

ADAPTING ANALYTICS AND CREATIVITY FOR MEANINGFUL AND MEASURABLE CHANGES

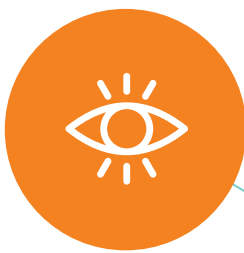


➔ ADAPTING ANALYTICS AND CREATIVITY FOR MEANINGFUL AND MEASURABLE DIFFERENCES

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.

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 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 or changes.



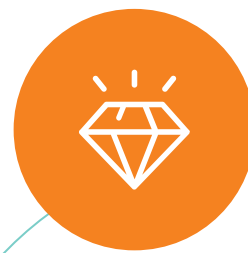
VISION

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

Scan the QR Code by following these simple steps:



Get it

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



Run it

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



Access it

Get access to 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

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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

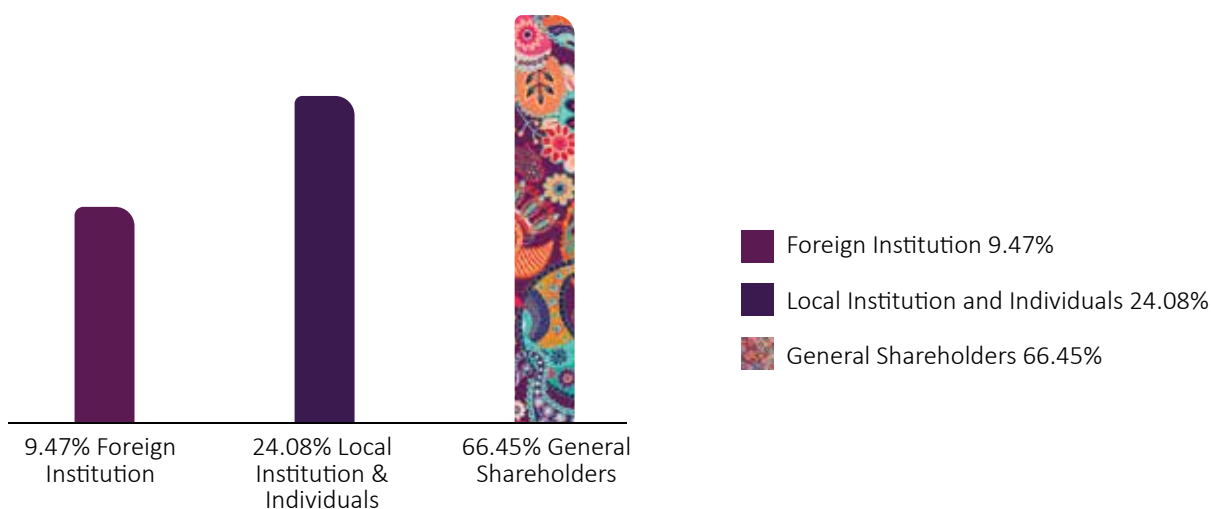
Notes:

- ▶ 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.

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%
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%



LIST OF DIRECTORS

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

Notes:

- ▶ The Board in its 136th meeting held on 11 April 2022 has appointed Mr. Md. Fakhru Alam as an Independent Director of the Company.

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 institution of the country, LankaBangla strived to prioritise the needs of its customers, the security and wellbeing of its staff, 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 vulnerable 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 duly 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 NBFIs 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 02 of the Annual Integrated Report. The business activities of the organization are conducted at a high level of ethical standard in achieving its Vision.

3. Principal Business Activities

3.1 LBFL

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

- 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, SME, Auto loan, Personal Loan, Factoring, Syndication Finance, Revolving Credit, Loan against Deposit, Term Deposit etc.

Organization	Principal Business Activities
LankaBangla Securities Limited	The principal activities of the company are to act as a member of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited to carry on the business of brokers or dealers in stocks, shares and securities, commercial papers, bonds, debentures, debentures stocks, treasury bills and/or any other financial instruments.
LankaBangla Investments Limited	The activities of the Company include services broadly classified as interest income and fee based services, such as underwriting of securities, issue management, register to issue, portfolio management, corporate advisory services etc.
LankaBangla Asset Management Company Limited	<p>The principal activities of the company include:</p> <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

Economic review is provided on from pages 52 to 57.

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 NBFI 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 2022 are contained in the Chairman's Message (pages 07-9), the Managing Director's Review (pages 29-32), and the CFO's Reviews (pages 33-43). These reports form an integral part of the Annual Report of the Board of Directors.

7. Future Developments

Since the inception of LankaBangla Finance Limited has always prioritized the sectors that present a growth potential on a long term basis. The digital transformation has enabled the financial service industry to thrive using a superior informational advantage. LBFL is now moving towards technology-driven

business solutions powered by a cultural environment that prioritizes efficiency & highest ethical standards. LBFL focuses on a business expansion drive through its existing and extended branch network, concentrating more on Retail and SME business to increase its market share and profitability. This will be further accompanied by a more vigorous drive on innovative product development, process improvements and staff development, aimed at fulfilling the rapidly changing customer needs in the challenging market conditions and maximizing the value that we create for all the stakeholders. Few more branches will be opened in the upcoming year. Further an overview of the future development of LBFL and the Group is given in the Chairman's Message (pages 07-9), the Managing Director's Review (pages 29-32), and the CFO's Reviews (pages 33-43). 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 65 to 74 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 11 have been prepared in conformity with the requirements of the Bangladesh Financial Reporting Standards, Companies Act 1994, Financial Institutions Act 1993 and amendments thereto, the Listing Regulations of Dhaka Stock Exchange & Chittagong Stock Exchange, Bangladesh Bank's Guidelines and the Corporate Governance Code.

10. Auditors Report

The Auditors of LBFL are Hussain Farhad & Co., Chartered Accountants carried out the audit on the Financial Statements of LBFL and the Group for the year ended 31st December 2022 and their report on those Financial Statements, as required by the Companies Act 1994 is given on pages 58-63.

11. Significant Accounting Policies

Significant Accounting policies adopted in the preparation of the Financial Statements are given on pages from 76 to 96 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 SME 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

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.

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 75 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 44 to 51.

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 42 (i) of the financial statements.

21. Property, Plant & Equipment (PPE)

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

22. Financial results deteriorate after Public Issue

There was no such event happened during the reporting period.

23. Significant deviations from last year operating results

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

24. Share Capital and Bonds

24.1 Equity Capital

Paid-up Capital of LankaBangla Finance Limited as at 31 December 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 44 to 51.

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 on page 05 of the Annual Report.

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 21).

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. Mahbubul Anam	Director
	5) Mr. Md. Fakhru 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. Fakhru Alam	Independent Director
	4) Mr. Abdullah Al Karim	Director
	5) Mr. Mohammed Nasir Uddin Chowdhury (Nominated by LankaBangla Finance Limited)	Director
	6) Mr. Khwaja Shahriar (Nominated by LankaBangla Finance Limited)	Director
LankaBangla Asset Management Company Limited	1) Mr. Md. Fakhru 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. Mahbubul 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. Mahbubul Anam	Director
	3) Mr. Dewan Hanif Mahmud	Director

31. Board Sub Committees

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

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. Aneesha Mahial Kundanmal (Mr. B. W. Kundanmal-Alternate Director)	41,503,844	41,503,844
6	Mr. Mahbubul Anam	23,998,741	23,998,741
7	Mr. Tahsinul Huque (Dr. M. Mahbubul Huque-Alternate Director)	20,993,703	20,993,703
8	Mrs. Zaitun Sayef	Nil	Nil
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 118 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 & 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 28.

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 887 which was 779 in previous year.

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.

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 42 (h) 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.

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. 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.

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.

49. Additional Disclosures

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

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

50. Audit Information

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

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

51. Auditors

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 NBFIs. 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 4 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.

STATEMENT ON CORPORATE GOVERNANCE

1. Overview

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

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

2. Framework and Regulations Applied

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

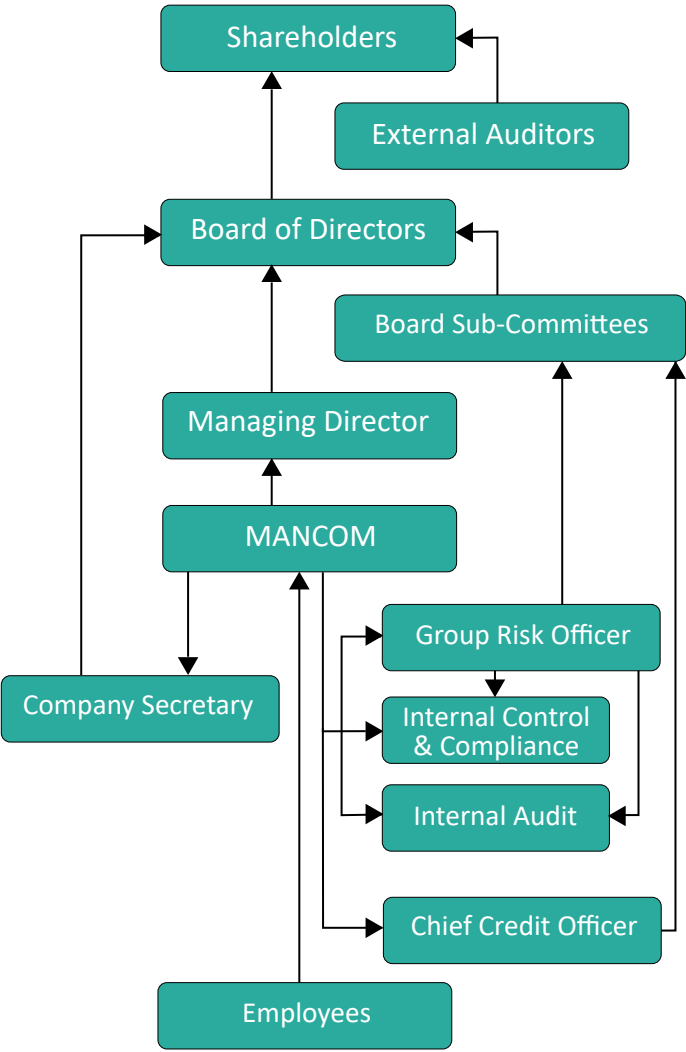
The following Acts, Regulations and Circulars have been used:

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

The following internal principles and guidelines have been followed;

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

3. Corporate Governance Structure



4. Governance Systems



5. Key Activities of the Board in 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, SME Loan, Personal Loan.
- ▶ Strengthening the process of identification, recording and disclosure of Related Party Transactions.
- ▶ Expansion of geographical presence to cover more customer base by opening new Branches countrywide.

5.3 Governance and Risk

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

6. Functioning of the Board and its Governance Processes

6.1 Board Composition and Frequency

The present Board comprises of eight non-executive directors of whom three are nominee directors and one is independent directors. This number is appropriate for the current scope of the company's operations. The Board meets not less than four times in any given calendar year, with at least one meeting per quarter.

The Board sets its agenda for Board meetings well in advance with items proposed by the Managing Director and senior management, so that each member has time to be conversant

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

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

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

6.2 Selection and Term of Appointment of New Director

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

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

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

6.3 Independence of Directors

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

Independent directors of LankaBangla bring their special expertise and knowledge to bear on the strategy and enterprise of the company. They each bring an independent judgement on issues of conformance and performance.

6.4 Role and Responsibilities of the Board

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

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

6.5 Chairman of the Board of Directors

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

6.6 Role of the Chairman

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

6.7 Separation of the role of Chairman and the Managing Director

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

6.7.1 The Chairman's responsibilities include

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

6.7.2 The Managing Director's responsibilities include

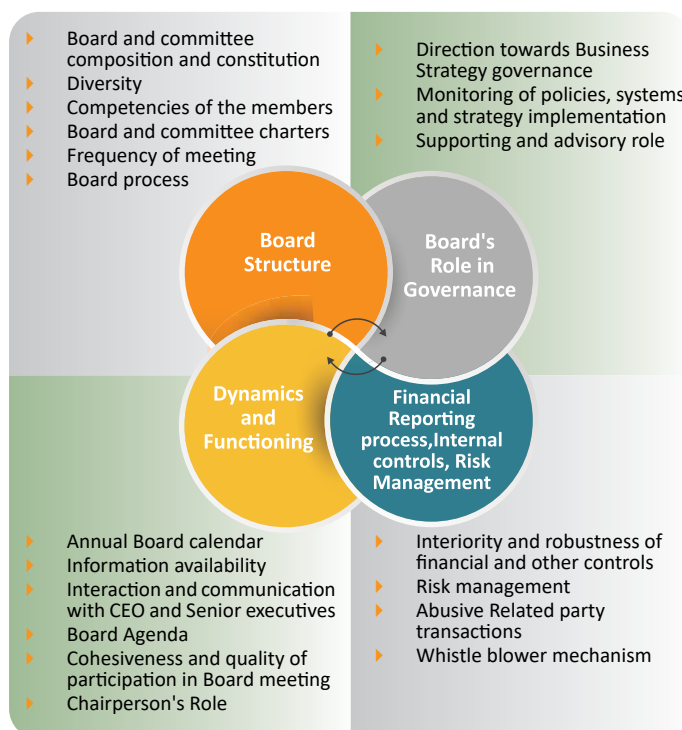
- ▶ Appointing the executive team and ensuring proper succession planning and performance appraisals
- ▶ Developing the company's strategy for consideration and approval by the board
- ▶ Developing and recommending budgets to the board that support the group's long-term strategy
- ▶ Monitoring and reporting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

6.8 Appraisal of Performance of the Board

The Board performs three major roles in LankaBangla- it provides direction (i.e. sets the strategic direction of the

company), it controls (i.e. monitors the management), and provide support and advice. Board evaluation examines these roles of the Board and the entailing of responsibilities, and how effectively these are fulfilled by the Board. Appraisal of the performance of the Board is conducted considering the following parameters:

6.9 Annual Evaluation of Managing Director by the Board



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

6.10 Learning and Development Program of Directors

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

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

- ▶ A detailed overview of LBFL and its subsidiaries, its strategies, operational structure and core business activities
- ▶ General and statutory duties and responsibilities of a Director
- ▶ Comprehensive discussion with senior executives and business heads of the company
- ▶ Detailed induction program on risk profile and risk

appetite of the Company and the Group.

- ▶ Directors are provided with the Code of Conduct for the Board members on general aspects of their Directorship and industry-specific matters.
- ▶ In case of any new rules, regulations or changes in existing regulations the Board is immediately informed of.
- ▶ In order to assist them, the Board is always kept updated on any development and changes in the business environment, risk and industry outlook.

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

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

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

6.12 Retirement and Re-election of Directors

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

6.13 Directors' Remuneration

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

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

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

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

The Companies Act, 1994, requires the Directors to prepare financial statements for each accounting year. The Board of Directors accepts the responsibility for the preparation of the financial statements, maintaining adequate records

for safeguarding the assets of the Company, preventing and detecting fraud and/ or other irregularities, selecting suitable accounting policies and applying those policies consistently and making reasonable and prudent judgments and estimates where necessary.

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

6.15 IT Governance

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

6.16 Ethics and Compliance

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

The Board is committed to ensure highest level of Ethics and Compliance by itself and by the employees of LankaBangla.

6.17 Whistle Blowing Policy

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

6.18 Communication and Relationship with Stakeholders

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

LankaBangla maintains an active dialogue with shareholders.

It holds in-person briefing sessions or telephone conference calls with the media and analysts when quarterly results are released. All press statements and quarterly financial statements are published on the national Daily Newspapers and DSE & CSE websites. A dedicated investor relations team supports the Company's CEO, Chief Financial Officer (CFO)

and Company Secretary in maintaining a close dialogue with institutional investors.

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

6.18.1 Communication through Quarterly Reports

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

6.18.2 Communication through Annual General Meeting (AGM)

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

6.18.3 Communication through Digital Media

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

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

6.19 Environment and Social Obligation

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

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

7. LBFL's Vision, Mission and Strategies

7.1 Board approved Vision and Mission statements of the Company

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

LBFL's vision, mission and Core values are portrayed on page 02 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 in this 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. Aneasha 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. Fakhru Alam	Independent Director	April 11, 2022	6	5	5

Note:

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

8.1.2 Summary of Key Terms of Reference

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

8.2 Audit Committee

8.2.1 Appointment of members and composition of the Audit Committee

LBFL's Audit Committee is a sub-committee of the Board formed in compliance with the requirements of DFIM Circular No. 13, dated 26 October 2011 of the Bangladesh Bank and relevant BSEC notification(s) and international best practices on corporate governance.

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

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

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

8.2.2 Members and 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	4	4
3	Mr. I. W. Senanayake (Representing Sampath Bank PLC)	Member	4	1	0
4	Mr. Mahbubul Anam	Member	4	4	4
5	Mr. M. Fakhru Alam	Member	4	1	1

Note:

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

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 Annual integrated report 2022.

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 page 138



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Annexure-B

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

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

We have examined the compliance status to the Corporate Governance Code by LankaBangla Finance Limited for the year ended on December 31, 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:

- 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;
- 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;
- 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
- The governance of the company is satisfactory.

Place: Dhaka

Dated: 27 April 2023

Ahsan Manzur & Co.
Chartered Accountants

RESPONSIBILITY STATEMENT OF MD AND CFO

The financial statements of Lankabangla Finance Limited (LBFL) and the consolidated financial statements of LBFL and its subsidiaries as at 31 December 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 80 to 83. Comparative information has been reclassified wherever necessary to comply with the current presentation.

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

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

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

LBFL's External Auditors, Messrs Hussain Farhad & Co., Chartered Accountants have audited the effectiveness of the

LBFL's Internal Controls over Financial Reporting.

The Financial Statements of LBFL were audited by Hussain Farhad & Co., Chartered Accountants, the independent External Auditors.

Their report is given on page 58 of this Report. The Board Audit Committee of LBFL meets periodically with the Internal Auditors and the independent External Auditors to review the manner in which these auditors are performing their responsibilities and to discuss issues relating to auditing, internal to ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the Board Audit Committee to discuss any matter of substance. The Board Audit Committee approves the audit and non-audit services provided by Messrs Hussain Farhad & Co., in order to ensure that the provision of such services does not impair Messrs Hussain Farhad & Co.'s independence.

We confirm that,

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



Khwaja Shahriar
Managing Director & CEO



Shamim Al Mamun, FCA
Chief Financial Officer

REVIEW FROM THE MANAGING DIRECTOR & CEO

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 NBFIs 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



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."





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

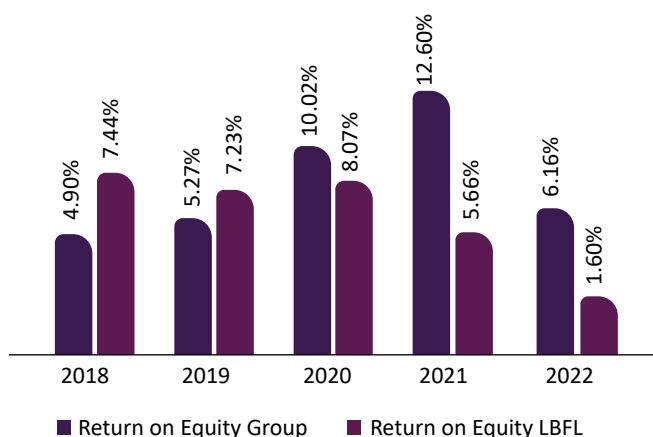
Consolidated DuPont Analysis						Standalone DuPont Analysis				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
Net Profit Margin	4%	4%	10%	13%	7%	8%	7%	10%	8%	2%
Asset turnover	13%	14%	12%	12%	10%	11%	13%	11%	9%	9%
Equity Multiplier	8.95	8.90	8.15	8.33	8.41	7.93	7.90	7.35	7.45	7.69

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.

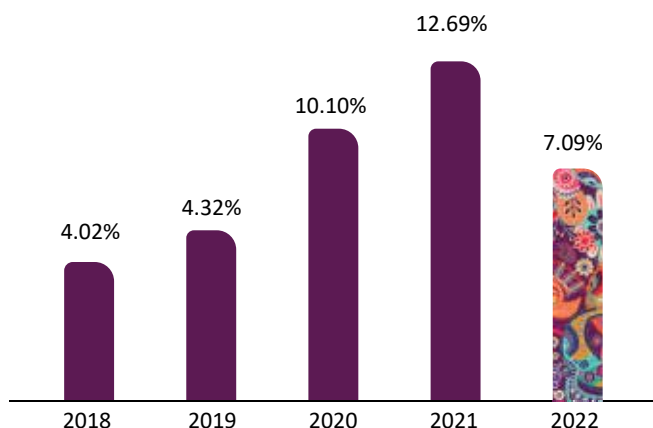
The global economy has faced numerous economic shocks, including a pandemic, war, inflation, and currency depreciation, which has collectively slowed its growth potential. Despite these challenges, the Group generated a **Return on Equity (ROE)** of 6.16% in 2022, a significant decline from the year 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



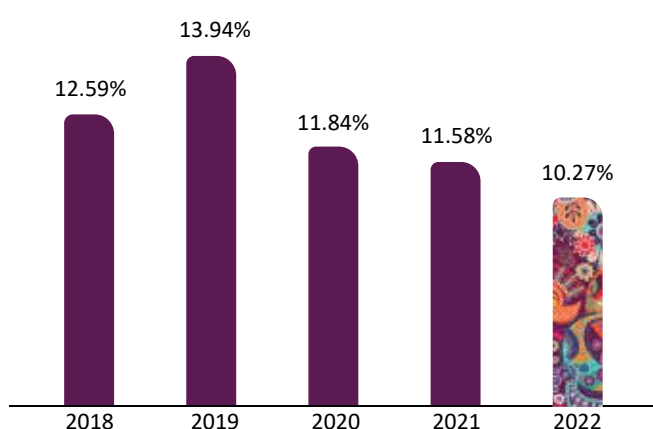
Over the five-year period, the LankaBangla **Group's Net Profit Margin (NPM)** has shown a positive trend. For the past few years, even in the midst of recurring shocks due to COVID, NPM has been on an upward trend. However, in 2022, the Group's NPM declined to 7.09% from 12.69% in 2021. This decrease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

Group Net Profit Margin



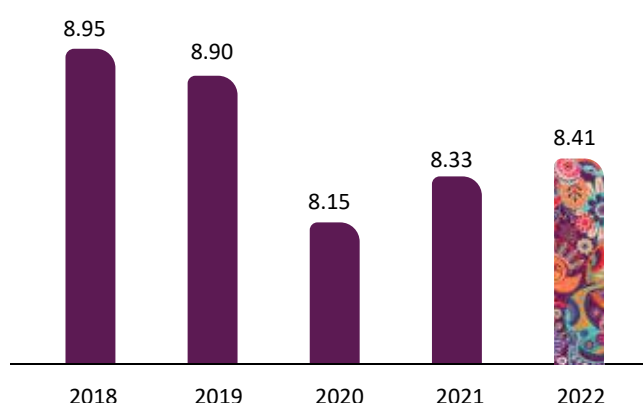
The **Group's Asset Turnover (ATO)** remained relatively consistent over the last five-year period, which showcases the Group's effective utilization of its assets to generate revenue and maintain stable level of efficiency in its operations

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.

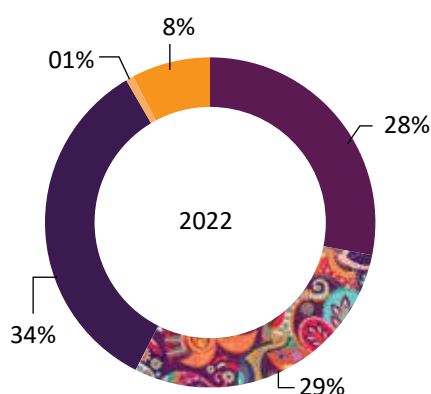
However, the Group's retail asset portfolio experienced a decline of BDT 1,212 million, decreasing from BDT 20,360 million in 2021 to BDT 19,148 million in 2022. Home loans constituted a significant portion of the retail asset portfolio. Notably, LBFL remains the sole non-banking financial institution (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.

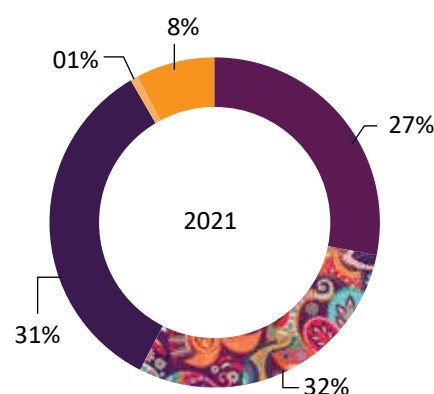
Consolidated Loans and Advances

(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:

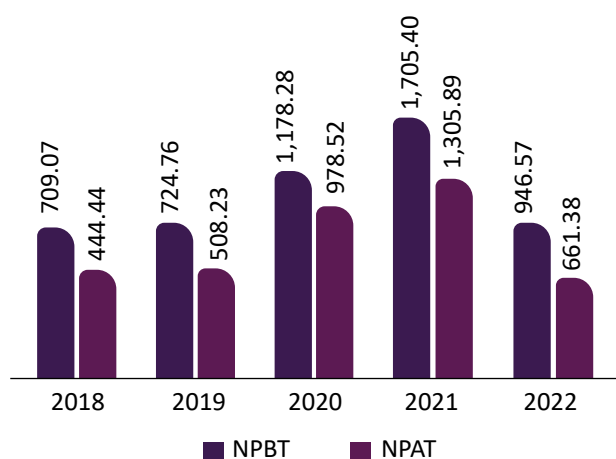
In 2022, LankaBangla Group encountered various challenges, including inflation, intensified competition, and a liquidity crisis. Despite these difficulties, the group managed to increase its asset portfolio and optimize operating expenses. However, these circumstances resulted in a significant decline 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

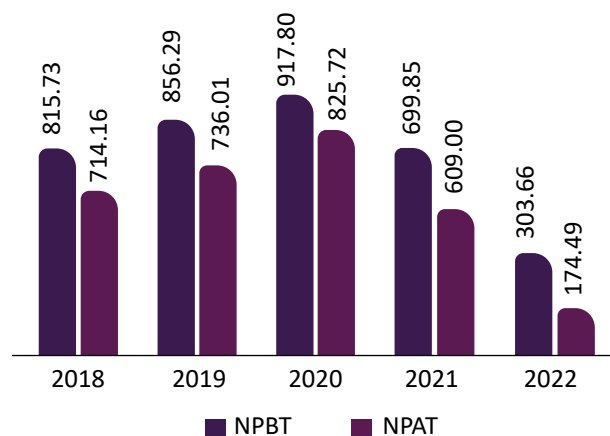
(BDT mn)

LB Group				
	BDT Million		YOY Growth	
Year	2022	2021	Amount	%
NPBT	946.57	1,705.40	-758.82	-44%
NPAT	661.38	1,305.89	-644.52	-49%
Net interest Margin	2,183.73	2,125.93	57.80	3%
LBFL				
Year	2022	2021	Amount	%
NPBT	303.66	699.86	-396.21	-57%
NPAT	178.49	609.00	-430.51	-71%
Net interest Margin	1,819.99	1,779.79	40.20	2%

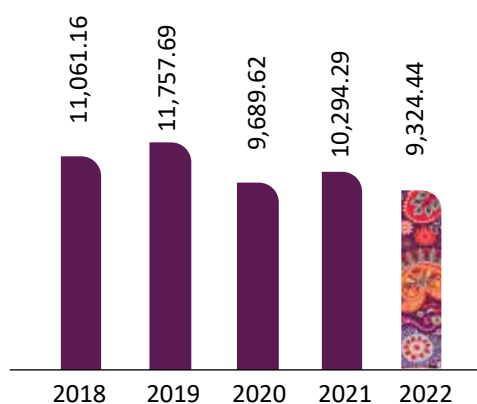
Group Profitability (BDT mn)



LBFL Profitability (BDT mn)



Group Revenue (BDT mn)



Consolidated Gross Revenue Breakdown

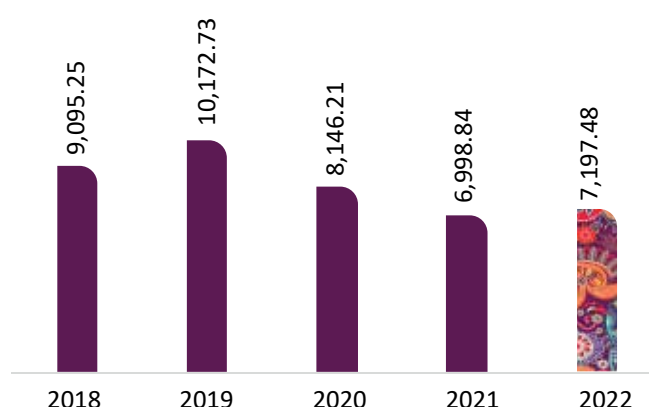
(BDT mn)

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.

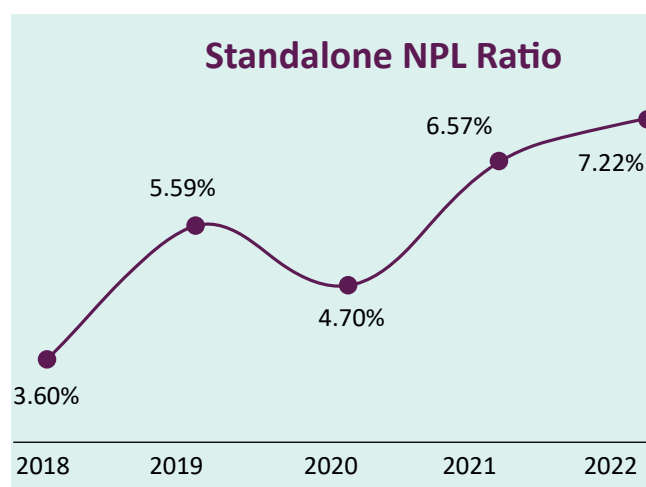
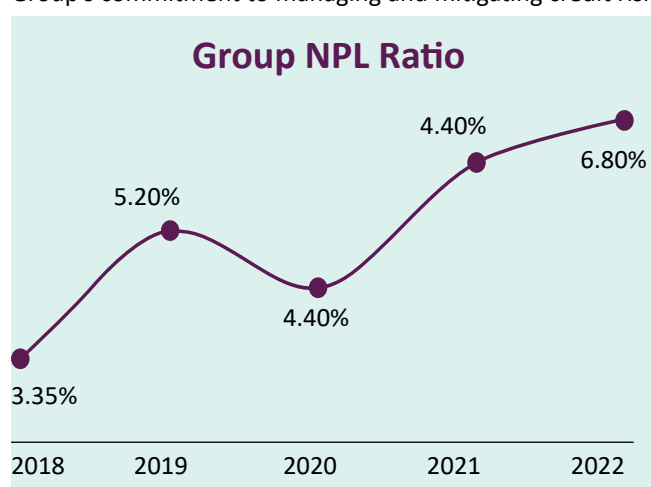
Consolidated Operating Expense

(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%

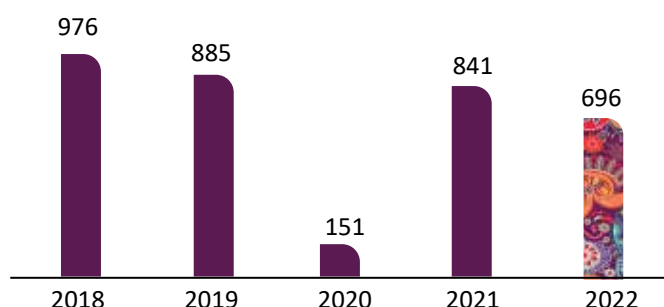
NPL and Provision Charges on Loans and Investments

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

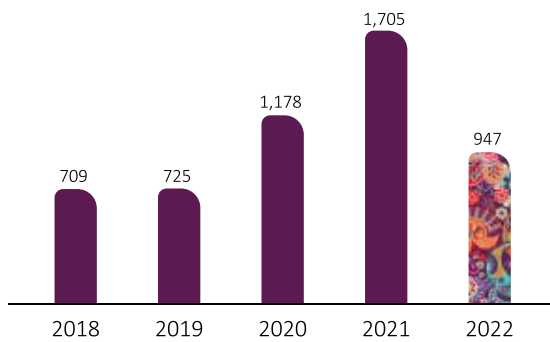
We will continue to do the good works that has helped us to create the strong platform for the company in last 25 years. We will focus on keeping our NPL at the lowest level possible with rigorous monitoring and collection strategy implementation, and strive to keep our operational costs at lower level 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.

FINANCIAL HIGHLIGHTS OF LANKABANGLA GROUP

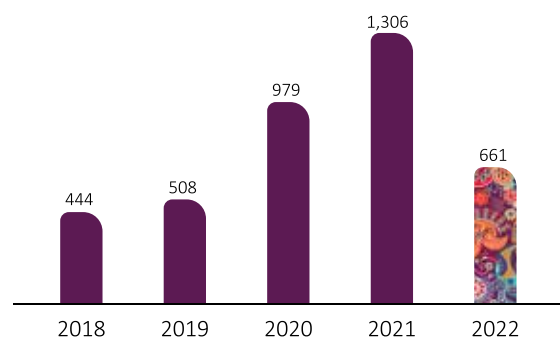
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All figures in BDT million except (%)

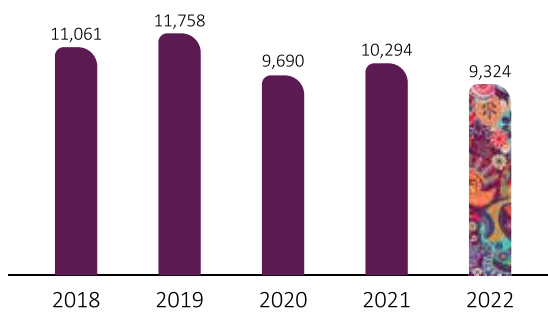
Financial Position	2018	2019	2020	2021	2022	Growth of 2022 over 2021	5 Year CAGR (%) / Average* 2022
Total Assets	87,889	84,363	81,835	88,927	90,765	2.07%	0.81%
Total Liabilities	77,954	74,708	71,612	78,053	79,769	2.20%	0.58%
Business Disbursement	38,754	33,666	22,007	34,269	43,770	27.72%	3.09%
Property 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)

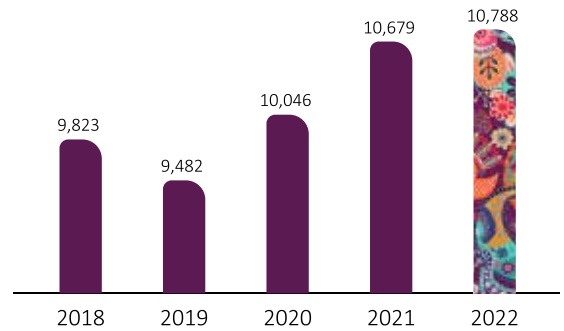
Net Profit before Tax (NPBT) decreased by 44.50% in 2022 compared to 2021. This is mainly because of decreasing income from share investments and commission, exchange, brokerage income.

Net Profit After Tax (Amount in BDT mn)

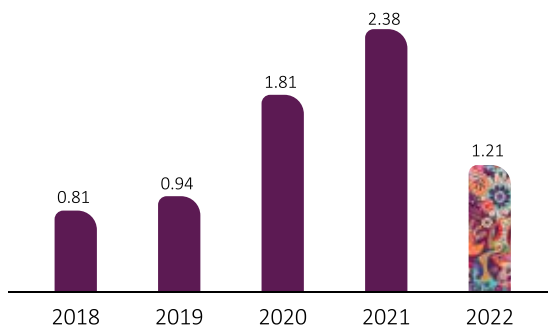
Net Profit after Tax (NPAT) decreased by 49.35% in 2022 compared to 2021. This is mainly because of decreasing income from share investments and fees, exchange, brokerage income.

Operating Revenue (Amount in BDT mn)

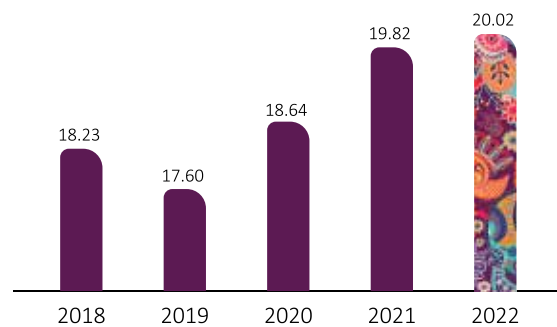
Operating Revenue has been decreased in 2022. Operating revenue decreased by 9.42% in 2022 compared to 2021 maintaining an average .77% over the five-year period. Operating revenue has decreased in investment income and commission, exchange, brokerage income.

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.

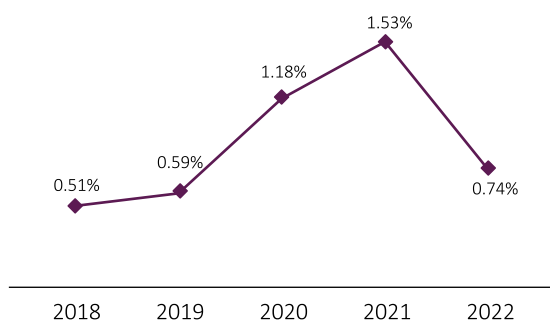
Earnings Per Share (EPS) (Amount in BDT)

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)

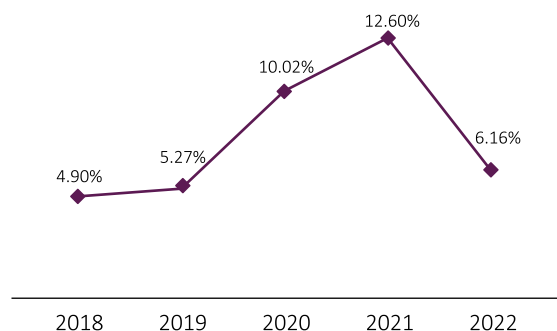
NAV increased to 20.02 in 2022 from 19.82 in 2021. Net profit after tax (NPAT) has contributed to increase NAV.

Return on Assets (%)



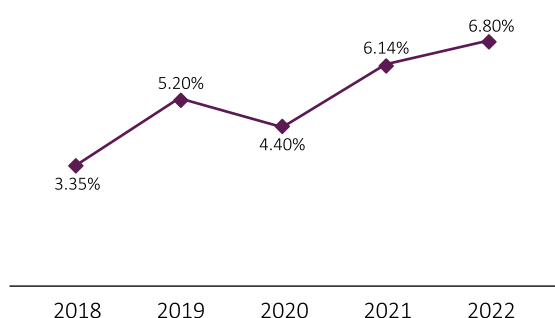
Return on Assets (ROA) also registered a decrease in 2022 by 0.74 percentage points due to decrease in net profit after tax (NPAT) during the year.

Return on Equity (%)



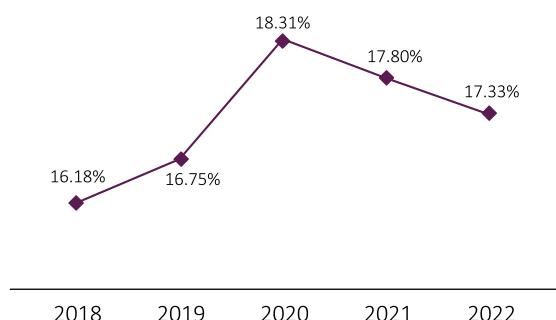
Return on Equity (ROE) decreased 6.16% in 2022 due to decrease in Net Profit after Tax during the year compared to ROE 12.60% in 2021.

NPL Ratio (%)



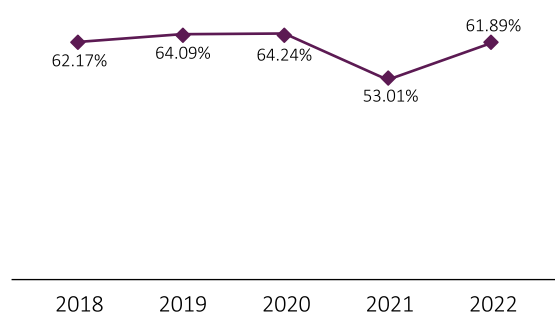
Though NPL increased by 0.66 basis point compared to 2021, effective and continuous effort has been deployed to manage the credit risks exposed by the Company for a resultant risk management in the future.

Capital Adequacy Ratio (%)



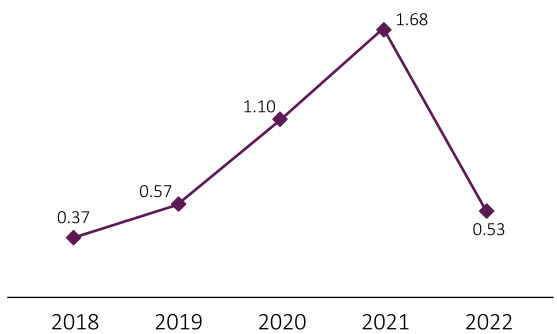
The CAR has decline to 17.33% in 2022 compared to 17.80% in 2021. The Company always endeavors to keep more than adequate capital in order to be compliant and risk free. Continuous monitoring of capital adequacy is undertaken.

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.

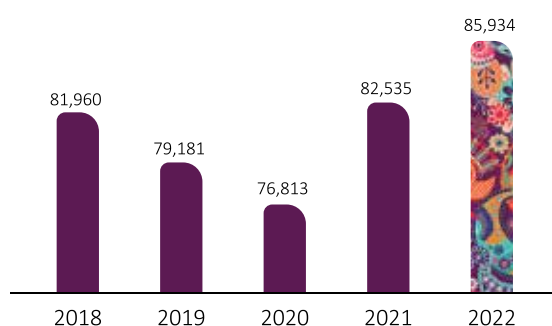
FINANCIAL HIGHLIGHTS OF LANKABANGLA FINANCIAL LIMITED

GRI: 102-7

All figures in BDT million except (%)

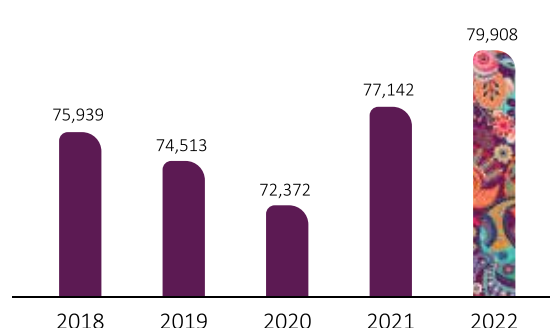
Financial Position	2018	2019	2020	2021	2022	Growth of 2022 over 2021	5 Year CAGR (%) / Average 2022
Total Assets	81,960	79,181	76,813	82,535	85,934	4.12%	1.19%
Total Liabilities	71,623	69,163	66,317	71,461	74,766	4.62%	1.08%
Business Disbursement	38,754	33,666	22,007	34,269	43,770	27.72%	3.09%
Property 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	AA3		
Short Term	ST-2	ST-2	ST-2	ST-2	ST-2		

Total Assets (Amount in BDT mn)



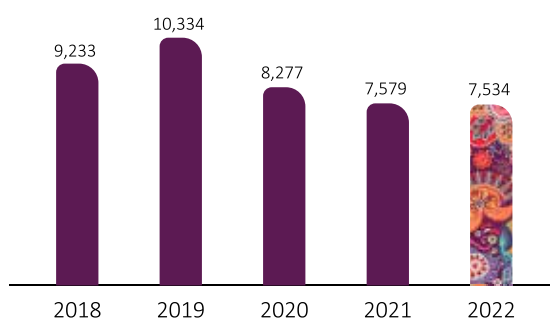
In 2022 Total Assets Increased by 4.12% compared to 2021 maintaining an average growth of 1.19% over the last 5 years.

Total Investment Portfolio (Amount in BDT mn)



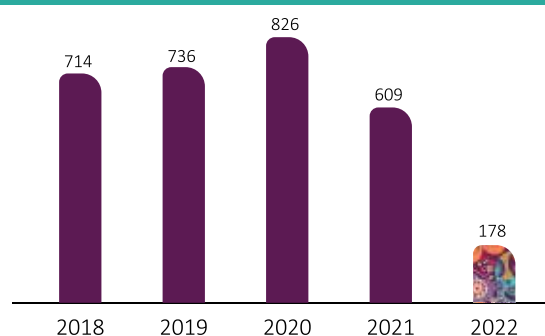
Total Investment portfolio increased by 3.59% in 2022 from that of 2021 registering an average growth of 1.28% in last 5 years. Effective Investment policy contribute in this increased amount.

Operating Revenue (Amount in BDT mn)



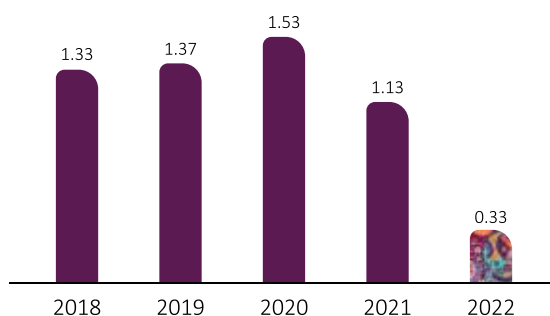
Operating revenue decreased 0.60% in 2022 over 2021. Operating revenue has declined because of decreasing income from investment.

Net Profit After Tax (NPAT) (Amount in BDT mn)



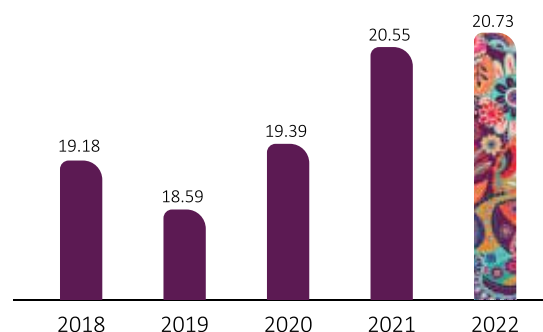
Net Profit after Tax (NPAT) registered a negative growth in 2022 due to decrease of investment income, interest rate cap by the regulator and increase of realized foreign exchange loss.

Earnings Per Share (EPS) (Amount in BDT)

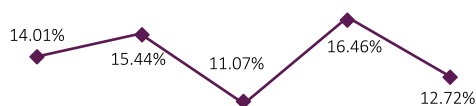


EPS decreased to BDT 0.33 in 2022 compared to BDT 1.13 in 2021.

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



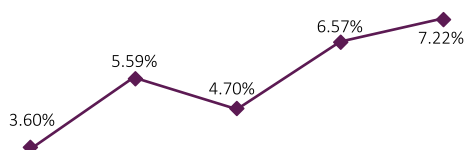
NAV slightly increased to 20.73 in 2022 compared to 20.55 in 2021 maintaining an average growth of 0.85% over the 5-year period.

Operating Profit Ratio (%)

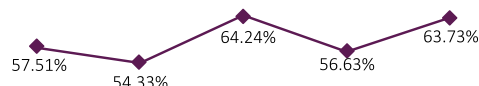
Operating margin decreased by 22.71 percentage in compared with 2021. This is because of decrease in investment income.

Capital Adequacy Ratio (%)

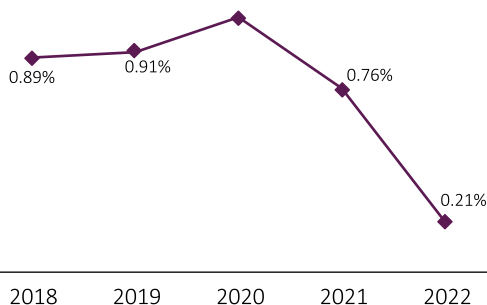
The CAR has decreased by 6.56% in 2022 compared to 2021. Continuous monitoring of capital adequacy is undertaken.

NPL Ratio (%)

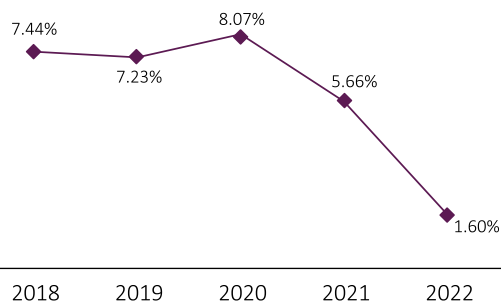
Though NPL Increased by 0.65 basis points compared to 2021, effective and continuous effort has been deployed to manage the credit risks exposed by the Company for a resultant risk management in the future.

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 .76% in 2021. Decrease in ROA is triggered by the decrease in net profit after tax (NPAT) during 2022.

Return on Equity (%)

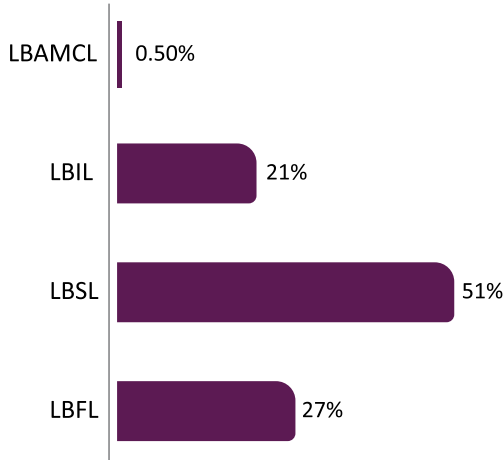
In 2022 ROE experienced a negative growth in a figure of 1.60% compared to 5.66% in 2021. Decrease in net profit after tax (NPAT) has contributed for decreased in ROE.

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.

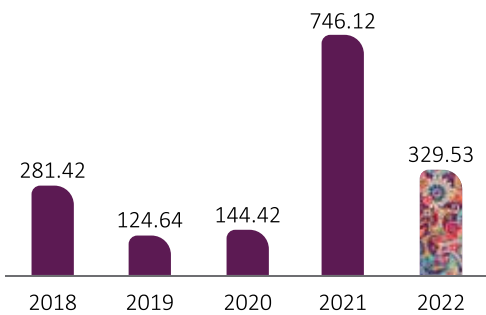
PAT Contribution of the Group in 2022



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.

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	
Real GDP (Percent change from previous year)	2021	2022e	2023	2024
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

* 2022e 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 to 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.

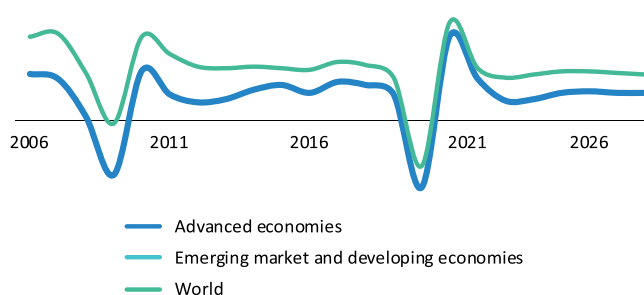
Source-Global Economic Prospects (Jan'23), World Bank

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.

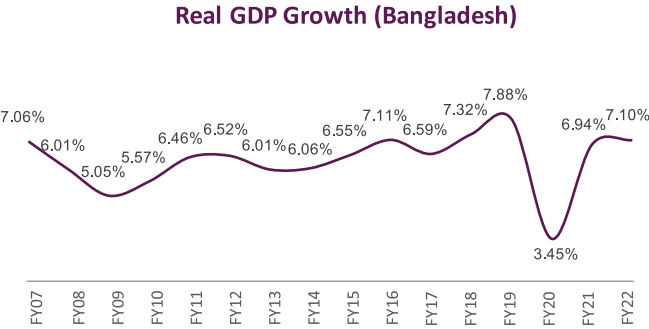
Real GDP growth (Annual % change)



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.

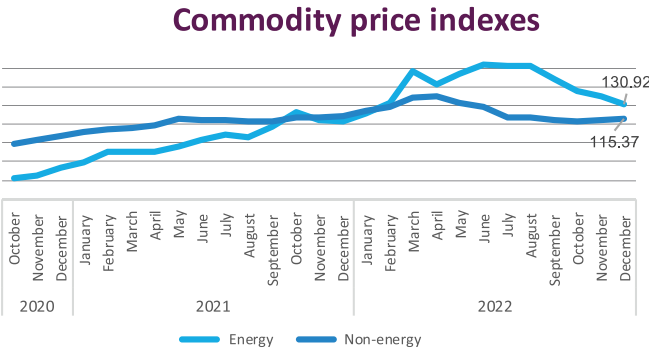
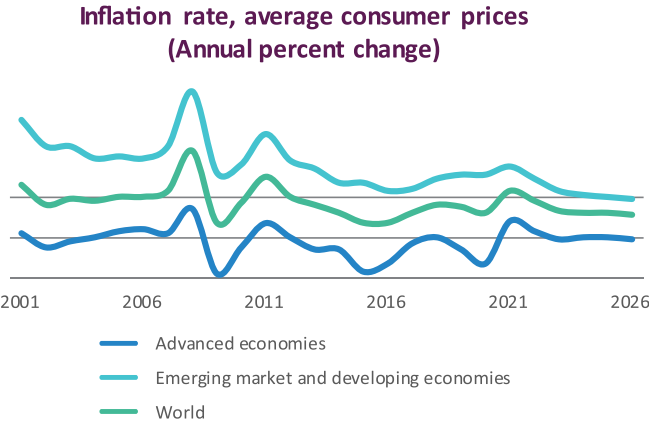


*New Base, FY22- Provisional

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.

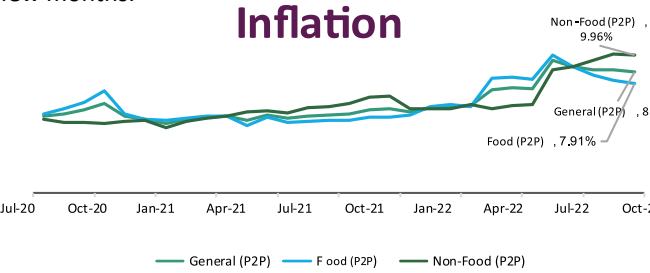
The Central Bank of Bangladesh aims to keep annual average CPI-based general inflation to 5.60% in FY23. Average inflation rate stood at 6.15% at the end of FY22, which was 85% higher than the fiscal budget.



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.

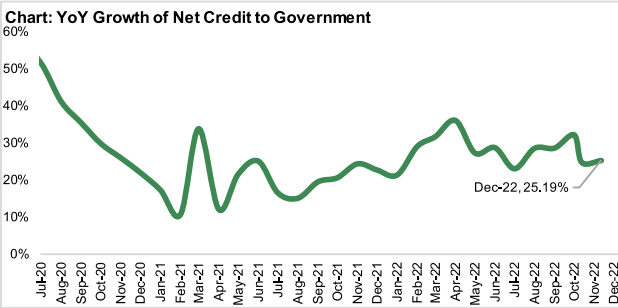


Source- Bangladesh Bureau of Statistics

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

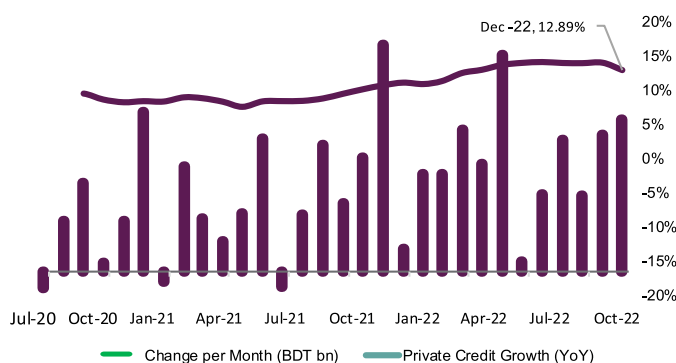
Govt. net borrowing increased by 25.19 percent (YoY) in Dec'22. It stood at 2,936.19 billion at the end of Dec'22. The government has targeted to borrow BDT 1,063.34 billion from the banking sector in FY23. Currently, banking sector is experiencing a liquidity shortage due to a slow deposit growth against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



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.

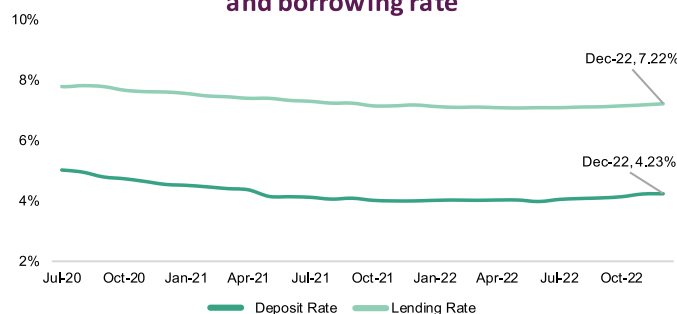
NBR Tax Revenue

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.

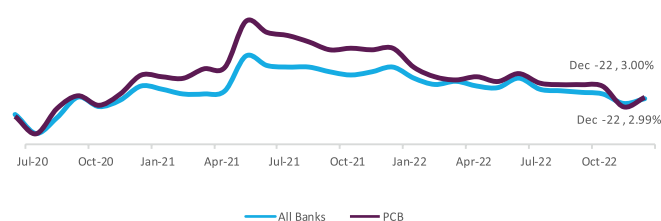
Interest Rate

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

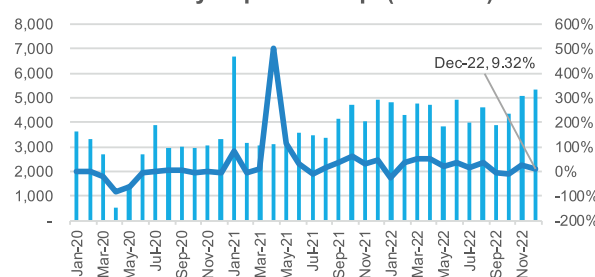


Source- Bangladesh Bank

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)



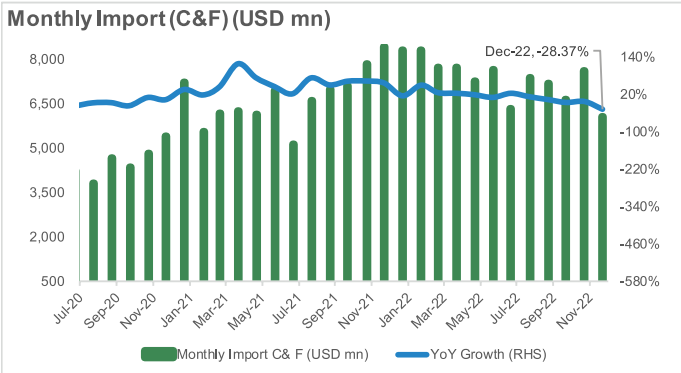
Source- Bangladesh Bank

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.

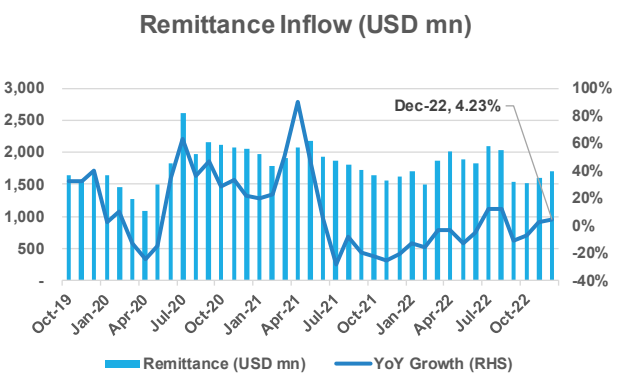


Source- Bangladesh Bank

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.



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

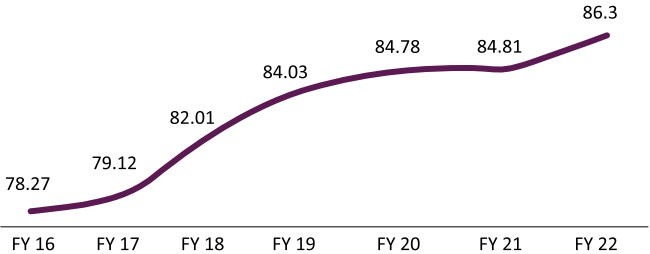
remittance transfers. The ongoing pandemic and geopolitical risks could pose challenges to the remittance sector.

Exchange Rate

The exchange rate rose sharply to BDT 108 from BDT 84.8 against the US dollar within a year. The central bank approved the floating rate of dollars on September 14. The taka has also lost its value sharply against the US dollar amid a shortage of the USD and a surge in import bills.

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)



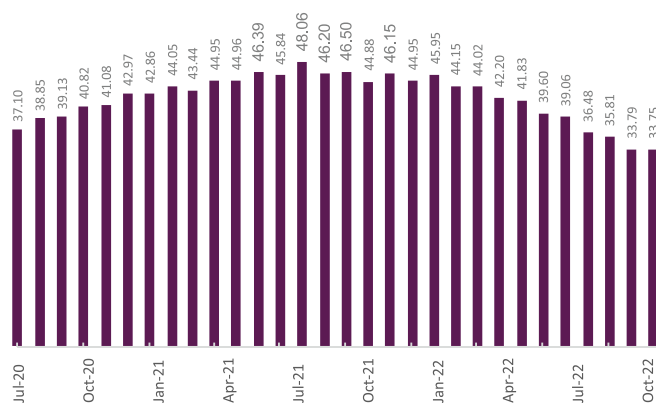
Source- Bangladesh Bank

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.

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.

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
6. IT systems and controls <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.
7. Preparation of consolidated financial statements <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.

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
Registration No

: **Hussain Farhad & Co., Chartered Accountants**
: 4/452/ICAB-84

Signature of the auditor


:

Name of the auditor

: **M Farhad Hussain FCA, Partner; Enrollment No.: 452**

DVC No.

: 2305030452AS249430

Place

: Dhaka

Dated

: 27 April, 2023

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

OFF-BALANCE SHEET ITEMS**CONTINGENT LIABILITIES**

Acceptances and endorsements

Letter of guarantee

Irrevocable letters of credit

Bill for collection

Other contingent liabilities

TOTAL CONTINGENT LIABILITIES**OTHER COMMITMENTS**

Documentary credits and short term trade-related transactions

Forward assets purchased and forward deposits placed

Undrawn note issuance and revolving underwriting facilities

Undrawn formal standby facilities, credit lines and other commitments

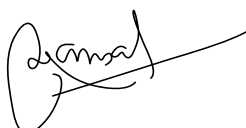
TOTAL OTHER COMMITMENTS**TOTAL OFF BALANCE SHEET ITEMS**

Notes	Amount in Taka	
	31.12.2022	31.12.2021
	-	-
	33,150,000	152,979,637
	-	-
	-	-
	-	-
	-	-
	33,150,000	152,979,637
	-	-
	-	-
	-	-
	-	-
	-	-
	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


Company Secretary



Director


Chief Financial Officer


Managing Director

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

Dhaka,
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

Notes	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)	36 (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)	-	-	-	-	-	-	-	(6,277,123)	(6,277,123)
Cash dividend (12.00%) for 2020	-	-	-	-	-	(646,606,348)	(646,606,348)	-	(646,606,348)
Balance as at 31 December 2021	5,388,386,230	1,090,888,800	2,049,579,830	50,837,370	13,961,042	2,085,145,574	10,678,798,845	195,222,367	10,874,021,211

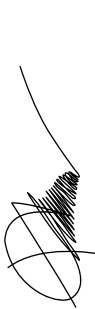
The annexed notes form an integral part of these consolidated financial statements.


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

OFF-BALANCE SHEET ITEMS**CONTINGENT LIABILITIES**

Acceptances and endorsements

Letter of guarantee

Irrevocable letters of credit

Bill for collection

Other contingent liabilities

TOTAL CONTINGENT LIABILITIES**OTHER COMMITMENTS**

Documentary credits and short term trade-related transactions

Forward assets purchased and forward deposits placed

Undrawn note issuance and revolving underwriting facilities

Undrawn formal standby facilities, credit lines and other commitments

TOTAL OTHER COMMITMENTS**TOTAL OFF BALANCE SHEET ITEMS**

Notes	Amount in Taka	
	31.12.2022	31.12.2021
	-	-
	33,150,000	152,979,637
	-	-
	-	-
	-	-
	33,150,000	152,979,637
	-	-
	-	-
	-	-
	-	-
	-	-
	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


Chief Financial Officer


Managing Director

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)	(11.43)	(4.32)

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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	Share Capital	Statutory Reserve	Revaluation Reserve	Retained Earnings	Amount in Taka	
					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


Company Secretary

Dhaka,
27 April 2023


Director


Managing Director


Chief Financial Officer

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

Amount in Taka						
Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	above 5-years term	Total
Assets						
Cash in hand (including balance with Bangladesh Bank)	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 it's no objection regarding such departure on a letter dated November 09, 2022.

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.

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/CMRRCD/2009-193/196, dated 28 December 2016, and circular# SEC/CMRRCD/2009-193/203) dated, 28 December 2017 and subsequent extension up to 2023 through press release on 16 July, 2020 the required provisions against unrealised loss for the year 2020 has been kept.</p>	<p>IFRS 09 requires a robust analysis to ascertain the extent of impairment related to credit risk of individual loan clients. It also requires probability ascertainment of various possible outcome to calculate the expected credit loss. It requires professionals to engage for an unbiased judgement to measure the probability-weighted credit losses. Based on the mentioned facts, the amount of provision for leases, loans and advances couldn't be ascertained and the effect of departure too.</p> <p>However, in consolidated and separate Financial Statements, provision for leases, loans, advances have been charged for 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>	As per FID circular No. 08 dated 03 August 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; however, in case of any unrealized gain, no such gain can be recognized and investments are recognized at cost only.	As per Bangladesh Bank and BSEC guidelines, no profit has been recognized in the profit and loss account against unrealized gain.
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>	As per DFIM circular No. 04 dated 26 July 2021, once an investment on leases, loans and advances is termed as "Special Mention Account (SMA)" or "classified" (SS, DF, BL), interest income from such investments are not allowed to be recognized as income, rather the respective amount needs to be credited as a liability account like: interest suspense account.	As the facts mentioned in Serial no. 1, the expected credit losses couldn't be measured for the financial assets which have become credit impaired since initial recognition, interest income on such credit-impaired financial assets also couldn't be measured and the effect of departure too. However, at year end, in Consolidated Financial Statements interest suspense account has 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.
4	Loans and advances net of provision	IFRS 9 "Financial Instruments"	Loan and advances shall be recognized net of impairment loss.	As per FID circular No. 08 dated 03 August 2002, DFIM circular No. 04 dated 26 July 2021, provision on loans and advance is presented separately as liability.	Impairment loss/Provision cannot be netted off against loan and advances.
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>	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.

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"	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.	Presentation of financial statements is not aligned with requirements of the IAS 1. Moreover, BDT 0.33 million general provision have been kept on outstanding balance of Off-balance sheet exposures
11	Complete set of financial statements	IAS 1 "Presentation of Financial Statements"	As per IAS 1 "Presentation of Financial Statements" complete set of financial statements are i) statement of financial position, ii) statement of profit or loss and other comprehensive income, iii) statement of changes in equity, iv) statement of cash flows, v) notes, comprising significant accounting policies and other explanatory information and vi) statement of financial position at the beginning of preceding year for retrospective restatement.	As per DFIM Circular-11, Date-23 December 2009, complete set of financial statements are i) balance sheet, ii) profit and loss account, iii) statement of cash flows, iv) statement of changes in equity, v) statement of liquidity, vi) notes, comprising significant accounting policies and other explanatory information.	Presentation of financial statements is not aligned with requirements of the IAS 1. There is no financial impact for this departure in the financial statements.
12	Intangible asset	IAS 1 "Presentation of Financial Statements"	As per IAS 1 "Presentation of Financial Statements" para 54 the statement of financial position shall include separate line item for intangible assets.	As per DFIM Circular-11, Date-23 December 2009, there is no option for separate line item for intangible asset in the balance sheet. We present intangible asset in the balance sheet as part of fixed assets and provide details in annexure-A as separate line item.	Presentation of financial statements is not aligned with requirements of the IAS 1. There is no financial impact for this departure in the financial statements.
13	Fair value through other comprehensive income	IAS 1 "Presentation of Financial Statements"	As per IAS 1 "Presentation of Financial Statements, any change in revaluation reserve in long term investment are to be recognized in 'Other comprehensive income'.	As per DFIM Circular-11, Date-23 December 2009, complete set of financial statements does not contain 'Other comprehensive income' and thus any change in revaluation reserve will not be shown in 'Other comprehensive income'.	During the year, the OCI would show positive income of BDT 454.99 million if presented which would make total comprehensive income of BDT 633.48 million in separate financial statement.

2.6 Components of the financial statements

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

- 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:

- a) Balance with other banks and financial institutions, money at call and short notice etc. are on the basis of their term.
- b) Investments are on the basis of their residual maturity term.
- c) Loans and advances are on the basis of their repayment or maturity schedule.
- d) Fixed assets are on the basis of their useful lives.
- e) Other assets are on the basis of their adjustment.
- f) Borrowings from other banks and financial institutions as per their maturity or repayment term.
- g) Deposits and other accounts are on the basis of their maturity 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 statement of comprehensive account. Fixed assets are reviewed for impairment whenever events or charges in circumstances indicate that the carrying amount of an asset may be impaired. This is 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.

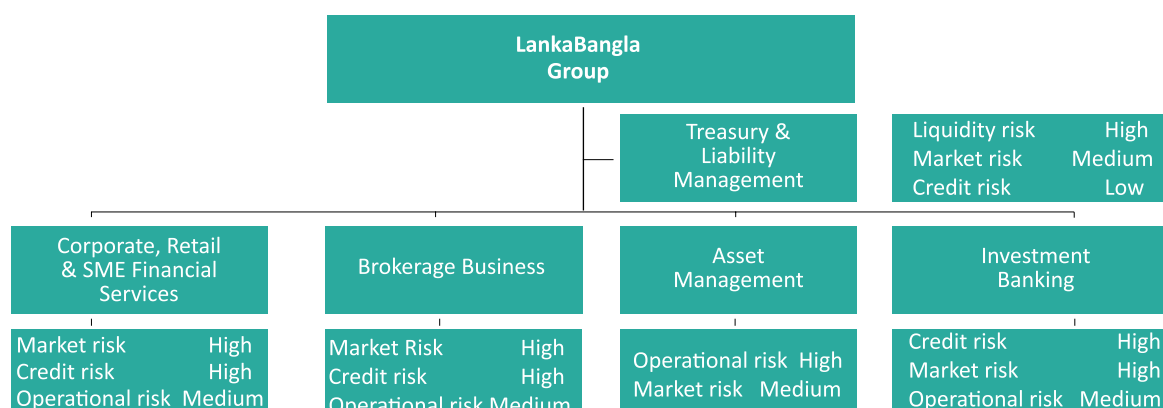
In line with Bangladesh Bank requirement, the Company has already formed BASEL Implementation Unit (BIU) to ensure timely implementation of BASEL II accord.

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 management of the Group's credit risk, including:

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

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

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

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

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

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

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

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

B. Liquidity Risk

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

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

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

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

C. Market Risk

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

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

D. Operational risks

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

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

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

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

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

E. Anti- money laundering and terrorist financing risk

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

- i) Business Risk which is the risk that LBFL may be used for money laundering or for the financing terrorism and
- ii) Regulatory risk which is the risk that LBFL fails to meet regulatory obligations under the Money Laundering Prevention Act, 2012 (subsequently amended in 2015) and Anti-Terrorism Act 2009 (subsequently amended in 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

5.1 Non interest bearing current account

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
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

<u>Stock Exchange</u>	<u>Type of Shares</u>	<u>Number of Shares</u>	<u>Face Value</u>	<u>Face Value amount</u>
Dhaka Stock Exchange	Floated (53.33%)	2,886,042	10	28,860,420
	Blocked (46.67%)	2,525,287	10	25,252,870
		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 unrealised 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

8 Consumer Finance

- A. Personal Loan
- B. Auto Loan
- C. Employee/Staff Loan
- D. Credit Card
- E. Loan Against Deposit

9 Others**7.1.8 Particulars of loans, advances and leases**

- i) Loan considered good in respect of which the Bank/ FI is fully secured
- ii) Loan considered good for which the Bank/FI holds no other security than the debtor's personal security.
- iii) Loan considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.
- iv) Loan adversely classified for which no provision is created.

- v) Loan due by directors or officers of the Bank/ FI or any of them either jointly or separately with any other persons.
- vi) Loan due by companies and firms in which the directors of the Bank/FI have interests as directors, partners or managing agent or in case of private companies as members.

Note: These loans, advances and leases are given to subsidiaries companies where some of the Directors of LankaBangla Finance Limited are Directors in those subsidiaries companies

- 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.

- 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
- b) Amount of provision kept against loans classified as bad/ loss as at the Balance Sheet date

- c) Amount of interest credited to the interest suspense account

xi) Cumulative amount of written off loans:

Opening Balance

Amount written off during the year

Amount received from written off during the year

Balance of written off loans and advances yet to be recovered

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
1,960,494,191	2,650,151,337	1,956,239,007	2,643,936,447
2,741,640,000	2,690,739,044	2,741,640,000	2,690,739,044
433,773,788	445,242,645	433,773,788	445,242,645
4,786,388,280	4,487,918,071	4,786,388,280	4,487,918,071
526,151,388	478,445,312	526,151,388	478,445,312
5,327,039,248	5,784,321,029	-	-
65,085,799,903	62,887,779,221	61,331,185,920	58,775,033,963
35,528,926,883	35,866,948,666	37,105,607,333	37,544,739,327
10,117,682,713	10,278,453,991	4,786,388,280	4,487,918,071
19,439,190,307	16,742,376,564	19,439,190,307	16,742,376,564
-	-	-	-
65,085,799,903	62,887,779,220	61,331,185,920	58,775,033,962
434,475,928	440,965,461	430,220,744	434,750,571
-	-	1,576,680,450	1,677,790,661
159,509,138	152,494,573	159,509,138	152,494,573
-	-	-	-
-	-	-	-
-	-	-	-
4,427,819,618	3,859,018,138	4,427,819,618	3,859,018,138
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
(79,236,306)	265,079,191	(79,236,306)	265,079,191
2,848,645,831	2,605,050,273	1,270,919,574	1,198,467,118
105,909,817	266,321,953	90,134,351	95,178,851
(33,552,850)	(22,726,395)	(33,552,850)	(22,726,395)
2,921,002,798	2,848,645,831	1,327,501,075	1,270,919,574

Leases, Loans, and advances-geographical location-wise

Inside Bangladesh

Urban

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
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
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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)		903,957,220	859,050,323	138,181,429	110,091,537
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					
Opening Balance		487,767,949	402,510,916	309,508,660	270,284,160
Add: Addition during the year		89,143,935	86,300,363	76,179,654	39,224,500
		<u>576,911,884</u>	<u>488,811,279</u>	<u>385,688,314</u>	<u>309,508,660</u>
		-	1,043,330	-	-
Less: Adjustment during the year		576,911,884	487,767,949	385,688,314	309,508,660
		<u>576,911,884</u>	<u>487,767,949</u>	<u>385,688,314</u>	<u>309,508,660</u>
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		202,880,431	174,550,209	158,860,190	121,632,283
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		6,155,503	4,984,064	4,011,804	1,780,241

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
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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) vides 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
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Income generating assets

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

10.1 Inside Bangladesh

Secured:

Bank overdraft	(Note- 10.1.1)
Long term loan	(Note- 10.1.2)
REPO against Govt. Treasury Bonds	
Lease liability-Vehicles	

Unsecured:

Call loans	(Note- 10.1.3)
Short term borrowings	(Note- 10.1.4)
Zero Coupon Bond	(Note- 10.1.5)
Subordinate bond	(Note- 10.1.6)
Long term loan-SME Foundation	
Lease liability- Office premises	(Note- 10.1.7)

LankaBangla Group		LankaBangla Finance Limited	
31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
720,817,101	141,670,873	720,817,100.5	141,670,873
14,467,953,022	7,033,187,534	13,920,087,264	6,491,063,021
152,962,191	31,340,143	152,962,191	31,340,143
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
-	1,070,000,000	-	1,070,000,000
4,645,982,313	3,796,054,180	3,120,000,000	2,020,000,000
928,202,708	799,544,859	997,125,972	773,953,155
1,269,598,991	1,733,693,397	1,390,532,324	1,884,860,064
331,412,500	75,650,000	331,412,500	75,650,000
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

Secured by Pari Passu sharing agreement

Commercial Bank of Ceylon
Midland Bank Limited
BASIC Bank Limited
Prime Bank Limited
Dhaka Bank Limited
Mercantile Bank Limited
Modhumoti Bank Limited
Mutual Trust Bank Limited

(8,410,187)	(123,074,452)	(8,410,187)	(123,074,452)
(8,410,187)	(123,074,452)	(8,410,187)	(123,074,452)
-	(69,233)	-	(69,233)
157,396,303	76,251,383	157,396,303	76,251,383
99,956,404	6,646,585	99,956,404	6,646,585
29,232	29,232	29,232	29,232
95,445,676	3,995,513	95,445,676	3,995,513
198,107,084	127,545,230	198,107,084	127,545,230
-	22,530,079	-	22,530,079
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
Add: Addition during the year

Less: Adjusted during the year

Closing Balance

Details of the above balance is presented below:

From Bangladesh Bank and its agents Bank

Bangladesh Bank (under re-finance)- Women Entrepreneur
Bangladesh Bank (under re-finance)- Mortgage Loan
Bangladesh Bank (under re-finance)- IPFF Fund
Bangladesh Bank (under re-finance)- ADB Project
Bangladesh Bank (under re-finance)- Covid-19 Stimulus Packages
Bangladesh Bank (under re-finance)- New Enterprise Fund
Bangladesh Bank (under re-finance)- Agro Processing Industry
Bangladesh Bank (under re-finance)- JICA Assisted Project-FSPDSME

7,033,187,534	4,610,616,118	6,491,063,021	4,164,223,427
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
2,605,418,612	1,713,058,558	2,411,159,857	1,458,790,379
14,467,953,022	7,033,187,534	13,920,087,264	6,491,063,021
644,704,881	459,794,048	644,704,881	459,794,048
208,007,960	259,147,691	208,007,960	259,147,691
97,642,901	114,618,725	97,642,901	114,618,725
155,427,067	142,267,386	155,427,067	142,267,386
2,231,009,167	585,956,128	2,231,009,167	585,956,128
561,683,037	177,486,905	561,683,037	177,486,905
468,043,150	184,782,580	468,043,150	184,782,580
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
Dutch Bangla Bank Limited
Investment Corporation of Bangladesh
Mercantile Bank Limited
Midland Bank Limited
National Credit and Commerce Bank Limited
One Bank Limited
Shahjalal Islami Bank Limited

468,750,000	187,500,000	468,750,000	187,500,000
1,788,684,738	250,000,000	1,788,684,738	250,000,000
-	33,415,412	-	-
1,096,320,001	607,128,780	1,096,320,001	607,128,780
320,819,586	169,235,669	227,240,226	-
1,335,341,253	337,849,299	1,185,941,920	331,790,915
304,887,065	201,438,698	-	-
-	21,484,646	-	-

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	Taka	Taka	Taka	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.

10.1.6 Subordinate bond

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
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
	<u>1,269,598,991</u>	<u>1,733,693,397</u>	<u>1,390,532,324</u>	<u>1,884,860,064</u>

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

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
	<u>425,557,884</u>	<u>466,179,359</u>	<u>214,144,693</u>	<u>297,645,066</u>
Less: Repayment during the year and adjustment	111,570,885	138,615,761	62,168,233	87,313,823
Closing Balance	<u>313,986,999</u>	<u>327,563,598</u>	<u>151,976,460</u>	<u>210,331,243</u>

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
	<u>2,554,018,515</u>	<u>3,486,656,427</u>	<u>2,554,018,515</u>	<u>3,486,656,427</u>

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
<u>Maturity grouping of borrowings from other banks and financial institutions</u>					
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				
<u>Product wise break-up of term deposit</u>					
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 Agroji (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

12.4.1 Provisions for leases, loans and advances

Corporate Finance

	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
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:		2022		2021	
a. Foreign sponsors		Percentage 31.12.2022	Number of shares	Number of shares	Taka
Sampath Bank Limited, Sri Lanka		9.47%	51,036,605	51,036,605	510,366,050
b. Local sponsors		24.08%	129,759,316	129,779,454	1,297,794,540
ONE Bank Limited, Bangladesh		3.78%	20,362,737	20,362,737	203,627,370
Individuals		20.30%	109,396,579	109,416,717	1,094,167,170
General shareholders		66.45%	358,042,702	358,022,564	3,580,225,640
		100.00%	538,838,623	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. Fakhrul Alam	Independent Director	-	-	-
Total			180,795,921	33.55%	180,816,059

Pursuant to the BSEC notification no. BSEC/CMRRCD/2009-193/10/Admin/118 Dated: 22 March 2021, no director or shareholder of LankaBangla Finance Limited ("The Company") holding 10% or more shares has availed any loan or credit facility through lien or pledge of their shares in the company or has not availed margin loan from any stockbroker or portfolio manager.

13.3 Capital Adequacy Ratio (CAR)

As per section 4(GHA) of the Financial Institution Regulations 1994, the minimum paid up capital of the Financial Institution (FI) shall be Tk. 100 crore; Provided that the sum of paid up capital and reserves shall not be less than the minimum capital determined by the Bangladesh Bank under the Risk-Based Assets of the Company. The surplus eligible capital of the Group as well as the company at the close of business on 31 December 2022 were Tk. 5,406.61 million and Tk. 4,096.82 million respectively.

Core Capital (Tier-1)

		LankaBangla Group 31.12.2022 Taka	LankaBangla Group 31.12.2021 Taka	LankaBangla Finance Limited 31.12.2022 Taka	LankaBangla Finance Limited 31.12.2021 Taka
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

Total assets including off -balance sheet exposures		12,782,914,633	13,125,260,179	11,184,686,480	11,768,364,043
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Total assets including off -balance sheet exposures		90,798,163,389	89,079,829,061	85,967,242,812	82,687,543,954
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B) Total risk weighted assets

Total risk weighted assets		73,763,055,699	74,187,172,225	70,878,681,018	69,687,975,469
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C) Required capital based on risk weighted assets (10% on B)

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
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D) Surplus capital (A-C)

Surplus capital (A-C)		5,406,609,063	5,706,542,957	4,096,818,378	4,799,566,496
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E) Capital Adequacy Ratio

Capital Adequacy Ratio		17.33%	17.69%	15.78%	16.89%
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F) Core Capital to RWA

Core Capital to RWA		14.91%	14.66%	12.74%	13.31%
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G) Supplementary Capital to RWA

Supplementary Capital to RWA		2.42%	3.03%	3.04%	3.57%
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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

15. Retained earnings

Opening Balance

Add: Profit for the year

Less: Adjustment during the year:

Transfer to statutory reserve during the year

Transfer to general reserve during the year

Capital Reserve

Changing in non-controlling interest

Cash dividend

LankaBangla Group		LankaBangla Finance Limited	
31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
2,734,958,130	2,874,470,304	2,132,551,327	2,722,469,139
2,085,145,574	1,593,921,220	1,954,062,260	2,113,466,482
649,812,556	1,280,549,083	178,489,067	609,002,658
645,375,036	789,324,730	574,536,436	768,406,879
35,697,813	121,800,532	35,697,813	121,800,532
(3,348,036)	5,427,945	-	-
72,128,398	13,961,042	-	-
2,058,237	1,528,863	-	-
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)

LankaBangla Securities Limited

LankaBangla Investment Limited

LankaBangla Asset Management Company Limited

Investment in subsidiaries at cost

LankaBangla Securities Limited

LankaBangla Investment Limited

LankaBangla Asset Management Company Limited

Revaluation reserve

Change in revaluation reserve

		7,237,034,144	6,781,541,737
		5,280,030,655	4,968,689,775
		965,234,067	824,868,130
		991,769,423	987,983,832
		5,100,186,963	5,099,686,963
		1,749,237,023	1,749,237,023
		2,404,999,940	2,404,999,940
		945,950,000	945,450,000
		2,136,847,181	1,681,854,774
		454,992,407	663,783,898

16 Non-controlling interest

See accounting policy in note (2.4)

Name of Subsidiaries

LankaBangla Securities Limited

LankaBangla Investments Limited

LankaBangla Asset Management Company Limited

LankaBangla Information System Limited

BizBangla Media Limited

Percentage in Non-controlling interest	Equity as on 31.12.2022	LankaBangla Group	
		31.12.2022 Taka	31.12.2021 Taka
3.3295682%	6,041,209,046	201,146,175	190,382,050
0.0000025%	965,234,091	24	21
0.0001057%	991,770,472	1,048	1,045
3.5229091%	6,388,665	225,067	214,018
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	<u>Credit Card</u>				
	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 ezipay account	88,920,648	38,335,816	88,920,648	38,335,816
	VISA card ezipay 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	<u>Home loan</u>				
	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	<u>Personal loan</u>				
	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)				
<u>Fees and documentations</u>				
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
<u>Others</u>				
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				
<u>Lending finance</u>				
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)			79,098,444	46,901,459
Changes in estimates related to prior period			-	-
			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.

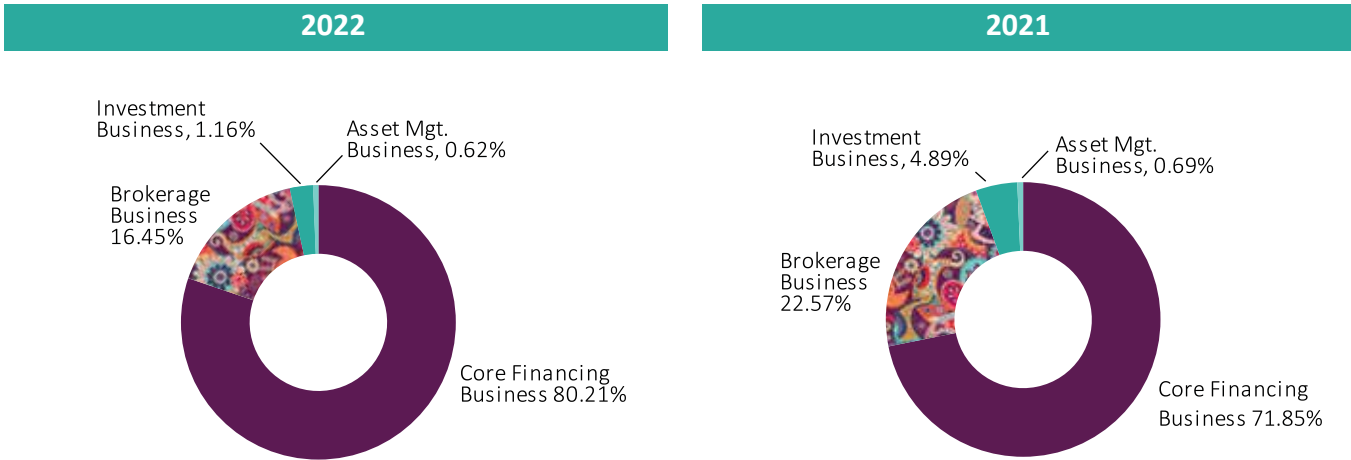
Amount in Taka

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

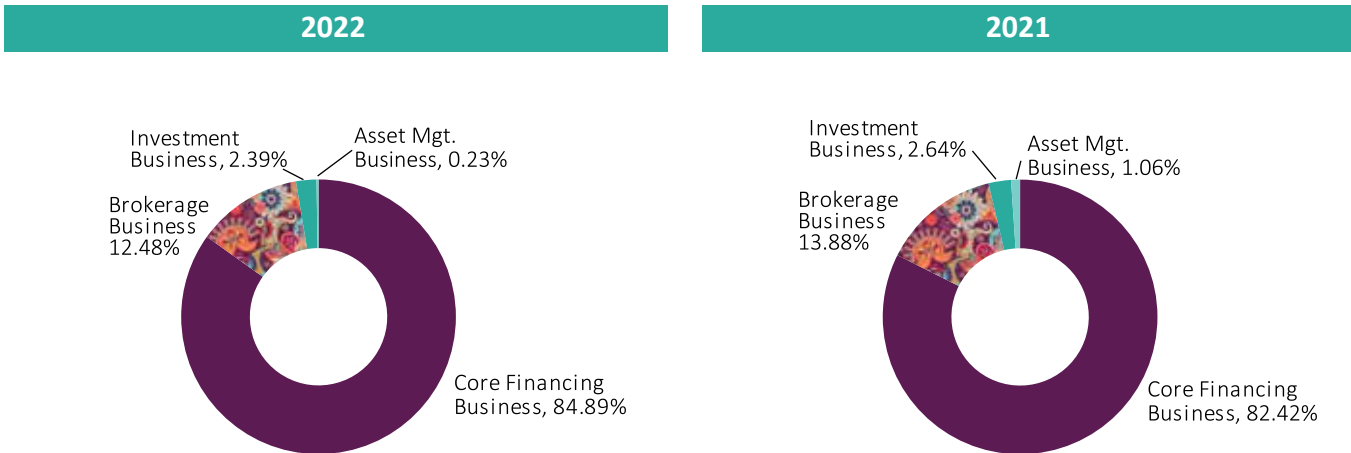
Particulars	For the year ended December 2021				
	Core Financing Business	Brokerage Business	Investment Business	Asset Management Business	Consolidated
Revenue from external customers					
Interest revenue	6,366,821,944	442,458,882	82,216,346	470,784	6,891,967,957
Revenue from investment	350,097,403	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)

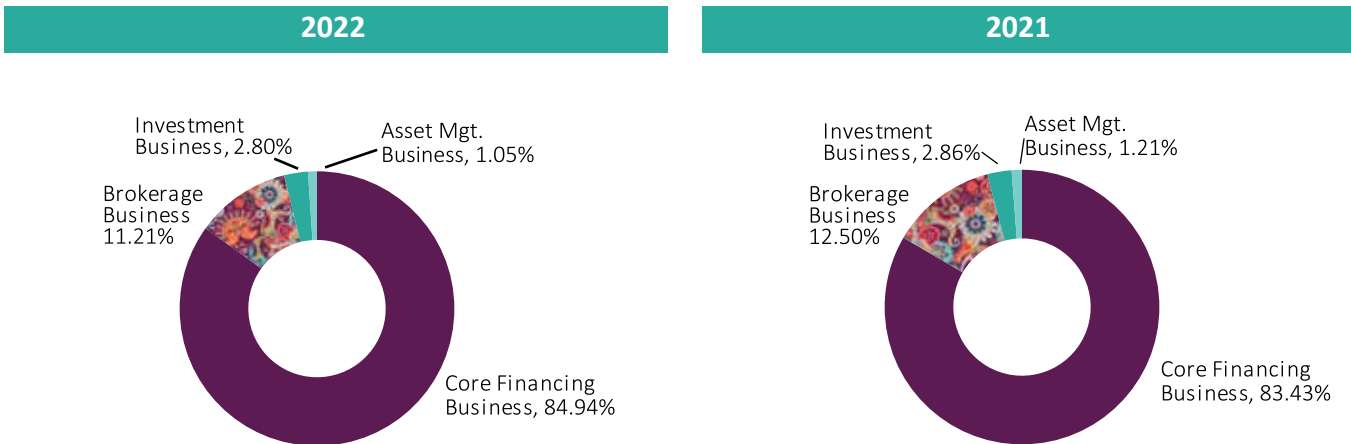
Revenue



Assets



Liabilities



38. Group subsidiaries

38.1 List of significant subsidiaries

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

Sl.	Name	Place of business	Ownership Interest
1	LankaBangla Securities Limited	Bangladesh	96.6704318%
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 LankaBangla 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 LankaBangla 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	50,000,000	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. Fakhru 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:

- The integrity of the financial statements of LBFL and its subsidiaries;
- The Company’s external auditors’ qualifications and independence,
- Performance and effectiveness of the Company’s internal and external audits,
- Internal controls and the measurement of operational risk,
- Compliance by the Company with legal and regulatory requirements.
- Examine any matter relating to the financial and other connected issues to the Company.
- Monitor all internal and external audit and Bangladesh Bank’s inspection program.
- Review the efficiency of internal control systems and procedures, in place.
- Review the quality of accounting policies and their adherence to statutory and regulatory compliance.
- Review the Company’s annual report and accounts and interim financial statements prepared for disclosure, before submission to the Board.
- Ensure that a well-managed sound financial reporting system is in place to provide timely reliable information to the Board of Directors, regulatory authorities, management and all other stakeholders.
- Ensure Company’s policies are firmly committed to the highest standards of good corporate governance practices and operations conform to the highest ethical standards and in the best interests of all stakeholders.

41. Impact of inflation and changing prices

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

Financial statements presented herein have been prepared in accordance with International Accounting Standards and International Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), which required the measurement of the financial position and operating results in terms of historical costs. However, in some cases, particular IAS/IFRS specifically suggests to measure some assets/liabilities at fair value. Such as IFRS 9 requires equity investments to be measured at fair value.

42. Others Disclosure

a) Reasons for significant variances in Net Profit after Tax

Consolidated Net Profit after tax for the year 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 from 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.
LankaBangla Investment Limited (LBIL)	140,365,940	324,461,163	(184,095,223)	(57%)	There are no requirement of provision for negative equity & others in 2022 where it was BDT 232,411,782 in 2021.
					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.
					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.
					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.
					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.

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%)	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. Operating expenses and tax of LBAMCL decreased by BDT 1,187,751 and 1,105,300 respectively.
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%)	EPS reduced by BDT 1.17 from BDT 2.38 in 2021 to BDT 1.21 in 2022, due to: I. Decreased income from share investments, and fee, exchange, and brokerage income. II. Reduction of interest income caused by imposition of rate cap by the regulator. III. Increase of interest expenses because of realized foreign exchange loss.
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**i) 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
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
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
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
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
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
	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
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
	487,767,949	89,143,935	-	576,911,884		313,217,740	60,813,713	-	374,031,454
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
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
	519,838,983	101,238,286	97,930,156	523,147,113		206,551,942	118,313,096	90,333,830	234,531,208
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
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
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
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
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
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
	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
	636,654,202	86,300,363	235,186,616	487,767,949		264,808,974	49,452,096	1,043,330	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
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
	453,883,965	171,688,566	105,733,547	519,838,983		160,821,134	124,200,334	78,469,526	206,551,942
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
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
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
Motor Vehicles	18,552,935	-	-	18,552,935	20	18,319,562	69,878	-	18,389,440
	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
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
	309,508,660	76,179,654	-	385,688,314		187,876,377	38,951,747	-	226,828,124
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
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
	330,466,312	7,057,450	31,707,323	305,816,438		140,896,806	65,055,671	29,638,209	176,314,269
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 Equal Monthly Lease period	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		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				
		Unclassified (UC)		Classified		SMA	Sub Standard (SS)	Doubtful (DF)		Bad/ Loss (BL)	Standard (if any)	SMA	Classified	Total
		Standard	SMA	Sub Standard (SS)	Doubtful (DF)									
Corporate Finance														
Lease finance	4,812,582,962	4,445,575,511	-	-	-	367,007,450	-	-	224,685,059	269,140,814	-	-	5,509,063	5,509,063
Secured Overdraft	37,649,473	37,649,473	-	-	-	-	-	-	-	376,495	-	-	-	-
Short term finance	720,002,352	720,002,352	-	-	-	-	-	-	-	7,200,024	-	-	-	-
Term loan to subsidiaries	1,576,680,450	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	325,811,370	-	-	-	108,870,804	-	-	87,618,663	90,876,777	-	-	11,881,173	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	58,664,305	121,619,273	50,725,152	22,732,211	43,107,672	99,679,059	5,011,211	24,672,375	29,683,586
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	228,004,265	404,789,279	573,049,586	5,441,235	28,373,236	33,814,471
Home loan	8,659,975,377	7,695,482,088	588,401,885	30,048,860	20,692,458	325,350,086	569,710,014	16,509,375	4,417,127	55,929,005	166,879,765	7,826,971	18,691,871	119,170,922
Personal loan	2,529,942,276	1,867,037,240	188,160,047	134,091,474	88,282,910	252,370,606	177,490,077	117,070,938	65,655,277	180,019,506	264,195,676	14,835	10,669,970	118,042,454
SUB-TOTAL	19,143,323,518	16,439,334,547	1,000,029,939	273,305,465	381,440,461	1,049,213,105	960,215,651	233,802,943	320,808,881	683,845,462	1,103,804,086	7,841,806	39,814,288	300,711,432
CMSME Finance														
Term loan	15,053,948,289	13,096,702,905	557,501,849	366,683,285	148,664,618	884,395,632	540,551,510	193,504,366	111,806,751	499,457,454	653,977,471	8,318,990	16,954,398	320,743,131
Lease finance	2,232,717,576	2,168,028,121	24,262,037	25,393,240	318,685	14,715,493	23,465,179	16,576,430	278,146	12,991,047	23,038,735	10,702,721	796,858	14,292,351
Auto loan	1,386,418,193	1,184,471,932	119,371,732	33,000,560	40,675,699	8,898,270	115,647,598	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	20,115,120	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	-	15,068,946
Real state developer finance	35,224,550	-	-	-	-	35,224,550	-	-	-	7,503,966	7,503,966	-	2,412,584	2,412,584
Secured Overdraft	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loan	170,652,650	118,551,431	-	21,452,113	-	30,649,106	-	11,830,360	-	17,906,065	20,568,516	-	16,263,799	16,263,799
Syndication finance	338,125,213	338,125,213	-	-	-	-	-	-	-	-	845,313	-	-	-
Work order finance	14,539,560	-	-	-	-	14,539,560	-	-	-	7,039,560	7,039,560	-	-	-
SUB-TOTAL	22,343,302,468	19,782,910,788	807,635,319	491,351,666	194,249,618	1,067,155,077	785,959,411	289,852,042	151,617,192	577,022,075	800,055,180	19,095,663	21,679,966	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	3,072,408,302	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	
House/Merchant Banks/Stock Dealers etc. (FBMSD)	2.00%
Special Mention Account of leases, loans and advances (SMA)	5.00%
Sub-standard of leases, loans and advances (SS)	20.00%
Doubtful of leases, loans and advances (DF)	50.00%
Bad/loss of leases, loans and advances (BL)	100.00%

HIGHLIGHTS

(As per Bangladesh Bank guidelines)

Annexure-D

Amount in taka (million)

Sl. No.	Key indicators	LankaBangla Group		LankaBangla Finance Limited	
		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

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

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)

Revenue
Stamp
Tk. 20/-

Signature of shareholder (s)

BO ID No.

No. of shares being held

Note

- ▶ The "Proxy Form", duly filled, signed and stamped at BDT 20.00 must be sent through email at share.lbfl@lankabangla.com not later than 48:00 hours before commencement of the AGM.
- ▶ Signature of the Shareholders should agree with the Specimen signature registered with the Company.