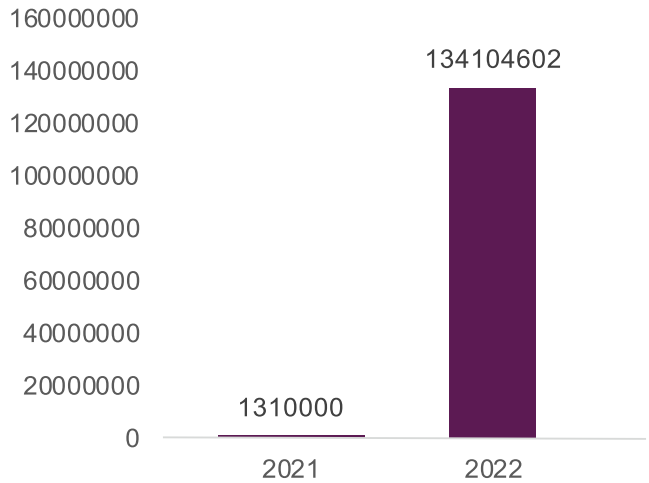
Local Ad Network: Online local ad networks can provide a cost-effective way for LBFL to reach its ideal local audience. By advertising through local online channels such as local news websites, classifieds, directories, or location-based mobile apps, LBFL can reach potential customers in the areas where they have physical branches or offer services, which can increase the chances of conversion.



Note: Local Ad Network's Activity started from April 2022. Impressions per month was obtained for the year 2022. In 2022, **1186.72%** of the Target was achieved.

E-News Paper: Through GDN, LBFL places display advertising in a variety of forms such as images, and videos. Additionally, GDN enables interaction with Google Analytics, a Google marketing solution that aids LBFL in monitoring, analyzing, and fine-tuning its operations.

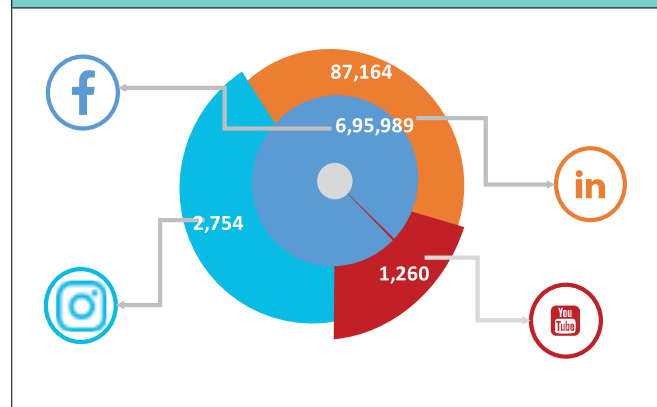
GDN IMPRESSIONS



Impressions per month was obtained for the year 2022. In 2022, **167.63%** of the Target was achieved

CROSS PLATFORM ANALYSIS

Social Media Followers



Note: Local Ad Network's Activity started from April 2022.

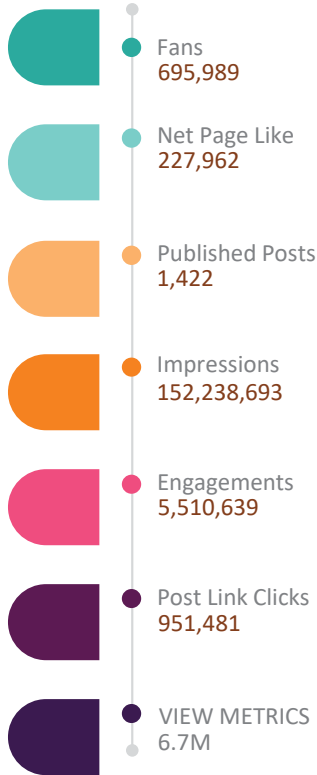
Audience Growth in Jan to Dec, 2022

Platforms	Totals (2021)	Totals (2022)	Total Messages Received (2021)	Total Messages Received (2022)
Facebook	49,600 Page Likes	227,962 Page Likes	34.6K	49.3K
Instagram	207 Followers	1,040 Followers	-	41
LinkedIn	10054 Followers	5,480 Followers	246 Comments	201 Comments
YouTube	142,403 Views	1 Million Views		
Local Ad Network	-	42,721,791 Impressions		
GDN	1,310,000 Impressions	134,104,602 Impressions		

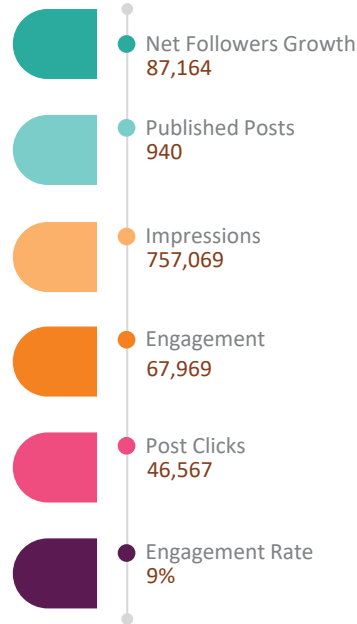
SOCIAL PLATFORMS' PERFORMANCE OVERVIEW

From 1st January, 2022 to 31st December, 2022

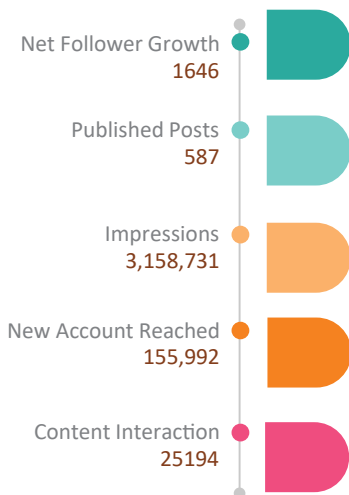
f Facebook



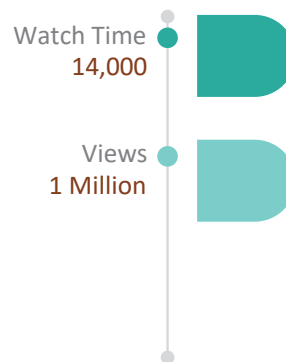
in LinkedIn



Instagram



YouTube



E-Newspaper Ads Network
Impressions 18,101,722



Google Ads Network
Impressions 134,104,602



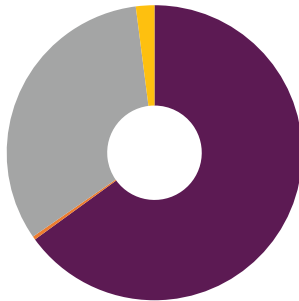
Local Ads Network
Impressions 42,721,791

We posted and developed, adopted and transformed approximately 2,991 creative for all social media channels.

PROSPECT GENERATION:

Through Website: (Jan 2022 – Dec 2022)

Department	Amount
Retail	6,161
Corporate	36
CMSME	3,090
Deposit	192
Total	9,479



■ Retail ■ Corporate ■ CMSME ■ Deposit

Online Application:

Application	Applied	Submitted
Credit Card	3,095	411
Deposit	1,265	51
Personal Loan	2,694	25
Auto Loan	22	3
Home Loan	N/A	98
BEFTN	N/A	2,838
CMSME Loan	N/A	164
Total	7,076	3,590

Google Business Profile Performance

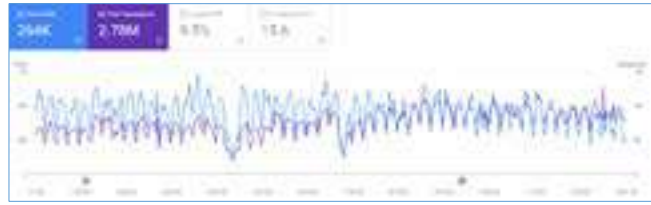


2085 Interactions were made using the LankaBangla Business Profile.



1221 Calls were made using the LankaBangla Business Profile.

Google Search Engine Performance



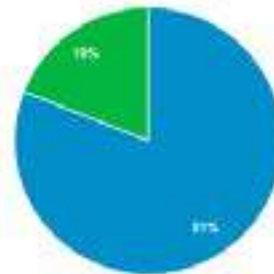
The users clicked through to LBFL’s website for 264K and 2.78M impressions were achieved by LBFL. Average CTR is 9.5% which refers to the percentage of impressions that resulted in a click

Website Performance

2022 Result – Average

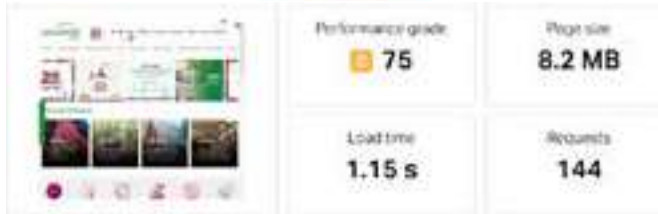


■ New Visitor ■ Returning Visitor



2022 Result – Average





It is very much clear that in 2022 we were able to increase some metrics of the website such as new visitor number, page view number and total user number.

We revamped our official website in 2022 and we incorporated some important features on the website for better performances. New and improved version of grid based layout was used where page size and number was reduced,

Gutenberg Text Editor, updated version of lazy loading of quick images opening, Ajax based Improved search functionality and most importantly now this website is mobile friendly where it is both upward and downward responsive and User navigation become more easy from any device. Apart from that new EMI calculator, BEFTN Platform, OTP based customer data submission, Captcha was introduced to reduce spam submissions, Carousel type banner and 60 new pages was introduced at the time of launching.

Number of Content and Deliverables of Website




Category	Count
Popup	319
UTM Based Link	6,161
Landing Page Creation	45
Online Applications (On Going)	14
Total	906

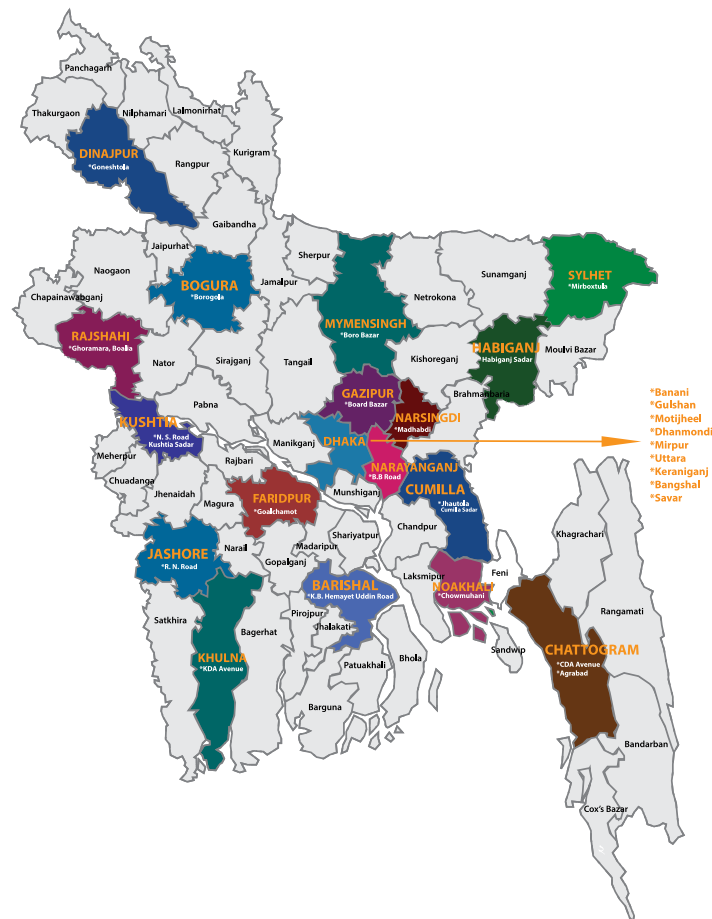
We’ve developed 30+ landing pages for LankaBangla Finance Limited. Some of the notable landing pages are – 25 Years Anniversary, Women’s Day Campaign, independence-day-offer-2022, Mother’s Day 2022, Trade Fair 2022, Travel offer 2022, T20 World Cup offer 2022, Valentine’s Day offer 2022, Ramadan Campaign 2022, New Year Campaign 2022, Credit Card Campaign, Citizen Charter etc



MANUFACTURED CAPITAL

GRI: 204-1

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 98.23% dispute calls solved 	<ul style="list-style-type: none"> Elevated system upkeep and core system sturdiness have a favorable impact on the Company's reputation and improve brand equity Various digital and corresponding channels will increase income and profitability for the Company Greater emphasis on digitalized solutions will reduce the consumption of paper, lessening the Company's environmental effect A broader assortment of channels aids in building confidence among various customer segments 	  
	Digital Channel	<ul style="list-style-type: none"> Prospect generations and online application system 15 new campaign pages 		
	IT Infrastructure	<ul style="list-style-type: none"> Tier III Data Center Cutting-edge IVR Website relaunch 		
Strategic Theme for 2023				
<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.

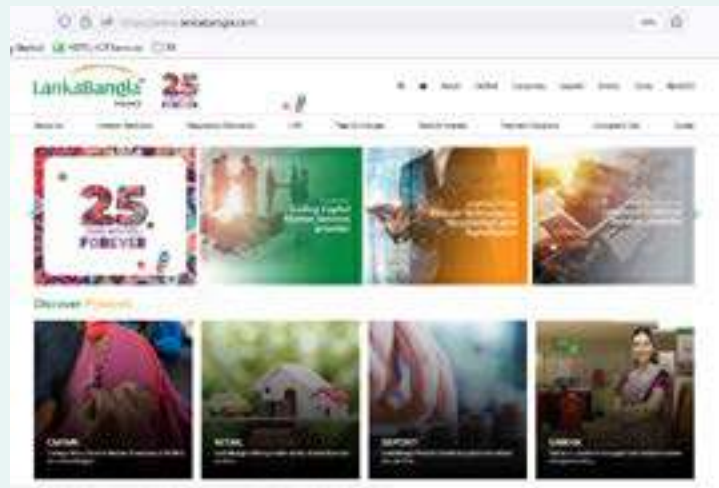
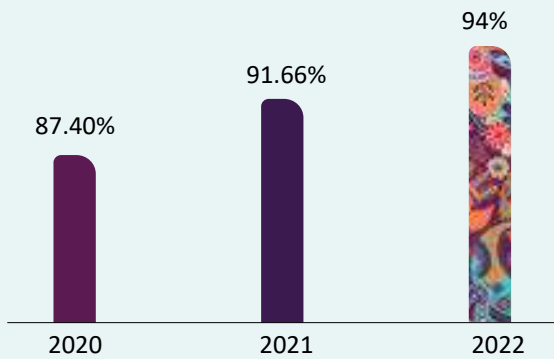
Throughout the year, the call center remained open 24/7, earning a stellar reputation with a high call quality and customer satisfaction score, both during and after the pandemic. In addition, new clients were successfully acquired in 2021. The performance was effectively supported by strong business continuity plans and strategies, which were implemented to ensure functional teams reported to work while administrative teams were allocated to work from home.



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.

Customer Satisfaction Score



LankaBangla Finance Launches New Website on July 2022

Customer Referral



The existing clients of LBFL can refer to another prospect using the Customer Referral Online Application for the products and services available for LBFL.

Customer Feedback



The customer Feedback Application is used to gather the customer experience about the services in the different branches

Digitalization for Geographical Expansion








LankaBangla intends to construct a hub and spokes model, with the goal of using it as a tool for the CMSME 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.

Way Forward

- Enhance customer experience through Digital Channels
- Execution of Lead Generation Programs for retail and CMSME 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 CMSME business
- Enhanced brand awareness
- Expansion at minimum cost
- Maximum utilization of resources

SOCIAL AND RELATIONSHIP CAPITAL

GRI: 203-2

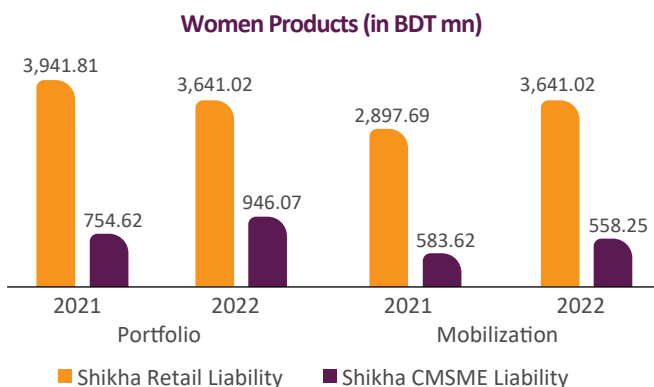
Material Topics influencing the Capital Development Strategy	Key Pillars	Value Creation Highlights for 2022	Linkages to other capital	SDG relevance
<ul style="list-style-type: none"> Customer Convenience Customer Health and Safety Sales Promotions, Marketing Communication and Information Availability 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 Active participation on government led refinancing schemes Shikha retail liability mobilized 26% more than 2021 	<ul style="list-style-type: none"> Customer insights aid in the prioritization of the company's investments across physical and digital channels Customer feedback aids in the development of employee capacity by boosting the applicability of training sessions. Optimizing the total customer experience allows the Company to expand its revenue systems Building great relationships with its customers and the community benefits LBFL's brand reputation over time 	       
	Product Innovation	<ul style="list-style-type: none"> CMSME-led growth Execution and monitoring of Lead Generation Program through digital channels Shikha CMSME liability portfolio increased by 25% 		
	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 CMSME and Retail products BDT 2,839 contributed to SRF 		
Strategic Theme for 2023				
<ul style="list-style-type: none"> Customer Experience Digital Leadership Community Stewardship Competitive Positioning Operational Excellence 				

CMSME-led growth plans

LBFL strives to opt for CMSME led growth as its key strategy along with diversifying its liability basket. It has the strength and necessary strategies to implement up its sleeves to amplify the performance of its retail liability basket. The CMSME segment of the Company disbursed 22% more in overall asset disbursement in 2022, while it contributed 17% in 2021.

The Company strives for the empowerment of women, and has subsequently disbursed and mobilized in many regulatory schemes, as well as opted for strategized portfolio growth in the women-centric products and services of the Company. This resulted in the betterment of the larger community, as well as strengthening its base as a promoter of women empowerment and equity.

The Company further held various campaigns and awareness programs for women all across the Company, as well as for the broader community. Many CSR activities and communal engagements were held for the community as well as for the women and expenditures in women education were also made.



Agreement with Bangladesh Bank under "Refinance Scheme against Term Loan" to the CMSME Sector



Agreement with CMSME Foundation



A "Revolving Fund" has been established in the SME Foundation in accordance with this agreement on the guidance of the Finance Department of Bangladesh. Under

the foundation's credit wholesaling program, entrepreneurs in potential sectors, sub-sectors, clusters, clientele groups, members of associations and chambers, and women entrepreneurs are eligible for loans from the revolving fund.

Financial Inclusiveness under Community Stewardship

LBFL strives to provide financial assistance to backward zone populaces in order to improve their living conditions. Again, financial help will be offered for the education of street urchins in order to improve their financial literacy.

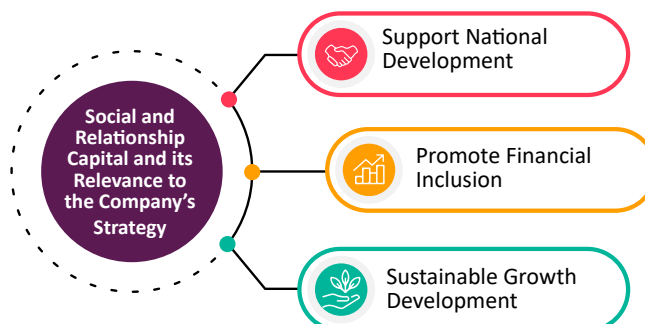
Socially Responsible Financing under Communal Encroachment

LBFL aims to use its CSR money to finance at a reduced interest rate. Where the interest rate is less than the weighted average cost of the fund, a concessional amount of interest will be recognized as CSR. For continuance, community investment for addressing Climate Resilience and Disaster Management is to be made at a concessional rate. Alongside, financing in green/clean transportation projects is encouraged.

Community Development

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.

Sectorwise CSR	Actual spending (BDT)	% of sectorwise contribution of actual spending
Education	1,194,000.00	15%
Health	5,085,000.00	63%
Environment and climate change mitigation and adaptation	636,594.00	8%
Income generating activities for the underprivileged population (not mandatory)	1%	
Disaster management	1,064,527.00	13%
Total Expenditure	8,030,121.00	100%



Agreement with Bangladesh Bank supporting Post Covid-19 small scale employment creation project



According to the agreement, LBFL refines loan facilities for a maximum of five years to women entrepreneurs, foreign entrepreneurs, entrepreneurs who have received training from government institutions, and cottage, micro, and small entrepreneurs in various regions of the country at a rate of only 5.5% through its nationwide branches.

Value for customers

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.

LBFL participated in Rehab Fair



LankaBangla participated in REHAB Fair 2022 at BICC.

Customer Awareness Programme



LankaBangla Customer Awareness Programme held in nationwide throughout the year.

Shikha Campaigns



We also keep focusing on our Shikha Customers and giving them extra privilege.. Throughout the year we communicate various offers to our female customers and participate in various activations to promote our Shikha products.

Retail Campaigns



লংকাবাংলা হোম লোন
করবে আমার ইচ্ছাপূরণ

আপনার নিজের বাড়ির স্বপ্ন সত্যি করবে
লংকাবাংলা ফাইন্যান্স লিমিটেড

up to **30** Years Loan
Facility



This year we also keep focusing on our other retail products such as Auto loan, Home Loan and Personal loan. Throughout the year we communicate various offers to our customers and participate in various fairs to promote our products.

Women’s Day Celebration









All LBFL branches located all over Bangladesh celebrated International Women’s Day 2022 on their own branch premises with introducing new hashtag #amieShikha

Way Forward

- 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.
- Focusing on refinancing schemes offered by the regulatory bodies
- Expand the women entrepreneurial products and CMSME businesses
- A CSR wing is to be formed with members from the Sustainable Finance Committee to provide assistance and advisory support to Sustainable Finance Unit for CSR activities.

NATURAL CAPITAL

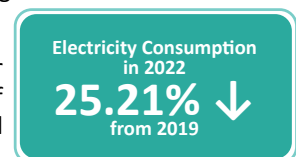
Material Topics influencing the Capital Development Strategy	Key Pillars	Value Creation Highlights for 2022	Linkages to other capital	SDG relevance
<ul style="list-style-type: none"> Protection and Conservation Corporate Brand Image / Goodwill Building 	Resource Efficiency	<ul style="list-style-type: none"> 25% reduction in electricity consumption at all the branches including head office Reduced 7% operating expenses 	<ul style="list-style-type: none"> Provides the opportunity to introduce innovative new solutions to update or replace traditional models Higher market share in the green financing area will help drive revenue and profit targets Enhances LBFL’s reputation as an NBFi that prioritizes sustainable operations 	     
	Responsible Lending	<ul style="list-style-type: none"> 10.99% of total loan disbursed as sustainable finance 9.15% SRF of total loan disbursed with SF 		
	Environmental CSR	<ul style="list-style-type: none"> Contributed to 21% of actual CSR expenditure in environmental and disaster management sector 		
Strategic Theme for 2023				
<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.

Mindful consumption of energy and resources

Leading its journey towards becoming a truly sustainable NBFi 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. One of the Environmental-Social-Governance (ESG) goals as the Company embarked on its journey towards sustainability reporting in 2021 was to ensure the reduction of natural and renewable energy usage, and it rightfully did so at many parameters.

The Company started to get back to normalcy, keeping pace with that of the country and its regular business post pandemic, and thus, the paper consumption saw a marginal increase from that of the base year, depicting that the Company was mindful of its set goals and maintained a check and balance all over the branches of the Company.



Responsible Lending

As one of the promising NBFi 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.

Total Green Finance	Total Sustainable Finance	Total Term Loan Disbursement (excl. staff loan)	Achievement Green Finance	Achievement Sustainable Finance
BDT 103.50	BDT 3,512.35	31,019.06	0.33%	10.99%

Way Forward

- 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



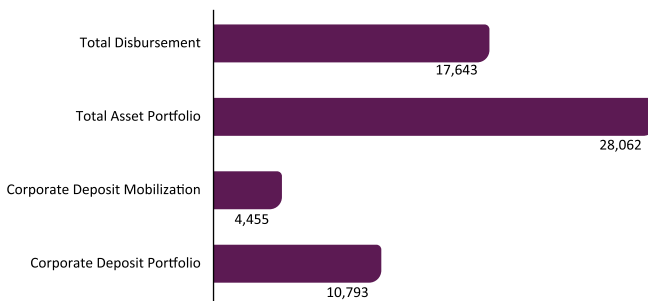
CORPORATE FINANCIAL SERVICES

Overall performance

“The focus of LankaBangla on expanding its Corporate Business portfolio has been maintained well into 2022”

In 2022, as the businesses started to get back to normalcy and grow with people’s growing appetite for loans, the asset disbursement increased by 25% in 2022 than that of the previous year, as it also saw an increase of its asset portfolio by 7% in 2022 than that of 2021.

Corporate Financial Services Division Highlights (amounts in BDT mn)



Large Corporate (LC)

- In 2022, Large Corporate disbursed BDT 4,539.34 Million. Around 85 nos. of customers were served
- At the year-end 2022, portfolio stood at BDT 16,537.74 Million. Portfolio growth was 6.67%. Percentage of Non-Performing loan was 2.53%
- Total collection during 2022 was BDT 4,909.22 Million
- During the year LC achieved total fee based income of BDT 5.92 Million

Emerging Corporate (EC)

- In 2022, Emerging Corporate Disbursed BDT 2,806.50 Million. Around 40 nos. of customers were served
- At the year-end 2022, portfolio stood at BDT 6,605.31 Million. Budget Achievement was 100.08%. Percentage of Non-Performing loan was 0.03%
- Total Collection during 2022 was BDT 2,554.97 Million
- During the year EC achieved total Fee based Income of BDT 3.82 Million

Project, Structured and Sustainable Finance (PSSF)

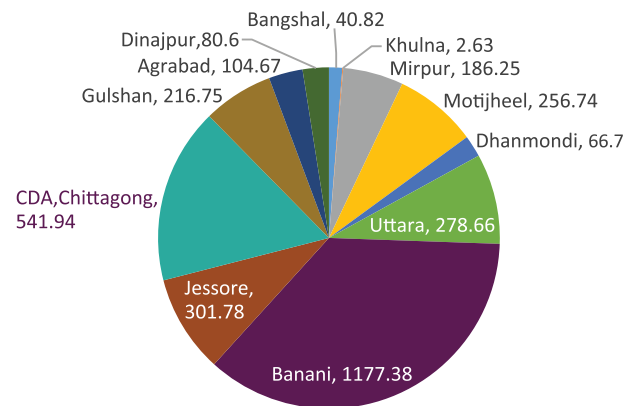
- At the year-end of 2022, Project, Structured and Sustainable Finance Unit has a portfolio of BDT 1,243.14 Million. Most of which are green finance
- Throughout the year 2022, Project, Structured and Sustainable Finance Unit has been actively working on the IPFF-II facility of Bangladesh Bank and has so far sanctioned BDT 1500.00 million under IPFF-II facility of the Bangladesh Bank
- In the year 2022, PSSF also participated in financing an NGO for an amount of BDT 300.00 Million to boost the sustainability portfolio of LBFL

Supply Chain Finance (SCF)

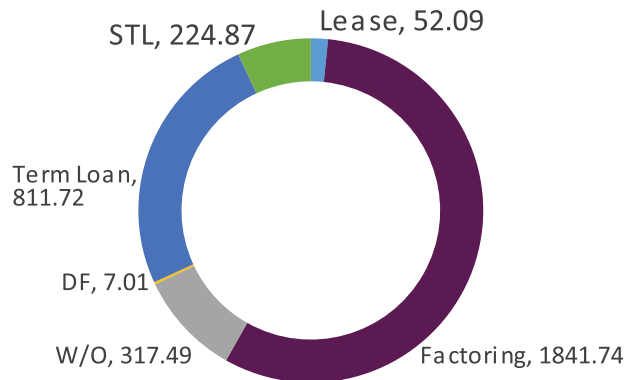
In 2022, Supply Chain Finance Disbursed BDT 10,625.86 Million. Around 150 nos. of customers were served among which 4% is women entrepreneurs. At the year-end of 2022, loan portfolio stood at BDT 3,254.91 Million, which was 105% of budgeted

target. Percentage of Non-Performing loan was 11.15%. SCF successfully settled 4 Nos of overdue accounts through collection effort in 2022.

Geography wise portfolio (amount in BDT mn)



Product wise portfolio (amount in BDT mn)



Through effective branding, SCF built mutual beneficiary relationship with LBFL’s corporate customers, which can eventually turn them into LBFL’s loyal customers. SCF performed six months’ reference generation program since June to December 2022 and social media promotion through EDM (Electronic Direct Mail) through which product knowledge has extended among the customers.

Corporate Liability

During the year 2022, the portfolio witnessed a decrease of deposit mobilization by 17.12% than that of 2021, which can be attributed to minimizing of concentration risk, diversifying of deposit portfolio, and dealing with an unstable money market scenario. However, through effective branding LBFL has been able to build strong relationships with its corporate customers, resulting in customers considering LBFL as their collaborative partner.

- In 2022, Corporate Liability collected deposit fund amounted to BDT 4,162.00 million
- Around 481 nos. of customers were served
- At the year-end 2022, the deposit portfolio stood at BDT 10,792 Million

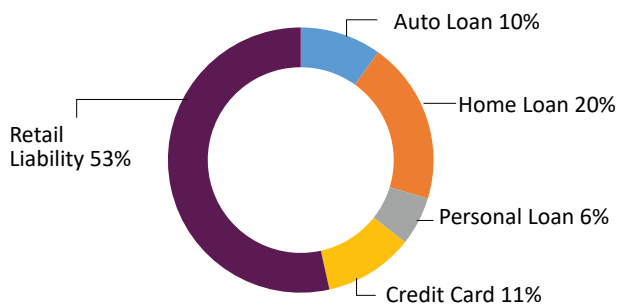
RETAIL FINANCIAL SERVICES

Overall performance

“During the year 2022, the Company has continued its efforts to expand its footsteps in retail business”

During the year 2022, the company has continued its effort to expand footsteps in retail business. Total BDT 16,292 Mn was disbursed during the year under retail financial services division in the form of auto loan, home loan, personal loan and credit card. Total retail deposit mobilization was BDT 8,722 Mn during the period.

Retail Financial Services Portfolio Mix



Particulars	Auto Loan	Home Loan	Personal Loan	Credit Card
Total Disbursement in 2022 (in Mn)	1,614	486	1,054	13,138
Portfolio as on 31/12/2022 (in Mn)	4,553	8,849	2,550	4,786
Retail Deposit Mobilization in 2022 (in Mn)	8,722			
Retail Deposit Portfolio as on 31/12/2022 (in Mn)	24,512			
NPL Status as on 31/12/2022	5.06%	4.90%	19.01%	14.83%

Home Loan

Total home loan disbursement in 2022 was BDT 486 Mn comprising of home loan and loan against property. Home loan portfolio decreased by 12.76% in 2022 due to take over of a good number of portfolio by banks. At the end of 2022, total portfolio stood at BDT 8,849 Mn which was BDT 10,143 Mn.

Auto Loan

In 2022, BDT 1,614 Mn was disbursed as auto loan compared to BDT 1,477 Mn in 2021, resulting in 9% growth in disbursement. Also, auto loan portfolio increased by 0.42% in 2022 from BDT 4,534 Mn to 4,553 Mn in 2021.

Personal Loan

Disbursement of personal loan was BDT 1,054 Mn compared to BDT 1,494 Mn in 2021, which has resulted in a de-growth of 29%. Personal loan portfolio is comprised of term loan and secured loan against deposit which stood at BDT 2,550 Mn at the end of 2022 compared to BDT 3,475 Mn which decreased by 26% due to significant amount of loan takeover by banks and early settlement from in-house clients.

Credit Card

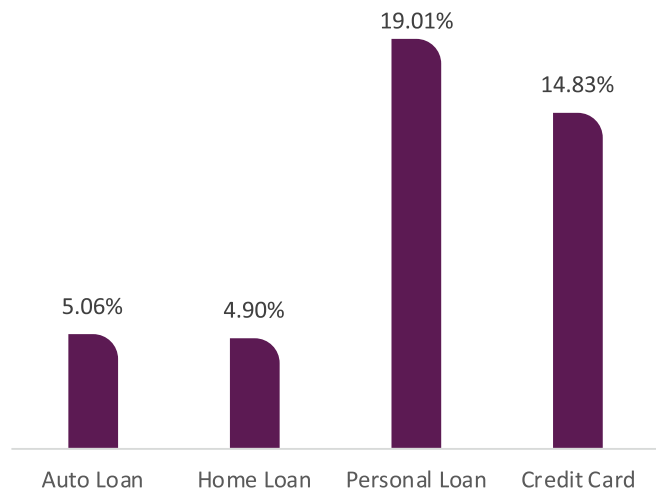
During 2022, a total of 22,665 new credit cards were issued by LankaBangla Finance Limited compared to 22,306 in 2021. The portfolio increased by 4.91% in 2022 to BDT 4,786 Mn from BDT 4,562 Mn in 2021. Number of active credit card users has decreased to 109,188 in 2022 from 139,525 in 2021. Average

monthly credit card usage in 2022 has increased to BDT 1,094 Mn from BDT 923 Mn in 2021.

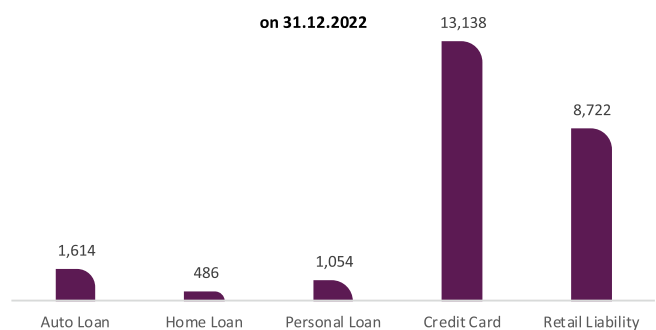
Retail Liability

Total retail liability portfolio stood at BDT 24,512 Mn which shows a de-growth of 3.96%. Retail liability mobilization in the year 2022 was BDT 8,722 Mn compared to BDT 11,161 Mn in 2021. Liability mobilization decreased by 21% due to volatile money market situation and downward interest rate.

NPL Status as on 31.12.2022



Product wise Disbursement Mobilization Status as on 31.12.2022



Portfolio	Auto Loan	Home Loan	Personal Loan	Credit Card	Retail Liability
Dhaka Zone	73.28%	81.23%	80.16%	81.39%	78.50%
Chattogram Zone	12.34%	12.18%	10.72%	10.49%	12.38%
South Zone	12.45%	1.46%	3.86%	2.45%	3.77%
North Zone	0.89%	2.29%	3.23%	1.77%	3.01%
East Zone	1.04%	2.85%	2.03%	3.89%	2.34%

Geographical segmentation of disbursement/mobilization

Disbursement/Mobilization	Auto Loan	Home Loan	Personal Loan	Credit Card	Retail Liability
Dhaka Zone	84.68%	75.69%	78.82%	67.23%	76.73%
Chattogram Zone	10.25%	12.64%	11.57%	11.83%	15.91%
South Zone	2.22%	3.84%	4.22%	3.21%	3.13%
North Zone	1.37%	4.64%	3.08%	1.71%	1.99%
East Zone	1.48%	3.19%	2.31%	16.02%	2.25%

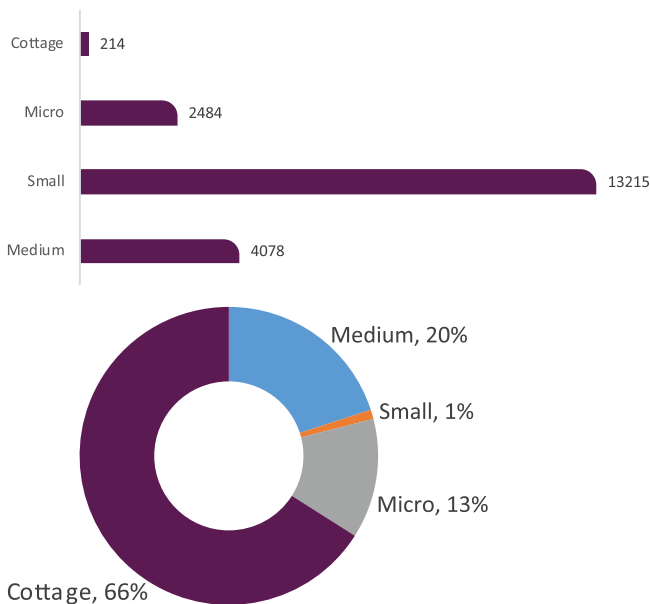
CMSME FINANCIAL SERVICES

Overall performance

“ LankaBangla believes CMSME to be a significant economic driver of the country and is working hard in promoting an inclusive growth and financial inclusivity. ”

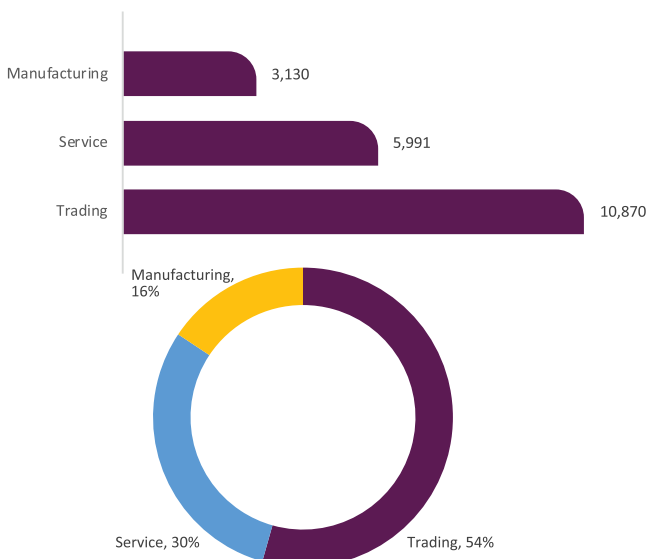
CMSME is a significant economic driver, accounting for 25% of the country’s GDP. As a result, the company has 27 branches and 36 mobile loan officers, covering 47 districts around the country. CMSME Financial Services by LankaBangla Finance Limited promotes inclusive growth and financial inclusion.

Segmented Disbursement Breakdown (in BDT mn)



The 'Small business' segment accounts for 66.09 % of the disbursement among the four segments under the CMSME Financial Services division, followed by the 'Medium business' segment, which contributes for 20.40%.

Disbursement Breakdown as per the Nature of Business (in BDT mn)

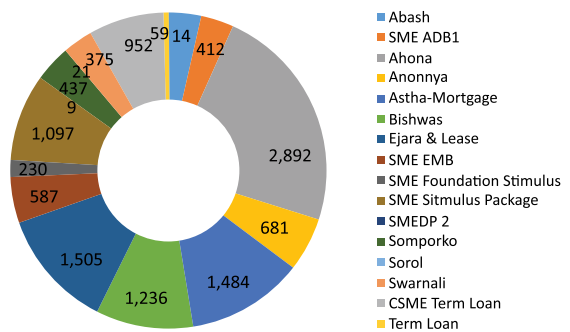


Amongst the disbursement volume by the CMSME Financial Services Division, Trading businesses account for 40.31% with BDT 9,007 million, Service oriented businesses account for 26.99% with BDT 6,031 million and Manufacturing businesses account for 32.70% with BDT 7,306 million respectively.

Portfolio Status

LankaBangla Finance Limited has a long-term portfolio in the industry. The organization has a total portfolio of BDT 61,193 million in its own basket, of which BDT 22,343 million, or 36.51 %, is in the CMSME 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 CMSME 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 CMSME Financial Services Division has been provided in the chart.

CMSME Product Portfolios (in BDT mn)



Deposit mobilization status

CMSME Financial Services has its own liability mobilization team. Besides, relationship officers of the asset team also work on amassing a liability portfolio. In 2022, the liability wing of the Division collected BDT 2,560 million in liability from the market. The team work in dual roles, collecting deposits and sourcing CMSME loans from the market.

Deposit portfolio status

As a young team in the division, the CMSME Liability team has a portfolio of BDT 4,471 million. Despite the COVID-19 pandemic, this team overcame the systematic and unsystematic risks of the portfolio and maintained a persistent portfolio in 2022. There is a separate product specially customized for female clients under SHIKHA platform. Under this product BDT 796.32 million portfolio has been collected from 2,864 clients.

DPS Exposure

The CMSME Liability team of the CMSME Financial Division also collects DPS from clients. This team collected BDT 195.47 million DPS during 2022. Out of that amount, BDT 74.22 million has been collected from female clients under SHIKHA DPS and BDT 121.25 million from other.

NPL status

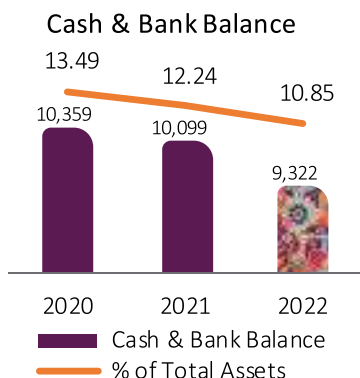
CMSME Financial Services has a non-performing loan rate of 7.78% on its overall portfolio. Non-performing loans (NPLs) totaling BDT 1,738 million out of a total of BDT 22,343 million in the portfolio. Maximum accounts have become NPL due to the COVID-19 Pandemic.

TREASURY DIVISION

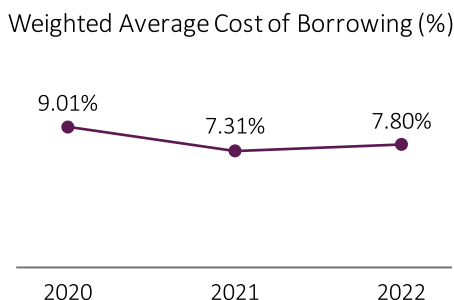
Overall performance

“ Despite the prolonged unsettling backdrop in 2022, LBFL’s treasury division maintained optimum liquidity buffer throughout the year, maintaining adequate coverage for future cash outflows.”

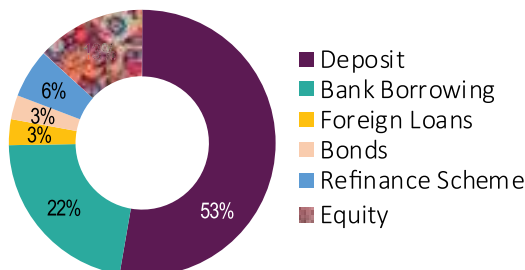
In 2022, as the world ushered into the post-pandemic era, new challenges emerged. Almost all the economies in the world felt the effects of global economic uncertainty, including higher energy and food prices, mounting inflation rates and volatile markets, and, of course, COVID-19’s lingering impacts. Bangladesh economy, as well, also went through a challenging year—inflation hit more than 9%, stock markets was down by 8.1%, taka depreciated against dollar by 25%, surplus liquidity in the banking sector squeezed significantly, lending and deposit rate caps were imposed for NBFIs. This challenging environment presented with a baffling landscape for treasury management. Despite unsettling backdrop, 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.



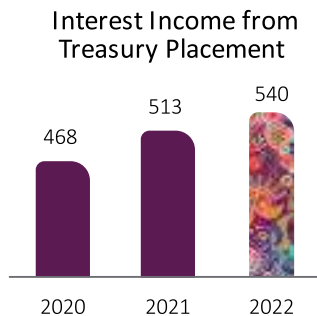
Treasury ensured prudent cash management by channeling all the cash flows of the company in an effective and efficient manner, which led to optimum utilization of fund. Treasury has ensured timely repayment of all its debt facilities and servicing of all withdrawal requests of depositors. In 2022, LankaBangla entered into the RTGS platform of Bangladesh Bank, which has enabled it to complete inter-bank transactions completely digitally with minimum of time. The division has also continued to play an important role in keeping the cost of fund of the company under control though cost of fund of the company has increased to some extent due to the plunging liquidity in the market and rising interest rates.



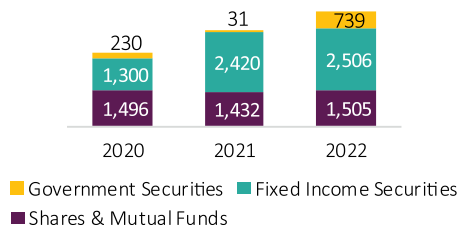
Sources of Fund



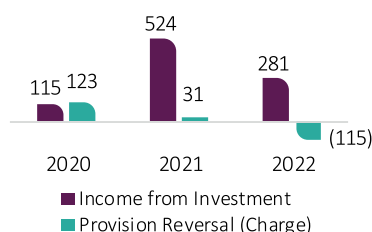
Treasury has solidified its relationship with the existing counterparties and developed relationship with new ones through effective relationship management practices to strengthen its financial flexibility. During 2022, Treasury made draw down of BDT 3,000 million syndicated term loan facility, (out of BDT 5,000 million). In 2022, Treasury issued zero-coupon bond with face value of BDT 582 million (out of BDT 3,000 million). Besides, Treasury has also availed BDT 5,900 million of term loan from several commercial banks. These long-term funds will help the company to better manage its balance sheet 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.



Investment Portfolio



Income from Investment & Provision Reversal (Charge)

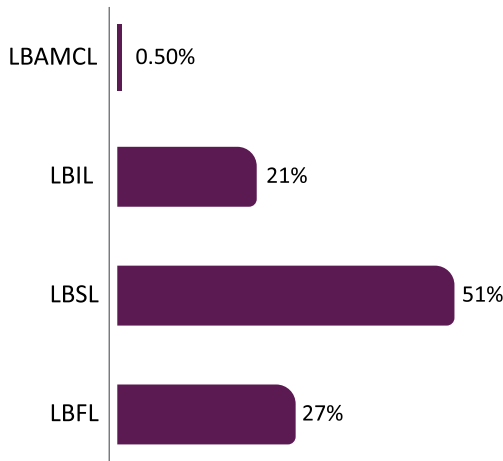


PERFORMANCE OF SUBSIDIARIES

Overall Contribution of Subsidiaries

All 3 subsidiaries of LBFL has performed outstanding in the year 2022 and has contributed to a Group profit after tax of BDT 661 Mn.

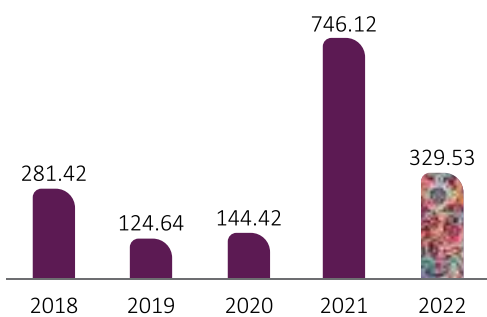
PAT Contribution of the Group in 2022



LankaBangla Securities Limited (LBSL)

By taking advantage of the active market environment throughout the first quarter of the year, LBSL got the year of 2022 off to a very strong start in terms of turnover and brokerage income. With the start of Russia-Ukraine war and continued global unrest, the lack of confidence among investors led to a market standstill. The daily average turnover of LBSL drastically dropped along with market turnover and posted a combined market share of 5.05% in both the DSE and CSE. The market share of LBSL in 2022 was 5.0% in the DSE and 6.56% in the CSE. The net profit after tax for LBSL at the end of 2022 was BDT 329.53 million. The company’s ROA and ROE for the year ending in 2022 were 2.94% and 5.76%, respectively. Equity held by shareholders grew 6.27% between 2021 and 2022. The company’s last five year’s profitability is given below:

LBSL Profitability (BDT mn)



LBSL was able to prevent itself from financial ruin in 2022 despite the turmoil by reporting a net profit after taxes of Tk. 329.53 million. Even though its NPAT fell, LBSL was still able to accomplish a lot throughout the year,

- Converted 45% of its trade volume to a digital platform
- Maintained a market share of more than 5% despite

- extremely low market turnover and floor price
- Opened 12 new offices to expand its business presence
- Moved 32% of its clientele to the OMS platform, putting in place a strong risk management system
- Conducted a thorough market survey

The LBSL management was certain that these steps would greatly increase the company’s revenue in the days to come. Brokerage and interest revenue accounted for 56% and 32% of the company’s total income in 2022, respectively, making them the company’s largest sources of income. After then, 9% of the company’s overall income came from investment income. Earnings per Share (EPS) in 2022 was 1.22 compared to 2.77 during the same time period in 2021.

LankaBangla Investment Limited- (LBIL)

LankaBangla Investments Limited (LBIL) is engaged in providing investment banking services and has positioned itself prominently through its wide range of products and services. With substantial expertise and a long track record of operational experience in the capital market, LBIL has made itself a significant force in the investment banking arena of Bangladesh.

LBIL posted BDT 140 million Profit after tax in 2022 which is 21.2% of LBFL group’s profit.

Notable achievements for the period ended December 31, 2022, are as follows:

- Completion of the Listing process of the IPO of Global Islami Bank Limited as a joint issue Manager for an issue size of BDT 4,250 Million
- Completion of the Listing process of LankaBangla Securities Limited in the Alternative Trading Board (ATB) Platform of DSE
- Approval of IPO of Midland Bank Limited for an issue size of BDT 700.00 Million
- Provided corporate advisory to a non-listed company for the capital reduction for divestment
- Advised a reputed MNC on their acquisition plan of a local listed target company under a substantial share acquisition process
- Arranged BDT 1,100 Million in the form of Preference Share for Confidence Infrastructure Limited
- Provided valuation service to BM Energy Limited and KYCR Coil Industries Limited
- Received mandate as corporate advisor for two prospective mergers
- Received several mandates as corporate advisor for local to foreign investments

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.

2022 was a disappointing year for the capital market. The broad market index (DSEX) witnessed a de-growth of 8.14% in FY 2022. From the beginning of the 1st half of 2022, country's economy suffered due to the price hike in the international commodity market and energy price. Taka, the local currency, experienced a 22.2% de-valuation against US Dollar in FY 2022. The country's economy also started feeling the crunch as import growth far exceeded export growth and a lethargic growth in inflow of remittance. The Russia-Ukraine war has worsened the situation amid damaging the global supply chain.

LBAMCL managed to generate a respectable return in its managed funds and also made noteworthy progress in 2022, as highlighted below:

- Generated -3.9%, 4.2%, 8.0%, and 6.6% return in LankaBangla 1st Balanced Unit Fund, LankaBangla Al-

Arafah Shariah Unit Fund, LB Gratuity Opportunities Fund, and LB Gratuity Wealth Builder Fund respectively in 2022 with all the funds outperforming the market significantly

- Declared cash dividend of 5.0% in LankaBangla 1st Balanced Unit Fund, 4.0% for LankaBangla Al-Arafah Shariah Unit Fund, 20.0% for LB Gratuity Opportunities Fund and 6.0% for LB Gratuity Wealth Builder Fund for the year ended 2022
- LBAMCL unleashed new possibilities for the investors by introducing innovative capital market product namely Exchange Traded Fund (ETF). LB Multi Asset Income ETF will be an actively managed exchanged traded fund sponsored by LankaBangla Investments Limited. Initial fund size is BDT 1,000mn with sponsor contribution of BDT 100mn & asset manager contribution

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 of 31 December 2022, and the consolidated and separate profit and loss account, a 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 2022, 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 Auditor's 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.

Emphasis of Matter

We draw attention to notes 2.1, 2.34 and 18.2 of the financial statements, which describe the impact of departing from IAS 21, with the approval of Bangladesh Bank, for non-recognition of unrealized exchange loss related to foreign loan. The impact of recognition would result in a loss of BDT 480.19 million which will be recognized from 2022-2026 as per Bangladesh Bank's approval. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the 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 the collateral provided for the credit transactions.</p> <p>Considering the complexity of the provisioning process, for the collective analysis, these provisions are manually processed and deal with voluminous databases, assumptions, and calculations.</p> <p>At the year-end of 2022, the group reported total gross loans, cash credit and overdraft, etc., of BDT 65,085.79 million (2021: BDT 62,887.77 million) and provisions for leases, loans, and advances in the financial statements of BDT 2,753.42 million (2021: BDT 2,301.75 million). The total leases and loan provisions shown in this year's profit and loss stood at BDT 540.57 million (2021: BDT 575.44 million).</p> <p>We have focused on the following significant judgments and estimates which could intensify the probability of material misstatement or management bias:</p>	<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. Identified 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)/2023-378 dated 10th April 2023. Assessed the methodologies on which the provision amounts were based, recalculated the provisions and tested the completeness and accuracy of the underlying information.

Description of key audit matters	How the matters were addressed in our audit
<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 No. 04 dated 26 July 2021, DFIM circular No. 27 dated 21 December 2022. 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 primarily depends on key assumptions relating to the probability of default, the ability to repossess collateral, and recovery rates.</p> <p>The gross interest income & net interest of LankaBangla group has increased by 2.84% & 2.72%, respectively, from last year. And Interest suspense has Decreased by 7.52% from last year.</p> <p>See note no 2.28.1, 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, the appropriateness and presentation of disclosures were assessed against relevant accounting standards and Bangladesh Bank guidelines.</p>
<p>2. Carrying value of investments in subsidiaries 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 of 31st December 2022, the carrying value of the investment was BDT 7,237.03 million (2021: BDT 6,781.54 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 that may consider 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 company’s separate financial statements. As per IFRS 9, investment in a subsidiary is measured at fair value through other comprehensive income. <p>However, as per Bangladesh Bank guidelines, the company cannot present “Other Comprehensive Income”; thus, any change in fair value will directly be recognized in the revaluation reserve under equity in the financial statements. This departure from IFRS is disclosed in Note – 2.5.</p> <p>See note no. 2.5, 2.17 & 9 to the financial statements.</p>	<p>Our audit procedures, in relation to key audit matters includes the following approach:</p> <ul style="list-style-type: none"> Reviewed to confirm whether the management’s analysis of fair value assessment and recoverable value calculation of subsidiaries were in accordance with IFRS 13 and IAS 36. Assessed to confirm whether adequate processes and controls were in place to ensure all major investment decisions were taken with proper due diligence. Recalculated the investment on a sample basis and checked the results and disclosures against relevant accounting standards and Bangladesh Bank Guidelines. Also 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 was obtained with reference to external market information and third-party sources. <p>The impact has been disclosed in Note 15A of the notes to the financial statements.</p>
<p>3. Investment and provision for diminution in value of the investment</p> <p>Group investments comprise marketable ordinary shares of BDT 5,150.77 million, non-marketable ordinary shares of BDT 224.89 million, subordinate bonds of BDT 800 million, perpetual bonds of BDT 500 million and discretionary corporate fund of BDT 185.34 million.</p> <p>Group investments are valued at BDT 8,117.00 million and represent 9.76% of total assets. This was an area of focus for our audit and a significant audit effort was directed.</p> <p>The investment portfolio of LankaBangla Finance Limited comprises investments in marketable ordinary shares of BDT 1,136.95 million, non-marketable ordinary shares of BDT 113.44 million, subordinate bonds of BDT 800 million, perpetual bonds of BDT 500 million and discretionary corporate fund of BDT 254.26 million.</p> <p>Investments in quoted shares and unquoted shares are valued at average cost. However, the group made provision for diminution in the value of an 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>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. Following are the major steps that we covered during the audit:</p> <ul style="list-style-type: none"> Obtained sufficient & appropriate 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. Assessed the design and operating effectiveness of the group’s key controls supporting the identification, measurement and oversight of valuation risk of financial assets.

Description of key audit matters	How the matters were addressed in our audit
<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 Bangladesh Bank directives 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, 6 & 12 to the financial statements.</p>	<ul style="list-style-type: none"> • 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. • Checked 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/surveillance/mukhopatro (5th type)/2019/196. We have checked the adequacy of provision of marketable securities from Quick Summary Report FIID(I-19/02)/2023-378 dated 10th April 2023.
<p>4. Measurement of deferred tax assets</p> <p>LankaBangla Finance Ltd. has not recognized deferred tax assets regarding 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.</p> <p>LankaBangla Finance Limited reported net deferred tax assets totaling BDT 20.67 million as of 31st December 2022.</p> <p>Significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over several years.</p> <p>See notes no 2.39(b), 2.5(6) and 9.1.1.1 to the financial statements.</p>	<p>Our procedures, in relation to the key audit matters described, included, among others:</p> <ul style="list-style-type: none"> • 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 LankaBangla Finance Limited's future taxable income. • Assessed the completeness and accuracy of the data used to estimate future taxable income. • Evaluated the reasonableness of key assumptions, timing of reversal of temporary differences and expiration of tax loss carry forwards, and recognition and measurement of deferred tax assets. • Assessed the adequacy of the company's disclosures setting out the basis of deferred tax asset balances and the level of estimation involved. • Also assisted in evaluating the tax implications and the reasonableness of estimates and calculations determined by management. • Finally, we assessed the appropriateness and presentation of disclosures against IAS 12- Income Tax.
<p>5. 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 uncertain, 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 significant impact on the group's financial position.</p> <p>See note no 1 to the financial statements.</p>	<p>Our procedures, in relation to the key audit matters described, included, among others:</p> <ul style="list-style-type: none"> • Obtain an understanding and evaluated the design and tested the operational effectiveness of the group's key controls over the legal provisions and contingencies process. • Enquired to those charged with governance to obtain their views on the status of all significant litigation and regulatory matters. • 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. • Assessed the methodologies on which the provision amounts were based, recalculated the provisions, and tested the completeness and accuracy of the underlying information. • Also assessed the group's provisions and contingent liabilities disclosure.

Description of key audit matters	How the matters were addressed in our audit
<p>6. IT systems and controls</p> <p>Our audit procedures focused 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>Our procedures, in relation to the key audit matters described, included, among others:</p> <ul style="list-style-type: none"> • Tested the design and operating effectiveness of the group’s IT access controls over the information systems critical to financial reporting. • 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. • Tested IT general controls (logical access, changes management and aspects of IT operational controls). We have crosschecked the data presented in the Financial Statements with its system-generated trial balance extracted from IFS ERP Software. This included whether the request for system access was appropriately reviewed and authorized. • Tested group’s periodic review of access rights. We inspected requests for changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configurations and other application layer controls identified as key to our audit. • 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 significantly impacted financial reporting.
<p>7. Preparation of consolidated financial statements</p> <p>LankaBangla Finance Limited has a 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 an 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, introducing a subsidiary requires significant amendments in preparing the financial statements, including consolidated financial statements, which require a range of adjustments and additional disclosure requirements.</p>	<p>Our procedures, in relation to the key audit matters described, included, among others:</p> <ul style="list-style-type: none"> • Understanding of the consolidation process, including transactions undertaken between these companies. In this regard, we received signed auditor’s report of subsidiaries and financial statements. • Carried out a risk assessment about consolidation and the adjustments necessary to properly prepare the consolidated financial statements. We have also assessed the inherent limitations to consolidation processes to address the issues. • Finally, we reviewed the appropriateness and presentation of disclosures relevant to respective accounting standards and guidelines.

Other Matter

The financial statements of LankaBangla Securities Limited (subsidiary), LankaBangla Investments Limited (subsidiary), and LankaBangla Asset Management Company Limited (Subsidiary) for the year ended December 31, 2022, were audited by us, and expressed an unmodified opinion on those statements.

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.



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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.

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 payments 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, investments 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 a 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 and 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 are satisfactory, 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 1689-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 the classification, provisioning and calculation of interest suspense;
- xvii. all other issues which in our opinion were 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. : 2305030452AS249430



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LankaBangla Finance Limited and its Subsidiaries

Consolidated Balance Sheet

As at 31 December 2022

	Notes	Amount in Taka	
		31.12.2022	31.12.2021
PROPERTY AND ASSETS			
Cash		531,769,059	642,279,167
Cash in hand (including foreign currencies)	3	1,113,270	1,790,951
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	4	530,655,790	640,488,217
Balance with other banks and financial institutions	5	10,463,818,938	12,387,833,402
Inside Bangladesh		10,463,818,938	12,387,833,402
Outside Bangladesh		-	-
Money at call and short notice		-	-
Investment	6	8,856,104,805	7,780,310,401
Government securities		739,101,032	31,100,325
Other investments		8,117,003,772	7,749,210,076
Leases, loans and advances	7	65,085,799,903	62,887,779,221
Loans, cash credit and overdraft etc.		65,085,799,903	62,887,779,221
Bills discounted and purchased		-	-
Fixed assets including land, building, furniture and fixtures	8	2,859,587,060	2,594,806,060
Other assets	9	2,967,933,624	2,633,841,173
Non-Banking assets		-	-
TOTAL PROPERTY AND ASSETS		90,765,013,389	88,926,849,424
LIABILITY AND SHAREHOLDERS' EQUITY			
Liabilities			
Borrowings from Bangladesh Bank, other banks and financial institutions	10	25,390,437,001	18,502,473,665
Deposits and other accounts	11	42,907,413,489	47,676,287,741
Current deposits and other accounts etc.		-	-
Bills payable		-	-
Saving bank deposit		-	-
Term deposits	11.1	42,707,819,432	47,500,921,591
Bearer certificate of deposits		-	-
Other deposits	11.2	199,594,057	175,366,150
Other liabilities	12	11,471,104,321	11,874,066,806
TOTAL LIABILITIES		79,768,954,811	78,052,828,212
Shareholders' Equity		10,787,714,540	10,678,798,845
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	2,085,277,643	2,049,579,830
General reserve		47,489,333	50,837,370
Capital Reserve		86,089,440	13,961,042
Retained earnings	15	2,089,583,094	2,085,145,574
Non controlling interest	16	208,344,037	195,222,367
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		90,765,013,389	88,926,849,424
Net asset value per share- (NAV)	35	20.02	19.82

	Notes	Amount in Taka	
		31.12.2022	31.12.2021
OFF-BALANCE SHEET ITEMS			
CONTINGENT LIABILITIES			
Acceptances and endorsements		-	-
Letter of guarantee		33,150,000	152,979,637
Irrevocable letters of credit		-	-
Bill for collection		-	-
Other contingent liabilities		-	-
TOTAL CONTINGENT LIABILITIES		33,150,000	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		33,150,000	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,
27 April 2023
DVC No : 2305030452AS249430


Hussain Farhad & Co.
Chartered Accountants

LankaBangla Finance Limited and its Subsidiaries

Consolidated Profit and Loss Account

For the year ended 31 December 2022

	Notes	Amount in Taka	
		2022	2021
Operating Income			
Interest income	17	7,197,477,894	7,030,725,686
Less : Interest expenses on deposits & borrowings	18	5,013,752,253	4,872,915,651
Net interest income		2,183,725,640	2,157,810,036
Income from investment	19	550,901,600	1,217,598,874
Commission, exchange and brokerage income	20	777,374,407	1,284,650,369
Other operational income	21	798,684,297	761,311,608
Total operating income		4,310,685,944	5,421,370,887
Operating Expenses			
Salary and allowances	22	1,360,531,402	1,384,450,202
Rent, taxes, insurance, electricity etc.	23	54,449,024	37,512,699
Legal and professional fees	24	48,597,285	30,886,402
Postage, stamp, telecommunication etc.	25	26,142,965	22,915,828
Stationery, printing, advertisement	26	56,466,527	40,645,158
Managing director's salary and allowance	27	15,814,000	15,814,000
Directors' fees and expenses	28	2,909,213	3,577,200
Auditors' fees	29	1,279,046	1,119,258
Repairs, maintenance and depreciation	30	358,008,107	581,716,425
Other expenses	31	743,818,837	755,483,476
Total operating expenses		2,668,016,406	2,874,120,648
Net Operating Income		1,642,669,538	2,547,250,239
Provisions for loans, investments and other assets	32	696,095,883	841,853,182
Provisions for leases and loans		540,575,865	575,447,876
Provision for margin loan		(2,193,768)	293,338,572
Provision for diminution in value of investments		159,412,082	(37,580,889)
Provisions for Off-Balance Sheet Exposure		(1,198,296)	1,529,796
General provision for other assets		(500,000)	9,117,826
Profit before tax and reserve		946,573,655	1,705,397,057
Provision for tax	33	285,197,666	399,504,525
Current tax		282,664,913	395,976,009
Deferred tax		2,532,753	3,528,516
Net profit after tax		661,375,989	1,305,892,532
Attributed to			
Shareholders of the Company		649,812,556	1,280,549,083
Non-controlling interest	38.4	11,563,433	25,343,449
		661,375,989	1,305,892,532
Appropriations		104,478,175	141,189,519
Statutory reserve		35,697,813	121,800,532
General reserve		(3,348,036)	5,427,945
Capital Reserve		72,128,398	13,961,042
Retained surplus		545,334,381	1,139,359,565
Earning per share (EPS)	34	1.21	2.38

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



Director



Director



Company Secretary



Chief Financial Officer



Managing Director

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

Dhaka,
27 April 2023
DVC No : 2305030452AS249430



Hussain Farhad & Co.
Chartered Accountants

LankaBangla Finance Limited and its Subsidiaries Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Amount in Taka	
	2022	2021
A) Cash flows from operating activities		
Interest received	7,245,981,340	6,993,476,160
Interest paid	(4,825,530,203)	(4,894,311,627)
Dividend received	267,327,797	101,762,506
Fees and commission received	1,206,719,863	1,735,279,682
Income from investment	269,624,243	1,034,038,580
Cash paid to employees (including directors)	(1,391,671,215)	(1,349,565,293)
Cash paid to suppliers	(150,775,460)	(127,556,129)
Income taxes paid	(480,226,974)	(369,967,038)
Received from other operating activities	363,239,607	304,066,070
Paid for other operating activities	(861,135,900)	(829,702,293)
Cash generated from operating activities before changes in operating assets and liabilities	1,643,553,096	2,597,520,618
Increase/(decrease) in operating assets & liabilities:		
Loans and advances to customers	(2,381,936,835)	(4,398,761,847)
Other assets	38,654,166	(160,855,142)
Deposits from customers	(4,768,874,252)	545,943,850
Other liabilities	(1,316,278,854)	940,288,525
Total increase/(decrease) in operating assets & liabilities	(8,428,435,775)	(3,073,384,614)
Net cash flows from /(used in) operating activities	(6,784,882,678)	(475,863,996)
B) Cash flows from investing activities		
Investment in securities	(430,809,131)	(1,675,059,537)
Treasury bills	(688,688,379)	203,635,595
Purchase of fixed assets	(460,443,983)	(200,443,791)
Sales proceeds of fixed assets	14,362,105	34,939,366
Investment in Discretionary corporate fund	63,015,435	(42,497,332)
Acquisition of shares from non-controlling interest	(500,000)	(2,500,000)
Net cash flows from /(used in) investing activities	(1,503,063,954)	(1,681,925,698)
C) Cash flows from financing activities		
Receipt of term loan, overdraft and REPO	6,903,149,928	3,655,421,669
Payment of lease liabilities-Vehicles	(4,853,993)	(6,529,231)
Payment of lease liabilities-Office premises	(111,570,885)	(138,615,761)
Dividend paid	(533,321,835)	(658,470,966)
Net cash flows from/(used in) financing activities	6,253,403,214	2,851,805,711
D) Net increase/(decrease) in cash & cash equivalents	(2,034,543,418)	694,016,017
E) Effect of exchange rates on cash and cash equivalents	18,847	778
F) Cash and cash equivalents at the beginning of the year	13,030,112,569	12,336,095,774
G) Cash and cash equivalents at the end of the year	10,995,587,998	13,030,112,569
* Closing cash and cash-equivalents		
Cash in hand (including foreign currencies)	1,113,270	1,790,951
Balance with Bangladesh Bank and its agent bank (s)	530,655,790	640,488,217
Balance with other banks and financial institutions	10,463,818,938	12,387,833,402
	10,995,587,998	13,030,112,569
Net Operating Cash Flows Per Share - (NOCFPS)	(12.59)	(0.88)

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


Director


Director


Managing Director


Company Secretary


Chief Financial Officer


Hussain Farhad & Co.
Chartered Accountants

Dhaka,
27 April 2023

LankaBangla Finance Limited and its Subsidiaries Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

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 2022	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	10,874,021,211
Items Involved in Changes in Equity									
Changes in non-controlling interest	-	-	-	-	-	(2,058,237)	(2,058,237)	1,558,237	(500,000)
Net profit for the year	-	-	-	-	-	649,812,556	649,812,556	11,563,433	661,375,989
Appropriation to statutory reserve	-	-	35,697,813	-	-	(35,697,813)	-	-	-
Appropriation to general reserve	-	-	-	(3,348,036)	-	3,348,036	-	-	-
Capital Reserve	-	-	-	-	72,128,398	(72,128,398)	-	-	-
Dividend	-	-	-	-	-	-	-	-	-
Cash dividend (10.00%) for 2021	-	-	-	-	-	(538,838,623)	(538,838,623)	-	(538,838,623)
Balance as at 31 December 2022	5,388,386,230	1,090,888,800	2,085,277,643	47,489,333	86,089,440	2,089,583,094	10,787,714,540	208,344,037	10,996,058,577
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)	-	-	-	-	-	-	-	-	-
Cash dividend (12.00%) for 2020	-	-	-	-	-	(646,606,348)	(646,606,348)	(6,277,123)	(6,277,123)
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	10,874,021,211

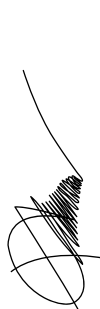
The annexed notes form an integral part of these consolidated financial statements.


Director


Director


Managing Director


Company Secretary


Chief Financial Officer

Dhaka,
27 April 2023

Hussain Farhad & Co.
Chartered Accountants

LankaBangla Finance Limited

Balance Sheet

As at 31 December 2022

	Notes	Amount in Taka	
		31.12.2022	31.12.2021
PROPERTY AND ASSETS			
Cash		531,357,244	641,039,435
Cash in hand (including foreign currencies)	3	701,455	551,219
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	4	530,655,790	640,488,217
Balance with other banks and financial institutions	5	8,790,336,478	9,457,783,115
Inside Bangladesh		8,790,336,478	9,457,783,115
Outside Bangladesh		-	-
Money at call and short notice		-	-
Investment	6	4,749,756,326	3,883,387,151
Government securities		739,101,032	31,100,325
Other investments		4,010,655,294	3,852,286,827
Leases, loans and advances	7	61,331,185,920	58,775,033,963
Loans, cash credit and overdraft etc.		61,331,185,920	58,775,033,963
Bills discounted and purchased		-	-
Fixed assets including land, building, furniture and fixtures	8	1,890,677,292	1,669,211,812
Other assets	9	8,640,779,551	8,108,108,841
Non-Banking assets		-	-
TOTAL PROPERTY AND ASSETS		85,934,092,812	82,534,564,317
LIABILITY AND SHAREHOLDERS' EQUITY			
Liabilities			
Borrowings from Bangladesh Bank, other banks and financial institutions	10	23,341,745,934	16,188,024,885
Deposits and other accounts	11	43,656,711,247	48,181,265,170
Current deposits and other accounts etc.		-	-
Bills payable		-	-
Saving bank deposit		-	-
Term deposits	11.1	43,457,117,190	48,005,899,020
Bearer certificate of deposits		-	-
Other deposits	11.2	199,594,057	175,366,150
Other liabilities	12	7,767,109,686	7,091,391,169
TOTAL LIABILITIES		74,765,566,866	71,460,681,223
Shareholders' Equity		11,168,525,945	11,073,883,094
Paid up capital	13	5,388,386,230	5,388,386,230
Statutory reserve	14	2,085,277,643	2,049,579,830
Retained earnings	15	1,558,014,890	1,954,062,260
Revaluation reserve for investment in subsidiaries	15A	2,136,847,181	1,681,854,774
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		85,934,092,812	82,534,564,317
Net asset value per share- (NAV)	35	20.73	20.55

	Amount in Taka	
	31.12.2022	31.12.2021
OFF-BALANCE SHEET ITEMS		
CONTINGENT LIABILITIES		
Acceptances and endorsements	-	-
Letter of guarantee	33,150,000	152,979,637
Irrevocable letters of credit	-	-
Bill for collection	-	-
Other contingent liabilities	-	-
TOTAL CONTINGENT LIABILITIES	33,150,000	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	33,150,000	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,
27 April 2023
DVC No : 2305030452AS249430



Hussain Farhad & Co.
Chartered Accountants

LankaBangla Finance Limited

Profit and Loss Account

For the year ended 31 December 2022


	Notes	Amount in Taka	
		2022	2021
Operating Income			
Interest income	17	6,711,555,195	6,514,310,107
Less : Interest expenses on deposits & borrowings	18	4,891,562,899	4,702,634,726
Net interest income		1,819,992,297	1,811,675,381
Income from investment	19	281,421,185	523,955,231
Commission, exchange and brokerage income	20	-	-
Other operational income	21	541,103,190	541,109,190
Total operating income		2,642,516,672	2,876,739,803
Operating Expenses			
Salary and allowances	22	917,645,562	883,921,049
Rent, taxes, insurance, electricity etc.	23	37,204,312	22,743,789
Legal and professional fees	24	39,069,177	24,840,453
Postage, stamp, telecommunication etc.	25	20,492,000	18,109,356
Stationery, printing, advertisement	26	45,423,611	33,836,840
Managing director's salary and allowance	27	15,814,000	15,814,000
Directors' fees and expenses	28	642,400	1,320,000
Auditors' fees	29	690,000	632,500
Repairs, maintenance and depreciation	30	236,630,000	251,659,716
Other expenses	31	370,420,845	376,333,332
Total operating expenses		1,684,031,907	1,629,211,036
Net Operating Income		958,484,765	1,247,528,766
Provisions for loans, investments and other assets	32	654,828,254	547,666,834
Provisions for leases and loans		540,575,865	575,447,876
Provision for diminution in value of investments		115,450,686	(30,810,839)
Provision for off-balance sheet exposure		(1,198,296)	1,529,796
General provision for other assets		-	1,500,000
Profit before tax and reserve		303,656,511	699,861,932
Provision for tax	33	125,167,444	90,859,275
Current tax		125,167,444	90,859,275
Deferred tax		-	-
Net profit after tax		178,489,067	609,002,658
Appropriations		35,697,813	121,800,532
Statutory reserve		35,697,813	121,800,532
General reserve		-	-
Capital Reserve		-	-
Retained surplus		142,791,254	487,202,126
Earning per share (EPS)	34	0.33	1.13


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


Director


Company Secretary



Director


Managing Director


Chief Financial Officer

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

Dhaka,
27 April 2023
DVC No : 2305030452AS249430


Hussain Farhad & Co.
Chartered Accountants

LankaBangla Finance Limited

Statement of Cash Flows

For the year ended 31 December 2022

	Notes	Amount in Taka	
		2022	2021
A) Cash flows from operating activities			
Interest received		6,697,066,654	6,459,762,174
Interest paid		(4,687,645,247)	(4,764,806,369)
Dividend received		328,555,151	61,746,001
Fees and commission received		418,422,317	425,409,982
Income from investment		92,129,405	258,858,311
Cash paid to employees (including directors)		(909,169,196)	(945,507,872)
Cash paid to suppliers		(103,680,265)	(157,778,055)
Income taxes paid		(285,108,471)	(122,967,580)
Received from other operating activities		121,978,270	110,723,896
Paid for other operating activities		(483,778,859)	(412,677,807)
Cash generated from operating activities before changes in operating assets and liabilities		1,188,769,760	912,762,680
Increase/(decrease) in operating assets & liabilities:			
Loans and advances to customers		(2,724,292,644)	(3,877,752,775)
Other assets		17,083,946	(919,099)
Deposits from customers		(4,524,553,923)	569,993,154
Other liabilities		(117,626,381)	68,967,372
Total increase/(decrease) in operating assets & liabilities		(7,349,389,002)	(3,239,711,348)
Net cash flows from /(used in) operating activities		(6,160,619,242)	(2,326,948,668)
B) Cash flows from investing activities			
Investment in securities		(152,460,638)	(1,013,925,987)
Treasury bills		(688,688,379)	203,635,595
Purchase of fixed assets		(389,705,272)	(106,674,016)
Sales proceeds of fixed assets		1,907,256	25,991,059
Investment in discretionary corporate fund		(5,907,829)	(42,497,332)
Investment in subsidiaries		(500,000)	(2,500,000)
Net cash flows from /(used in) investing activities		(1,235,354,863)	(935,970,681)
C) Cash flows from financing activities			
Receipt of term loan, overdraft and REPO		7,211,762,184	3,752,059,089
Payment of lease liabilities-Vehicles		(2,930,352)	(3,534,012)
Payment of lease liabilities-Office premises		(62,168,233)	(87,313,823)
Dividend paid		(527,837,169)	(658,470,965)
Net cash flows from/(used in) financing activities		6,618,826,430	3,002,740,289
D) Net increase/(decrease) in cash & cash equivalents		(777,147,675)	(260,179,060)
E) Effect of exchange rates on cash and cash equivalents		18,847	778
F) Cash and cash equivalents at the beginning of the year		10,098,822,551	10,359,000,833
G) Cash and cash equivalents at the end of the year		9,321,693,722	10,098,822,551
* Closing cash and cash-equivalents			
Cash in hand (including foreign currencies)		701,455	551,219
Balance with Bangladesh Bank and its agent bank (s)		530,655,790	640,488,217
Balance with other banks and financial institutions		8,790,336,478	9,457,783,115
		9,321,693,722	10,098,822,551
Net Operating Cash Flows Per Share - (NOCFPS)	36	(11.43)	(4.32)

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



Director



Director



Managing Director



Company Secretary



Chief Financial Officer

Dhaka,
27 April 2023

LankaBangla Finance Limited

Statement of Changes in Equity

For the year ended 31 December 2022

Particulars	Amount in Taka				
	Share Capital	Statutory Reserve	Revaluation Reserve	Retained Earnings	Total Equity
Balance as at 01 January 2022	5,388,386,230	2,049,579,830	1,681,854,774	1,954,062,260	11,073,883,094
Items involved in changes in equity					
Net profit for the year	-	-	-	178,489,067	178,489,067
Increase/(decrease) in revaluation reserve	-	-	454,992,407	-	454,992,407
Appropriation to statutory reserve	-	35,697,813	-	(35,697,813)	-
Cash dividend (10.00%) for 2021	-	-	-	(538,838,623)	(538,838,623)
Balance as at 31 December 2022	5,388,386,230	2,085,277,643	2,136,847,181	1,558,014,890	11,168,525,945
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

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


Director

Director


Company Secretary

Company Secretary

Dhaka,
27 April 2023


Managing Director

Managing Director


Chief Financial Officer

Chief Financial Officer


Director

Director

LankaBangla Finance Limited and its Subsidiaries Consolidated Statement of Liquidity

As at 31 December 2022

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)	129,734,658	-	402,034,402	-	-	531,769,059
Balance with banks and financial institutions	7,425,033,045	2,166,446,596	872,339,297	-	-	10,463,818,938
Money at call and short notice	-	-	-	-	-	-
Investments	2,332,657,962	2,164,253,321	2,164,866,580	1,763,250,207	431,076,735	8,856,104,805
Leases, loans and advances	2,954,001,879	12,032,911,460	30,134,720,689	16,953,588,325	3,010,577,549	65,085,799,903
Fixed assets including land, building, furniture and fixtures	23,206,022	69,618,067	208,854,200	835,416,801	1,722,491,970	2,859,587,060
Other assets	30,847,875	2,355,047,347	582,038,402	-	-	2,967,933,624
Non-banking assets	-	-	-	-	-	-
Total Assets	12,895,481,442	18,788,276,791	34,364,853,569	19,552,255,332	5,164,146,255	90,765,013,389
Liabilities						
Borrowing from other banks, financial institutions and agents	2,408,795,871	3,363,331,610	9,415,908,219	9,859,909,905	342,491,397	25,390,437,001
Deposits and other accounts	4,231,812,799	8,759,865,490	19,668,845,856	7,677,945,355	2,568,943,989	42,907,413,489
Other liabilities	920,506,446	1,359,114,135	2,911,593,117	4,591,981,557	1,687,909,067	11,471,104,321
Total Liabilities	7,561,115,116	13,482,311,235	31,996,347,191	22,129,836,817	4,599,344,452	79,768,954,811
Net Liquidity Surplus or (Gap)	5,334,366,326	5,305,965,556	2,368,506,378	(2,577,581,484)	564,801,802	10,996,058,578

LankaBangla Finance Limited Statement of Liquidity

As at 31 December 2022

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)	129,322,843	-	402,034,402	-	-	531,357,244
Balance with banks and financial institutions	5,751,420,896	2,166,446,596	872,468,986	-	-	8,790,336,478
Money at call and short notice	-	-	-	-	-	-
Investments	1,414,098,179	160,122,884	912,285,057	1,763,250,207	500,000,000	4,749,756,326
Leases, loans and advances	2,050,088,328	10,075,563,040	29,388,092,643	16,827,611,717	2,989,830,193	61,331,185,920
Fixed assets including land, building, furniture and fixtures	14,432,596	28,865,192	129,893,362	692,764,598	1,024,721,545	1,890,677,292
Other assets	15,000,955	1,107,400,310	281,344,141	-	7,237,034,144	8,640,779,551
Non-banking assets	-	-	-	-	-	-
Total Assets	9,374,363,795	13,538,398,022	31,986,118,591	19,283,626,522	11,751,585,882	85,934,092,812
Liabilities						
Borrowing from other banks, financial institutions and agents	2,370,534,043	2,402,346,132	8,920,845,182	9,607,591,620	40,428,957	23,341,745,934
Deposits and other accounts	4,540,787,759	8,869,668,124	19,993,728,951	7,683,582,424	2,568,943,989	43,656,711,247
Other liabilities	469,779,641	728,768,851	1,711,375,531	3,889,095,748	968,089,915	7,767,109,686
Total Liabilities	7,381,101,443	12,000,783,108	30,625,949,664	21,180,269,792	3,577,462,861	74,765,566,866
Net Liquidity Surplus or (Gap)	1,993,262,353	1,537,614,914	1,360,168,927	(1,896,643,270)	8,174,123,022	11,168,525,945

LankaBangla Finance Limited and its Subsidiaries

Notes to the Consolidated and Separate Financial Statements

As at and for the year ended 31 December 2022

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	-	2022-2023
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	2022-2023
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%	4.3506089%	96.6704318%
2	LankaBangla Investments Limited	99.9999975%	-	99.9999975%
3	LankaBangla Asset Management Company Limited	99.9998943%	-	99.9998943%
4	LankaBangla Information System Limited	-	96.4770909%	96.4770909%
5	BizBangla Media Limited	-	93.4082125%	93.4082125%

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 Ordinance 1969, the Securities and Exchange Rules 2020, Bangladesh Securities and Exchange Commission Act 1993, Bangladesh Securities and Exchange Commission (Public Issues) Rules 2015, Income Tax Ordinance and Rules 1984, Value Added Tax Act 1991, Financial Reporting Act, 2015, 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., Financial Reporting Council (FRC), the requirements of Bangladesh Bank prevail 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).

Besides the departures mentioned in **Note - 2.5** due to compliance with regulator, the Company has departed para 23 and 28 of IAS 21 "The Effects of Changes in Foreign Exchange Rates" which require to translate any monetary item² at the end of reporting period and to recognize any difference between initial recognition and closing period measurement in profit or loss.

This departure has been made in accordance with para 19 of IAS 1 which permits to departure of any requirement of IAS (under extremely rare circumstances) if the management concludes that complying with any requirement of IAS would be so misleading that it would conflict with the objectives of financial statements provided that relevant regulatory framework does not prohibit such a departure³.

LBFL has departed such requirement of IAS 21 in order to achieve a fair presentation and in order to avoid any confusion within the users of financial statements. We have informed BB about such departure on October 6, 2022 and BB has given

¹ The term "IFRS" refers to all standards and interpretations adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) in compliance with those promulgated and adopted by International Accounting Standards Board (IASB). Therefore, IFRS includes all IAS and IFRS along with all of the relevant interpretations adopted by ICAB.

² Monetary items are units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency. For LBFL, relevant monetary items are foreign exchange loan liability.

³ The objective of financial statements as per Conceptual Framework of IFRS is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions relating to providing resources to the entity. Those decisions involve decisions about: a) buying, selling or holding equity and debt instruments b) providing or settling loans and other forms of credit c) exercising rights to vote on or otherwise influence, management's actions that affect the use of the entity's economic resources.

it's no objection regarding such departure on a letter dated November 09, 2022.

The background and reasons for such departure is outlined below in details:

During the last few years, LBFL took foreign currency loans (USD 56 million) from different foreign lenders outstanding balance of which on 31 December 2022 is USD 29.75 million (\approx BDT 3,034 million @ 102 BDT/ 1 USD). As dollar rate against taka was stable during last few years and due to absence of proper hedging tools at affordable costs, the loan was not hedged. Due to unforeseen Russia-Ukraine war, wholesale sanction on Russia, supply-chain disruption, climate change and the economic consequences depreciate the BDT against USD by 19% from 85.80 in 2021 to 102 in 2022 which is unpredictable and beyond any risk management. Due to this we have realized a loss of BDT 115.77 million during 2022 while settling the foreign loans repayments and an unrealized loss of BDT 480.19 million as per IAS 21.

Had we considered the unrealized loss of BDT 480.19 million as per IAS 21 which is to be realized during the remaining tenure of the loans from 2023 to 2026, the Company would have to be reported a net loss of BDT 301.70 million instead of a net profit of BDT 178.49 million in Separate Financial statements and net profit of BDT 181.19 million instead of a net profit of BDT 661.38 million in Consolidated Financial statements. This would mislead the existing and potential lenders, depositors, investors and other stakeholders of the Company in making their decisions. This loss would be realized over next 4 years if current global situation exists. However, we have reasons to believe that things will be back to normal sooner as articulated by economists, Government and Central Bank. Thus, taking such a huge unrealized loss based on IAS 21 would have a dire impact on profitability of the Company and would jeopardize the confidence of its relevant stakeholders. To prevent that the Company has departed IAS 21 with the permission from Bangladesh Bank.

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.</p> <p>Also, provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue.</p> <p>And As per circular of Bangladesh Securities and Exchange Commission circular # SEC/CMR-RCD/2009-193/196, dated 28 December 2016, and circular# SEC/CMRRC/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 2022 equivalent to BDT 540.58 million as per Bangladesh Bank guidelines among which BDT (1.11) million is general provision released on good loan. Also, as at 31 December 2022, accumulated provision kept for lease, loan and advances stand at BDT 2,753.42 million.</p> <p>And provision for margin loan has been released BDT 2.19 million, accumulated provision kept BDT 781.36 million.</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"	<p>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.</p> <p>In limited circumstances, cost can be an appropriate estimate of fair value for investments in unquoted shares.</p> <p>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.</p>	<p>As per FID circular No. 08 dated 03 August 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; however, in case of any unrealized gain, no such gain can be recognized and investments are recognized at cost only.</p>	<p>As per Bangladesh Bank and BSEC guidelines, no profit has been recognized in the profit and loss account against unrealized gain.</p>
3	Recognition of interest income for SMA and classified lease, loans and advances	IFRS 9 "Financial Instruments"	<p>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.</p>	<p>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.</p>	<p>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.</p> <p>However, at year end, in Consolidated Financial Statements interest suspense account has decreased to BDT 974.01 million from 1,053.25 million resulting net increase of BDT 79.24 million of interest suspense. This amount has been shown in other liabilities in note 12.3, rather shown as interest income.</p>
4	Loans and advances net of provision	IFRS 9 "Financial Instruments"	<p>Loan and advances shall be recognized net of impairment loss.</p>	<p>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.</p>	<p>Impairment loss/Provision cannot be netted off against loan and advances.</p>
5	Presentation of cash and cash equivalent	IAS 7 "Statement of Cash Flows"	<p>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.</p> <p>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.</p>	<p>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.</p> <p>The templates of financial statements provided detail of presentation of statement cash flows.</p>	<p>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.</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
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 40 "Investment Property" 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 1 requires separate line item for Investment Property 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. Investment Properties 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 454.99 million would have been recognized in other comprehensive income against investment in subsidiaries;
8	Preparation of "Statement of Cash Flows"	IAS 7 "Statement of Cash Flows"	The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.	As per DFIM Circular-11, Date-23 December 2009, Cash flow statement has been guided by the Bangladesh Bank which is the mixture of direct and indirect method.	Presentation of financial statements is not fully aligned with all requirements of the IAS.
9	Current/Non-current distinction	IAS-1 "Presentation of Financial Statement" "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 template 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 regard.

Sl.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank/BSEC	Financial or Presentation Effect of the Departure
10	Off-balance sheet items	IAS 1 "Presentation of Financial Statements"	There is no concept of off-balance sheet items in any IFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.	As per DFIM Circular-11, Date-23 December 2009, off balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet. As per DFIM circular No. 04 dated 26 July 2021, 1% general provision have to keep on outstanding balance of Off-balance sheet exposures.	<p>Presentation of financial statements is not aligned with requirements of the IAS 1.</p> <p>Moreover, BDT 0.33 million general provision have been kept on outstanding balance of Off-balance sheet exposures</p>
11	Complete set of financial statements	IAS 1 "Presentation of Financial Statements"	<p>As per IAS 1 "Presentation of Financial Statements" complete set of financial statements are</p> <p>i) statement of financial position,</p> <p>ii) statement of profit or loss and other comprehensive income,</p> <p>iii) statement of changes in equity,</p> <p>iv) statement of cash flows,</p> <p>v) notes, comprising significant accounting policies and other explanatory information and</p> <p>vi) statement of financial position at the beginning of preceding year for retrospective restatement.</p>	<p>As per DFIM Circular-11, Date-23 December 2009, complete set of financial statements are</p> <p>i) balance sheet,</p> <p>ii) profit and loss account,</p> <p>iii) statement of cash flows,</p> <p>iv) statement of changes in equity,</p> <p>v) statement of liquidity,</p> <p>vi) notes, comprising significant accounting policies and other explanatory information.</p>	<p>Presentation of financial statements is not aligned with requirements of the IAS 1.</p> <p>There is no financial impact for this departure in the financial statements.</p>
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.	<p>As per DFIM Circular-11, Date-23 December 2009, there is no option for separate line item for intangible asset in the balance sheet.</p> <p>We present intangible asset in the balance sheet as part of fixed assets and provide details in annexure-A as separate line item.</p>	<p>Presentation of financial statements is not aligned with requirements of the IAS 1.</p> <p>There is no financial impact for this departure in the financial statements.</p>
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'.	<p>During the year, the OCI would show positive income of BDT 454.99 million if presented which would make total comprehensive income of BDT 633.48 million in separate financial statement.</p>

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):

- Consolidated and Separate Balance Sheet as at 31 December 2022;
- Consolidated and Separate Profit and Loss Account for the year ended 31 December 2022;
- Consolidated and Separate Statement of Cash Flows for the year ended 31 December 2022;
- Consolidated and Separate Statement of Changes in Equity for the year ended 31 December 2022;
- Consolidated and Separate Liquidity Statement for the year ended 31 December 2022;
- Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2022.

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; and
- 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 2022, the Company has not adopted any change of accounting estimates and consistently applies same accounting estimates of the year of 2021 except following:

a) Tranzware Software under the class of System Software of Intangible Assets;

The Tranzware Software has been Installed & Activated at LBFL at 06.12.2018 with the regular Intangible Assets Lifetime of 4 years. At 01 July 2019 Considering the past history of actual lifetime, the software's lifetime has been estimated to 8 years from the commencement date of 06.12.2018.

In the year 2022, some development works has been executed for Tranzware worth USD 30,500. After these development works lifetimes of the software is significantly increased. We estimated that the remaining life of the software is 8 years from the beginning of 2022. As of January 01, 2022, the WDV of Tranzware was BDT 51,279,554 and annual depreciation from 2022 based on new estimate will be BDT 5,739,663.

The financial impact of this lifetime extension for Tranzware has been provided below.

Year	Before Change in Estimate		After Change in Estimate		Increase/ (Decrease) in Profit
	Annual Depreciation	WDV of Asset	Annual Depreciation	WDV of Asset	
2022	10,398,353	40,881,201	5,739,663	45,539,892	4,658,690
2023	10,398,353	30,482,848	5,739,662	39,800,230	4,658,691
2024	10,398,353	20,084,494	5,755,387	34,044,843	4,642,966
2025	10,398,353	96,861,41	5,739,662	28,305,181	4,658,691
2026	9,686,141	-	5,739,661	22,565,519	3,946,480
2027			5,739,662	16,825,858	5,739,662
2028			5,755,387	11,070,471	5,755,387
2029			5,739,662	5,330,809	5,739,662

2030			5,330,809	-	5,330,809
Total	51,279,555		51,279,555		45,131,038

b) IFS Software under the class of System Software of Intangible Assets;

The IFS Software has been Installed & Activated at LBFL at 01.01.2020 with the regular Intangible Assets Lifetime of 4 years. Considering the continuous development and intention of use, we are estimating that, the software's remaining lifetime will be 5 years from the beginning of 2022. As on January 01, 2022 the WDV of IFS Software was BDT 24,927,374 and annual depreciation from 2022 based on new estimate will be BDT 4,982,744.

The financial impact of this lifetime extension for IFS Software has been provided below.

Year	Before Change in Estimate		After Change in Estimate		Increase/ (Decrease) in Profit
	Annual Depreciation	WDV of Asset	Annual Depreciation	WDV of Asset	
2022	12,497,833	12,429,543	4,982,744	19,944,630	7,515,088
2023	12,429,543	-	4,982,744	14,961,886	7,446,798
2024	-		4,996,396	9,965,490	4,996,396
2025			4,982,745	4,982,745	4,982,745
2026			4,982,745	-	4,982,745
Total	24,972,376		24,927,374		29,923,772

It is noteworthy to mention here that this is in compliance with IAS 16 and IAS 8.

2.9 Changes in significant accounting policies and correction of errors

During the year 2022, the Company has not adopted any change of accounting policies and consistently applies same accounting policies for the year of 2021.

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 2022. 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 recognizes 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 amortized 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 recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Group recognizes 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 recognized 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 (other than investment property) 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 TranzWare software is twelve (12) years, IFS ERP software is seven (07) years and the useful life of other software is 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 Recognition and measurement of investment property

Investment property comprises land and buildings that are held either to earn rental income or for capital accretion or both. In accordance with "IAS 40 Investment Property", investment property is initially carried at cost when the economic benefits are certain to flow to the Company and when the estimated costs of the property can be measured reliably.

2.24 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'.

2.25 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.

2.26 Term deposits and other deposits accounts

2.26.1 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.

2.26.2 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.

2.27 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".

2.28 Provision for leases, loans, advances and off-balance sheet exposures and other assets**2.28.1 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. 27 dated 21 December 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 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**.

2.28.2 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 is carrying for one year or more against 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.

2.29 Interest suspense account

In compliance with Bangladesh Bank DFIM circular No. 04 dated 26 July 2021, 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**.

2.30 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'.

2.31 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.

2.32 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.

- g) Deposits and other accounts are on the basis of their maturity year and behavioral past trend.
- h) Other long-term liability on the basis of their maturity term.
- i) Provisions and other liabilities are on the basis of their settlement.

2.33 Books of account

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

2.34 Foreign currency transaction

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

Due to the Ukraine-Russia war, the country's foreign exchange rate is in volatile. Therefore, with the approval of The Bangladesh Bank vide Letter no; DFIM (c)1054/31/2022-3228, The LBFL has been recognized foreign currency (Liability) at spot rate (initially recognized rate) rather than closing rate. If the Foreign currency liability translated at closing rate, Foreign currency liability and Foreign currency loss would have been charged BDT 480.19 million more. This has been disclosed in details in note- 2.1.

2.35 Revenue recognition

Interest revenue from financial instruments is recognized 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 recognizes 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.

2.35.1 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.

2.35.2 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.

2.35.3 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.

2.35.4 Interest income from fixed deposit receipts

Interest on fixed deposit receipts is recognized on accrual basis.

2.35.5 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.

2.35.6 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.

2.35.7 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.

2.35.8 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.

2.35.9 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.

2.36 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.

2.37 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.

2.37.1 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.

2.38 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:

2.38.1 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.

2.38.2 Gratuity fund

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

Year of Services % of entitlement	% 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.

2.38.3 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.

2.38.4 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.

2.38.5 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.

2.39 Corporate tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in the profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized 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 2022 has been made on the basis of the provisions of the Income Tax Ordinance 1984 and the Finance Act 2022. 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	27.50%
LankaBangla Investment Limited	37.50%
LankaBangla Asset Management Company Limited	27.50%
LankaBangla Information System Limited	Tax Exempted
BizBangla Media Limited	27.50%

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".

2.40 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.

2.41 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 2022 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 following the requirement of IAS – 33 "Earnings Per Share".

2.42 Credit rating

Credit Rating Agency of Bangladesh Ltd. (CRAB) has rated the Company on 30 June 2022 with "AA₃" (Pronounced as AA Three) in the long term and ST-2 for the short term based on audited financial of FY2021 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, 2023.

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.

2.43 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 state-

ment of comprehensive account. Fixed assets are reviewed for impairment whenever events or charges in circumstances indicate that the carrying amount of an asset may be impaired. This is following the requirement of IAS – 36 “Impairment of Assets”.

2.44 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.

2.45 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.

2.46 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.

2.47 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.

2.48 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.

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

As per Bangladesh Bank circular reference, DFIM circular no.08 dated August 17, 2021, verification of the authenticity of Audited Financial Statements is to be preserved in loan files. And the verification process is supported by the online platform namely Document Verification System (DVS), which is developed and maintained by ICAB. Accordingly, an MOU was signed on September 19, 2021.

Later, LBFL also received a letter from the Financial Reporting Council (FRC) on December 29, 2021 (letter reference no. 178/FRC/OPR/2021/28(19) dated December 21, 2021) regarding maintaining the compliance of DFIM circular no.08 dated August 17, 2021. Accordingly, user ID and password was provided by ICAB for the system access on February 17, 2022.

But subsequently, via DFIM circular no. 04 dated March 29, 2022; the requirement for preserving audited financial statement was waved until December 31, 2022 for cottage, micro and small businesses (as per definition defined via SMESPD circular no. 02 dated September 05, 2019).

As per the compliance regarding the Bangladesh Bank circular, from January 01, 2022 to December 31, 2022; following information from **Credit Risk Management Division** has been furnished.

Please note that the circular (DFIM Circular No. 08 dated August 17, 2021) is applicable for the **Public Interest Concern (PIE)** as per definition. As per definition of The Financial Reporting Act 2015, **Public Interest Concern (PIE)** are all types of business concern (Revenue of which equal or exceeds BDT 50 million, and/or Total Asset equal or exceeds BDT 30 million, and/or Total Liability (excluding equity) equal or exceeds BDT 10 million).

Particulars (Approved Credit Proposition in Number) Dated January 01, 2022 – December 31, 2022	Number of Credit Propositions					
	Total Credit Proposition Approved	Credit Proposition on which the circular is applicable	Credit Proposition on which the circular is not applicable	Obtained Available Audited Financial Statements	Unavailable Audited Financial Statements: Number of Proposition on which the circular is applicable	Percentage of Obtained Available Audited Financial Statements
Corporate	33	33	-	27	6	82%
Structured Finance	5	5	-	5	-	100%
Supply Chain Finance	163	53	110	49	4	92%
Treasury & FI	1	1	-	1	-	100%
SME	5,116	36	5,080	10	26	28%
Auto Lease Finance	25	17	8	14	3	82%
Total	5,343	145	5,198	106	39	73%

39 no file was appraised without readiness of Audited Financial statement. Pertinent to that, the clients were informed regarding the requirement fact as a part of raising financial awareness from the LBFL end. Also, approvals, which were provided, embedded with condition of providing Audited Financial Statement when available.

2.50 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.

2.51 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.

2.52 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.

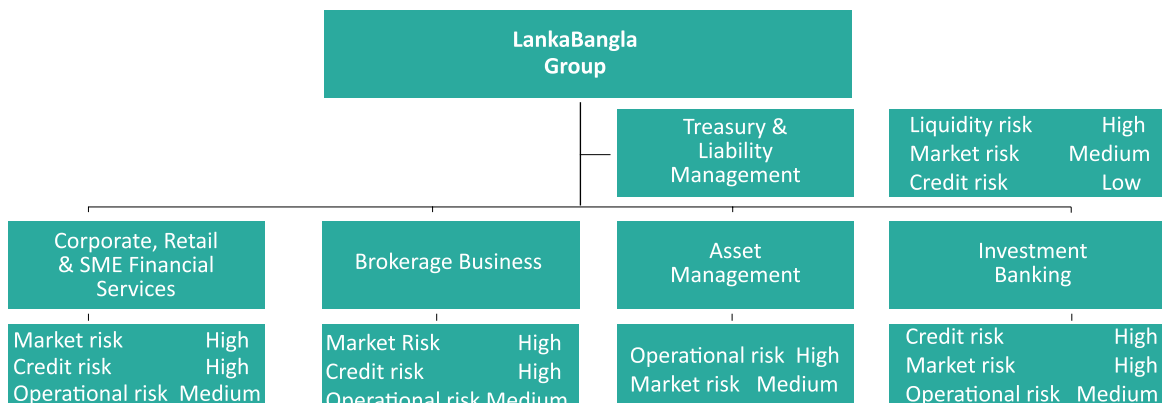
The Group Audit Committee oversees how management monitors compliance with the Group’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal 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 manage-



ment 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 2022 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.

2.53 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.

2.54 Comparative figures

Comparative information has been disclosed in respect of the year ended 31 December 2022 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 2021 pertaining to the comparatives have been rearranged/ restated/reclassified considered necessary to ensure comparability with the current year.

2.55 Date of authorization

The Board of Directors has authorized these financial statements for public issue on 27 April 2023.

2.56 Compliance of International Financial Reporting Standards (IFRS)

Sl #	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	Partially 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	Complied
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	
	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
3. Cash in hand				
See accounting policy in note (2.16)				
Local currency	1,113,270	1,790,951	701,455	551,219
Foreign currency	-	-	-	-
	1,113,270	1,790,951	701,455	551,219
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	530,655,790	640,488,217	530,655,790	640,488,217
Foreign currency	-	-	-	-
	530,655,790	640,488,217	530,655,790	640,488,217
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%)	603,051,603	634,920,239	603,051,603	634,920,239
Actual reserve held (2022: 1.70%, 2021: 1.58%)	682,863,244	668,529,609	682,863,244	668,529,609
Surplus/(deficit) (2022: 0.20%, 2021: 0.08%)	79,811,641	33,609,370	79,811,641	33,609,370
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%)	2,160,100,733	2,268,300,320	2,160,100,733	2,268,300,320
Actual reserve held (2022: 5.07%, 2021: 5.07%)	2,189,789,573	2,299,837,371	2,189,789,573	2,299,837,371
Total surplus/(deficit) (2022: 0.07%, 2021: 0.07%)	29,688,840	31,537,050	29,688,840	31,537,050
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)	63,038,975	73,516,910	63,038,975	73,516,910
Interest bearing short term deposit account (Note- 5.2)	6,792,218,357	8,530,932,432	5,185,314,621	5,660,470,733
Fixed deposit receipt account (Note- 5.3)	3,608,411,116	3,783,252,418	3,541,832,392	3,723,663,830
	10,463,668,449	12,387,701,759	8,790,185,988	9,457,651,473
Foreign Currency				
Dhaka Bank Ltd.-USD A/C (Exchange Rate Tk. 101.00)	110,130	93,556	110,130	93,556
Dhaka Bank Ltd.-POUND A/C (Exchange Rate Tk. 121.50)	32,294	30,764	32,294	30,764
Dhaka Bank Ltd.-EURO A/C (Exchange Rate Tk.107.27)	8,065	7,323	8,065	7,323
	150,489	131,643	150,489	131,643
	10,463,818,938	12,387,833,402	8,790,336,478	9,457,783,115
Outside of Bangladesh				
	-	-	-	-
	10,463,818,938	12,387,833,402	8,790,336,478	9,457,783,115

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
5.1 Non interest bearing current account				
Bank Asia Limited	-	1	-	1
BRAC Bank Limited	11,701,197	2,968,805	11,701,197	2,968,805
Community Bank Bangladesh Limited	39,451	39,397	39,451	39,397
Commercial Bank of Ceylon	270,202	-	270,202	-
Dhaka Bank Limited	78,965	71,442	78,965	71,442
Dutch Bangla Bank Limited	1,321	1,666	1,321	1,666
Eastern Bank Limited	37,902	60,020	37,902	60,020
Exim Bank Limited	2,150	1,000	2,150	1,000
First Security Islami Bank Limited	104,968	287,980	104,968	287,980
Mercantile Bank Limited	9,498,943	13,720,202	9,498,943	13,720,202
Mutual Trust Bank Limited	17,137	8,139	17,137	8,139
NRB Bank Limited	255	255	255	255
ONE Bank Limited	1,511,436	1,361,736	1,511,436	1,361,736
Prime Bank Limited	471	471	471	471
Rupali Bank Limited	3,850	-	3,850	-
Standard Chartered Bank	37,416,916	53,209,770	37,416,916	53,209,770
Sonali Bank Limited	41,212	5,000	41,212	5,000
The Premier Bank Ltd.	1,111	5,015	1,111	5,015
Trust Bank Limited	2,310,984	1,775,541	2,310,984	1,775,541
United Commercial Bank Limited	506	471	506	471
	63,038,975	73,516,910	63,038,975	73,516,910
5.2 Interest bearing short term deposit account				
AB Bank Limited	91,959,822	5,884,118	91,959,822	5,884,118
Agrani Bank Limited	156,454	32,769,280	156,454	32,769,280
Bank Asia Limited	62,773,347	37,979,735	62,773,347	37,979,735
BASIC Bank Limited	2,999	7,783	2,999	7,783
Brac Bank Limited	22,259,127	-	-	-
Bangladesh Development Bank Limited	160,391	38,932	-	-
Commercial Bank of Ceylon	649,487,523	469,381,270	625,378,803	452,448,491
Dhaka Bank Limited	1,311,588,959	1,930,067,709	1,310,252,216	1,901,651,915
Dutch Bangla Bank Limited	72,705,497	38,282,182	72,705,497	38,282,182
Eastern Bank Limited	14,502,583	984,696	14,502,583	984,696
Exim Bank Limited	39,958,659	1,642,774	39,958,659	1,642,774
Jamuna Bank Limited	-	663	-	663
Meghna Bank Limited	3,620	307	3,620	-
Mercantile Bank Limited	441,025,657	972,538,469	441,025,657	972,538,469
Midland Bank Limited	1,181,818	122,582	211,958	40,246
Mutual Trust Bank Limited	596,910	1,364,089	596,910	1,364,089
NRB Bank Limited	740,138,881	664,233,399	740,138,881	664,233,399
National Credit & Commerce Bank Ltd	515,849,644	424,972,996	506,802,928	324,383,478
ONE Bank Limited	1,988,764,711	3,586,206,399	603,555,954	1,184,258,016
Prime Bank Limited	2,147,673	4,623,000	2,147,673	4,623,000
Shahajalal Islami Bank Limited	52,588,989	1,435,336	52,588,989	480,125
Social Islami Bank Limited	2,279,709	47,819	-	-
Sonali Bank Limited	272,612	276,863	-	-
South Bangla Agriculture & Commerce Bank	7,017,808	4,023,434	-	-
Standard Bank Limited	150,610	17,913	-	-
Standard Chartered Bank	166,537,936	322,470,660	12,445,255	5,338,249
The City Bank Limited	119,691,862	11,765,398	119,691,862	11,765,398
The Premier Bank Limited	132,784,190	7,989,704	132,784,190	7,989,704
United Commercial Bank Limited	353,992,937	6,037,322	353,992,937	6,037,322
Woori Bank	1,637,426	5,767,601	1,637,426	5,767,601
	6,792,218,357	8,530,932,432	5,185,314,621	5,660,470,733

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
5.3 Fixed deposit receipt account				
Agrani Bank Limited	700,000,000	1,150,000,000	700,000,000	1,150,000,000
Dhaka Bank Limited	400,000,000	400,000,000	400,000,000	400,000,000
Mercantile Bank Limited	312,050,000	462,050,000	312,050,000	462,050,000
One Bank Limited	456,075,000	524,583,239	456,075,000	522,583,239
Sonali Bank Limited	583,707,392	821,620,600	583,707,392	821,620,600
Social Islami Bank Limited	9,231,380	1,054,000	-	-
Southeast Bank Limited	400,000,000	-	400,000,000	-
Standard Chartered Bank	57,347,344	56,534,587	-	-
The Premier Bank Limited	-	77,409,991	-	77,409,991
United Commercial Bank Limited	400,000,000	-	400,000,000	-
Union Capital Limited *	290,000,000	290,000,000	290,000,000	290,000,000
	3,608,411,116	3,783,252,418	3,541,832,392	3,723,663,830
* As per directives from Bangladesh Bank LBFL has decided to not to charge any interest income form Union Capital Limited. 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	7,425,033,045	6,328,104,231	5,751,420,896	6,074,895,908
Over 1 month but not more than 3 months	2,166,446,596	4,504,839,427	2,166,446,596	1,827,997,463
Over 3 months but not more than 6 months	290,779,766	518,296,581	290,822,995	518,296,581
Over 6 months but not more than 1 year	581,559,531	1,036,593,162	581,645,991	1,036,593,162
Over 1 year but not more than 5 years	-	-	-	-
Over 5 years	-	-	-	-
	10,463,818,938	12,387,833,402	8,790,336,478	9,457,783,115
6 Investment				
See accounting policy in note (2.17)				
Government securities	739,101,032	31,100,325	739,101,032	31,100,325
Treasury bills	243,865,860	-	243,865,860	-
Treasury Bonds	495,235,172	31,100,325	495,235,172	31,100,325
Other investments	8,117,003,772	7,749,210,076	4,010,655,294	3,852,286,827
Non marketable shares and mutual funds (Note- 6.1)	224,891,792	272,635,162	113,437,292	113,437,292
Non marketable preference shares	1,256,000,000	1,120,000,000	1,206,000,000	1,120,000,000
Marketable shares and mutual funds (Note- 6.2)	5,150,771,180	4,808,218,679	1,136,953,938	1,070,493,300
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	185,340,800	248,356,235	254,264,064	248,356,235
	8,856,104,805	7,780,310,401	4,749,756,326	3,883,387,151
Investment is Designated as follows:				
Held for Trading	4,173,819,194	3,782,285,355	1,023,516,646	889,178,966
Held to Maturity	3,295,101,032	2,451,100,325	3,245,101,032	2,451,100,325
Available for Sale	1,162,292,787	1,274,289,559	367,701,356	429,670,568
Others	224,891,792	272,635,162	113,437,292	113,437,292
	8,856,104,805	7,780,310,401	4,749,756,326	3,883,387,151
6.1 Non marketable shares and mutual funds				
Non marketable shares (Note- 6.1.1)	123,023,950	160,404,320	21,569,450	21,569,450
Non marketable mutual funds (Note- 6.1.2)	101,867,842	112,230,842	91,867,842	91,867,842
	224,891,792	272,635,162	113,437,292	113,437,292

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
6.1.1 Non marketable shares				
Asiatic Laboratories Limited	4,750,000	-	-	-
BD Venture Limited	20,000,000	20,000,000	20,000,000	20,000,000
Base Textiles Limited	30,000,000	30,000,000	-	-
BD Thai Food and Beverage Ind Limited (IPO)	-	637,500	-	-
Bengal Meat Processing Industries Limited	50,000,000	50,000,000	-	-
Central Depository (Bangladesh) Limited	1,569,450	1,569,450	1,569,450	1,569,450
Chittagong Stock Exchange Limited*	5,000,000	5,000,000	-	-
Dhaka Stock Exchange Limited*	8,704,500	8,704,500	-	-
Financial Excellence Limited	3,000,000	3,000,000	-	-
Beximco Sukuk Al Istinsa (IPO)	-	20,000,000	-	-
Union Insurance Company Limited	-	92,870	-	-
Union Bank Limited (IPO)	-	21,400,000	-	-
	123,023,950	160,404,320	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
LankaBangla 1st PE Fund	10,000,000	10,000,000	-	-
LBAMC Al-Arafah Shariah Unit Fund	39,867,842	39,867,842	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	-	-
	101,867,842	112,230,842	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	Face Value	Face Value
		Shares		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	347,735,060	121,740,677	193,655,310	41,265,240
Cement	220,551,039	120,606,923	23,113,251	32,165,238
Engineering	195,068,020	312,602,334	8,888,673	42,693,946
Food and Allied	175,237,235	135,599,199	139,763,458	91,639,518
Fuel and Power	603,383,137	625,460,784	158,568,019	161,179,574
Insurance	40,489,763	33,398,375	128,000	4,277,795
IT Sector	6,760,993	155,854,635	-	16,023,964
Miscellaneous	127,124,041	31,833,673	94,929,699	14,245,869
Mutual Funds	26,247,675	24,577,008	24,272,600	24,272,600
Non-Bank Financial Institutions	816,687,651	819,868,327	300,855,209	300,855,209
Paper & Printing	5,608,584	51,395,936	-	51,395,936
Pharmaceuticals and Chemicals	1,709,546,096	1,481,926,809	68,736,217	104,680,111
Services & Real Estate	17,222,877	14,706,783	-	-
Tannery Industries	-	13,373,759	-	-
Telecommunication	480,207,146	568,043,130	97,951,675	185,787,660
Textile	358,195,664	297,230,328	26,091,826	10,641
Travel & Leisure	1,781,844	-	-	-
	5,150,771,180	4,808,218,679	1,136,953,938	1,070,493,300

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 2022 there was Tk. 221,852,333 (Gross unrealized gain was Tk. 40,532,855 and gross unrealized loss was Tk. 262,385,188) net unrealized loss of LankaBangla Finance Limited and there was 270,957,203 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.02, dated; 31 January 2012 issued by Bangladesh Bank and As per BSEC 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 28 December 2022 the required provisions against unrealised loss for the year 2022 has been kept.

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
6.3 Maturity wise grouping of investments				
Up to 01 Month	2,332,657,962	31,100,325	1,414,098,179	31,100,325
More than 01 Month to 03 Months	2,164,253,321	2,329,210,075	160,122,884	1,432,286,826
More than 03 Month to 01 years	2,164,866,580	3,000,000,000	912,285,057	-
More than 01 year to 05 years	1,763,250,207	800,000,000	1,763,250,207	800,000,000
More than 05 years	431,076,735	1,620,000,000	500,000,000	1,620,000,000
	8,856,104,805	7,780,310,401	4,749,756,326	3,883,387,151
7 Leases, loans and advances				
Loans , cash credit and overdraft etc. (Note- 7.1)	65,085,799,903	62,887,779,221	61,331,185,920	58,775,033,963
Bills discounted and purchased	-	-	-	-
	65,085,799,903	62,887,779,221	61,331,185,920	58,775,033,963
7.1 Loans , cash credit and overdraft etc.				
See accounting policy in note (2.18), (2.19) and (2.20)				
Corporate finance				
Lease finance	4,812,582,962	2,748,688,252	4,812,582,962	2,748,688,252
Secured Overdraft	37,649,473	4,926,163	37,649,473	4,926,163
Short term finance	720,002,352	1,659,948,534	720,002,352	1,659,948,534
Term loan to subsidiaries (Note- 7.1.1)	-	-	1,576,680,450	1,677,790,661
Term loan	12,262,962,523	12,396,172,819	12,262,962,523	12,396,172,819
Syndication finance	434,682,175	239,518,490	434,682,175	239,518,490
	18,267,879,485	17,049,254,258	19,844,559,935	18,727,044,919
Retail finance				
Auto loan (Note- 7.1.2)	3,167,017,584	2,952,055,025	3,167,017,584	2,952,055,025
Credit card receivables (Note- 7.1.3)	4,786,388,280	4,487,918,071	4,786,388,280	4,487,918,071
Home loan (Note- 7.1.4)	8,659,975,377	9,697,504,853	8,659,975,377	9,697,504,853
Personal loan (Note- 7.1.5)	2,534,197,460	3,222,264,597	2,529,942,276	3,216,049,706
	19,147,578,701	20,359,742,545	19,143,323,517	20,353,527,655
CMSME Finance				
Term loan	15,053,948,289	12,380,607,380	15,053,948,289	12,380,607,380
Lease finance	2,232,717,576	2,403,498,468	2,232,717,576	2,403,498,468
Auto loan	1,386,418,193	1,582,877,962	1,386,418,193	1,582,877,962
Emerging and commercial	2,901,399,254	1,847,178,176	2,901,399,254	1,847,178,176
Loan against deposit	20,531,164	259,521,552	20,531,164	259,521,552
Home Loan	189,746,020	448,821,776	189,746,020	448,821,776
Real state developer finance	35,224,550	35,628,950	35,224,550	35,628,950
Secured Overdraft	-	841	-	841
Short term loan	170,652,650	416,016,461	170,652,650	416,016,461
Syndication finance	338,125,213	305,580,262	338,125,213	305,580,262
Work order finance	14,539,560	14,729,560	14,539,560	14,729,560
	22,343,302,468	19,694,461,389	22,343,302,468	19,694,461,389
Others				
Debit balance of share trading clients	4,912,498,328	5,259,031,226	-	-
Margin loan to share trading clients	414,540,920	525,289,803	-	-
	5,327,039,248	5,784,321,029	-	-
	65,085,799,903	62,887,779,221	61,331,185,920	58,775,033,963
Place of disbursement				
In Bangladesh	65,085,799,903	62,887,779,221	61,331,185,920	58,775,033,963
Outside of Bangladesh	-	-	-	-
	65,085,799,903	62,887,779,221	61,331,185,920	58,775,033,963
7.1.1 Term loan to subsidiaries				
LankaBangla Investments Limited	-	-	1,576,665,450	1,636,615,450
LankaBangla Securities Limited	-	-	15,000	41,175,211
	-	-	1,576,680,450	1,677,790,661

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
7.1.2 Auto Loan				
Commercial loan	3,064,439,538	2,877,806,655	3,064,439,538	2,877,806,655
Staff loan	102,578,046	74,248,370	102,578,046	74,248,370
	3,167,017,584	2,952,055,025	3,167,017,584	2,952,055,025
7.1.3 Credit card receivables				
Master card	3,028,968,806	2,824,079,027	3,028,968,806	2,824,079,027
VISA card	1,175,435,744	1,173,496,647	1,175,435,744	1,173,496,647
Master card ezy pay	465,960,713	375,487,096	465,960,713	375,487,096
VISA card ezy pay	116,023,018	114,855,300	116,023,018	114,855,300
	4,786,388,280	4,487,918,071	4,786,388,280	4,487,918,071
7.1.4 Home loan				
Bangladesh Bank refinance loan	217,418,662	263,716,446	217,418,662	263,716,446
Commercial loan	8,204,030,371	9,166,954,153	8,204,030,371	9,166,954,153
Staff loan	238,526,344	266,834,254	238,526,344	266,834,254
	8,659,975,377	9,697,504,853	8,659,975,377	9,697,504,853
7.1.5 Personal Loan				
Loan against deposit	484,586,916	478,445,312	484,586,916	478,445,312
Term loan	1,956,239,006	2,643,936,447	1,956,239,006	2,643,936,447
Staff loan	93,371,538	99,882,838	89,116,354	93,667,947
	2,534,197,460	3,222,264,597	2,529,942,276	3,216,049,706
7.1.6 Maturity wise grouping of leases, loans and advances				
On demand	2,954,001,879	7,431,420,231	2,050,088,328	3,318,674,973
Not more than 3 months	12,032,911,460	8,062,387,360	10,075,563,040	7,762,387,360
More than 03 month to 01 years	30,134,720,689	26,650,651,366	29,388,092,643	26,350,651,366
More than 01 year to 05 years	16,953,588,325	17,262,571,547	16,827,611,717	17,862,571,547
More than 05 years	3,010,577,549	3,480,748,716	2,989,830,193	3,480,748,716
	65,085,799,903	62,887,779,221	61,331,185,920	58,775,033,963
7.1.7 Classification wise leases, loans and advances				
Unclassified				
Standard (UC)	57,720,220,503	58,106,358,183	53,965,606,521	53,993,612,925
Special Mention Accounts (SMA)	2,937,759,781	922,402,899	2,937,759,781	922,402,899
	60,657,980,285	59,028,761,082	56,903,366,302	54,916,015,824
Classified				
Sub-standard (SS)	779,721,236	417,210,326	779,721,236	417,210,326
Doubtful (DF)	575,690,080	818,661,817	575,690,080	818,661,817
Bad/loss (BL)	3,072,408,302	2,623,145,995	3,072,408,302	2,623,145,995
	4,427,819,618	3,859,018,138	4,427,819,618	3,859,018,138
	65,085,799,903	62,887,779,221	61,331,185,920	58,775,033,963
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	-	-	1,576,680,450	1,677,790,661
b) Loans, advances and lease to Chief Executive and other senior executives	99,111,690	79,418,113	99,111,690	79,418,113
c) Loans, advances and lease to customer groups:				
i) Real estate finance	8,204,030,371	9,166,954,153	8,204,030,371	9,166,954,153
ii) Car loan	3,064,439,538	2,877,806,655	3,064,439,538	2,877,806,655
iii) Personal loan	1,956,239,006	2,643,936,447	1,956,239,006	2,643,936,447
iv) Loan against deposits (LAD)	484,586,916	478,445,312	484,586,916	478,445,312
v) Small and medium enterprises	22,343,302,468	19,694,461,389	22,343,302,468	19,694,461,389
vi) Special program loan (Bangladesh Bank refinancing scheme)	217,418,662	263,716,446	217,418,662	263,716,446
vii) Staff loan	434,475,928	440,965,461	430,220,744	434,750,571
viii) Industrial loans, advances and leases	18,267,879,485	17,049,254,258	19,844,559,935	18,727,044,919
ix) Other loans and advances	10,113,427,529	10,272,239,100	4,786,388,280	4,487,918,071
	65,085,799,903	62,887,779,221	61,331,185,920	58,775,033,963

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
d) Details of industrial loans, advances and leases				
1 Trade and commerce	11,758,939,747	9,156,506,512	11,758,939,747	9,156,506,512
2 Industry				
A. Garments & Knitwear	2,363,320,011	2,872,202,156	2,363,320,011	2,872,202,156
B. Textiles	1,948,908,590	1,420,272,407	1,948,908,590	1,420,272,407
C. Food Production, Processing & Rice Mills	5,224,599,198	5,686,297,269	5,224,599,198	5,686,297,269
D. Jute & Jute products	121,192,963	108,388,574	121,192,963	108,388,574
E. Plastic & Rubber Industry	1,303,189,262	353,473,830	1,303,189,262	353,473,830
F. Leather & Leather goods	288,161,755	239,702,958	288,161,755	239,702,958
G. Iron, Steel & Engineering	2,059,872,546	2,051,384,463	2,059,872,546	2,051,384,463
H. Pharmaceuticals & Chemicals	1,355,005,432	684,616,781	1,355,005,432	684,616,781
I. Cement & Allied Industry	1,711,807,597	1,720,543,480	1,711,807,597	1,720,543,480
J. Paper, Packaging, Printing, Publishing & Allied Industry	512,714,522	473,462,344	512,714,522	473,462,344
K. Wood, Furniture & Fixture	151,133,819	86,528,236	151,133,819	86,528,236
L. Glass, Glassware & Ceramic Industry	1,279,270	2,527,558	1,279,270	2,527,558
M. Ship Manufacturing & Breaking	-	-	-	-
N. Electronics & Electrical Products	1,425,132,664	1,229,621,601	1,425,132,664	1,229,621,601
O. Power, Gas, Petrol, Water & Sanitary	597,146,197	858,193,157	597,146,197	858,193,157
P. Transport & Aviation	2,244,738,382	2,417,729,002	2,244,738,382	2,417,729,002
Q. Others	-	-	-	-
3 Agriculture				
A. Crops	-	-	-	-
B. Forestry	879,669	3,614,331	879,669	3,614,331
C. Poultry & Livestock	342,654,152	169,632,185	342,654,152	169,632,185
D. Fisheries	4,725,281	-	4,725,281	-
E. Others (Cold Storage, Biofuel, Seed, Feed, Agri-related Other Institutions & Services)	863,394,537	723,547,247	863,394,537	723,547,247
4 Mining & Quarrying	5,593,156	4,148,465	5,593,156	4,148,465
5 Housing				
A. Individual/Retail Housing	8,181,277,370	9,430,670,599	8,181,277,370	9,430,670,599
B. Project/Commercial Housing	-	-	-	-
6 Financial Corporation				
A. Bank	-	-	-	-
B. Financial Institution	-	-	-	-
C. Insurance Company	1,001,495	1,696,963	1,001,495	1,696,963
D. NGO	2,152,656,336	1,501,460,709	2,152,656,336	1,501,460,709
E. Audit & Accounting firm	11,625,859	11,251,192	11,625,859	11,251,192
F. Credit Rating Agency	-	-	-	-
G. Merchant Banking	-	-	-	-
i. Loans to Own Subsidiaries	-	-	1,576,680,450	1,677,790,661
ii. Loans to Other FI/Bank Subsidiaries	-	-	-	-
iii. Loans to Brokerage House	375,337,774	247,026,784	375,337,774	247,026,784
H. Other Financial Auxiliaries	-	841	-	841
7 Service				
A. Education, Career & Training (Institutional), Consultancy Supervisory	251,414,481	370,877,425	251,414,481	370,877,425
B. Tourism, Hospitality & Logistics	1,034,989,830	1,113,357,043	1,034,989,830	1,113,357,043
C. Health Sector	388,258,121	1,241,821,428	388,258,121	1,241,821,428
D. Media, Advertising & Event Management	92,945,422	92,420,564	92,945,422	92,420,564
E. Beautification & Gym	5,231,912	3,409,410	5,231,912	3,409,410
F. Tailoring & Laundry	13,073,961	4,635,473	13,073,961	4,635,473
G. Private Survey Institution	-	-	-	-
H. Restaurant Service, Catering & Online Food Supplier	61,458,169	49,004,231	61,458,169	49,004,231
I. Telecommunication & Information Technology	1,127,932,502	1,022,000,035	1,127,932,502	1,022,000,035
J. Others	1,328,721,021	998,936,528	1,328,721,021	998,936,528

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
8 Consumer Finance				
A. Personal Loan	1,960,494,191	2,650,151,337	1,956,239,007	2,643,936,447
B. Auto Loan	2,741,640,000	2,690,739,044	2,741,640,000	2,690,739,044
C. Employee/Staff Loan	433,773,788	445,242,645	433,773,788	445,242,645
D. Credit Card	4,786,388,280	4,487,918,071	4,786,388,280	4,487,918,071
E. Loan Against Deposit	526,151,388	478,445,312	526,151,388	478,445,312
9 Others	5,327,039,248	5,784,321,029	-	-
	65,085,799,903	62,887,779,221	61,331,185,920	58,775,033,963
7.1.8 Particulars of loans, advances and leases				
i) Loan considered good in respect of which the Bank/ FI is fully secured	35,528,926,883	35,866,948,666	37,105,607,333	37,544,739,327
ii) Loan considered good for which the Bank/FI holds no other security than the debtor's personal security.	10,117,682,713	10,278,453,991	4,786,388,280	4,487,918,071
iii) Loan considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	19,439,190,307	16,742,376,564	19,439,190,307	16,742,376,564
iv) Loan adversely classified for which no provision is created.	-	-	-	-
	65,085,799,903	62,887,779,220	61,331,185,920	58,775,033,962
v) Loan due by directors or officers of the Bank/ FI or any of them either jointly or separately with any other persons.	434,475,928	440,965,461	430,220,744	434,750,571
vi) Loan due by companies and firms in which the directors of the Bank/FI have interests as directors, partners or managing agent or in case of private companies as members.	-	-	1,576,680,450	1,677,790,661
Note: These loans, advances and leases are given to subsidiaries companies where some of the Directors of LankaBangla Finance Limited are Directors in those subsidiaries companies				
vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors and managers or officers of the Bank/ FI or any of them either severally or jointly with any other persons.	159,509,138	152,494,573	159,509,138	152,494,573
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	4,427,819,618	3,859,018,138	4,427,819,618	3,859,018,138
b) Amount of provision kept against loans classified as bad/ loss as at the Balance Sheet date	1,861,086,837	1,443,005,155	1,861,086,837	1,443,005,155
	6,288,906,456	5,302,023,293	6,288,906,456	5,302,023,293
c) Amount of interest credited to the interest suspense account	(79,236,306)	265,079,191	(79,236,306)	265,079,191
xi) Cumulative amount of written off loans:				
Opening Balance	2,848,645,831	2,605,050,273	1,270,919,574	1,198,467,118
Amount written off during the year	105,909,817	266,321,953	90,134,351	95,178,851
Amount received from written off during the year	(33,552,850)	(22,726,395)	(33,552,850)	(22,726,395)
Balance of written off loans and advances yet to be recovered	2,921,002,798	2,848,645,831	1,327,501,075	1,270,919,574
The amount of written off loans for which law suits have been filed.				

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
Leases, Loans, and advances-geographical location-wise				
Inside Bangladesh				
Urban				
Dhaka	44,158,901,409	44,099,382,987	41,310,505,818	40,912,271,173
Chittagong	10,157,179,178	10,804,354,976	9,418,951,046	10,096,496,900
Sylhet	693,305,500	706,177,774	612,427,514	585,092,383
Jessore	1,737,319,500	1,382,767,667	1,737,319,050	1,382,767,667
Narshindi	726,187,444	406,615,214	726,187,444	406,615,214
Comilla	553,746,052	537,230,930	494,249,798	472,570,174
Bogra	1,143,608,691	773,591,092	1,143,608,691	773,591,092
Barisal	372,084,417	322,466,975	370,508,357	320,541,240
Khulna	566,880,068	338,661,165	566,879,313	338,661,165
Mymensingh	1,150,781,161	992,787,956	1,150,781,161	992,787,956
Narayangonj	936,049,829	697,864,831	912,534,914	667,878,069
Rajshahi	526,909,907	352,638,499	526,909,907	352,638,499
Feni	2,522,883	116,724	-	-
Tangail	957	-	-	-
Chowmuhani	337,558,484	232,000,208	337,558,484	232,000,208
Dinajpur	682,867,962	376,868,897	682,867,962	376,868,897
Gazipur	422,701,028	384,227,233	422,701,028	384,227,233
Faridpur	381,031,782	197,397,283	381,031,782	197,397,283
Habiganj	302,092,053	133,759,955	302,092,053	133,759,955
Kushtia	234,071,598	148,868,853	234,071,598	148,868,853
	65,085,799,903	62,887,779,221	61,331,185,920	58,775,033,963
Outside Bangladesh				
	65,085,799,903	62,887,779,221	61,331,185,920	58,775,033,963
8. Fixed Assets including Land, Building, Furniture and Fixtures				
Assets used for Administrative purpose (Note- 8.1)	1,395,453,557	2,594,806,060	426,543,789	1,669,211,812
Investment property (Note- 8.2)	1,464,133,503	-	1,464,133,503	-
	2,859,587,060	2,594,806,060	1,890,677,292	1,669,211,812
8.1 Assets used for Administrative purpose				
See accounting policy in note (2.22)				
Freehold assets (Note- 8.1.1)	903,957,220	1,646,569,405	138,181,429	897,610,620
Intangible assets (Note- 8.1.2)	202,880,431	174,550,209	158,860,190	121,632,283
Capital Work in Progress (CWIP) (Note- 8.1.3)	-	460,399,404	-	460,399,404
Right-of-use assets (Note- 8.1.4)	288,615,906	313,287,042	129,502,170	189,569,505
	1,395,453,557	2,594,806,060	426,543,789	1,669,211,812
8.1.1 Freehold assets				
Land (Note- 8.1.1.1)	-	787,519,083	-	787,519,083
Freehold asset other than land (Note- 8.1.1.2)	903,957,220	859,050,323	138,181,429	110,091,537
	903,957,220	1,646,569,405	138,181,429	897,610,620
8.1.1.1 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	
	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
8.1.1.2 Freehold asset other than land				
A. Cost				
Opening Balance	1,641,357,888	1,613,620,914	633,470,133	640,325,899
Add : Addition during the year	155,085,032	97,932,555	97,310,602	51,238,643
	<u>1,796,442,921</u>	<u>1,711,553,468</u>	<u>730,780,735</u>	<u>691,564,542</u>
Less: Sales/ disposal during the year	42,750,359	70,195,580	26,866,274	58,094,409
	<u>1,753,692,562</u>	<u>1,641,357,888</u>	<u>703,914,461</u>	<u>633,470,133</u>
B. Accumulated depreciation				
Opening Balance	782,307,566	732,947,845	523,378,596	496,959,298
Add : Charged during the year	108,461,662	117,416,859	69,183,731	84,213,313
	<u>890,769,228</u>	<u>850,364,704</u>	<u>592,562,327</u>	<u>581,172,611</u>
Less: Adjusted during the year	41,033,887	68,057,138	26,829,296	57,794,015
	<u>849,735,342</u>	<u>782,307,566</u>	<u>565,733,032</u>	<u>523,378,596</u>
C. Written down value Total (A-B)	<u>903,957,220</u>	<u>859,050,323</u>	<u>138,181,429</u>	<u>110,091,537</u>
8.1.2 Intangible assets				
System Software (Note - 8.1.2.1)	202,880,431	174,550,209	158,860,190	121,632,283
	<u>202,880,431</u>	<u>174,550,209</u>	<u>158,860,190</u>	<u>121,632,283</u>
8.1.2.1 System software				
A. Cost	487,767,949	402,510,916	309,508,660	270,284,160
Opening Balance	89,143,935	86,300,363	76,179,654	39,224,500
Add: Addition during the year	576,911,884	488,811,279	385,688,314	309,508,660
	-	1,043,330	-	-
Less: Adjustment during the year	576,911,884	487,767,949	385,688,314	309,508,660
B. Accumulated amortization				
Opening Balance	313,217,740	264,808,974	187,876,377	153,701,331
Less : Amortized during the year	60,813,713	49,452,096	38,951,747	34,175,046
	<u>374,031,453</u>	<u>314,261,070</u>	<u>226,828,124</u>	<u>187,876,377</u>
Less: Adjustment during the year	-	1,043,330	-	-
	<u>374,031,453</u>	<u>313,217,740</u>	<u>226,828,124</u>	<u>187,876,377</u>
C. Written down value	<u>202,880,431</u>	<u>174,550,209</u>	<u>158,860,190</u>	<u>121,632,283</u>
8.1.3 Capital Work in Progress-Tangible Assets				
Opening balance	460,399,404	444,188,531	460,399,404	444,188,531
Add: Addition during the year	216,215,016	16,210,873	216,215,016	16,210,873
Less: Transfer to Investment Property	676,614,420	-	676,614,420	-
	<u>-</u>	<u>460,399,404</u>	<u>-</u>	<u>460,399,404</u>
8.1.4 Right-of-use Assets				
Right-of-use Assets				
Right-of-use Assets-Vehicles (Note-8.1.4.1)	6,155,503	4,984,064	4,011,804	1,780,241
Right-of-use Assets-Office premises (Note- 8.1.4.2)	282,460,402	308,302,977	125,490,365	187,789,264
	<u>288,615,906</u>	<u>313,287,042</u>	<u>129,502,170</u>	<u>189,569,505</u>
8.1.4.1 Right-of-use Assets-Vehicles				
A. Cost				
Opening Balance	54,352,908	55,752,908	24,857,000	24,857,000
Add: Addition during the year	3,244,000	-	3,244,000	-
	<u>57,596,908</u>	<u>55,752,908</u>	<u>28,101,000</u>	<u>24,857,000</u>
Less: Adjusted during the year	20,067,000	1,400,000	-	-
	<u>37,529,908</u>	<u>54,352,908</u>	<u>28,101,000</u>	<u>24,857,000</u>
B. Accumulated amortization				
Opening Balance	49,368,844	44,919,038	23,076,759	20,060,759
Add : Charged during the year	2,072,561	5,482,805	1,012,437	3,016,000
	<u>51,441,405</u>	<u>50,401,843</u>	<u>24,089,196</u>	<u>23,076,759</u>
Less: Adjustment during the year	20,067,000	1,032,999	-	-
	<u>31,374,405</u>	<u>49,368,844</u>	<u>24,089,196</u>	<u>23,076,759</u>
C. Written down value	<u>6,155,503</u>	<u>4,984,064</u>	<u>4,011,804</u>	<u>1,780,241</u>

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
8.1.4.2 Right-of-use Assets-Office premises				
A. Cost				
Opening Balance	465,486,075	398,131,057	305,609,312	305,067,968
Add: Addition during the year	97,994,286	171,688,566	3,813,450	61,679,113
	563,480,361	569,819,622	309,422,761	366,747,081
Less: Adjusted during the year	77,863,156	104,333,547	31,707,323	61,137,770
	485,617,205	465,486,075	277,715,438	305,609,312
B. Accumulated amortization				
Opening Balance	157,183,098	115,902,095	117,820,047	83,421,384
Add : Charged during the year	116,240,535	118,717,529	64,043,234	74,700,841
	273,423,632	234,619,624	181,863,282	158,122,225
Less: Adjustment during the year	70,266,830	77,436,527	29,638,209	40,302,177
	203,156,803	157,183,098	152,225,073	117,820,047
C. Written down value	282,460,402	308,302,977	125,490,365	187,789,264
IFRS 16 has been implemented on 1 January 2019 . See accounting policy in note 2.18.				
8.2 Investment property				
See accounting policy in note (2.23)				
Land and Building (Note -8.02.01)	1,464,133,503	-	1,464,133,503	-
	1,464,133,503	-	1,464,133,503	-
8.2.1 Land				
Opening balance	-	-	-	-
Add : Addition/Designated from Assets used for Administrative purpose	787,519,083	-	787,519,083	-
Add : Revaluation increase/ (decrease) during the year	-	-	-	-
	787,519,083	-	787,519,083	-
Building				
Opening balance	-	-	-	-
Add : Addition/Designated from Assets used for Administrative purpose	676,614,420	-	676,614,420	-
Add : Revaluation increase/ (decrease) during the year	-	-	-	-
	676,614,420	-	676,614,420	-
Land and Building has been revalued as at December 31 2022 by an independent valuer " Mahfel Huq & Co", who is enlisted valuer of BSEC. Fair value of land stands at 1,155,000,000 as at December 31 2022. We have used the cost model for recognition of Land & Buildings as investment property due to restriction of upward valuation as per the Bangladesh Securities Exchange and Commission (BSEC) vide its notification no. SEC/CMRRCD/2009-193/150/Admin/51, dated : 13/08/2013. As there is no way to reliably measure the fair value of land and buildings as per BSEC notification, we have decided to opt for cost model for recognition of investment property as per IAS 40 Para 53.				
9. Other assets				
See accounting policy in note (2.23 and 2.17.4)				
Non income generating assets				
Advances and prepayments (Note- 9.1)	2,619,708,431	2,300,881,904	1,233,399,983	1,195,822,687
Income generating assets	348,225,193	332,959,269	7,407,379,568	6,912,286,154
Interest and other receivables (Note- 9.2)	348,225,193	332,959,269	170,345,423	130,744,416
Investment in subsidiaries (at fair value as per IFRS 9)	-	-	7,237,034,144	6,781,541,737
LankaBangla Securities Limited	-	-	5,280,030,655	4,968,689,775
LankaBangla Investments Limited	-	-	965,234,067	824,868,130
LankaBangla Asset Management Company Limited	-	-	991,769,423	987,983,832
	2,967,933,624	2,633,841,173	8,640,779,551	8,108,108,841
9.1 Advances and Prepayments				
Advance office rent	30,756,279	40,009,880	18,225,370	27,576,315
Advance for expenses	41,184,773	35,662,631	36,095,089	30,070,790
Advance insurance premium	4,005,774	9,265,388	-	5,229,081
Advance to suppliers and others	104,582,639	98,390,326	104,582,639	98,390,326
Advance income tax*	2,189,530,427	1,795,253,055	947,463,117	748,304,249
Advance interest payment	35,610,302	2,612,076	35,610,302	2,612,076
Security and other deposit receivable	18,887,682	36,459,339	5,337,477	5,337,477
Advance for bank guarantee margin	196,595	437,709	-	-
Prepayments and others (Note- 9.1.1)	194,953,960	282,791,500	86,085,989	278,302,373
	2,619,708,431	2,300,881,904	1,233,399,983	1,195,822,687

*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	
	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
9.1.1 Prepayments and others				
Receivables against share trading	3,510,138	-	243,638	22,084,144
Receivables DSE and CSE	8,602,263	94,468,125	-	-
Deferred tax asset (Note-9.1.1.1)	21,901,117	22,563,883	20,670,433	20,670,433
Dividend receivable	107,468,031	137,943,265	30,087,453	213,775,618
Inventory	32,067,815	15,427,581	22,209,950	13,761,187
Other receivable	21,404,596	12,388,646	12,874,515	8,010,991
	194,953,960	282,791,500	86,085,989	278,302,373

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 2022	297,041,619	604,595,185	307,553,566
Right-of-use Assets- Office premises	129,502,170	-	(129,502,170)
Liabilities:			
Employee gratuity as on 31 December 2022	49,395,653	20,227,990	29,167,664
Lease liability- Office premises	151,976,460	-	151,976,460
Sub-total	627,915,902	624,823,175	359,195,520
Revaluation gain from Investment property	-	-	-
Total	627,915,902	624,823,175	359,195,520
Applicable tax rate @37.5%			134,698,320
Deferred tax asset as on 31 December 2022			134,698,320
Deferred tax asset as on 31 December 2021			20,670,433
Deferred tax income need to account for during the year			114,027,887

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	62,061,100	110,564,546	62,004,032	84,958,191
Interest receivables from Perpetual bond	25,205,479	136,849	25,205,479	136,849
Interest receivable against Govt. subsidised stimulus package for COVID-19	82,478,376	45,035,675	82,478,376	45,035,675
Interest receivables from Subordinated bond	657,536	613,700	657,536	613,700
Issue management fees receivable	3,778,962	5,970,000	-	-
Account receivable from advertisement	156,028,086	153,028,947	-	-
Account receivable from circulation	8,403,585	7,409,609	-	-
Receivable from LB Gratuity Wealth Builder Fund	948,887	1,018,563	-	-
Receivable from LankaBangla 1st PE Fund	50,000	50,000	-	-
Receivable from LB Gratuity Opportunities Fund	1,244,139	1,306,271	-	-
Receivable from LankaBangla Al-Arafah Shariah Unit Fund	3,135,725	3,203,393	-	-
Receivable from LB ETF-DS30	152,190	-	-	-
Receivable from LankaBangla 1st balanced unit fund	4,081,129	4,621,715	-	-
	348,225,193	332,959,269	170,345,423	130,744,416

*During the year 2022, total received BDT 8.80 million as interest against investment in TDR with Union Capital Limited.

10 Borrowings from Bangladesh Bank, other banks and financial institutions

See accounting policy in note (2.25)				
Inside Bangladesh (Note- 10.1)	22,836,418,486	15,015,817,238	20,787,727,419	12,701,368,458
Outside Bangladesh (Note- 10.2)	2,554,018,515	3,486,656,427	2,554,018,515	3,486,656,427
	25,390,437,001	18,502,473,665	23,341,745,934	16,188,024,885

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
10.1 Inside Bangladesh				
Secured:				
Bank overdraft (Note- 10.1.1)	720,817,101	141,670,873	720,817,100.5	141,670,873
Long term loan (Note- 10.1.2)	14,467,953,022	7,033,187,534	13,920,087,264	6,491,063,021
REPO against Govt. Treasury Bonds	152,962,191	31,340,143	152,962,191	31,340,143
Lease liability-Vehicles	5,502,662	7,112,655	2,813,607	2,499,959
	15,347,234,975	7,213,311,205	14,796,680,163	6,666,573,995
Unsecured:				
Call loans (Note- 10.1.3)	-	1,070,000,000	-	1,070,000,000
Short term borrowings (Note- 10.1.4)	4,645,982,313	3,796,054,180	3,120,000,000	2,020,000,000
Zero Coupon Bond (Note- 10.1.5)	928,202,708	799,544,859	997,125,972	773,953,155
Subordinate bond (Note- 10.1.6)	1,269,598,991	1,733,693,397	1,390,532,324	1,884,860,064
Long term loan-SME Foundation	331,412,500	75,650,000	331,412,500	75,650,000
Lease liability- Office premises (Note- 10.1.7)	313,986,999	327,563,598	151,976,460	210,331,243
	7,489,183,511	7,802,506,034	5,991,047,256	6,034,794,462
	22,836,418,486	15,015,817,238	20,787,727,419	12,701,368,458
10.1.1 Bank overdraft				
Secured by FDR				
Standard Chartered Bank	(8,410,187)	(123,074,452)	(8,410,187)	(123,074,452)
	(8,410,187)	(123,074,452)	(8,410,187)	(123,074,452)
Secured by Pari Passu sharing agreement				
Commercial Bank of Ceylon	-	(69,233)	-	(69,233)
Midland Bank Limited	157,396,303	76,251,383	157,396,303	76,251,383
BASIC Bank Limited	99,956,404	6,646,585	99,956,404	6,646,585
Prime Bank Limited	29,232	29,232	29,232	29,232
Dhaka Bank Limited	95,445,676	3,995,513	95,445,676	3,995,513
Mercantile Bank Limited	198,107,084	127,545,230	198,107,084	127,545,230
Modhumoti Bank Limited	-	22,530,079	-	22,530,079
Mutual Trust Bank Limited	178,292,588	27,816,536	178,292,588	27,816,536
	729,227,287	264,745,324	729,227,287	264,745,324
	720,817,101	141,670,873	720,817,101	141,670,873
10.1.2 Long term loan				
Opening Balance	7,033,187,534	4,610,616,118	6,491,063,021	4,164,223,427
Add: Addition during the year	10,040,184,100	4,135,629,974	9,840,184,100	3,785,629,974
	17,073,371,634	8,746,246,092	16,331,247,121	7,949,853,401
Less: Adjusted during the year	2,605,418,612	1,713,058,558	2,411,159,857	1,458,790,379
Closing Balance	14,467,953,022	7,033,187,534	13,920,087,264	6,491,063,021
Details of the above balance is presented below:				
From Bangladesh Bank and its agents Bank				
Bangladesh Bank (under re-finance)- Women Entrepreneur	644,704,881	459,794,048	644,704,881	459,794,048
Bangladesh Bank (under re-finance)- Mortgage Loan	208,007,960	259,147,691	208,007,960	259,147,691
Bangladesh Bank (under re-finance)- IPFF Fund	97,642,901	114,618,725	97,642,901	114,618,725
Bangladesh Bank (under re-finance)- ADB Project	155,427,067	142,267,386	155,427,067	142,267,386
Bangladesh Bank (under re-finance)- Covid-19 Stimulus Packages	2,231,009,167	585,956,128	2,231,009,167	585,956,128
Bangladesh Bank (under re-finance)- New Enterprise Fund	561,683,037	177,486,905	561,683,037	177,486,905
Bangladesh Bank (under re-finance)- Agro Processing Industry	468,043,150	184,782,580	468,043,150	184,782,580
Bangladesh Bank (under re-finance)- JICA Assisted Project-FSPDSME	130,922,414	121,731,290	130,922,414	121,731,290
	4,497,440,577	2,045,784,752	4,497,440,577	2,045,784,752
From other than Bangladesh Bank and its agents Bank				
Commercial Bank of Ceylon	468,750,000	187,500,000	468,750,000	187,500,000
Dutch Bangla Bank Limited	1,788,684,738	250,000,000	1,788,684,738	250,000,000
Investment Corporation of Bangladesh	-	33,415,412	-	-
Mercantile Bank Limited	1,096,320,001	607,128,780	1,096,320,001	607,128,780
Midland Bank Limited	320,819,586	169,235,669	227,240,226	-
National Credit and Commerce Bank Limited	1,335,341,253	337,849,299	1,185,941,920	331,790,915
One Bank Limited	304,887,065	201,438,698	-	-
Shahjalal Islami Bank Limited	-	21,484,646	-	-

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
South Bangla Agriculture and Commerce Bank Limited	-	110,491,705	-	-
Trust Bank Limited	792,483,596	250,000,000	792,483,596	250,000,000
Uttara Bank Limited	166,738,118	333,466,851	166,738,118	333,466,851
United Commercial Bank Limited	400,000,000	-	400,000,000	-
Woori Bank	312,500,000	534,166,660	312,500,000	534,166,660
Syndicated Term Loan*	9,970,512,446	4,987,402,782	9,422,646,688	4,445,278,269
	14,467,953,022	7,033,187,534	13,920,087,264	6,491,063,021

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**

Standard Chartered Bank has arranged a syndicated term loan facility of BDT 5,000 million for LankaBangla Finance Limited. Out of the raised BDT 5,000 million, LankaBangla has drawn down BDT 2,000 million in 2021 and BDT 3,000 million in 2022. 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, and Rupali Bank Limited.

Initially the syndicated loan was measured at fair value less transaction costs 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	-	100,000,000
Janata Bank Limited	-	300,000,000	-	300,000,000
National Credit and Commerce Bank Limited	-	250,000,000	-	250,000,000
Sonali Bank Limited	-	200,000,000	-	200,000,000
United Commercial Bank Limited	-	220,000,000	-	220,000,000
	-	1,070,000,000	-	1,070,000,000

10.1.4 Short term borrowings

Dhaka Bank Limited	300,000,000	-	300,000,000	-
LATR Loan	4,357,691	-	-	-
Midland Bank Limited	39,538,195	-	-	-
Mutual Trust Bank Limited	100,000,000	-	100,000,000	-
National Credit and Commerce Bank Limited	337,492,395	102,341,024	200,000,000	-
NRB Bank Limited	-	50,000,000	-	50,000,000
One Bank Limited	752,984,322	1,222,610,610	150,000,000	400,000,000
Quard Loan	2,014,553	-	-	-
Shahjalal Islami Bank Limited	108,475,000	108,240,000	-	-
Shimanto Bank Limited	400,000,000	-	400,000,000	-
South Bangla Agriculture and Commerce Bank Limited	242,212,689	204,601,820	-	-
Standard Chartered Bank	1,658,907,468	1,808,260,728	1,270,000,000	1,270,000,000
Trust Bank Limited	600,000,000	200,000,000	600,000,000	200,000,000
Woori Bank	100,000,000	100,000,000	100,000,000	100,000,000
	4,645,982,313	3,796,054,180	3,120,000,000	2,020,000,000

10.1.5 Zero Coupon Bond

A. K. Khan Co. Limited	-	101,616,172	68,923,264	101,616,172
Chittagong Stock Exchange Limited	32,417,789	47,801,939	32,417,789	47,801,939
Grameen One: Scheme Two	-	3,655,957	-	-
Green Delta Insurance Company Limited	87,422,980	100,893,435	87,422,980	100,893,435
Life Insurance Company (LIC) of Bangladesh Limited	3,601,976	5,311,326	3,601,976	5,311,326
LankaBangla 1st Balanced Unit Fund	27,204,130	-	27,204,130	-
Lankabangla Asset Management Company Limited-Maximizer	69,679,981	-	69,679,981	-
Mahmudul Huq	77,167,524	21,935,746	77,167,524	-
Nahas Ahmed Khalil	8,967,522	-	8,967,522	-
Proma Huq	220,137,990	-	220,137,990	-
Monisha Anwar Huq	41,275,873	-	41,275,873	-
Reliance Insurance Limited	50,730,239	74,810,556	50,730,239	74,810,556
Square Pharmaceuticals Limited	300,757,847	443,519,727	300,757,847	443,519,727
Zaitun Sayef	8,838,858	-	8,838,858	-
	928,202,708	799,544,859	997,125,972	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, the company will receive BDT 2,625,764,832. The bond will be redeemed semi-annually (twice a year) in 6 instalments.

Out of the discounted value of BDT 2,625,764,832, the company has received BDT 1,284,231,913 in multiple tranches as of the reporting date. Initially the Zero Coupon Bond was measured at fair value less transaction costs 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	
	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
10.1.6 Subordinate bond				
SK. Akijuddin Limited	596,424,095	892,050,054	596,424,095	892,050,054
Green Delta Securities Limited	3,102,709	4,746,845	3,102,709	4,746,845
Green Delta Insurance Co. Employee Provident Fund	20,922,600	28,937,132	20,922,600	28,937,132
Index Poultry (Pvt) Limited	88,499,004	110,265,640	88,499,004	110,265,640
Sonali Bank Limited	540,654,094	672,723,303	540,654,094	672,723,303
LankaBangla Investment Limited	-	-	120,933,333	151,166,667
LankaBangla 1st Balanced Unit Fund	19,996,488	24,970,424	19,996,488	24,970,424
	1,269,598,991	1,733,693,397	1,390,532,324	1,884,860,064
10.1.7 Lease liability- Office premises				
See accounting policy in note 2.18.				
Opening Balance	327,563,598	294,490,793	210,331,243	235,965,953
Add: Addition during the year	97,994,286	171,688,566	3,813,450	61,679,113
	425,557,884	466,179,359	214,144,693	297,645,066
Less: Repayment during the year and adjustment	111,570,885	138,615,761	62,168,233	87,313,823
Closing Balance	313,986,999	327,563,598	151,976,460	210,331,243
10.2 Outside Bangladesh				
a) Foreign term loan-Islamic Corporation for The Development (ICD)	21,890,099	398,432,114	21,890,099	398,432,114
b) Foreign term loan-Blueorchard Micro Finance Fund	986,471,434	1,283,204,656	986,471,434	1,283,204,656
c) Foreign term loan-Healthier Lives DAC	431,999,502	433,122,021	431,999,502	433,122,021
d) Foreign term loan-ResponsAbility Investments AG	1,113,657,480	1,371,897,635	1,113,657,480	1,371,897,635
	2,554,018,515	3,486,656,427	2,554,018,515	3,486,656,427

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.

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.

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.

Total foreign exchange loss BDT 78,479,792 has been recognized against above all funds in 2022 which reflected in note no. 18.2 as per Para 5.7.2 of IFRS 9 and Para 23 of IAS 21.

Total foreign exchange loss BDT 115,769,093 has been recognized against above all funds in 2022 which reflected in note no. 18.2. Foreign loan is translated at initial conversion rate instead of year end conversion rate. This departure has been made as per IAS 1 and approval of Bangladesh Bank and explained in Note 2.1 and 2.34, 18.2.

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
Maturity grouping of borrowings from other banks and financial institutions				
Payable on demand	-	-	-	-
Up to 1 month	2,408,795,871	2,378,970,996	2,370,534,043	2,343,164,089
Over 1 month but within 3 months	3,363,331,610	3,232,059,582	2,402,346,132	1,404,077,187
Over 3 months but within 1 year	9,415,908,219	4,325,971,449	8,920,845,182	4,242,995,049
Over 1 year but within 5 years	9,859,909,905	8,158,628,781	9,607,591,620	7,908,178,057
Over 5 years	342,491,397	406,842,856	40,428,957	289,610,502
	25,390,437,001	18,502,473,665	23,341,745,934	16,188,024,885
11 Term deposits and other deposits				
See accounting policy in note (2.26)				
Term deposits (Note - 11.1)	42,707,819,432	47,500,921,591	43,457,117,190	48,005,899,020
Other deposit (Note - 11.2)	199,594,057	175,366,150	199,594,057	175,366,150
	42,907,413,489	47,676,287,741	43,656,711,247	48,181,265,170
11.1 Term deposits				
Product wise break-up of term deposit				
Periodic return term deposits	2,808,298,247	3,093,090,495	2,808,298,247	3,093,090,495
Cumulative term deposits	12,142,852	11,368,057	12,142,852	11,368,057
Double money term deposits	3,219,901,816	3,226,910,547	3,219,901,816	3,226,910,547
Money builders scheme	1,564,007,603	1,492,783,663	1,564,007,603	1,492,783,663
Fixed term deposit	3,557,259,763	6,754,461,434	4,306,557,520	7,259,438,863
Flexi Deposits	22,866,641	98,098,636	22,866,641	98,098,636
CMSME term deposits	4,471,066,711	3,917,682,446	4,471,066,711	3,917,682,446
Retail institution deposit	2,468,185,365	2,983,290,738	2,468,185,365	2,983,290,738
Term deposit shohoj sanchoy	2,952,378,545	3,850,400,124	2,952,378,545	3,850,400,124
Term deposit quick sanchoy	1,785,083,336	1,283,713,611	1,785,083,336	1,283,713,611
Term deposit triple money	894,403,944	770,844,320	894,403,944	770,844,320
Term deposit (fixed term)-3 months	42,124,255	42,339,924	42,124,255	42,339,924
Term deposit Earn First Fixed Rate	548,068,041	26,246,489	548,068,041	26,246,489
Term deposit Agroj (Senior Citizen)	4,669,660,543	5,916,474,427	4,669,660,543	5,916,474,427
Term deposit classic TDR 2 to 3 periods	13,692,371,772	14,033,216,682	13,692,371,772	14,033,216,682
	42,707,819,432	47,500,921,591	43,457,117,190	48,005,899,020
11.2 Other deposits against leases, loans and advances				
Other deposits				
Corporate Clients	145,737,201	127,851,585	145,737,201	127,851,585
Retail Clients	37,250,967	33,730,046	37,250,967	33,730,046
CMSME clients	16,605,889	13,784,519	16,605,889	13,784,519
	199,594,057	175,366,150	199,594,057	175,366,150
11.3 Group-wise break-up of term deposits and other deposits				
Bank and Non Bank Financial Institutions (NBFI)	3,681,604,167	6,460,000,000	3,681,604,167	6,460,000,000
Corporate houses	14,596,566,741	15,890,697,014	14,596,566,741	16,395,674,443
Individual	24,629,242,582	25,325,590,727	25,378,540,339	25,325,590,727
	42,907,413,489	47,676,287,741	43,656,711,247	48,181,265,170
11.4 Remaining maturity grouping of term deposits and other deposits				
Payable on demand	-	-	-	-
In not more than 01 month	4,231,812,799	4,389,680,334	4,540,787,759	4,489,736,070
In more than 01 month but not more than 06 months	15,316,147,442	17,021,534,586	15,534,244,441	17,173,057,150
In more than 06 months but not more than 01 year	13,112,563,904	15,844,582,682	13,329,152,634	16,092,627,811
In more than 01 year but not more than 05 years	7,677,945,355	7,943,978,290	7,683,582,424	7,949,332,290
In more than 05 years but not more than 10 years	2,568,943,989	2,476,511,849	2,568,943,989	2,476,511,849
In more than 10 years	-	-	-	-
	42,907,413,489	47,676,287,741	43,656,711,247	48,181,265,170

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
12. Other liabilities				
See accounting policy in note (2.27),(2.28),(2.29),(2.37),(2.37) and (2.39)				
Accrued expenses	122,873,828	137,144,945	88,629,355	102,013,141
Salaries and related expenses payable	54,202,992	88,170,611	5,592,579	1,214,409
Office rent payable	11,122,468	11,664,633	-	-
Utility bill payable	3,629,867	3,747,793	2,049,396	2,049,396
Balance for adjustment with client and bank clearing	302,035,100	430,078,742	302,035,100	430,078,742
CDBL expenses payable	1,393,991	3,019,687	-	-
Client positive balance	37,698,401	26,729,255	37,698,401	26,729,255
Deferred liability-employee gratuity (Note-12.1)	51,731,313	31,459,807	49,395,653	29,437,093
Deferred tax liability	20,521,389	18,651,402	-	-
Employees provident fund payable	14,523,586	13,244,073	2,531,077	1,935,042
Interest payable (Note- 12.2)	2,244,659,133	2,023,438,857	2,206,622,009	1,969,706,131
Interest suspense account (Note- 12.3)	974,010,728	1,053,247,034	855,662,740	934,899,046
Interest suspense for other investment	14,500,000	-	14,500,000	-
IPO subscription payable	51,794	51,794	51,794	51,794
ITCL settlement A/C	12,948,950	5,286,170	12,948,950	5,286,170
Payable against Master Card Consolidated Billing Systemcharges (MCBS)	-	7,913	-	7,913
Payable against merchants claims and others	12,516,699	8,481,341	12,516,699	8,481,341
Payable against receipt from other card holders	7,663,272	7,428,412	7,663,272	7,428,412
Payable to LB Foundation	5,292,720	14,502,857	1,802,920	6,151,542
Payable to Workers' Welfare Fund (WWF)	38,517,750	36,846,885	38,517,750	36,846,885
Payable to Workers' Welfare Foundation Fund (WWFF)	38,517,750	36,846,885	38,517,750	36,846,885
Payable DSE and CSE	10,148,584	30,283,820	-	-
Payable to share trading clients	1,292,726,571	2,466,535,065	-	-
Provisions for loans, investments and other assets (Note- 12.4)	3,812,036,113	3,220,620,078	2,977,804,911	2,411,881,038
Provision for taxation (Note- 12.5)	1,957,771,276	1,761,055,965	703,386,679	664,168,837
Payables/(Receivables)-other MasterCard operator (Note- 12.6)	57,584,724	42,222,007	57,584,724	42,222,007
Payable for building expenses	-	-	-	-
Payable to right share holder	206,623	206,623	206,623	206,623
Payable against legal and professional fees	16,912,427	7,920,431	16,233,502	7,310,930
Payable against redemption of mortgage property	4,195,725	3,696,725	4,195,725	3,696,725
Provision for audit fee	1,279,487	1,240,987	690,000	632,500
Sundry creditors suppliers	79,053,205	51,283,435	76,930,375	47,616,619
Safety net deposit-factoring and others	12,899,546	16,775,454	12,899,546	16,775,454
Security Deposits	4,495,659	4,495,657	3,044,300	3,044,300
Unpaid dividend	50,749,145	45,232,358	47,953,238	36,951,784
Privileged creditors (Note- 12.7)	176,925,843	253,849,593	175,167,389	252,271,064
VISA settlement A/C	13,588,329	3,866,481	13,588,329	3,866,481
Brokerage sharing	10,732,612	9,429,417	-	-
Other liabilities	697,824	3,720,006	-	-
Mobile phone bill payable-Handset	159,010	148,987	159,010	148,987
Payable against parent health insurance	529,890	1,434,620	529,890	1,434,620
	11,471,104,321	11,874,066,806	7,767,109,686	7,091,391,169
12.1 Deferred liability - employee gratuity				
Opening Balance	31,459,807	77,006,463	29,437,093	76,722,505
Addition during the year	45,946,708	24,837,485	40,186,550	20,835,305
Received cash	-	-	-	-
	77,406,515	101,843,948	69,623,643	97,557,810
Payment during the year	-	-	-	-
Transferred to Gratuity Fund Account	25,675,202	70,384,142	20,227,990	68,120,717
Closing Balance	51,731,313	31,459,807	49,395,653	29,437,093
12.2 Interest payable				
Call loan borrowings	-	280,139	-	280,139
Inter Bank REPO against Govt. Treasury Bills	-	6,847	-	6,847
Term deposit receipts	1,856,220,954	1,923,416,622	1,872,945,355	1,910,983,946
Long term loan-Commercial Bank	62,585,276	16,752,682	62,585,276	16,752,682
Long term loan-Bangladesh Bank	2,669,347	2,541,311	2,669,347	2,541,311
Long term loan-Bangladesh Bank-IPFF	2,339,807	949,803	2,339,807	949,803
Long term loan-Bangladesh Bank-Woman	19,781,834	5,085,520	19,781,834	5,085,520
Long term loan-Bangladesh Bank-Agro Processing Industry	5,392,977	3,957,545	5,392,977	3,957,545
Long term loan-Bangladesh Bank-JICA Assisted Project-FSPDSME	1,697,858	2,556,840	1,697,858	2,556,840
Long term loan-Bangladesh Bank-ADB Project	12,167,296	12,861,521	12,167,296	12,861,521

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
Long term loan-Bangladesh Bank-Covid-19 Stimulus Packages	22,509,903	5,910,489	22,509,903	5,910,489
Long term loan-Bangladesh Bank-New Enterprise Fund	1,934,687	535,446	1,934,687	535,446
Bangladesh Bank REPO against Govt. Treasury Bonds	98,063	29,384	98,063	29,384
Syndicated Term Loan	201,363,087	6,817,950	201,363,087	6,817,950
Short term borrowings	55,819,788	41,622,688	1,058,264	322,639
Lease assets	78,255	114,071	78,255	114,071
	2,244,659,133	2,023,438,857	2,206,622,009	1,969,706,131
12.3 Interest suspense account				
Interest suspense on Leases, loans and advances account (Note 12.3.1)	855,662,740	898,344,192	855,662,740	898,344,192
Margin Loan	118,347,988	118,347,988	-	-
Additional Interest suspense on Leases, loans and advances account	-	36,554,854	-	36,554,854
	974,010,728	1,053,247,034	855,662,740	934,899,046
12.3.1 Interest suspense on Leases, loans and advances account				
Corporate Finance				
Lease finance	5,509,063	25,400,932	5,509,063	25,400,932
Term loan	152,000,850	97,231,535	152,000,850	97,231,535
Term loan syndication finance	11,881,173	5,799,696	11,881,173	5,799,696
	169,391,086	128,432,163	169,391,086	128,432,163
Retail Finance				
Auto Loan	29,683,586	24,434,924	29,683,586	24,434,924
Credit Cards	33,814,471	50,087,091	33,814,471	50,087,091
Home Loan	119,170,922	162,206,659	119,170,922	162,206,659
Personal Loan	118,042,454	107,108,678	118,042,454	107,108,678
	300,711,432	343,837,352	300,711,432	343,837,352
SME Finance				
Term loan	320,743,131	363,024,656	320,743,131	363,024,656
Lease finance	14,292,351	15,420,534	14,292,351	15,420,534
Auto loan	10,524,703	8,823,449	10,524,703	8,823,449
Emerging and commercial	6,254,707	3,904,188	6,254,707	3,904,188
Home Loan	15,068,946	16,166,511	15,068,946	16,166,511
Real state developer finance	2,412,584	2,862,584	2,412,584	2,862,584
Short term loan	16,263,799	15,872,755	16,263,799	15,872,755
	385,560,222	426,074,677	385,560,222	426,074,677
	855,662,740	898,344,192	855,662,740	898,344,192
12.3.2 Movement of interest suspense account				
Opening Balance	1,053,247,034	788,167,844	934,899,046	669,819,856
Transferred to interest suspense during the year	201,081,267	446,352,704	201,081,267	446,352,704
Interest suspense realized during the year	(279,087,603)	(163,246,153)	(279,087,603)	(163,246,153)
	975,240,698	1,071,274,394	856,892,710	952,926,406
Write off during the year	(1,229,970)	(18,027,360)	(1,229,970)	(18,027,360)
	974,010,728	1,053,247,034	855,662,740	934,899,046
12.4 Provisions for loans, investments and off-balance sheet exposures and other assets				
Provisions for leases, loans and advances (Note 12.4.1)	2,753,421,078	2,301,749,594	2,753,421,078	2,301,749,594
Provisions for leases, loans and advances(Except provision for COVID-19)	2,753,421,078	2,244,086,259	2,753,421,078	2,244,086,259
Special General provision for COVID-19	-	57,663,335	-	57,663,335
Margin loan	781,356,332	797,625,567	-	-
Diminution in value of investment in equity shares	270,957,203	111,545,121	221,852,333	106,401,648
Provision for other assets	5,970,000	8,170,000	2,200,000	2,200,000
Off-Balance Sheet Exposure	331,500	1,529,796	331,500	1,529,796
	3,812,036,113	3,220,620,078	2,977,804,911	2,411,881,038

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
12.4.1 Provisions for leases, loans and advances				
Corporate Finance				
Lease finance	269,140,814	149,198,482	269,140,814	149,198,482
Secured overdraft	376,495	49,262	376,495	49,262
Short term finance	7,200,024	16,599,485	7,200,024	16,599,485
Short term loan to subsidiaries	31,533,609	33,555,813	31,533,609	33,555,813
Term loan	450,434,094	433,749,497	450,434,094	433,749,497
Term loan syndication finance	90,876,777	92,977,293	90,876,777	92,977,293
	849,561,812	726,129,832	849,561,812	726,129,832
Retail Finance				
Auto Loan	99,679,059	78,600,056	99,679,059	78,600,056
Credit Cards	573,049,586	361,448,511	573,049,586	361,448,511
Home Loan	166,879,765	162,278,205	166,879,765	162,278,205
Personal Loan	264,195,676	217,337,890	264,195,676	217,337,890
	1,103,804,086	819,664,662	1,103,804,086	819,664,662
SME Finance				
Term loan	653,977,471	561,260,744	653,977,471	561,260,744
Lease finance	23,038,735	33,619,557	23,038,735	33,619,557
Auto loan	41,060,609	77,669,225	41,060,609	77,669,225
Emerging and commercial	36,496,841	26,390,785	36,496,841	26,390,785
Loan against deposit	51,328	648,804	51,328	648,804
Home Loan	9,472,842	10,120,531	9,472,842	10,120,531
Real state developer finance	7,503,966	7,458,366	7,503,966	7,458,366
Secured Overdraft	-	2	-	2
Short term loan	20,568,516	30,793,576	20,568,516	30,793,576
Syndication finance	845,313	763,951	845,313	763,951
Work order finance	7,039,560	7,229,560	7,039,560	7,229,560
	800,055,180	755,955,100	800,055,180	755,955,100
	2,753,421,078	2,301,749,594	2,753,421,078	2,301,749,594
12.4.2 Movement of provisions for loans, investments and other assets				
Opening Balance	3,220,620,078	2,627,061,488	2,411,881,038	1,941,365,695
Provision required for the year	1,192,088,345	1,335,267,765	1,148,626,949	1,041,081,417
Provision released during the year	(495,992,462)	(493,414,583)	(493,798,694)	(493,414,583)
Provision charged for the year	696,095,883	841,853,182	654,828,254	547,666,834
Write off during the year	(104,679,847)	(248,294,593)	(88,904,381)	(77,151,491)
Closing Balance	3,812,036,114	3,220,620,078	2,977,804,911	2,411,881,038
During the year 2022, 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.				
12.4.3 Grouping of provisions for loans, investments and other assets				
General Provision				
Standard (UC)	407,708,301	507,986,569	407,708,301	507,986,569
Special Mention Account (SMA)	140,750,872	41,585,017	140,750,872	41,585,017
	548,459,173	549,571,587	548,459,173	549,571,587
Specific Provision				
Sub-standard (SS)	107,662,031	53,513,718	107,662,031	53,513,718
Doubtful (DF)	236,213,037	255,659,134	236,213,037	255,659,134
Bad Loss (BL)	1,861,086,837	1,443,005,155	1,861,086,837	1,443,005,155
	2,204,961,905	1,752,178,007	2,204,961,905	1,752,178,007
Provision for margin loan	781,356,332	797,625,567	-	-
Provision for investment in shares	270,957,203	111,545,121	221,852,333	106,401,648
Provision for other assets	5,970,000	8,170,000	2,200,000	2,200,000
Off-Balance Sheet Exposure	331,500	1,529,796	331,500	1,529,796
	3,812,036,113	3,220,620,078	2,977,804,911	2,411,881,038
Details see in Annexure-C				

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
12.5 Provision for taxation				
Opening Balance	1,761,055,965	1,365,079,955	664,168,837	573,309,562
Provision during the year	282,664,913	395,976,009	125,167,444	90,859,275
	2,043,720,878	1,761,055,965	789,336,281	664,168,837
Adjusted during the year	(85,949,602)	-	(85,949,602)	-
	1,957,771,276	1,761,055,965	703,386,679	664,168,837
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
Standard Chartered Bank	57,584,724	36,637,473	57,584,724	36,637,473
	57,584,724	42,222,007	57,584,724	42,222,007
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	17,299,653	31,156,982	17,299,653	31,156,982
Withholding tax payable	93,054,810	168,042,620	91,296,356	166,464,091
Excise Duty Payable	66,571,380	54,649,992	66,571,380	54,649,992
	176,925,843	253,849,593	175,167,389	252,271,064
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 31.12.2022	2022		2021	
		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	24.08%	129,759,316	1,297,593,160	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	20.30%	109,396,579	1,093,965,790	109,416,717	1,094,167,170
General shareholders	66.45%	358,042,702	3,580,427,020	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	1,947,838	0.36	1,971,493	0.37
501 to 5000	32,142,690	5.97	26,923,949	5.00
5,001 to 10000	24,062,403	4.47	23,411,855	4.34
10,001 to 20000	29,477,409	5.47	28,932,975	5.37
20,001 to 30000	18,563,209	3.45	20,134,077	3.74
30,001 to 40000	13,880,301	2.58	12,957,521	2.40
40,001 to 50000	13,140,469	2.44	13,940,766	2.59
50,001 to 100000	35,756,578	6.64	39,139,410	7.26
100,001 to 1000000	102,653,739	19.05	111,837,293	20.76
Above 1000000	267,213,987	49.59	259,589,284	48.18
	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. 26.00 at both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited at the end of the year 2022.

13.2 Name of the sponsors and/or directors and their shareholdings as at 31 December 2022

Sl No.	Name	Status	Share Holding as on 31.12.2022	% of Share holding as on 31.12.2022	Share holding as on 31.12.2021
1	Mr. Mohammad A. Moyeen	Chairman	22,842,546	4.24%	22,842,546
2	Mr. I. W. Senanayake (Representative of Sampath Bank PLC)	Director	51,036,605	9.47%	51,036,605
3	Mr. Nanda Fernando (Representative Sampath Bank PLC)	Director			
4	ONE Bank Limited	Corporate 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. Mahbubul Anam	Director	23,998,741	4.45%	23,998,741
7	Mr. Tahsinul Huque	Director	20,973,565	3.89%	20,993,703
8	Mrs. Jasmine Sultana	Sponsor	77,883	0.01%	77,883
9	Mrs. Zaitun Sayef	Independent Director	-	-	-
10	Mr. Md. Fakhru Alam	Independent Director	-	-	-
	Total		180,795,921	33.55%	180,816,059

Pursuant to the BSEC notification no. BSEC/CMRRC/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.

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
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 2022 were Tk. 5,406.61 million and Tk. 4,096.82 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)	2,085,277,643	2,049,579,830	2,085,277,644	2,049,579,830
General reserves	47,489,333	50,837,370	-	-
Capital Reserve	86,089,440	13,961,042	-	-
Dividend equalization reserves	-	-	-	-
Other (Share money deposit for right issue)	-	-	-	-
Retained earnings (Note - 15)	2,089,583,094	2,085,145,574	1,558,014,891	1,954,062,261
Non-controlling interest	208,344,037	195,222,367	-	-
Sub-Total	10,996,058,578	10,874,021,212	9,031,678,764	9,392,028,321
Deductions from Tier-1 (Core Capital)				
Goodwill and value of any contingent assets which are shown as assets	-	-	-	-
Any investment exceeding the approved limit	-	-	-	113,905,601
Total Eligible Tire - 1 Capital	10,996,058,578	10,874,021,212	9,031,678,764	9,278,122,720
Supplementary capital (Tier -II)				
General provision (unclassified loans up to specified limit + SMA + off balance sheet exposure)	517,257,064	517,545,570	548,790,673	551,101,383
Assets revaluation reserves up to 50%	-	-	-	-
Revaluation reserve for securities up to 45 %	-	-	-	-
Revaluation reserve for Equity Instruments upto 10%	-	-	213,684,718	168,185,477
All others preference shares	-	-	-	-
Others (if any other item approved by Bangladesh Bank) (Subordinated bond)	1,269,598,991	1,733,693,397	1,390,532,324	1,884,860,064
Sub-Total	1,786,856,055	2,251,238,967	2,153,007,716	2,604,146,924
Deduction from Tier-1 (Supplementary capital)				
Any investment exceeding the approved limit	-	-	-	113,905,601
Total Eligible Tire - 2 Capital	1,786,856,055	2,251,238,967	2,153,007,716	2,490,241,323
A) Total capital	12,782,914,633	13,125,260,179	11,184,686,480	11,768,364,043
Total assets including off -balance sheet exposures	90,798,163,389	89,079,829,061	85,967,242,812	82,687,543,954
B) Total risk weighted assets	73,763,055,699	74,187,172,225	70,878,681,018	69,687,975,469
C) Required capital based on risk weighted assets (10% on B)	7,376,305,570	7,418,717,223	7,087,868,102	6,968,797,547
D) Surplus capital (A-C)	5,406,609,063	5,706,542,957	4,096,818,378	4,799,566,496
E) Capital Adequacy Ratio	17.33%	17.69%	15.78%	16.89%
F) Core Capital to RWA	14.91%	14.66%	12.74%	13.31%
G) Supplementary Capital to RWA	2.42%	3.03%	3.04%	3.57%
14. Statutory reserve				
See accounting policy in note (2.44)				
Opening Balance	2,049,579,830	1,927,779,298	2,049,579,830	1,927,779,299
Add: Transferred from profit during the year @ 20%	35,697,813	121,800,532	35,697,813	121,800,532
	2,085,277,643	2,049,579,830	2,085,277,644	2,049,579,830

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
15. Retained earnings	2,734,958,130	2,874,470,304	2,132,551,327	2,722,469,139
Opening Balance	2,085,145,574	1,593,921,220	1,954,062,260	2,113,466,482
Add: Profit for the year	649,812,556	1,280,549,083	178,489,067	609,002,658
Less: Adjustment during the year:	645,375,036	789,324,730	574,536,436	768,406,879
Transfer to statutory reserve during the year	35,697,813	121,800,532	35,697,813	121,800,532
Transfer to general reserve during the year	(3,348,036)	5,427,945	-	-
Capital Reserve	72,128,398	13,961,042	-	-
Changing in non-controlling interest	2,058,237	1,528,863	-	-
Cash dividend	538,838,623	646,606,348	538,838,623	646,606,348
	2,089,583,094	2,085,145,574	1,558,014,891	1,954,062,260
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)			7,237,034,144	6,781,541,737
LankaBangla Securities Limited			5,280,030,655	4,968,689,775
LankaBangla Investment Limited			965,234,067	824,868,130
LankaBangla Asset Management Company Limited			991,769,423	987,983,832
Investment in subsidiaries at cost			5,100,186,963	5,099,686,963
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			945,950,000	945,450,000
Revaluation reserve			2,136,847,181	1,681,854,774
Change in revaluation reserve			454,992,407	663,783,898
16 Non-controlling interest				
See accounting policy in note (2.4)				
Name of Subsidiaries				
LankaBangla Securities Limited	3.3295682%	6,041,209,046	201,146,175	190,382,050
LankaBangla Investments Limited	0.0000025%	965,234,091	24	21
LankaBangla Asset Management Company Limited	0.0001057%	991,770,472	1,048	1,045
LankaBangla Information System Limited	3.5229091%	6,388,665	225,067	214,018
BizBangla Media Limited	6.5917875%	105,763,764	6,971,723	4,625,234
			208,344,037	195,222,367

	LankaBangla Group		LankaBangla Finance Limited	
	2022 Taka	2021 Taka	2022 Taka	2021 Taka
17 Interest income				
See accounting policy in note (2.35.1) (2.35.2), (2.35.3) and (2.35.4)				
<u>Leases, loans and advances</u>				
Lease finance	547,018,833	511,027,966	547,018,833	511,027,966
Lending to subsidiaries	-	-	1,803,468	8,730,434
Real estate developers Finance	450,000	469,513	450,000	469,513
Short term lending	154,878,160	211,433,549	154,878,160	211,433,549
Term Finance	1,420,601,777	1,316,710,732	1,420,601,777	1,316,710,732
Term loan secured overdraft	7,480,230	3,601,967	7,480,230	3,601,967
Term loan syndication finance	63,022,791	45,166,964	63,022,791	45,166,964
Auto loan	459,988,059	507,584,972	459,988,059	507,584,972
Credit card (Note- 17.1)	782,839,458	684,065,775	782,839,458	684,065,775
Home loan (Note- 17.2)	1,011,583,438	1,167,766,772	1,011,583,438	1,167,766,772
Personal loan (Note- 17.3)	331,781,044	436,947,638	330,900,659	436,118,517
Emerging and commercial	260,096,260	167,221,320	260,096,260	167,221,320
Term loan SME	1,056,387,836	857,102,049	1,056,387,836	857,102,049
SME finance	74,596,271	84,805,993	74,596,271	84,805,993
	6,170,724,156	5,993,905,209	6,171,647,239	6,001,806,521
<u>Treasury finance</u>				
Fixed deposit accounts	213,811,879	200,591,558	213,535,057	197,612,143
Short term deposit accounts	338,478,191	371,219,208	326,046,277	314,891,444
Money at call and short notice	326,622	-	326,622	-
	552,616,692	571,810,766	539,907,956	512,503,586
<u>Others</u>				
Debit balance of share trading clients	428,073,345	391,629,296	-	-
Margin loan to share trading clients	46,063,700	73,380,415	-	-
	474,137,046	465,009,711	-	-
	7,197,477,894	7,030,725,686	6,711,555,195	6,514,310,107
17.1 Credit Card				
Master card account	498,584,205	471,944,437	498,584,205	471,944,437
VISA card account	184,312,874	160,559,209	184,312,874	160,559,209
Master card ezy pay account	88,920,648	38,335,816	88,920,648	38,335,816
VISA card ezy pay account	11,021,731	13,226,314	11,021,731	13,226,314
	782,839,458	684,065,775	782,839,458	684,065,775
17.2 Home loan				
Bangladesh Bank refinance loan	20,017,324	24,207,134	20,017,324	24,207,134
Commercial loan	978,834,636	1,129,360,484	978,834,636	1,129,360,484
Staff loan	12,731,478	14,199,154	12,731,478	14,199,154
	1,011,583,438	1,167,766,772	1,011,583,438	1,167,766,772
17.3 Personal loan				
Term loan	252,287,726	351,103,456	252,287,726	351,103,456
Loan against deposit	70,107,816	74,690,712	70,107,816	74,690,712
Staff loan	9,385,503	11,153,470	8,505,118	10,324,348
	331,781,044	436,947,638	330,900,659	436,118,517

	LankaBangla Group		LankaBangla Finance Limited	
	2022 Taka	2021 Taka	2022 Taka	2021 Taka
18. Interest expenses on deposits and borrowings				
See accounting policy in note (2.29)				
Other than Bangladesh Bank				
Term loan- commercial bank	501,205,079	404,867,880	332,006,442	196,056,010
Lease liability (Note-18.1)	30,649,445	31,011,432	17,956,106	23,551,494
Syndicated term loan	400,538,079	85,581,226	400,538,079	85,581,226
Foreign term loan-ICD (Note-18.2)	303,196,050	104,991,079	303,196,050	104,991,079
Zero Coupon Bond	93,565,717	12,146,945	93,565,717	4,475,357
Subordinated bond	135,238,927	185,630,976	146,405,593	200,803,892
Term deposits	3,218,411,808	3,795,089,280	3,266,947,763	3,833,578,835
Short term loans	170,616,451	124,656,967	170,616,451	124,656,967
Bank overdraft	29,486,488	8,962,181	29,486,488	8,962,181
Call loan	32,638,334	46,521,167	32,638,334	46,521,167
	4,915,546,377	4,799,459,132	4,793,357,023	4,629,178,208
Bangladesh Bank				
Term loan- Bangladesh Bank	96,578,551	72,611,983	96,578,551	72,611,983
Bangladesh Bank REPO against Govt. Treasury Bonds	1,627,325	602,730	1,627,325	602,730
Inter Bank REPO against Govt. treasury bills	-	241,805	-	241,805
	98,205,876	73,456,518	98,205,876	73,456,518
	5,013,752,253	4,872,915,651	4,891,562,899	4,702,634,726
18.1 Lease liability				
See accounting policy in note (2.18)				
Lease liability-Vehicles	708,905	1,042,045	291,472	439,033
Lease liability- Office premises	29,940,540	29,969,387	17,664,634	23,112,460
	30,649,445	31,011,432	17,956,106	23,551,494
18.2 Foreign term loan				
Profit on foreign term loan	187,426,957	100,570,883	187,426,957	100,570,883
Foreign exchange loss on loan	115,769,093	4,420,197	115,769,093	4,420,197
	303,196,050	104,991,079	303,196,050	104,991,079
'Foreign exchange loss on foreign loan includes only realized loss during 2022 during the settlement of payment. Provision of IAS 21 requires to include unrealized loss for the amount of the loan. Such departure was made by conforming with IAS 1 and by taking approval from Bangladesh Bank. Details are in Note 2.1 and 2.34.				
19. Income from investment				
See accounting policy in note (2.35.5)				
Income from investment in share (Capital gain)	181,962,023	890,335,526	4,467,185	115,155,256
Dividend income	236,852,563	178,844,073	144,866,986	260,380,700
Treasury bills	127,160	1,696,156	127,160	1,696,156
Treasury bonds	19,185,168	3,130,885	19,185,168	3,130,885
Subordinated bond	56,043,836	56,000,000	56,043,836	56,000,000
Perpetual bond	49,975,206	44,384,493	49,975,206	44,384,493
Discretionary corporate fund-LBAMCOL maximizer	6,755,643	43,207,740	6,755,643	43,207,740
	550,901,600	1,217,598,874	281,421,185	523,955,231
20. Commission, exchange and brokerage income				
See accounting policy in note (2.35.8)				
Brokerage commission	776,999,407	1,281,941,447	-	-
Underwriting commission	375,000	2,708,922	-	-
	777,374,407	1,284,650,369	-	-

	LankaBangla Group		LankaBangla Finance Limited	
	2022 Taka	2021 Taka	2022 Taka	2021 Taka
21. Other operational income				
See accounting policy in note (2.35.6), (2.35.7), (2.35.8), (2.35.9), (2.22.6) and (2.36)				
Fees and documentations				
Portfolio and issue management fees	9,917,639	23,853,350	-	-
Membership fees of credit card	48,800,630	47,894,801	48,800,630	47,894,801
Other income from credit card	83,309,902	80,330,104	83,309,902	80,330,104
Fees and documentations (Note-21.1)	369,621,687	377,515,181	369,621,687	377,515,181
	511,649,857	529,593,436	501,732,219	505,740,086
Others				
Advertisement	145,808,875	118,103,331	-	-
Circulation	14,459,624	7,566,686	-	-
Late payment charge-factoring	1,910,019	1,107,798	1,910,019	1,107,798
Corporate advisory fees	10,210,730	8,689,276	-	-
Foreign exchange gain/(loss)	18,847	(662)	18,847	(662)
Income from CDBL	19,090,243	20,869,074	-	-
Income from unit fund operation	19,018,741	19,846,583	-	-
Income from IPM fund operation	5,360,904	4,798,798	-	-
Miscellaneous	6,334,418	4,073,442	-	81,422
Office space rent	1,296,000	1,296,000	-	-
Write off recovery	33,552,850	22,726,395	33,552,850	22,726,395
Profit on sale of fixed asset	6,080,388	6,615,448	683,756	4,974,535
Redemption income against mortgage property	1,005,500	1,365,980	1,005,500	1,365,980
Scrap sales	-	1,524,662	-	-
Sponsorship	21,920,085	9,795,362	-	-
Management fees	-	-	2,200,000	5,113,637
Round Table Conference	967,217	3,340,000	-	-
	287,034,440	231,718,172	39,370,972	35,369,104
	798,684,297	761,311,608	541,103,190	541,109,190
21.1 Fees and documentations Lending finance				
Lending finance				
Lease finance	4,591,903	14,033,603	4,591,903	14,033,603
Revolving credit-secured	6,000	7,000	6,000	7,000
Short term loan	976,897	1,761,000	976,897	1,761,000
Term loan	4,470,140	6,998,239	4,470,140	6,998,239
Syndication finance	1,803,038	5,266,930	1,803,038	5,266,930
Work order finance	323,000	420,000	323,000	420,000
Auto loan	20,906,640	18,982,474	20,906,640	18,982,474
Credit card	235,583,052	233,596,845	235,583,052	233,596,845
Home loan	25,921,575	38,130,857	25,921,575	38,130,857
Personal loan	6,107,069	10,842,104	6,107,069	10,842,104
CMSME finance	41,918,711	28,635,279	41,918,711	28,635,279
Emerging and commercial	27,013,663	18,840,850	27,013,663	18,840,850
	369,621,687	377,515,181	369,621,687	377,515,181
22. Salary and allowances				
See accounting policy in note (2.37.1) and (2.38)				
Salary and allowances	1,091,124,304	1,092,248,217	721,657,313	710,593,798
Provident fund contribution	32,164,632	32,504,180	17,750,382	19,276,980
Gratuity fund	57,355,256	32,718,707	39,516,550	20,165,305
Festival bonus	55,964,072	52,919,481	55,964,072	52,919,481
Business performance incentive	123,923,138	174,059,617	82,757,244	80,965,485
	1,360,531,402	1,384,450,202	917,645,562	883,921,049
23. Rent, taxes, insurance, electricity etc.				
See accounting policy in note (2.37)				
*Office rent	9,843,474	-	9,843,474	-
Insurance premium	20,518,545	14,131,002	12,143,304	7,362,050
Electricity	24,087,005	23,381,697	15,217,535	15,381,739
	54,449,024	37,512,699	37,204,312	22,743,789

*As adoption of IFRS 16, Office rent expense has been charged through depreciation of Right of Use Assets and Interest on Lease liability (disclosed in note 18.1). Some short term leases has not been recognized as asset and liability as per IFRS 16 rather charged as expenses as per IFRS 16. Office Rent amount of BDT 9,843,474 reflects those short term leases.

	LankaBangla Group		LankaBangla Finance Limited	
	2022 Taka	2021 Taka	2022 Taka	2021 Taka
24. Legal and professional fees	48,597,285	30,886,402	39,069,177	24,840,453
See accounting policy in note (2.37)				
25. Postage, stamp, telecommunication etc.				
See accounting policy in note (2.37)				
Postage and courier	2,882,064	3,060,114	2,425,953	2,807,770
Stamp charges	2,741,060	767,924	2,689,898	735,154
Telephone bill	20,519,841	19,087,789	15,376,149	14,566,431
	26,142,965	22,915,828	20,492,000	18,109,356
26. Stationery, printing, advertisement				
See accounting policy in note (2.37)				
Printing and stationery	25,418,844	19,370,591	18,964,498	14,576,829
Advertisement	31,047,684	21,274,567	26,459,114	19,260,012
	56,466,527	40,645,158	45,423,611	33,836,840
27. Managing director's salary and allowance				
See accounting policy in note (2.37.1) and (2.38)				
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	670,000	670,000	670,000	670,000
	15,814,000	15,814,000	15,814,000	15,814,000
28. Directors' fees and expenses				
See accounting policy in note (2.37)				
Board meeting and audit committee attendance fees	2,909,213	3,577,200	642,400	1,320,000
Other financial benefits	-	-	-	-
	2,909,213	3,577,200	642,400	1,320,000
29. Auditors' fees	1,279,046	1,119,258	690,000	632,500
See accounting policy in note (2.37)				
30. Repairs, maintenance and depreciation				
See accounting policy in note (2.22.3) and (2.37)				
Repairs and maintenance	6,942,250	7,085,189	3,988,360	5,863,047
Software maintenance	72,593,591	58,100,483	59,450,491	49,691,470
Depreciation and amortization	278,472,267	282,387,467	173,191,150	196,105,199
Impairment of Goodwill	-	234,143,286	-	-
	358,008,107	581,716,425	236,630,000	251,659,716
31. Other expenses				
See accounting policy in note (2.37)				
AGM and related expenses	315,000	453,750	315,000	453,750
Bank charges	6,153,302	5,358,503	2,073,045	1,376,847
Business promotion	86,747,833	93,504,237	74,621,280	86,199,470
CDBL fee	34,575,180	54,472,299	27,453	139,061
Certification fee	3,918,425	1,268,500	3,918,425	1,268,500
CIB Charge	5,683,920	4,538,620	5,683,920	4,538,620
Commission of bank guarantee	5,435,464	7,021,825	-	-
Commission on mobile banking transaction	914,367	828,397	914,367	828,397
Computer accessories	5,617,532	1,751,753	5,610,879	1,729,237
Contact point verification fee	4,956,100	3,689,450	4,956,100	3,689,450
Conveyance	9,119,401	6,270,493	8,850,579	5,989,916
Cost of Newspaper, P. S Plates & Polyester film	25,905,600	11,704,488	-	-
Credit card accessories	7,797,062	17,139,247	7,797,062	17,139,247
Donation and miscellaneous expenses	977,565	209,641	316,187	57,772
Educational expense reimbursements	161,335	436,218	145,225	419,258
Entertainment	16,426,890	9,722,588	5,911,044	3,321,464
Excise duty	6,335,700	6,210,122	5,708,700	5,597,122
Factory overhead	101,921,630	83,586,026	-	-
Fair and conference	17,110	523,357	-	-
Fuel expense	3,888,511	2,743,263	2,465,731	1,933,463
HR event	3,602,253	2,613,903	3,602,253	2,613,903
Internet and e-mail	22,118,285	16,126,284	13,485,673	7,972,614
IT Security Service	3,080,240	372,916	3,080,240	372,916
Laga charges	60,362,763	98,818,259	-	-
Contribution to workers' profit participation fund	3,341,728	7,492,142	3,341,728	7,492,142

	LankaBangla Group		LankaBangla Finance Limited	
	2022 Taka	2021 Taka	2022 Taka	2021 Taka
LB foundation	5,133,338	14,343,476	1,802,920	6,151,542
Loss on sales of fixed asset	1,031,082	1,078,545	882,593	119,462
Marketing expenses	13,932,384	37,767,645	13,932,384	37,767,645
Master Card Consolidated Billing System charges (MCBS)	30,769,101	25,418,076	30,769,101	25,418,076
Master Card-Stand By Letter of Credit issuance charge (SBLC)	5,271,130	4,046,000	5,271,130	4,046,000
Meeting expense	159,901	1,154,426	159,901	1,154,426
Membership and regulatory fees	7,803,010	9,755,569	3,699,634	4,892,505
Management fee expenses	300,000	767,045	-	-
Networking charge	458,190	311,561	-	-
News paper and periodicals	502,686	484,965	359,981	332,603
Office maintenance	86,036,421	77,590,050	65,115,512	60,602,214
OMS Expense	792,336	-	-	-
Other expense	656,223	5,945,882	-	-
Other operational expenses credit card	4,950,534	2,867,018	4,950,534	2,867,018
Recovery commission	3,578,093	1,062,956	3,578,093	1,062,956
Recruitment expense	66,037	-	66,037	-
Selling & distribution expenses	24,623,234	17,679,126	-	-
SMS service charge	7,616,027	9,783,495	7,616,027	9,783,495
Staff welfare	66,320	1,540,571	66,320	1,540,571
Subscription	13,586,100	3,990,659	-	-
Training	7,962,931	8,299,992	6,970,556	7,517,635
Travelling	46,559,797	41,501,492	39,453,003	32,006,956
Vehicle maintenance/registration	59,553,565	50,822,664	30,932,473	26,422,620
Water and sewerage bill	3,037,200	2,415,982	1,969,755	1,514,460
	743,818,837	755,483,476	370,420,845	376,333,332
32. Provisions for loans, investments and off-balance sheet exposures and other assets				
See accounting policy in note (2.28)				
Provisions for leases and loans	540,575,865	575,447,876	540,575,865	575,447,876
General provision	56,550,922	(264,477,936)	56,550,922	(264,477,936)
Special General provision for COVID-19	(57,663,335)	57,663,335	(57,663,335)	57,663,335
Specific provision	541,688,278	782,262,477	541,688,278	782,262,477
Provision for margin loan	(2,193,768)	293,338,572	-	-
Provision for diminution in value of investments	159,412,082	(37,580,889)	115,450,686	(30,810,839)
General provision for Off-Balance Sheet Exposure	(1,198,296)	1,529,796	(1,198,296)	1,529,796
Provision for other assets	(500,000)	9,117,826	-	1,500,000
	696,095,883	841,853,182	654,828,254	547,666,834
33. Provision for tax made during the period				
See accounting policy in note (2.39)				
Current tax expense:				
Current income tax charge	282,664,913	395,976,009	125,167,444	90,859,275
Adjustment in respect of current income tax of prior years	-	-	-	-
	282,664,913	395,976,009	125,167,444	90,859,275
Deferred tax expense/(income):				
Origination and reversal of temporary difference	2,532,753	3,528,516	-	-
Changes in tax rate	-	-	-	-
	2,532,753	3,528,516	-	-
Income tax expense reported in profit and loss account	285,197,666	399,504,525	125,167,444	90,859,275
33.1 Reconciliation of current income tax charge				
Gross receipts			7,678,166,729	7,326,302,717
Applicable tax rate*			0.60%	0.60%
Income tax charge as per applicable tax rate			46,069,000	43,957,816
Reduction in tax rate				
Factors affecting the tax charge for current period:				
Share of profit of equity-accounted investees reported, net of tax				
Additional tax charge for minimum tax under section 82C(5)				
Changes in estimates related to prior period			79,098,444	46,901,459
			-	-
			125,167,444	90,859,275

*As there was business loss for tax charge for the year ended 31 December 2022, 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.

	LankaBangla Group		LankaBangla Finance Limited	
	2022 Taka	2021 Taka	2022 Taka	2021 Taka
34. Earnings Per Share (EPS)				
See accounting policy in note (2.40)				
Earning attributable to ordinary shareholders	649,812,556	1,280,549,083	178,489,067	609,002,658
Weighted number of shares outstanding (Note- 34.1)	538,838,623	538,838,623	538,838,623	538,838,623
Basic earnings per share	1.21	2.38	0.33	1.13
34.1 Outstanding number of shares for the period ended 31 December 2022				
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	10,787,714,540	10,678,798,845	11,168,525,945	11,073,883,094
Weighted number of shares outstanding (Note - 34.1)	538,838,623	538,838,623	538,838,623	538,838,623
	20.02	19.82	20.73	20.55
36. Net Operating Cash Flows Per Share - (NOCFPS)				
Net cash flows/(used in) from operating activities	(6,784,882,678)	(475,863,996)	(6,160,619,242)	(2,326,948,668)
Weighted number of shares outstanding (Note - 34.1)	538,838,623	538,838,623	538,838,623	538,838,623
	(12.59)	(0.88)	(11.43)	(4.32)
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	946,573,655	1,705,397,057	303,656,511	699,861,932
Adjustments:				
Depreciation and amortization	287,588,471	525,212,575	173,191,150	196,105,199
(Gain)/Loss on sale of fixed assets	(5,049,306)	(5,536,903)	198,837	(4,855,073)
Provision for loans, leases and advances & investments	696,095,883	841,853,182	654,828,254	547,666,834
Interest Income from Treasury bill and Bond	(19,312,328)	(4,827,041)	(19,312,328)	(4,827,041)
Unrealized foreign exchange (gain)/loss	(18,847)	4,419,419	(18,847)	4,419,419
	1,905,877,528	3,066,518,289	1,112,543,577	1,438,371,271
Increase/(decrease) in operating assets & liabilities				
Loans and advances to customers	(2,381,936,835)	(4,398,761,847)	(2,724,292,644)	(3,877,752,775)
Other assets	59,522,154	(275,899,674)	121,980,566	(318,545,698)
Deposits from customers and others	(4,768,874,252)	545,943,850	(4,524,553,923)	569,993,154
Other liabilities	(1,119,244,299)	956,302,424	138,811,654	(16,047,040)
	(6,304,655,704)	(105,896,958)	(5,875,510,771)	(2,203,981,088)
Income tax paid	(480,226,974)	(369,967,038)	(285,108,471)	(122,967,580)
Net Cash flows from/(used in) Operating Activities	(6,784,882,678)	(475,863,996)	(6,160,619,242)	(2,326,948,668)

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 2022				
	Core Financing Business	Brokerage Business	Investment Business	Asset Management Business	Consolidated
Revenue from external customers					
Interest revenue	6,709,751,727	432,646,310	54,028,461	1,051,395	7,197,477,894
Revenue from investment	281,421,185	126,160,751	125,922,645.20	17,397,018	550,901,600
Commission, exchange and brokerage income	-	766,479,431	10,894,976	-	777,374,407
Other operational income	541,103,190	214,957,736	20,417,336	22,206,035	798,684,297
Total revenue from external customers	7,532,276,102	1,540,244,228	211,263,419	40,654,449	9,324,438,198
Revenues from transactions with other operating segments of the same entity :					
Interest revenue	1,803,468	-	32,833,316	15,702,639	50,339,423
Revenue from investment	-	-	11,166,667	-	11,166,667
Other operational income	-	4,620,000	-	2,200,000	6,820,000
Total revenues from transactions with other operating segments of the same entity	1,803,468	4,620,000	43,999,983	17,902,639	68,326,090
Total segment revenue	7,534,079,570	1,544,864,228	255,263,401	58,557,088	9,392,764,288
Interest expenses					
Segment interest expenses	4,830,883,629	181,433,213	842,031	593,380	5,013,752,253
Expenses from transactions with other operating segments of the same entity	60,679,269	1,803,468	-	-	61,610,008
Total segment interest expenses	4,891,562,899	183,236,681	842,031	593,380	5,075,362,262
Operating expenses					
Segment operating expenses	1,624,581,416	864,763,655	74,709,917	35,883,910	2,599,938,898
Expenses from transactions with other operating segments of the same entity	-	-	-	2,200,000	2,200,000
Total segment operating expenses	1,624,581,416	864,763,655	74,709,917	38,083,910	2,602,138,898
Depreciation and amortization	59,450,491	11,879,202	288,200	975,698	72,593,591
Net operating income	958,484,765	484,984,690	179,423,252	18,904,100	1,642,669,538
Material non-cash items other than depreciation and amortisation					
Provision for leases, loans and advances / investments	654,828,254	-	28,646,399	12,621,230	696,095,883
Profit before tax and reserve	303,656,511	484,984,690	150,776,854	6,282,870.22	946,573,655
Provision for tax made during the year	125,167,444	144,842,516	9,803,338	2,851,615	282,664,913
Deferred tax (expense)/ Income	-	1,779,517	607,576	145,661	2,532,753
	125,167,444	146,622,033	10,410,914	2,997,276	285,197,666
Net profit after tax	178,489,067	338,362,657	140,365,940	3,285,594	661,375,989
Total segment assets	85,934,092,811	11,337,739,849	2,833,966,097	1,064,995,756	101,170,794,514
Inter segmental assets	8,813,958,232	-	658,514,876	851,589,187	10,324,062,296
Net segment assets	77,120,134,579	11,337,739,849	2,175,451,221	213,406,568	90,846,732,218
Amount of addition to non-current fixed assets	396,762,722	148,412,229	1,789,418	14,717,900	561,682,270
Segment capital employed	11,168,525,945	5,722,863,471	965,234,091	991,770,472	18,848,393,979
Segment liability	73,878,611,375	5,608,319,333	292,064,857	73,225,284	79,852,220,849
Inter segmental liabilities	886,955,492	6,557,046	1,576,667,150	-	2,470,179,688
Total segmental liability	85,934,092,812	11,337,739,849	2,833,966,098	1,064,995,756	101,170,794,515

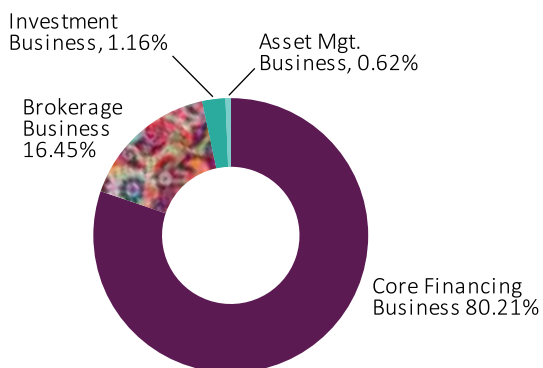
Amount in Taka

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 year	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	399,504,525
Net profit after tax	609,002,658	518,938,712	324,461,163	34,309,055	1,305,892,532
Total segment assets	82,534,564,318	12,369,298,694	2,829,193,678	1,196,507,932	98,929,564,623
Inter segmental assets	9,097,765,006	-	473,625,425	254,897,922	9,826,288,353
Net segment assets	73,436,799,312	12,369,298,694	2,355,568,253	941,610,010	89,103,276,270
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	70,792,104,451	6,861,592,625	367,709,403	208,523,055	78,229,929,535
Inter segmental liabilities	668,576,772	123,205,256	1,636,616,125	-	2,428,398,153
Total segmental liability	82,534,564,317	12,369,298,695	2,829,193,678	1,196,507,932	98,929,564,623

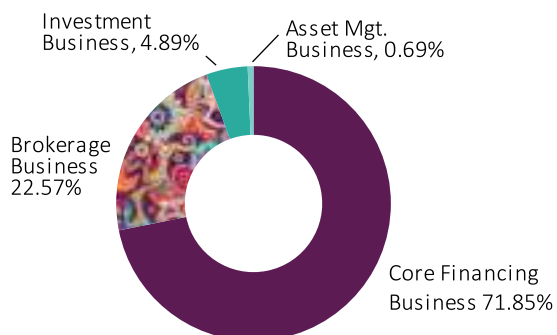
37.2 Information about reportable segments (continued)

Revenue

2022

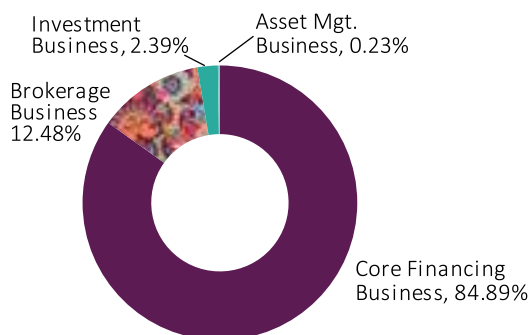


2021

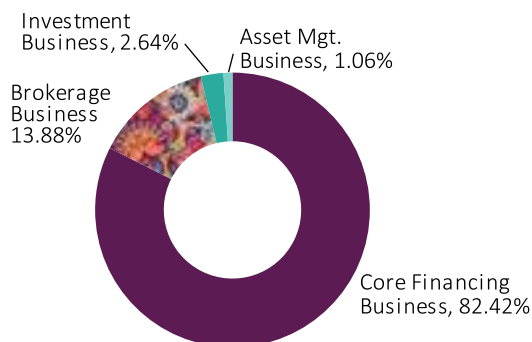


Assets

2022

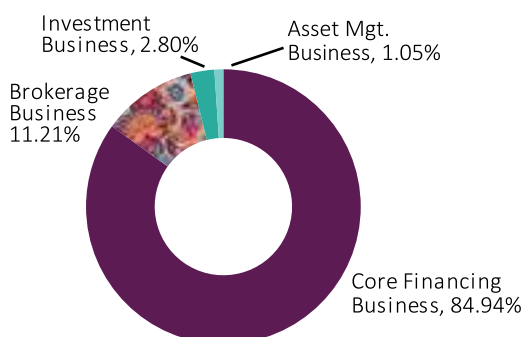


2021

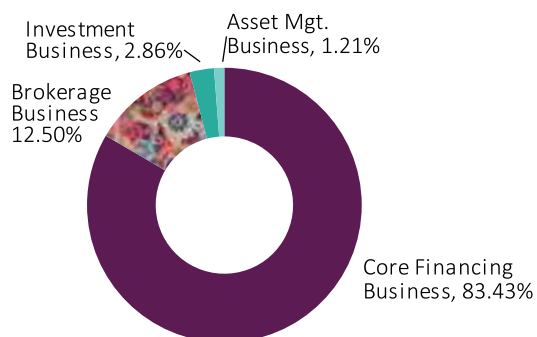


Liabilities

2022



2021



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	96.6704318%
2	LankaBangla Investments Limited	Bangladesh	99.9999975%
3	LankaBangla Asset Management Company Limited	Bangladesh	99.9998943%
4	LankaBangla Information System Limited	Bangladesh	96.4770909%
5	BizBangla Media Limited	Bangladesh	93.4082125%

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 December 2022.

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	
		2022 Taka	2021 Taka
LankaBangla Securities Limited	3.3295682%	10,977,784	24,891,653
LankaBangla Investments Limited	0.0000025%	4	8
LankaBangla Asset Management Company Limited	0.0001057%	3	36
LankaBangla Information System Limited	3.5229091%	11,259	25,501
BizBangla Media Limited	6.5917875%	574,384	426,250
Total		11,563,433	25,343,449

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 Lanka-Bangla Finance Limited	Name of the firms/companies having interest as proprietor, partner, director, managing agent, guarantor, employee etc.	
1	Mr. Mohammad Abdul 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	Interairsea Limited
			20	Joules Power Limited
			21	LankaBangla Securities Limited
			22	LankaBangla Investments Limited
			23	LankaBangla Information System Limited
			24	Orchid Aviation Limited
			25	SG Logistics (Pvt.) Limited
			26	Standard Paper Products Limited
			27	STS Capitals Limited
			28	STS Holdings Limited
			29	Swift Logistics Services Limited
			30	The M & M Limited
			31	The M & M Limited
			32	Technaf Solartech Energy Limited
			33	Uniworld Logistics Limited
			34	Voytech Limited
			35	WAC Logistics Limited
			36	Wings Express Limited
			37	Wings Logistics Limited
			38	Wings Ocean Freight Limited
			39	Wings Aviation Limited
			40	Wings Spence Aviation Limited
			41	Wings Tours & Travels Limited
			42	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

Sl. #	Name of Director	Status in Lanka-Bangla Finance Limited	Name of the firms/companies having interest as proprietor, partner, director, managing agent, guarantor, employee etc.	
4	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	Joules Power Limited
			26	LankaBangla Securities Limited
			27	LankaBangla Information System Limited
			28	Masco International Limited
			29	Orchid Aviation Limited
			30	SG Logistics (Pvt.) Limited
			31	Standard Paper Products Limited
			32	STS Capitals Limited
			33	STS Holdings Limited
			34	The M & M Limited
			35	Tropica Garments Limited
			36	Technaf Solartech Energy Limited.
			37	Voyager Aviation Services Limited
			38	Voytech Limited
			39	Wings Spence Aviation Limited
			40	Wings Classic Tours & Travels Limited
			41	Wings Express Limited
			42	Wings Ocean Freight Limited
5	Mrs. Aneesha Mahial Kundanmal	Director	1	Royal Park Residence Hotel
6	Mr. Tahsinul Huque	Director	N/A	
7	Mrs. Zaitun Sayef	Independent Director	N/A	
8	Mr. M. Fakhrul Alam	Independent Director	N/A	

ii)	Significant contracts where Company is a party and wherein Directors have interest during the year 2022	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 01.01.2022	Amount of transaction during the year 2022		Outstanding 31.12.2022	Nature of Transaction	Outstanding balance present in note
					Debit	Credit			
1	Colloid Enterprises Limited	Concern related to Directors	-	14,379,117	141,665	858,708	15,096,160	TDR	11.1
2	Global Aviation Services Limited	Concern related to Directors	-	16,000,000	993,230	993,230	16,000,000	TDR	11.1
3	WAC Logistics Limited.	Concern related to Directors	-	105,518,912	55,946,412	3,625,000	53,197,500	TDR	11.1
4	Wings Tours and Travels Limited	Concern related to Directors	-	2,688,600	28,033	4,678,538	7,339,105	TDR	11.1
5	One Bank Limited	Concern related to Directors	-	1,300,000,000	97,413,533	119,017,700	1,321,604,167	TDR	11.1
6	One Bank Limited	Concern related to Directors	-	1,185,619,752	36,623,790,436	37,204,342,798	605,067,391	Interest, Non-interest-bearing bank balance	5.1 & 5.2
7	One Bank Limited	Concern related to Directors	-	522,583,239	110,113,481	176,621,720	456,075,000	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	41,175,211	1,819,897	42,980,108	15,000.00	Term loan	7.1
10	LankaBangla Investment Limited	Subsidiary Company	99.99	1,636,615,450	50,000.00	60,000,000.00	1,576,665,450	Term loan	7.1
11	LankaBangla Investment Limited	Subsidiary Company	99.99	416,067,429	116,469,518	219,699,846	519,297,758	TDR	11.1
12	LankaBangla Investment Limited	Subsidiary Company	99.99	151,166,667	111,666,667	111,666,667	120,933,334	Subordinate bond	10.1.6
13	LankaBangla Asset Management Limited	Subsidiary Company	99.99	200,000,000	14,270,000	84,675,000	270,405,000	TDR	11.1
14	LankaBangla Finance Limited-PF	Provident Fund of LBFL	-	293,966,816	53,106,021	77,851,204	318,711,999	TDR	11.1
15	LankaBangla Finance Limited-GF	Gratuity Fund of LBFL	-	81,113,158	316,479	5,069,572	85,866,252	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	945,450,000	500,000	-	945,950,000	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	93.41	-	5,373,477	6,898,677	1,525,200	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 139th meeting of the Board of Directors held on 27 July 2022.

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. I. W. Senanayake	Director	Member	Graduated in Technical Engineering
3.	Mr. Nanda Fernando	Director	Member	MBA degree specializing in Marketing from Sikkim Manipal University, India.
4.	Mr. Mahbubul Anam	Director	Member	B. Sc. Engineer from BUET
5.	Mr. M. Fakhurul Alam	Independent 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 2022, the Audit Committee conducted 4 (four) meetings in which, among other things, the following issues were reviewed/discussed:

- a) The integrity of the financial statements of LBFL and its subsidiaries;
- b) The Company’s external auditors’ qualifications and independence,
- c) Performance and effectiveness of the Company’s internal and external audits,
- d) Internal controls and the measurement of operational risk,
- e) Compliance by the Company with legal and regulatory requirements.
- f) Examine any matter relating to the financial and other connected issues to the Company.
- g) Monitor all internal and external audit and Bangladesh Bank’s inspection program.
- h) Review the efficiency of internal control systems and procedures, in place.
- i) Review the quality of accounting policies and their adherence to statutory and regulatory compliance.
- j) Review the Company’s annual report and accounts and interim financial statements prepared for disclosure, before submission to the Board.
- k) Ensure that a well-managed sound financial reporting system is in place to provide timely reliable information to the Board of Directors, regulatory authorities, management and all other stakeholders.
- l) Ensure Company’s policies are firmly committed to the highest standards of good corporate governance practices and operations conform to the highest ethical standards and in the best interests of all stakeholders.

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 2022 was BDT 661.38 million which was 49% lower than that of 2021 (BDT 1,305.89 million).

Reasons for the changes in profitability are as follows:

Name of the Company	2022	2021	Y-O-Y Growth		Major factors for variances in net profit after tax.
			Amount	%	
LankaBangla Finance Limited (LBFL)	178,489,067	609,002,658	(430,513,591)	(71%)	Income from investment has decreased 46% during 2022 compared to 2021 for BDT 242,534,047. The main reasons are, among other, decline in the bourse index since the beginning of 2022 and In 2021 LBFL had earned cash dividend from one of its subsidiaries/group companies (LankaBangla Securities Limited) but in 2022, there was no dividend from subsidiaries.
					Since 2020 and 2021, operational activities have returned to normal from COVID-19 impact. As a result, operational expenses increased by BDT 54,820,870 in 2022 over 2021.
					Provision charge for Provisions for loans, investments and other assets increased by BDT 107,161,402 during 2022 compared to 2021. Alongside, Income tax provision increased by BDT 34,308,169 due to change of tax policy on income form bank's deposits.
LankaBangla Securities Limited (LBSL)	338,362,658	518,938,712	(180,576,054)	(35%)	As overall daily turnover in stock exchanges decreased, LBSL's main source of income "Brokerage Commission" decreased by BDT 498,303,478 in 2022 compared to 2021.
					Net interest income of LBSL increased by BDT 39,901,208 during 2022 in comparison to 2021 where debit balance of share trading clients contributed vastly.
					Income from investment of LBSL decreased by BDT 376,358,093 in 2022 compared to 2021 leading to a decline in the bourse index since the beginning of 2022. Alongside revenue from the print media business contributed positively to an increase in other operational income of BDT 48,034,970 in 2022 compared to 2021
					In the year 2022, there is no requirement of impairment of goodwill where it was BDT 234,143,286 in 2021. Moreover, operating expenses slightly decrease due to decreasing turnover. As income is decreased, relevant income tax expense has been decreased by BDT 120,317,134 in 2022 compared to 2021.
					There are no requirement of provision for negative equity & others in 2022 where it was BDT 232,411,782 in 2021.

LankaBangla Investment Limited (LBIL)	140,365,940	324,461,163	(184,095,223)	(57%)	<p>Net interest income of LBIL decreased by BDT 18,444,551 in the year 2022 compared to the year 2021 due to decreasing margin loan on low demand.</p> <p>As bearish capital market since beginning of 2022, income from investment of LBIL decreased by BDT 220,746,830. Alongside, other related operational income also decreased by BDT 21,249,055 during 2022 compared to 2021 with major contribution from Portfolio and issue management fees and Brokerage and Underwriting commission.</p> <p>Operational expenses increased by BDT 9,178,796 during 2022 compared to 2021. As income is decreased, relevant income tax expense has been decreased by BDT 28,137,657 in 2022 compared to 2021.</p> <p>Provision charge for margin loan of LBIL decreased by BDT 63,120,558 and provision of diminution value of investment increased by BDT 31,340,167 during 2022 compared to 2021.</p>
Name of the Company	2022	2021	Y-O-Y Growth		Major factors for variances in net profit after tax.
			Amount	%	
LankaBangla Assets Management Company Limited (LBAMCL)	3,285,594	34,309,055	(31,023,461)	(90%)	<p>With bearish capital market since beginning of 2022, net income from investment of investment decreased by BDT 32,499,944. On the other hand, there was a decrease in other operational income by BDT 1,293,346 during 2022 compared to 2021.</p> <p>Operating expenses and tax of LBAMCL decreased by BDT 1,187,751 and 1,105,300 respectively.</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 2022, there was no dividend from subsidiaries.
Effect of Inter-Company Right of Use Asset & Lease Liability	872,730	1,225,055	(352,325)	(29%)	Effect of Intra-Group elimination for IFRS 16
Consolidated Net Profit After Tax	661,375,989	1,305,892,532	(644,516,543)	(49%)	Overall, consolidated net profit after tax for the year ended 31 December 2022 was 49% lower compared to the year ended December 2021.

b) Variances in other parameters (Consolidated)

Name of the Company	2022	2021	Y-O-Y Growth		Major factors for variances in net profit after tax.
			Amount	%	
Earnings per share	1.21	2.38	(1.17)	(49%)	<p>EPS reduced by BDT 1.17 from BDT 2.38 in 2021 to BDT 1.21 in 2022, due to:</p> <p>I. Decreased income from share investments, and fee, exchange, and brokerage income.</p> <p>II. Reduction of interest income caused by imposition of rate cap by the regulator.</p> <p>III. Increase of interest expenses because of realized foreign exchange loss.</p>
Net Operating Cash Flows Per Share - (NOCFPS)	(12.59)	(0.88)	(11.71)	(1326)%	Deposit settlement, loan disbursement, and other liabilities settlement all resulted in higher cash outflows than the previous year, ensuing Net Operating Cash Flows Per Share (NOCFPS) to drop from (0.88) in 2021 to (12.59) in 2022.
Net asset value per share- (NAV)	20.02	19.82	0.20	1%	Because of the addition of current year profit, NAV increased by 1% at the end of 2022 to reach 20.02.

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 2022. Nothing is due from any director of the Company as on the date of closing the accounts. During year under audit six meetings of Board of Directors were held. Details are as under:

Sl. No.	Meeting No.	Date of Meeting	Number of presences
1	136th Board meeting	11 April 2022	6
2	137th Board meeting	14 May 2022	7
3	138th Board meeting	30 May 2022	6
4	139th Board meeting	27 July 2022	6
5	140th Board meeting	30 October 2022	6
6	141st Board meeting	22 December 2022	7

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 2022. During the year under audit six meetings of the Executive Committee were held. Details are as under:

Sl. No.	Meeting No.	Date of Meeting	Number of presences
1	102nd EC meeting	17 February 2022	4
2	103rd EC meeting	4 April 2022	3
3	104th EC meeting	18 April 2022	3
4	105th EC meeting	8 June 2022	4
5	106th EC meeting	21 July 2022	4
6	107th EC meeting	25 September 2022	4

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 2022. 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	68th Audit Committee meeting	11 April 2022	3
2	69th Audit Committee meeting	12 May 2022	3
3	70th Audit Committee meeting	25 July 2022	3
4	71st Audit Committee meeting	26 October 2022	4

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 724 which was 618 on 31 December 2021.

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 2022 is given below:

Dividend year	Particulars	Cash	Stock	Remarks
2021	Up to 1 year	13,509,985	0	-
2018-2020	Up to 3 years	34,443,253	922	-
2006-2017	More than 5 years & above	-	-	BDT 19,144,615 and 6,075 stocks have been transferred to Capital Market Stabilization Fund

h) Event after the Reporting Period

l) Dividend Information

The Board of Director in its 142nd Meeting held on 27 April 2023 has recommended to the shareholders @ 10% of Cash Dividend for the year ended 31 December 2022. This will be considered for approval of shareholders at 26th Annual General Meeting (AGM) of the Company scheduled to be held on 21st June 2023.

i) Capital expenditure commitment

There was no other material capital expenditure authorized by the Board but not contracted for as on 31 December 2022.

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 2022.

k) **Foreign remittances**

During the year 2022, the company remitted **USD 267,779, AUD 767, (Total in BDT 26,882,346)** against Various Technical Service Fees, Foreign Shareholders and services provider.

Sl #	Purpose	Paid to	USD*	AUD*	BDT
01.	Dividend Payment	Sampath Bank PLC	164,334		15,384,947
02.	Dividend Payment	Mr. Tahsinul Huque, USA	71,823		6,724,070
03.	IFS ERP maintenance Fees	IFS Research & Development Pvt. Ltd, Sri Lanka	31,622		4,699,695
04.	Membership Renewal Fee	APNIC Pty Ltd.	-	767	73,634
Total			267,779	767	26,882,346

*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)	14 May 2022
January to June (Half Year ended)	27 July 2022
January to September (3 rd quarter ended)	30 October 2022

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**

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


Director


Director


Managing Director


Company Secretary


Chief Financial Officer

Dhaka,
27 April, 2023

LANKABANGLA FINANCE LIMITED AND ITS SUBSIDIARIES

Consolidated Fixed Assets Schedule

As at 31 December 2022

Annexure-A

Amount in Taka

Particulars	COST				DEPRECIATION				Written down value as at 31.12.2022	
	Balance as at 01.01.2022	Addition during the year	Sales/Transfer/Adjustment during the year	Balance as at 31.12.2022	Rate %	Balance as at 01.01.2022	Charged during the year	Adjustment during the year		Balance as at 31.12.2022
I. Freeholds assets										
Land	787,519,083	-	787,519,083	-	-	-	-	-	-	-
Building	724,305,707	-	-	724,305,707	2.5	54,457,388	8,544,054	-	63,001,442	661,304,266
Furniture and Fittings	250,602,398	3,446,472	796,598	253,252,272	20	191,664,248	21,580,899	644,210	212,600,938	40,651,334
Office Equipment	217,858,015	23,417,379	5,482,061	235,793,333	20	176,014,147	17,837,539	5,121,284	188,730,402	47,062,931
IT Equipment	307,151,060	95,617,627	25,796,480	376,972,207	33.33	254,498,904	44,833,414	25,769,046	273,563,272	103,408,935
Office Renovation	110,893,094	16,539,055	8,803,163	118,628,986	20	81,224,189	11,061,866	8,027,847	84,258,208	34,370,778
Motor Vehicles	30,547,614	16,064,500	1,872,057	44,740,057	20	24,448,690	4,603,890	1,471,500	27,581,080	17,158,976
	2,428,876,970	155,085,032	830,269,442	1,753,692,561		782,307,566	108,461,662	41,033,887	849,735,341	903,957,220
II. Intangible assets										
Goodwill	-	-	-	-	-	-	-	-	-	-
System Software	487,767,949	89,143,935	-	576,911,884	25	313,217,740	60,813,713	-	374,031,454	202,880,431
	487,767,949	89,143,935	-	576,911,884		313,217,740	60,813,713	-	374,031,454	202,880,431
III. Capital Work In Progress										
Tangible Assets	460,399,404	515,186,844	975,586,249	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-	-
	460,399,404	515,186,844	975,586,249	-		-	-	-	-	-
IV. Right of Use Assets										
Motor Vehicle	54,352,908	3,244,000	20,067,000	37,529,908	20	49,368,844	2,072,561	20,067,000	31,374,405	6,155,503
Office premises	465,486,075	97,994,286	77,863,156	485,617,205	Equal Monthly Lease period	157,183,098	116,240,535	70,266,830	203,156,803	282,460,402
	519,838,983	101,238,286	97,930,156	523,147,113		206,551,942	118,313,096	90,333,830	234,531,208	288,615,905
Total	3,896,883,307	860,654,098	1,903,785,847	2,853,751,558		1,302,077,248	287,588,471	131,367,717	1,458,298,003	1,395,453,557

LANKABANGLA FINANCE LIMITED AND ITS SUBSIDIARIES

Consolidated Fixed Assets Schedule

As at 31 December 2021

Annexure-A

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 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	-	-	-	-	-	-	-
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	235,186,616	487,767,949		264,808,974	49,452,096	1,043,330	313,217,740	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	308,302,978
	453,883,965	171,688,566	105,733,547	519,838,983		160,821,134	124,200,334	78,469,526	206,551,942	313,287,042
Total	3,935,866,694	372,132,356	411,115,743	3,896,883,307		1,158,577,952	291,069,289	147,569,994	1,302,077,248	2,594,806,060

Gains or losses on sale of fixed assets have been disclosed in the Note. 21 & Note. 31.

LANKABANGLA FINANCE LIMITED

Schedule of Fixed Assets

As at 31 December 2022

Annexure-B

Amount in Taka

Particulars	COST				DEPRECIATION				Written down value as at 31.12.2022	
	Balance as at 01.01.2022	Addition during the year	Sales/Transfer/Adjustment during the year	Balance as at 31.12.2022	Rate %	Balance as at 01.01.2022	Charged/Impaired during the year	Adjustment during the year		Balance as at 31.12.2022
I. Freeholds assets										
Land	787,519,083	-	787,519,083	-	-	-	-	-	-	-
Furniture & Fittings	217,080,788	1,075,092	337,357	217,818,523	20	173,944,142	17,719,352	333,505	191,329,989	26,488,534
Office Equipment	93,134,937	1,527,168	1,204,523	93,457,581	20	78,979,068	6,886,576	1,198,831	84,666,813	8,790,768
IT Equipment	304,701,474	94,708,342	25,324,394	374,085,422	33.33	252,135,824	44,507,925	25,296,960	271,346,790	102,738,632
Motor Vehicles	18,552,935	-	-	18,552,935	20	18,319,562	69,878	-	18,389,440	163,495
	1,420,989,216	16,064,500	1,872,057	703,914,461		523,378,596	69,183,731	26,829,296	565,733,032	138,181,429
II. Intangible assets										
Systems and Software	309,508,660	76,179,654	-	385,688,314	12.50-25.00	187,876,377	38,951,747	-	226,828,124	158,860,190
	309,508,660	76,179,654	-	385,688,314		187,876,377	38,951,747	-	226,828,124	158,860,190
III. Capital Work In Progress										
Tangible Assets	460,399,404	515,186,844	975,586,248	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-	-
	460,399,404	515,186,844	975,586,248	-	-	-	-	-	-	-
IV. Leaseholds assets										
Motor Vehicles	24,857,000	3,244,000	-	28,101,000		23,076,759	1,012,437	-	24,089,196	4,011,804
Office premises	305,609,312	3,813,450	31,707,323	277,715,438		117,820,047	64,043,234	29,638,209	152,225,073	125,490,365
	330,466,312	7,057,450	31,707,323	305,816,438		140,896,806	65,055,671	29,638,209	176,314,269	129,502,170
Total	2,521,363,592	614,488,448	1,009,165,628	1,395,419,213		852,151,780	173,191,149	56,467,505	968,875,425	426,543,789

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

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 2022

Annexure-C
Amount in Taka

Products	Total		Balance Outstanding				Base for Provision			Amount of Provision Required		Interest in Suspense		
	Standard	SMA	Sub Standard (SS)	Classified	Bad/ Loss (BL)	SMA	Sub Standard (SS)	Doubtful (DF)	Bad/ Loss (BL)	Standard (if any)	SMA	Classified	Total	
														Unclassified (UC)
Corporate Finance														
Lease finance	4,445,575,511	-	-	-	367,007,450	-	-	-	224,685,059	269,140,814	-	-	5,509,063	
Secured overdraft	37,649,473	-	-	-	-	-	-	-	-	376,495	-	-	-	
Short term finance	720,002,352	-	-	-	-	-	-	-	-	7,200,024	-	-	-	
Term loan to subsidiaries	1,576,680,450	-	-	-	-	-	-	-	-	31,533,609	-	-	-	
Term loan	12,262,962,522	10,637,642,028	1,130,094,523	15,064,105	480,161,865	1,060,987,509	14,632,721	-	287,915,579	450,434,094	69,107,014	82,893,835	152,000,850	
Syndication finance	434,682,175	-	-	-	108,870,804	-	-	-	87,618,663	90,876,777	-	-	11,881,173	
Work order finance	-	-	-	-	-	-	-	-	-	-	-	-	-	
SUB-TOTAL	19,844,559,935	17,743,361,186	1,130,094,523	15,064,105	956,040,120	1,060,987,509	14,632,721	-	600,219,301	849,561,812	69,107,014	100,284,071	169,391,086	
Retail Finance														
Auto loan	3,167,017,583	2,897,928,719	126,630,484	55,760,480	28,033,596	121,619,273	50,725,152	22,732,211	43,107,672	99,679,059	-	-	24,672,375	
Credit card receivables	4,786,388,281	3,978,886,501	96,837,523	53,404,652	244,431,497	412,828,109	91,396,287	49,497,478	404,789,279	573,049,586	-	-	28,373,236	
Home loan	8,659,975,377	7,695,482,088	30,048,860	20,692,458	325,350,086	569,710,014	16,509,375	4,417,127	55,929,005	166,879,765	7,836,971	18,691,871	92,652,080	
Personal loan	2,529,942,276	1,867,037,240	188,160,047	134,091,474	88,282,910	252,370,606	117,070,938	65,655,277	180,019,506	264,195,676	14,835	10,669,970	107,357,648	
SUB-TOTAL	19,143,323,518	16,439,334,547	1,000,029,939	273,305,465	381,440,461	960,215,651	233,802,943	320,808,881	683,845,462	1,103,804,086	7,841,806	39,814,288	253,055,338	
CMSME Finance														
Term loan	15,053,948,289	13,096,702,905	557,501,849	366,683,285	148,664,618	540,551,510	193,504,366	111,806,751	499,457,454	653,977,471	8,318,990	16,954,398	295,469,744	
Lease finance	2,232,717,576	2,168,028,121	24,262,037	25,393,240	318,685	14,715,493	16,576,430	278,146	12,991,047	23,038,735	10,702,721	796,858	2,792,772	
Auto loan	1,386,418,193	1,184,471,932	119,371,732	33,000,560	40,675,699	8,898,270	32,083,693	35,579,915	8,110,353	41,060,609	-	3,724,135	6,800,568	
Emerging and commercial	2,901,399,254	2,725,371,350	106,499,700	44,822,469	4,590,615	106,295,124	35,857,194	3,952,380	15,221,028	36,496,841	-	204,576	6,050,131	
Loan against deposit	20,531,164	20,531,164	-	-	-	-	-	-	-	51,328	-	-	-	
Home loan	189,746,020	131,128,674	-	-	-	58,617,346	-	-	8,792,602	9,472,842	73,952	-	14,994,994	
Real state developer finance	35,224,550	-	-	-	-	35,224,550	-	-	7,503,966	7,503,966	-	-	2,412,584	
Secured overdraft	170,652,650	118,551,431	-	-	-	-	-	-	17,906,065	20,568,516	-	-	16,263,799	
Short term loan	338,125,213	338,125,213	-	-	-	21,452,113	-	-	-	845,313	-	-	-	
Syndication finance	14,539,560	-	-	-	-	14,539,560	-	-	7,039,560	7,039,560	-	-	-	
Work order finance	-	-	-	-	-	-	-	-	-	-	-	-	-	
SUB-TOTAL	22,343,302,468	19,782,910,788	807,635,319	491,351,666	194,249,618	785,959,411	289,852,042	151,617,492	577,022,075	800,055,180	19,095,663	344,784,593	385,560,222	
Additional provision and suspense	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL	61,331,185,920	53,965,606,521	2,937,759,781	779,721,236	575,690,080	2,807,162,572	538,287,706	472,426,073	1,861,086,837	2,753,421,078	26,937,469	130,601,269	855,662,740	

* 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 (CMSMEF)	0.25%
Unclassified of leases, loans and advances except CMSMEF and FBMSD	1.00%
Unclassified of Financing to the Brokerage	2.00%
House/Merchant Banks/Stock Dealers etc. (FBMSD)	5.00%
Special Mention Account of leases, loans and advances (SMA)	20.00%
Sub-standard of leases, loans and advances (SS)	50.00%
Doubtful of leases, loans and advances (DF)	100.00%
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	
		2022	2021	2022	2021
1	Paid-up capital	5,388.39	5,388.39	5,388.39	5,388.39
2	Total capital	10,787.71	10,678.80	11,168.53	11,073.88
3	Capital surplus	5,406.61	5,706.54	4,096.82	4,799.57
3	Total assets	90,765.01	88,926.85	85,934.09	82,534.56
4	Total deposits	42,907.41	47,676.29	43,656.71	48,181.27
5	Total loans, advances and leases	65,085.80	62,887.78	61,331.19	58,775.03
6	Total contingent liabilities and commitments	33.15	152.98	33.15	152.98
7	Credit deposit ratio	1.52	1.32	1.40	1.22
8	Percentage of classified loans against total loans, advances and leases	6.80%	6.14%	7.22%	6.57%
9	Profit after tax and provision	661.38	1,305.89	178.49	609.00
10	Amount of classified loans during current period	4,427.82	3,859.02	4,427.82	3,859.02
11	Provisions kept against classified loans	2,204.96	1,752.18	2,204.96	1,752.18
12	Provision surplus against classified loan	-	-	-	-
13	Cost of fund	7.40%	6.86%	7.40%	6.86%
14	Interest earnings assets	76,786	76,502	71,358	69,459
14	Non-interest earnings assets	13,978.58	12,424.89	14,575.76	13,075.40
14	Return on investment (ROI)	0.79%	1.64%	0.22%	0.80%
15	Return on assets (ROA)	0.74%	1.53%	0.21%	0.76%
16	Income from investment	550.90	1,217.60	281.42	523.96
17	Earnings Per Share (EPS)	1.21	2.38	0.33	1.13
18	Net income per share	1.21	2.38	0.33	1.13
19	Market price per share	26.00	37.30	26.00	37.30
20	Price earnings (PE) ratio	21.56	15.70	78.49	33.00

Supplementary



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 & CMSME 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) 48964230, 48963493, 48950256, 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	Hal's Aster Anwer (14th Floor), 1728 Sheikh Mujib Road, Agrabad, Chattogram-4100, Bangladesh Phone: (8802)2333312601-04, 02333314563-65 E-mail: agrabad@lankabangla.com
CDA Avenue Branch	Yunusco City Center (level 8) 807/1056, CDA Avenue, OR Nizam Road, Khulshi, Chattogram-4000, Bangladesh Phone: (880-2) 41360782-84 E-mail: cdaavenue@lankabangla.com
Sylhet Branch	Khoirun Bhaban (Level 3) Holding No # 118, Azadi, Mirboxtula, Sylhet 3100, Bangladesh Phone: (880-2) 99 6631271, 6631276, 6631284 E-mail: sylhet@lankabangla.com
Cumilla Branch	The Garden City (2nd Floor) 203/187 Jhawtola, 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) 224457128-31 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: (880 431) 65030, 0431 61225 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

Branches of LankaBangla Finance Limited Branches	
Mymensingh Branch	Sabit Sharif Bhaban (2nd Floor) 55/A Boro Bazar, Mymensingh-2200, Bangladesh Phone: (880-2) 996662901-02 E-mail: mymensingh@lankabangla.com
Khulna Branch	Tribune Tower (2nd floor) 2/A KDA Avenue, Khulna-9200, Bangladesh Phone: (880-2477) 725689, 726436, 726317, 726441 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 Number: 74-77, Chowmuhani, Begomganj, Nohakhali, 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, 7763785, 7763902 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, +88 02477782814-15 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: https://lbsbd.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 : +880-2-223383903-5, +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, 8801730073811 Fax : +880-2-55035309 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 Ishtiaq Green (3rd Floor) Plot No #81A, Road # 07, Sector No #4 Uttara Model Town, Dhaka-1230 Phone : +8801777761237, +88-02-41090378-9 Fax : +88-01730073811 Email : rafiqul.islam@lbsbd.com
Narayangonj 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 : 8801730322520 Fax : +880-31-2525839 Email : amir@lbsbd.com, sowkat@lbsbd.com
Khatungonj Branch	Asma Chamber, 1016 (Old) Ram Joy Mohajan Lane, Khatungonj, Chattogram Phone : +880-2-333360011, +880-2-333355276, +8801730-322522 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

Branches of LankaBangla Securities Limited	
Sylhet Branch	JR Tower (3rd floor) Holding No: 1469, Jail Road, Sylhet-3100 Phone: +88-2-996632752,+88-2-996632143 , +8801730073832, +8801730073820 Fax: +880-821-711918 Email: shamsuddin@lbsbd.com
Cumilla Branch	Nahar Plaza (1st Floor) 67/58, Nazrul Avenue, Kandirpar, Cumilla - 3500 Phone: +8801844006244, + 8801730322530, + 880-81-62117, 62109 Fax: +880-81-62116 Email : nazir@lbsbd.com
Barisal Branch	Mannan Plaza (3rd floor) 84, Sadar Road, Barishal-8200 Phone : +8801777761256, +880-2-478863058 Email : md.abubakar@lbsbd.com
Bashundhara: Extension	Rahman AJ Trade Centre (6th floor) Jagannatpur, Bashundhara Gate, Dhaka Phone : +880-2-334473380 Email : rikhan@lbsbd.com

LankaBangla Investments Limited	
LankaBangla Investments Limited (Subsidiary of LankaBangla Finance Limited)	Assurance Nazir Tower (Level-8) 65/B Kemal Ataturk Avenue, Banani, Dhaka- 1213, Bangladesh Phone: +880-2-55034853-5, E-mail: info@lankabangla-investments.com Web: www.lankabangla-investments.com

LankaBangla Asset Management Company Limited	
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BUSINESS DIVISIONS OF LANKABANGLA FINANCE

Corporate Financial Services Division

There are very few in the NBFi marketplace 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
- Takeover facility from other financial institutions

- 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
- ezipay 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 department offers the following product and services:

Classic TDR

“Classic TDR” is one of the prominent deposit product of LankaBangla, designed with tenure flexibility to receive the interest at maturity.

Shohoj Sanchoy

It is a tenure flexible product to choose the tenure from 4 months to 18 months.

Earn First

Under this scheme customer can draw interest upfront and also can reinvest the interest amount into our other attractive Deposit Schemes.

Periodic Return Term Deposit

Term Deposit schemes designed to entertain customer to receive interest on monthly/quarterly/half-yearly/ yearly basis.

Money Builder

“Money Builder” is an installment based monthly saving deposit scheme where customer deposits a certain amount of money for a fixed tenure on monthly basis for a fixed tenure and in return customer receives an agreed amount at maturity.

Flexi Deposit

Initial deposit amount is fixed for this product and thereafter client can deposit any amount and enjoy interest on daily basis.

Double Money

“Double Money” can be the best solution for long term deposit plan. The deposited amount grows into double at the time of maturity.

Triple Money

“Triple Money” can be another solution for long term future plan, where deposited amount grows into triple at the time of maturity.

Quick Sanchoy

“Quick Sanchoy” is a combination of Term Deposit and Monthly Savings Scheme (DPS). Under this scheme customer makes an initial deposit and thereafter pays a multiplier of initial deposit for agreed tenure in equal monthly installment and in return receives an amount equal to double of initial deposited amount 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 Obirot

(Periodic Return Term Deposit), Sikha Projjolon (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 LBFL 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

CMSME 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 CMSME 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 CMSME 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).

CMSME 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 CMSME 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 CMSME 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)

CMSME Liability

CMSME Liability Unit has been operating since the year 2018 under CMSME Financial Services Division. The main objective of this unit is to mobilize deposits from CMSME segments, individual and corporate houses and cater superior client experience from LankaBangla Finance Limited. So far the CMSME Liability unit is doing good and the growth of the CMSME 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 CMSME liability products are being tailored and offered to clients as per their deposit need with attractive features which are shortly described below-

- CMSME Bishwas-TDR (TDR lien against Loan)
- CMSME Shaccholata (Term Deposit of different periods)
- CMSME Shacchando (Periodic Return)
- CMSME AgroJ (Designed Senior Citizen customers)
- CMSME Uparjon (Offers Advance interest)
- CMSME Digun Munafa (Double return at Maturity)
- CMSME Tin gun Munafa (Triple Return at Maturity)
- CMSME Druto Sanchoy (combination of Term deposit and DPS with flexible tenure)
- CMSME Moner Moto Sanchoy (Flexible Term deposit)
- CMSME Somriddhi (A deposit scheme on different tenures)
- CMSME Shikha Icche (Term Deposit of different periods for female customers)
- CMSME Shikha Obiroto (A Periodic Return deposit for female customers)
- CMSME Shikha Projolon (Digun & Tin gun Munafa for female customers)
- CMSME 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 CMSME 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.

AN EVENTFUL YEAR FOR **LANKABANGLA**



LankaBangla Finance celebrated 25 years of its glorious journey



Agreement with Bangladesh Bank under "Refinance Scheme against Term Loan" to the CMSME Sector



Co-Sponsor in Gunijon Shommanona



Agreement with CMSME Foundation



Customer Awareness Programme



Agreement with Bangladesh Bank supporting Post Covid-19 small scale employment creation project



Women's Day Celebration



LankaBangla Finance Limited organised a breast cancer awareness programme in collaboration with Ahsania Mission Cancer and General Hospital



LankaBangla won the precious Excellence in Mastercard award



LankaBangla won the precious "Best in EMI Growth" category award in "Daraz Payment Partner Awards 2022"



NBFI Fair, Dhaka



NBFI Fair, Jessore



LBFL participated in Rehab Fair 2022



LankaBangla participated in CMSME Foundation Fair 2022 as Gold sponsor



25 Years Celebration in Branch Premises



Digital Financial Services Agreement between LankaBangla Finance and Delivery Tiger



Agreement with Nagad



Digital Financial Services Agreement between LankaBangla Finance and Dana Fintech



ISO Certification



Celebrated New Year 2023



Integrity Award giving Programme



New Website Launching

AWARDS AND RECOGNITIONS

Excellence in Mastercard Credit Business
(Domestic) 2020-21



LankaBangla won Excellence in Mastercard Credit Business
(Domestic) 2020-21

Excellence in Mastercard Contactless
2020-21



LankaBangla won Excellence in Mastercard
Contactless 2020-21

ICMAB Best Corporate Award 2021



LankaBangla won ICMAB Best Corporate Award
2021 in Non-Bank Financial Institute (NBFI)
Category

DARAZ Payment Partner Award 2022



LankaBangla Finance Limited was awarded as
Best in EMI growth in Daraz Payment Partner
Award 2022.

INTEGRATED REPORTING CHECKLIST

SL. No. Particulars	Page Reference	Chapter/ Section Reference
1. Elements of an Integrated Report		
1.1 Organizational overview and external environment		
<p><i>An integrated report should disclose the main activities of the organization and the environment of which it operates.</i></p> <p>An integrated report should identify the organization’s mission and vision, and provides essential context by identifying matters such as:</p>		
The organization’s:		
<ul style="list-style-type: none"> ▶ Culture, ethics and values 	12 02	Code of Conduct Guiding Principles Core Values
<ul style="list-style-type: none"> ▶ Ownership and operating structure including size of the organization, location of its operations) 	52 12 322-326	Shareholding Structure Organizational Overview Corporate Information and Branches
<ul style="list-style-type: none"> ▶ Principal activities and markets 	327-332 323-326 170-171	Business Divisions of LBFL Subsidiaries of LBFL How we create value
<ul style="list-style-type: none"> ▶ 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) 	183	Porters Five Forces Analysis
<ul style="list-style-type: none"> ▶ Key quantitative information 	17-22 29-30 320	Financial Highlights Triple Bottom Line Highlights Highlights
<ul style="list-style-type: none"> ▶ 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) 	182 184-185	SWOT Analysis for LBFL PESTEL Analysis
<ul style="list-style-type: none"> ▶ The legitimate needs and interests of key stakeholders 	174-181	Stakeholders Analysis
<ul style="list-style-type: none"> ▶ Macro and micro economic conditions, such as economic stability, globalization, and industry trends 	148-153	Economic Review
<ul style="list-style-type: none"> ▶ Market forces, such as the relative strengths and weaknesses of competitors and customer demand 	183	Porters Five Forces Analysis
<ul style="list-style-type: none"> ▶ Environmental challenges, such as climate change, the loss of ecosystems, and resource shortages as planetary limits are approached 	184-185	PESTEL Analysis
<ul style="list-style-type: none"> ▶ The legislative and regulatory environment in which the organization operates 		
<ul style="list-style-type: none"> ▶ 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		
<p><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></p> <p>An integrated report needs to provide an insight about how such matters as the following are linked to its ability to create value:</p>		
<ul style="list-style-type: none"> ▶ 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 	54-58 60-65 53	Profile of Board Directors Profiles of the Management Team Corporate Organogram of LankaBangla Finance
<ul style="list-style-type: none"> ▶ 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 	102 106	Statement on Ethics and Compliance Risk Management Structure
<ul style="list-style-type: none"> ▶ Particular actions those charged with governance have taken to influence and monitor the strategic direction of the organization and its approach to risk management 	104-114	Statement on Risk Management
<ul style="list-style-type: none"> ▶ 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 	174-181	Stakeholder Analysis

	SL. No. Particulars	Page Reference	Chapter/ Section Reference
	<ul style="list-style-type: none"> ▶ The legislative and regulatory environment in which the organization operates 	94 184-185 102	Statement on Internal Control PESTEL Analysis Statement on Ethics and Compliance
	<ul style="list-style-type: none"> ▶ The responsibility those charged with governance take for promoting and enabling innovation 	99-100	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. 	193	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>	174-181	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>	194-226	Capital Management Report
1.4	<p>Business model <i>An integrated report should describe the organization's business model</i></p>	168 166	Value Creation Structure Business Model
	<p>An integrated report need to describe the business model, including key:</p>		
	<ul style="list-style-type: none"> ▶ Inputs 	194-226	Capital Management Report
	<ul style="list-style-type: none"> ▶ Business activities 	12 327-332 323-326 172	Organizational Overview Business Divisions of LBFL Subsidiaries of LBFL How we create value
	<ul style="list-style-type: none"> ▶ Outputs 	14 168	Product Portfolio of LBFL Value Creation Structure
	<ul style="list-style-type: none"> ▶ Outcomes 	17-22, 320 170-171 172-173 141-144 145	Financial Highlights How We Create Value Delivering Value Value Added Statements Contribution to Government Exchequer
1.5	<p>Performance <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> <p>Quantitative indicators with respect to targets and risks and opportunities, explaining their significance, their implications, and the methods and assumptions used in compiling them</p> <ul style="list-style-type: none"> ▶ 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 36-38 48-50 154-165 17-22 320	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>104-114</p> <p>182</p> <p>184-185</p> <p>183</p>	<p>Statement on Risk Management</p> <p>SWOT Analysis</p> <p>PESTEL Analysis</p> <p>Porters Five 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>186</p> <p>187</p> <p>189</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>48-50</p> <p>148-155</p> <p>182-185</p>	<p>Forward Looking Statement</p> <p>Review from the MD</p> <p>Economic Review</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> <p>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>	<p>03</p> <p>187-188</p> <p>128-146</p>	<p>About the Report</p> <p>Material Matters that Affect Our Strategies</p> <p>Sustainability Reporting</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>39-47</p> <p>95-97</p> <p>93</p> <p>94</p> <p>101</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’

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GRI Standards	Disclosure	Page No	Remarks / Reason for Omission
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102-47	List of the material topics identified in the process for defining report content	132	
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203-2	Significant indirect economic impacts	138, 221-224	
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205-1	Operations assessed for risks related to corruption	198-205	
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306-2	Management of significant waste-related impacts	134-137	
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401-1	Total number and rate of new employee hires during the reporting period, by age group, gender and region	198-205	
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403	Occupational Health and Safety	198-205	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	198-205	
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Note: AR - Annual Integrated 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 OF ANNUAL GENERAL MEETING

NOTICE OF 26TH ANNUAL GENERAL MEETING OF LANKABANGLA FINANCE LIMITED

Notice is hereby given that 26th Annual General Meeting (AGM) of LankaBangla Finance Limited will be held on 21 June 2023 (Wednesday) at 11:15 a.m. The AGM will be held using digital platform (<https://lankabanglafinance-egm.bdvirtualagm.com>) to transact the following businesses:

AGMA-01-26-23	To receive and adopt the Directors' Report, Auditors' Report and Audited Financial Statements for the year ended on December 31, 2022
AGMA-02-26-23	To declare dividend for the year 2022
AGMA-03-26-23	To elect directors in place of those who shall retire by rotation in accordance with the provision of Companies Act, 1994 and Articles of Association of the Company
AGMA-04-26-23	To appoint Statutory Auditors of the Company for the year 2023 until conclusion of 27 th AGM and to fix their remuneration
AGMA-05-26-23	To appoint Compliance Auditor as per Corporate Governance Code for the year 2023 and to fix their remuneration
AGMA-06-26-23	To appoint Independent Director of the Company
AGMA-07-26-23	To transact any other business with the permission of the Chair

Dated: 30 May 2023

By Order of the Board
Sd/-
Mostafa Kamal FCA
Company Secretary

Notes:

- ▶ The record date was fixed on 23 May 2023 (Tuesday). The Shareholders, whose names will appear in the Share Register of the Company at the close of business on the record date, will be eligible to attend the meeting and get dividend.
- ▶ The Board of Directors has recommended 10.00% 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-2022 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 2022 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-egm.bdvirtualagm.com>
- ▶ We encourage the shareholders to log in the system prior to the meeting on 21 June 2023. Please allow ample time to login and establish your connectivity. The webcast will start at 12:01 a.m. (Bangladesh Time) on 19 June 2023. 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](#)



Safura Tower (Level-11), 20, Kemal Ataturk Avenue Banani, Dhaka-1213. Phone: (880-2) 222283701-10

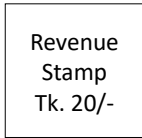
Fax: (880-2) 58810998, E-mail: info@lankabangla.com

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 26th Annual General Meeting of the Shareholders of LankaBangla Finance limited to be held on June 21, 2023 at 11:00 a.m. using digital platform meeting link (<https://lankabanglafinance-egm.bdvirtualagm.com>) at any adjournment thereof or any ballot to be taken in consequence thereof.

Signed this day of June, 2023

(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.

২৫ বছর পূর্ণের পরে
স্বপ্নের পরে



নিশ্চয়তায় নির্ভরতায় নিরন্তর লংকাবাংলা ডিপোজিটে স্কিমস

সমৃদ্ধ ও নির্যাপন জীবনযাত্রায় ২৫ বছর ধরে লংকাবাংলা ফাইন্যান্স আছে আপনার পাশে। আমাদের বিশেষায়িত ডিপোজিট স্কিমের বিকৃত সঞ্চার থেকে সহজে আপনার সুবিধামতো সঞ্চয় ব্যবস্থায় জীবন করে নিন আরও সমৃদ্ধময় সবসময়। দৃঢ় আস্থায় সাফল্যের পথে ভালোবাসা ও নির্ভরতায় আছি একসাথে।

মাহুলি
ডিপোজিট স্কিমস

ফ্লেক্সি ডিপোজিটে
মানি রিভলভার
কুইক সঞ্চয়

বিশেষায়িত
ডিপোজিট স্কিমস

সঞ্চয়
রক্ষি
পরিচর

মেয়াদী
ডিপোজিট স্কিমস

আর্ন ফান্ড
ক্রমিক ডি ডি আর
সঞ্চয় সঞ্চয়
ডাবল মানি
ট্রিপল মানি

শিখা
ডিপোজিট স্কিমস

শিখা ষ্টেপে
শিখা অতিরিক্ত
শিখা সঞ্চয়
শিখা প্রস্তুত



নির্ভরযোগ্য ডিপোজিট স্কিমসে ফিউচারে ফিউচার
www.lankabangla.com/deposit-schemes

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স্বাধীনতা সঞ্চয়
২০২৩



লংকাবাংলা™
ফাইন্যান্স

লংকাবাংলা সিএমএসএমই লোন উদ্যোক্তাদের স্বপ্নপূরণে



কোনো উদ্যোগই ক্ষুদ্র নয়, পাশেই আছি সবসময়

লোনের শর্ত, কিস্তি, আর প্রসেসিং যখন একেবারেই সহজ, তখন পিছিয়ে না থাক কোনো উদ্যোগ।
উদ্যোক্তা-বান্ধব সিএমএসএমই লোনে ব্যবসাতে হোক সমৃদ্ধি আর সাফল্যের যোগ।
কার্যকরী সহযোগী হয়ে আপনার সাথেই আছে লংকাবাংলা।

ক্ষুদ্র ব্যৱসায়
(স্বাধীনস্বত্বাধীন)

অহনা
বিশ্বাস
সম্পর্ক

ক্ষুদ্র ব্যৱসায়
(স্বাধীনস্বত্ব)

আস্থা ইজারা
আবাস স্বর্ণান্ধী
দুর্বার সরল

মাল্টিপ্লি ও
সম্ভাবনাময় ব্যৱসায়

টার্ম লোন ফাইন্যান্সিং
লিজ/অ্যাসেট ব্যাকড ফাইন্যান্সিং
ওয়েকিং ক্যাপিটাল সলিউশন

নারীদের জন্য
বিশেষায়িত স্থান

শিখা অনন্যা



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লংকাবাংলা™
ফাইন্যান্স



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