

**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 490.19 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><b>01. Measurement of provisions for leases, loans, and advances</b></p> <p>The process of estimating the provisions for leases, loans, and advances portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis, these provisions consider the estimates of future business performance and the market value of 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> <ul style="list-style-type: none"> <li>Completeness and timing of recognition of the loss events in accordance with criteria set out in FID circular No. 08 dated 03 August 2002, DFIM circular 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. Provision measurement primarily depends on key assumptions relating to the probability of default, the ability to repossess collateral, and recovery rates.</li> <li>The gross interest income &amp; net interest of LankaBangla group has increased by 2.84% &amp; 2.72%, respectively, from last year. And interest suspense has decreased by 7.52% from last year.</li> </ul> <p><b>See note no 2.28.1, 12.3 &amp; 12.4 to the financial statements</b></p>	<p>Our procedures, in relation to the key audit matters described, included, among others:</p> <ul style="list-style-type: none"> <li>Tested the credit appraisal, loan disbursement procedures, monitoring, and provisioning process.</li> <li>Identified loss events, including early warning and default warning indicators.</li> <li>Reviewed quarterly Classification of Loans (CL).</li> <li>Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines.</li> <li>Reviewed Bangladesh Bank circulars and other guidelines related to confront this pandemic.</li> </ul> <p>Our substantive procedures in relation to the provisions for leases, loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> <li>Reviewed adequacy of the company's general and specific provisions as per Quik Summary Report (FID/19/02/2023-378 dated 10th April 2023).</li> <li>Assessed the methodologies on which the provision amounts were based, recalculated the provisions and tested the completeness and accuracy of the underlying information.</li> <li>Reviewed disbursement procedure related to SME stimulus packages as per Bangladesh Bank guidelines.</li> </ul> <p>Finally, the appropriateness and presentation of disclosures were assessed against relevant accounting standards and Bangladesh Bank guidelines.</p>
<p><b>2. Carrying value of investments in subsidiaries by LankaBangla Finance Limited and impairment assessment of unquoted investments</b></p> <ul style="list-style-type: none"> <li>The LankaBangla Finance Limited (the "Company") has invested in equity shares of its subsidiaries LankaBangla Securities Limited, LankaBangla Asset Management Company Limited and LankaBangla Investment Limited. As of 31st December 2022, the carrying value of the investment was BDT 7,237.03 million (2021: BDT 6,781.54 million).</li> <li>In the absence of a quoted price in an active market, the fair value of unquoted shares and bonds, especially any impairment, is calculated using valuation techniques that may consider direct or indirect observable market data and hence require an elevated level of judgment.</li> <li>Management has applied IFRS 9, (as permitted by IAS 27) for accounting of investment in subsidiaries in the company's separate financial statements. As per IFRS 9, investment in a subsidiary is measured at fair value through other comprehensive income.</li> </ul> <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><b>See note no. 2.5, 2.17 &amp; 9 to the financial statements.</b></p>	<p>Our audit procedures, in relation to key audit matters includes the following approach:</p> <ul style="list-style-type: none"> <li>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.</li> <li>Assessed to confirm whether adequate processes and controls were in place to ensure all major investment decisions were taken with proper due diligence.</li> <li>Recalculated the investment on a sample basis and checked the results and disclosures against relevant accounting standards and Bangladesh Bank guidelines.</li> <li>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.</li> </ul> <p>The impact has been disclosed in Note 15A of the notes to the financial statements.</p>
<p><b>3. Investment and provision for diminution in value of the investment</b></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>We focused on this area because of the significance of the investments in the financial statements and departure from the recognition and presentation criteria of IFRS 9, IFRS 7 &amp; IAS 32 to comply with the Bangladesh Bank directives for determining the valuation methodology and presentation to be applied by the management of the company.</p> <p><b>See notes no. 2.17, 2.5, 6 &amp; 12 to the financial statements.</b></p>	<p>Our audit procedures included updating our understanding of the business processes employed by the company for accounting for, and valuing, their investment portfolio.</p> <p>Our audit approach was a combination of test of internal control and substantive procedures. Following are the major steps that we covered during the audit:</p> <ul style="list-style-type: none"> <li>Obtained sufficient &amp; 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.</li> <li>Assessed the design and operating effectiveness of the group's key controls supporting the identification, measurement and oversight of valuation risk of financial assets.</li> </ul>
<p><b>4. Measurement of deferred tax assets</b></p> <p>LankaBangla Finance Ltd. has not recognized deferred tax assets regarding unabsorbed tax losses, unabsorbed capital allowance, and other time 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><b>See notes no 2.39(b), 2.5(6) and 9.1.1.1 to the financial statements.</b></p>	<p>Our procedures, in relation to the key audit matters described, included, among others:</p> <ul style="list-style-type: none"> <li>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.</li> <li>Assessed the completeness and accuracy of the data used to estimate future taxable income.</li> <li>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.</li> <li>Assessed the adequacy of the company's disclosures setting out the basis of deferred tax asset balances and the level of estimation involved.</li> <li>Also assisted in evaluating the tax implications and the reasonableness of estimates and calculations determined by management.</li> <li>Finally, we assessed the appropriateness and presentation of disclosures against IAS 12- Income Tax.</li> </ul>
<p><b>5. Legal and regulatory matters</b></p> <p>We focused on this area because LankaBangla Finance Limited and its subsidiaries (the "Group") operate in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are 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><b>See note no 1 to the financial statements.</b></p>	<p>Our procedures, in relation to the key audit matters described, included, among others:</p> <ul style="list-style-type: none"> <li>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.</li> <li>Enquired to those charged with governance to obtain their views on the status of all significant litigation and regulatory matters.</li> <li>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.</li> <li>Assessed the methodologies on which the provision amounts were based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</li> <li>Also assessed the group's provisions and contingent liabilities disclosure.</li> </ul>
<p><b>6. IT systems and controls</b></p> <p>Our audit procedures focused on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT-dependent manual controls.</p> <p>Our areas of audit focus included:</p> <ul style="list-style-type: none"> <li>IT security management.</li> <li>IT risk management.</li> <li>Service delivery management.</li> <li>Infrastructure security management.</li> <li>Access control.</li> <li>Business Continuity and Disaster Recovery Management, etc.</li> </ul>	<p>Our procedures, in relation to the key audit matters described, included, among others:</p> <ul style="list-style-type: none"> <li>Tested the design and operating effectiveness of the group's IT access controls over the information systems critical to financial reporting.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ul>
<p><b>7. Preparation of consolidated financial statements</b></p> <p>LankaBangla Finance Limited has a direct ownership interest in LankaBangla Securities Limited since 2010, LankaBangla Investments Limited since 2010 and LankaBangla Asset Management Company Limited since 2007. LankaBangla Finance Limited also has an indirect ownership interest in LankaBangla Information Systems Limited since 2013, BizBangla Media Limited since 2015.</p> <p>Determination of significant control requires careful assessment of different elements.</p> <p>Furthermore, introducing a subsidiary requires significant amendments in preparing the financial statements, including consolidated financial statements, which require a range of adjustments and additional disclosure requirements.</p>	<p>Our procedures, in relation to the key audit matters described, included, among others:</p> <ul style="list-style-type: none"> <li>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.</li> <li>Carried out a risk assessment about consolidation and the controls necessary to properly prepare the consolidated financial statements. We have also assessed the inherent limitations to consolidation processes to address the issues.</li> <li>Finally, we reviewed the appropriateness and presentation of disclosures relevant to respective accounting standards and guidelines.</li> </ul>

**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.

We also 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.

Our audit procedures included updating our understanding of the business processes employed by the company for accounting for, and valuing, their investment portfolio.

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:

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.

Assessed the methodologies on which the provision amounts were based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.

Reviewed disbursement procedure related to SME stimulus packages as per Bangladesh Bank guidelines.

Finally, the appropriateness and presentation of disclosures were assessed against relevant accounting standards and Bangladesh Bank guidelines.

**Report on other Legal and Regulatory Requirements**

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

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- In our opinion, proper books of accounts as required by law have been kept by the company so far as it appeared from our examination of those books;
- The consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- The expenditures incurred and payments made were for the purpose of the company's business for the year;
- The financial statements of the company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the company; and 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;
- The financial statements of the company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- The records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements; statements sent to Bangladesh Bank have been checked on a sample basis and no inaccuracy has come to our attention;
- Taxes and other duties were collected and deposited in the government treasury by the company as per government instructions and found satisfactory based on test checking;
- Nothing has come to our attention that the company has adopted any unethical means i.e., "window dressing" to inflate the profit and mismatch between the maturity of assets and liabilities;
- Proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- Based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the company are satisfactory, effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- The company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- We have reviewed over 80% of the risk-weighted assets of the company and we have spent around 1689-person hours for the audit of the books and accounts of the company;
- The company has complied with relevant instructions which were issued by Bangladesh Bank relevant to the classification, provisioning and calculation of interest suspense;
- All other issues which in our opinion were important for the stakeholders of the company have been adequately disclosed in the audit report.

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

Signature of the auditor:

Name of the auditor: **M Farhad Hussain FCA, Partner; Enrollment No.: 452**  
DVC No.: 2305030452AS249430  
Place: Dhaka  
Dated: 27 April, 2023

Authorized Signing Employer: **Chattogram Office:** Yarmouk City Center (9th Floor), BDT, 804 Avenue, Nainiabad, Chattogram ☎ +88 (011) 2592982 ☎ cto@hfc-bd.com

**Consolidated Balance Sheet**  
As at 31 December 2022

	Amount in Taka	
	31.12.2022	31.12.2021
<b>PROPERTY AND ASSETS</b>		
<b>Cash</b>	<b>531,769,059</b>	<b>642,279,167</b>
Cash in hand (including foreign currencies)	1,113,270	1,790,951
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	530,655,790	640,488,217
<b>Balance with other banks and financial institutions</b>	<b>10,463,818,938</b>	<b>12,387,833,402</b>
Inside Bangladesh	10,463,818,938	12,387,833,402
Outside Bangladesh	-	-
<b>Money at call and short notice investment</b>	<b>8,856,104,805</b>	<b>7,780,310,401</b>
Government securities	739,101,032	31,100,325
Other investments	8,117,003,772	7,749,210,076
<b>Leases, loans and advances</b>	<b>65,085,799,903</b>	<b>62,887,779,221</b>
Loans, cash credit and overdraft etc.	65,085,799,903	62,887,779,221
Bills discounted and purchased	-	-
<b>Fixed assets including land, building, furniture and fixtures</b>	<b>2,859,587,060</b>	<b>2,594,806,060</b>
<b>Other assets</b>	<b>2,967,933,624</b>	<b>2,633,841,173</b>
<b>Non-Banking assets</b>	-	-
<b>TOTAL PROPERTY AND ASSETS</b>	<b>90,765,013,389</b>	<b>88,926,849,424</b>
<b>LIABILITY AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
<b>Borrowings from Bangladesh Bank, other banks and financial institutions</b>	<b>25,390,437,001</b>	<b>18,502,473,665</b>
Deposits and other accounts	42,907,413,489	47,676,287,741
Current deposits and other accounts etc.	-	-
Bills payable	-	-
Saving bank deposit	-	-
Term deposits	42,707,819,432	47,500,921,591
Bearer certificate of deposits	-	-
Other deposits	199,594,057	175,366,150
<b>Other liabilities</b>	<b>11,471,104,321</b>	<b>11,874,066,806</b>
<b>TOTAL LIABILITIES</b>	<b>79,768,954,811</b>	<b>78,052,828,212</b>
<b>Shareholders' Equity</b>	<b>10,787,714,540</b>	<b>10,678,798,845</b>
Paid up capital	5,388,386,230	5,388,386,230
Share premium	1,090,888,800	1,090,888,800
Statutory reserve	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	2,089,583,094	2,085,145,574
<b>Non controlling interest</b>	<b>208,344,037</b>	<b>195,222,367</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>90,765,013,389</b>	<b>88,926,849,424</b>
<b>NET ASSET VALUE PER SHARE - (NAV)</b>	<b>20.02</b>	<b>19.82</b>
<b>OFF-BALANCE SHEET ITEMS</b>		
<b>CONTINGENT LIABILITIES</b>		
Acceptances and endorsements	-	-
Letter of guarantee	33,150,000	152,979,637
Irrevocable letters of credit	-	-
Bill for collection	-	-
Other contingent liabilities	-	-
<b>TOTAL CONTINGENT LIABILITIES</b>	<b>33,150,000</b>	<b>152,979,637</b>
<b>OTHER COMMITMENTS</b>		
Documentary credits and short term trade-related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
<b>TOTAL OTHER COMMITMENTS</b>	-	-
<b>TOTAL OFF BALANCE SHEET ITEMS</b>	<b>33,150,000</b>	<b>152,979,637</b>

Dhaka, 27 April 2023  
DVC No.: 2305030452AS249430

Hussain Farhad & Co.  
Chartered Accountants

**Consolidated Profit and Loss Account**  
For the year ended 31 December 2022

	Amount in Taka	
	2022	2021
<b>Operating Income</b>		
Interest income	7,197,477,894	7,030,725,686
Less: Interest expenses on deposits & borrowings	5,013,752,253	4,872,915,651
<b>Net interest income</b>	<b>2,183,725,640</b>	<b>2,157,810,036</b>
Income from investment	550,901,600	1,217,598,874
Commission, exchange and brokerage income	777,374,407	1,284,650,369
Other operational income	798,684,297	761,311,608
<b>Total operating income</b>	<b>4,310,685,944</b>	<b>5,421,370,887</b>
<b>Operating Expenses</b>		
Salary and allowances	1,360,531,402	1,384,450,202
Rent, taxes, insurance, electricity etc.	54,449,024	37,512,699
Legal and professional fees	48,597,285	30,886,402
Postage, stamp, telecommunication etc.	26,142,965	22,915,828
Stationery, printing, advertisement	56,466,527	40,645,158
Managing director's salary and allowance	15,814,000	15,814,000
Directors' fees and expenses	2,909,213	3,577,200
Auditors' fees	1,279,046	1,119,258
Repairs, maintenance and depreciation	358,008,107	581,716,425
Other expenses	743,818,837	755,483,476
<b>Total operating expenses</b>	<b>2,668,016,406</b>	<b>2,874,120,648</b>
<b>Net Operating Income</b>	<b>1,642,669,538</b>	<b>2,547,250,239</b>
<b>Provisions for loans, investments and other assets</b>	<b>696,095,883</b>	<b>841,853,182</b>
Provisions for leases and loans	540,575,885	575,447,876
Provision for margin loan	(2,193,768)	293,338,572

**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		
<b>Balance as at 01 January 2022</b>	<b>5,388,386,230</b>	<b>1,090,888,800</b>	<b>2,049,579,830</b>	<b>50,837,370</b>	<b>13,961,042</b>	<b>2,085,145,574</b>	<b>10,678,798,845</b>	<b>195,222,367</b>	<b>10,874,021,211</b>
<b>Items involved in Changes in Equity</b>									
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)
<b>Balance as at 31 December 2022</b>	<b>5,388,386,230</b>	<b>1,090,888,800</b>	<b>2,085,277,643</b>	<b>47,489,333</b>	<b>86,089,440</b>	<b>2,089,583,094</b>	<b>10,787,714,540</b>	<b>208,344,037</b>	<b>10,996,058,577</b>
<b>Balance as at 01 January 2021</b>	<b>5,388,386,230</b>	<b>1,090,888,800</b>	<b>1,927,779,298</b>	<b>45,409,424</b>	-	<b>1,593,921,220</b>	<b>10,046,384,972</b>	<b>177,127,178</b>	<b>10,223,512,150</b>
<b>Items involved in Changes in Equity</b>									
Changes in non-controlling interest	-	-	-	-	-	(1,528,863)	(1,528,863)	(971,137)	(2,500,000)
Net profit for the year	-	-	-	-	-	1,280,549,083	1,280,549,083	25,343,449	1,305,892,532
Appropriation to statutory reserve	-	-	121,800,532	-	-	(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)
<b>Balance as at 31 December 2021</b>	<b>5,388,386,230</b>	<b>1,090,888,800</b>	<b>2,049,579,830</b>	<b>50,837,370</b>	<b>13,961,042</b>	<b>2,085,145,574</b>	<b>10,678,798,845</b>	<b>195,222,367</b>	<b>10,874,021,211</b>

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

Dhaka, 27 April 2023

Hussain Farhad & Co.  
Chartered Accountants

**Separate Balance Sheet**

As at 31 December 2022

PROPERTY AND ASSETS	Amount in Taka	
	31.12.2022	31.12.2021
<b>Cash</b>	<b>531,357,244</b>	<b>641,039,435</b>
Cash in hand (including foreign currencies)	701,455	551,219
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	530,655,790	640,488,217
<b>Balance with other banks and financial institutions</b>	<b>8,790,336,478</b>	<b>9,457,783,115</b>
Inside Bangladesh	8,790,336,478	9,457,783,115
Outside Bangladesh	-	-
<b>Money at call and short notice</b>	<b>-</b>	<b>-</b>
<b>Investment</b>	<b>4,749,756,326</b>	<b>3,883,387,151</b>
Government securities	739,101,032	31,100,325
Other investments	4,010,655,294	3,852,286,827
<b>Leases, loans and advances</b>	<b>61,331,185,920</b>	<b>58,775,033,963</b>
Loans, cash credit and overdraft etc.	61,331,185,920	58,775,033,963
Bills discounted and purchased	-	-
<b>Fixed assets including land, building, furniture and fixtures</b>	<b>1,890,677,292</b>	<b>1,669,211,812</b>
<b>Other assets</b>	<b>8,640,779,551</b>	<b>8,108,108,841</b>
<b>Non-Banking assets</b>	<b>-</b>	<b>-</b>
<b>TOTAL PROPERTY AND ASSETS</b>	<b>85,934,092,812</b>	<b>82,534,564,317</b>
<b>LIABILITY AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
<b>Borrowings from Bangladesh Bank, other banks and financial institutions</b>	<b>23,341,745,934</b>	<b>16,188,024,885</b>
<b>Deposits and other accounts</b>	<b>43,656,711,247</b>	<b>48,181,265,170</b>
Current deposits and other accounts etc.	-	-
Bills payable	-	-
Saving bank deposit	-	-
Term deposits	43,457,117,190	48,005,899,020
Bearer certificate of deposits	-	-
Other deposits	199,594,057	175,366,150
<b>Other liabilities</b>	<b>7,767,109,686</b>	<b>7,091,391,169</b>
<b>TOTAL LIABILITIES</b>	<b>74,765,566,866</b>	<b>71,460,681,223</b>
<b>Shareholders' Equity</b>	<b>11,168,525,945</b>	<b>11,073,883,094</b>
Paid up capital	5,388,386,230	5,388,386,230
Statutory reserve	2,085,277,643	2,049,579,830
Retained earnings	1,558,014,890	1,954,062,260
Revaluation reserve for investment in subsidiaries	2,136,847,181	1,681,854,774
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>85,934,092,812</b>	<b>82,534,564,317</b>
<b>Net asset value per share - (NAV)</b>	<b>20.73</b>	<b>20.55</b>
<b>OFF-BALANCE SHEET ITEMS</b>		
<b>CONTINGENT LIABILITIES</b>		
Acceptances and endorsements	-	-
Letter of guarantee	33,150,000	152,979,637
Irrevocable letters of credit	-	-
Bill for collection	-	-
Other contingent liabilities	-	-
<b>TOTAL CONTINGENT LIABILITIES</b>	<b>33,150,000</b>	<b>152,979,637</b>
<b>OTHER COMMITMENTS</b>		
Documentary credits and short term trade-related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
<b>TOTAL OTHER COMMITMENTS</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF BALANCE SHEET ITEMS</b>	<b>33,150,000</b>	<b>152,979,637</b>

Director:  Director:  Managing Director: 

Dhaka, 27 April 2023

Hussain Farhad & Co.  
Chartered Accountants

**Separate Profit and Loss Account**

As at 31 December 2022

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

Director:  Director:  Managing Director: 

Dhaka, 27 April 2023

Hussain Farhad & Co.  
Chartered Accountants

**Separate Statement of Cash Flows**

As at 31 December 2022

Particulars	Amount in Taka	
	2022	2021
<b>A) Cash flows from operating activities</b>		
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)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>1,188,769,760</b>	<b>912,762,680</b>
<b>Increase/(decrease) in operating assets &amp; liabilities:</b>		
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
<b>Total increase/(decrease) in operating assets &amp; liabilities</b>	<b>(7,349,389,002)</b>	<b>(3,239,711,348)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>(6,160,619,242)</b>	<b>(2,326,948,668)</b>
<b>B) Cash flows from investing activities</b>		
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)
<b>Net cash flows from/(used in) investing activities</b>	<b>(1,235,354,863)</b>	<b>(935,970,681)</b>
<b>C) Cash flows from financing activities</b>		
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)
<b>Net cash flows from/(used in) financing activities</b>	<b>6,618,826,430</b>	<b>3,002,740,289</b>
<b>D) Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>(777,147,675)</b>	<b>(260,179,060)</b>
<b>E) Effect of exchange rates on cash and cash equivalents</b>	<b>18,847</b>	<b>778</b>
<b>F) Cash and cash equivalents at the beginning of the year</b>	<b>10,098,822,551</b>	<b>10,359,000,833</b>
<b>G) Cash and cash equivalents at the end of the year</b>	<b>9,321,693,722</b>	<b>10,098,822,551</b>
<b>* Closing cash and cash-equivalents</b>		
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
	<b>9,321,693,722</b>	<b>10,098,822,551</b>
<b>Net Operating Cash Flows Per Share - (NOCFPS)</b>	<b>(11.43)</b>	<b>(4.32)</b>

Director:  Director:  Managing Director: 

Dhaka, 27 April 2023

Hussain Farhad & Co.  
Chartered Accountants

**Separate Statement of Changes in Equity**

For the year ended 31 December 2022

Particulars	Share Capital	Statutory Reserve	Revaluation Reserve	Retained Earnings	Total Equity
<b>Balance as at 01 January 2022</b>	<b>5,388,386,230</b>	<b>2,049,579,830</b>	<b>1,681,854,774</b>	<b>1,954,062,260</b>	<b>11,073,883,094</b>
<b>Items involved in changes in equity</b>					
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)
<b>Balance as at 31 December 2022</b>	<b>5,388,386,230</b>	<b>2,085,277,643</b>	<b>2,136,847,181</b>	<b>1,558,014,890</b>	<b>11,168,525,945</b>
<b>Balance as at 01 January 2021</b>	<b>5,388,386,230</b>	<b>1,927,779,298</b>	<b>1,018,070,876</b>	<b>2,113,466,481</b>	<b>10,447,702,886</b>
<b>Items involved in changes in equity</b>					
Net profit for the year					