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INFORMATION MEMORANDUM

**LankaBangla Finance 4th Privately Placed, Non-Convertible, Fully Redeemable,
Unsecured, Zero Coupon Bond**

ISSUER & ARRANGER



LankaBangla Finance Limited
Safura Tower (Level 11), 20, Kemal Ataturk Avenue, Banani
Dhaka, 1213, Bangladesh

TRUSTEE



Green Delta Capital Limited

Type of Security: Non-Convertible, Fully Redeemable, Unsecured, Zero-Coupon Bond

Number of Securities: 2,400

Total Face Value: Up to BDT 2,000,000,000

Total Issue Price: BDT 1,719,290,827.57*

Face Value of Each Bond: BDT 833,333.33; Face Value of Each Lot: BDT 5,000,000

Issue Price of Each Bond is Variable ; Issue Price of Each Lot: BDT 4,298,227.07*

Discount Rate and YTM: 9.00% to 10.00% p.a.

***Calculated based on YTM of 9.00% p.a**

Issue Date of IM: _____

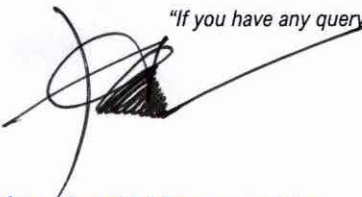
Credit Rating Status of the Issue:

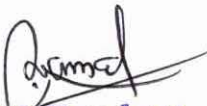
Long Term: AA₃; Short Term: ST-2; Outlook: Stable

Credit Rating Status of the Issuer:

Long Term: AA₃; Short Term: ST-2; Outlook: Stable

"If you have any query about this document, you may consult the issuer or originator, the issue manager and the trustee"


Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited


Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited


Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

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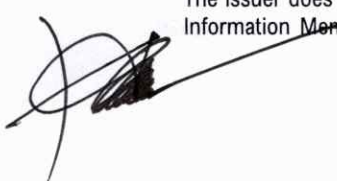
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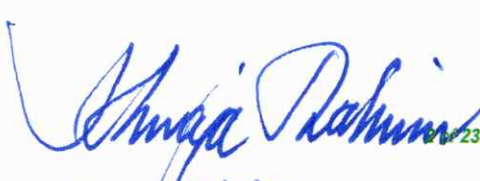
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Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



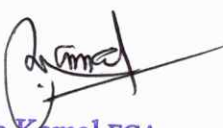
Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

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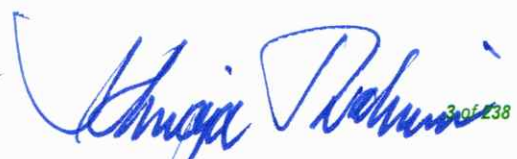
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Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

CONTACT LIST

ISSUER & ARRANGER - LANKABANGLA FINANCE LIMITED



Quamrul Islam

Senior Executive Vice President
Head of Treasury & Fls



+8802 222283701-10
+8801730 433385



quamrul@lankabangla.com



Syed Mohammed Shamsul Arifeen

Assistant Vice President
Treasury & Fls



+8802 222283701-10
+8801847 084232



syed.arifeen@lankabangla.com

TRUSTEE – GREEN DELTA CAPITAL LIMITED



Mohammad Shohrab Hossain

Chief Operating Officer



+8802 222261170, +8802 222263902
+8801730 433385



shohrab@greendeltacapital.com



Mabruka Kalsam Nadee Khan

Unit Head, Debt Capital Market
Corporate & Institutional Investment Banking



+8802 222298076, +8802 222298227
+8801971 388307



nadee@greendeltacapital.com

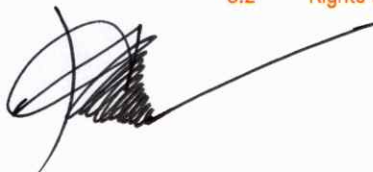
Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited

Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited

Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

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Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

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Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

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Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

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Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

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Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

Abbreviations

ALCO	Asset Liability Management Committee
ALM	Asset Liability Management
ATB	Alternative Trading Board
BDT	Bangladesh Taka
BO	Beneficiary Owner
BSEC	Bangladesh Securities and Exchange Commission
CAR	Capital Adequacy Ratio
CCTV	Closed Circuit Television
CDBL	Central Depository Bangladesh Limited
CEO	Chief Executive Officer
CMSME	Cottage, Micro, Small, and Medium Enterprise
CRAB	Credit Rating Agency of Bangladesh Limited
CRC	Credit Rating Company
CSE	Chittagong Stock Exchange
DFIM	Department of Financial Institutions & Markets
DFP	Department of Film & Publications
DR	Disaster Recovery
DSE	Dhaka Stock Exchange
EFT	Electronic Fund Transfer
EPS	Earnings Per Share
ERP	Enterprise Resource Planning
GDCL	Green Delta Capital Limited
GDICL	Green Delta Insurance Company Limited
IAS	International Accounting Standards
ICMAB	Institute of Cost and Management Accountants of Bangladesh
IFRS	International Financial Reporting Standards
IM	Information Memorandum
IPO	Initial Public Offering
LBAMCL	LankaBangla Asset Management Company Limited
LBFL	LankaBangla Finance Limited
LBIL	LankaBangla Investments Limited
LBIS	LankaBangla Information System Limited
LBSL	LankaBangla Securities Limited
NAV	Net Asset Value
NBFI	Non-Bank Financial Institution
NPL	Non-Performing Loans
RJSC	Registrar of Joint Stock Companies and Firms
RTGS	Real Time Gross Settlement
RWA	Risk Weighted Assets
SAARC	South Asian Association of Regional Cooperation
SAFA	South Asian Federation of Accountants
SME	Small and Medium Enterprise
TIN	Tax Identification Number
USD	US Dollar
VAT	Value Added Tax
WDV	Written Down Value
YTM	Yield to Maturity



Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

1 REPORT TO THE ELIGIBLE INVESTORS

Issuer has obtained information regarding Bangladesh and its economics from various government publications and other sources. Although the issuer believes that its sources are reliable, you should keep in mind that it has not independently verified information it has obtained from industry and government sources and that information from its internal surveys has not been verified by any independent sources.

In addition, we have obtained information about the Trustee, *i.e.*, Green Delta Capital Limited, from the Trustee and do not accept any responsibility for the information contained in the section titled 'Particulars of the Trustee' and 'Description of the Trustee'. Similarly, we have collected information about the Credit Rating Company, *i.e.*, Credit Rating Agency of Bangladesh Limited (CRAB) from CRAB and do not take responsibility for the information contained in the section titled 'Particulars of the Credit Rating Company' and 'Latest Default Matrix and Transition Statistics of CRC'. Further, we do not accept any responsibility for the information contained in the section entitled "Credit Rating". We are not making any representation to you concerning the accuracy or completeness of the information contained in the section "The Trustee" or in the section "Credit Rating" section.

The distribution of this Information Memorandum and the offering is restricted only in Bangladesh. It is not intended or made to offer or sale the Bonds in any other jurisdiction. The offerings will not be offered to the public at large in Bangladesh, or outside Bangladesh.

We may withdraw this offering at any time, and we reserve the right to reject any offer to purchase the Bonds in whole or in part and to sell to any prospective investor less than the full amount of the Bonds sought by such investor.

We have obtained approval of the Bangladesh Securities and Exchange Commission for issue of Bonds and the distribution of this Information Memorandum. Bangladesh Securities and Exchange Commission has given their consent to issue the Bonds through its letter no. _____ dated _____ and Bangladesh Bank has given its approval through letter no. _____ dated _____.



Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

2 RISK FACTORS & MANAGEMENT'S PERCEPTION ABOUT THE RISKS

Risks are inevitable in every form and nature of business. There are a number of risk sources, both specific to LankaBangla (idiosyncratic) and of general nature (systematic), which may affect the future operating and financial performance of LankaBangla and the value of an investment in it. Some of these risks can be mitigated by way of avoidance, transference, and active firm-level risk management.

The information given below does not assert to be exhaustive. Additional risks or uncertainties that are presently not known to the company or that are currently deemed immaterial may also have a material adverse effect on LankaBangla's business, financial condition, and operating results. The order in which the risks are presented below does not provide an indication of the likelihood of their occurrence, severity, or significance.

2.1 Interest Rate Risk

Interest rate risk is the exposure of an institution's financial condition to adverse movement in interest rates. As financial intermediaries, non-bank financial institutions, like banks, encounter interest rate risk in several ways. The primary source of interest rate risk is differences in the timing of the repricing of assets, liabilities, and off-balance sheet instruments. Such mismatches can expose an institution to adverse changes in both the overall level of interest rates (parallel shifts in the yield curve) and the relative level of rates across the yield curve (nonparallel shifts in the yield curve). Another important source of interest rate risk occurs when the adjustment of the rates earned and paid on different instruments is imperfectly correlated with otherwise similar repricing characteristics.

Management Perception: Management of LankaBangla has addressed the issue of interest rate risk and has taken active measure to keep the gap between interest sensitive assets and interest sensitive liabilities at a minimum to ensure that changes in interest rates do not affect profitability adversely. Moreover, the Asset-Liability Management Committee (ALCO) of the company periodically meets and observes the trend in the macroeconomic variables and takes necessary measures to minimize the interest rate risk.

2.2 Exchange Rate Risk

Exchange rate risks is the chance that unanticipated exchange rate changes can have adverse effect on the profitability of the Company. Financial Institutions, which have foreign trade commitments from various sources of foreign exchange like export proceeds and other incoming remittance, or payment commitments, can suffer from the changes of exchange rate against local currency.

Management Perception: LankaBangla has obtained foreign currency loans, thereby creating the potential for a significant increase in funding costs and a subsequent decline in profitability in the event of a substantial depreciation of the local currency against the US dollar. However, it is worth noting that LankaBangla has prudently maintained a limited foreign currency exposure, representing a minor portion of its overall funding composition. Furthermore, the management closely monitors any indirect impact of exchange rate fluctuations on the company's earnings and assets.

2.3 Non-Repayment Risk

Non-repayment risk is defined as the potential risk that a borrower or counterparty may fail to meet its obligations in accordance with agreed terms that would have adverse impact on the quality of assets and eventually erode the profitability of the NBFI. As LankaBangla's primary business is lending, the company is exposed to non-repayment risk from loans to retail, corporate, and other institutional customers.


Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
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Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited
Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

Management Perception: Considering the key elements of non-repayment risk, LankaBangla has segregated duties of the officers/executives involved in credit related activities. Separate divisions for retail, corporate, and CMSME are in place, which are entrusted with the duties of maintaining effective relationship with the customers, marketing of credit products, and exploring new business opportunities. Moreover, credit division carries out thorough assessment before approving any credit facility. The risk assessment includes, but is not limited to, borrower risk analysis, financial analysis, industry analysis, and historical performance of the customer. Operation division ensures compliance with all legal formalities, completion of all documents, security of the proposed credit facility, and finally disburses the loan. This segregation of duties and accountability helps to minimize the risk of compromise with the credit portfolio.

2.4 Prepayment, Call, or Refunding Risk

The risk associated with the early unscheduled return of principal on a fixed-income security is referred to as prepayment, call, or refunding risk. In NBFI operations this risk mostly pertains from early settlement/repayment by the counterparty as well as by not making drawing/withdrawal against approved facility limit. This incidental risk factor dilutes the forecasted income/earning as well as creates the cause of mismatch in fund management.

Management Perception: LankaBangla's borrowing customers can pose it with prepayment risk as interest rates decrease and new lower-cost funds become available. Though this risk cannot be eliminated completely LankaBangla takes proactive approach to mitigate the consequences of early retirement of its loans. For instance, sanctions of loans are subject to provisions that loans cannot be prepaid within a certain period and that a prepayment penalty will be charged. These provisions put a cushion against the chance of refunding and allow the company to cover up losses arising as a consequence of having to reinvest the fund at a lower rate.

2.5 Security Risk

Security Risk pertains from the adverse changes in the value of collaterals securing the credit exposure of the NBFI and it takes the worst turn in case of default situation. Components of security risk are more related with the operational part i.e. failure of system, process, procedure or occurrence of any other incident due to supervisory lapses on the part of management.

Management Perception: As part of risk mitigation the management attaches importance on strengthening supervisory control and oversight over the functionaries of LankaBangla to avert the risk of any breakdown in the process.

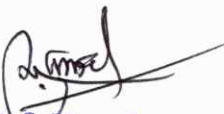
2.6 Liquidity Risk

Liquidity risk refers to the risk that comprises failure of a financial institution to meet its obligation due to shortfall of cash and cash equivalents and also loss of opportunity to invest in potential high yielding assets. The main objective of managing liquidity risk is to maintain sufficient liquid assets, optimization of the capacity to build up comfortable liquidity base for meeting short and long-term financial obligation/commitment as well as to face any contingency affecting liquidity of the FI.

Management Perception: LankaBangla's Treasury division assesses the need for funds to meet obligations and ensures the availability of cash or collateral to fulfil those needs at the appropriate time by coordinating the various sources of funds available under normal and stressed conditions. LankaBangla also has laid down a contingency liquidity plan so that enough liquidity is available to meet the fund requirements in liquidity crisis situation. Management of LankaBangla believes in maintaining a level of liquid assets exceeding the regulatory requirement and maintains adequate liquidity buffer.



Shamim Al Mamun, FCA
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Mostafa Kamal FCA
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Khwaja Shahriar
Managing Director & CEO
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2.7 Management Risk

Management risk emanates from the inefficiency of the persons in the existing pool of management or departure of any key person as well as absence of the appropriate successors to take over the responsibility and manage the overall affairs of the company in a prudent manner. Management risk is also the offshoot of failure of the management people to ensure optimum utilization of available resources by setting priorities towards attainment of corporate goal with the bottom line objective to make economic value addition of FI operation.

Management Perception: In LankaBangla, the corporate governance framework guides the 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 its corporate objectives LankaBangla management has committed to the highest level of governance and strives to foster a culture that values and rewards exemplary ethical standards, personal and corporate integrity, and mutual respect. LankaBangla has strengthened the composition of the board with the appointment of two non-executive independent directors in compliance with the SEC Notification No. SEC/CMRRCD/2006-158/129/Admin/44 dated August 07, 2012. The company has already formed Risk Management Forum and Risk Analysis Unit.

2.8 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed processes, people, and systems or from external events. It arises in record keeping, computing correct payment amounts, processing system failures, and compliance with various regulations. Operational risk includes legal risk and reputational risk. As such, individual operating problems are small probability events for well-run organizations, but they expose a firm to outcomes that may become quite costly.

Management Perception: LankaBangla manages operational risk through a framework that ensures operational risks are properly identified, managed, monitored, mitigated, and reported in a structured and consistent manner. The framework is underpinned by an internal control system that reinforces the company's control culture by establishing clear roles and responsibilities for staff and preserving their rights in executing their control functions. Each business unit undertakes regular self-assessment of the risk and control environment to identify, assess, and measure its operational risks, which include regulatory and legal risks. Risk matrices are also used to detect early warning signals and drive appropriate management actions before risks materialize into material losses.

2.9 Business Risk

Business Risk refers to the failure of a company to generate adequate cash flow with corresponding expansion of business towards augmentation of capital base/net worth. Business risk may also stem from the internal organization wise limitation, abrupt fall in revenue earning stream, fall in business volume which are also largely affected by the external environment like that of economic recession, abrupt change in government policies and other externalities.

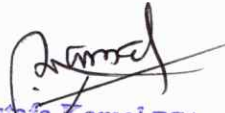
Management Perception: LankaBangla is the country's leading provider of integrated financial services including corporate financial services, retail financial services, SME financial services, stock brokerage, corporate advisory, and wealth management services. LankaBangla is the lone financial institution to operate credit card and it also provides third party card processing services to different banks in Bangladesh. LankaBangla management recognizes the importance of product and service diversification and innovation. LankaBangla is already offering innovative financial products like factoring, reverse-factoring, club financing etc. In an attempt to maintain and grow its competitive edge LankaBangla is continuing its effort to introduce new products attractive to the local market.

2.10 Industry Risk

Industry risk is the possibility that a specific industry will not perform up to the expected level or at par. When problems plague one industry, they affect the individual organizations of that particular industry. They may also cross over into other industries, which is identified as systemic risk. Industry risk also refers to the risk of increased



Shamim Al Mamun, FCA
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Chief Financial Officer
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Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
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competition from foreign and domestic sources leading to lower revenues, profit margins, loss of market share etc., which could have an adverse impact on the business, financial condition and result of operation.

Management Perception: To address the industry risk arising from cyclicalities LankaBangla has developed a diversified pool of products and services offering. LankaBangla has also differentiated its product offerings by including unique features. Furthermore, LankaBangla's strong foothold in the capital market makes it more adept to meet the needs of different corporate houses in times when capital market becomes a dominant alternative source of financing.

2.11 Market Risk

Market risk is defined as the risk of losses in on and off-balance sheet positions arising from movements in market price. Financial institutions assume this type of risk whenever assets owned or claims issued can change in value as a result of broader economic conditions. Systematic financial events come in a variety of forms: hyperinflation, currency crashes, government debt default or restructuring, and financial crises.

Management Perception: Managers within a firm can usually control and manage idiosyncratic risk, but they often cannot control systematic risk. Firms generally take the macroeconomic environment as given and adapt to it rather than work to alter the systematic risk environment. Since market risk cannot be diversified away and can only be hedged LankaBangla management keeps close eye on major macroeconomic variables such as inflation rate, interest rate, money supply and demand, government expenditure and borrowing, foreign exchange movements, and other leading indicators in order to be prepared to face the impending difficulties.

2.12 Technology Related Risk

Technology risk is the process of managing the risk associated with implementation of new technology. If a new technology is not compatible with business function of the company; the company may suffer eventually. IT risk is the business risk associated with the use, ownership, operation, involvement, influence and adoption of IT within an enterprise. Risks surrounding Information Technology, such as network failure, software failure, lack of skills, hacking and viruses and poor system integration poses threat for the organization.

Management Perception: Management of LankaBangla recognizes that the financial institutions that are able to capitalize on the capabilities and opportunities that the changing environment presents will be well positioned to enjoy a distinct competitive advantage. Technology is no longer considered an add-on at the periphery of the business, but rather is deeply embedded at its core. LankaBangla has successfully implemented developments in ICT such as: core banking software, database migration, tier 4 data center which includes backup cooling system, backup power distribution system, central surveillance CCTV system, central antivirus server, separate network zone implementation. With a view to keep up with new technological innovation LankaBangla has future plan such as: implementing 3D security, virtualization and cloud computing concept in private network, credit card software customization, document management system, DR site, call center DR etc.

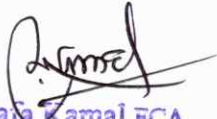
2.13 Risks Related to Potential or Existing Government Regulations

Companies operating in a country are governed by rules and regulations of different regulatory bodies and the government itself. Though these rules and regulations are aimed at preserving the interest of the mass, at times, government statutory requirements may act as impediments to some business growth. Changes in the government regulations and existing laws may prove to be too stringent to conduct specific businesses. Some portion of the risk arises due to non-compliance with the governing laws.

Management Perception: LankaBangla operates under specific guidelines laid down by Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC), and other regulatory authorities. It also operates under



Shamim Al Mamun, FCA
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The Companies Act, 1994, The Financial Institutions Act, 1993, Income Tax Ordinance, 1984, Income Tax Rules, 1984, Value Added Tax (VAT) Act, 1991, and Value Added (VAT) Rules, 1991. Any abrupt change in the policies made by the regulatory authorities may adversely affect the business of the company. Nevertheless, LankaBangla management remains alert and ensures full compliance with rules relating to capital adequacy, liquidity reserve, single borrower exposure, loan classification, loan provisioning, investment in shares, call money borrowing, etc.

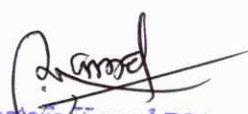
2.14 Risks Related to Potential Changes in Global or National Policies

Profitable operation of a financial institution hinges to a great extent on national and global policies. Monetary policy and fiscal policy of the government, in particular, have a large bearing on the business of financial intermediation. Imposition of restrictive monetary and fiscal policy by the government at any time may affect a company's profitability.

Management Perception: The management of LankaBangla always remains vigilant and abreast of the prevailing and possible future changes in the national or global policy and responds aptly and timely to safeguard the interest of the company. Unless a material change takes place, which would affect the entire industry as whole, LankaBangla is well prepared to address the issue that may have significant effect on the company's business.



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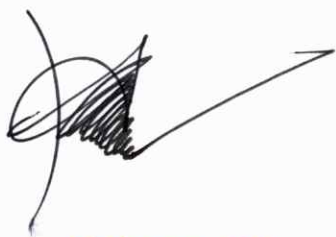


Khwaja Shahriar
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3 DETAILED DESCRIPTION AND INFORMATION

3.1 Particulars of the Issuer & Arranger

(a)	Name	LankaBangla Finance Limited
(b)	Legal status	Public Limited Company listed on Dhaka Stock Exchange and Chittagong Stock Exchange
(c)	Details of contact information	LankaBangla Finance Limited Safura Tower (Level 11) 20, Kemal Ataturk Avenue Banani, Dhaka 1213 Phone No. +8802 222283701-10
(d)	Date of incorporation	November 05, 1996 under Companies Act 1994
(e)	Date of commencement of business	November 05, 1996
(f)	Authorized capital	BDT 10,000 Million
(g)	Paid-up capital	BDT 5,388 Million
(h)	Total equity	BDT 10,788 Million (Consolidated) , as on December 31, 2022 BDT 11,169 Million (Standalone), as on December 31, 2022
(i)	Total liabilities	BDT 79,769 Million (Consolidated) , as on December 31, 2022 BDT 74,766 Million (Standalone), as on December 31, 2022
(j)	Total financial obligations	BDT 79,769 Million (Consolidated) , as on December 31, 2022 BDT 74,766 Million (Standalone), as on December 31, 2022
(k)	Total assets	BDT 90,765 Million (Consolidated) , as on December 31, 2022 BDT 85,934 Million (Standalone), as on December 31, 2022
(l)	Total tangible assets	BDT 2,860 Million (Consolidated) , as on December 31, 2022 BDT 1,891 Million (Standalone), as on December 31, 2022
(m)	Net worth	BDT 10,788 Million (Consolidated) , as on December 31, 2022 BDT 11,169 Million (Standalone), as on December 31, 2022



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Mostafa Kamal FCA
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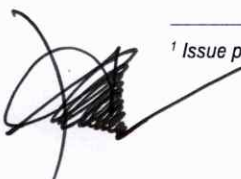


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3.2 Particulars of the Issue

(a)	Name of the issue:	LankaBangla Finance 4 th Privately Placed, Non-Convertible, Fully Redeemable, Unsecured, Zero Coupon Bond
(b)	Type of instruments to be issued:	Non-Convertible, Fully Redeemable, Transferrable, Unsecured, Zero Coupon Bond
(c)	Purpose of the issue:	To generate liquidity to meet ongoing financing requirements
(d)	Number of securities and total size of the issue to be offered:	Number of Securities: 2,400 Total size of the issue to be offered: BDT 2,000,000,000
(e)	Face value and issue price of securities mentioning discount or premium thereof:	Face Value: BDT 2,000,000,000 Issue price of securities (at discount): BDT 1,719,290,827.57 ¹
(f)	Coupon rate or rate of profit or discount rate and yield to maturity(YTM):	9.00% to 10.00% p.a. Based on present market condition the indicative discount rate is expected to be 9.00% p.a.
(g)	Tenor or maturity:	From 6 months up to 3 years from the issue date
(h)	Details of conversion/exchange option features:	Not Applicable
(i)	Mode of redemption:	Semi-annually
(j)	Mode of option (call or put), if any, in case of redemption or conversion/exchange and discount or premium thereof:	Early redemption can only be exercised by the Issuer at Scheduled Redemption Date. If the Issuer wishes to exercise this option, the immediate past matured bond shall be redeemed as per the schedule and next series of Bonds can only be redeemed early by paying an amount equal to the sum of: - the Issue Price; and - the product of the 2% higher of YTM (compounded annually) being applied to the Issue Price from (and including) the Issue Date to (but excluding) the date of actual redemption
(k)	Rate of return/discount rate:	9.00% to 10.00% p.a. Based on present market condition the indicative discount rate is expected to be 9.00% p.a.
(l)	Applicable tax rate:	Taxable as per the law of the country
(m)	Default protection mechanism (details of credit enhancement arrangement/agreement, redemption reserve, sinking fund etc.), if any:	The issue is unsecured in nature. In case default, the Trustee may, without further notice to Issuer, take any action, remedy or method of judicial proceedings for the enforcement of rights of Bondholders as may be available under the Governing Law from time to time (Enforcement Proceedings) against the Issuer.
(n)	Type of collateral securities being offered, if any:	Since the issue is unsecured, no collateral securities are being offered

¹ Issue price will vary depending on the discount rate


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(o)	Status of securities holders in case of priority of payment:	The payment obligations of the Issuer in respect of the Bonds will rank immediately after the claims of the depositors and secured lenders and investors and will be pari-passu with all other present and future unsecured obligations of the Issuer. However, the claim of the Bondholders will be superior to the claims of the equity shareholders and subordinated bondholders.																					
(p)	Period within which securities to be issued:	As per the consent of Bangladesh Securities and Exchange Commission																					
(q)	Nature of tradability or listing in the stock exchange(s) (Main Board / ATB / any other platform, mentioning the name of the stock exchange):	Transferability: The issue will be privately placed and will be freely transferrable subject to the bond documents. Listing: As per the requirement of BSEC																					
(r)	Rating trigger:	If the credit rating of the Issue falls below the minimum investment grade i.e. "BBB" in the long term and "ST-3" in the short term, then the Issuer shall pay a Risk Premium, over the discount rate on the Issue Price as mentioned in the following table: <table border="1"> <thead> <tr> <th>Long-Term Rating</th><th>Short-Term Rating</th><th>Risk Premium</th></tr> </thead> <tbody> <tr> <td>BB</td><td>-</td><td>0.25% p.a.</td></tr> <tr> <td>B</td><td>ST-4</td><td>0.50% p.a.</td></tr> <tr> <td>CCC</td><td>-</td><td>0.75% p.a.</td></tr> <tr> <td>CC</td><td>ST-5</td><td>1.00% p.a.</td></tr> <tr> <td>C</td><td>-</td><td>1.25% p.a.</td></tr> <tr> <td>D</td><td>ST-6</td><td>1.50% p.a.</td></tr> </tbody> </table>	Long-Term Rating	Short-Term Rating	Risk Premium	BB	-	0.25% p.a.	B	ST-4	0.50% p.a.	CCC	-	0.75% p.a.	CC	ST-5	1.00% p.a.	C	-	1.25% p.a.	D	ST-6	1.50% p.a.
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C	-	1.25% p.a.																					
D	ST-6	1.50% p.a.																					

3.3 Particulars of the Trustee

(a)	Name of the trustee:	Green Delta Capital Limited
(b)	Paid-up capital of the trustee:	BDT 260,000,000
(c)	Net worth of the trustee:	BDT 251,277,783
(d)	Name of the issue(s) where performing as trustee:	- Pubali Perpetual Bond issue of BDT 5,000,000,000 issued by Pubali Bank Limited - PRAN Agro Limited Unsecured Bond I of BDT 2,100,000,000 issued by PRAN Agro Limited - GHAIL Fully Redeemable, Non-Convertible, Unsecured Bond of BDT 500,000,000 issued by Golden Harvest Agro Industries Limited - Nagad Zero Coupon Bond of BDT 7,500,000,000 issued by Nagad



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3.4 Particulars of the Credit Rating Company

(a)	Name of credit rating company:	Credit Rating Agency of Bangladesh Limited (CRAB)																					
(b)	Credit rating status of the issuer:	Long Term: AA ₃ , Short Term: ST-2, Outlook: Stable																					
(c)	Credit rating status of the issue:	Long Term: AA ₃ , Short Term: ST-2, Outlook: Stable																					
(d)	Date and validity of rating along with surveillance rating for the issuer or originator and for the issue:	Date of rating of issuer: June 14, 2023 Valid till: June 30, 2024 Date of rating of issue: June 14, 2023 Valid till: December 31, 2023																					
(e)	Latest default rate of the credit rating company:	Not applicable																					
(f)	Average time to default of the rated category:	Not applicable																					
(g)	Rating trigger:	If the credit rating of the Issue falls below the minimum investment grade i.e. "BBB" in the long term and "ST-3" in the short term, then the Issuer shall pay a Risk Premium, over the discount rate on the Issue Price as mentioned in the following table: <table border="1"> <thead> <tr> <th>Long-Term Rating</th><th>Short-Term Rating</th><th>Risk Premium</th></tr> </thead> <tbody> <tr> <td>BB</td><td>-</td><td>0.25% p.a.</td></tr> <tr> <td>B</td><td>ST-4</td><td>0.50% p.a.</td></tr> <tr> <td>CCC</td><td>-</td><td>0.75% p.a.</td></tr> <tr> <td>CC</td><td>ST-5</td><td>1.00% p.a.</td></tr> <tr> <td>C</td><td>-</td><td>1.25% p.a.</td></tr> <tr> <td>D</td><td>ST-6</td><td>1.50% p.a.</td></tr> </tbody> </table>	Long-Term Rating	Short-Term Rating	Risk Premium	BB	-	0.25% p.a.	B	ST-4	0.50% p.a.	CCC	-	0.75% p.a.	CC	ST-5	1.00% p.a.	C	-	1.25% p.a.	D	ST-6	1.50% p.a.
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C	-	1.25% p.a.																					
D	ST-6	1.50% p.a.																					

3.5 Particulars of the Legal Counsel

(a)	Name of legal counsel:	Lex Juris
(b)	Address:	Gulshan Branch: Flat 601, House 108, Road 10/2 Block D, Niketan, Gulshan 1 Dhaka 1212 High Court: Room 5029 Annex. (4th Floor) High Court Bar Association Building Dhaka



Shamim Al Mamun, FCA
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LankaBangla Finance Limited



Mostafa Kamal FCA
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Khwaja Shahriar
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4 DETAILS OF THE UTILIZATION OF THE PROCEEDS

The offering entails a non-convertible, zero-coupon bond with a face value of BDT 2,000 million. As zero-coupon bonds, they will be issued at a discounted rate. Following the issuance, LankaBangla Finance is set to receive a net discount amount (issue price) of BDT 1,719,290,827.57². The raised funds will be strategically allocated to enhance the liquidity of the company, supporting the expansion of its lending portfolio with a focus on retail, CMSME, and corporate borrowers.

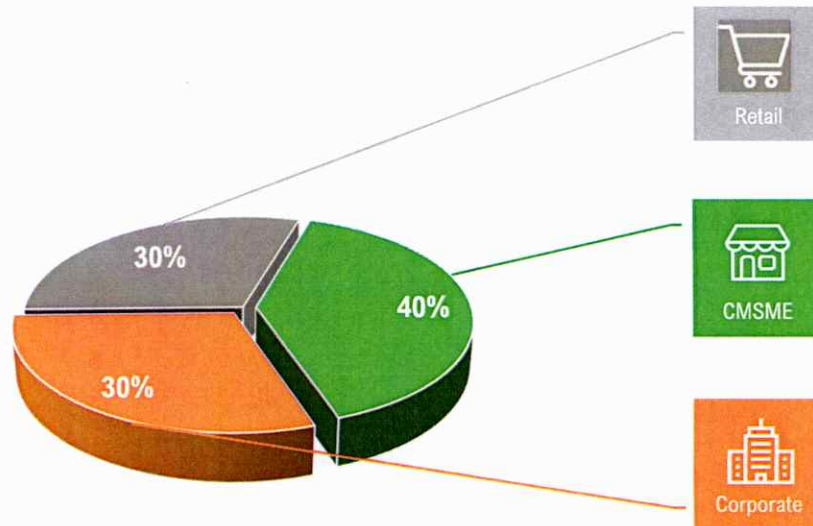


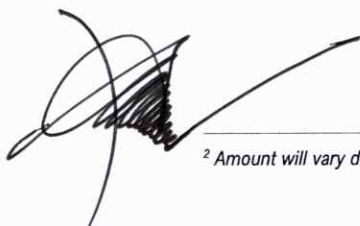
Figure 1: Tentative Proportional Utilization of Proceeds

The anticipated utilization of the proceeds is as follows: Approximately 40% is expected to be allocated to CMSME financing, with an emphasis on agriculture-related enterprises, women entrepreneurs, and cottage industries, as well as micro, small, and medium-sized service, manufacturing, and trading enterprises. This allocation aims to stimulate employment opportunities and contribute to the overall economic development of the country.

Roughly, 30% of the proceeds is expected to be allocated to corporate projects that prioritize social responsibility and environmental sustainability. Additionally, approximately 30% will be directed towards lending to retail borrowers, particularly for affordable housing initiatives.

It is important to note that the actual proportional allocation across these segments may vary depending on market conditions and specific credit demands within sectors at the time of allocation.

² Amount will vary depending on the discount rate


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5 FEATURES OF THE DEBT SECURITIES TO BE ISSUED

Name of the Issuer	: LankaBangla Finance Limited
Arranger	: LankaBangla Finance Limited
Trustee	: Green Delta Capital Limited
Name of the Issue	: LankaBangla Finance 4 th Privately Placed, Non-Convertible, Fully Redeemable, Unsecured, Zero Coupon Bond
Type of Debt Instruments to be Issued	: Non-convertible, Transferable, Fully Redeemable, Unsecured, Zero-Coupon Bond
Purpose	: To generate liquidity to meet ongoing financing requirements
Investors	: Prospective Eligible investors include the following: ▪ Banks & Financial institutions: registered under the applicable laws in Bangladesh, which are duly authorized to invest in bonds ▪ Insurance companies ▪ Companies or corporate bodies authorized to invest in bonds ▪ Individuals ▪ Provident, Gratuity, Pension and Superannuation Funds ▪ Mutual Funds ▪ Any other investor allowed by rules and laws
Currency	: BDT
Transferability / Liquidity	: Freely transferable subject to the terms and conditions of the Bond documents
Total Face Value	: Up to BDT 2,000,000,000 (BDT Two Billion) (aggregate amount for the 2,400 nos. of Bonds)
Face Value Per Unit	: BDT 833,333.33
Number of Bonds to be Issued	: 2,400 Units
Lot Size	: 6 units
Discount Rate	: 9.00% to 10.00% p.a. Based on present market condition the indicative discount rate is expected to be 9.00% p.a.
Discounted Value	: BDT 1,719,290,827.57 ³ (BDT one billion seven hundred ninety million two hundred ninety thousand and eight hundred twenty seven and paisa fifty seven) only
Denomination	: Denomination of each Bond will be BDT 833,333.33 (BDT eight hundred thirty-three thousand three hundred thirty-three and paisa thirty-three) only
Face Value of Each Lot	: BDT 5,000,000 (BDT five million)
Issue Price of Each Lot	: BDT 4,298,227.07 ⁴ (BDT four million two hundred ninety-eight thousand two hundred twenty-seven and paisa seven)
Mode of Placement	: Privately placed

³ Calculated based on YTM of 9.00%. Amount will vary depending on the YTM

⁴ Calculated based on YTM of 9.00%. Amount will vary depending on the YTM


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Minimum Subscription	:	BDT 5 (Five) Million (Face Value)																																																					
Maturity	:	From 6 months up to 3 years from the issue date																																																					
Governing Law	:	The laws of People's Republic of Bangladesh																																																					
Tax Features	:	Taxable as per the law of the country																																																					
Prepayment, Call of Refunding	:	The bonds shall not be subject to prepayment or call, except in the event of early redemption as permitted under the provisions of the Early Redemption clause contained within the Bond Documents.																																																					
Redemption	:	The issue will be redeemed in 6 equal instalments starting from the end of the 6th month from the issue date and each 6 months thereafter.																																																					
Redemption Schedule	:	<table><tr><th rowspan="2">End of Month</th><th colspan="2">For the Entire Issue (BDT)</th><th colspan="2">For Each Lot (BDT)</th></tr><tr><th>Draw Down*</th><th>Repayment</th><th>Draw Down*</th><th>Repayment</th></tr><tr><td>0</td><td>1,719,290,827.57</td><td>-</td><td>4,298,227.07</td><td>-</td></tr><tr><td>6</td><td>-</td><td>333,333,333.33</td><td>-</td><td>833,333.33</td></tr><tr><td>12</td><td>-</td><td>333,333,333.33</td><td>-</td><td>833,333.33</td></tr><tr><td>18</td><td>-</td><td>333,333,333.33</td><td>-</td><td>833,333.33</td></tr><tr><td>24</td><td>-</td><td>333,333,333.33</td><td>-</td><td>833,333.33</td></tr><tr><td>30</td><td>-</td><td>333,333,333.33</td><td>-</td><td>833,333.33</td></tr><tr><td>36</td><td>-</td><td>333,333,333.33</td><td>-</td><td>833,333.33</td></tr><tr><td>Total</td><td>1,719,290,827.57</td><td>2,000,000,000.00</td><td>4,298,227.07</td><td>5,000,000.00</td></tr></table> <i>Note: Drawdown amount will vary depending on the YTM/discount rate</i>					End of Month	For the Entire Issue (BDT)		For Each Lot (BDT)		Draw Down*	Repayment	Draw Down*	Repayment	0	1,719,290,827.57	-	4,298,227.07	-	6	-	333,333,333.33	-	833,333.33	12	-	333,333,333.33	-	833,333.33	18	-	333,333,333.33	-	833,333.33	24	-	333,333,333.33	-	833,333.33	30	-	333,333,333.33	-	833,333.33	36	-	333,333,333.33	-	833,333.33	Total	1,719,290,827.57	2,000,000,000.00	4,298,227.07	5,000,000.00
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Total	1,719,290,827.57	2,000,000,000.00	4,298,227.07	5,000,000.00																																																			
Early Redemption	:	Early redemption can only be exercised by the Issuer at Scheduled Redemption Date. If the Issuer wishes to exercise this option, the immediate past matured bond shall be redeemed as per the schedule and next series of Bonds can only be redeemed early by paying an amount equal to the sum of: - the Issue Price; and - the product of the 2% higher of YTM (compounded annually) being applied to the Issue Price from (and including) the Issue Date to (but excluding) the date of actual redemption																																																					
Late Redemption	:	In case of any delay of payment issuer shall pay delay payment charges as per bond documents																																																					
Listing	:	As per the requirement of BSEC																																																					
Security	:	Unsecured																																																					
Enforcement of Charges over Securities	:	The bond issue is unsecured. Hence, there will not be any enforcement of charges over securities. However, at any time after the bonds have become due and repayable, the Trustee may, without further notice to the Issuer, take any action, remedy or method of judicial proceedings for the enforcement of rights of Bondholders as may be available under the governing law from time to time against the issuer. No Bondholder will be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.																																																					
Cost Related to the Issue	:	- Regulatory fees: the applicable regulatory fees payable to the BSEC in connection with the Issue - Professional advisers' fee : the fees and expenses of the legal, financial, accountancy and other professional advisers instructed by the Issuer in connection with the creation and issue of the Bonds																																																					



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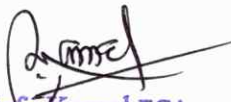


Khwaja Shahriar
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	▪ Legal documentation: the costs incurred in connection with the preparation and execution of the Bond Documents ▪ The fees and expenses of the Trustee of the Bond and the other parties to this Agreement and the Bond Documents ▪ The cost of obtaining and maintaining any credit rating for the Bonds and the Issuer ▪ The dematerialization, rematerialization, and other fees to be paid to CDBL Any other associated costs																					
Rating Trigger	: If the credit rating of the Issue falls below the minimum investment grade <i>i.e.</i> , “BBB” in the long term and “ST-3” in the short term, then the Issuer shall pay a Risk Premium, over the discount rate on the Issue Price as mentioned in the following table: <table><thead><tr><th>Long-Term Rating</th><th>Short-Term Rating</th><th>Risk Premium</th></tr></thead><tbody><tr><td>BB</td><td>-</td><td>0.25% p.a.</td></tr><tr><td>B</td><td>ST-4</td><td>0.50% p.a.</td></tr><tr><td>CCC</td><td>-</td><td>0.75% p.a.</td></tr><tr><td>CC</td><td>ST-5</td><td>1.00% p.a.</td></tr><tr><td>C</td><td>-</td><td>1.25% p.a.</td></tr><tr><td>D</td><td>ST-6</td><td>1.50% p.a.</td></tr></tbody></table>	Long-Term Rating	Short-Term Rating	Risk Premium	BB	-	0.25% p.a.	B	ST-4	0.50% p.a.	CCC	-	0.75% p.a.	CC	ST-5	1.00% p.a.	C	-	1.25% p.a.	D	ST-6	1.50% p.a.
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Particulars of Credit Rating	: Issuer: Credit Rating Agency of Bangladesh Ltd. (CRAB) Bond: Credit Rating Agency of Bangladesh Ltd. (CRAB) Credit rating status of the Issuer: Long Term: AA ₃ , Short Term: ST-2, Outlook: Stable Credit rating status of the Bond: Long Term: AA ₃ , Short Term: ST-2, Outlook: Stable Date and Validity of Rating: Issuer: Date of Rating: June 14, 2023; Validity of Rating: June 30, 2024 Bond: Date of Rating: June 14, 2023; Validity of Rating: December 31, 2023																					



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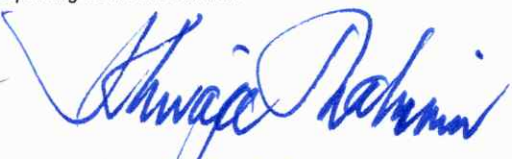
5.1 The Issue at a Glance

 ₹2,000m Total Issue Size	 2,400 Total Units	 6 units Lot Size
 ₹833,333.33 Face Value Per Unit	 ₹5,000,000 Face Value Per Lot	 ₹4,298,227 Issue Price Per Lot ⁵
 9.00 to 10.00% Discount Rate	 up to 3-year Tenor	 Semi-annually Redemption
 Unsecured Security	 Transferrable Transferability	 Non-Convertible Convertibility

⁵ Calculated based on 9.00% discount rate. Issue size will vary depending on the discount rate


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6 DESCRIPTION OF COLLATERAL SECURITY AND TYPES OF CHARGES TO BE CREATED AGAINST THE ISSUE

The issue is an unsecured bond, hence no charge on assets against the issue is to be created.

The holders of LankaBangla Finance 4th Privately Placed, Non-Convertible, Fully Redeemable, Unsecured, Zero-Coupon Bond will have a claim immediately following secured lenders and depositors, and their position will be on an equal footing with other unsecured lenders and bondholders. However, their claim will take precedence over the claims of subordinated bondholders and equity shareholders.



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Khwaja Shahriar
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7 RIGHTS & OBLIGATIONS OF THE ISSUER

7.1 Covenant to Repay

The Issuer will, as and when the Bonds or any of the interest payment under the Bonds become due to be redeemed or any principal on the Bonds or any of them becomes due to be repaid in accordance with the conditions as contained in the Trust Deed, unconditionally pay or procure to be paid to or to the order of the bondholders in Bangladesh Taka in immediately available freely transferable funds, the interest payments or principal amount of the Bonds or any of them becoming due for redemption or repayment on that date and shall, subject to any terms and conditions of the Bonds, until all such payments are duly made unconditionally pay or procure to be paid to or to the order of the Bondholders, as aforesaid on the dates provided for in the Trust Deed, or any of them outstanding from time to time as set out in the Trust Deed provided that:

- if any payment in respect of the Bonds or any of them is made after the due date, payment shall be deemed not to have been made until either the full amount is paid to the Bondholders or, if earlier, the third Business Day after notice by the Trustee to the Bondholders in accordance with the Trust Deed that the full amount has been received by the Bondholder or the Trustee under the Trust Deed;
- in any case where payment of the whole or any part of the principal amount due in respect of any Bond is improperly withheld or refused, interest shall accrue at applicable interest rate for the Bond on the whole or such part of such principal amount from the date of such withholding or refusal until the date on which such principal amount due is paid to the Bondholders.
- in case the credit rating of the Issue falls below the minimum investment grade i.e., "BBB" in the long term and ST-2 in the short term, then the Issuer shall pay a Risk Premium, over the discount rate on the Issue Price as mentioned in the following table:

Long-Term Rating	Short-Term Rating	Risk Premium
BB	-	0.25% p.a.
B	ST-4	0.50% p.a.
CCC	-	0.75% p.a.
CC	ST-5	1.00% p.a.
C	-	1.25% p.a.
D	ST-6	1.50% p.a.

7.2 General Covenants by the Issuer

- The Issuer confirms that the Bonds will be issued in dematerialized form as per the CDBL Bye Laws.
- The Issuer will comply with and perform and observe all the provisions and conditions of the Trust Deed and other Transaction Documents, which are expressed to be binding on it. The terms and conditions of the Bonds shall be binding on the Issuer, the Bondholders and the Trustee. The Trustee shall be entitled to enforce the obligations of the Issuer under the Bonds as if the same were set out and contained in the Trust Deed, which shall be read and construed as one document with the Bonds. The Trustee shall hold the benefit of this covenant to pay all sums due and payable but unpaid by the Issuer in respect of payments with respect to the Bonds upon trust for itself and the Bondholders.
- Covenant to comply with Bangladesh Bank Rules and Guidelines, Trust Deed, conditions, Schedules and Subscription Agreement(s):

- a) The Issuer will comply with, perform and observe the conditions of all Rules and Guidelines published by the Bangladesh Bank, all those provisions of this Trust Deed, the Conditions, the Schedules and the



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LankaBangla Finance Limited



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Subscription Agreement, which are expressed to be binding on it and to perform and observe the same. The Bonds are subject to the provisions contained in this Trust Deed, the Conditions, the Schedules and the Subscription Agreement and all those provisions of the applicable law including but is not limited to Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021, all of which shall be binding upon the Issuer and the Bondholders and all persons claiming through or under them respectively. The Bondholders and all persons claiming under or through them respectively will also be entitled to the benefit of, and will be bound by, this Trust Deed and the other Bond Documents and will be deemed to have notice of all of the provisions of the Bond Documents.

- b) The Issuer confirms that it has obtained due approval or consent from the Bangladesh Bank and the BSEC for issuance of the Bonds.
- As long as any of the Bonds remains outstanding (and, for the avoidance of doubt, a Bond is outstanding as long as it has not been redeemed in full notwithstanding that it has become due) or any amount is outstanding to the Trustee or any Bondholder under any Bond Document, the Issuer undertakes to each of the Trustee and the Bondholders that it shall comply with the following:

a) **Negative Pledge**

The Issuer shall not, without the prior approval of the Trustee, create any new liability senior to the Bondholders. However, this condition does not apply to any Security Interest arising in the ordinary course of business.

b) **Disposals**

The Issuer shall not without the prior approval of Majority Lenders, enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset exceeding BDT 5,000,000,000 (Bangladesh Taka Five Billion). However, no such approval will be required for any sale, lease, transfer, or disposal made in the ordinary course of business of the Issuer.

c) **Change of Business**

The Issuer shall procure that no substantial change is made to the general nature of the business of the Issuer.

d) **Arms' Length Transactions**

The Issuer shall not enter into any transaction, agreement or arrangement with any of its Affiliates other than on arm's length basis.

e) **General Undertakings**

i. **Authorizations**

The Issuer shall promptly:

- obtain, comply with and do all that is necessary to maintain in full force and effect; and
- supply to the Trustee certified copies of, any Authorization required under any law or regulation of its jurisdiction of incorporation to enable it to perform its obligations under the Bond Documents to which it is a party (or any of them) and/or to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of any Bond Document to which it is a party.

ii. **Compliance with laws**

The Issuer shall comply in all respects with all laws to which it is subject (including, without limitation, the requirements and guidelines of the Bangladesh Bank with respect to capital adequacy), if failure so to comply would, or could reasonably be expected to, have a Material Adverse Effect.



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Khwaja Shahriar
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iii. **Insurance**

The Issuer shall maintain insurances on and in relation to its business and assets with reputable underwriters or insurance companies against those risks and to the extent as is usual for companies carrying on the same or substantially similar business.

iv. **Corporate Governance**

- The Issuer shall ensure that it remains duly incorporated and validly existing under the laws of its jurisdiction of incorporation.
- The Issuer shall ensure it shall at all times have the power and necessary Authorizations to own its assets and carry on its business as from time to time being conducted.
- The Issuer shall maintain and preserve all of its assets, which may be necessary in the conduct of its business as conducted from time to time, in good working order and condition, ordinary wear and tear excepted.

v. **Taxation and Claims**

The Issuer shall duly and punctually pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties, save to the extent that (1) payment is being contested in good faith, (2) adequate reserves are being maintained for those Taxes and (3) payment can be lawfully withheld.

vi. **Maintenance of and access to books and records and inspection**

The Issuer shall, maintain books and records (with respect to itself and its business) in the manner described in the Trust Deed.

vii. **Obligations of Agents**

Observe and comply with its obligations and use all reasonable endeavors to procure that the Agents observe and comply with all their obligations under the Agency Agreement; maintain the Register; and notify the Trustee immediately it becomes aware of any material breach of such obligations, or failure by any Agent to comply with such obligations, in relation to the Bonds.

viii. **Further Assurance**

The Issuer shall promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Trustee may reasonably specify (and in such form as the Trustee may reasonably require in favour of the Trustee or its nominee(s)) for the exercise of any rights powers and remedies of the Trustee (for and on behalf of any or all of the Trustee and/or the Bondholders) provided by or pursuant to the Bond Documents or by law on a best efforts basis and to the extent permitted by applicable laws.

f) **Loans and Guarantee**

The Issuer shall not:

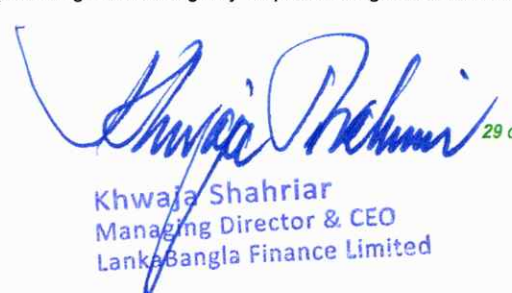
1. be a creditor in respect of any Financial Indebtedness, except for any loan in its ordinary course of business consistent with its current practice; and
2. incur or allow to remain outstanding any guarantee in respect of any obligation (whether actual or contingent) of any person, or otherwise voluntarily assume any liability, whether actual or contingent, in respect of any obligation of any person, except for:
 - any guarantee under any Bond Document;
 - any guarantee in the ordinary course of business consistent with its current practice.

g) **Undertakings to Comply with Bangladesh Bank Authorization and Rules and Guidelines**

It will at all times comply with the terms of the Bangladesh Bank Approval; and any other Guidelines issued by the Bangladesh Bank from time to time (including maintaining any required Bangladesh Bank rating


Shamim Al Mamun, FCA
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and/or rating grade of the Bonds and/or the Issuer; the provisions of the Prudential Guidelines on Capital Adequacy and Market Discipline for Banks.

h) Undertakings to Maintain Investment Grade

It will make all endeavours to maintain a credit rating of itself and of the Bonds not falling below Investment Grade. For the purpose of this undertakings, "Investment Grade" means a rating of "AAA", or "AA", or "A" or "A-" an equivalent rating representing one of the seven highest rating categories by the Credit Rating Agency of Bangladesh (CRAB) or any other reputable credit rating agency authorized in Bangladesh or any of their respective successors or assigns.

7.3 Corporate Governance Covenants by the Issuer

a) Conduct

The Issuer shall all times carry on and conduct its affairs in a proper and efficient manner in compliance with any requirement of law from time to time in force in Bangladesh and in compliance with its and in compliance with its Memorandum and Articles of Association save where failure to do so would not constitute a Materials Adverse Effect.

b) Consents

The Issuer shall obtain, comply with the terms and do all that is necessary:

- i. to maintain in full force and effect all authorisations, approvals, licences and consents necessary under any Law in connection with its business; and
- ii. to enable it lawfully to enter into and perform its obligations under the Trust Deed.

c) Authorized Signatories

The Issuer shall deliver to the Trustee upon execution of this Deed and thereafter upon any change of the same, a list of Authorised Signatories of the Issuer together with a specimen signature of each Authorised Signatory.

d) Registered Office

The Issuer shall maintain its registered office in Bangladesh and will not move its registered office to another jurisdiction.

e) Financial Statements

The issuer shall prepare, in respect of each financial year, financial statements and provide the same to the Trustee in such form and manner as described the Trust Deed.

f) Book of Accounts

The Issuer shall, at all times keep and procure that all its Subsidiaries keep such books of account as may be necessary to comply with all applicable laws and so as to enable the financial statements of the Issuer to be prepared and allow, subject to confidentiality obligations under applicable law, the Trustee and any person appointed by it free access to the same at all reasonable times and to discuss the same with responsible officers of the Issuer.

g) Information

The issuer shall, so far as permitted by applicable law, at all times give to the Trustee such information, opinions, certificates and other evidence as it shall require and in such form as it shall require in relation to Issuer for the performance of its obligations under the Bond Documents.



Shamim Al Mamun, FCA
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Khwaja Shahriar
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h) General Negative Covenants

The Issuer shall not until after the final Maturity Date, save to the extent permitted by or contemplated by Applicable Law or with the prior written consent of the Trustee:

- i. sell, convey, transfer, lease, assign or otherwise dispose of or agree or attempt or purport to sell, convey, transfer, lease or otherwise dispose of or use, invest or otherwise deal with any of its properties, assets or undertaking or grant any option or right to acquire the same which shall reasonably be expected to have a Material Adverse Effect.
- ii. grant, create or permit to exist any encumbrance over (including the grant of security or trust over or the occurrence of execution or diligence in respect of) its assets which shall reasonably be expected to have a Material Adverse Effect.
- iii. consolidate or merge with any other person;
- iv. amend, supplement or otherwise modify its Memorandum and Articles of Association; and
- v. permit the validity or effectiveness of the Transaction Documents to be impaired or to be amended, hypothecated, subordinated, terminated or discharged.

i) Authorizations

The Issuer must:

- i. promptly obtain and maintain in full force and effect all governmental and regulatory consents, licences, material authorisations and approvals required for the conduct of its business; and
- ii. do all such things as are necessary to maintain its corporate status,
- iii. in each case where failure to do so would be reasonably expected to have a Material Adverse Effect.

j) Compliance with Laws

The Issuer shall use reasonable endeavours to comply in all material respects with all judgments, laws, rules, regulations, agreements, orders or orders to which it is subject and which, if violated and enforce would be reasonably likely to have a Material Adverse Effect.

k) Compliance with Transaction Documents

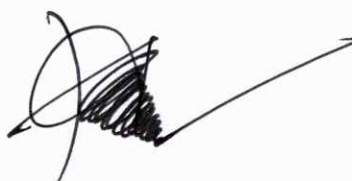
The Issuer shall at all times comply with and perform all its obligations under the Transaction Documents and the Bonds save where non-compliance would not lead to a Material Adverse Effect.

l) Exercise Rights

The Issuer shall preserve and/or exercise and/or enforce its rights under and pursuant to the Bonds and the Transaction Documents.

m) Dealing with Trustee

- i. The Issuer shall upon reasonable notice, during normal business hours allow the Trustee and any persons appointed by the Trustee access to such books of account and other business records as relate to the assigned rights or the benefit of the assigned rights as the Trustee or any such persons may reasonably require.
- ii. So far as permitted by applicable law and subject to any binding confidentiality restrictions, the Issuer shall at all times give to the Trustee such information, opinions, certificates and other evidence as the trustee and any persons appointed by the Trustee shall reasonably require (and which it is reasonably practicable to produce) for the purposes of the discharge of the duties, trusts, powers, authorities and discretions vested in the Trustee by or pursuant to this Trust Deed or any other Transaction Document.



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n) Notification of Breach of Issuer Warranties and Undertakings

The Issuer shall immediately notify the Trustee if the Issuer becomes aware of any breach of any breach of any undertaking given by the Issuer in any Transaction Document.

o) Execution of Further Documents

The Issuer shall, so far as permitted by applicable law and regulatory requirements, execute all such further documents as the Trustee (acting reasonably) may consider to be necessary at the time to give effect to the terms of the relevant Transaction Documents.

p) Notification of Event of Default

The Issuer shall deliver notice to the Trustee forthwith upon becoming aware of any Event of Default without waiting for the Trustee to take any further action.

q) No Variation and Termination of Transaction Documents

The Issuer shall not until the final Maturity Date, save to the extent permitted by the Transaction Documents or with the prior written consent of the Trustee:

- i. terminate, repudiate, rescind or discharge any Transaction Documents.
- ii. vary, novate, amend, modify or waive any provision of any Transaction Document;
- iii. permit any person who has obligations under the Transaction Document to be released from such obligations other than in accordance with the terms of the applicable Transaction Document and any applicable requirement of law or regulatory direction.

r) Filings

The Issuer shall effect all required filings in respect of the Issuer and file, record or enrol each Transaction Document required to be filed, recorded or enrolled with any court or other authority in Bangladesh and ensure that such required filings and such other filings, recordings or enrolments are at all times maintained in accordance with any applicable requirement of law or regulatory direction.

s) Payments

The Issuer shall pay moneys payable by it to the Trustee under this Trust Deed without set off, counterclaim, deduction or withholding, unless otherwise compelled by law.

t) Notices to Bondholders

The Issuer shall send or procure to be sent (not less than three days prior to the date of publication) to the Trustee, for the Trustee's approval, one copy of each notice to be given to the Bondholders in accordance with the Trust Deed and not publish such notice without such approval and, upon publication, send to the Trustee two copies of such notice.

u) Notification of Non-Payment

The Issuer shall make reasonable efforts to ensure that it promptly notifies the Trustee in the event that it fails to make unconditional payment of the full amount, in the relevant currency, of the moneys due on the specified due date for payment in respect of the Bonds, or any of them.

v) Notification of Late Payment

The Issuer shall forthwith give notice to the Bondholders of payments of any sum due in respect of the Bonds, made after their due date to the Trustee.



Shamim Al Mamun, FCA
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w) Notification of Redemption or Payment

The Issuer shall, not less than 14 days prior to the redemption or payment date in respect of any Bond, give to the Trustee notice in writing of the amount of such redemption or payment pursuant to the Trust Deed.

x) Redemption

The Issuer shall, if it gives notice that it intends to redeem the Bonds pursuant to the Trust Deed, prior to giving such notice to the Bondholders, provide such information to the Trustee as the Trustee require in order to satisfy themselves of the matters referred to in those provisions, including:

- written notice to the Trustee of the relevant Sub-Class or Sub-Class of Bonds which it intends to redeem and the amount of such redemption or repayment; and
- a certification signed by an Authorised Signatory of the Issuer certifying that the Issuer will have the necessary funds on the date on which redemption is to occur to discharge all its liabilities due on such date.

y) Liability to Tax

The Issuer shall promptly give notice to the Trustee:

- if it is required by law to effect a deduction or withholding of Tax other than income tax in respect of any payment due in respect of any Bonds.
- and in such cases take such action as may be required by the Trustee acting reasonable in respect thereof.

z) Consolidation, Amalgamation and Merger

The Issuer will not consolidate with, merge or amalgamate into or transfer its assets substantially as an entirety to any company or convey or transfer its properties and assets substantially as an entirety to any person (the consummation of any such event, a "Merger"), unless:

- the company formed or incorporated by such Merger or the person that acquired such properties and assets shall expressly assume, by a supplemental trust deed, all obligations of the Issuer under the Trust Deed and the Bonds and the performance of every covenant and agreement applicable to it contained therein and to ensure that the holder of each Bond then outstanding will have the right
- immediately after giving effect to any such Merger, no Default or Event of Default shall have occurred or be continuing or would result therefrom; and
- the company formed or incorporated by such Merger, or the person that acquired such properties and assets, shall expressly agree, among other things, to indemnify each holder of a Bond against any tax, assessment or governmental charge payable by withholding or deduction thereafter imposed on such holder solely as a consequence of such Merger with respect to the payment of principal and interest on the Bonds.



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Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

8 RIGHTS & OBLIGATIONS OF THE TRUSTEE

8.1 Duties and Powers of the Trustee

The Trustee has the following duties and powers:

- a) to hold the benefit of the covenants made by the Issuer in the Trust Deed and the Conditions on trust for the Bondholders;
- b) to open such accounts as it deems necessary for discharging the functions of Trustee;
- c) to keep the money and assets representing the Trust Property (including enforcement proceeds) and to deposit and withdraw such moneys and assets as may be required from time to time;
- d) to undertake all such actions for the recoveries of any overdue in accordance with the provisions of the Trust Deed and to execute all such documents, deeds and papers and to do all acts in relation thereto;
- e) to issue, manage and administer the Bonds in accordance with the terms of the Trust Deed and execute, acknowledge, confirm or endorse any agreements, documents, deeds, instruments and papers in connection therewith;
- f) to call any Meetings of the Bondholders in accordance with the provisions of the Trust Deed and the Bonds and to facilitate the proceedings of such meeting as it deems appropriate in accordance with the terms of this Trust Deed;
- g) to implement, give effect to and facilitate the terms and conditions of the Bonds and such other documents, deeds and agreements in contemplation thereof;
- h) upon instruction by the Bondholders in accordance with the Trust Deed, to sell or otherwise dispose of the Trust Property and close any bank accounts that may have been opened in pursuance of the Trust Deed after distribution of amounts standing to their credit;
- i) to take such action as may be appropriate for the protection of the interest of the Bondholders in accordance with the Trust Act, 1882 and the provisions of the Trust Deed;
- j) to perform all responsibilities of a trustee as required under Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 or any other successive rules of the BSEC.
- k) The Trustee shall have power to insert any additional terms and conditions for the performance of the obligations under the Trust Deed for the protection of the interest of the Bondholders; and
- l) to do all such other acts, deeds and things as may be necessary and incidental to the above objects for exclusive benefit of the Bondholders unless such acts require the prior consent of the Beneficiaries in accordance with the Trust Deed.

8.2 Rights of the Trustee

- a) **Advice:** The Trustee may in relation to the Trust Deed act on the opinion or advice of or a certificate or any information obtained from any lawyer, banker, valuer, surveyor, broker, auctioneer, accountant or other expert and shall not be responsible for any Liability occasioned by so acting.
- b) **Certificate of Directors or Authorized Signatories:** The Trustee, in the exercise of its functions, may call for and shall be at liberty to accept a certificate signed by two Authorized Signatories of the Issuer or other person duly authorized on their behalf as to any fact or matter *prima facie* within the knowledge of the Issuer, as the case may be, as sufficient evidence thereof and a like certificate to the effect that any particular dealing, transaction or step or thing is, in the opinion of the person so certifying, expedient as sufficient evidence that it is expedient and the Trustee shall not be bound in any such case to call for further evidence or be responsible for any Liability that may be occasioned by its failing so to do.
- c) **Resolution or Direction of Bondholders:** The Trustee shall not be responsible for acting in good faith upon any resolution purporting to be a Written Resolution or to have been passed at any meeting of the Bondholders in respect whereof minutes have been made and signed or a direction of a specified percentage of Bondholders, even though it may subsequently be found that there was some defect in the constitution of the meeting or the passing of the resolution or the making of the directions or that for any reason the resolution purporting to be



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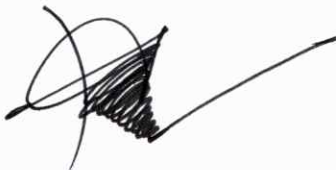
Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
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a Written Resolution or to have been passed at any Meeting or the making of the directions was not valid or binding upon the Bondholders.

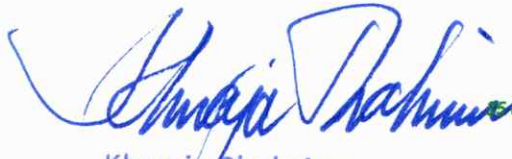
- d) **Bondholders as a Class:** In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including without limitation any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Bondholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Bondholders whatever their number and in particular, but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers, authorities and discretions for individual Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders.
- e) **No Obligation to Monitor:** The Trustee shall not be under any obligation to monitor or supervise the functions of any other person under the Bonds or any other agreement or document relating to the transactions herein or therein contemplated and shall be entitled, in the absence of actual knowledge of a breach of obligation, to assume that each such person is properly performing and complying with its obligations.
- f) **Bonds Held by the Issuer:** In the absence of actual knowledge or express notice to the contrary, the Trustee may assume without enquiry (other than requesting a certificate of the Issuer), that no Bonds are for the time being held by or for the benefit of the Issuer or any of its affiliates.
- g) **Events of Default:** The Trustee shall not be bound to give notice to any person of the execution of the Trust Deed or to take any steps to ascertain whether any Default or Event of Default has happened and, until it shall have actual knowledge or express notice to the contrary, the Trustee shall be entitled to assume that no such Default or Event of Default has happened and that the Issuer is observing and performing all the obligations on its part contained in the Bonds and the Bond Documents and no event has happened as a consequence of which any of the Bonds may become repayable.
- h) **Right to Deduct or Withhold for Taxes:** To the extent required by any applicable law, but without prejudice to Taxation clause, if the Trustee is or will be required to make any deduction or withholding from any distribution or payment made by it hereunder or if the Trustee is or will be otherwise charged to, or is or may become liable to, tax as a consequence of performing its duties hereunder whether as principal, agent or otherwise, and whether by reason of any assessment, prospective assessment or other imposition of liability to taxation of whatsoever nature and whenever made upon the Trustee, and whether in connection with or arising from any sums received or distributed by it or to which it may be entitled under this Trust Deed (other than in connection with its remuneration as provided for herein or any other amounts for its own account) or any investments or deposits from time to time representing the same, including any income or gains arising therefrom or any action of the Trustee in connection with the trusts of the Trust Deed (other than the remuneration herein specified or any other amounts for its own account) or otherwise, then the Trustee shall be entitled to make such proper deduction or withholding to the extent required by any applicable law or, as the case may be, to retain out of sums received by it an amount sufficient to discharge any liability to tax (as required by any applicable law) which relates to sums so received or distributed or to discharge any such other liability of the Trustee to tax (as required by any applicable law) from any funds that may from time to time be held by the Trustee upon the trusts.
- i) **No Responsibility to Investigate:** The Trustee shall not have any responsibility for or have any duty to investigate except under any applicable laws or regulations:
- the execution, delivery, legality, validity, effectiveness, adequacy, genuineness, enforceability or admissibility in evidence of any Bond Document;
 - any recitals, statements, warranties, representations or covenants of any party to any Bond Document;
 - its ability to exercise the rights, trusts, powers, authorities or discretions purported to be conferred on it by any of the Bond Documents; or
 - the capacities, powers or credit standing of the Issuer or other party to any of the Bond Documents;



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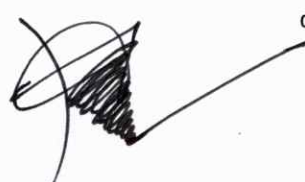


Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

- j) **Error of Judgment:** The Trustee shall not be liable for any error of judgment made in good faith by any officer or employee of the Trustee assigned by the Trustee to administer its corporate trust matters.
- k) **No Responsibility for Loss:** The Trustee shall not in any circumstances, except under any applicable laws or regulations:
- be liable to account to any Bondholder or any other person for anything except sums actually received by the Trustee which have not been distributed or paid to the persons entitled or at the time of payment believed by the Trustee to be entitled thereto, or
 - be liable to any Bondholder or any other person for any costs, charges, losses, damages, liabilities or expenses arising from or connected with any act, default, omission or misconduct of the Trustee, any Appointee or their respective officers, employees or agents in relation to the Bond Documents except to the extent that they shall have been finally judicially determined to have been caused by the Trustee's own gross negligence, wilful default or fraud.
- l) **Force Majeure:** The Trustee shall not be liable for any failure or delay in the performance of its obligations under the Trust Deed or any other Bond Document because of circumstances beyond such Trustee's control, including, without limitation, acts of God, flood, war (whether declared or undeclared), terrorism, fire, riot, embargo, labour disputes, any laws, ordinances, regulations or the like which restrict or prohibit the performance of the obligations contemplated by the Trust Deed or any other Bond Document, and other causes beyond such Trustee's control whether or not of the same class or kind as specifically named above. However, the Trustee shall use commercially reasonable efforts consistent with accepted practice in its industry to resume performance as soon as practicable under the circumstances.
- m) **Immunities:** The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under the Trust Deed shall extend to the Trustee's officers, directors and employees. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the defeasance or discharge of the Trust Deed and final payment of the Bonds but in any event will be subject to any gross negligence, wilful default or fraud of which the Trustee or its officers, directors or employees may be guilty in relation to their duties under the Trust Deed. The Issuer acknowledges that in any proceedings taken in relation to the Trust Deed, it will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process.

8.3 Trustee's Exercise of Powers and Its Discretion in Exercise of Powers and Fulfilment of Duties

- (a) **Trustee's Determination:** The Trustee may determine whether or not a default in the performance or observance by the Issuer of any obligation under the provisions of any Bond Document or contained in the Bonds is capable of remedy and/or materially prejudicial to the interests of the Bondholders and if the Trustee certifies that any such default is, in its opinion, not capable of remedy and/or materially prejudicial to the interests of the Bondholders, such certificate shall be conclusive and binding upon the Issuer and the Bondholders provided however that the Trustee may not exercise any powers conferred upon it unless the Trustee having given not less than 10 Business Days' notice of such proposed determination to the Bondholders in accordance with the Trust Deed, it has not, within 30 days of such notice being received by the Bondholders or a shorter period as may be agreed by the Bondholders in writing, been directed by Majority Bondholders instructing the Trustee as to the determination which shall be made.
- (b) **Determination of Questions:** The Trustee as between itself and the Bondholders shall have full power to determine all the questions and doubts arising in relation to any of the provisions of the Trust Deed which in the opinion of the Trustee relates to Bond Specific Matters and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Trustee, shall be conclusive and shall bind the Trustee and the Bondholders provided however that the Trustee may not exercise any powers conferred upon it unless the Trustee having given not less than 10 Business Days' notice of such proposed determination to the Bondholders in accordance with the Trust Deed, it has not, within 30 days of such notice



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being received by the Bondholders or a shorter period as may be agreed by the Bondholders in writing, been directed by Majority Bondholders instructing the Trustee as to the determination which shall be made.

- (c) **Trustee's Discretion:** The Trustee shall (save as expressly otherwise provided herein) as regards all the trusts, powers, authorities and discretions vested in it by the Trust Deed or by operation of law, have absolute discretion as to the exercise or non-exercise thereof and the Trustee shall not be responsible for any Liability that may result from the exercise or non-exercise thereof but whenever the Trustee is under the provisions of this Trust Deed bound to act at the request or direction of the Bondholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing provided however that the Trustee may not exercise any discretion conferred upon it unless the Trustee having given not less than 10 Business Days' notice of such exercise of discretion to the Bondholders in accordance with the Trust Deed, it has not, within 30 days of such notice being received by the Bondholders or a shorter period as may be agreed by the Bondholders in writing, been directed by Majority Bondholders instructing the Trustee as to how such discretion shall be exercised.
- (d) **Trustee's Consent:** any consent given by the Trustee for the purposes of the Trust Deed may be given on such terms and subject to such conditions (if any) as the Trustee may require.
- (e) **Application of Proceeds:** the Trustee shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Bonds.
- (f) **Delegation:** the Trustee may, with the prior consent in writing of the Issuer, in the execution and exercise of all or any of the trusts, powers, authorities and discretions vested in it by the Trust Deed, act by responsible officers or a responsible officer for the time being of the Trustee and the Trustee may also whenever it thinks fit, whether by power of attorney or otherwise, delegate to any person or persons or fluctuating body of persons (whether being a joint trustee of this Trust Deed or not) all or any of the trusts, powers, authorities and discretions vested in it by this Trust Deed and any such delegation may be made upon such terms and conditions and subject to such regulations (including power to sub delegate with the consent of the Trustee) as the Trustee may think fit in the interests of the Bondholders and, provided the Trustee shall have exercised reasonable care in the selection of any such Appointee and the Trustee shall not be bound to supervise the proceedings or acts of and shall not in any way or to any extent be responsible for any Liabilities incurred by reason of the misconduct, omission or default on the part of such delegate or sub-delegate.
- (g) **Agents:** Subject to the provisions of the Trust Act 1882, the Trustee may, in the conduct of the trusts of the Trust Deed, with the prior consent in writing of the Issuer, instead of acting personally, employ and pay an agent on any terms, whether or not a lawyer or other professional person, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Trustee, as the case may (including the receipt and payment of money) and, provided that the Trustee shall have exercised reasonable care in the selection and appointment of any such agent(s), the Trustee shall not be responsible for any Liabilities incurred by reason of the misconduct, omission or default on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of any such person.
- (h) **Custodians and Nominees:** the Trustee may appoint and pay any person to act as a custodian or nominee on any terms in relation to such assets of the trust as the Trustee may determine, including for the purpose of depositing with a custodian the Trust Deed or any document relating to the trust created hereunder and, provided the Trustee shall have exercised reasonable care in the selection of any such Appointee, the Trustee shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of any such person.
- (i) **Confidential Information:** The Trustee shall not (unless required by law or ordered so to do by a court of competent jurisdiction) be required to disclose to any Bondholder any confidential information (financial or otherwise) made available to the Trustee by the Issuer or any other person in connection with the Trust Deed and no Bondholder shall be entitled to take any action to obtain from the Trustee any such information. The



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Trustee shall forward to the Bondholders any non-confidential information made available to the Trustee by the Issuer in connection with this Trust Deed.

(j) Interests of Bondholders

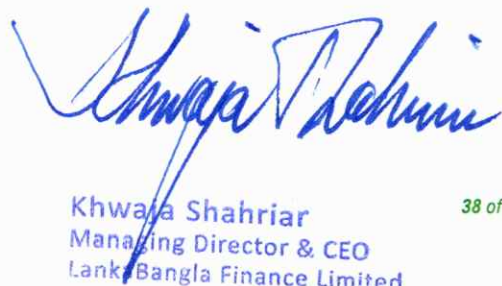
In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, authorization, waiver or substitution) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders except to the extent provided for in the Trust Deed and/or any undertakings given in addition thereto or in substitution therefore pursuant to the Trust Deed.



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9 RIGHTS & OBLIGATIONS OF THE ELIGIBLE INVESTORS

Each investor (Bondholder/Investor) shall enter into a separate Subscription Agreement(s) with the Issuer and shall be bound by the terms and conditions contained in such Subscription Agreement containing in details the rights and obligations of the Investors, and which shall be an integral part of the Trust Deed.

a) Several Obligations of Bondholders under Subscription Agreement

The obligations of the Bondholders under the Subscription Agreement and other agreements with identical terms are several and the failure by a Bondholder(s) to perform its obligations under the Bond Documents shall not affect the obligations of the Issuer towards any other Bondholder(s) under other identical agreements nor shall any other Bondholder(s) be liable for the failure by such Bondholder(s) to perform its obligations under the Subscription Agreement or any other Bond Document.

b) Independent Rights of Bondholders

The rights of the Bondholder are several and any debt or other obligation arising under the Subscription Agreement at any time from the Issuer to any other Bondholder(s) shall be a separate and independent debt. Each Bondholder will be entitled to protect and enforce its individual rights independently of any other Bondholder and it shall not be necessary for any other Bondholder(s) to be joined as an additional party in proceedings for such purpose.

c) Right to Hold Meetings

The Bondholders shall hold meetings with such power and scope and in the manner provided for as per provision of Trust Deed.

d) Undertaking to Issue

The Bonds shall be issued in dematerialised form as per the CDBL Bye Laws and the Issuer shall apply for listing as per the requirement of BSEC or subject to the consent letter by BSEC, in the Alternative Trading Board (ATB) under the Bangladesh Securities and Exchange Commission (Alternative Trading System) Rules, 2019 and respective regulations of the stock exchange(s) in this regard. The Issuer undertakes that (i) on or before the Closing Date, it will duly execute and deliver the Bond Documents, representing the allocation amount of Bonds subscribed, unless an exemption to the same regard has been obtained thereto.

e) Undertaking to Subscribe

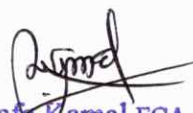
The Bondholder undertakes to the Issuer that, subject to and in accordance with the provisions of this Agreement, it will open a BO Account to be maintained with CDBL as per the CDBL Bye Laws and on the Closing Date subscribe for aggregate principal amount of each series of the Bonds on payment of Issue Price thereof allocated to such Bondholder as set out in the column corresponding directly against its name. Upon subscription for and issue of the Bonds, the Bondholder shall be termed as Bondholder.

f) Investor Representations

The Bondholder(s) will comply with all applicable laws and regulations of Bangladesh and other jurisdiction in which it offers, sells or delivers Bonds or has in its possession or distributes any offering material, in all cases at its own expense.



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g) Indemnity

The Issuer shall fully indemnify the Bondholder(s) from and against any expense, loss, damage or liability which any of them may incur in connection with the enforcement, protection or preservation of any right or claim of the Bondholders under the Transaction Documents.

h) Closing**Subscription and Closing**

- (i) Subject to the conditions precedent contained in the Subscription Agreement, the closing of the issue of the Bonds shall take place on the Closing Date.
- (ii) Investor Representation Letter: On the date indicated in the Subscription Agreement, the Bondholders will execute and deliver a letter addressed to the Issuer in the form attached as Schedule 3 (Form of Investor Representation Letter) of the Subscription Agreement.
- (iii) Payment of net issue proceeds: On each Closing Date, of the Bondholders shall pay the purchase price of Bonds to the Issuer in Bangladesh Taka in the manner provided for in the Subscription Agreement.

i) Termination

The Bondholders may give a termination notice to the Issuer at any time on or prior to the Closing Date if:

- Breach of obligation: the Issuer fails to perform any of its obligations under the Subscription Agreement;
- Failure of condition precedent: any of the conditions precedent is not satisfied or waived by the Bondholders on the Closing Date; or
- Force majeure: since the date of the Subscription Agreement there has been (i) any material outbreak or escalation of hostilities involving Bangladesh or declaration by Bangladesh of a national emergency or war or other calamity or crisis or (ii) a material adverse change in economic, political or financial conditions or currency exchange rates or exchange controls in Bangladesh or international market, of such magnitude and severity in its effect on the financial markets as to make it impracticable or inadvisable to proceed with the offer, sale, distribution or delivery of the Bonds.

j) Consequences

Upon the giving of a termination notice under Clause 16.11 (Termination) and subject to the Subscription Agreement:

- Discharge of Issuer: the Issuer shall be discharged from performance of its obligations under the Subscription Agreement except for the liability of the Issuer in relation to expenses related to the Bonds and except for any liability arising before or in relation to such termination; and
- Discharge of Bondholder: such Bondholder shall be discharged from performance of their respective obligations under the Subscription Agreement.

k) Interests of the Bondholders

The interests of the Bondholders shall be protected and preserved by the Trustee in the manner described in in the Trust Deed.



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10 RIGHTS & OBLIGATIONS OF OTHER CONTRACTUAL PARTIES

10.1 Credit Rating Agency

For the purpose of conducting the bond rating service for the LankaBangla Finance 4th Privately Placed, Non-Convertible, Fully Redeemable, Unsecured, Zero Coupon Bonds having issue size of BDT 2,000,000,000 (BDT two thousand million) only (which shall be referred to as "Rated Subject") the Issuer has appointed Credit Rating Agency of Bangladesh Limited (CRAB), the ("Credit Rating Agency" or "CRA") under the terms and covenants as detailed under Credit Rating Agency Agreement dated May 25, 2023, executed by and between the Issuer and the CRA to be conducted as per the Bangladesh Securities and Exchange Commission (Credit Rating Companies) Rules, 2022, issued by BSEC and the Standard Methodology and Ethical Code of the CRA etc.

Moreover, for providing the requested rating services for the Rated Subject, the Issuer agrees to make payment to the CRA as per the payment schedule mentioned under Credit Rating Agency Agreement dated May 25, 2023, up to end of bond maturity for any debt instrument as per requirements of the Bangladesh Securities and Exchange Commission (Credit Rating Companies) Rules, 2022.

10.2 Legal Counsel

Pursuant to the Letter issued under reference number 12/0703/2023 dated June 6, 2023, the Issuer agrees to appoint Lex Juris as the Legal Counsel of the Bonds in order to provide legal advice and legal assistance or any other legal services deliverables to the Issuer in relation to the issuance as per the following scope:

- Draft, negotiate and finalize Trust Deed, Subscription Agreements and other ancillary documents in relation to the issuance of the Bonds;
- Review of applications to be made by the Issuer to relevant Regulators;
- Provide necessary legal opinion on various issues as required upon execution of the Bond Documents;
- Assist with registering the required agreements, documents and related forms with the respective authorities and entities and
- Attend meetings, telephone calls, discussions, correspondences, perusals and any other services incidental to the completion of the transaction in various stages for the issuance of Bond.

10.3 Any Other Contractual Party

The rights and obligations of any other contractual party should be governed by the respective contract or agreement entered into by the parties therein.



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11 DESCRIPTION OF THE ISSUER

11.1 LankaBangla Finance Limited

LankaBangla Finance Limited, with a history dating back over 25 years, is one of the leading non-bank financial institution in Bangladesh. LankaBangla's roots can be traced back to 1997, when it started its operation as a joint-venture financial institution in multinational collaboration, with license from Bangladesh Bank under the Financial Institutions Act 1993. LBFL has been listed on both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) since 2006.

Today, LankaBangla Finance stands at the forefront of the financial services sector in Bangladesh, offering a comprehensive range of integrated services. These services encompass Corporate Financial Services, Personal Financial Services, CMSME Financial Services. Through its subsidiaries, it is also offering stock broking, corporate advisory, and wealth management services. LankaBangla Finance is the only NBFIs operating in Bangladesh, which is offering credit card services to its customers.

LankaBangla has strategically implemented business process re-engineering to enhance its capacity and deliver superior service experiences to its clients. With a centralized administrative framework and state-of-the-art technological infrastructure, the company operates efficiently through its 27 branches covering major business hubs across the country.

LankaBangla Finance's unwavering commitment to excellence has been recognized through awards and accolades, such as the National Award for Best Published Accounts and Reports, bestowed by the Institute of Chartered Accountants of Bangladesh (ICAB), for several consecutive years. Additionally, its dedication to transparent reporting and adherence to international standards, LankaBangla has consistently received the "Best Presented Annual Report" award from the South Asian Federation of Accountants (SAFA), a distinguished body of SAARC. Moreover, LankaBangla Finance has received the Excellence in Mastercard Credit Business award from Mastercard several times in recent years. Furthermore, LankaBangla Finance is PCI DSS certified and ISO/IEC 27001:2013 certified.

Driven by its core values of integrity, innovation, and customer centricity, LankaBangla Finance is poised to continue to transforming the financial landscape of Bangladesh. It remains dedicated to empowering businesses, individuals, and communities with the financial tools and solutions they need to thrive in an ever-changing world.



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11.2 Vision, Mission, and Core Values of LankaBangla Finance Limited

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



Cherish a sense of ownership



Be customer centric



Grow as a team



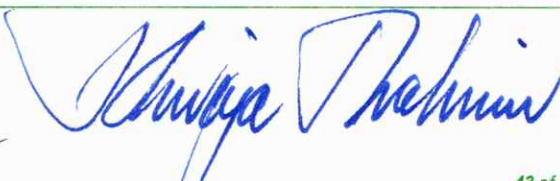
Act with integrity and professionalism



Deal with respect


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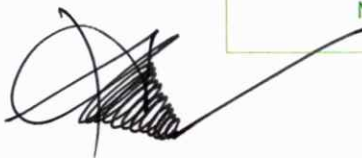

Mostafa Kamal FCA
Company Secretary
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11.3 LankaBangla Finance Limited at a Glance

As on December 31, 2022

 1996 Incorporation	 1997 Licensed, by Bangladesh Bank	 2006 Listed on DSE & CSE
 1,245 Employees	 48,167 Depositors	 111,948 Borrowers
 109,188 Active Credit Cards	 27 Branches	 3 Direct Subsidiaries
 BDT 65,086m Loan Portfolio	 BDT 8,856m Investment Portfolio	 BDT 42,907m Deposit Portfolio
 6.80% NPL Ratio	 17.33% Capital Adequacy Ratio	 AA₃ ST-2 Credit Rating


Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited


Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited


Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

11.4 LankaBangla Group Structure

The group consists of six companies including the parent LankaBangla Finance Limited. LBFL has direct holding on three companies—LankaBangla Securities Limited, LankaBangla Investment Limited, and LankaBangla Asset Management Company Limited. LankaBangla Finance has indirect holding on two companies—LankaBangla Information System Limited and BizBangla Media Limited.

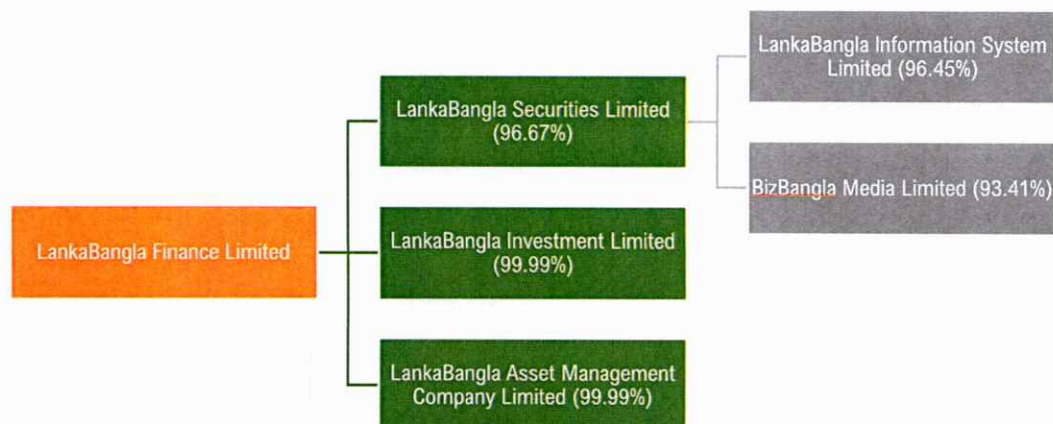


Figure 2: Subsidiaries of LankaBangla Finance

11.4.1 LankaBangla Securities Limited

LankaBangla Securities Limited (LBSL) is a leading provider of brokerage services that stands at the forefront of the industry, offering cutting-edge trading solutions, highly regarded research capabilities, and exceptional customer service. The company's roots can be traced back to its establishment as Vanik Bangladesh Securities Ltd in 1997, initially operating exclusively within the Chittagong Stock Exchange (CSE) Ltd. Expanding its presence, LBSL ventured into the Dhaka Stock Exchange (DSE) a year later. It was rebranded as LankaBangla Securities Limited in 2005 following a restructuring of the company. The company is 96.67% (including indirect ownership) owned subsidiary of LankaBangla Finance Limited (LBFL).

11.4.2 LankaBangla Investments Limited

LankaBangla Investments Limited is a premier investment bank in the country providing corporate advisory, issue management and portfolio management services. It is a fully owned subsidiary of LankaBangla Finance Limited, LBIL was incorporated in Bangladesh with the Registrar of Joint Stock Companies and Firms (RJSCF) on 29 March 2010 as a Private Limited Company under the Companies Act, 1994. LBIL inherited its merchant banking operation from its parent company, LankaBangla Finance Limited, which was the first merchant bank to offer discretionary portfolio management services back in 1997. The Company obtained Merchant Banking license from the Securities and Exchange Commission on 2 January 2011 and spun off its merchant banking operation as a separate company. Later on the company converted itself into a public limited company with effect from 12 June 2013. LBIL has positioned itself prominently in investment banking arena of Bangladesh through its wide range of services including Primary Market Services and Portfolio Management Services.

11.4.3 LankaBangla Asset Management Company Limited

Established in 2007, LankaBangla Asset Management Company Limited is a 99.99% owned subsidiary of LankaBangla Finance Limited. It received its license from Bangladesh Securities and Exchange Commission (BSEC)


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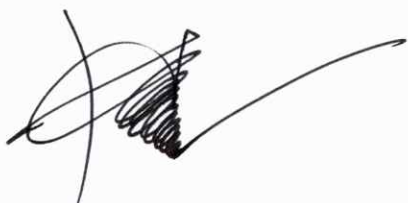
on June 24, 2012 to operate as a full-fledged asset management company. LBAMCL is the official asset management wing of LankaBangla group, and is deeply committed to providing client driven solution and superior risk adjusted performance to its valued clients. Backed by the group's strong operating history and strong footprint in the financial sector LBAMCL makes continual investments in the asset management and client service platform, resulting in a client-focused, solutions-driven orientation. LBAMCL values original thinking, due diligence, first hand research and investment discipline. By keeping the target investors in focus, it opts to become one of the leading asset management companies in Bangladesh very soon.

11.4.4 LankaBangla Information System Limited

LankaBangla Information System (LBIS) is a leading information technology service provider in the country. It is a subsidiary of LankaBangla Securities Limited. LBIS started its journey on May, 2013. LBIS's strong base of expertise and technical know-how is built on the firm belief that "Technology Serves the Business". This belief enables us to deliver IT services that match and grow with clients requirements as they evolve. LankaBangla Information System is an IT Management Services outsourcing and consulting company providing IT solutions, project management and comprehensive infrastructure support and monitoring. With well understanding of the communications industry, access to current and emerging technologies, mature development processes, global resources and a proven track record, LBIS creates complete solutions to help clients succeed. In today's world, organizations will have to quickly reengineer themselves and be more responsive to changing customer demands. LBIS is well positioned to be a partner and innovator to businesses in their transformation journey, identify new growth opportunities and facilitate their venture into new sectors. The value is in the unification of proven experiences, skilled expertise and defined thought leadership.

11.4.5 BizBangla Media Limited

BizBangla Media Limited is a subsidiary of LankaBangla Securities Limited. It is committed to publishing the country's first Bengali business daily 'The Dally Bonik Barta'. Since 2011, Bonik Barta (BB) has been ensuring sustainable growth in quality business reporting and large clientele base, thereby leading to a strong market positioning in the market. Today this highly regarded business daily has an extensive network of circulation across the major operation i.e. business hubs/outlets across the country. In the recent years with a consolidated effort and prudent Management leadership, BizBangla has attempted to position itself within the top performing (Bengali) business newspapers in Bangladesh. This has resulted to emergence as one of the major Department of Film & Publications (DFP) compliant organizations. This rating by the DFP provides a very important indication of the integrity and strength of the organization and the concerned Newspaper and is particularly relevant to its ultimate readers/ consumers and other stakeholders such as the strategic partners, shareholders and lenders.



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LankaBangla Finance Limited

11.5 Capital Structure

The capital of LankaBangla comprises shareholders' equity, deposits, bank borrowing, bonds, and other liabilities. As of December 31, 2022, LankaBangla Finance's consolidated total assets stood at BDT 90,765 million, which has predominately been financed by deposits from individuals, corporates and banks, followed by borrowings in the form of bank loan, refinance from Bangladesh Bank and SME Foundation, bonds, money market borrowings, foreign loans, etc.

Table 1: Financial Structure of LankaBangla Finance Limited

Particulars	As on December 31, 2022			
	Consolidated		Standalone	
	BDT Million	% of Total Assets	BDT Million	% of Total Assets
Liabilities				
Deposits	42,907	47.3%	43,657	50.8%
Borrowings	25,390	28.0%	23,342	27.2%
Other Liabilities	11,471	12.6%	7,767	9.0%
Total Liabilities	79,769	87.9%	74,766	87.0%
Shareholders' Equity				
Paid-up Capital	5,388	5.9%	5,388	6.3%
Share Premium	1,091	1.2%	-	0.0%
Statutory Reserve	2,085	2.3%	2,085	2.4%
General Reserve	47	0.1%	-	0.0%
Capital Reserve	86	0.1%	-	0.0%
Retained Earnings	2,090	2.3%	1,558	0.0%
Revaluation Reserve for Investment in Subsidiaries	-	-	2,137	2.5%
Total Shareholders' Equity	10,788	11.9%	11,169	13.0%
Non-Controlling Interest	208	0.2%	-	-
Total Liabilities and Shareholders' Equity	90,765	100.0%	85,934	100.0%

As per section 4(Gha) of the Financial Institutions Act 1994, the minimum paid up capital of a non-bank financial institution is BDT 1,000 million, 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 as on December 31, 2022 were BDT 5,407 million and BDT 4,097 million respectively.

Table 2: Capital Adequacy of LankaBangla Finance Limited

Particulars	As on December 31, 2022	
	Consolidated	Standalone
	BDT Million	BDT Million
Core Capital (Tier-1)	10,996	9,032
Supplementary Capital (Tier-2)	1,787	2,153
Total Capital	12,783	11,184
Total Risk Weighted Assets	73,763	70,877
Required Capital	7,376	7,088
Surplus Capital	5,407	4,097
Required Capital Adequacy Ratio	10.00%	10.00%
Actual Capital Adequacy Ratio	17.33%	15.78%


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As on December 31, 2022, the paid-up capital of LankaBangla Finance stood at BDT 5,388 million divided into 538,838,623 shares of BDT 10 each. The shareholding structure of LBFL as on December 31, 2022, includes sponsor shareholding of 33.45% and 66.45% general public shareholding.

The detail shareholding structure of LankaBangla Finance is presented in the following table and figure:

Table 3: Shareholding Structure of LankaBangla Finance Limited

	Shareholders	No. of Share	% of Shareholding
a.	Foreign Institution: Sampath Bank PLC (Sri Lanka)	51,036,605	9.47%
b.	Local Institution: ONE Bank Limited	20,362,737	3.78%
c.	Individuals:	109,396,579	20.30%
	Mr. Mohammad A Moyeen	22,842,546	4.24%
	Ms. Aneesha Mahial Kundanmal	41,503,844	7.70%
	Mr. Mahbubul Anam	23,998,741	4.45%
	Mr. Tahsinul Huque	20,973,565	3.89%
	Ms. Jasmine Sultana	77,883	0.01%
	Sponsors and/or Directors Total	180,816,059	33.55%
d.	General Shareholders	358,042,702	66.45%
	Total	538,838,623	100.00%

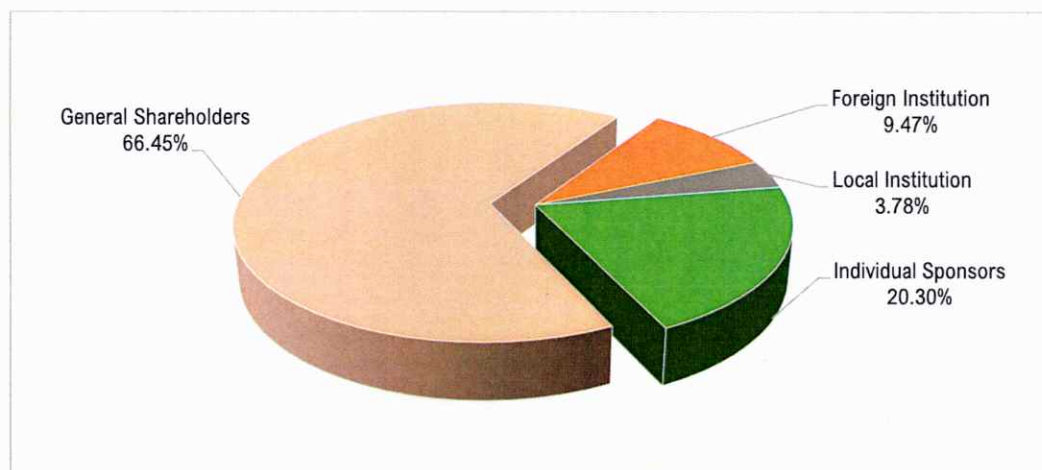
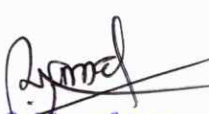


Figure 3: Shareholding Structure of LankaBangla Finance Limited


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11.6 Business Divisions of LankaBangla Finance Limited

11.6.1 Retail Financial Services

The Retail Financial Services division offers a variety of personal financial services to fulfill the needs of individuals. By providing innovative, customized solutions and services, the Retail Financial Services division of LankaBangla Finance has established itself as one of the leaders in the market of consumer finance. LankaBangla's services are conveniently accessible through its extensive network of 27 branches across the country.

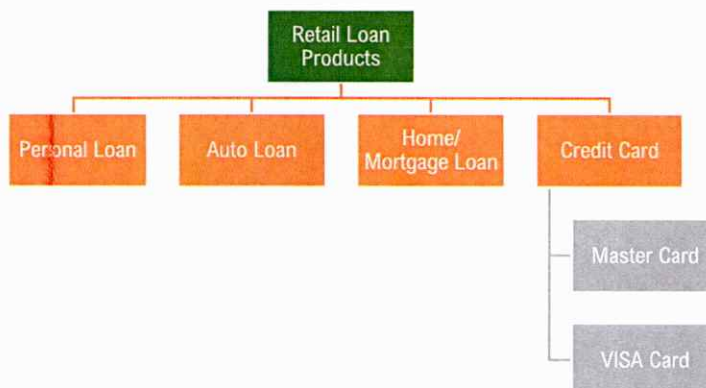


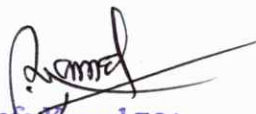
Figure 4: Retail Loan Products of LankaBangla Finance

LankaBangla is the only NBFIs operating in Bangladesh that offers credit card. LankaBangla offers both Master Card and VISA Card. Presently, there are more than 135,000 live LankaBangla credit cards in the market. In its commitment to convenience, LankaBangla has partnered with various mobile and digital payment platforms, ensuring its cardholders have the broadest payment network available.



Figure 5: Retail Deposit Products of LankaBangla Finance


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LankaBangla's Retail Financial Services division also offers a myriad array of deposit products for individuals to cater their requirements ranging from traditional term deposits to flexi deposits, periodic return term deposits, annuity schemes, and special long-term deposit schemes (e.g., double money scheme, triple money scheme).

11.6.2 CMSME Financial Services

With the belief of 'growing together,' LankaBangla Finance has special focus on cottage, micro, small and medium-sized enterprises (CMSMEs) businesses. Recognizing the crucial role of CMSMEs in driving economic growth, LBFL provides specialized CMSME Financial Services, empowering entrepreneurs to fuel their ambitions and contribute to the nation's development. The value created through this is demonstrated through the unique relationship model, industry expertise, and local market advantage.

CMSME Division of LankaBangla created a sound footprint in the year 2015, which has been surpassed in the succeeding years and is expected to excel further. The division is working on new product introduction, cluster analysis and finding out prospective sectors. The focus on CMSME growth is reflected by various campaign arrangements, SME Fair, etc. A dedicated team for each branch is working to develop woman entrepreneurship in Bangladesh. LankaBangla is providing CMSME finance facilities to different types of sector with increased focus on women. By availing the refinancing facility through Bangladesh Bank, LankaBangla is able to offer attractive rates for prospective women entrepreneurs of Bangladesh.

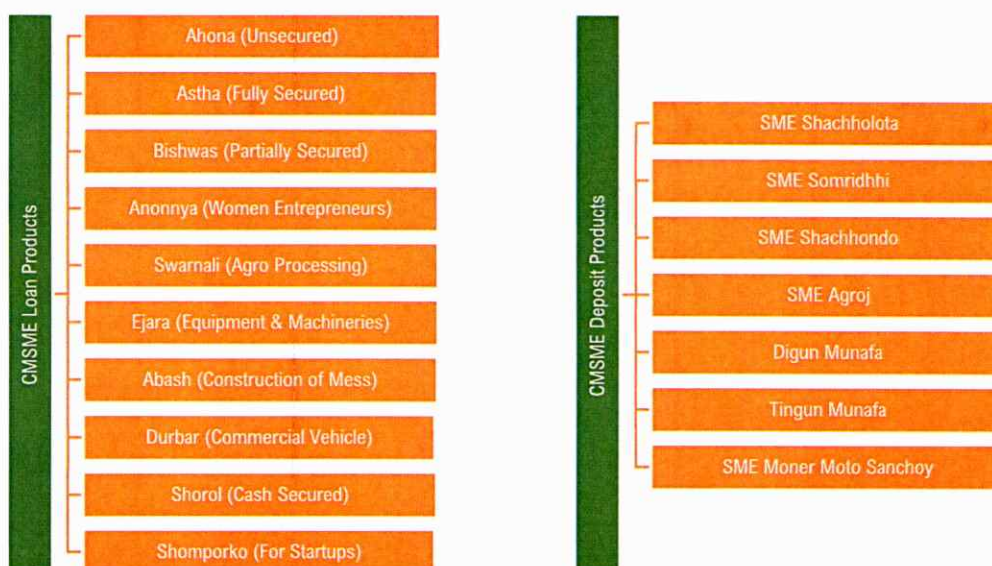


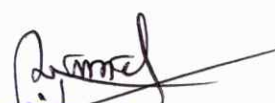
Figure 6: CMSME Loan & Deposit Products of LankaBangla Finance

The CMSME Financial Services division has designed deposit products targeting the CMSMEs. These deposit products are making it easier for the small and medium enterprises and the proprietors to plan their finances properly.

11.6.3 Corporate Financial Services

The division delivers services through four units, namely Corporate & Institutions unit, Project & Structured Finance unit, Emerging & Commercial Business unit, and Corporate Liability unit.


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The followings are the loans products offered by LankaBangla Corporate Financial Services division:

Corporate & Institutions Unit	Project & Structured Finance Unit	Emerging & Commercial Business Unit
• Lease Finance • Term Finance • Short Term Finance • Revolving Finance • Loan against TRD • Work Order Finance • Bridge Finance • Club Finance • Project Finance	• Syndicate Finance • Project/Infrastructure Finance • Private Placement of Debt • Equity Floatation • Corporate Advisory Service • Merger & Acquisition • Foreign Currency Funding	• Factoring • Reverse Factoring • Distributor Finance

Figure 7: Corporate Loan Products of LankaBangla Finance

Corporate Liability unit works to mobilize deposit from the cash-rich corporate bodies—both private and public. LankaBangla offers different forms of deposit schemes for the corporate bodies offering attractive investment opportunities to diversify their income and manage cash flow as part of the financial plan.

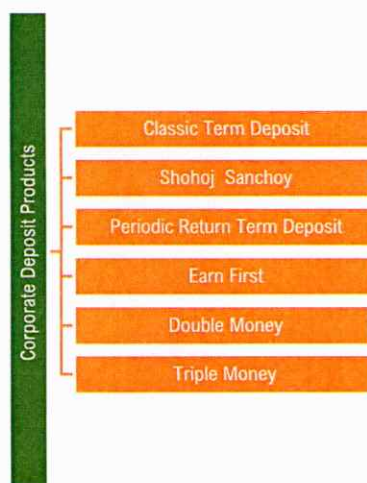


Figure 8: Corporate Deposit Products of LankaBangla Finance

11.6.4 Treasury & Financial Institutions

The Treasury & Financial Institutions division, apart from acting as the custodian of the company's monetary resources, also acts as a profit center. LBFL is an active player in the money market and takes arbitrage opportunities available in the market by short-term placements. In addition, it makes investment in commercial papers of reputed companies. The Treasury division is entrusted with the responsibility of managing the investment portfolio of the company. The investment portfolio includes equity investments in the primary and secondary market, investment in fixed income securities such as government securities, corporate bonds, preferred shares, etc.


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Khwaja Shahriar
 Managing Director & CEO
 LankaBangla Finance Limited

11.7 Management Team of LankaBangla Finance Limited



Khwaja Shahriar

Managing Director & CEO

Mr. Khwaja Shahriar assumed the position of Managing Director at LankaBangla Finance on May 21, 2017, after serving as the Deputy Managing Director and Head of Business since June 2012. With an extensive career spanning nearly two decades, he has garnered experience in various banks and financial institutions.

He served BRAC Bank Limited for almost a decade in different positions and capacity including Head of Corporate Banking, Head of Cash Management and Head of Probashi Banking. He has also held positions of responsibility at GSP Finance Company Limited, Bangladesh Finance & Investment Company Limited, Uttara Bank Limited, AB Bank Limited, and Green Delta Insurance Company Limited.

Throughout his professional journey, Mr. Shahriar has actively pursued continuous learning and development opportunities. He has participated in numerous training programs, workshops, and seminars both domestically and internationally, including in the USA, UK, Dubai, Hong Kong, and India.

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



A. K. M. Kamruzzaman, FCMA

Head of Operations

Mr. A. K. M. Kamruzzaman holds the position of Senior Executive Vice President & Head of Operations at LankaBangla. With a tenure of over twenty and a half years at LankaBangla, Mr. Kamruzzaman has had the privilege of working across multiple functional areas of the company in various capacities.

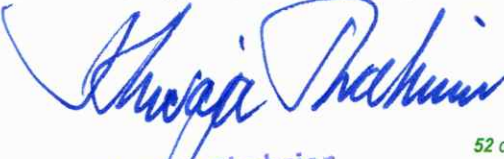
Mr. Kamruzzaman is a nominated Director in the Board of LankaBangla Asset Management Company Limited. Prior to joining LankaBangla, he served Opex Group, Prime Group, Babylon Group and some other leading companies in manufacturing and service industries. He also served time to time as part-time and guest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

Mr. Kamruzzaman's notable professional affiliations include his membership as an elected Member of the National Council during 2020-2022, Secretary in 2022, and Treasurer in 2021 of the Institute of Cost & Management Accountants of Bangladesh (ICMAB). He has also served as a Member of the International Transparency & Governance (ITAG) Committee of the South Asian Federation of Accountants (SAFA). Furthermore, he held the position of Chairman of the Dhaka Branch Council (DBC) of ICMAB. Mr. Kamruzzaman has delivered keynote speeches at various local and international seminars and conferences.

Mr. Kamruzzaman holds a post graduate degree in Accounting from the University of Dhaka. He has also completed MBA from IBA, University of Dhaka and is a Fellow Member (FCMA) of ICMAB. Throughout his personal and professional growth, he has had the opportunity to travel to Sri Lanka, Thailand, Malaysia, Indonesia, Singapore, Germany, France, Switzerland, and Italy.


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**Khurshed Alam**

Head of Retail Financial Services

Mr. Alam, Senior Executive Vice President, joined the then Vanik Bangladesh Limited in July 1998. He is currently looking after the Retail Financial Services Division as well as the Digital Transformation Department of the company. As a long term serving employee, he worked in various departments of the Company including Finance, Administration, HR, Portfolio Management, Credit Card, Home Loan, SME Finance, Auto Loan, Personal Loan and Secured Loan.

Mr. Khurshed started his career in 1992 as a Probationary Officer-Finance & Accounts in Rupali General Insurance Company Limited. He obtained his Honors and Masters in Management from the University of Dhaka. He also got his Post Graduate Diploma in Personnel Management (PGDPM) from Bangladesh Institute of Management (BIM). He has attended a good number of training in home and abroad.

**Quamrul Islam**

Head of Treasury & Financial Institutions

Mr. Quamrul Islam, Senior Executive Vice President joined erstwhile Vanik Bangladesh Limited (later renamed as LankaBangla Finance Limited) on October 7, 1997. During his tenure of office, he held different positions and looked after the functions of Finance and Treasury. Currently he is discharging the responsibility as the Head of Treasury & Financial Institutions.

Mr. Islam obtained his graduation and post-graduation in Accounting from the Faculty of Business Studies of Dhaka University. He started his career with PRAN Group, one of the largest conglomerates of the country as a Management Trainee Officer in early 1997. Mr. Quamrul is the Joint Secretary of Bangladesh Money Market Dealers' Association (BAMDA).

**Mohammad Kamrul Hasan, FCA**

Chief Risk Officer

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

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

**Mostafa Kamal, FCA**

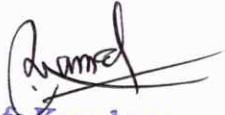
Company Secretary

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

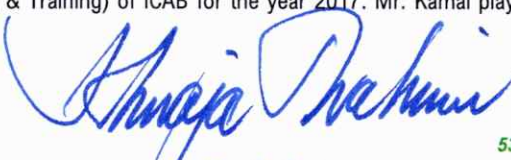
Mr. Kamal held the position of the Chairman of Dhaka Regional Committee of ICAB for the year 2010-2011. He has been elected Council Member of ICAB for the term 2016-2018. He was elected Vice President (Education & Training) of ICAB for the year 2017. Mr. Kamal played a



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very vital role in opening Dhaka Chapter of Information System Audit and Control Association (ISACA) of USA. He is the Founder Director, Communication and Ex-Director, Academic Relations of ISACA Dhaka Chapter.

Mr. Kamal is also a Founder Member and the General Secretary of Vision Care Foundation (a non-profit organization). He is the Executive Director and a member of Policy Advisory Committee of Bashundhara Eye Hospital and Research Institute, a non-profit and most modern Eye Hospital in Bangladesh. Currently, Mr. Kamal is Government nominated Board Member in two state owned organizations namely Bangladesh Cable Shilpa Limited and Telephone Shilpa Sangstha Limited.



Mohammad Shoaib

Head of Corporate Financial Services

Mr. Mohammad Shoaib, Executive Vice President, joined LankaBangla Finance as Assistant Vice President in May 2007. He is currently working as the Head of Corporate Financial Services Division looking after the Corporate Asset & Liability Portfolio. Mr. Shoaib has around 15 years of financial services experience and held various senior management positions in credit & investment, corporate finance, retail finance, SME finance, credit administration and corporate liability. Prior to joining LankaBangla, he was the Branch In-charge of Chittagong Branch of Prime Finance & Investment Limited. He is a Bachelor in Business Administration with Honors in Accounting and a Master's in Business Administration in Accounting & Information Systems from the University of Dhaka. He has attended a good number of trainings, seminars and workshops both in home and abroad.



Shamim Al Mamun, FCA

Chief Financial Officer

Mr. Shamim Al Mamun, Executive Vice President, brings 12 years of professional experience in various institutions. He is working as Chief Financial Officer of LankaBangla Finance since April 2013. Before joining this Company, he was the CFO & Company Secretary of Fareast Stocks & Bonds Limited. He is a Fellow member of the Institute of Chartered Accountants of Bangladesh (ICAB).

He obtained his Bachelor degree in Computer Science from American International University of Bangladesh (AIUB). He is also an ex-cadet and completed his secondary education from Sylhet Cadet College. Mr. Shamim possesses extensive competencies and experiences in Strategic Planning & Forecasting, Process design and Productivity improvement, Financial Governance & Modelling, Financial Reporting and Financial Management. He is also a resource person of ICAB in the capacity of providing training to students and in the process of educational development.



Md. Kamruzzaman Khan

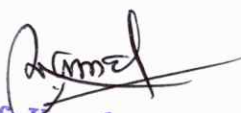
Head of SME Financial Services

Mr. Md. Kamruzzaman Khan, Executive Vice President joined LankaBangla Finance Limited as Head of SME in December 2013. He is currently working as the Head of SME of SME Financial Services Division.

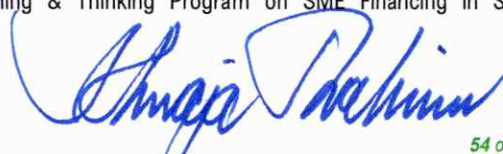
Mr. Khan has over 16 years of Banking and Financial Services experiences. Prior to joining LankaBangla Finance Limited, he served in BRAC Bank Limited under SME Division in different positions including Manager and Senior Manager. Mr. Khan has obtained M. Com in Accounting and also attained an MBA from State University of Bangladesh with Major in Finance & Banking. He participated in advance training programme on Financing SMEs in NIBM, Pune (India) organized jointly by Frankfurt School of Finance and Management, Germany. Currently Mr. Khan also participated in strategic Planning & Thinking Program on SME Financing in SIM



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(Singapore). Mr. Khan also attended a good number of trainings, seminars and workshops both in home and abroad.



Mohammad Hafiz Al Ahad
Head of Human Resources

Mohammad Hafiz Al Ahad, Head of Human Resources and Executive Vice President, joined LankaBangla Finance Limited on April 16, 2019. He is responsible to take care of human resources and overall strategic directions that will help LankaBangla to anticipate the change initiatives and promote people productivity, organizational efficiency and cost effectiveness.

Prior to this, Mr. Ahad worked as the Head of Human Resources at Rahimafrooz Superstores Limited. He was the Chief People Officer (CPO) in Unique Group. He also served as Head of Human Resource for IBPL (SBU of The Coca-Cola Company) and Philip Morris International, Bangladesh and Pakistan. He started his career with the American Express Bank in HR Department back in June 2000. He also worked in Nokia India Private Limited and in SABINCO. He has more than 18 years of diversified professional experiences with international exposure in the field of HR.

Mr. Ahad completed his Masters of Business Administration (MBA) from Oxford Brookes University Business School, Oxford, UK. He also completed his MA and BA (Honours) from the University of Dhaka, Bangladesh.



Sheik Mohammad Fuad
Head of ICT

Mr. Sheik Mohammad Fuad, Head of Information & Communication Technology Division, has been working in LankaBangla Finance Limited since 1999. He has more than 17 years of experience in IT Operations, IT Project Management, IT Governance and Risk Management. As the Head of ICT, Mr. Fuad is responsible for enabling various business requirements through development and successful deployment Information Technology features. He also contributes to the strategic planning of the organization as a member of the Management Committee.

Here in LankaBangla Mr. Fuad is leading a team of highly professional personnel experienced in various wing of Information & Communication Technology such as Infrastructure & Network, ICT Security & Risk, Application & Database Management, Project Management. Mr. Fuad has attained professional credentials such as ITIL(F), COBIT 5, PRINCE 2, MCP, CDCP.



Mohammad Nazmul Hasan Tipu, CFA
Chief Credit Officer

Mr. Tipu, Executive Vice President, is responsible for Credit Risk Management division of LankaBangla Finance Limited. He joined LankaBangla as AVP in Credit Risk Management division in May 2013 with around 9 years of banking experience with exposure in loans and advances both at branch (relationship management) and head office level (Industrial Credit Division). He successfully served around 7 years as Unit Head, Corporate Credit, CRM and eventually he has been promoted to the role of Chief Credit Officer in April 2018.

Mr. Tipu obtained B.Sc. in Chemical Engineering from Bangladesh University of Engineering & Technology (BUET) and Masters in Business Administration from Institute of Business Administration (IBA), University of Dhaka. In 2018, he obtained the coveted Chartered Financial Analyst (CFA) charter reflecting his commitment to harnessing enriched skill sets of international standard and thus demonstrating professional excellence in his area of expertise.



Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited



Muhammad Habib Haider

Head of GIS

Mr. Muhammad Habib Haider, Head of GIS, is responsible for General & Infrastructure Services Division of LankaBangla Finance Limited. He has joined LankaBangla Finance in February 2015. Prior to joining LankaBangla Finance Limited, he served in BRAC Bank Limited under GIS Division in different roles. He has over 12 years' experiences in Banking and Financial Institution sector with exposure in supply chain, logistics, and projects. He obtained his Honours degree from University of Dhaka and MBA from Southeast University. He has attended a number of trainings and workshops both in home and abroad.

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Mostafa Kamal FCA
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LankaBangla Finance Limited

11.8 Description of Encumbered and Unencumbered Assets with Value Thereof

As of December 31, 2022, LankaBangla Finance Limited's total assets on a standalone basis amounted to BDT 85,934,092,812. Among these assets, a specific portion totaling BDT 84,469,959,308 has been encumbered, as charge has been established over the fixed and floating assets, both present and future, of LankaBangla Finance Limited through hypothecation in favor of the secured lenders.

Conversely, assets totaling BDT 1,464,133,503 remain unencumbered. The categorization of these unencumbered assets is as follows:

Table 4: List of Unencumbered Assets of LankaBangla Finance Limited

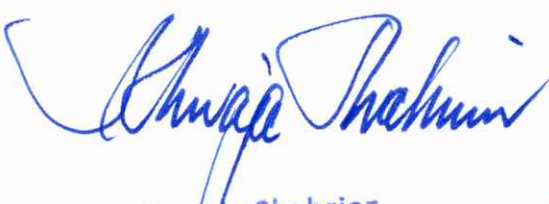
Particulars	BDT Million
Investment Property	1,464,133,503
Total	1,464,133,503



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Company Secretary
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LankaBangla Finance Limited

11.9 Brief Profile of Board of Directors



Mohammad A. Moyeen

Chairman

Mr. Moyeen is a leading entrepreneur in Bangladesh. He graduated from Bangladesh University of Engineering (BUET) with a Bachelor of Architecture degree. Mr. Moyeen is involved in a number of businesses which include, among others, Tropica Garments Limited, Bengal Meat Processing Industries Limited, STS Holdings Limited, STS Educational Group Limited and WAC Logistics Limited. He is also the Chairman of LankaBangla Securities Limited, a leading brokerage house of the country and LankaBangla Investments Limited, a leading merchant bank of the country.



I. W. Senenayake

Director (Representing Sampath Bank PLC)

Mr. Senanayake is one of the Founder Directors of Sampath Bank PLC. He was appointed as the Deputy Chairman of the bank in 1998 and was the Chairman of the bank from 2008 to 2011. Mr. Senanayake is past Honorary Trade Representative for Singapore Trade Development Board in Sri Lanka, Chairman of American President Lines Lanka (Pvt.) Limited, Chairman and Chief Executive Officer of I.W.S. Holdings (Pvt.) Limited, a conglomerate diversified into several fields including food and beverages processing and packaging, industrial solutions, communication services, transportation, commodities, general trading, shipping, warehousing and freight forwarding, logistics, automobile dealerships with Porsche and Volvo, engineering services, leisure, television broadcast, satellite transmission, IT services, and much more.



Nanda Fernando

Director (Representing Sampath Bank PLC)

Mr. Nanda is the Managing Director of Sampath Bank PLC, Director of Lanka Financial Services Bureau Ltd., a Governing Board Director of the Institute of Bankers of Sri Lanka and Director of Lanka Clear (Pvt) Limited. He is a Senior Fellow Member of the Institute of Bankers of Sri Lanka and holds a Masters of Business Administration degree specializing in Marketing from Sikkim Manipal University, India. He is also a qualified Four Bead Leader Trainer and functions as the Group Advisor to the Scouts Group Committee of S. Thomas' College, Mount Lavinia.



Mahbubul Anam

Director

Mr. Anam obtained Bachelor of Science in Engineering from Bangladesh University of Engineering (BUET). He has long experience in different businesses including freight forwarding, travel related services, international courier, etc. He has been running a number of well-reputed business houses in the country in management capacity. Currently, Mr. Anam is the Managing Director of Expo Freight Limited and Director of a number of businesses and industries. He was also the President of Bangladesh Freight Forwarders Association (BAFFA). Mr. Anam enjoys enormous reputation in the field of sports, cultural and social work. Presently he is the Vice President of Bangladesh Cricket Board (BCB).



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**Fakhru Alam**

Director (Representing ONE Bank Limited)

Mr. Alam, Managing Director of ONE Bank Limited, is an MBA from the Institute of Business Administration (IBA) University of Dhaka. He has diverse experience in banking spanning over 31 years, including Corporate, Treasury and Investment Banking in various capacities in different banks and financial institutions. He started his Career at Agrani Bank Limited as an Officer in 1983, and later served different organizations at home and abroad including IFIC Bank Limited and Bank of Credit & Commerce International (Overseas) Ltd. Before joining ONE Bank Limited, he was the Deputy Managing Director and Head of Corporate Banking, Treasury & Investment Banking of Eastern Bank Limited.

**Tahsinul Zia Huque**

Director

Mr. Huque is currently serving as an Independent Trustee in the Board of Trustees of Equity Residential, an S&P 500 company based in Chicago, USA. He served as the President and Chief Executive Officer of Deutsche Bank Securities Inc., the US Broker Dealer of Deutsche Bank, from May 2018 until his departure from Wall Street in mid-2019. At Deutsche Bank, Mr. Huque was Head of Equities, Fixed Income & Currencies for the Americas from February 2016 until May 2018 and Global Co-Chief Operating Officer of Corporate Banking and Securities from March 2012 until February 2016. During Mr. Huque's 30-year finance career on Wall Street, he held multiple executive positions in the United States and abroad while leading investment banking and sales and trading functions spanning many industries, products and clients. Also during his career, he was closely involved in creating the structure for public REITs to access the unsecured debt market. Mr. Huque received his B.A. in Economics and in Political Science from Williams College.

**Aneesha Mahial Kundanmal**

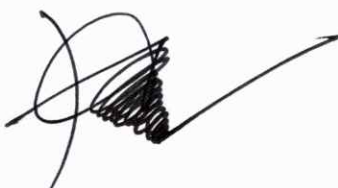
Director

Ms. Kundanmal is a graduate in Public Administration from University of Dhaka and is involved with a number of business houses as a leading woman entrepreneur in the country. She is Director of Royal Park Limited. She is associated with various social and cultural organizations. She is the wife of Mr. B. W. Kundanmal, a renowned business personality.

**Zaitun Sayef**

Independent Director

Ms. Sayef holds an MBA degree from the Institute of Business Administration (IBA) of University of Dhaka. She has diverse experience in banking spanning over 30 years especially in corporate finance, treasury and branch banking. She played various management roles at IFIC Bank Limited. She started her career at Agrani Bank Limited as a Senior Officer in 1983. She attended a number of trainings, workshops and seminars at home and abroad. She had been with IFIC Bank Limited from 1984 joining as Probationary Officer and retired in 2013 from the Bank holding the position of Deputy Managing Director.



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**Khwaja Shahriar**

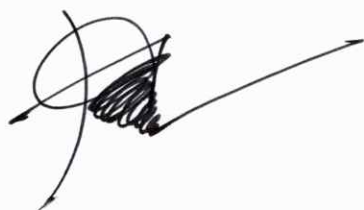
Managing Director & CEO

Mr. Khwaja Shahriar assumed the position of Managing Director at LankaBangla Finance on May 21, 2017, after serving as the Deputy Managing Director and Head of Business since June 2012. With an extensive career spanning nearly two decades, he has garnered experience in various banks and financial institutions.

He served BRAC Bank Limited for almost a decade in different positions and capacity including Head of Corporate Banking, Head of Cash Management and Head of Probashi Banking. He has also held positions of responsibility at GSP Finance Company Limited, Bangladesh Finance & Investment Company Limited, Uttara Bank Limited, AB Bank Limited, and Green Delta Insurance Company Limited.

Throughout his professional journey, Mr. Shahriar has actively pursued continuous learning and development opportunities. He has participated in numerous training programs, workshops, and seminars both domestically and internationally, including in the USA, UK, Dubai, Hong Kong, and India.

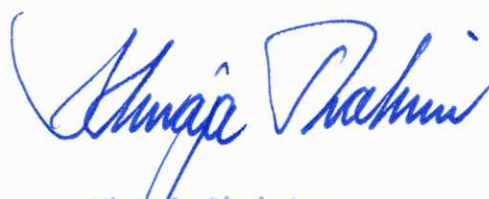
Mr. Shahriar obtained Bachelor of Business degree in Banking & Finance from Monash University, Melbourne and Master of Business Administration in Finance from Victoria University, Melbourne, Australia. He also completed BA (Hons') and MA in English from University of Dhaka.



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Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



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LankaBangla Finance Limited

11.10 Description of Assets & Liabilities

11.10.1 Assets

LankaBangla's assets include cash, bank balance, loans, investment, fixed assets, and others. Breakdown of total assets of the company as on December 31, 2022, is presented below:

Table 5: Composition of Assets of LankaBangla Finance Limited

Particulars	BDT Million	
	Consolidated	Standalone
Cash	532	531
Bank Balance	10,464	8,790
Investment	8,856	4,750
Leases, Loans and Advances	65,086	61,331
Fixed assets	2,860	1,891
Other assets	2,968	8,641
Total Assets	90,765	85,934



Figure 9: Asset Composition of LankaBangla Finance Limited

LankaBangla, being a financial institution, places the utmost importance on consistently maintaining optimal liquidity. The majority of its liquidity is held in the form of deposits kept with reputable banks. This not only ensures sufficient liquidity coverage but also yields moderate earnings.

The largest portion of LankaBangla's asset portfolio comprises leases, loans, and advances. LankaBangla offers a wide range of loan products, catering to individuals, corporations, and CMSMEs (Cottage, Micro, Small, and Medium Enterprises).

For the retail borrowers, LankaBangla provides personal loans, auto loans, home loans, and credit cards. It holds the distinction of being the sole non-bank financial institution offering credit cards. Currently, it boasts approximately 110,000 active credit cards, and its Visa and MasterCard branded cards are highly sought after in the market. The auto loan facility aims to offer a convenient solution for individuals and institutions seeking to fulfill their requirements for both brand new and reconditioned cars. LankaBangla offers both secured and unsecured personal loans to cater to various individual needs. Furthermore, its home loans provide long-term financing options to turn people's dream of owning a house into a reality.

For corporate borrowers, LankaBangla offers term finance, short-term finance, bridge finance, revolving finance, project finance, club finance, lease finance, work-order finance, etc. It also provides factoring and reverse factoring facilities and distributor financing.

LankaBangla has designed as many as ten different secured and unsecured CMSME loan products to meet specific financing needs of the CMSMEs.


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LankaBangla Finance Limited

Following is a breakdown of the loans, leases and advances portfolio as on December 31, 2022:

Table 6: Breakdown of Loans, Leases, and Advances of LankaBangla Finance Limited

BDT Million

Loan Portfolio	Consolidated	Standalone
Corporate	18,268	19,845
Retail	19,148	19,143
CMSME	22,343	22,343
Others	5,327	-
Total	65,086	61,331

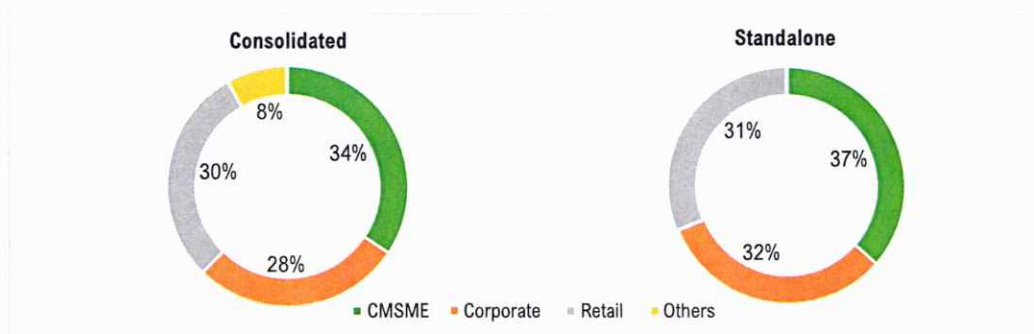


Figure 10: Breakdown of Leases, Loans and Advances Portfolio

The investment portfolio of LankaBangla Finance includes investment in government securities (i.e., treasury bills and treasury bonds), corporate bonds, common shares and mutual funds, preference shares, and discretionary corporate fund.

The breakdown of the investment portfolio as on December 31, 2022, is presented below:

Table 7: Composition of Investment Portfolio of LankaBangla Finance Limited

BDT Million

Investment Portfolio	Consolidated	Standalone
Government Securities	739	739
Corporate Bonds	1,300	1,300
Common Shares and Mutual Funds	5,376	1,250
Preference Shares	1,256	1,206
Discretionary Corporate Fund	185	254
Total	8,856	4,750

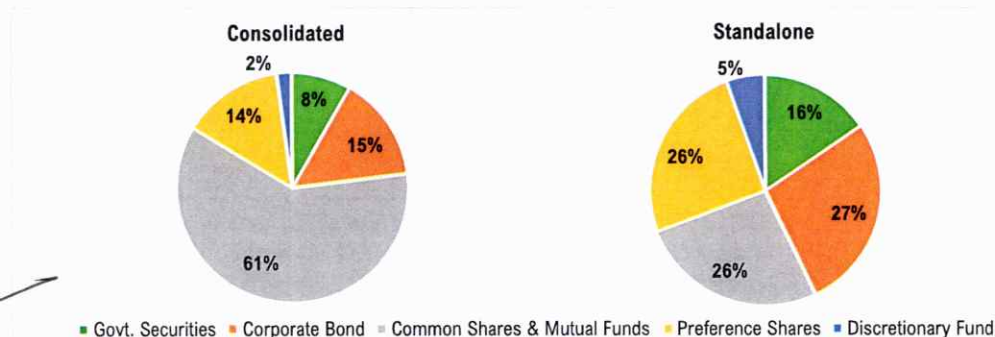


Figure 11: Composition of Investment Portfolio

Shamim Al Mamun, FCA
Executive Vice President &
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Mostafa Kamal FCA
Company Secretary
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Khawaja Shahriar
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LankaBangla Finance Limited

11.10.2 Liabilities

The assets of LBFL has been financed by deposits from individuals, corporates, and banks; borrowings from Bangladesh Bank, other banks and financial institutions; and equity.

The liability composition of LankaBangla Finance as on December 31, 2022, is presented below:

Table 8: Composition of Liabilities of LankaBangla Finance Limited

BDT Million		
Particulars	Consolidated	Standalone
Deposits	42,907	43,657
Borrowings	25,390	23,342
Other Liabilities	11,471	7,767
Total	79,769	74,766

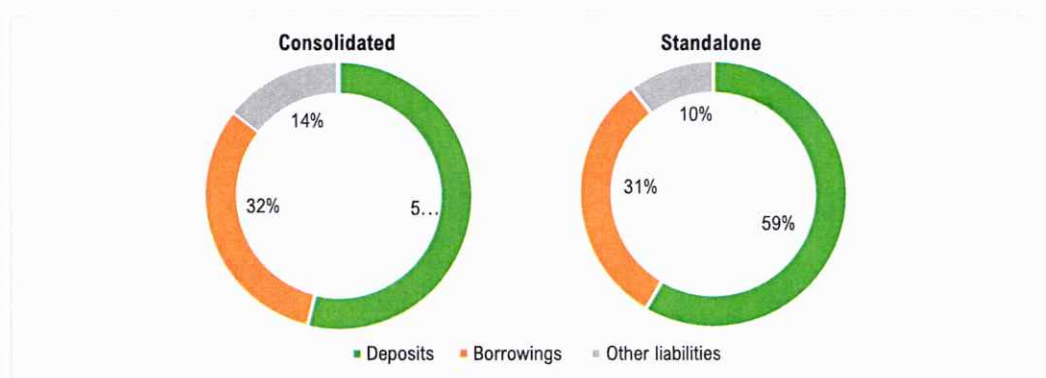


Figure 12: Liability Composition of LankaBangla Finance

LankaBangla Finance Limited primarily relies on deposits from individuals and institutional depositors as its primary source of funds. As a non-bank financial institution, LankaBangla exclusively accepts term deposits with a minimum maturity period of three months. Most of the deposits (57-58%) are from individuals, 33% of the deposits are from small, medium and large corporate houses, and the rest (8-9%) are from banks and financial institutions.

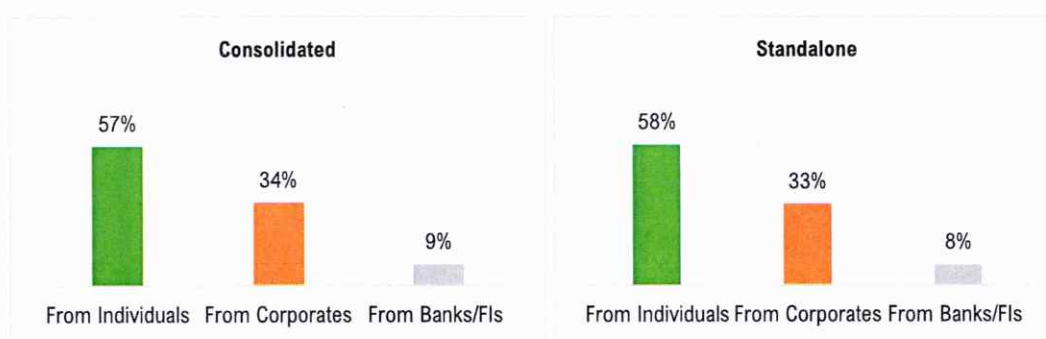
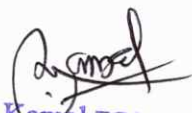


Figure 13: Deposit Composition of LankaBangla Finance


Shamim Al Mamun, FCA
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LankaBangla Finance Limited

LankaBangla's borrowing sources include the following:

Table 9: Sources of Borrowing of LankaBangla Finance Limited

BDT Million		
Particulars	Consolidated BDT Million	Standalone BDT Million
Call Loans	-	-
Repo against Govt. Securities	153	153
Short Term Borrowings	4,646	3,120
Bank Overdraft	721	721
Long Term Loan	9,971	9,423
Refinance from Bangladesh Bank	4,497	4,497
Refinance from SME Foundation	331	331
Foreign Loan	2,554	2,554
Bond	2,198	2,388
Other Borrowings	319	155
Total	25,390	23,342

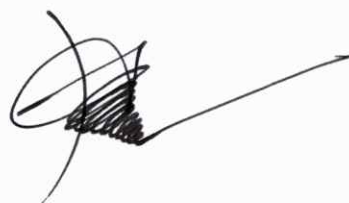
To fulfill its financial needs in the medium and long term, LankaBangla has issued a total of four bonds to date, including three zero-coupon bonds and one subordinated bond with coupon payments. Of these bonds, the first two zero-coupon bonds have been completely repaid, while the subordinated bond and the third zero-coupon bond have been fully subscribed and are being repaid according to the predetermined schedule.

In addition to bond issuance, LankaBangla also relies on bank borrowing to meet a portion of its medium and long term funding requirements. The company maintains a strong and favorable borrowing relationship with both local and multinational commercial banks operating in the country. This trust is built upon LankaBangla's commendable track record of timely debt servicing and its strong repayment capacity. Consequently, commercial banks have consistently extended credit lines to LankaBangla over the years. These bank loans encompass both long-term and short-term financing arrangements. Long-term loans are typically repaid semi-annually or quarterly over the loan term, while short-term loans have maturities of one year or less.

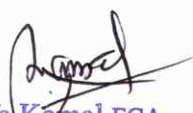
To diversify its borrowing sources, LankaBangla Finance has proactively pursued opportunities to secure loans from foreign entities. To date, it has successfully obtained foreign loans from three development financial institutions, totaling USD 56 million, in different years. The ability to access foreign loans underscores LankaBangla's commitment to sound corporate governance practices and strong fundamentals.

LankaBangla actively participates in the money market to address its short-term funding needs and capitalize on arbitrage business opportunities. This involves securing short-term financing from various sources such as call money, short notice deposits, and repo facilities.

Moreover, LankaBangla actively engages in the central bank's refinancing and pre-financing schemes. Through these initiatives, the company offers subsidized and more affordable financing products to support the growth of CMSMEs (Cottage, Micro, Small, and Medium Enterprises) as well as environmentally sustainable and socially responsible corporations. During the challenging period of the COVID-19 pandemic, LankaBangla played a significant role in bolstering the economy's resilience by actively participating in the stimulus packages implemented by the central bank.



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Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

11.11 Description of Previously Issued Debt or Equity Securities

11.11.1 Debt Securities

Table 10: Status of Previously Issued Debt Securities (as on March 31, 2023)

Amount in BDT Million

Sl	Name of the Issue	Date of Consent	IM Issue	Date of Subscription	Maturity Period	Issue Amount (Face Value)	Subscription Amount (Face Value)	Redemption Amount (In Face Value)	Outstanding Amount (in Face Value)	Default, if any
1	Non-Convertible, Zero-Coupon Bond	12-Aug-14	13-Aug-14	15-Dec-14	Up to 3 years	3,000	3,000	3,000	Nil	None
2	Non-Convertible, Zero-Coupon Bond	10-Aug-17	11-Aug-17	26-Dec-17	Up to 3 years	3,000	743	743	Nil	None
3	Non-Convertible, Subordinated Bond	17-Nov-18	18-Nov-18	23-Dec-18	Up to 3 years	3,000	1,810	1,810		None
				23-May-19			50	50		
				17-Aug-20			30	30		
				10-Sep-20			60	60		
				06-Oct-20			70	70		
				24-Nov-20			800	800		
				25-Nov-20			180	180		
4	Non-Convertible, Zero-Coupon Bond	05-Sep-21	06-Sep-21	25-Nov-21	Up to 3 years	3,000	114	38	76	None
				30-Nov-21			582	194	388	
				28-Dec-21			60	20	40	
				29-Dec-21			114	38	76	
				13-Jan-22			342	114	228	
				27-Feb-22			102	34	68	
				03-Mar-22			36	12	24	
				20-Apr-22			12	2	10	
				20-Jun-22			12	2	10	
				08-Aug-22			78	13	65	
				16-Feb-23			6	-	6	
				19-Feb-23			12	-	12	
				23-Feb-23			126	-	126	
				27-Feb-23			24	-	24	
				28-Feb-23			18	-	18	
				01-Mar-23			138	-	138	
				02-Mar-23			870	-	870	
				05-Mar-23			234	-	234	
				27-Mar-23			114	-	114	
				29-Mar-23			6	-	6	


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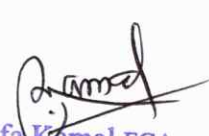
11.11.2 Equity Securities

Table 11: Status of Previously Issued Equity Securities (as on March 31, 2023)

Year	Cumulative Share Capital (BDT)	Cumulative No. of Shares	New Issued Shares	Mode of Issue
1996	5,000,000	500,000	500,000	Formed
1998	100,000,000	10,000,000	9,500,000	Cash
2003	201,053,630	20,105,363	10,105,363	Cash
2004	241,053,630	24,105,363	4,000,000	Cash
2005	260,000,000	26,000,000	1,894,637	Cash
2006	350,000,000	35,000,000	9,000,000	Cash Received by IPO
2008	385,000,000	38,500,000	3,500,000	10% Stock Dividend
2009	442,750,000	44,275,000	5,775,000	15% Stock Dividend
2010	531,300,000	53,130,000	8,855,000	20% Stock Dividend
2011	823,515,000	82,351,500	29,221,500	55% Stock Dividend
2012	1,070,569,500	107,056,950	24,705,450	30% Stock Dividend
2012	1,894,084,500	189,408,450	82,351,500	1:1 Right issue
2013	2,083,492,950	208,349,295	18,940,845	10% Stock Dividend
2014	2,187,667,590	218,766,759	10,417,464	5% Stock Dividend
2015	2,406,434,340	240,643,434	21,876,675	10% Stock Dividend
2016	2,767,399,490	276,739,949	36,096,515	15% Stock Dividend
2017	3,182,509,410	318,250,941	41,510,992	15% Stock Dividend
2018	4,773,764,110	477,376,411	159,125,470	1R: 2 Right Issue
2018	5,131,796,410	513,179,641	35,803,230	7.5% Stock Dividend
2020	5,388,386,230	538,838,623	25,658,982	5% Stock Dividend



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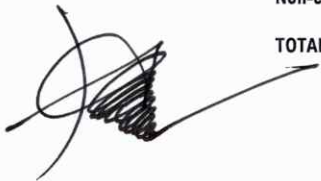


Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

12 AUDITOR'S REPORT ALONG WITH AUDITED FINANCIAL STATEMENTS

12.1 Balance Sheet (Consolidated)

	31.12.2022	Amount in BDT 31.12.2021
PROPERTY & ASSETS		
Cash	531,769,059	642,279,167
Cash in hand	1,113,270	1,790,951
Balance with Bangladesh Bank and its agent banks	530,655,790	640,488,217
Balance with other banks and financial institutions	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	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	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	2,859,587,060	2,594,806,060
Other assets	2,967,933,624	2,633,841,173
Non-banking assets	-	-
TOTAL PROPERTY & ASSETS	90,765,013,389	88,926,849,424
LIABILITY & SHAREHOLDERS' EQUITY		
Liabilities		
Borrowings from Bangladesh Bank, other banks and financial institutions	25,390,437,001	18,502,473,665
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
Other liabilities	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	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
Non-controlling interest	208,344,037	195,222,367
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	90,765,013,389	88,926,849,424



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LankaBangla Finance Limited

12.2 Profit & Loss Account (Consolidated)

	2022	2021
Operating Income		
Interest income	7,197,477,894	7,030,725,686
Less: interest expenses on deposits and borrowings	5,013,752,253	4,872,915,651
Net interest income	2,183,725,640	2,157,810,036
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
Total operating income	4,310,685,944	5,421,370,887
Operating Expenses		
Salaries 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
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		
Provisions for leases and loans	696,095,883	841,853,182
Provision for margin loan	540,575,865	575,447,876
Provision for diminution in value of investments	(2,193,768)	293,338,572
Provisions for Off-Balance Sheet Exposure	159,412,082	(37,580,889)
General provision for other assets	(1,198,296)	1,529,796
	(500,000)	9,117,826
Profit before tax and reserve	946,573,655	1,705,397,057
Provision for tax		
Current tax	285,197,666	399,504,525
Deferred tax	282,664,913	395,976,009
	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	11,563,433	25,343,449
	661,375,989	1,305,892,532
Appropriations		
Statutory reserve	104,478,175	141,189,519
General reserve	35,697,813	121,800,532
Capital Reserve	(3,348,036)	5,427,945
	72,128,398	13,961,042
Retained surplus	545,334,381	1,139,359,565
Earnings per share (EPS)	1.21	2.38



Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



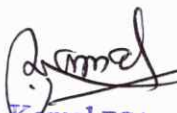
Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

12.3 Cash Flow Statement (Consolidated)

		Amount in BDT
	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



Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited

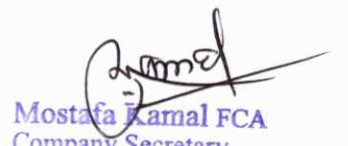


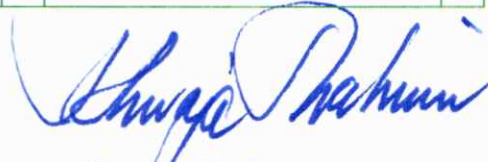
Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited


Shamim Al Mamun, FCA
 Executive Vice President &
 Chief Financial Officer
 LankaBangla Finance Limited


Mostafa Kamal FCA
 Company Secretary
 LankaBangla Finance Limited

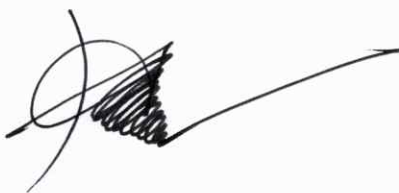

Khwaja Shahriar
 Managing Director & CEO
 LankaBangla Finance Limited

12.4 Statement of Changes in Equity (Consolidated)

Amount in BDT									
Particulars	Share Capital	Share Premium	Statutory Reserve	General Reserve	Capital Reserve	Retained Earnings	Total	Non-Controlling Interest	Total Equity
Balance as on January 1, 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 of statutory reserve	-	-	35,697,813	-	-	(35,697,813)	-	-	-
Appropriation of 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 December 31, 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 January 1, 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 of statutory reserve	-	-	121,800,532	-	-	(121,800,532)	-	-	-
Appropriation of 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 (10.00%) for 2020	-	-	-	-	-	(646,606,348)	(646,606,348)	-	(646,606,348)
Balance as on December 31, 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

12.5 Balance Sheet (Standalone)

	31.12.2022	Amount in BDT 31.12.2021
PROPERTY & ASSETS		
Cash	531,357,244	641,039,435
Cash in hand	701,455	551,219
Balance with Bangladesh Bank and its agent banks	530,655,790	640,488,217
Balance with other banks and financial institutions	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	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	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	1,890,677,292	1,669,211,812
Other assets	8,640,779,551	8,108,108,841
Non-banking assets	-	-
TOTAL PROPERTY & ASSETS	85,934,092,812	82,534,564,317
LIABILITY & SHAREHOLDERS' EQUITY		
Liabilities		
Borrowings from Bangladesh Bank, other banks and financial institutions	23,341,745,934	16,188,024,885
Deposits and other accounts	43,656,711,247	48,181,265,170
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
Other liabilities	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	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
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	85,934,092,812	82,534,564,317



Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



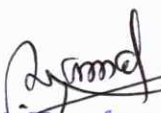
Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

12.6 Profit & Loss Account (Standalone)

	2022	2021
Operating Income		
Interest income	6,711,555,195	6,514,310,107
Less: interest expenses on deposits and borrowings	4,891,562,899	4,702,634,726
Net interest income	1,819,992,297	1,811,675,381
Income from investment	281,421,185	523,955,231
Commission, exchange and brokerage income	-	-
Other operational income	541,103,190	541,109,190
Total operating income	2,642,516,672	2,876,739,803
Operating Expenses		
Salaries 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
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		
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)
Provision for other assets	(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		
Current tax	125,167,444	90,859,275
Deferred tax	125,167,444	90,859,275
Net profit after tax	178,489,067	609,002,658
Appropriations		
Statutory reserve	35,697,813	121,800,532
General reserve	35,697,813	121,800,532
Capital Reserve	-	-
Retained surplus	142,791,254	487,202,126
Earnings per share (EPS)	0.33	1.13



Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

12.7 Cash Flow Statement (Standalone)

	Amount in BDT	
	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)
Acquisition of shares from non-controlling interest	(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



Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited


Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited


Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited


Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

12.8 Statement of Changes in Equity (Standalone)

Particulars	Amount in BDT				
	Share Capital	Statutory Reserve	Revaluation Reserve	Retained Earnings	Total Equity
Balance as on January 1, 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

For the detail auditor's report and audited financial statements, please see Annexure A



Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

Shamim Ai Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited

Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited

Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

13 COMPARATIVE FINANCIAL STATEMENTS OF THE ISSUER FOR THE LAST 5 YEAR

13.1 Balance Sheet of LankaBangla Finance Limited (Consolidated)

	Amount on BDT Million				
	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
PROPERTY & ASSETS					
Cash	531,769,059	642,279,167	631,529,281	877,735,689	1,002,028,777
Cash in hand	1,113,270	1,790,951	1,341,797	777,880	904,927
Balance with Bangladesh Bank and its agent banks	530,655,790	640,488,217	630,187,484	876,957,809	1,001,123,850
Balance with other banks and financial institutions	10,463,818,938	12,387,833,402	11,704,566,493	8,332,124,314	8,431,276,535
Inside Bangladesh	10,463,818,938	12,387,833,402	11,704,566,493	8,332,124,314	8,431,276,535
Outside Bangladesh	-	-	-	-	-
Money at call and short notice	-	-	-	-	-
Investment	8,856,104,805	7,780,310,401	6,261,562,085	5,392,515,912	5,713,587,671
Government securities	739,101,032	31,100,325	229,908,878	-	-
Other investments	8,117,003,772	7,749,210,076	6,031,653,207	5,392,515,912	5,713,587,671
Leases, loans and advances	65,085,799,903	62,887,779,221	58,472,232,776	65,117,083,059	68,676,032,831
Loans, cash credit and overdraft etc.	65,085,799,903	62,887,779,221	58,472,232,776	65,117,083,059	68,676,032,831
Bills discounted and purchased	-	-	-	-	-
Fixed assets	2,859,587,060	2,594,806,060	2,777,288,742	2,861,198,566	2,405,753,963
Other assets	2,967,933,624	2,633,841,173	1,988,266,759	1,782,294,566	1,660,000,929
Non-banking assets	-	-	-	-	-
TOTAL PROPERTY & ASSETS	90,765,013,389	88,926,849,424	81,835,446,136	84,362,952,106	87,888,680,706


Shamim Al Mamun, FCA
 Executive Vice President &
 Chief Financial Officer
 LankaBangla Finance Limited


Mostafa Kamal FCA
 Company Secretary
 LankaBangla Finance Limited


Khwaja Shahriar
 Managing Director & CEO
 LankaBangla Finance Limited

LIABILITY & SHAREHOLDERS' EQUITY

Liabilities

Borrowings from Bangladesh Bank, other banks and financial institutions

Deposits and other accounts

Current deposits and other accounts etc.

Bills payable

Saving bank deposit

Term deposits

Bearer certificate of deposits

Other deposits

Other liabilities

TOTAL LIABILITIES

Shareholders' Equity

Paid up capital

Share premium

Statutory reserve

General reserve

Capital Reserve

Retained earnings

Non-controlling interest

TOTAL LIABILITIES & SHAREHOLDERS' EQUITY

	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
LIABILITY & SHAREHOLDERS' EQUITY					
Liabilities					
Borrowings from Bangladesh Bank, other banks and financial institutions	25,390,437,001	18,502,473,665	14,816,088,224	18,672,238,771	16,263,240,621
Deposits and other accounts	42,907,413,489	47,676,287,741	47,130,343,890	46,894,962,510	53,404,546,419
Current deposits and other accounts etc.	-	-	-	-	-
Bills payable	-	-	-	-	-
Saving bank deposit	-	-	-	-	-
Term deposits	42,707,819,432	47,500,921,591	46,946,884,814	46,750,813,434	53,231,132,604
Bearer certificate of deposits	-	-	-	-	-
Other deposits	199,594,057	175,366,150	183,459,076	144,149,076	173,413,815
Other liabilities	11,471,104,321	11,874,066,806	9,665,501,871	9,140,721,458	8,286,435,375
TOTAL LIABILITIES	79,768,954,811	78,052,828,212	71,611,933,985	74,707,922,739	77,954,222,415
Shareholders' Equity	10,787,714,540	10,678,798,845	10,046,384,972	9,482,329,484	9,823,214,683
Paid up capital	5,388,386,230	5,388,386,230	5,388,386,230	5,131,796,410	5,131,796,410
Share premium	1,090,888,800	1,090,888,800	1,090,888,800	1,090,888,800	1,090,888,800
Statutory reserve	2,085,277,643	2,049,579,830	1,927,779,298	1,762,635,872	1,615,433,347
General reserve	47,489,333	50,837,370	45,409,424	49,919,671	53,048,686
Capital Reserve	86,089,440	13,961,042	-	-	-
Retained earnings	2,089,583,094	2,085,145,574	1,593,921,220	1,447,088,731	1,932,047,440
Non-controlling interest	208,344,037	195,222,367	177,127,178	172,699,883	111,243,608
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	90,765,013,389	88,926,849,424	81,835,446,136	84,362,952,106	87,888,680,706

Shamim Ai Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited

Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited

Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

Information Memorandum (Draft)

LankaBangla Finance 4th Privately Placed,
Non-Convertible, Fully Redeemable,
Unsecured, Zero-Coupon Bond



13.2 Profit & Loss Account of LankaBangla Finance Limited (Consolidated)

Amount in BDT Million

	2022	2021	2020	2019	2018
Operating Income					
Interest income	7,197,477,894	7,030,725,686	8,146,213,389	10,172,730,417	9,095,252,849
Less: interest expenses on deposits and borrowings	5,013,752,253	4,872,915,651	5,972,102,383	7,275,494,160	6,605,746,998
Net interest income	2,183,725,640	2,157,810,036	2,174,111,006	2,897,236,257	2,489,505,851
Income from investment	550,901,600	1,217,598,874	315,533,440	340,733,579	434,031,094
Commission, exchange and brokerage income	777,374,407	1,284,650,369	496,354,278	452,973,525	707,627,576
Other operational income	798,684,297	761,311,608	731,521,223	791,252,947	824,252,786
Total operating income	4,310,685,944	5,421,370,887	3,717,519,947	4,482,196,307	4,455,417,307
Operating Expenses					
Salaries and allowances	1,360,531,402	1,384,450,202	1,275,224,475	1,504,636,741	1,443,411,956
Rent, taxes, insurance, electricity etc.	54,449,024	37,512,699	42,372,349	64,208,220	251,069,443
Legal and professional fees	48,597,285	30,886,402	31,362,343	39,289,011	27,864,545
Postage, stamp, telecommunication etc.	26,142,965	22,915,828	23,365,252	28,788,937	26,774,472
Stationery, printing, advertisement	56,466,527	40,645,158	31,586,394	47,830,780	51,789,343
Managing director's salary and allowance	15,814,000	15,814,000	15,479,000	15,479,000	15,479,000
Directors' fees and expenses	2,909,213	3,577,200	2,329,800	2,638,900	2,271,200
Auditors' fees	1,279,046	1,119,258	1,112,050	1,086,750	1,155,750
Repairs, maintenance and depreciation	358,008,107	581,716,425	390,836,291	412,630,098	209,094,554
Other expenses	743,818,837	755,483,476	574,540,370	756,063,216	741,095,546
Total operating expenses	2,668,016,406	2,874,120,648	2,388,208,324	2,872,631,652	2,770,005,810
Net Operating Income	1,642,669,538	2,547,250,239	1,329,311,623	1,609,564,656	1,685,411,497
Provisions for loans, investments and other assets					
Provisions for leases and loans	696,095,883	841,853,182	151,027,084	884,805,175	976,337,321
Provision for margin loan	540,575,865	575,447,876	121,432,439	586,870,691	368,767,746
Provision for diminution in value of investments	(2,193,768)	293,338,572	168,636,136	116,083,141	261,083,418
Provisions for Off-Balance Sheet Exposure	159,412,082	(37,580,889)	(140,741,491)	181,851,344	342,286,156
General provision for other assets	(1,196,296)	1,529,796	-	-	-
	(500,000)	9,117,826	1,700,000	-	4,200,000
Profit before tax and reserve	946,573,655	1,705,397,057	1,178,284,539	724,759,481	709,074,176
Provision for tax					
Current tax	285,197,666	399,504,525	199,766,087	216,531,197	264,630,078
Deferred tax	282,664,913	395,976,009	199,660,429	214,235,553	259,278,400
	2,532,753	3,528,516	105,659	2,295,644	5,351,678
Net profit after tax	661,375,989	1,305,892,532	978,518,451	508,228,283	444,444,099

13.3 Cash Flow Statement of LankaBangla Finance Limited (Consolidated)

	Amount on BDT Million			
	2022	2021	2020	2019
A) Cash flows from operating activities				
Interest received	7,245,981,340	6,993,476,160	8,128,968,111	10,217,294,760
Interest paid	(4,825,530,203)	(4,894,311,627)	(6,138,547,346)	(7,082,810,513)
Dividend received	267,327,797	101,762,506	80,661,146	108,560,777
Fees and commission received	1,206,719,863	1,735,279,682	860,265,355	841,027,560
Income from investment	269,624,243	1,034,038,580	186,814,914	223,309,168
Cash paid to employees (including directors)	(1,391,671,215)	(1,349,565,293)	(1,339,659,487)	(1,508,376,964)
Cash paid to suppliers	(150,775,460)	(127,556,129)	(126,186,037)	(144,193,285)
Income taxes paid	(480,226,974)	(369,967,038)	(174,843,967)	(217,918,275)
Received from other operating activities	363,239,607	304,066,070	357,956,746	402,525,283
Paid for other operating activities	(861,135,900)	(829,702,293)	(521,542,743)	(830,878,590)
Cash generated from operating activities before changes in operating assets and liabilities	1,643,553,096	2,597,520,618	1,313,886,693	2,008,539,922
Increase/(decrease) in operating assets & liabilities:				
Loans and advances to customers	(2,381,936,835)	(4,398,761,847)	6,433,966,714	3,553,032,960
Other assets	38,654,166	(160,855,142)	10,895,012	57,937,615
Deposits from customers	(4,768,874,252)	545,943,850	235,381,380	(6,509,583,908)
Other liabilities	(1,316,278,854)	940,288,525	511,721,390	(473,264,026)
Total increase/(decrease) in operating assets & liabilities	(8,428,435,775)	(3,073,384,614)	7,191,964,495	(3,371,877,360)
Net cash flows from/(used in) operating activities	(6,784,882,678)	(475,863,996)	8,505,851,188	(1,363,337,438)
				2,125,958,170


Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited


Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited


Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited

Information Memorandum (Draft)

LankaBangla Finance 4th Privately Placed,
Non-Convertible, Fully Redeemable,
Unsecured, Zero-Coupon Bond



B) Cash flows from investing activities

Investment in securities	(430,809,131)	(1,675,059,537)	(135,102,623)	1,122,895,993	(494,417,960)
Treasury bills	(688,688,379)	203,635,595	(204,424,552)	-	-
Purchase of fixed assets	(460,443,983)	(200,443,791)	(175,738,539)	(326,222,184)	(815,517,352)
Sales proceeds of fixed assets	14,362,105	34,939,366	90,477,731	9,417,178	41,963,461
Investment in commercial paper	-	-	-	200,000,000	250,000,000
Investment in perpetual bond	-	-	(500,000,000)	-	-
Investment in subordinated bond	-	-	-	(800,000,000)	-
Investment in discretionary corporate fund	63,015,435	(42,497,332)	(4,034,669)	(201,824,234)	-
Acquisition of shares from non-controlling interest	(500,000)	(2,500,000)	-	(13,250,000)	(1,250,000)
Net cash flows from/(used in) investing activities	(1,503,063,954)	(1,681,925,698)	(928,822,653)	(8,983,246)	(1,019,221,851)

C) Cash flows from financing activities

Receipt of term loan, overdraft and REPO	6,903,149,928	3,655,421,669	(3,792,848,517)	2,039,422,446	(2,293,645,817)
Payment of lease liabilities-Vehicles	(4,853,993)	(6,529,231)	(6,540,811)	(5,885,814)	(6,799,775)
Payment of lease liabilities-Office premises	(111,570,885)	(138,615,761)	(230,252,930)	(154,708,848)	-
Transaction cost against share transfer (RJSC fee)	-	-	(3,000,000)	-	-
Right share subscription	-	-	-	-	1,430,947,040
Transaction cost against right issue	-	-	-	-	(10,170,363)
Dividend paid	(533,321,835)	(658,470,966)	(418,152,103)	(729,954,513)	(374,109,324)
Net cash flows from/(used in) financing activities	6,253,403,214	2,851,805,711	(4,450,794,361)	1,148,873,271	(1,253,778,239)

D) Net increase/(decrease) in cash & cash equivalents

E) Effect of exchange rates on cash and cash equivalents	18,847	778	1,596	2,102	(168)
F) Cash and cash equivalents at the beginning of the year	13,030,112,569	12,336,095,774	9,209,860,003	9,433,305,313	10,030,212,456
G) Cash and cash equivalents at the end of the year	10,995,587,998	13,030,112,569	12,336,095,774	9,209,860,003	9,433,305,312

Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited

Khawaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

13

**LankaBangla Finance 4th Privately Placed,
Non-Convertible, Fully Redeemable,
Unsecured, Zero-Coupon Bond**



Amount on BDT Million

Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited


Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

LIABILITY & SHAREHOLDERS' EQUITY**Liabilities****Borrowings from Bangladesh Bank, other banks and financial institutions**

12,639,198,866

15,613,095,652

12,460,714,321

16,188,024,885

23,341,745,934

Deposits and other accounts

53,425,834,494

46,894,962,510

47,611,272,015

48,181,265,170

43,656,711,247

Current deposits and other accounts etc.**Bills payable**

-

-

-

-

-

Saving bank deposit

-

-

-

-

-

Term deposits

53,252,420,679

46,750,813,434

47,427,812,939

48,005,899,020

43,457,117,190

Bearer certificate of deposits

-

-

-

-

-

Other deposits

173,413,815

144,149,076

183,459,076

175,366,150

199,594,057

Other liabilities

5,558,400,989

6,655,430,108

6,292,849,018

7,091,391,169

7,767,109,686

TOTAL LIABILITIES

71,623,434,349

69,163,488,270

66,364,835,354

71,460,681,223

74,765,566,866

Shareholders' Equity

10,336,923,987

10,017,931,954

10,447,702,886

11,073,883,094

11,168,525,945

Paid up capital

5,131,796,410

5,131,796,410

5,388,386,230

5,388,386,230

5,388,386,230

Statutory reserve

1,615,433,347

1,762,635,872

1,927,779,299

2,049,579,830

2,085,277,643

Retained earnings

2,297,477,627

2,116,518,264

2,113,466,481

1,954,062,260

1,558,014,890

Revaluation reserve for investment in subsidiaries

1,292,216,603

1,006,981,408

1,018,070,876

1,681,854,774

2,136,847,181

TOTAL LIABILITIES & SHAREHOLDERS' EQUITY

81,960,358,336

79,181,420,224

76,812,538,240

82,534,564,317

85,934,092,812


Shamim Al Mamun, FCA
 Executive Vice President &
 Chief Financial Officer
 LankaBangla Finance Limited


Mostafa Kamal FCA
 Company Secretary
 LankaBangla Finance Limited


Khwaja Shahriar
 Managing Director & CEO
 LankaBangla Finance Limited

Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited

Information Memorandum (Draft)

LankaBangla Finance 4th Privately Placed,
Non-Convertible, Fully Redeemable,
Unsecured, Zero-Coupon Bond



13.5 Profit & Loss Account of LankaBangla Finance Limited (Standalone)

	2022	2021	2020	2019	2018
Operating Income					
Interest income	6,711,555,195	6,514,310,107	7,628,152,436	9,421,797,188	8,567,125,131
Less: interest expenses on deposits and borrowings	4,891,562,899	4,702,634,726	5,714,195,118	6,841,087,973	6,189,678,453
Net interest income	1,819,992,297	1,811,675,381	1,913,957,318	2,580,709,214	2,377,446,678
Income from investment	281,421,185	523,955,231	115,347,060	340,650,469	111,324,841
Commission, exchange and brokerage income	-	-	-	-	-
Other operational income	541,103,190	541,109,190	533,299,248	571,435,517	554,527,453
Total operating income	2,642,516,672	2,876,739,803	2,562,603,626	3,492,795,201	3,043,298,972
Operating Expenses					
Salaries and allowances	917,645,562	883,921,049	898,066,403	986,385,119	948,046,260
Rent, taxes, insurance, electricity etc.	37,204,312	22,743,789	27,797,266	36,671,081	177,946,355
Legal and professional fees	39,069,177	24,840,453	27,386,792	34,967,372	20,969,653
Postage, stamp, telecommunication etc.	20,492,000	18,109,356	19,265,935	22,993,022	19,791,839
Stationery, printing, advertisement	45,423,611	33,836,840	26,487,822	38,378,054	38,421,114
Managing director's salary and allowance	15,814,000	15,814,000	15,479,000	15,479,000	15,479,000
Directors' fees and expenses	642,400	1,320,000	660,000	691,200	642,800
Auditors' fees	690,000	632,500	632,500	632,500	575,000
Repairs, maintenance and depreciation	236,630,000	251,659,716	308,927,557	314,812,709	149,886,801
Other expenses	370,420,845	376,333,332	321,611,232	446,481,853	378,323,282
Total operating expenses	1,684,031,907	1,629,211,036	1,646,314,507	1,897,491,908	1,750,082,104
Net Operating Income	958,484,765	1,247,528,766	916,289,119	1,595,303,293	1,293,216,868
Provisions for loans, investments and other assets					
Provisions for leases and loans	654,828,254	547,666,834	(1,510,295)	739,009,755	477,483,902
Provision for diminution in value of investments	540,575,865	575,447,876	121,432,439	586,870,691	368,767,746
Provisions for Off-Balance Sheet Exposure	115,450,686	(30,810,839)	(122,942,734)	152,139,065	108,016,156
General provision for other assets	(1,198,296)	1,529,796	-	-	-
	-	1,500,000	-	-	700,000
Profit before tax and reserve	303,656,511	699,861,932	917,799,415	856,293,538	815,732,966
Provision for tax					
Current tax	125,167,444	90,859,275	92,082,283	120,280,914	101,576,334
Deferred tax	125,167,444	90,859,275	92,082,283	120,280,914	101,576,334
Net profit after tax	178,489,067	609,002,658	825,717,132	736,012,624	714,156,632

Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited

Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited

Information Memorandum (Draft)

LankaBangla Finance 4th Privately Placed,
Non-Convertible, Fully Redeemable,
Unsecured, Zero-Coupon Bond



13.6 Cash Flow Statement of LankaBangla Finance Limited (Standalone)

	2022	2021	2020	2019	2018
A) Cash flows from operating activities					
Interest received	6,697,066,654	6,459,762,174	7,607,211,672	9,466,802,371	8,572,415,551
Interest paid	(4,687,645,247)	(4,764,806,369)	(5,875,370,489)	(6,617,920,102)	(5,629,002,106)
Dividend received	328,555,151	61,746,001	31,696,189	169,068,200	17,749,257
Fees and commission received	418,422,317	425,409,982	328,711,828	365,808,224	367,915,352
Income from investment	92,129,405	258,858,311	55,218,482	172,591,927	93,286,343
Cash paid to employees (including directors)	(909,169,196)	(945,507,872)	(921,311,734)	(989,595,719)	(952,711,238)
Cash paid to suppliers	(103,680,265)	(157,778,055)	(67,961,649)	(80,722,535)	(78,424,445)
Income taxes paid	(285,108,471)	(122,967,580)	(67,769,720)	(99,553,027)	(57,648,144)
Received from other operating activities	121,978,270	110,723,896	192,485,267	204,970,864	185,861,072
Paid for other operating activities	(483,778,859)	(412,677,807)	(347,456,453)	(521,733,828)	(581,868,434)
Cash generated from operating activities before changes in operating assets and liabilities	1,188,769,760	912,762,680	935,453,393	2,069,716,376	1,937,573,209
Increase/(decrease) in operating assets & liabilities:					
Loans and advances to customers	(2,724,292,644)	(3,877,752,775)	5,759,878,086	3,196,628,349	(2,470,057,910)
Other assets	17,083,946	(919,099)	(787,964)	(10,538,432)	191,730,488
Deposits from customers	(4,524,553,923)	569,993,154	716,309,505	(6,530,871,983)	1,750,676,356
Other liabilities	(117,626,381)	68,967,372	(101,743,734)	(99,896,467)	297,887,213
Total increase/(decrease) in operating assets & liabilities	(7,349,389,002)	(3,239,711,348)	6,373,655,893	(3,444,678,533)	(229,763,854)
Net cash flows from/(used in) operating activities	(6,160,619,242)	(2,326,948,668)	7,309,109,286	(1,374,962,157)	1,707,809,354

Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited

Khawaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited

Information Memorandum (Draft)

LankaBangla Finance 4th Privately Placed,
Non-Convertible, Fully Redeemable,
Unsecured, Zero-Coupon Bond



B) Cash flows from investing activities

Investment in securities	(152,460,638)	(1,013,925,987)	102,039,580	817,263,189	(531,647,332)
Treasury bills	(688,688,379)	203,635,595	(204,424,552)	-	-
Purchase of fixed assets	(389,705,272)	(106,674,016)	(156,635,597)	(278,514,907)	(405,949,383)
Sales proceeds of fixed assets	1,907,256	25,991,059	100,301,650	2,571,681	38,902,860
Investment in commercial paper	-	-	-	200,000,000	250,000,000
Investment in discretionary corporate fund	(5,907,829)	(42,497,332)	(4,034,670)	(201,824,234)	-
Investment in subordinated bond	-	-	-	(800,000,000)	-
Investment in perpetual bond	-	-	(500,000,000)	-	-
Investment in subsidiaries	(500,000)	(2,500,000)	(453,000,000)	(13,250,000)	-
Net cash flows from / (used in) investing activities	(1,235,354,863)	(935,970,681)	(1,115,753,589)	(273,754,271)	(648,693,854)

C) Cash flows from financing activities

Receipt of term loan, overdraft and REPO	7,211,762,184	3,752,059,089	(3,096,701,635)	2,669,684,670	(2,419,141,762)
Payment of lease liabilities-Vehicles	(2,930,352)	(3,534,012)	(3,608,595)	(3,847,536)	(3,449,826)
Payment of lease liabilities-Office premises	(62,168,233)	(87,313,823)	(205,371,362)	(111,174,023)	-
Transaction cost against share transfer (RJSC fee)	-	-	-	-	-
Right share subscription	-	-	-	-	1,430,947,040
Transaction cost against right issue	-	-	-	-	(10,170,363)
Dividend paid	(527,837,169)	(658,470,965)	(418,115,417)	(724,847,906)	(371,690,002)
Net cash flows from/(used in) financing activities	6,618,826,430	3,002,740,289	(3,723,797,008)	1,829,815,205	(1,373,504,914)

D) Net increase/(decrease) in cash & cash equivalents

Effect of exchange rates on cash and cash equivalents	18,847	778	1,596	2,102	(168)
Cash and cash equivalents at the beginning of the year	10,098,822,551	10,359,000,833	7,889,440,548	7,708,339,668	8,022,729,250
Cash and cash equivalents at the end of the year	9,321,693,722	10,098,822,551	10,359,000,833	7,889,440,548	7,708,339,668

Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited

Khawaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

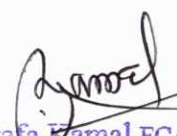
14 RATIOS FOR THE LAST FIVE (05) ACCOUNTING YEARS

Table 12: Ratios for the Last 5 Years

Ratios ⁶	Consolidated					Standalone				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Current Ratio	1.25	1.20	1.13	1.04	1.08	1.10	1.03	1.05	1.02	1.12
Quick Ratio	1.25	1.20	1.13	1.04	1.08	1.10	1.03	1.05	1.02	1.12
Break-Even Point	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Debt to Equity Ratio	7.39	7.31	7.13	7.88	7.94	6.69	6.45	6.35	6.90	6.93
Debt to Total Assets Ratio	0.88	0.88	0.88	0.89	0.89	0.87	0.87	0.86	0.87	0.87
Account Receivable Turnover Ratio	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gross Margin Ratio	46.23%	52.66%	38.37%	38.12%	40.28%	35.07%	37.95%	30.96%	33.80%	32.96%
Operating Income Ratio	17.62%	24.74%	13.72%	13.69%	15.24%	12.72%	16.46%	11.07%	15.44%	14.01%
Net Income Ratio	7.09%	12.69%	10.10%	4.32%	4.02%	2.37%	8.03%	9.98%	7.12%	7.73%
Return on Assets	0.74%	1.53%	1.18%	0.59%	0.51%	0.21%	0.76%	1.06%	0.91%	0.89%
Return on Equity	6.16%	12.60%	10.02%	5.27%	4.90%	1.60%	5.66%	8.07%	7.23%	8.11%
Earnings-Per-Share (EPS)	1.21	2.38	1.81	0.94	0.81	0.33	1.13	1.53	1.37	1.33
Net Asset Value (NAV) Per Share	20.02	19.82	18.64	17.60	18.64	20.73	20.55	19.39	18.59	19.18
Net Operating Cash Flow to Net Income	(10.26)	(0.36)	8.69	(2.68)	3.77	(34.52)	(3.82)	8.85	(1.87)	2.39
Total Debt to Tangible Assets Ratio	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capital Adequacy Ratio	17.33%	17.69%	18.25%	16.75%	16.18%	15.78%	16.89%	18.76%	16.40%	15.49%

⁶ Formulas provided in Annexure B


Shamim Al Mamun, FCA
 Executive Vice President &
 Chief Financial Officer
 LankaBangla Finance Limited


Mostafa Kamal FCA
 Company Secretary
 LankaBangla Finance Limited


Khwaja Shahriar
 Managing Director & CEO
 LankaBangla Finance Limited

15 CREDIT RATING REPORT OF THE ISSUE AND THE ISSUER

15.1 Issuer Rating:

Date of Rating	Valid Till	Long Term	Short Term	Outlook
June 14, 2023	June 30, 2024	AA ₃	ST-2	Stable

For the detail Credit Rating Report of the issue and the issuer, please see **Annexure C**

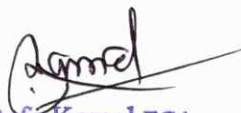
15.2 Issue Rating:

Date of Rating	Valid Till	Long Term	Short Term	Outlook
June 14, 2023	December 31, 2023	AA ₃	ST-2	Stable

For the detail Credit Rating Report of the issue and the issuer, please see **Annexure D**



Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

16 LATEST DEFAULT MATRIX AND TRANSITION STATISTICS OF CRC

16.1 Default Matrix

Table 13: CRAB Rating's Default Study 2022

Rating Category	1-Year Default Rate	3-Year Cumulative Default Rate (CDR)
AAA	0.00%	0.00%
AA	0.00%	0.00%
A	0.00%	0.00%
BBB	0.00%	0.00%
BB	0.00%	0.00%
B	0.00%	0.00%
CCC	0.00%	0.00%

16.2 Transition Matrix

Table 14: CRAB Rating's Transition Matrix 2022

Previous Rating	Rating after 1 Year						
	AAA	AA	A	BBB	BB	B	CCC
AAA	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
AA	1.51%	97.73%	0.76%	0.00%	0.00%	0.00%	0.00%
A	0.00%	4.23%	93.46%	2.31%	0.00%	0.00%	0.00%
BBB	0.00%	0.00%	5.80%	94.20%	0.00%	0.00%	0.00%
BB	0.00%	0.00%	0.00%	32.86%	64.28%	2.86%	0.00%
B	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%
CCC	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

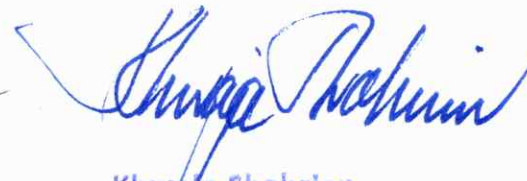
Each row corresponds to a previous rating
Each column corresponds to a rating after 1 year



Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

17 DESCRIPTION OF THE TRUSTEE

17.1 Green Delta Capital Limited

Green Delta Capital Limited (GDCL) is a leading merchant bank operating in Bangladesh, specializing in investment banking and financial advisory services. Incorporated in 2010, GDCL has developed a strong reputation for providing innovative and reliable financial solutions to clients across various sectors.

As a subsidiary of Green Delta Insurance Company Limited (GDICL), GDCL benefits from the strong foundation and reputation of its parent company, which has been a leading player in the insurance sector for several decades. Building upon this legacy, GDCL has expanded its operations to offer comprehensive investment banking solutions tailored to meet the diverse needs of its clients.

GDCL offers a diverse portfolio of services, including corporate finance, capital market services, project financing, mergers and acquisitions, private equity placements, and advisory services. With a team of experienced professionals who possess deep industry knowledge and extensive networks, GDCL is equipped to assist clients in making informed investment decisions and executing strategic transactions effectively.

17.2 Shareholding Structure of Green Delta Capital Limited

Table 15: Shareholding Structure of Green Delta Capital Limited

SI	Shareholders	No. of Shares	Amount (BDT)	%
1	Green Delta Insurance Company Limited	25,999,990	259,999,900	99.9999615%
2	Nasiruddin Ahmad Chowdhury	10	100	0.0000385%
Total		26,000,000	260,000,000	100.000000%

17.3 Board of Directors of Green Delta Capital Limited



Nasiruddin Ahmad Chowdhury

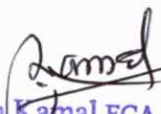
Chairman

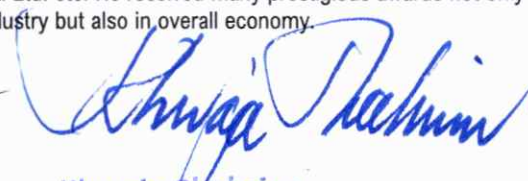
Mr. Nasir A. Choudhury is a visionary and highly experienced professional. By virtue of an experience of more than half a century in the insurance sector, Mr. Nasiruddin Ahmad Choudhury has pioneered the insurance industry of Bangladesh.

Mr. Choudhury joined the Pakistan Insurance Corporation in September, 1958, and held various senior positions till the liberation of Bangladesh. In 1972, immediately after the year Bangladesh was liberated, he took the responsibility of rebuilding the reinsurance department of the Sadharan Bima Corporation as a General Manager. Having achieved his objectives, he left in 1983. He was also an Insurance Adviser of Bangladesh Biman and Bangladesh Shipping Corporation for over 15 years. A former Chairman of the Bangladesh Insurance Association (2001-2004), Mr. Choudhury established Green Delta Insurance Company Limited (GDICL) with some friends in 1985 as a sponsor and founder Managing Director and CEO. Currently, he is discharging his responsibility as an Advisor of GDICL.

He is also playing the role of Director, Chairman, Sponsor Director and Vice Chairman in different renowned organizations like Delta BRAC Housing Finance Corporation Ltd., Progressive Life Insurance Co. Ltd., Union Capital Ltd. etc. He received many prestigious awards not only for his contribution in the insurance industry but also in overall economy.


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Naima Chowdhury
Director

Ms. Naima Chowdhury, is a qualified professional having experience of managing the real estate business portfolio of the renowned East Coast Group. She is also the director of East Coast Group, Bangladesh. Ms. Chowdhury is involved in social and educational development activities that include establishment and management of a private high school which is providing access to education of under privileged section of people in the locality and offers free medical treatment through a Diabetic Centre at Kulaura.



Md. Abdul Aziz Choudhury
Director

Mr. Abdul Hafiz Choudhury, has over 40 years of experience in the corporate world. He is one of the founders and the past Chairman of Independent University, Bangladesh and a senior partner (retired from active service) of KPMG Rahman Rahman Huq, Chartered Accountants. He is a Director in the board of ICB Islamic Bank Ltd, Green Delta Insurance Co. Ltd. and New Zealand Dairy Products Bangladesh Ltd. He is also the Vice President of United Nations Association of Bangladesh.



Nadeem Ahmed Chaudhury
Director

Mr. Nadeem Ahmed Chaudhury, is an Operations Management & Leadership Expert. He has been working in the Infrastructure Development & Management business for over 20 years. He has been professionally involved in several noted international infrastructure development projects in Bangladesh. He has a Post Graduate Diploma in Management Consulting (PgDMC) from the Institute of Management Consultants Bangladesh. He has worked as the CEO of Islam Group running Eastern Housing Ltd the largest Real Estate & Land Development Company in Bangladesh (a public limited company), Navana Pharmaceuticals Ltd and Bengal Development Corporation Ltd respectively as Managing Director. He is currently Managing Director of Top Brands (Pvt.) Ltd.

17.4 Status of Debt Issues to Which Green Delta Capital Limited Has Acted As the Trustee

Table 16: Status of Debt Issued to Which GDCL Has Acted As the Trustee

					BDT Million
Issuer	Issue	Tenor	Issue Size	Outstanding	Remarks
Pubali Bank Limited	Pubali Perpetual Bond	Perpetual	5,000	5,000	-
PRAN Agro Limited	PRAN Agro Limited Unsecured Bond I	7 year	2,100	2,100	2 year moratorium period
Golden Harvest Agro Industries Limited	GHAIL Fully Redeemable, Non-Convertible, Unsecured Corporate Bond	7 year	340	500	-
Nagad	Nagad Zero Coupon Bond	5 year	7,500	-	to be issued by the issuer
Total			15,100	2,754	-

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Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited

Khwaja Shahriar
Managing Director & CEO
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18 MODUS OPERANDI OF THE ISSUE

18.1 Application Procedure

- (i) After the Consent Letter is obtained from the Bangladesh Securities & Exchange Commission and Bangladesh Bank, the Issuer and the Trustee shall proceed to publish the Information Memorandum and the executed Trust Deed on their respective websites in electronic format, in accordance with the timeframe stipulated in the consent letter issued by the BSEC. These documents will remain accessible until the bonds reach maturity.
- (ii) Following the publication of the Information Memorandum the Bonds shall be distributed through private placement. Each investor (Bondholder) shall enter into a separate Subscription Agreement with the Issuer and shall be bound by the terms and conditions contained in such Subscription Agreement and the Trust Deed.
- (iii) Provided that the Condition Precedents mentioned in the Trust Deed have been satisfied, eligible investors intending to participate in the offering shall deposit the corresponding Purchase Price in Bangladesh Taka for same day value through a designated bank, within the subscription period commencing from the issue opening date until its closure.

18.2 Allotment

- (i) On the Closing Date, to be determined, the Issuer shall allot and issue the Bonds to the Investor(s). The Bonds will be allotted according to the Bangladesh Securities & Exchange Commission (Debt Securities) Rules, 2021.
- (ii) After the Closing Date, the Issuer shall intimate CDBL authorizing a credit in dematerialized form in respect of the concerned Bonds in favor of the designated BO Account. On receipt of such intimation, CDBL shall cause the necessary credit entry to be made in the designated BO Account. No credit of any Bonds to any account shall be made unless CDBL has received intimation from the Issuer as set out in the subscription agreement.

18.3 Refund

Not applicable at the time of Issuance. However, subject to receiving proper consent from the regulatory authorities Refund in relation to the subscription may be possible upon mutual agreement between the Issuer and each Bondholder.

18.4 Transfer

A Bond may be transferred to another Eligible Investor (a "Transferee") in the CDBL System upon initiation and upon issuance of a duly completed Transfer Request Form 14 to CDBL as referred to under Bye Law 11.5 under the CDBL Bye Laws. On receipt of a valid Transfer Request Form 14, the Participant or CDBL, in the case of Direct Accounts, shall enter a Transaction into the CDBL System in accordance with the User Manual. On the Settlement Date specified in the Transaction, the Bonds will be debited from the balance in the delivering Account and credited to the receiving Account.

18.5 Trading or Listing

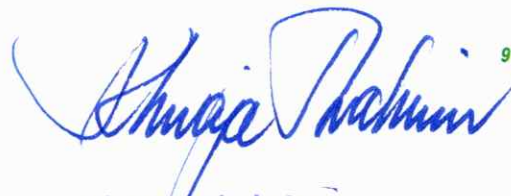
The Issue shall be listed as per the requirement or subject to the consent letter by BSEC, with the Alternative Trading Board (ATB) under the Bangladesh Securities and Exchange Commission (Alternative Trading System) Rules, 2019 and respective regulations of the stock exchange(s) in this regard.



Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



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Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

18.6 Form, Denomination and Title

18.6.1 Form and Denomination

The Bonds, (each, a "Series") will be issued in dematerialized form as per CDBL Bye Laws in a minimum denomination of BDT 833,333.33 (BDT eight hundred thirty-three thousand three hundred thirty-three and paise thirty-three) per Bond and BDT 5,000,000.00 (BDT five million) per lot in face value and integral multiples thereof.

The Bonds will be issued by the Issuer in the name of the Bondholders at the Issue Price. The issue price of each lot will be calculated using the $PV(rate, nper, pmt, [fv], [type])$ formula in Microsoft Excel as $PV(discount\ rate / annual\ redemption\ frequency, maturity\ in\ years * annual\ redemption\ frequency, face\ value\ of\ each\ lot / (maturity\ in\ years * annual\ redemption\ frequency), 0)$, i.e., $PV(9.00\%/2, 3*2, 5000000/(3*2), 0)$.

The Issuer shall apply to central Depository Bangladesh Ltd. (CDBL) for dematerialization of the allotted securities/bonds in order to enable the bond holders to hold and transfer the units/bonds in dematerialized form.

18.6.2 Title

Title of the Bonds passes only by transfer and registration with CDBL. A registered Bondholder shall (except as otherwise required by law) be treated as the absolute owner of such Bond for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein and no person shall be liable for so treating such Bondholder. In these provisions "Bondholder" and (in relation to a Bond) "holder" means the person in whose name a Bond is registered in the Register as owner of the Bond.

18.7 Status of the Bond

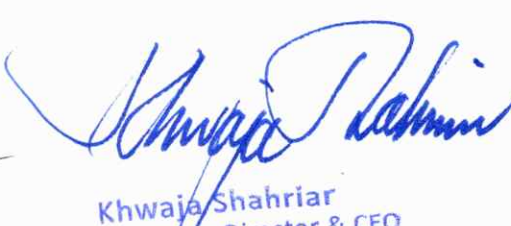
- (i) The Bonds shall constitute direct, unconditional and unsecured obligations of the Issuer and shall at all times rank pari-passu and without any preference or priority among themselves. The payment obligations of the Issuer in respect of the Bonds (whether on account of principal or otherwise) will rank pari-passu with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. For the avoidance of doubt, nothing shall require the exercise or enforcement of any other right or remedy prior to the exercise of any right or remedy to recover any amount under or in respect of the Bonds from the Issuer. No collateral is or will be given for the payment obligations under the Bonds and any collateral that may have been or may in the future be given in connection with other indebtedness of the Issuer shall not secure the payment obligations under the Bonds. The Bonds are eligible for as collateral for a loan by the Issuer.
- (ii) The Bondholders shall not be entitled to any of the rights and privileges available to the members of the Issuer including, the right to receive notices of or to attend and vote at general meetings or to receive annual reports of the Issuer. If, however, any resolution affecting the rights attached to the Bonds is placed before the members of the Issuer, such resolution will first be placed before the Bondholders for their Authorization.
- (iii) The rights of the holders of Bonds against the Issuer (including for principal and coupon) are junior in right of payment to its obligations to Senior Creditors. In the event of any insolvency, receivership, conservatorship, reorganization, readjustment of debt or similar proceedings or any liquidation or winding up of or relating to the Issuer, whether voluntary or involuntary, all such obligations of the Issuer shall be entitled to be paid in full before any payment shall be made to the Bondholders in respect of the Bonds. In the event of any such proceedings, after payment in full of all sums owing on such prior obligations, the Bondholders and any other payment required to be made to a creditor in respect of indebtedness which ranks or is expressed to rank pari-passu with the Bonds, shall be entitled to be paid from the remaining assets of the Issuer. Nothing herein shall impair the obligation of the Issuer, which is absolute and unconditional, to redemption fulfil its payment obligations under the Bonds according to these Conditions. For this purpose, "Senior Creditors" shall mean creditors of the Issuer other than creditors in respect of indebtedness where, by the terms of such indebtedness, the claims of the holders of that indebtedness rank or are expressed to rank pari-passu with, or junior to, the claims of the Bondholders.



Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

- (iv) The Bonds are not a deposit and are not insured by the Deposit Insurance Scheme established under the Deposit Insurance Ordinance 1984 or any other insurance scheme. The Bonds are unsecured and are eligible to be kept as collateral for a loan or credit facility by the Issuer.
- (v) Each Bondholder unconditionally and irrevocably waives any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Bond. No collateral is or will be given for the payment obligations under the Bonds and any collateral that may have been or may in the future be given in connection with other indebtedness of the Issuer shall not secure the payment obligations under the Bonds.
- (vi) The Bonds shall be distributed to Eligible Investors via private placement only and may only be transferred to another Eligible Investor.

18.8 Repayment

18.8.1 Calculation of Discount Rate

- The Bonds shall be issued on their respective Issue Date at the discount rate of 9.00% - 10.00% p.a. (the "Discount Rate"). Such discount rate is payable on the Redemption Date of each Bond in arrears, as provided in the Trust Deed.
- All amounts resulting from any calculations will be rounded upwards to the nearest unit (if 0.5 of a unit or higher) and downwards to the nearest unit (if less than 0.5 of a unit) of BDT.

18.8.2 Payments to Bondholders

Payment of redemption amount and other payments (if any) will be made on the Redemption Date by the Issuer to the Bondholders.

18.8.3 Payments Subject to Applicable Laws

All payments in respect of the Bonds are subject in all cases to any applicable laws and regulations of Bangladesh, but without prejudice to the Events of Default. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

18.8.4 Payments on Business Days

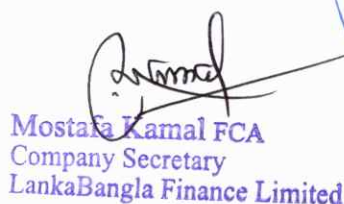
Payments will be made by the Issuer on the redemption date. In case a redemption date falls on a day which is not a business day, the date on which payment shall be made shall be the following business day. A holder of a Bond shall not be entitled to any payment in respect of any delay in payment resulting from the due date for a payment not being a Business Day.

18.8.5 Record Date

Each payment in respect of a Bond will be made to the person shown as the holder in the Register maintained with CDBL at the close of business on the day that is ten Business Days before the due date for such payment (the "Record Date").



Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



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Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

18.8.6 Default Rate

If the Issuer fails to pay any sum in respect of the Bonds on the due date under the Trust Deed, Issuer shall pay a late payment of 2.00% (two per cent) higher than the discount rate, which will be payable on the amount not paid on the due date up till the date of actual payment.

18.8.7 Payment to Nominee

If the Holder of a Bond is a natural person he may appoint a nominee who shall on the death of the Holder of a Bond is entitled to all money in relation to the Bond held in the name of the Bondholder in the Register. Bondholder shall inform the Trustee in the prescribed form the name of his nominee and upon receipt of such information the Trustee shall record the name of nominee. If the Holder of a Bond is more than one person each Holder of a Bond may appoint a nominee for himself who shall hold the Bond along with the surviving Holder of the Bond. Payment by the Issuer to the nominee on the Redemption Date on the death of the Bondholder shall be sufficient to discharge payment obligations of the Issuer to the Bondholders.

18.9 Redemption, Conversion & Exchange

18.9.1 Scheduled Redemption

The redemption of the Bonds will start from the end of the 6th month from the Issue Date and on each anniversary thereafter in equal instalment and the redemption value shall be paid by the Issuer through payment to Trustee on the scheduled Redemption Date.

Table 17: Tentative Redemption Schedule

End of Month	For the Entire Issue		For Each Lot	
	Draw Down (BDT)	Repayment (BDT)	Draw Down (BDT)	Repayment (BDT)
0	1,719,290,827.57	-	4,298,227.07	-
6	-	333,333,333.33	-	833,333.33
12	-	333,333,333.33	-	833,333.33
18	-	333,333,333.33	-	833,333.33
24	-	333,333,333.33	-	833,333.33
30	-	333,333,333.33	-	833,333.33
36	-	333,333,333.33	-	833,333.33
Total	1,719,290,827.57	2,000,000,000.00	4,298,227.07	5,000,000.00

Note: The above calculation is based on the coupon rate of 9.00% p.a. Actual drawdown amount will vary depending on the actual discount rate within the range of 9.00% to 10.00%.

18.9.2 Redemption at the Option of the Issuer

The Issuer may use the option of redeeming one or more series of the Bonds before the maturity at regular redemption date. The early redemption can only be exercised at Scheduled Redemption Date. If the Issuer wishes to exercise this option, the immediate past matured bond shall be redeemed as per the schedule and next series of Bonds can only be redeemed early by paying an amount equal to the sum of:

- the Issue Price; and
- the product of the 2% higher of YTM (compounded annually) being applied to the Issue Price from (and including) the Issue Date to (but excluding) the date of actual redemption

The early redemption value shall be paid in full by cheque, or pay order, or RTGS, or EFT, or any other accepted payment method, to the respective Bondholders. However, the Issuer shall communicate the early redemption information to the Bondholders at least 1 month before the exercise date.



Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
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18.9.3 Redemption of Bonds after Scheduled Redemption Date

The Redemption Amount payable upon redemption of the Bond at any time after the Scheduled Redemption Date shall be an amount equal to the sum of:

- the Redemption Amount that would have been payable if the Bond had been redeemed on the Scheduled Redemption Date; and
- the product of the Default Rate (compounded annually) being applied to such amount from (and including) the Scheduled Redemption Date to (but excluding) the actual date of redemption

18.9.4 Conversion or Exchange

Not applicable.

18.10 Repurchase

The Issuer or any of its Subsidiaries may at any time and from time to time purchase Bonds at any price as may be mutually agreed with respective Bondholder.

18.11 Cancellation

All Bonds which are redeemed or purchased by the Issuer will forthwith be cancelled.

18.12 Taxation

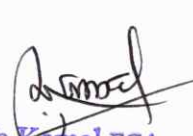
All payments made by the Issuer under or in respect of the Bonds and the Trust Deed will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Bangladesh or any authority thereof or therein having power to tax ("Tax Deduction"), unless Tax Deduction is compelled by law.

18.13 Events of Default

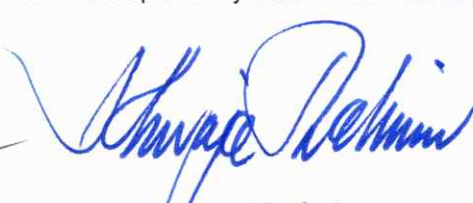
- Non-Payment:** a default is made in the payment due remain unpaid for seven days from the due date in respect of the Bonds.
- Breach of Other Obligations:** the Issuer does not perform or comply with one or more of its other obligations in the Bonds or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 90 days after written notice of such default shall have been given to the Issuer by the Trustee.
- Misrepresentation:** any representation or statement made or deemed to be made by the Issuer in any Bond Document or any other document delivered by or on behalf of the Issuer under or in connection with any Bond Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.
- Insolvency:** the Issuer is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or



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declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer; an administrator or liquidator of the Issuer or the whole or any material part of the assets and turnover of the Issuer is appointed (or application for any such appointment is made).

- (v) **Cross-Default:** (a) any other present or future indebtedness (whether actual or contingent) of the Issuer for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any event of default or the like (howsoever described), or (b) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (c) the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (iv) have occurred equals or exceeds BDT 100,000,000 or its equivalent in any other currency on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantees or indemnity.
- (vi) **Enforcement Proceedings:** a distress, attachment, execution, seizure before judgment or other legal process is levied, enforced or sued out on or against any material part of the property, assets or turnover of the Issuer and is not discharged or stayed within 90 days.
- (vii) **Security Enforced:** an encumberer takes possession or an administrative or other receiver or an administrator or other similar officer is appointed of the whole or a material part of the property, assets or turnover of the Issuer and is not discharged or stayed within 90 days.
- (viii) **Winding-up:** an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or the Issuer ceases or threatens to cease to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganization, merger or consolidation on terms approved by the Trustee or by an Extraordinary Resolution of the Bondholders.
- (ix) **Nationalization:** (a) Any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or (b) the Issuer is prevented from exercising normal control over all or a material part of its property, assets and turnover.
- (x) **Governmental Intervention:** By or under the authority of any government or of the Bangladesh Bank (as the case may be) (a) the management of the Issuer is wholly or partially displaced; or (b) the authority of the Issuer in the conduct of its business is wholly or partially curtailed; or (c) any of the Shares of the Issuer or any material part of its assets is seized, nationalized, expropriated or acquired.
- (xi) **Repudiation:** It rescinds or purports to rescind or repudiates or purports to repudiate a Bond Document or evidences an intention to rescind or repudiate a Bond Document.
- (xii) **Illegality:** It is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed.
- (xiii) **Material Adverse Change:** Any event or circumstance (or any series of events or circumstances) occurs which the Trustee reasonably believes might have a Material Adverse Effect.



Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

18.14 Acceleration

If an Event of Default occurs and is known to the trustee, the trustee shall give notice of the default within seven days after it occurs to Bond Holders and BSEC, and shall convene a Meeting of the Bond Holders.

If no Meeting is held after providing notice or the Meeting does not adopt any Extraordinary Resolution instructing the Trustee, the Trustee shall declare all other amounts accrued or outstanding under the Bonds be immediately due and payable, whereupon they shall become immediately due and payable and the Trustee can proceed to file Enforcement Proceedings. If the Meeting takes place and adopt any Extraordinary Resolution instructing the Trustee, the Trustee shall follow those instructions.

The trustee shall incur no liability if it follows the Extraordinary Resolution or, if there is no Extraordinary Resolution, the procedures required by the Trust Deed, and notwithstanding anything contained in the Trust Deed, Trustee will not be bound to take any Enforcement Proceedings unless it shall have been indemnified and/or secured to its satisfaction.

18.15 Enforcement Proceedings

At any time after the Bonds have become due and repayable, the Trustee may, without further notice to Issuer, take any action, remedy or method of judicial proceedings for the enforcement of rights of Bondholders as may be available under the Governing Law from time to time (Enforcement Proceedings) against the Issuer. No Bondholder will be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

18.16 Application of Moneys

All moneys received by the Trustee in respect of the Bonds or amounts payable under the Trust Deed, under an Enforcement Proceeding or otherwise, will be held by the Trustee on trust to apply them (subject to the terms of the Trust Deed):

- firstly, in payment or satisfaction of the costs, charges, expenses and liabilities incurred by, or other amounts owing to, the Trustee in relation to the preparation and execution of the Trust Deed (including remuneration of the trustee) agreed between the trustee and the Issuer but not paid by the issuer;
- secondly, in payment of any amounts due and owing by the Issuer to any Agent under the agency Agreement;
- thirdly, in or towards payment paripassu and rateably of all amounts remaining due and unpaid in respect of the Bonds; and
- fourthly, the balance (if any) in payment to the Issuer for itself.



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Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

18.17 Notices

All notices and other communications hereunder shall be made in writing (by letter or email) and shall be sent as follows:

- a) **Issuer:** If to the Issuer, to it at:
- Address: LankaBangla Finance Limited
Head Office
Safura Tower (Level 11) 20,
Kemal Ataturk Avenue, Banani, Dhaka 1213, Bangladesh
- Phone: 8802 222283701-10
- Email: lbf.treasury@lankabangla.com
- Attention : Mr. Quamrul Islam
SEVP & Head of Treasury & Fls
- b) **Trustee:** If to the Trustee, to it at
- Address: Green Delta Capital Limited
Green Delta AIMS Tower
51-52 Mohakhali C/A, Dhaka 1212, Bangladesh
- Phone: +8801954 500600
- Email: trustee@greendeltacapital.com
- Attention : Mr. Md. Rafiqul Islam
Managing Director & CEO

18.18 Effectiveness

Every notice or other communication sent shall be effective if sent by letter, seven days after the time of despatch and if sent by fax or email, 24 (twenty four) hours after the time of dispatch provided that any such notice or other communication which would otherwise take effect after 4.00 p.m. on any particular day shall not take effect until 10.00 a.m. on the immediately succeeding business day in the place of the addressee.

18.19 Notices to Bondholders:

All notices are validly given if:

- mailed to the Bondholders at their respective addresses in the Register; or
- published in one English newspaper and one Bengali newspaper, each having wide circulation in Bangladesh; or
- emailed to the Bondholders at their respective addresses set out in the Issuer Register

Any such notice shall be deemed to have been given on the third day after being so mailed or on the later of the date of such publications.



Shamim Ai Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



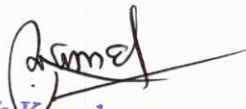
Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

19 DETAILS OF FEE STRUCTURE AND EXPENSES

- Regulatory fees: the applicable regulatory fees payable to the BSEC in connection with the Issue
- Professional advisers' fee : the fees and expenses of the legal, financial, accountancy and other professional advisers instructed by the Issuer in connection with the creation and issue of the Bonds
- Legal documentation: the costs incurred in connection with the preparation and execution of the Bond Documents
- The fees and expenses of the Trustee of the Bond and the other parties to the Bond Documents
- The cost of obtaining and maintaining any credit rating for the Bonds and the Issuer
- The dematerialization, rematerialization, and other fees to be paid to CDBL
- Any other costs



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Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

20 DECLARATION ABOUT THE RESPONSIBILITY OF THE DIRECTORS, INCLUDING THE CEO OF THE ISSUER OR ORIGINATOR IN RESPECT OF THE INFORMATION MEMORANDUM



DECLARATION ABOUT THE RESPONSIBILITY OF THE DIRECTORS, INCLUDING THE CEO OF THE ISSUER IN RESPECT OF THE INFORMATION MEMORANDUM

This information memorandum has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity, accuracy and adequacy of the statements made, information given in the prospectus, documents, financial statements, exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this public issue and prospectus have been met and that there are no other information or documents, the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative actions against any or all of us as it may deem fit.

We also confirm that full and fair disclosures have been made in this Information Memorandum to enable the investors to make a well-informed decision for investment.



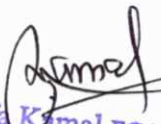
Khwaja Shahriar
Managing Director & CEO

Date: June 20, 2023

Head Office: Safura Tower (Level 11), 20 Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh
Phone: +8802222283701-10, Fax: +880258810998
E-mail: info@lankabangla.com, www.lankabangla.com, Financial Portal: http://lankabd.com



Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

21 DUE DILIGENCE CERTIFICATE OF THE TRUSTEE



Due Diligence Certificate of the Trustee

To
Bangladesh Securities and Exchange Commission

Subject: Issuance of 2,400 Non-Convertible, Fully Redeemable, Unsecured, Zero Coupon Bond 'LankaBangla Finance 4th Privately Placed, Non-Convertible, Fully Redeemable, Unsecured, Zero Coupon Bond' of BDT 833,333.33 each of LankaBangla Finance Limited

We, the under-noted trustee to the above-mentioned forthcoming issue, state as follows:

1. We, while act as trustee to the above-mentioned issue on behalf of the investors, have examined the draft Information Memorandum, draft deed of trust, legal and other documents and materials as relevant to our decision; and
2. On the basis of such examination and the discussions with the issuer, its directors and officers, and other agencies; independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer.

WE CONFIRM THAT:

- (a) all information and documents as are relevant to the issue have been received and examined by us and the draft IM and draft deed of trust has been forwarded to the Commission has been approved by us;
- (b) we have also examined all documents of the assets to be charged with the trust and are satisfied that the assets bear the value, title and charge status as disclosed in the IM;
- (c) while examining the above documents, we find that all the requirements of the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 have been complied with;
- (d) we shall act as trustee to the issue as mentioned above as per provisions of the deed of trust to be executed with the issuer or the originator, as applicable and shall assume the duties and responsibilities as described in the deed of trust and in the IM;
- (e) we shall also abide by the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 and conditions imposed by the Commission as regards of the issue; and
- (f) the above declarations are unequivocal and irrevocable.

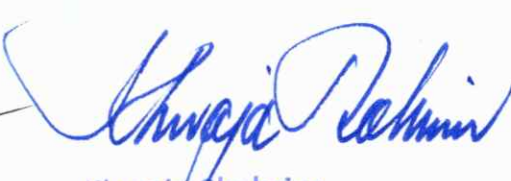
For Trustee


Md. Rafiqul Islam
Managing Director & CEO

GREEN DELTA CAPITAL LIMITED
Green Delta Aims Tower (3rd Floor)
51-52, Mohakhali C/A, Dhaka-1212, Bangladesh
Phone: +88 02 222261170, +88 02 222263902, Fax: +88 02 222298227
E-mail: info@greendeltacapital.com
Web: www.greendeltacapital.com


Shamim Al Mamun, FCA
Executive Vice President &
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LankaBangla Finance Limited


Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited


Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

22 ANNEXURE A: Auditor's Report & Audited Financial Statements



Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

**Corporate Office:**

House # 15, Road # 12, Block # F, Niketon
Gulshan-1, Dhaka-1212, Bangladesh.
☎ : +88 (02) 8836015-7 ☎ : +88 01681126120
✉ : hfc@hfc-bd.com 🌐 : www.hfc-bd.com

Independent Auditor's Report**To the shareholders of LankaBangla Finance Limited****Report on the audit of the consolidated and separate Financial Statements****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 during the period from 2022 to 2026 in line with Bangladesh Bank approval. Our opinion is not modified in respect of this matter.



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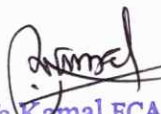
**Chattogram Office:**

Yunusco City Center (9th Floor), 807, CDA Avenue, Nasirabad, Chattogram ☎ +88 (031) 2859282 ✉ ctg@hfc-bd.com



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Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited


Mostafa Kamal FCA
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LankaBangla Finance Limited


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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
01. Measurement of provisions for leases, loans, and advances The process of estimating the provisions for leases, loans, and advances portfolio associated with credit risk is significant and complex. For the individual analysis, these provisions consider the estimates of future business performance and the market value of the collateral provided for the credit transactions. Considering the complexity of the provisioning process, for the collective analysis, these provisions are manually processed and deal with voluminous databases, assumptions, and calculations. 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).	Our procedures, in relation to the key audit matters described, included, among others: - 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. Our substantive procedures in relation to the provisions for leases, loans and advances portfolio comprised the following: - 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.

Chattogram Office:

Yumasco City Center (9th Floor), 807, CDA Avenue, Nasirabad, Chattogram ☎ +88 (031) 2859282 ✉ ctg@hfc-bd.com

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Company Secretary
LankaBangla Finance Limited

Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

**Corporate Office:**

House # 15, Road # 12, Block # F, Niketon
 Gulshan-1, Dhaka-1212, Bangladesh.
 ☎ : +88 (02)8836015-7 ☎ : +88 01681126120
 ✉ : hfc@hfc-bd.com 🌐 : www.hfc-bd.com

Description of key audit matters	How the matters were addressed in our audit
We have focused on the following significant judgments and estimates which could intensify the probability of material misstatement or management bias: 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. 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. See note no 2.28.1, 12.3 & 12.4 to the financial statements	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.
2. Carrying value of investments in subsidiaries by LankaBangla Finance Limited and impairment assessment of unquoted investments 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	Our audit procedures, in relation to key audit matters included the following approach: - Reviewed to confirm whether the management 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.

Chattogram Office:

Yunusco City Center (9th Floor), 807, CDA Avenue, Nasirabad, Chattogram ☎ +88 (031) 2859282 ✉ ctg@hfc-bd.com

Shamim Al Mamun, FCA
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 Chief Financial Officer
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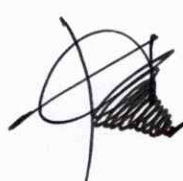
Mostafa Kamal FCA
 Company Secretary
 LankaBangla Finance Limited

Khawaja Shahriar
 Managing Director & CEO
 LankaBangla Finance Limited

HFC | **HUSSAIN FARHAD & CO.**
 CHARTERED ACCOUNTANTS
Corporate Office:

: House # 15, Road # 12, Block # F, Niketon
 Gulshan-1, Dhaka-1212, Bangladesh.
 : +88 (02) 8836015-7 : +88 01681126120
 : hfc@hfc-bd.com : www.hfc-bd.com

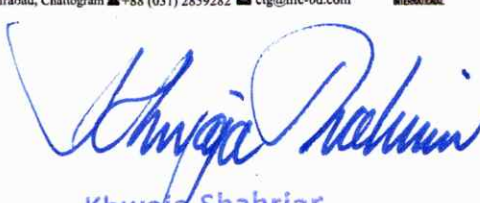
Description of key audit matters	How the matters were addressed in our audit
December 2022, the carrying value of the investment was BDT 7,237.03 million (2021: BDT 6,781.54 million). - In the absence of a quoted price in an active market, the fair value of unquoted shares and bonds, especially any impairment, 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. 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. See note no. 2.5, 2.17 & 9 to the financial statements.	- 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. The impact has been disclosed in Note 15A of the notes to the financial statements.
3. Investment and provision for diminution in value of the investment 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.	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 and appropriate audit evidence to conclude that the inputs and



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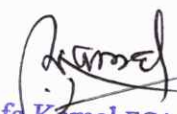
Description of key audit matters	How the matters were addressed in our audit
Group investments are valued at BDT 8,117.00 million and represent 9.76% of total assets. This was an area of focus for our audit and a significant audit effort was directed. The investment portfolio of LankaBangla Finance Limited 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. 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. 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. See notes no. 2.17, 2.5, 6 & 12 to the financial statements.	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. - 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 as 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.
4. Measurement of deferred tax assets LankaBangla Finance Ltd. has not recognized deferred tax assets regarding unabsorbed tax losses, unabsorbed capital allowance, and other timing differences. There is inherent uncertainty involved in forecasting future taxable profits, which	Our procedures, in relation to the key audit matters described, included, among others: 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.

Corporate Office:

📍 : House # 15, Road # 12, Block # F, Niketon
Gulshan-1, Dhaka-1212, Bangladesh.
☎ : +88 (02)8836015-7 📠 : +88 01681126120
✉ : hfc@hfc-bd.com 🌐 : www.hfc-bd.com

Description of key audit matters	How the matters were addressed in our audit
determines the extent to which the deferred tax assets are recognized. LankaBangla Finance Limited reported net deferred tax assets totaling BDT 20.67 million as of 31st December 2022. Significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over several years. See notes no 2.39(b), 2.5(6) and 9.1.1.1 to the financial statements.	- 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.
5. Legal and regulatory matters We focused on this area because LankaBangla Finance Limited and its subsidiaries (the "Group") operate in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are uncertain, and the outcome may be difficult to predict. These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities. 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. See note no 1 to the financial statements.	Our procedures, in relation to the key audit matters described, included, among others: - 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 with 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.


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LankaBangla Finance Limited


Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited


Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

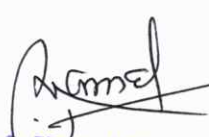
HFC HUSSAIN FARHAD & CO.
CHARTERED ACCOUNTANTS
Corporate Office:

House # 15, Road # 12, Block # F, Niketon
Gulshan-1, Dhaka-1212, Bangladesh.
+88 (02)8836015-7 +88 01681126120
hfc@hfc-bd.com www.hfc-bd.com

Description of key audit matters	How the matters were addressed in our audit
6. IT systems and controls 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. Our areas of audit focus included: - IT Security management. - IT risk management. - Service delivery management. - Infrastructure security management. - Access control. - Business Continuity and Disaster Recovery Management, etc.	Our procedures, in relation to the key audit matters described, included, among others: • 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.




Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
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Description of key audit matters	How the matters were addressed in our audit
7. Preparation of consolidated financial statements 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. Determination of significant control requires careful assessment of different elements. 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.	Our procedures, in relation to the key audit matters described, included, among others: • 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.

Chattogram Office:

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Member of



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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



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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.

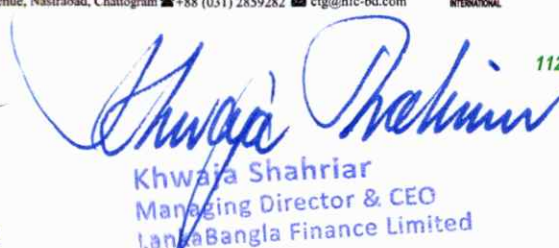
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report 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.



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 Chief Financial Officer
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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 agree 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;



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- xiv. the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- xv. we have reviewed over 80% of the risk-weighted assets of the company and we have spent around 1689-person hours for the audit of the books and accounts of the company.
- xvi. the company has complied with relevant instructions which were issued by Bangladesh Bank relevant to the classification, provisioning and calculation of interest suspense;
- xvii. all other issues which in our opinion were important for the stakeholders of the company have been adequately disclosed in the audit report.

Firm Name : Hussain Farhad & Co., Chartered Accountants

Registration No : 4/452/ICAB-84

Signature of the auditor :

Name of the auditor : M Farhad Hussain FCA, Partner; Enrollment No.: 452

DVC No. : 2305030452AS249430

Place : Dhaka

Dated : 27 April, 2023

Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited

Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited

Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

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


Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited


Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited


Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

Notes	Amount in Taka	
	31.12.2022	31.12.2021

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

-	-
33,150,000	152,979,637
-	-
-	-
-	-
33,150,000	152,979,637

OTHER COMMITMENTS

Documentary credits and short term trade-related transactions

Forward assets purchased and forward deposits placed

Undrawn note issuance and revolving underwriting facilities

Undrawn formal standby facilities, credit lines and other commitments

TOTAL OTHER COMMITMENTS

-	-
-	-
-	-
-	-
-	-

TOTAL OFF BALANCE SHEET ITEMS

33,150,000	152,979,637
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The annexed notes form an integral part of these consolidated financial statements.


 Director


 Director


 Managing Director

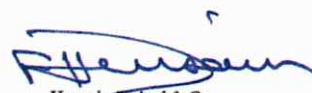

 Company Secretary


 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


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 Executive Vice President &
 Chief Financial Officer
 LankaBangla Finance Limited


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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	11,563,433	25,343,449
	661,375,989	1,305,892,532
Appropriations	104,478,175	141,189,519
Statutory reserve	35,697,813	121,800,532
General reserve	(3,348,036)	5,427,945
Capital Reserve	72,128,398	13,961,042
Retained surplus	545,334,381	1,139,359,565
Earning per share (EPS)	34 1.21	2.38

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


Director


Director


Managing Director

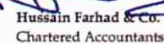

Company Secretary


Chief Financial Officer

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

Note	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
F) 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.

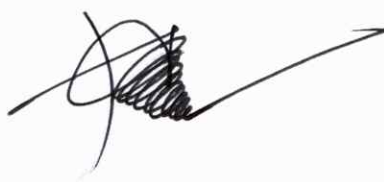

 Director


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Dhaka,
27 April 2023

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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		
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	195,222,367	10,874,021,211
Items Involved in Changes in Equity								
Changes in non-controlling interest	-	-	-	-	-	(2,058,237)	1,558,237	(500,000)
Net profit for the year	-	-	-	-	-	649,812,556	11,563,433	661,375,989
Appropriation to statutory reserve	-	-	35,697,813	-	-	(33,697,813)	-	-
Appropriation to general reserve	-	-	-	(3,348,056)	-	3,348,056	-	-
Capital Reserve	-	-	-	-	72,128,398	(72,128,398)	-	-
Dividend	-	-	-	-	-	(538,838,623)	-	(538,838,623)
Cash dividend (10.00%) for 2021	-	-	-	-	-	(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	208,344,037	10,906,056,577
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	177,127,178	10,223,512,150
Items Involved in Changes in Equity								
Changes in non-controlling interest	-	-	-	-	-	(1,528,863)	(971,137)	(2,500,000)
Net profit for the year	-	-	-	-	-	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)
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	195,222,367	10,874,021,211

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


 Director


 Managing Director


 Company Secretary


 Chief Financial Officer
 Hussain Ghabad & Co.
 Chartered Accountants

Dhaka,
27 April 2023


 Shamim Al Mamun, FCA
 Executive Vice President &
 Chief Financial Officer
 LankaBangla Finance Limited


 Mostafa Kamal FCA
 Company Secretary
 LankaBangla Finance Limited


 Khwaja Shahriar
 Managing Director & CEO
 LankaBangla Finance Limited

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	-	-
Bills payable	-	-
Savings bank deposits	-	-
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
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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


Director


Managing Director


Company Secretary


Chief Financial Officer

This is the profit and loss account referred to in our separate report of even date.

Dhaka,
27 April 2023
DVC No:

2305030452AS249430

20


Hussain Farhad & Co.
Chartered Accountants


Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited

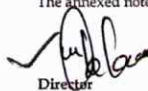

Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited


Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

LankaBangla Finance Limited
Statement of Cash Flows
For the year ended 31 December 2022

Note	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 assets and liabilities	1,188,769,760	912,762,680
Increase/(decrease) in operating assets & liabilities:		
Loans and advances to customers	(2,724,292,644)	(3,877,752,775)
Other assets	17,083,946	(919,099)
Deposits from customers	(4,524,553,923)	569,993,154
Other liabilities	(117,626,381)	68,967,372
Total Increase/(decrease) in operating assets & liabilities	(7,349,389,002)	(3,239,711,348)
Net cash flows from/(used in) operating activities	(6,160,619,242)	(2,326,948,668)
B) Cash flows from investing activities		
Investment in securities	(152,460,638)	(1,013,925,987)
Treasury bills	(688,688,379)	203,635,595
Purchase of fixed assets	(389,705,272)	(106,674,016)
Sales proceeds of fixed assets	1,907,256	25,991,059
Investment in discretionary corporate fund	(5,907,829)	(42,497,332)
Investment in subsidiaries	(500,000)	(2,500,000)
Net cash flows from/(used in) investing activities	(1,235,354,863)	(935,970,681)
C) Cash flows from financing activities		
Receipt of term loan, overdraft and REPO	7,211,762,184	3,752,059,089
Payment of lease liabilities-Vehicles	(2,930,352)	(3,534,012)
Payment of lease liabilities-Office premises	(62,168,233)	(87,313,823)
Dividend paid	(527,837,169)	(658,470,965)
Net cash flows from/(used in) financing activities	6,618,826,430	3,002,740,289
D) Net increase/(decrease) in cash & cash equivalents	(777,147,675)	(260,179,060)
E) Effect of exchange rates on cash and cash equivalents	18,847	778
F) Cash and cash equivalents at the beginning of the year	10,098,822,551	10,359,000,833
G) Cash and cash equivalents at the end of the year	9,321,693,722	10,098,822,551
* Closing cash and cash-equivalents		
Cash in hand (including foreign currencies)	701,455	551,219
Balance with Bangladesh Bank and its agent bank (s)	530,655,790	640,488,217
Balance with other banks and financial institutions	8,790,336,478	9,457,783,115
	9,321,693,722	10,098,822,551
Net Operating Cash Flows Per Share - (NOCFPS)	36 (11.43)	(4.32)

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


Director


Director


Managing Director


Company Secretary


Chief Financial Officer

Dhaka,
27 April 2023

LankaBangla Finance Limited
Statement of Changes in Equity
For the year ended 31 December 2022

Particulars	Amount in Taka				
	Share Capital	Statutory Reserve	Revaluation Reserve	Retained Earnings	Total Equity
Balance as at 01 January 2022	5,388,386,230	2,049,579,830	1,681,854,774	1,954,062,260	11,073,883,094
Items involved in changes in equity					
Net profit for the year	-	-	-	178,489,067	178,489,067
Increase/(decrease) in revaluation reserve	-	-	454,992,407	-	454,992,407
Appropriation to statutory reserve	-	35,697,813	-	(35,697,813)	-
Cash dividend (10.00%) for 2021	-	-	-	(538,838,623)	(538,838,623)
Balance as at 31 December 2021	5,388,386,230	2,085,277,643	2,136,847,181	1,558,014,890	11,168,525,945
Balance as at 01 January 2021	5,388,386,230	1,927,779,299	1,018,070,876	2,113,466,481	10,447,702,886
Items involved in changes in equity					
Net profit for the year	-	-	-	609,002,658	609,002,658
Increase/(decrease) in revaluation reserve	-	-	663,783,899	-	663,783,899
Appropriation to statutory reserve	-	121,800,532	-	(121,800,532)	-
Cash dividend (12.00%) for 2020	-	-	-	(646,606,348)	(646,606,348)
Balance as at 31 December 2021	5,388,386,230	2,049,579,830	1,681,854,774	1,954,062,260	11,073,883,094

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


Director


Director


Managing Director


Company Secretary


Chief Financial Officer

Dhaka,
27 April 2023

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
Assets					
Cash in hand (including balance with Bangladesh Bank)	129,734,658	-	402,034,402	-	-
Balance with banks and financial institutions	7,425,033,045	2,166,446,596	872,339,297	-	-
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
Leases, loans and advances	2,954,001,879	12,032,911,460	30,134,720,689	16,953,588,325	3,010,577,549
Fixed assets including land, building, furniture and fixtures	23,206,022	69,618,067	208,854,200	835,416,801	1,722,491,970
Other assets	30,847,875	2,355,047,347	582,038,402	-	-
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
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
Deposits and other accounts	4,231,812,799	8,759,865,490	19,668,845,856	7,677,945,355	2,568,943,989
Other liabilities	920,506,446	1,359,114,135	2,911,593,117	4,591,981,557	1,687,909,067
Total Liabilities	7,561,115,116	13,482,311,235	31,996,347,191	22,129,836,817	4,599,344,452
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


Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited


Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited

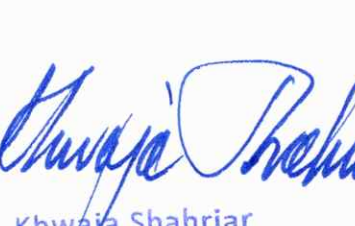

Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

LankaBangla Finance Limited
Statement of Liquidity
 As at 31 December 2022

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	above 5-years term	Amount in Taka	
						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	


 Shamim Al Mamun, FCA
 Executive Vice President &
 Chief Financial Officer
 LankaBangla Finance Limited


 Mostafa Kamal FCA
 Company Secretary
 LankaBangla Finance Limited


 Khwaja Shahriar
 Managing Director & CEO
 LankaBangla Finance Limited

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.



Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

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.



Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

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

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.



Shamim Al Mamun, FCA
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Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
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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.

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

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.



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Company Secretary
LankaBangla Finance Limited



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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

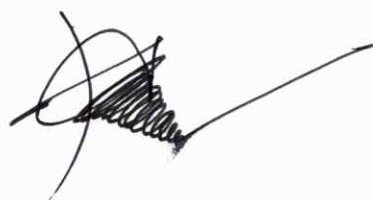
These financial statements have been prepared based on the historical cost convention other than the finance lease asset and finance lease obligations which were measured at present value of the minimum lease payments. No adjustment has been made for inflationary factors affecting the financial statements. 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".



Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

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.



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Executive Vice President &
Chief Financial Officer
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Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
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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:

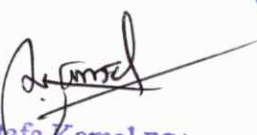
Sl.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank/BSEC	Financial or Presentation Effect of the Departure
1	Measurement of provision for leases, loans, advances and margin loan (financial assets measured at amortized cost)	IFRS 9 "Financial Instruments"	An entity shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The objective of the impairment requirements is to recognize lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition - whether assessed on an individual or collective basis - considering all reasonable and supportable information, including that which is forward-looking. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since	As per FID circular No. 08 dated 03 August 2002, DFIM circular No. 04 dated 26 July 2021, DFIM circular No. 33 dated 19 December 2021 and DFIM letter ref. DFIM(P)1052/27/2022-23 dated 02 January 2022, a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans and SMA) has to be maintained irrespective of objective evidence of impairment on lease, loans and advances. Also, provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue. 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	IFRS 9 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. However, in consolidated and separate Financial Statements, provision for leases, loans, advances have been charged for 2022 equivalent to BDT

Sl.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank/BSEC	Financial or Presentation Effect of the Departure
2	Valuation of Investments in quoted and unquoted shares	IFRS 9 "Financial Instruments"	IFRS 9 requires all equity investments to be measured at fair value. At initial recognition an entity can make an irrevocable election to present subsequent changes in fair value of an investment in an equity instrument that is held for trading. In all other cases, investments in equity instruments measured at fair value are recognized through profit or loss. In limited circumstances, cost can initial recognition, an entity shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 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.	July, 2020 the required provisions against unrealised loss for the year 2020 has been kept. 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.	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. And provision for margin loan has been released BDT 2.19 million, accumulated provision kept BDT 781.36 million. As per Bangladesh Bank and BSEC guidelines, no profit has been recognized in the profit and loss account against unrealized gain.

SL	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank/BSEC	Financial or Presentation Effect of the Departure
3	Recognition of interest income for SMA and classified lease, loans and advances	IFRS 9 "Financial Instruments"	Interest income is calculated by using the effective interest rate to the gross carrying amount of a financial asset except for financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired for which interest income is calculated by applying the effective rate to the carrying amount net of expected credit loss provision.	As per DFIM circular No. 04 dated 26 July 2021, once an investment on leases, loans and advances is termed as "Special Mention Account (SMA)" or "classified" (SS, DF, BL), interest income from such investments are not allowed to be recognized as income, rather the respective amount needs to be credited as a liability account like: interest suspense account.	As the facts mentioned in Serial no. 1, the expected credit losses couldn't be measured for the financial assets which have become credit impaired since initial recognition, interest income on such credit-impaired financial assets also couldn't be measured and the effect of departure too. However, at year end, in Consolidated Financial Statements interest suspense account has 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	IAS 7	Cash equivalent are short term, highly liquid investments that are	Bangladesh Bank has issued templates for	Presentation of financial



Shamim Al Mamun, FCA
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Chief Financial Officer
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Company Secretary
LankaBangla Finance Limited

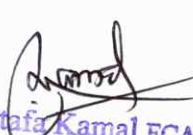


Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

Sl.	Nature of Departure of cash and cash equivalent	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank/BSEC	Financial or Presentation Effect of the Departure
		"Statement of Cash Flows"	readily convertible to known amounts of cash and only include those investments which are for a short tenure like: 3 months or less year. In the light of above, balance with Bangladesh Bank and fixed term deposits should be treated as investment asset rather than cash equivalent as it is illiquid asset and not available for use in day to day operations.	financial statements vide DFIM Circular# 11 dated December 23, 2009 which will strictly be followed by all banks and NBFI's. The templates of financial statements provided detail of presentation of statement cash flows.	statements is not fully aligned with the requirements of IAS. Thus, items which should be presented as "investment activities" as per IAS is shown as cash & cash equivalent.
6	Measurement of deferred tax asset	IAS 12 "Income Tax"	A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.	As per DFIM circular No. 7 dated 31 July 2011, no deferred tax asset can be recognized for any deductible temporary difference against lease, loans and advances.	During this year there is no impact in the financial statements due to this departure as the Company has no taxable income in near future.
7	Presentation and disclosure of Financial Statements and Financial Instruments	IAS 1 "Presentation of Financial Statements" IAS 40 "Investment Property" IAS 32 "Financial Instruments"	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	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 NBFI's. 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.	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



Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

Sl.	Nature of Departure	Title of IFRS Presentation ^a	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank/BSEC	Financial or Presentation Effect of the Departure
		IFRS 7 "Financial Instruments: Disclosure"	face of statement of financial position. IAS 32 and IFRS 7 require specific presentation and disclosure relating to all financial instruments.	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.	subsidaries;
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	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	Presentation of financial statements is not fully aligned with all requirements of the IAS. Moreover, the liquidity



Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
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Company Secretary
LankaBangla Finance Limited

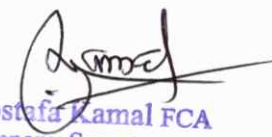


Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

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	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.



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Chief Financial Officer
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Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
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Sl.	Nature of Departure	Title of IFRS	Treatment of IFRS restatement.	Treatment Adopted as per Bangladesh Bank/BSEC	Financial or Presentation Effect of the Departure
12	Intangible asset	IAS 1 "Presentation of Financial Statements"	As per IAS 1 "Presentation of Financial Statements" para 54 the statement of financial position shall include separate line item for intangible assets.	As per DFIM Circular-11, Date-23 December 2009, there is no option for separate line item for intangible asset in the balance sheet. We present intangible asset in the balance sheet as part of fixed assets and provide details in annexure-A as separate line item.	Presentation of financial statements is not aligned with requirements of the IAS 1. There is no financial impact for this departure in the financial statements.
13	Fair value through other comprehensive income	IAS 1 "Presentation of Financial Statements"	As per IAS 1 "Presentation of Financial Statements, any change in revaluation reserve in long term investment are to be recognized in 'Other comprehensive income'.	As per DFIM Circular-11, Date-23 December 2009, complete set of financial statements does not contain 'Other comprehensive income' and thus any change in revaluation reserve will not be shown in 'Other comprehensive income'.	During the year, the OCI would show positive income of BDT 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.

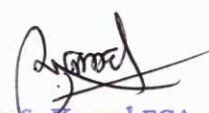
Year	Before Change in Estimate		After Change in Estimate		Increase/ (Decrease) in Profit
	Annual Depreciation	WDV of Asset	Annual Depreciation	WDV of Asset	
2022	10,398,353	40,881,201	5,739,663	45,539,892	4,658,690
2023	10,398,353	30,482,848	5,739,662	39,800,230	4,658,691
2024	10,398,353	20,084,494	5,755,387	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.



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Company Secretary
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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

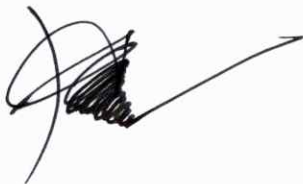
The Company has adequate resources to continue in operation for foreseeable future. For this reason, the directors continue to adopt going concern basis in preparing the accounts. The current credit facilities and resources of the Company provide sufficient funds to meet the present requirements of its 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.



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Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

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 leasesGroup 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.



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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



Shamim Al Mamun, FCA
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Chief Financial Officer
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Company Secretary
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Managing Director & CEO
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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:

<u>Fixed assets</u>	<u>Rate</u>
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.



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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



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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

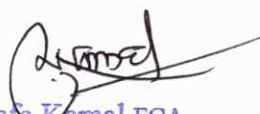
2.28.1 Provision for leases, loans, advances and off-balance sheet exposure

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:

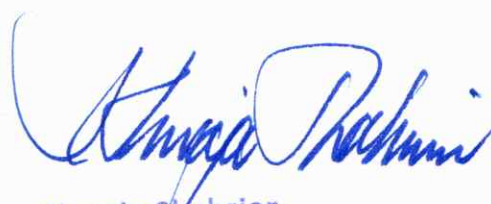
Particulars	Rates
General Provision on: Unclassified leases, loans, advances	
Unclassified of Cottage, Micro, Small & Medium Enterprise Financing (CMSMEF)	0.25%
Unclassified of leases, loans and advances except CMSMEF and FBMSD	1%
Unclassified of Financing to the Brokerage House/Merchant Banks/Stock 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%



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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.



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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



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Company Secretary
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Managing Director & CEO
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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
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.



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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.



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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).



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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.

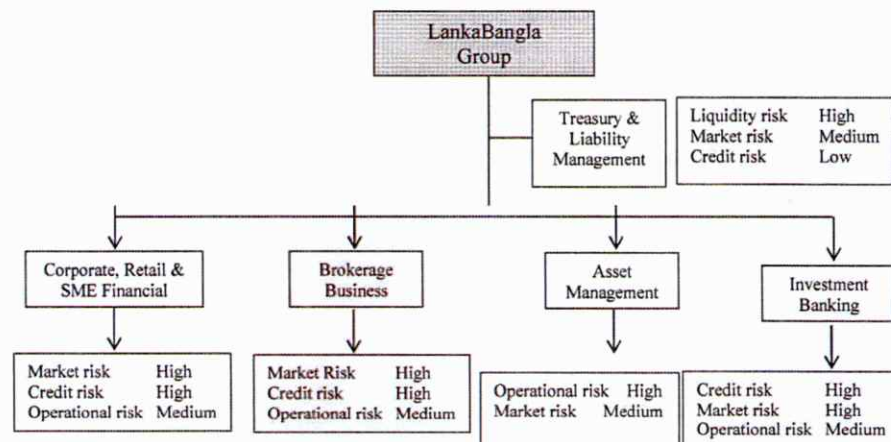
In line with Bangladesh Bank requirement, the Company has already formed BASEL Implementation Unit (BIU) to ensure timely implementation of BASEL II accord.

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



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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.

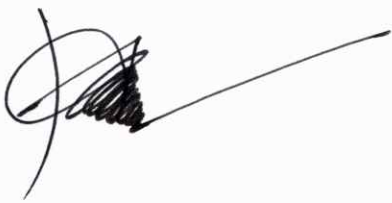
The Group's Board of Directors sets the Group's strategy for managing liquidity risk and delegates the responsibility for the oversight of the implementation of this policy to ALCO. ALCO approves the Group's liquidity policies and procedures. Treasury division manages the Group's liquidity position on 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:

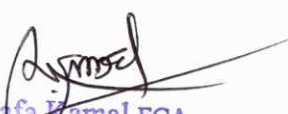
- Maintaining a diversified funding base consisting of customer deposits (both retail and corporate), zero coupon bond and different types of bank borrowing ranging from very short nature call loan to short term loan to long term loan and maintaining contingency facilities;
- Carrying a portfolio of 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

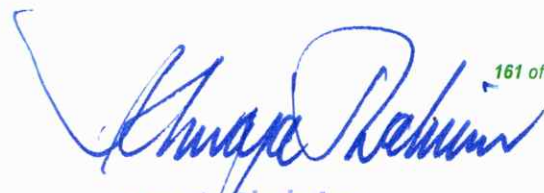
Market risk is the risk that changes in market prices, such as interest rates, share prices



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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.

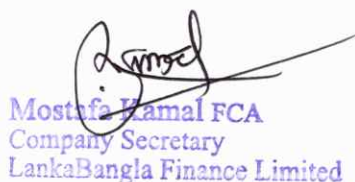
E. Anti- money laundering and terrorist financing risk

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



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- 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:
- Internal policies, procedures and controls which are continually updated as and when required
 - A dedicated structure and sub-structure within the organization
 - Appointment of Chief Anti-Money Laundering Compliance officer, Deputy Chief Anti-Money Laundering Compliance officer and Branch Chief Anti-Money Laundering Compliance officer.
 - Independent audit functions and Self-Assessment Program by respective Branches;
 - 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.



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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. Assurances	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.



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	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 imprest 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: 1.56%)	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, prime 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	3,723,663,890
	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				
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
NKB 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

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5.2 Interest bearing short term deposit account

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	Taka	Taka	Taka	Taka
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	37,959,735	62,773,347	37,959,735
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 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	0	663	0	663
Meghna Bank Limited	3,620	307	3,620	307
Mercantile Bank Limited	441,025,657	972,538,469	441,025,657	972,538,469
Midland Bank Limited	1,181,818	122,562	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
Shahjalal 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
	6,792,218,157	8,530,932,432	5,185,314,621	5,660,470,733

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	1,051,000	-	-
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	3,783,352,418	3,541,832,392	3,723,663,830

* As per directives from Bangladesh Bank LBFL has decided to not to charge any interest income from 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	4,504,830,427	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	-	-	-	-
	10,463,818,938	12,387,833,402	8,790,336,478	9,457,783,115

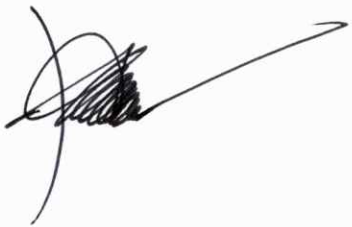
6 Investment

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 share 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	248,336,235	254,264,064	248,336,235
		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


 Shamim Al Mamun, FCA
 Executive Vice President &
 Chief Financial Officer
 LankaBangla Finance Limited


 Mostafa Kamal FCA
 Company Secretary
 LankaBangla Finance Limited


 Khwaja Shahriar
 Managing Director & CEO
 LankaBangla Finance Limited

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	Taka	Taka	Taka	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
Bese 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 Istisna (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				
CAFM Unit Fund	2,000,000	2,000,000	2,000,000	2,000,000
LankaBangla 1st PE Fund	10,000,000	10,000,000	-	-
LRAMC Al Aradiah Shariyah 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 Wealth Builders Fund	-	10,363,000	-	-
	101,867,842	112,230,842	91,867,842	91,867,842

*LankaBangla Securities Limited has received the following shares from DSE and CSE against the membership under demutualization scheme of the stock exchanges

Stock Exchange	Type of Shares	Number of Shares	Face Value	Face Value amount
Dhaka Stock Exchange	Floated (53.33%)	2,886,042	10	28,860,420
	Blocked (46.67%)	2,525,287	10	25,252,870
		5,411,329		54,113,290
Chittagong Stock Exchange	Floated (40%)	1,714,932	10	17,149,320
	Blocked (60%)	2,572,308	10	25,723,080
		4,287,240		42,872,400

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	139,763,438	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	135,854,635	-	16,023,964
Miscellaneous	127,124,041	31,833,673	94,929,699	14,245,869
Mutual Funds	26,247,675	24,577,008	21,272,600	21,272,600
Non-Bank Financial Institutions	816,687,651	819,868,327	300,855,209	300,855,209
Paper & Printing	5,608,584	51,395,926	-	51,395,926
Pharmaceuticals and Chemicals	1,709,546,096	1,481,926,809	68,736,217	104,680,111
Services & Real Estate	17,222,877	14,706,783	-	-
Tannery Industries	-	13,373,759	-	-
Telecommunication	480,207,146	568,043,130	97,951,675	185,787,660
Textile	358,195,664	297,230,328	26,091,826	10,641
Travel & Leisure	1,781,844	-	-	-
	5,150,771,180	4,808,218,679	1,136,953,938	1,070,493,300

All investments in marketable shares are valued at average cost price as on reporting date and adequate provision has been made as per Bangladesh Bank and BSEC Guideline.*

Investments in non-marketable shares are valued at cost due to fair value cannot be measured reliably.

*As at 31 December 2022 there was Tk. 221,852,333 (Gross unrealized gain was Tk. 40,532,855 and gross unrealized loss was Tk. 262,385,188) net unrealized loss of LankaBangla Finance Limited and there was 270,997,203 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 unrealized loss for the year 2022 has been kept.

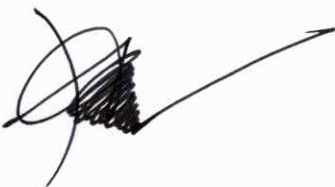
6.3 Maturity wise grouping of investments				
Up to 01 Month	2,332,657,962	31,100,325	1,414,098,179	31,100,325
More than 01 Month to 03 Months	2,164,253,321	2,329,210,075	160,122,884	1,432,286,826
More than 03 Month to 04 years	2,164,866,580	3,000,000,000	912,285,057	-
More than 04 year to 05 years	1,763,250,207	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	37,619,473	4,926,163	37,619,473	4,926,163
Short term finance	720,002,352	1,639,948,534	720,002,352	1,639,948,534
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	12,362,962,523	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

Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited

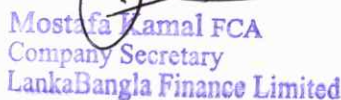
Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited

Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	Taka	Taka	Taka	Taka
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	170,652,630	416,016,461	170,652,630	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				
Debt balance of share trading clients	4,912,498,328	5,259,031,236	-	-
Margin loan to share trading clients	414,540,920	525,289,583	-	-
	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
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 ezyap	465,960,713	373,487,096	465,960,713	373,487,096
VISA card ezyap	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 leases to the institutions in which Directors have interest			1,576,680,450	1,677,790,661
b) Loans, advances and leases 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	18,367,879,485	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



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Executive Vice President &
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Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



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Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

		LankaBangla Group		LankaBangla Finance Limited	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
		Taka	Taka	Taka	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	5,221,599,198	5,686,297,269	5,221,599,198	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 & Repairing				
	N. Electronics & Electrical Products	1,425,132,664	1,229,621,601	1,425,132,664	1,229,621,601
	O. Power, Gas, Petroleum, 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, Botanal, 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	247,036,784	375,337,774	247,036,784
	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	1,960,494,191	2,650,151,337	1,956,239,007	2,643,936,447
	B. Auto Loan	2,741,640,000	2,690,739,044	2,741,640,000	2,690,739,044
	C. Employee/Staff Loan	433,773,788	445,242,645	433,773,788	445,242,645
	D. Credit Card	4,786,388,280	4,487,918,071	4,786,388,280	4,487,918,071
	E. Loan Against Deposit	526,151,388	478,445,312	526,151,388	478,445,312
9	Others	5,327,039,248	5,784,321,029	-	-
		65,085,799,903	62,887,779,221	61,331,185,920	58,775,033,962

7.1.8 Particulars of loans, advances and leases

i) Loan considered good in respect of which the Bank/ FI is fully secured	35,528,926,883	35,866,948,666	37,105,607,333	37,544,739,327
ii) Loan considered good for which the Bank/FI holds no other security than the debtor's personal security.	10,117,682,713	10,278,453,991	4,786,388,280	4,487,918,071
iii) Loan considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	19,439,190,307	16,742,576,564	19,439,190,307	16,742,576,564
iv) Loan adversely classified for which no provision is created.	-	-	-	-
	65,085,799,903	62,887,779,220	61,331,185,920	58,775,033,962



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Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

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	LankaBangla Group		LankaBangla Finance Limited	
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	Taka	Taka	Taka	Taka
v) Loan due by directors or officers of the Bank/ FI or any of them either jointly or separately with any other persons.	434,475,928	440,965,461	430,220,744	434,750,571
vi) Loan due by companies and firms in which the directors of the Bank/ FI have interests as directors, partners or managing agent or in case of private companies as members.	-	-	1,576,680,430	1,677,790,661
Note: These loans, advances and leases are given to subsidiaries companies where some of the Directors of LankaBangla Finance Limited are Directors in those subsidiaries companies				
vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors and managers or officers of the Bank/ FI or any of them either severally or jointly with any other persons.	159,509,138	152,494,573	159,509,138	152,494,573
viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Bank/ FI have interests as directors, partners or managing agents or, in case of private companies as members.	-	-	-	-
Note: These loans, advances and leases are given to subsidiaries companies where some of the Directors of LankaBangla Finance Limited are Directors in those subsidiaries companies				
ix) Due from other bank/ FI companies	-	-	-	-
x) Information in respect of classified loans and advances:				
a) Classified loans for which interest/ profit not credited to income	4,427,819,618	3,859,018,138	4,427,819,618	3,859,018,138
b) Amount of provision kept against loans classified as bad/ loss as at the Balance Sheet date	1,861,086,837	1,443,005,155	1,861,086,837	1,443,005,155
	<u>6,288,906,456</u>	<u>5,302,023,293</u>	<u>6,288,906,456</u>	<u>5,302,023,293</u>
c) Amount of interest credited to the interest suspense account	(79,236,306)	265,079,191	(79,236,306)	265,079,191
<u>xi) Cumulative amount of written off loans:</u>				
Opening Balance	2,848,645,831	2,605,050,273	1,270,919,574	1,198,467,118
Amount written off during the year	105,909,817	266,321,953	90,134,351	95,178,851
Amount received from written off during the year	(33,552,850)	(22,736,395)	(33,552,850)	(22,736,395)
Balance of written off loans and advances yet to be recovered	<u>2,921,002,798</u>	<u>2,848,645,831</u>	<u>1,327,501,075</u>	<u>1,270,919,574</u>
The amount of written off loans for which law suits have been filed.				
Loans, Loans, and advances -geographical location-wise				
Inside Bangladesh				
Dhaka	44,158,901,409	44,099,382,987	41,310,505,818	40,912,271,173
Chattogram	10,157,179,178	10,804,354,956	9,418,951,046	10,096,496,900
Sylhet	695,305,500	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
Narayanganj	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	337,558,494	232,000,208	337,558,494	232,000,208
Dinapur	682,867,962	376,868,897	682,867,962	376,868,897
Coxipour	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
	<u>65,085,799,903</u>	<u>62,887,779,221</u>	<u>61,331,185,920</u>	<u>58,775,033,963</u>
Outside Bangladesh				
	<u>65,085,799,903</u>	<u>62,887,779,221</u>	<u>61,331,185,920</u>	<u>58,775,033,963</u>
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	-
	<u>2,859,587,060</u>	<u>2,594,806,060</u>	<u>1,890,677,292</u>	<u>1,669,211,812</u>
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	174,530,209	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	189,569,305
	<u>1,395,453,557</u>	<u>2,594,806,060</u>	<u>426,543,789</u>	<u>1,669,211,812</u>
8.1.1 Freehold assets				
Land (Note - 8.1.1)	-	787,519,083	-	787,519,083
Freehold asset other than land (Note - 8.1.2)	903,957,220	859,050,323	138,181,429	110,091,537
	<u>903,957,220</u>	<u>1,646,569,405</u>	<u>138,181,429</u>	<u>897,610,620</u>
8.1.1 Land				
Opening Balance	787,519,083	787,519,083	787,519,083	787,519,083
Add : Addition/(Disposal) during the year	-	-	-	-
	<u>787,519,083</u>	<u>787,519,083</u>	<u>787,519,083</u>	<u>787,519,083</u>
Less: Transfer to investment property	(787,519,083)	-	-	-
	<u>-</u>	<u>787,519,083</u>	<u>-</u>	<u>787,519,083</u>


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		LankaBangla Group		LankaBangla Finance Limited	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
		Taka	Taka	Taka	Taka
8.1.2 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	97,932,553	97,310,602	51,238,643
Less: Sales/ disposal during the year		42,750,359	70,195,580	26,866,274	58,094,409
		1,753,692,562	1,641,357,888	703,914,461	633,470,133
B. Accumulated depreciation					
Opening Balance		782,307,566	732,947,845	523,378,596	496,999,298
Add : Charged during the year		108,461,662	117,416,859	69,183,731	84,213,313
Less: Adjusted during the year		890,769,228	850,364,704	502,563,327	581,172,611
		41,033,887	68,057,138	26,829,296	57,994,015
		849,735,342	782,307,566	565,733,032	523,378,596
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
		202,880,431	174,550,209	158,860,190	121,632,283
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
Less: Adjustment during the year		576,911,884	488,811,279	385,688,314	309,508,660
		-	1,043,330	-	-
		576,911,884	487,767,949	385,688,314	309,508,660
B. Accumulated amortization					
Opening Balance		313,217,740	264,808,974	187,876,377	153,701,331
Less : Amortized during the year		40,813,713	49,452,096	38,951,747	34,175,046
		374,031,453	314,261,070	226,828,124	187,876,377
Less: Adjustment during the year		-	1,043,330	-	-
		374,031,453	313,217,740	226,828,124	187,876,377
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		460,399,401	444,188,531	460,399,401	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	-
		-	460,399,404	-	460,399,404
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
		288,615,906	313,287,042	129,502,170	189,569,505
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	-
Less: Adjusted during the year		57,596,908	55,752,908	28,101,000	24,857,000
		20,067,000	1,400,000	-	-
		37,529,908	54,352,908	28,101,000	24,857,000
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
Less: Adjustment during the year		51,441,405	50,401,843	24,089,196	23,076,759
		20,067,000	1,032,999	-	-
		31,374,405	49,368,844	24,089,196	23,076,759
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	171,488,566	3,813,450	61,679,113
Less: Adjusted during the year		563,480,361	569,819,622	309,422,761	366,747,081
		77,863,156	104,333,547	31,707,323	61,137,270
		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
Less: Adjustment during the year		273,423,632	294,619,624	181,863,282	158,122,235
		20,266,830	77,436,527	29,638,209	40,302,177
		203,156,803	157,183,098	152,225,073	117,820,047
C. Written down value		282,460,402	308,302,977	125,490,365	187,789,264
IFRS 16 has been implemented from 1 January 2019 . See accounting policy in note 2.18.					
8.02 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	-

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LankaBangla Group		LankaBangla Finance Limited	
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Taka	Taka	Taka	Taka

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 (8) 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
Jenata 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	-	-	-
Shafiqul 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	3,796,054,190	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	-	3,653,957	-	-
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 Haq	77,167,524	21,935,746	77,167,524	-
Nabas Ahmed Khalil	8,967,522	-	8,967,522	-
Prona Haq	230,137,990	-	230,137,990	-
Munirha Anwar Haq	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 1,284,251,913 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

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	540,654,091	672,723,303	540,654,091	672,723,303
LankaBangla Investment Limited	-	120,933,333	-	151,166,667
LankaBangla 1st Balanced Unit Fund	19,996,488	24,970,424	19,996,488	24,970,424
	1,269,596,991	1,733,693,397	1,390,532,224	1,884,860,064

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	254,490,793	210,331,243	235,965,953
Add: Addition during the year	97,994,286	171,698,566	3,813,450	81,679,113
	425,557,884	426,189,359	214,144,693	317,645,066
Less: Repayment during the year and adjustment	111,570,885	138,615,761	62,168,233	87,313,822
Closing Balance	313,986,999	327,563,598	151,976,460	230,331,243


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 LankaBangla Finance Limited

10.2 Outside Bangladesh

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	Taka	Taka	Taka	Taka
a) Foreign term loan Islamic Corporation for The Development (ICD)	21,890,099	398,432,114	21,890,099	398,432,114
b) Foreign term loan BlueOrchard Micro Finance Fund	986,471,434	1,283,204,656	986,471,434	1,283,204,656
c) Foreign term loan Healthier Lives DAC	431,999,502	433,122,021	431,999,502	433,122,021
d) Foreign term loan ResponsAbility Investments AG	1,113,657,480	1,371,897,635	1,113,657,480	1,371,897,635
	2,554,018,515	3,486,656,427	2,554,018,515	3,486,656,427

a) On 13 January 2019, LankaBangla Finance Limited received USD 19,984,730, which is equivalent to BDT 1,675,719,611 at the exchange rate of 83.85, against a foreign currency facility from Islamic Corporation for the Development of the Private Sector (ICD), private sector wing of Islamic Development Bank (IDB). The tenure of the facility is 40 months. Repayment will be made in 14 (fourteen) quarterly instalments starting from the end of the third month from the receipt of the loan. The mark-up rate of the facility is 5.53%. Total transaction costs incurred for this purpose was USD 321,386 equivalent to BDT 26,985,958 at the average foreign exchange rate of 83.25.

Initially the fund was measured at fair value (USD 19,984,730) less transaction costs (USD 321,386) i.e. USD 19,662,894 as per Para B5.1.1 of IFRS 9 and subsequently, the loan was measured at amortized cost using the effective interest rate method as per Para B5.4.1 of IFRS 9.

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 14,140,339.7 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 24 September 2021, LankaBangla Finance Limited received USD 5,000,000, which is equivalent to BDT 426,500,000 at the exchange rate of 85.30, as foreign currency term loan from Financing for Healthier Lives DAC—an SPV based in Ireland, established to issue social bonds for the purpose of on-lending. The tenure of the foreign currency loan is 60 months. The loan will be repaid in three instalments – 40% at the end of the 24th month, 40% at the end of 36th month, and the rest 20% at the end of the 60th month from the drawdown date. The interest rate of the facility is 4.50% p.a. Total transaction costs incurred for this purpose was USD 40,633 equivalent to BDT 3,465,982 at the average foreign exchange rate of 85.30.

Initially the fund was measured at fair value (USD 5,000,000) less transaction costs (USD 40,633) i.e. USD 4,959,367 as per Para B5.1.1 of IFRS 9 and subsequently, the loan was measured at amortized cost using the effective interest rate method as per Para B5.4.1 of IFRS 9.

d) On 24 November 2021, LankaBangla Finance Limited received USD 16,000,000, which is equivalent to BDT 1,393,600,000 at the exchange rate of 87.10, as foreign currency term loan from ResponsAbility Investments AG, through five funds managed by it. The tenure of the foreign currency loan is 60 months. The loan will be repaid in 20 (twenty) quarterly instalments starting from the end of three months from the receipt of the loan. The interest rate of the loan is 4.50% p.a. Total transaction costs incurred for this purpose was USD 115,951 equivalent to BDT 10,099,343 at the average foreign exchange rate of 87.10.

Initially the fund was measured at fair value (USD 16,000,000) less transaction costs (USD 115,951) i.e. USD 15,884,049 as per Para B5.1.1 of IFRS 9 and subsequently, the loan was measured at amortized cost using the effective interest rate method as per Para B5.4.1 of IFRS 9.

Total foreign exchange loss BDT 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.

Maturity grouping of borrowings from other banks and financial institutions

	2,468,795,871	2,378,970,996	2,370,534,043	2,343,164,089
Payable on demand	3,363,331,610	3,232,059,582	3,402,446,132	1,404,077,187
Up to 1 month	9,415,908,219	4,325,971,419	8,920,845,182	4,342,995,049
Over 1 month but within 3 months	9,859,909,905	8,158,628,781	9,647,591,620	7,908,178,057
Over 3 months but within 1 year	342,491,397	406,842,856	40,128,957	289,610,502
Over 1 year but within 5 years				
Over 5 years				
	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)

	(Note - 11.1)	42,707,819,432	47,500,921,591	43,457,117,190	48,005,899,020
Term deposits	(Note - 11.2)	199,594,057	175,366,150	199,594,057	175,366,150
Other deposit		42,907,413,489	47,676,287,741	43,656,711,247	48,181,265,170

11.1 Term deposits

Product-wise break-up of term deposits

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	3,357,259,763	6,754,461,434	4,306,537,520	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	12,124,255	42,339,924	42,124,255	42,339,924
Term deposit Earn First Fixed Rate	568,068,041	26,246,489	568,068,041	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

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11.4 Remaining maturity grouping of term deposits and other deposits

	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
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	17,021,534,566	15,534,344,441	17,173,037,150
In more than 06 months but not more than 01 year	13,112,563,904	15,841,582,682	13,329,152,634	16,092,627,811
In more than 01 year but not more than 05 years	7,677,943,353	7,943,978,290	7,683,582,431	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

12. Other liabilities

See accounting policy in note (2.27), (2.28), (2.29), (2.37), (2.37) and (2.39)

	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
Accrued expenses	122,873,828	137,144,945	86,629,355	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
CDL expenses payable	1,383,991	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	31,439,807	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	2,306,622,009	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	-
IFC subscription payable	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 System charges (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	1,802,930	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	30,383,520	-	-
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	2,411,880,038
Provision for taxation (Note - 12.5)	1,957,771,276	1,761,055,965	703,386,679	664,168,837
Payables/(Receivables) other MasterCard operators (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	16,235,502	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	1,229,487	1,240,987	690,000	632,500
Sundry creditors suppliers	79,033,205	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	4,495,699	4,495,657	3,044,300	3,044,300
Unpaid dividend	50,749,145	45,232,358	47,933,238	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	497,824	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

	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
Opening Balance	31,439,807	77,006,463	29,437,093	76,722,505
Addition during the year	45,946,708	24,837,485	40,186,590	20,835,305
Received cash	-	-	-	-
	77,406,515	101,843,948	69,623,683	97,557,810
Refund during the year	-	-	-	-
Transfer 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

	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
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	62,983,276	16,752,682	62,983,276	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-IFPF	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-BCA Assisted Project PSPDSME	1,697,858	2,556,840	1,697,858	2,556,840
Long term loan Bangladesh Bank-ADB Project	12,167,296	12,167,296	12,167,296	12,167,296
Long term loan Bangladesh Bank-Covid 19 Stimulus Packages	21,809,803	5,910,489	22,509,803	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	-	-
	2,244,659,133	2,023,438,857	2,306,622,009	1,969,706,131

12.3 Interest suspense account

	31.12.2022 Taka	31.12.2021 Taka	31.12.2022 Taka	31.12.2021 Taka
Interest suspense on Leases, loans and advances (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	-	36,554,854	-	36,554,854
	974,010,728	1,053,247,034	855,662,740	934,899,046

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12.3.1 Interest suspense on Leases, loans and advances account

Corporate Finance

Lease finance

Term loan

Term loan syndication finance

Retail Finance

Auto Loan

Credit Cards

Home Loan

Personal Loan

SME Finance

Term loan

Lease finance

Auto loan

Emerging and commercial

Home Loan

Real state developer finance

Short term loan

LankaBangla Group		LankaBangla Finance Limited	
31.12.2022	31.12.2021	31.12.2022	31.12.2021
Taka	Taka	Taka	Taka
5,509,063	25,400,932	5,509,063	25,400,932
152,000,850	97,231,535	152,000,850	97,231,535
11,881,173	5,799,696	11,881,173	5,799,696
169,391,086	128,432,163	169,391,086	128,432,163
29,683,586	24,434,924	29,683,586	24,434,924
33,814,471	50,087,091	33,814,471	50,087,091
119,170,922	162,206,659	119,170,922	162,206,659
118,042,454	107,108,678	118,042,454	107,108,678
300,711,432	343,837,352	300,711,432	343,837,352
320,743,131	363,024,656	320,743,131	363,024,656
14,292,351	15,420,534	14,292,351	15,420,534
10,524,703	8,823,449	10,524,703	8,823,449
6,254,707	3,904,188	6,254,707	3,904,188
15,068,946	16,166,511	15,068,946	16,166,511
2,412,584	2,862,584	2,412,584	2,862,584
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

Transferred to interest suspense during the year

Interest suspense realized during the year

Write off during the year

1,053,267,034	788,167,844	934,899,046	669,819,856
201,081,267	446,352,704	201,081,267	446,352,704
(279,087,603)	(163,246,153)	(279,087,603)	(163,246,153)
975,260,698	1,071,274,394	856,892,710	952,926,406
(1,229,970)	(18,027,360)	(1,229,970)	(18,027,360)
974,030,728	1,053,247,034	855,662,740	934,899,046

12.4 Provisions for leases, loans, investments and off-balance sheet exposures and other assets

Provisions for leases, loans and advances

(Note 12.4.1)

Provisions for leases, loans and advances (Except provision for COVID-19)

Special General provision for COVID-19

Margin loan

Diminution in value of investment in equity shares

Provision for other assets

Off-Balance Sheet Exposure

2,753,421,078	2,301,749,594	2,753,421,078	2,301,749,594
2,753,421,078	2,244,086,259	2,753,421,078	2,244,086,259
-	57,663,335	-	57,663,335
781,356,332	797,625,567	781,356,332	797,625,567
270,957,203	111,545,121	221,872,333	106,401,648
5,970,000	8,170,000	2,200,000	2,200,000
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

Lease finance

Secured overdraft

Short term finance

Short term loan to subsidiaries

Term loan

Term loan syndication finance

Retail Finance

Auto Loan

Credit Cards

Home Loan

Personal Loan

SME Finance

Term loan

Lease finance

Auto loan

Emerging and commercial

Loan against deposit

Home Loan

Real state developer finance

Secured Overdraft

Short term loan

Syndication finance

Work order finance

269,140,814	149,198,482	269,140,814	149,198,482
376,495	49,262	376,495	49,262
7,200,024	16,599,485	7,200,024	16,599,485
31,533,609	33,555,813	31,533,609	33,555,813
450,434,094	433,749,497	450,434,094	433,749,497
90,876,777	92,977,293	90,876,777	92,977,293
849,561,812	728,129,832	849,561,812	728,129,832
99,679,059	78,600,056	99,679,059	78,600,056
573,049,586	361,448,511	573,049,586	361,448,511
166,879,765	162,278,205	166,879,765	162,278,205
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
653,977,471	561,260,744	653,977,471	561,260,744
23,038,735	33,619,557	23,038,735	33,619,557
41,060,609	77,669,225	41,060,609	77,669,225
36,496,841	26,390,785	36,496,841	26,390,785
51,328	648,804	51,328	648,804
9,472,842	10,120,531	9,472,842	10,120,531
7,503,966	7,438,366	7,503,966	7,438,366
20,568,516	30,793,576	20,568,516	30,793,576
845,313	763,951	845,313	763,951
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

Provision required for the year

Provision released during the year

Provision charged for the year

Write off during the year

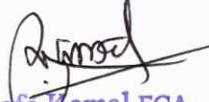
Closing Balance

3,220,620,078	2,627,061,488	2,411,881,038	1,941,365,695
1,192,088,345	1,335,267,765	1,148,626,949	1,041,081,417
(495,992,462)	(493,414,383)	(493,798,694)	(493,414,383)
696,995,081	841,853,182	654,828,254	547,666,834
(104,679,847)	(248,294,593)	(88,904,381)	(77,151,491)
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.



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LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

12.4.3 Grouping of provisions for loans, investments and other assets

General Provision

Standard (G.C.)
Special Mention Account (SMA)

Specific Provision

Sub-standard (SS)
Doubtful (DF)
Bad Loss (BL)Provision for margin loan
Provision for investment in shares
Provision for other assets
Off-Balance Sheet Exposure

Details see in Annexure C

12.5 Provision for taxation

Operating Balance

Provision during the year

Adjusted during the year

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

Standard Chartered Bank

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

Withholding tax payable

Excise Duty Payable

13. Share capital

Authorized capital

1,000,000,000 ordinary shares of Tk.10/- each

Issued, subscribed and paid up capital

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)
		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-Mar-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-Mar-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	18,946,370	-	208,354,820	199,408,450	2,083,492,950
31-Mar-14	5% Stock Dividend for 2013	10,417,464	-	218,772,284	101,171,640	2,187,667,590
19-Mar-15	10% Stock Dividend for 2014	21,876,675	-	240,648,959	218,772,284	2,406,434,340
30-Mar-16	15% Stock Dividend for 2015	36,096,518	-	276,745,477	360,965,150	2,767,399,490
30-Mar-17	15% Stock Dividend for 2016	41,510,992	-	318,256,469	415,109,920	3,182,509,410
31-Jan-18	2:1 Right of 199,125,470 Shares	-	199,125,470	477,371,939	3,591,254,700	4,773,764,110
31-Mar-18	7.5% Stock Dividend for 2017	35,803,230	-	513,175,169	358,032,300	5,131,796,410
7-Sep-20	5.00% Stock Dividend for 2019	25,638,982	-	538,814,151	256,389,820	5,388,386,230
Total					5,388,386,230	



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Khwaja Shahriar
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LankaBangla Finance Limited

Details of shares holding position are as under:

Sponsor shareholders:

a. Foreign sponsors

	Percentage 31.12.2022	2022		2021	
		Number of shares	Taka	Number of shares	Taka

Sampath Bank Limited, Sri Lanka	9.47%	51,036,605	510,366,050	51,036,605	510,366,050
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b. Local sponsors

ONE Bank Limited, Bangladesh	24.08%	129,259,316	1,297,593,160	129,259,316	1,297,593,160
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Individuals	3.78%	20,362,737	203,627,370	20,362,737	203,627,370
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	20.30%	109,396,579	1,093,965,790	109,416,717	1,094,167,170
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General shareholders	66.45%	358,042,702	3,580,427,020	358,022,564	3,580,225,640
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	100.00%	538,838,623	5,388,386,230	538,838,623	5,388,386,230
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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
5001 to 10000	24,062,403	4.47	23,411,835	4.34
10001 to 20000	29,477,409	5.47	28,932,975	5.37
20001 to 30000	18,563,209	3.45	20,134,077	3.74
30001 to 40000	13,860,301	2.58	12,957,521	2.40
40001 to 50000	13,140,449	2.44	13,940,766	2.59
50001 to 100000	35,756,578	6.64	39,139,410	7.26
100001 to 1000000	102,653,739	19.05	111,837,293	20.76
Above 1000000	267,313,987	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

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. Morven	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 of Sampath Bank PLC)	Director	-	-	-
4	ONE Bank Limited	Corporate Director	20,362,737	3.78%	20,362,737
5	Mrs. Anesha Mahal Kundamul	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 Haque	Director	20,973,565	3.89%	20,973,565
8	Mrs. Jamirul Sultana	Sponsor	77,883	0.01%	77,883
9	Mrs. Zahin Siref	Independent Director	-	-	-
10	Mr. Md. Fakhrul Alam	Independent Director	-	-	-
	Total		180,795,921	33.59%	180,816,059

Pursuant to the BSEC notification no. BSEC/CMR/CD/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(61A) of the Financial Institution Regulations 1991, 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-I)

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)	2,089,383,094	2,085,145,574	1,558,014,891	1,954,062,361
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-I (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 Tier - I 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)	1,209,578,991	1,733,603,397	1,370,532,321	1,884,860,064
Sub-Total	1,786,856,055	2,251,138,967	2,153,007,716	2,604,146,924

Deduction from Tier-I (Supplementary capital)

Any investment exceeding the approved limit	-	-	-	-	113,905,601
Total Eligible Tier - 2 Capital		1,786,856,055	2,251,138,967	2,153,007,716	2,490,241,323

A) Total capital

	12,782,914,633	13,125,260,179	11,184,686,480	11,768,364,043
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Total assets including off - balance sheet exposures

	90,798,163,389	89,079,829,061	85,987,342,812	82,687,543,954
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B) 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)

	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)

	5,406,609,063	5,706,542,957	4,096,818,378	4,799,566,496
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E) Capital Adequacy Ratio

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

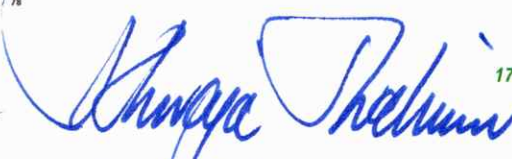
	14.91%	14.66%	12.74%	13.31%
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G) Supplementary Capital to RWA

	2.42%	3.03%	3.04%	3.57%
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 Chief Financial Officer
 LankaBangla Finance Limited


 Mostafa Kamal FCA
 Company Secretary
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 Khwaja Shahriar
 Managing Director & CEO
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14. Statutory reserve

See accounting policy in note 2.44

Opening Balance

Add: Transferred from profit during the year @ 20%

LankaBangla Group		LankaBangla Finance Limited	
31.12.2022	31.12.2021	31.12.2022	31.12.2021
Taka	Taka	Taka	Taka
2,049,579,830	1,927,779,298	2,049,579,830	1,927,779,299
35,697,813	121,800,532	35,697,813	121,800,532
2,085,277,643	2,049,579,830	2,085,277,643	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	31.12.2021	31.12.2022	31.12.2021
Taka	Taka	Taka	Taka
2,734,958,130	2,874,470,304	2,132,551,327	2,722,469,139
2,085,145,574	1,593,923,220	1,954,062,260	2,113,446,482
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
(3,348,836)	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	1,854,062,260

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 Investments Limited
 LankaBangla Asset Management Company Limited

31.12.2022	31.12.2021
Taka	Taka
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

Investment in subsidiaries at cost

 LankaBangla Securities Limited
 LankaBangla Investments Limited
 LankaBangla Asset Management Company Limited

31.12.2022	31.12.2021
Taka	Taka
5,100,386,963	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

Revaluation reserve

31.12.2022	31.12.2021
Taka	Taka
2,136,847,181	1,681,854,774

Change in revaluation reserve

31.12.2022	31.12.2021
Taka	Taka
454,992,407	663,783,898

16 Non-controlling interest

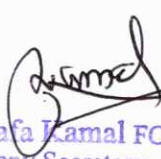
See accounting policy in note 2.4

Name of Subsidiaries

 LankaBangla Securities Limited
 LankaBangla Investments Limited
 LankaBangla Asset Management Company Limited
 LankaBangla Information System Limited
 BuBangla Media Limited

Percentage in Non-controlling interest	Equity as on 31.12.2022	LankaBangla Group	
		31.12.2022	31.12.2021
		Taka	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


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 LankaBangla Finance Limited

	LankaBangla Group		LankaBangla Finance Limited	
	2022	2021	2022	2021
	Taka	Taka	Taka	Taka
17 Interest income				
See accounting policy in note (2.35.1) (2.35.2), (2.35.3) and (2.35.4)				
Leases, loans and advances				
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) 782,839,438	684,065,775	782,839,438	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 CMSME	1,056,387,836	857,102,049	1,056,387,836	857,102,049
Lease finance CMSME	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
Treasury finance				
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
Others				
Debit balance of share trading clients	428,073,345	391,629,296	-	-
Margin loan to share trading clients	46,063,700	73,380,415	-	-
	474,137,046	465,009,711	-	-
	7,197,477,894	7,030,725,686	6,711,555,195	6,514,310,107
17.1 Credit Card				
Master card account	498,584,205	471,944,437	498,584,205	471,944,437
VISA card account	184,312,874	160,559,209	184,312,874	160,559,209
Master card ezyppay account	88,920,648	38,335,816	88,920,648	38,335,816
VISA card ezyppay account	11,021,731	13,226,314	11,021,731	13,226,314
	782,839,458	684,065,775	782,839,458	684,065,775
17.2 Home loan				
Bangladesh Bank refinance loan	20,017,324	24,207,134	20,017,324	24,207,134
Commercial loan	978,834,636	1,129,360,484	978,834,636	1,129,360,484
Staff loan	12,731,478	14,199,154	12,731,478	14,199,154
	1,011,583,438	1,167,766,772	1,011,583,438	1,167,766,772
17.3 Personal loan				
Term loan	252,287,726	351,103,456	252,287,726	351,103,456
Loan against deposit	70,107,816	74,690,712	70,107,816	74,690,712
Staff loan	9,385,503	11,153,470	8,505,118	10,324,348
	331,781,044	436,947,638	330,900,659	436,118,517
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	(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



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Company Secretary
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Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

18.2 Foreign term loan

	LankaBangla Group		LankaBangla Finance Limited	
	2022	2021	2022	2021
	Taka	Taka	Taka	Taka
Profit on foreign term loan	187,426,957	100,570,883	187,426,957	100,570,883
Foreign exchange loss on foreign 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	-	-

21. Other operational income

See accounting policy in note (2.35.6), (2.35.7), (2.35.8), (2.35.9), (2.22.6) and (2.36)

Fees and documentations

Portfolio and issue management fees	9,917,639	23,853,350	-	-
Membership fees of credit card	48,800,630	47,894,801	48,800,630	47,894,801
Other income from credit card	83,309,902	80,330,104	83,309,902	80,330,104
Fees and documentations (Note-21.1)	369,621,687	377,515,181	369,621,687	377,515,181
	511,649,857	529,593,436	501,732,219	505,740,086

Others

Advertisement	145,808,875	118,103,331	-	-
Circulation	14,459,624	7,566,686	-	-
Late payment charge-factoring	1,910,019	1,107,798	1,910,019	1,107,798
Corporate advisory fees	10,210,730	8,689,276	-	-
Foreign exchange gain/(loss)	18,847	(662)	18,847	(662)
Income from CDBL	19,090,243	20,869,074	-	-
Income from unit fund operation	19,018,741	19,846,583	-	-
Income from IPM fund operation	5,360,904	4,798,798	-	-
Miscellaneous	6,334,418	4,073,442	-	81,422
Office space rent	1,296,000	1,296,000	-	-
Write off recovery	33,552,850	22,726,395	33,552,850	22,726,395
Profit on sale of fixed asset	6,080,388	6,615,448	683,756	4,974,535
Redemption income against mortgage property	1,005,500	1,365,980	1,005,500	1,365,980
Scrap sales	-	1,524,662	-	-
Sponsorship	21,920,085	9,795,362	-	-
Management fees	-	-	2,200,000	5,113,637
Round Table Conference	967,217	3,340,000	-	-
	287,034,440	231,718,172	39,370,972	35,369,104
	798,684,297	761,311,608	541,103,190	541,109,190

21.1 Fees and documentations**Lending finance**

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



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Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

22. Salary and allowances

See accounting policy in note (2.37.1) and (2.38)

	LankaBangla Group		LankaBangla Finance Limited	
	2022	2021	2022	2021
	Taka	Taka	Taka	Taka
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
	<u>1,360,531,402</u>	<u>1,384,450,202</u>	<u>917,645,562</u>	<u>883,921,049</u>

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
	<u>54,449,024</u>	<u>37,512,699</u>	<u>37,204,312</u>	<u>22,743,789</u>

*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.

24. Legal and professional fees

See accounting policy in note (2.37)

	<u>48,597,285</u>	<u>30,886,402</u>	<u>39,069,177</u>	<u>24,840,453</u>
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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
	<u>26,142,965</u>	<u>22,915,828</u>	<u>20,492,000</u>	<u>18,109,356</u>

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
	<u>56,466,527</u>	<u>40,645,158</u>	<u>45,423,611</u>	<u>33,836,840</u>

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
	<u>15,814,000</u>	<u>15,814,000</u>	<u>15,814,000</u>	<u>15,814,000</u>

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	-	-	-	-
	<u>2,909,213</u>	<u>3,577,200</u>	<u>642,400</u>	<u>1,320,000</u>

29. Auditors' fees

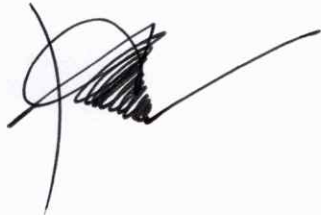
See accounting policy in note (2.37)

	<u>1,279,046</u>	<u>1,119,258</u>	<u>690,000</u>	<u>632,500</u>
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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	-	-
	<u>358,008,107</u>	<u>581,716,425</u>	<u>236,630,000</u>	<u>251,659,716</u>


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31. Other expenses

See accounting policy in note (2.37)

	LankaBangla Group		LankaBangla Finance Limited	
	2022	2021	2022	2021
	Taka	Taka	Taka	Taka
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	1,751,733	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
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 (SB)	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)

	540,575,865	575,447,876	540,575,865	575,447,876
Provisions for leases and loans				
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 year

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 year	-	-	-	-
	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

LankaBangla Group		LankaBangla Finance Limited	
2022	2021	2022	2021
Taka	Taka	Taka	Taka

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 year:			
Share of profit of equity-accounted investees reported, net of tax			
Additional tax charge for minimum tax under section 82C(5)		79,098,444	46,901,439
Changes in estimates related to prior year		-	-
		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.

34. Earnings Per Share (EPS)

See accounting policy in note (2.41)

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 year 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)


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37. Segment report

37.1. Basis for segmentation

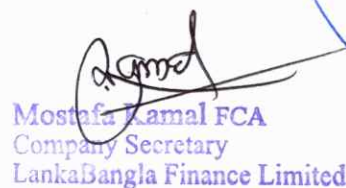
The Group has the following four strategic divisions, which are reportable segments. These divisions offer different products and services, and are managed separately based on the Group's management and internal reporting structure.

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.



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Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

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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.

Particulars	For the year ended 31 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					
Provisions for loans, investments and other assets	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	2,532,733
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



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LankaBangla Finance Limited

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
Revenues 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
Inter segment operation expenses	9,629,719	-	-	-	9,629,719
Total segment operation 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
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 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

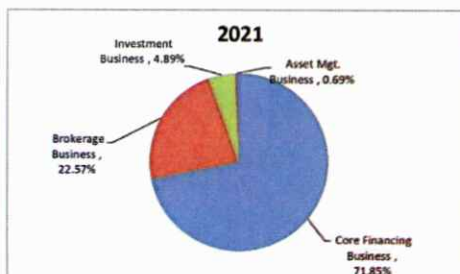
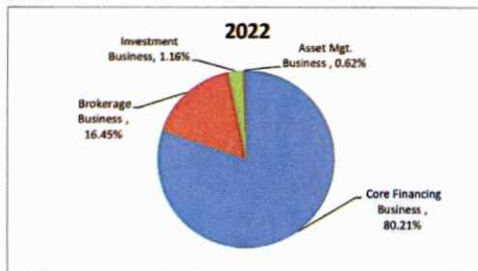

Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
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Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited

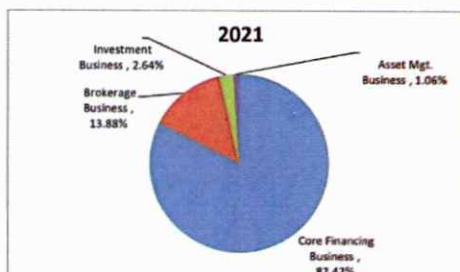
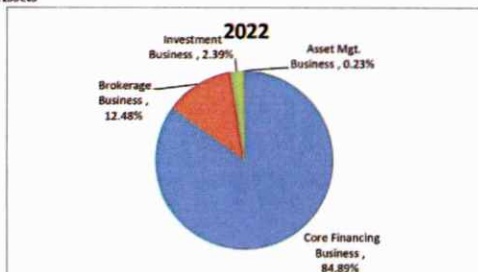

Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

37.2 Information about reportable segments (continued)

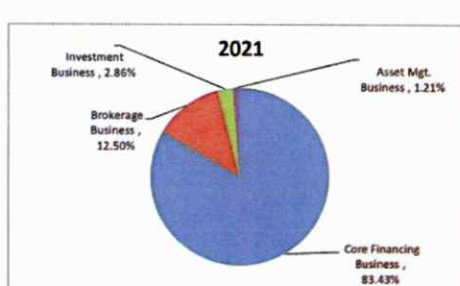
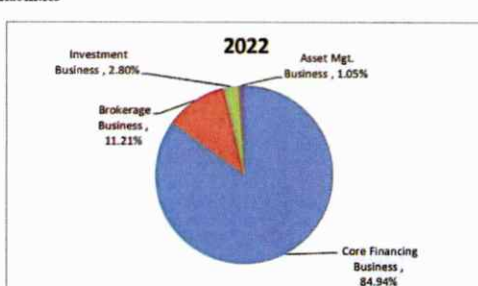
Revenue



Assets



Liabilities



Shamim Al Mamun, FCA
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Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited

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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	2021
		Taka	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



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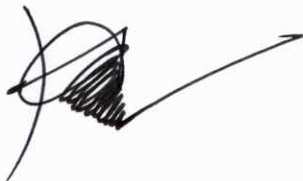


Khwaja Shahriar
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LankaBangla Finance Limited

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



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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.
			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
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



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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.
			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



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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
	Wings Tours and Travels Limited	Concern related to Directors	-	2,688,600	28,033	4,678,538	7,339,105	TDR	11.1
4	One Bank Limited	Concern related to Directors	-	1,300,000,000	97,413,533	119,017,700	1,321,604,167	TDR	11.1
5	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
6	One Bank Limited	Concern related to Directors	-	522,583,239	110,113,481	176,621,720	456,075,000	FDR	5.3
7	One Bank Limited	Concern	-	1,300,000,000	-	-	1,300,000,000	Bond	6



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8	LankaBangla Securities Limited	related to Directors	96.67	41,175,211	1,819,897	42,980,108	15,000.00	Term loan	7.1
9	LankaBangla Investment Limited	Subsidiary Company	99.99	1,636,615,450	50,000.00	60,000,000.00	1,576,665,450	Term loan	7.1
10	LankaBangla Investment Limited	Subsidiary Company	99.99	416,067,429	116,469,518	219,699,846	519,297,758	TDR	11.1
11	LankaBangla Investment Limited	Subsidiary Company	99.99	151,166,667	41,400,000	111,666,667	120,933,334	Subordinate bond	10.1.6
12	LankaBangla Asset Management Limited	Subsidiary Company	99.99	200,000,000	14,270,000	84,675,000	270,405,000	TDR	11.1
13	LankaBangla Finance Limited-PF	Provident Fund of LBFL	-	293,966,816	53,106,021	77,851,204	318,711,999	TDR	11.1
14	LankaBangla Finance Limited-CF	Gratuity Fund of LBFL	-	81,113,158	316,479	5,069,572	85,866,252	TDR	11.1
15	LankaBangla Securities Limited	Subsidiary Company	96.67	1,749,237,023	-	-	1,749,237,023	Equity Investment at cost	9 & 15A
16	LankaBangla Asset Management Company Limited	Subsidiary Company	99.99	945,450,000	500,000	-	945,950,000	Equity Investment at cost	9 & 15A
17	LankaBangla Investment Limited	Subsidiary Company	99.99	2,404,999,940	-	-	2,404,999,940	Equity Investment at cost	9 & 15A
18	LankaBangla Securities Limited	Subsidiary Company	96.67	-	4,620,000	4,620,000	-	Lease of office premises	8.4.2, 10.1 & 23
19	BizBangla Media Limited	Sub-Subsidiary Company	93.41	-	5,373,477	6,898,677	1,525,200	Advertisement	



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v)	Disclosure of transaction regarding Directors and their related concerns	Disclosed above (iv)
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vi)	Lease agreement made with the Ex-Sponsor Director and Existing Depositor Director	NIL
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vii)	Investment in the Securities of Directors and their related concern	NIL
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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

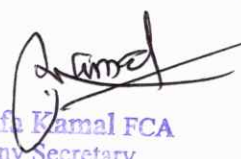
The Company Secretary acts as Secretary of the Audit committee of the Board.

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.



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- i) Review the quality of accounting policies and their adherence to statutory and regulatory compliance.
- j) Review the Company's annual report and accounts and interim financial statements prepared for disclosure, before submission to the Board.
- k) Ensure that a well-managed sound financial reporting system is in place to provide timely reliable information to the Board of Directors, regulatory authorities, management and all other stakeholders.
- l) Ensure Company's policies are firmly committed to the highest standards of good corporate governance practices and operations conform to the highest ethical standards and in the best interests of all stakeholders.

41. Impact of inflation and changing prices

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

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

42. Others Disclosure

a) Reasons for significant variances in Net Profit after Tax

Consolidated Net Profit after tax for the year 2022 was BDT 661.38 million which was 49% lower than that of 2021 (BDT 1,305.89 million). Reasons for the changes in profitability are as follows:

Name of the Company	2022	2021	Y-O-Y Growth		Major factors for variances in net profit after tax.
			Amount	%	
LankaBangla Finance Limited (LBFL)	178,489,067	609,002,658	(430,513,591)	(71%)	Income from investment has decreased 46% during 2022 compared to 2021 for BDT 242,534,047. The main reasons are, among other, decline in the bourse index since the beginning of 2022 and In 2021 LBFL had earned cash dividend from one

					of its subsidiaries/group companies (LankaBangla Securities Limited) but in 2022, there was no dividend from subsidiaries. Since 2020 and 2021, operational activities have returned to normal from COVID-19 impact. As a result, operational expenses increased by BDT 54,820,870 in 2022 over 2021. Provision charge for Provisions for loans, investments and other assets increased by BDT 107,161,402 during 2022 compared to 2021. Alongside, Income tax provision increased by BDT 34,308,169 due to change of tax policy on income 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. There are no requirement of provision for negative equity & others in 2022 where it was BDT 232,411,782 in 2021.
LankaBangla Investment Limited (LBIL)	140,365,940	324,461,163	(184,095,223)	(57%)	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


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					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.
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.
Intra 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 Intra-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.
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b) Variances in other parameters-Consolidated

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	136 th Board meeting	11 April 2022	6
2	137 th Board meeting	14 May 2022	7
3	138 th Board meeting	30 May 2022	6
4	139 th Board meeting	27 July 2022	6
5	140 th Board meeting	30 October 2022	6

6	141 st Board meeting	22 December 2022	7
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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	102 nd EC meeting	17 February 2022	4
2	103 rd EC meeting	4 April 2022	3
3	104 th EC meeting	18 April 2022	3
4	105 th EC meeting	8 June 2022	4
5	106 th EC meeting	21 July 2022	4
6	107 th 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	68 th Audit Committee meeting	11 April 2022	3
2	69 th Audit Committee meeting	12 May 2022	3
3	70 th Audit Committee meeting	25 July 2022	3
4	71 st Audit Committee meeting	26 October 2022	4



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LankaBangla Finance Limited

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 thereof 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;



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Chief Financial Officer
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Mostafa Kamal FCA
Company Secretary
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Khwaja Shahriar
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LankaBangla Finance Limited

- 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

1) Dividend Information

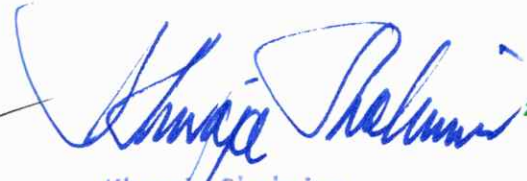
The Board of Director in its 142nd Meeting held on 27 April 2023 has recommended to the shareholders @ 10% of Cash Dividend for the year ended 31 December 2022. This will be considered for approval of shareholders at 26th Annual General Meeting (AGM) of the Company scheduled to be held on 21st June 2023.



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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

23 ANNEXURE B: Formulas for Calculation of Ratios

1. Current Ratio = $\frac{\text{Assets maturing in 1 year}}{\text{Liabilities maturing in 1 year}}$
2. Quick Ratio = $\frac{\text{Assets maturing in one year} - \text{Inventories}}{\text{Liabilities maturing in one year}}$
3. Debt to Equity Ratio = $\frac{\text{Total liabilities}}{\text{Shareholders' equity}}$
4. Debt to Total Asset Ratio = $\frac{\text{Total liabilities}}{\text{Total property and assets}}$
5. Gross Margin Ratio = $\frac{\text{Total operating income}}{\text{Total operating income} + \text{Interest expense on deposits and borrowings}}$
6. Operating Income Ratio = $\frac{\text{Net operating income}}{\text{Total operating income} + \text{Interest expense on deposits and borrowings}}$
7. Net Income Ratio = $\frac{\text{Net profit after tax}}{\text{Total operating income} + \text{Interest expense on deposits and borrowings}}$
8. Return on Assets = $\frac{\text{Net profit after tax}}{\text{Average total property and assets}}$
9. Earnings Per Share = $\frac{\text{Net profit after tax}}{\text{Total number of shares outstanding}}$
10. Net Asset Value (NAV) Per Share = $\frac{\text{Total property and assets} - \text{Total liabilities}}{\text{Total number of shares outstanding}}$
11. Net Operating Cash Flow to Net Income = $\frac{\text{Net cash flows from (used in) operating activities}}{\text{Net profit after tax}}$
12. Non Performing Loan Ratio = $\frac{\text{Total classified loans}}{\text{Total leases, loans and advances}}$
13. Capital Adequacy Ratio = $\frac{\text{Total eligible capital}}{\text{Risk weighted assets}}$



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24 ANNEXURE C: Credit Rating Report of the Issuer



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LankaBangla Finance Limited



CRAB Financial Institutions Rating



2023

Credit Rating Report (11th Surveillance)

LankaBangla Finance Limited

Analysts:

Samira Shameem

samira@crab.com.bd

Md. Saiful Alam

saiful.alam@crab.com.bd

RATING BASED ON: Audited financial statements up to 31 December 2022, unaudited financial statements as of 31 March 2023 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

Assigned Rating:

Long Term : AA₃
 Short Term : ST-2
 Outlook : Stable

Date of Rating : 14 June 2023

Valid Till : 30 June 2024

Methodology: CRAB's Fis Rating Methodology (www.crab.com.bd)

■ PROFILE

LankaBangla Finance Limited (LBFL) is a joint venture non-banking financial institution, which commenced its operation on November 5, 1996. It was formerly known as "Vanik Bangladesh Ltd". LBFL went for public issue of its shares in 2006 and its shares are listed with both DSE and CSE. LBFL offers financing and investment services for retail and corporate customers. The paid-up capital of the Company reached BDT 5,388.4 million at the end of 2022. Presently, the Company is operating through its 27 branches across the country having diversified product line. LBFL is also the pioneer financial institution to launch and operate credit card (MasterCard and VISA). Presently, LBFL has an active credit card base of 109,188 clientele. LBFL has three subsidiaries; LankaBangla Securities Ltd., LankaBangla Investment Ltd. and LankaBangla Asset Management Company Ltd.

Financial Highlights (Mil. BDT)

Period	31/12/2022	31/12/2021	31/12/2020	31/12/2019
Loans	63,331.2	58,775.0	54,709.4	60,662.5
Deposit	43,656.7	48,181.3	47,611.3	46,895.0
Gross NPL	4,427.8	3,859.0	2,571.4	3,388.2
Gross NPL Ratio (%)	7.2	6.6	4.7	5.6
CRAR (%)	15.8	16.9	18.8	16.4
Net Interest Margin (%)	2.6	2.5	2.9	3.7
Return on Average Asset after tax (%)	0.2	0.8	1.1	0.9
Return on Average Equity after tax (%)	1.6	5.7	8.1	7.2
Net Profit Margin (%)	6.8	21.2	32.2	21.1

■ RATING STRENGTH

- Strong business links and considerable brand image in FI sector
- Substantial customer base and ability to provide integrated financial services under the broadest coverage of along with its subsidiaries
- Strong capitalization with sound Tier 1 capital
- Relatively lower large loan concentration

Managing Director
 Credit Rating Agency
 of Bangladesh Ltd



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CRAB Financial Institutions Rating

RATING CHALLENGES

- Sizable fresh NPL generation in recent year
- Substantial reduction in bottom-line profitability
- Relatively high funding cost results in lower net interest margin. The Company's profitability in terms of risk return perspective was also low.
- Deteriorated operational efficiency in terms of cost to income ratio.

RATIONALE

Credit Rating Agency of Bangladesh Limited (CRAB) has affirmed AA₃ (Pronounced Double A three) rating in the long term and ST-2 rating in the short term of LankaBangla Finance Limited based on audited financials up to 31 December 2022, unaudited financial statements as of 31 March 2023 and other relevant information. The rating illustrates the Company's strong business link as well as noteworthy brand image in the FI sector, broad customer base, good capitalization with sound tier 1 capital, and relatively lower large loan concentration. However, the primary concerns areas were the spike in fresh NPL generation and a precipitous decline in bottom-line profitability. Taking into account the financial performance in the year 2022 (demonstrated below) as well as the qualitative factors, the overall rating was sustained.

In 2022, total asset of LBFL grew by 4.1% strongly dominated by loans & advances (71.4% of total) followed by balance with Bangladesh Bank & FIs (10.2% of total) and other assets (10.1% of total).

In 2022, loan portfolio of LBFL grew marginally (by 4.3%) and reached BDT 61,331.2 million. total loan portfolio of LBFL was dominated by CMSME loans (36.4% of total) followed by corporate loans (32.4% of total) and retail loans (by 31.2% of total). However, retail loans showed a reducing trend in last two years as LBFL was cautious to grow retail loans portfolio considering vulnerability in loan repayment capacity of retail borrowers. Because of substantial SME and retail loan portfolio, LBFL enjoys relatively low large loan concentration having top 20 funded only 16.3% of total loan portfolio in 2022 (2021: 17.9%).

LBFL's gross NPL (in absolute amount) soared to BDT 4,427.8 million in 2022 from BDT 3,859.0 million in 2021 mainly resulted from higher fresh NPL generation during 2022. Therefore, gross NPL ratio increased by 0.6 percentage points to 7.2% at the end of 2022. In 2022, NPL as % of shareholders' equity plus LLR was 31.8% (2021: 28.9%). In 2022, LBFL maintained BDT 2,205.0 million as specific provision against classified loans. Gross NPL coverage ratio of the Company was 62.2% in 2022 (2021: 59.6%).

Total capital (tier 1+tier 2) of LBFL reduced marginally to BDT 11,184.7 million in 2022, whereas risk weighted asset grew by 1.7% in 2022 mainly resulted from higher classified loans as well as growth of loans. As a combined effect, capital to risk weighted asset ratio of the Company remained at 15.8% (against regulatory requirement of minimum 10.0%) at the end of 2022 having tier 1 ratio of 12.7%.

In 2022, the Company's asset was mainly funded by deposit in which 58.1% of total deposit came from individual deposit followed by organizational deposit (33.4%) and FDR from Banks & FIs (8.4% of total). Total deposit of the Company reduced to BDT 43,457.1 in 2022 from BDT 48,005.9 million in 2021. Loans to fund ratio of LBFL stood 78.5% at the end of 2022 (2021: 77.9%). The Company's liquid asset to total deposit & borrowings was 15.0% in 2022 (15.7% in 2021).

Total operating income was dominated by net interest income (68.9%), followed by other operating income (20.5%) and investment income (10.6%). Net interest income increased by 3.0% in 2022, reaching BDT 1,820.0 million. Investment income decreased to BDT 281.4 million due to reduced dividends and capital gains. Total operating income declined by 8.1% in 2022, and pre-provision profit decreased by 23.2%. However, due to inclined provision expenses profit after tax reached BDT 178.5 million registering a significant (70.7%) decrease from the previous period. ROAA and ROAE were 0.2% and 1.6% respectively in 2022.



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CRAB Financial Institutions Rating

■ OPERATIONAL PERFORMANCE

Asset Evaluation

Table 1

Asset Composition of the Company (Mill. BDT)

Period	31/12/2022			31/12/2021		
	Amount	%	Growth (%)	Amount	%	Growth (%)
Cash in hand and with BB	531.4	0.6	(17.1)	641.0	0.8	1.6
Balance with other Bank & FI's	8,790.3	10.2	(7.1)	9,457.8	11.5	(2.8)
Investment	4,749.8	5.5	22.3	3,883.4	4.7	28.3
Lease, Loans & Advances	61,331.2	71.4	4.3	58,775.0	71.2	7.4
Fixed Assets	1,890.7	2.2	13.3	1,669.2	2.0	(2.8)
Other Assets	8,640.8	10.1	6.6	8,108.1	9.8	15.8
Total	85,934.1	100.0	4.1	82,534.6	100.0	7.4

The Company delivered satisfactory performance in growing its asset portfolio by 4% in 2022 and reached BDT 85,934.1 million mainly on the back of increased investment portfolio. The Company's asset composition remained almost around the same level. In 2022, total asset of LBFL was strongly dominated by loans & advances (71.4% of total) followed by balance with Bangladesh Bank & FI's (10.2% of total) and other assets (10.1% of total). Other assets of LBFL were BDT 8,640.8 million in 2022, major portion (BDT 7,237.0 million) of which includes its investment in its three subsidiaries. Fixed asset of LBFL was BDT 1,890.7 million at the end of 2022. Risk weighted asset to total asset was 82.5% in 2022 (2021: 84.4%).

Table 2

Other Assets of the Company (Mill. BDT)

Period	31/12/2022		31/12/2021	
	Amount	% of Total	Amount	% of Total
Investment in Subsidiaries	7,237.0	83.8	6,781.5	83.6
Interest and other receivables	170.3	2.0	130.7	1.6
Advances & Prepayments	1,233.4	14.3	1,195.8	14.7
Total	8,640.8	100.0	8,108.1	100.0

Investment

Total investment portfolio of LBFL soared to BDT 4,749.8 million in 2022 from BDT 3,883.4 million in 2021 as the Company decided to remain focused on liquidity rather than any aggressive loan growth. In 2022, BDT 739.1 million (15.6% of total investment) was invested in Government Treasury bonds and bills. In 2022, total investment was dominated by corporate bonds (27.4% of total investment) followed by preference shares (25.4% of total investment) and quoted shares (23.9% of total investment). LBFL held subordinated and perpetual bond amounting BDT 1,300.0 million in 2022. LBFL earned BDT 106.0 million interest income from bonds in 2022. Investment in non-marketable preference shares was BDT 1,206.0 million in 2022.

Table 3

Investment Portfolio of Company (Mill. BDT)

Period	31/12/2022		31/12/2021	
	Amount	% of Total	Amount	% of Total
Government Securities	739.1	15.6	31.1	0.8
Quoted Shares	1,137.0	23.9	1,070.5	27.6
Unquoted Shares	113.4	2.4	113.4	2.9
Non-marketable Preference Shares	1,206.0	25.4	1,120.0	28.8
Bonds	1,300.0	27.4	1,300.0	33.5
Others	254.3	5.4	248.4	6.4
Total	4,749.8	100.0	3,883.4	100.0




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CRAB Financial Institutions Rating

At the end of 2022, LBFL held marketable quoted shares and mutual funds, which are invested as strategic investment and HFT investment. As of 31 December 2022, the marketable quoted shares which are valued at average cost price amounted at BDT 1,137.0 million and there was BDT 221.9 million unrealized net loss. LBFL made provision for these diminishing value of investment as per regulatory requirements. Among these shares, major portion was in NEFI sector, followed by Banks, Fuel & Power, Food & Allied, Telecommunication and Pharmaceuticals & Chemicals sector. LBFL earned BDT 149.3 million in 2022 from holding and trading of these quoted shares. Under the unquoted category, the Company held shares of two different companies. The investment yield of the Company declined by 8.6 percentage in 2022 to 6.5% on the back of decreased capital gain and dividend.

■ Credit Profile

CRAB reviews the fundamentals of managing credit risk including qualitative and quantitative analysis as a part of credit risk evaluation. Qualitative evaluation includes credit policy, credit and credit monitoring. CRAB addresses intrinsic risk, concentration risk as well as risk arising from large loan exposures.

Credit Risk Management Process

LBFL has a structured Credit Risk Manual for better control and monitoring. An Independent Credit Risk Management unit assesses credit risks for large corporate or institutional customers, considering factors like financial profiles, industry, and collateral. The business divisions, Credit Risk Management (CRM) and Operation divisions work together to create a sound lending portfolio.

The Board of LBFL set precise rules for all lending portfolios, including Corporate Financial Services, Personal Financial Services, and CMSME Financing, which primarily direct the credit approval process at LBFL. Industry best practices are used to create a corporate credit policy, product program guidelines (PPG), retail lending products (credit cards, personal loans, auto loans, and home/mortgage loans), CMSME lending products, and supply chain finance products (factoring, reverse factoring, and distributor financing). LBFL streamlines credit decision processing by reviewing policy and PPGs annually, considering industry prospects, regulatory guidelines, underwriting standards, operational efficiency, and credit risk. The Board of Directors approves these reviews, and a CRM process manual is designed for smooth functional activities.

LBFL reviewed the credit approval authority for the year 2022 and also revised the approval limit of existing approvers of CMSME credit and introduced the position of Head of CMSME Credit through Merging Unit Head, CMSME Credit, Small Business and Unit Head, CMSME Credit, Medium Business, Credit Manager – CMSME (Manager-Senior Manager unless appointed as Zonal Credit Manager) and Associate Credit Manager – CMSME (Assistant Manager) to streamline the approval process in line with expected business growth in coming years and also in the backdrop of shifting business strategy aiming for greater diversification in terms of geographical coverage, sector, customer profiles and reduction in average ticket size. The Board of Directors of LBFL approved delegation of credit approval authority for the year 2022 which is essentially unchanged along with adaptation of Ad-hoc limit approval for factoring facility by the Managing Director. Notably this ad-hoc limit approval delegation was previously separately delineated in Board approved PPG of Factoring product.

Credit policy and PPGs are reviewed every year to address the evolving issues from the viewpoint of new business opportunity and macroeconomic environment, industry prospects, regulatory guidelines, adequacy of underwriting standards, improving operational efficiency, credit risk, and operational risks among others, and review of Credit Policy and PPGs has been approved by the Board of Directors of LBFL. For the year 2023, the following substantial modifications are being suggested for the Corporate Credit Policy, PPGs of the Supply Chain Finance Unit, PPGs of Retail Assets, and PPGs CMSME Assets:

- Sustainable Finance definition, categories, characteristics, refinance scheme has been modified as per latest Bangladesh Bank's Sustainable Finance Policy.
- Annual credit diversification plan reviews corporate, retail, and CMSME industries, ensuring exposure levels align with risk appetite and industry potential, communicated to Management Credit Committee.
- Maximum allowable limit for a single debtor against any factoring client is determined to be BDT 100.00 million.




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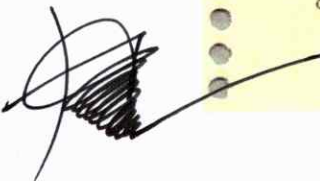
CRAB Financial Institutions Rating

- Latest tax return acknowledgment document is incorporated across all lending products for any loan more than BDT 0.50 million as per regulatory directives.
- Security requirements have been enhanced for Reverse Factoring, Work Order Financing, Distributor Financing and Term Loan / Lease Loan / Sale and Lease Back / Short Term Revolving Loan (STRL) / Stimulus products under Supply Chain Financing unit.
- A new PPG namely Cluster Based Financing in CMSME has been introduced consistent with guidelines from Bangladesh Bank whereas unsecured limit is up to BDT 3.50 million, Partial Secured facility is up to BDT 7.50 million and Secured facility is up to BDT 50.00 million.
- Unsecured Credit limit cap for Swarnali (BB Refinancing for CMSME) has been increased from BDT 2.50 million to BDT 3.50 million.
- DBR (Debt Burden Ratio) requirements have been stringent across most of the products in both CMSME and Retail Asset products.
- Minimum eligible income of different customer segments for Credit Card, Personal Loan and Auto Loan products (Retail Asset) has been increased consistent with increasing inflation and higher living cost.
- Maximum Loan limit exposure for auto loan facilities (under Retail Asset) for Individual (including spouse, son and daughter) and Institution has been determined to be BDT 50.00 million (whereas maximum loan exposure for single vehicle is BDT 22.50 million) and BDT 100.00 million respectively.

One of the key focuses of LBFL's strategy for service differentiation and effective management of lending decisions, from origination to underwriting to administration, is digital transformation initiatives for improvement in the lending process. As a result, the management of LBFL has chosen to implement an online credit approval system for retail and CMSME lending products. In this regard, the system's deployment has been handled by a project team under the direction of the Chief Credit Officer in coordination with the Business, Operations, and Information and Communication Technology Divisions. The system will record all processes throughout the whole value chain, from credit origination, including E-KYC, to credit underwriting and credit administration. Along with generating higher efficiency in the credit decision, integration of the credit approval system with the core banking system is a natural outcome that will improve efficiency and effectiveness across the value chain. In order to provide an online credit approval system that facilitates loan origination, underwriting, and credit administration, the process flow for all products has been modified.

Relationship Executives are currently using Tablet PCs to digitally originate card applications, send them to CRM for approval, and then send the approved card to operations for integration with the card management system and subsequent card production. The online loan origination and credit approval system for the credit card product has also been fully implemented at this time. The effort required for KYC verification would be greatly reduced if E-KYC were connected with the loan origination and credit card systems. The Credit Approval System's Personal Loan product is ready for use. Auto Loan UAT is already concluded. Supply Chain Finance and Unsecured CMSME Products are still being developed. Within this year, it is anticipated that all other retail and CMSME loan products will begin to roll out widely. The secret to a successful deployment of the Online Loan Origination and Credit Approval System is internal ongoing system development.




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CRAB Financial Institutions Rating

Credit/Loan Portfolio Analysis

Table 4

Sector Wise Segregation of Loans & Advances with NPL as of 31 December 2022 (Mill. BDT)

Particulars	Amount	% of Total Loans	NPL	NPL % of Total NPL	NPL % of Sector wise Portfolio
Trade & Commerce	11,758.9	19.2%	1,141.1	25.8%	9.7%
Industry	21,308.2	34.8%	1,375.3	31.1%	6.5%
Garments & Knitwear	2,363.3	3.9%	22.7	0.5%	1.0%
Textiles	1,948.9	3.2%	183.9	4.2%	9.4%
Food Production, Processing & Rice Mills	5,224.6	8.5%	74.3	1.7%	1.4%
Jute & Jute products	121.2	0.2%	108.9	2.5%	89.8%
Plastic & Rubber Industry	1,303.2	2.1%	3.0	0.1%	0.2%
Leather & Leather goods	288.2	0.5%	1.8	0.0%	0.6%
Iron, Steel & Engineering	2,059.9	3.4%	89.5	2.0%	4.3%
Pharmaceuticals & Chemicals	1,355.0	2.2%	-	-	-
Cement & Allied Industry	1,711.8	2.8%	460.1	10.4%	26.9%
Paper, Packaging, Printing, Publishing & Allied Industry	512.7	0.8%	29.3	0.7%	5.7%
Wood, Furniture & Fixture	151.1	0.2%	12.8	0.3%	8.5%
Glass, Glassware & Ceramic Industry	1.3	0.0%	-	-	-
Electronics & Electrical Products	1,425.1	2.3%	5.5	0.1%	0.4%
Power, Gas, Petroleum, Water & Sanitary	597.1	1.0%	341.5	7.7%	57.2%
Transport & Aviation	2,244.7	3.7%	42.1	1.0%	1.9%
Agriculture	1,211.7	2.0%	10.8	0.2%	0.9%
Mining & Quarrying	5.6	0.0%	-	-	-
Individual Retail Housing	8,181.3	13.3%	376.1	8.5%	4.6%
NGO	2,152.7	3.5%	-	-	-
Loans to Own Subsidiaries	1,576.7	2.6%	-	-	-
Margin Loans to Brokerage House	375.3	0.6%	-	-	-
Audit & Accounting Firm	11.6	0.0%	-	-	-
Insurance Company	1.0	0.0%	-	-	-
Service	4,304.0	7.0%	196.6	4.4%	4.6%
Consumer Finance	10,444.2	17.0%	1,327.9	30.0%	12.7%
Others	-	-	-	-	-
Total	61,331.2	100.0%	4,427.8	100.0%	7.2%

Changes in Portfolio Mix as per Products



In 2022, loan portfolio of LBFL grew marginally (by 4.3%) and reached BDT 61,331.2 million. The distribution of loan portfolio remained almost same for the last couple of years with marginal decreasing trend of retail loans and increasing trend of CMSME loans. In last two years, retail loans reduced at a higher rate as LBFL was cautious to grow retail loans portfolio considering vulnerability due to pandemic. In 2022, total loan portfolio of LBFL was dominated by CMSME loans (36.4% of total) followed by corporate loans (32.4% of total) and retail loans (by 31.2% of total). It is also observed that substantial portion of classified loans came from CMSME loans for the last two years followed by retail loans and corporate loans. However, it was obvious as CMSME and informal sector of economy has been affected severely due to pandemic.





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On the other hand, nature wise loan segregation reflects that 69.1% of total loan portfolio dominated by term loans followed by lease finance (11.5% of total). Sectors wise concentration distribution shows that loans portfolio was dominated by trade financing (19.2 % of total loans) followed by consumer finance sector financing (by 17.0% of total loan) and housing sector (13.3% of total). Sector wise NPL rate depicts that jute & jute products financing experienced highest NPL rate with 89.8% in 2022. The high classification in jute & jute products industry was resulted from defaulted of only one client of that particular sector the Company had exposure with.

Contribution of Classified Loans against Total Loans as of Dec'22



Credit/Loan Quality

Table 5

NPL Movement of the Company (Mill. BDT)

Period	31/12/2022		31/12/2021		31/12/2020	
	Amount	% of Total Loans	Amount	% of Total Loans	Amount	% of Total Loans
Opening balance of NPL	3,859.0	6.3	2,571.4	4.4	3,388.2	6.2
Add: Fresh NPL Generation	1,402.8	2.3	1,731.7	2.9	(0.0)	(0.0)
Less: Cash recovery	495.1	0.8	327.0	0.6	216.2	0.4
Less: Rescheduling	248.8	0.4	21.9	0.0	331.7	0.6
Less: Write off	90.1	0.1	95.2	0.2	269.0	0.5
Closing Balance of NPL	4,427.8	7.2	3,859.0	6.6	2,571.4	4.7

LBFL's gross NPL (in absolute amount) soared to BDT 4,427.8 million in 2022 from BDT 3,859.0 million in 2021 mainly resulted from higher fresh NPL generation during 2022. Moreover, net NPL soared from BDT 2,374.5 million in 2021 to BDT 3,023.7 million in 2022. It is to be mentioned that Government declared loan moratorium up to December 2020 to support the lenders as well as borrowers due to the ongoing pandemic which was further extended in 2021. Therefore, fresh NPL was very high in 2021 compared to 2020 as no loans were reported as classified during 2020. Recovery from classified loans was BDT 495.1 million in 2022. LBFL also rescheduled classified loan amounting BDT 248.8 million and written-off loan amounting BDT 90.1 million in 2022. As an overall effect, gross NPL ratio increased by 0.6 percentage points to 7.2% at the end of 2022. SMA to total loans and advances of the Company was low at 4.8% at the end of 2022 (2021: 1.6%). Among total classified loans, 69.4% belonged to bad & loss category followed by doubtful (13.0% of total NPL) and substandard category (17.6% of total NPL) at the end of 2022. In 2022, NPL as % of shareholders' equity plus LLR was 31.8% (2021: 28.9%).

Table 6

Loan Loss Provision of the Company (Mill. BDT)

Period	31/12/2022		31/12/2021	
	Amount	% of Total Loans	Amount	% of Total Loans
General Provision Held	548.5	0.9	549.6	0.9
Specific Provision Held	2,205.0	3.6	1,752.2	3.0
Total Provision Held	2,753.4	4.5	2,301.7	3.9
Required Provision	2,753.4	4.5	2,301.70	3.9
Provision Surplus	-	-	-	-

In 2022, the Company's provision requirement was BDT 2,753.4 million. In addition, LBFL maintained BDT 548.5 million general provision against unclassified loans and advances. LBFL maintained BDT 2,205.0 million as specific provision against classified loans. Gross NPL coverage ratio of the Company was 62.2% in 2022 (2021: 59.6%).





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Large Loan Exposure

LBFL enjoys relatively low large loan concentration on the back of its substantial CMSME and retail loan portfolio. At the end of 2022, LBFL's top 20 large loans outstanding exposures amounted to BDT 9,978.1 million against approved facilities of BDT 11,782.4 million. LBFL's top 20 funded loans & advances in 2022 held 16.3% of total loan portfolio (2021: 17.9%). Except for two loans that were categorized as bad & loss and two loans that were SMA, rest of the top 20 loans were listed as unclassified at the end of 2022. Among total, its subsidiary LankaBangla Investment Limited held 2.6% of total loans of LBFL.

Trend of Large Loan Exposure



Capital Adequacy

Table 7

Risk Weighted Capital Structure of the Company (Mill. BDT)

Period	31/12/2022		31/12/2021	
	Amount	% of RWA	Amount	% of RWA
Tier 1 Capital	9,031.7	12.7	9,278.1	13.3
Tier 2 Capital	2,153.0	3.0	2,490.2	3.6
Total Capital	11,184.7	15.8	11,768.4	16.9
Required Capital	7,087.9	10.0	6,968.8	10.0
Capital Surplus/ (shortfall)	4,096.8	5.8	4,799.6	6.9

The paid up capital of LBFL reached BDT 5,388.4 million at the end of 2022. Shareholders' equity grew by 0.9% in 2022 and reached BDT 11,168.5 million. Both shareholders' fund to total loans & advance and shareholders' fund to deposit & borrowing decreased marginally in 2022 resulted from lower growth of equity than that of loans and deposits.

Table 8

Capital Adequacy Ratios

Period	31/12/22	31/12/21	31/12/20	31/12/19	31/12/18
Shareholders' Fund to Total Assets (%)	13.0	13.4	13.6	12.7	12.6
Shareholders' Fund to Deposits & Borrowing (%)	16.7	17.2	17.4	16.0	15.6
Shareholders' Fund to Loans & Advances (%)	18.2	18.8	19.1	16.5	16.2
Capital to Risk Weighted Asset Ratio (%)	15.8	16.9	18.8	16.4	15.9
Internal Capital Generation (%)	1.6	5.7	8.1	7.9	8.7

Tier I capital of LBFL remained almost stable at BDT 9,031.7 million at the end of 2022, whereas tier II capital reduced marginally due to redemption of subordinated bond. On the other hand, risk weighted asset grew by 1.7% in 2022 mainly resulted from higher classified loans as well as sizeable growth of loans. As a combined effect, capital to risk weighted asset ratio of the Company decreased to 15.8% (against regulatory requirement of minimum 10.0%) at the end of 2022 having tier I ratio of 12.7%. LBFL's risk weighted asset composition under credit risk was dominated by corporate loans.

Funding and Liquidity

In 2022, the Company's asset was mainly funded by deposit (by 50.8% of total) followed by interbank borrowing (24.4% of total) and equity (13.0% of total). Total deposit of the Company reduced (by 9.4%) in 2022 and reached BDT 43,656.7 million. Besides, LBFL have one subordinated bond and one zero coupon bond among which BDT





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2,387.7 million remained outstanding. At the end of 2022, total loans was 140.5% of its deposit. Loans to fund ratio of LBFL stood 78.5% at the end of 2022 (2021: 77.9%).

Table 9
Deposits & Borrowings (Mill. BDT)

Period	31/12/2022			31/12/2021		
	Amount	Total (%)	Growth (%)	Amount	Total (%)	Growth (%)
Bond	2,387.7	3.6	(10.2)	2,658.8	4.1	11.6
Borrowings from Other Banks & FIs	20,954.1	31.3	54.9	13,529.2	21.0	34.2
Term Deposit	43,457.1	64.9	(9.5)	48,005.9	74.6	1.2
Other Deposits	199.6	0.3	13.8	175.4	0.3	(4.4)
Total Deposits & Borrowings	66,998.5	100.0	4.1	64,369.3	100.0	7.2

Though the deposit portfolio was almost stagnant for last three years, LBFL improved its deposit composition significantly, especially on granular smaller ticket sized retail deposits. There was a gradual shift to individual and retail deposit from institutional deposit in recent years. At the end of 2022, 58.1% of total deposit came from individual deposit followed by organizational deposit (33.4%) and FDR from Banks & FIs (8.4% of total). These shifting will eventually helped the Company reducing cost of deposit and borrowing. Besides, overall deposit rate in the money market reduced during 2021 due to interest caps imposed by Central Bank. Therefore, Average cost of deposit & borrowing of LBFL reported to be at 7.6% in 2022 which remained at the same level as in 2021 as the deposit mix is dominated by term deposit (64.9% of total deposit & borrowings).

Changes in deposit Mix



Table 10
Liquidity Profile of the Company (Mill. BDT)

Period	--As of 31 December 2022--					Total
	Up to 1 month	1-3 months	3-12 months	1 to 5 years	More than 5 years	
Assets	9,374.4	13,538.4	31,986.1	19,283.6	11,751.6	85,934.1
Liabilities	7,381.1	12,000.8	30,625.9	21,180.3	3,577.5	74,765.6
Net Liquidity Gap	1,993.3	1,537.6	1,360.2	(1,896.6)	8,174.1	11,168.5
Cumulative Liquidity Gap	1,993.3	3,530.9	4,891.0	2,994.4	11,168.5	-
Gap as % of Liability (%)	27.0	12.8	4.4	(9.0)	228.5	14.9

The asset liability maturity of the Company shows that the Company possessed positive net liquidity gap in all maturity buckets except 1 to 5 years maturity bucket. The Company's liquid asset to total deposit & borrowings was 15.0% in 2022 (2021: 15.7%). About 76.5% of total deposit of LBFL has maturity within twelve months.




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Executive Vice President &
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Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited



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Earnings and Profitability

LBFL's revenue composition changed due to reduced spread and lower loan portfolio growth, and the pandemic impacting overall growth and operations of every financial institutions including LBFL. In 2022, total operating income of LBFL was dominated by net interest income (68.9% of total) followed by other operating income (20.5% of total) and investment income (10.6% of total). In spite of marginal growth in loans & advances, interest income of LBFL marginally increased by 3.0% in 2022 on the back of increased CMSME loan and corporate loan portfolio where lending rates are relatively higher. As an overall effect, net interest income slightly inclined by 0.5% in 2022 and reached BDT 1,820.0 million.

Income Segregation of the Company

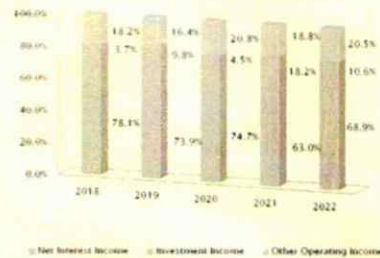


Table 11

Revenue and Profitability of LBFL (Mill. BDT)

Period	31/12/2022		31/12/2021		31/12/2020	
	Amount	Growth (%)	Amount	Growth (%)	Amount	Growth (%)
Interest Income	6,711.6	3.0	6,514.3	(14.6)	7,628.2	(19.0)
Interest Expense	4,891.6	4.0	4,702.6	(17.7)	5,714.2	(16.5)
Net Interest Income	1,820.0	0.5	1,811.7	(5.3)	1,914.0	(25.8)
Investment Income	281.4	(46.3)	524.0	354.2	115.3	(66.1)
Other Operating Income	541.1	(0.0)	541.1	1.5	533.3	(6.7)
Total Operating Income	2,642.5	(8.1)	2,876.7	12.3	2,562.6	(26.6)
Total Operating Expenses	1,684.0	3.4	1,629.2	(1.0)	1,646.3	(13.2)
Pre Provision Profit	958.5	(23.2)	1,247.5	36.2	916.3	(42.6)
Total Provision	654.8	19.6	547.7	(36.362.2)	(1.5)	(100.2)
Profit (before tax)	303.7	(56.6)	699.9	(23.7)	917.8	7.2
Tax Provision	125.2	37.8	90.9	(1.3)	92.1	(23.4)
Net Profit (after tax)	178.5	(70.7)	609.0	(26.2)	825.7	12.2

Investment income of the Company reduced to BDT 281.4 million in 2022 from BDT 524.0 million in 2021 due to reduced dividend and capital gain from sale of listed shares. Other income of LBFL was BDT 541.1 million in 2022 major portion of which was fees and documentations incomes and income from credit card. At the end of 2022, total operating income of the Company reached BDT 2,642.5 million registering a decline in growth of 8.1%. Total operating expense of LBFL reached BDT 1,684.0 million in 2022, 55.4% of which comprised of personnel expenses and the rest are infrastructure cost and other overhead cost. Both personnel expense and overhead & administrative expense of LBFL reduced marginally on the back of better cost control. Therefore, both cost to income ratio and staff cost to income ratio of LBFL deteriorated in 2022 and stood at 63.7% and 35.3% respectively.

Table 12

Efficiency Ratios of the Company

Period	31/12/22	31/12/21	31/12/20	31/12/19	31/12/18
Cost to Income Ratio (%)	63.7	56.6	64.2	54.3	57.5
Staff Cost to Income Ratio (%)	35.3	31.3	35.6	28.7	29.1

The pre-provision profit of LBFL reduced by 23.2% in 2022 and reached BDT 958.5 million. Provision expenses was very high in 2022 due to higher classified loans after withdrawal of moratorium. As an overall effect, profit after tax reached BDT 178.5 million which was significantly (70.7%) lower compared to that of its previous period.





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Table 13

Profitability Ratios of the Company

Period	31/12/22	31/12/21	31/12/20	31/12/19	31/12/18
Net Interest Margin (%)	2.6	2.5	2.9	3.7	3.4
Return on Average Asset after tax (%)	0.2	0.8	1.1	0.9	0.9
Return on Average Equity after tax (%)	1.6	5.7	8.1	7.2	8.1
Asset Utilization (%)	3.1	3.6	3.3	4.3	3.8
Net Profit Margin (%)	6.8	21.2	32.2	21.1	23.5
Leverage Multiplier (times)	7.6	7.4	7.6	7.9	9.1

Almost all profitability indicators deteriorated during 2022 due to reduced bottom line profit. Net profit margin of LBFL reduced by 14.4 percentage points to 6.8% in 2022 resulted from increased provision expense. Both ROAA and ROAE reduced marginally and stood at 0.2% and 1.6% respectively. Net Interest Income (NII) of LBFL reduced marginally to 2.6% in 2022 resulted from lower interest spread. The Company's pre-provision profit to net loan ratio in 2022 was 2.2% which indicates that 2.2% of currently performing loans can be written off without the Company having to make a charge on reserves and equity.

Interest Rate Risk

Table 14

Interest Rate Risk Exposure of the Company (Mill. BDT)

Period	--As of 31 December 2022--				
	Up to -1 Month	1 - 3 Months	3 - 6 Months	6 - 12 Months	Above 12 months
Interest Sensitive Assets	9,762	13,512	16,162	15,290	26,781
Interest Sensitive Liabilities	7,405	12,034	18,422	12,281	24,625
Gap	2,357.0	1,478.0	(2,260.0)	3,009.0	2,156.0
Cumulative Earning impact (1% point int. rate increase)	2.0	4.4	(1.2)	13.8	2.0
Cumulative Earning impact (1% point int. rate decrease)	(2.0)	(4.4)	1.2	(13.8)	(2.0)

The above exhibit shows the maturity wise interest sensitive asset and liabilities and thereby the exposures to interest rate risk of the Company as of 31st December 2022. At the end of 2022, LBFL had asset sensitive positions in all maturity buckets except 3 to 6 months maturity bucket. Gap indicates that the Company will be benefited from increasing interest rate scenario and will suffer on decreasing interest rate scenario. For 1 percentage point interest rate increase, LBFL will gain BDT 2.0 million and will lose the same amount for 1 percentage point interest rate decrease.

■ CONTINGENT LIABILITIES

The Company had contingent liabilities in form of letter of guarantee of BDT 33.1 million at the end of 2022. No provision has been made for contingent liabilities at the end of 2022.

■ BRANCH NETWORK

Presently, LankaBangla Finance has 27 branches through which it is providing financial service with its diversified product portfolio across the country. The Head office of the Company is located at Banani, Dhaka. The selection of location for expanding the distribution network depends on products, customer segments. The Company also has a substantial base of credit card. During 2022, LBFL issued 13,680 new credit cards. Number of active credit card users has increased to 109,188 (2021: 107,307).





CRAB Financial Institutions Rating

■ MANAGEMENT

Senior Management

The management of the Company is headed by Mr. Khwaja Shahriar as Managing Director & CEO. Mr. Shahriar joined the Company on June 11, 2012 as Deputy Managing Director and took the responsibility of Managing Director in May 2017. The Managing Director is supported by a group of experienced professionals comprising of the divisional heads and senior level executives. For smooth functioning of the Company the following committees have been formed:

- Management Committee (MANCOM): comprising of 16 senior members of the management and is headed by Managing Director & CEO of the Company. The committee meets regularly to discuss relevant matter of the business of the Company. In 2022, the committee held 7 meetings against 8 meetings in 2021.
- Asset Liability Management Committee (ALCO): comprising of 12 members and is headed by the Managing Director & CEO. The committee meets regularly to monitor market risk and liquidity risks of the Company. It discusses latest position of deposits, cost of deposits, L/D ratio, interbank dependency, mobilization of wholesale funds, interest rate of peer companies, NPA position etc. In 2022, the committee held 12 meetings against 12 meetings in 2021.

LBFL has some other committees for smooth functioning of its business and affairs. Such as: risk management committee, management credit committee, IT development committee, human resources committee, purchase committee, Internal control & compliance committee, capital market operation committee, sustainable finance committee, integrity committee, innovation committee, business review management committee and loan monitoring & recovery committee. Besides in compliance with the Bangladesh Bank instruction, the Company has also formed Basel II Implementation Committee, Internal control & compliance committee, central compliance unit (Anti money laundering compliance committee) etc.

Human Resource Management

Human Resources Division of the Company executes recruitment, placement, training & development, performance management, reward & incentive management, grievance and disciplinary management. LBFL has separate Human Resources Committee headed by the Managing Director & CEO of the Company for these purpose. Total human resources strength of LBFL reached 1,245 in 2022 (2021: 779). Besides, LBFL has contractual/marketing officers for selling its products. LBFL organizes both internal and external training programs to enhance the skills and knowledge of the employees and a total count of 46 trainings were conducted in the year 2022.

IT and MIS

LBFL has a separate IT department with experienced and trained personnel. The department is headed by Head of ICT. Currently LBFL has their self-developed ERP system. The Company continuously updates these systems to comply with enhancing requirements. Employee profile, database, attendance, leave management, payroll management, pay slip issuance, benefit slip issuance and different reports are generated through their self-developed ERP system. Provident Fund & Gratuity amount calculations etc. are done through ERP. LBFL has a plan to incorporate some new modules like Training module, Succession Planning Module etc. soon in their ERP. LBFL implemented Network Behavior Analysis (NBA) and Net Flow Traffic Analyzer (NTA) for better to enhance security while monitor easily. The Company implemented Web based collection module, e-KYC, chatBot, Smart IVR, Payment Card Industry Data Security Standard (PCI DSS), risk based internal audit system and Smart IVR. LBFL is also in process of ISO/IEC 27001:2013 Certification. LBFL's website was redesigned in 2022 to meet evolving client demands. The updated UI features faster load times, intuitive navigation, and content management. SEO capabilities were improved to rank higher in search results and attract more natural traffic.




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■ CORPORATE GOVERNANCE

To assess the Company's corporate governance practices CRAB evaluates the quality of financial reporting and disclosures, strength of internal control system and internal audit function; the inclusion of appropriate qualified independent non-executive directors on Board of Directors, the formation of audit committee, delegation of power to executives and staff and protection of shareholders rights. CRAB evaluates how the Company complies with these corporate governance requirements.

Financial Reporting and Disclosures

The financial statement of the Company was audited by chartered accountants firm Hussain Farhad & Co. According to them the financial statements of LBFL were prepared and presented in accordance with International Financial Reporting Standards (IFRSs), International Standards on Auditing (IASs), IESBA Code, Bangladesh Securities and Bangladesh Bank. According to the auditor, the financial statements gave a true and fair view of the state of the Company as at December 31, 2022. LBFL complied with all conditions applicable to them imposed by the Bangladesh Securities & Exchange Commission as of December 2022.

Board of Directors

The Board of LBFL comprises 08 members including the managing director of the Company. Mr. Mohammad A. Moyeen is the Chairman of the Board. There are two independent directors in the Board. At the end of 2022, the Board of Directors jointly held 33.5% shares of the Company. The Board is involved in policy formulations, strategic direction setting, business plan approval and review of various activities and also providing necessary direction to the management for conducting businesses in a competitive and profitable manner. The Board held 6 meetings in 2022. The Board has two sub committees:

- **Executive Committee:** The Executive Committee of the Board consists of 04 members and is headed by Mr. Mohammad A. Moyeen as Chairman. The Executive Committee reviews all the proposals for loans and advances that do not fall within the discretion of the Managing Director. It is also responsible for administration, investment aspect, expansion of business, property purchase of the Company, rescheduling of the loans etc. The Board confirms the decision of all Executive Committee meetings and assesses the operational results. The committee held 06 meetings in 2022.
- **Audit Committee:** The Audit Committee of the Board was comprising of 05 members of the BOD's. The Committee is headed by Mrs. Zaitun Sayef. She is an independent director of the Company. During 2022, the committee held 4 meetings to review and monitor regulatory compliance, financial reporting, internal control & internal audit functions, and other operational activities.

■ CORPORATE SOCIAL RESPONSIBILITY

- The CSR activities of the Company are done by LankaBangla Foundation in the area of educational support, tree plantation, natural disaster, cultural development, rehabilitation etc.
- The Company contributes 1% of its profit after tax to CSR fund each year. In 2022, LankaBangla Foundation spent BDT 8.3 million for different CSR activities.
- The LB Foundation sponsors a warm clothing distribution program every year. It also sponsor plantation program of the Dhaka North City Corporation (DNCC).
- Besides, the company distributes 100 Shikha bicycles to women.
- In 2022, LB Foundation distributed food items to help the flood affected people in Bhatipara of Dirai Upazila of Sunamganj District.
- In 2022, LB Foundation organized a free eye care program in collaboration with Bashundhara Eye Hospital & Research Institute and Zahurul Islam City Society in Aftabnagar, Dhaka. The team, led by Prof. Dr. Saleh Ahmed, provided eye care services to over 300 people and dispensed medicines free of charge.




 Shamim Al Mamun, FCA
 Executive Vice President &
 Chief Financial Officer
 LankaBangla Finance Limited


 Mostafa Kamal FCA
 Company Secretary
 LankaBangla Finance Limited


 Khwaja Shahriar
 Managing Director & CEO
 LankaBangla Finance Limited



CRAB Financial Institutions Rating

■ CONSOLIDATED FINANCIALS OF THE COMPANY

LankaBangla (group) is one of the leading providers of integrated financial services under the broadest umbrella of LankaBangla Finance and its three subsidiaries (LankaBangla Securities Limited, LankaBangla Investment Limited and LankaBangla Asset Management Company Limited). Therefore, LankaBangla offers corporate financial services, retail financial services, CMSME financial services, corporate advisory and wealth management services, stock broking for individual as well as institutional clients. It is also the pioneer financial institution to launch and operate credit card (MasterCard and VISA). Besides, LBFL also provides third party card processing services to different banks in Bangladesh. Consolidated capital of the group reached BDT 5,388.4 million at the end of 2022 with an equity of BDT 10,787.7 million.

Table 15

Financials of LBFL (Consolidated and Solo) (Mill. BDT)

Period	LBFL & Subsidiary		LBFL	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Loans	65,085.8	62,887.8	61,331.2	58,775.0
Deposit	42,907.4	47,676.3	43,656.7	48,181.3
Gross NPL	4,427.8	3,859.0	4,427.8	3,859.0
Gross NPL Ratio (%)	6.8	6.1	7.2	6.6
CRAR (%)	17.5	17.7	15.8	16.9

Total loan portfolio of the Group reached BDT 65,085.8 million, whereas gross NPL stood at BDT 4,427.8 million. Gross NPL ratio of the Group was 6.8% in 2022. It is observed that major portion of the assets of LBFL group belongs to LBFL and is the main earning generator company of the group, whereas subsidiary LBFL plays a major role in years when market is up. However, two of the subsidiaries of LBFL are capital market intermediaries. Therefore, stability of earnings of those companies depends on the movement of capital market, which as a whole is quite volatile. Net loss in any of the subsidiary eventually results in capital erosion of the Group. Therefore, stability of the group mainly depends on the asset quality and earning performance of LBFL.

Table 16

Revenue and Profitability of LBFL (Consolidated and Solo) (Mill. BDT)

Period	LBFL & Subsidiary		LBFL	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Net Interest Income	2,183.7	2,157.8	1,820.0	1,811.7
Investment Income	550.9	1,217.6	281.4	524.0
Commission, Fees & Brokerage Income	777.4	1,284.6	-	-
Other Operating Income	798.7	761.3	541.1	541.1
Total Operating Income	4,310.7	5,421.4	2,642.5	2,876.7
Total Operating Expense	2,668.0	2,847.2	1,684.0	1,629.2
Profit before Provision	1,642.7	2,574.2	958.5	1,247.5
Provision	696.1	841.8	654.8	547.7
Profit After Tax	661.4	1,305.9	178.5	609.0

The consolidated operating income was BDT 4,310.7 million in 2022. In 2022, around 61.3% of consolidated operating income came from LBFL (2021: 53.1%). In 2022, operating income of the Group was generated from net interest income (50.7%) followed by commission, fees & exchange income (18.0% of total) and investment income (12.9% of total). Major portion of consolidated net interest income came from LBFL's lending portfolio, whereas full portion of consolidated commission, fees & Brokerage income came from subsidiaries.

In 2022, consolidated operating expense reached BDT 2,668.0 million which includes personnel expense and overhead & administrative expense. Profit before provision reached BDT 1,642.7 million in 2022. Consolidated provision expense was BDT 696.1 million in 2022 which was comparatively lower compared to its previous year. Profit after tax of the group decreased by 97.4% in 2022 and amounted to BDT 661.4 million.





CRAB Financial Institutions Rating

■ SUBSIDIARIES OF LANKABANGLA FINANCE LIMITED

LankaBangla Securities Limited (LBSL)

LankaBangla Securities Limited (LBSL), a subsidiary of LankaBangla Finance Limited commenced its operation on 03 July 1997. The principal activity of the Company is to provide all kind of stock brokerage service to its clients.

Table 17

Financial Highlights of LankaBangla Securities Limited (Mill. BDT)

Period	31/12/2022	31/12/2021
Share Capital	2,690.3	2,690.3
Authorized Capital	5,000.0	5,000.0
Total Assets	11,203.9	12,258.8
Equity	5,719.3	5,382.1
Margin loan portfolio	4,912.5	5,259.0
Loan Outstanding	2,002.0	2,299.3
Profit after tax	329.5	746.1
Debt/Equity (times)	3.1	1.9

LankaBangla Investment Limited (LBIL)

LankaBangla Investment Limited was incorporated in March 2010 to run and manage the operation of merchant banking wing of LankaBangla Finance independently. The Company obtained license from SEC on January 2011 and the principal activity of the Company includes issue management, portfolio management, underwriting etc.

Table 18

Financial Highlights of LankaBangla Investment Limited (Mill. BDT)

Period	31/12/2022	31/12/2021
Share Capital	2,405.0	2,405.0
Authorized Capital	3000.0	3000.0
Total Assets	2,834.0	2,829.2
Equity	965.2	824.9
Margin loan portfolio	414.5	525.3
Loan Outstanding	1,576.7	1,636.6
Profit after tax	140.4	324.5
Debt/Equity (times)	1.6	2.0

LankaBangla Asset Management Company Limited (LBAML)

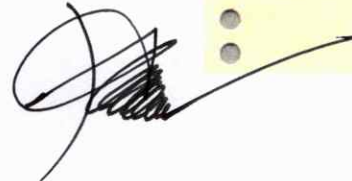
LankaBangla Asset Management Ltd. is a fully owned subsidiary of LankaBangla Finance Ltd. It has applied for registration to the BSEC for approval of operation in the Capital market as Trustee of Mutual Fund under SEC regulation.

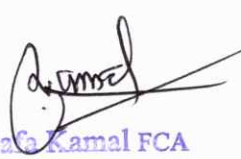
Table 19

Financial Highlights of Asset Management Company Limited (Mill. BDT)

Period	31/12/2022	31/12/2021
Share Capital	945.4	945.4
Authorized Capital	1000.0	1000.0
Total Assets	1,065.0	1,196.5
Equity	991.8	988.0
Profit after tax	3.3	34.3




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Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited


Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited


Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited



CRAB Financial Institutions Rating

■ 1st Quarter Performance of the Company

Loan portfolio of LBFL remained marginally decreased at BDT 60,916.0 million at the end of March 2023. On the other hand, gross NPL soared to BDT 5,083.1 million in Mar'23 from BDT 4,427.8 million in Dec'22. Therefore, gross NPL ratio of LBFL increased to 8.3% in Mar'23. Deposit portfolio reached BDT 41,840.2 million during the same period. CRAR stood high at 16.1% at the end of Mar'23. In spite of substantial fresh NPL, net interest income of LBFL was lower in Mar'23 compared to that of Mar'22. Total operating income reached BDT 966.8 during 1st quarter of 2023. Profit after tax of LBFL reached BDT 27.1 million in Mar'23.

Table 17

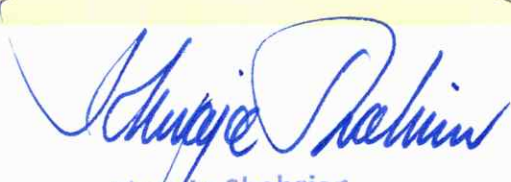
1st Quarter Performance of the Company (Mill. BDT)

Period	At the End of Mar'23	At the End of December, 2022
Loans	60,916.0	61,331.2
Deposit	41,840.2	43,656.7
Gross NPL	5,083.1	4,427.8
Gross NPL Ratio	8.3	7.2
CRAR	16.1	15.8
	Jan'23 to Mar'23	Jan'22 to Mar'22
For Months	(3)	(3)
Net Interest Income	360.4	461.0
Total Operating Income	966.8	647.1
Profit before Provision	542.9	250.6
Provision	452.7	201.5
Profit/(loss) after Tax	27.1	31.3




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 Chief Financial Officer
 LankaBangla Finance Limited


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 Managing Director & CEO
 LankaBangla Finance Limited



CRAB Financial Institutions Rating

APPENDIX 1: DEFINITIONS OF SELECTED RATIOS

1. Loans and advances include Loans, Cash Credit, Overdrafts, Bill purchased and discounted unless mentioned otherwise.
2. Deposits include Deposits & other accounts and bills payables unless mentioned otherwise.
3. Average Assets, Average investment assets, Average Earning Assets and Average equity are calculated on the basis of opening and year end balances.
4. Interest Earning Assets include total loans & advances, money at call & short notice, balance with other banks & FIs, foreign currency balance with Bangladesh Bank and interest earning assets in Offshore Unit.
5. Net Loans & Advances has been calculated by deducting Specific Provision and Interest Suspense Accounts from Gross Loans & Advances.
6. Net Interest Margin = Net interest income / Average Interest Earning Assets.
7. Net Profit Margin = Net Profit after Tax / Operating Income
8. Asset Utilization = Operating Income / Average Assets
9. Leverage Multiplier = Average assets / Average Equity
10. Yield on Average Investment = Income from Investment / Average Investment Assets

APPENDIX 2: RATING HISTORY

Date of Rating	Long Term	Short Term	Outlook
30 June 2022	AA ₃	ST-2	Stable
19 July 2021	AA ₃	ST-2	Stable
29 July 2020	AA ₃	ST-2	Stable
30 September 2019	AA ₃	ST-2	Stable
28 June 2018	AA ₃	ST-2	Stable
13 July 2017	AA ₃	ST-2	Stable





CRAB Financial Institutions Rating

ANNEXURE 1: SHAREHOLDING STRUCTURE

Present Shareholding Structure of the Company

Particulars	% of Shareholding
Foreign Sponsor	9.47%
Sampath Bank PCL, Sri Lanka	9.47%
Local Sponsor	24.09%
One Bank Ltd, Bangladesh	3.78%
Individual Shareholders	20.31%
General Shareholders	66.44%
Total	100.00%

ANNEXURE 2: MARKET INFORMATION

Market Parameters

Particulars	2022	2021	2020	2019	2018
Earnings Per Share (EPS)	1.21	2.38	1.81	0.94	0.81
Market Price Per Share (Closing)	37.30	37.30	31.40	18.00	22.90
Price Earnings Ratio (Times)	15.70	15.70	17.37	19.25	26.81
Dividend Payment (C- cash & B- bonus)	10% C	10% C	12% C	7% C	15% C

ANNEXURE 3: BOARD OF DIRECTORS

Board of Directors

Name	Designation
Mr. Mohammad A. Moyeen	Chairman
Mr. I. W. Senanayake, representing Sampath Bank PLC	Director
Mr. Nanda Fernando, representing Sampath Bank PLC	Director
Mr. B. W. Kundanmal (Alternate of Mrs. Aneesha Mahial Kundanmal)	Alternate Director
Mr. Mahbubul Anam	Director
Mr. Dr. M. Mahbubul Haque (Alternate of Mr. Tahsinul Huque)	Alternate Director
Mrs. Zaitun Sayef	Independent Director
Mr. M. Fakhru Alam	Independent Director





CRAB Financial Institutions Rating

CRAB RATING SCALES AND DEFINITIONS

LONG-TERM CREDIT RATING: FINANCIAL INSTITUTION

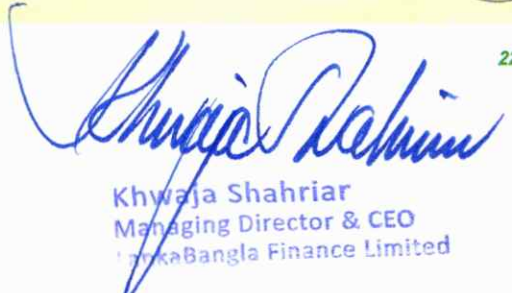
RATING	DEFINITION
AAA Triple A (Extremely Strong Capacity & Highest Quality)	Financial Institutions rated 'AAA' have extremely strong capacity to meet their financial commitments. 'AAA' is the highest issuer credit rating assigned by CRAB. AAA is judged to be of the highest quality, with minimal credit risk.
AA ₁ , AA ₂ , AA ₃ * Double A (Very Strong Capacity & Very High Quality)	Financial Institutions rated 'AA' have very strong capacity to meet their financial commitments. They differ from the highest-rated Financial Institutions only to a small degree. AA is judged to be of very high quality and is subject to very low credit risk.
A ₁ , A ₂ , A ₃ Single A (Strong Capacity & High Quality)	Financial Institutions rated 'A' have strong capacity to meet their financial commitments but are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than Financial Institutions in higher-rated categories. A is judged to be of high quality and are subject to low credit risk.
BBB ₁ , BBB ₂ , BBB ₃ Triple B (Adequate Capacity & Medium Quality)	Financial Institutions rated 'BBB' have adequate capacity to meet their financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the Financial Institutions to meet their financial commitments. BBB rated FIs are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.
BB ₁ , BB ₂ , BB ₃ Double B (Inadequate Capacity & Substantial Credit Risk)	Financial Institutions rated 'BB' are less vulnerable in the near term than other lower-rated Financial Institutions. However, they face major ongoing uncertainties and exposure to adverse business, financial, or economic conditions, which might lead to inadequate capacity to meet their financial commitments. BB is judged to have speculative elements and is subject to substantial credit risk.
B ₁ , B ₂ , B ₃ Single B (Weak Capacity & High Credit Risk)	Financial Institutions rated 'B' are more vulnerable than the Financial Institutions rated 'BB', but the Financial Institutions currently have the capacity to meet their financial commitments. Adverse business, financial, or economic conditions are likely to impair the capacity or willingness to meet their financial commitments. B is considered speculative and weak capacity and is subject to high credit risk.
CCC ₁ , CCC ₂ , CCC ₃ Triple C (Very Weak Capacity & Very High Credit Risk)	Financial Institutions rated 'CCC' are currently vulnerable, and are dependent upon favourable business, financial, and economic conditions to meet their financial commitments. CCC is judged to be of very weak standing and is subject to very high credit risk.
CC Double C (Extremely Weak Capacity & Extremely High Credit Risk)	Financial Institutions rated 'CC' are currently highly vulnerable. CC is highly speculative and is likely in, or very near, default, with some prospect of recovery of principal and interest.
C Single C (Near to Default)	A 'C' rating is assigned to Financial Institutions that are currently highly vulnerable to non-payment, having obligations with payment arrearages allowed by the terms of the documents, or obligations that are subject of a bankruptcy petition or similar action but have not experienced a payment default. C is typically in default, with little prospect for recovery of principal or interest.
D (Default)	'D' is in default. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action if payments on an obligation are jeopardized.

*Note: CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.




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LankaBangla Finance Limited



CRAB Financial Institutions Rating

SHORT-TERM CREDIT RATING: FINANCIAL INSTITUTION

RATING	DEFINITION
ST-1 Highest Grade	Financial Institutions rated in this category are considered to have the highest capacity for timely repayment of obligations. Financial Institutions rated in this category are characterised with excellent position in terms of liquidity, internal fund generation, and access to alternative sources of funds.
ST-2 High Grade	Financial Institutions rated in this category are considered to have strong capacity for timely repayment. Financial Institutions rated in this category are characterised with commendable position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.
ST-3 Average Grade	Financial Institutions rated in this category are considered to average capacity for timely repayment of obligations, although such capacity may impair by adverse changes in business, economic, or financial conditions. Financial Institutions rated in this category are characterised with satisfactory level of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.
ST-4 Below Average Grade	Financial Institutions rated in this category are considered to have below average capacity for timely repayment of obligations. Such capacity is highly susceptible to adverse changes in business, economic, or financial conditions than for obligations in higher categories. Financial Institutions rated in this category are characterised with average liquidity, internal fund generation, and access to alternative sources of funds is outstanding.
ST-5 Inadequate Grade	Financial Institutions rated in this category are considered to have inadequate capacity for timely repayment of obligations susceptible to adverse changes in business, economic, or financial conditions. Financial Institutions rated in this category are characterised with risky position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.
ST-6 Lowest Grade	Financial Institutions rated in this category are considered to have obligations which have a high risk of default or which are currently in default. Financial Institutions rated in this category are characterised with risky position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.

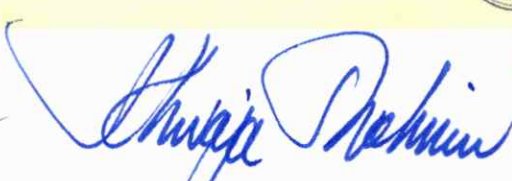
The rating committee of CRAB is the final authority to award a rating. The rating committee of CRAB is comprised of external independent persons who are not members of the board of the company and they ensure the independence of rating.

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Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited


Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited


Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

25 ANNEXURE D: Credit Rating Report of the Issue



Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited



Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited



Khwaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited



CRAB Structured Finance Rating



2023

Credit Rating Report (Initial)

Non-Convertible, Zero Coupon Bond (Up to BDT 2,000.0 million) of LankaBangla Finance Limited

Analysts:

Samira Shameem

samira@crab.com.bd

Md. Saiful Alam

saiful.alam@crab.com.bd

Assigned Rating

Bond Rating

Long Term : AA₃

Outlook : Stable

Date of Rating : 14 June 2023

Valid Till : 30 June 2024

Entity Rating

Date of Rating	Long Term	Short Term	Outlook
14 June 2023	AA ₃	ST-2	Stable

RATING BASED ON: Audited financial statements as of 30 December 2022, unaudited financial statements as of 31 March 2023 and other relevant information up to the date of rating declaration.

Methodology: CRAB's Rating Methodology (www.crab.com.bd)

■ INSTRUMENT PROFILE:

Issue Name : Zero Coupon Bond of LBFL
Issue Size : BDT 2,000.0 million
Issue Type : Unsecured, Non-Convertible Zero Coupon Bond
Purpose : To generate liquidity to meet ongoing financing requirements
Discount Rate : 9.00% to 10.00% p.a. (subject to approval of regulatory authorities)
Tenor : From 6 months up to 3 years from the issue date

■ ISSUER PROFILE:

Name : LankaBangla Finance Limited (LBFL)
Incorporation Date : November 5, 1996
Business : All kinds of financing and investment services for retail and corporate customers
Paid up Capital : BDT 5,388.4 million at the end of Dec'22
Branches : 27
Manpower : 1,245
Subsidiaries : i) LankaBangla Securities Ltd., ii) LankaBangla Investment Ltd. and iii) LankaBangla Asset Management Company Ltd.

■ RATIONALE

Credit Rating Agency of Bangladesh Limited (CRAB) has assigned "AA₃" (pronounced Double A three) rating in the long term to LankaBangla Finance Limited's issue of Non-Convertible Zero Coupon Bond BDT 2,000.0 million, in line with CRAB's standard notching practices. The rating outlook is stable, reflecting the outlook on the issuer's credit rating. CRAB performed the rating based on audited financial statement of the Company as of 31 December 2022 unaudited financial statements as of 31 March 2023 and other relevant information.

LBFL is planning to issue BDT 2,000.0 million bond having denomination of BDT 0.8 million each to generate liquidity to meet on going financing requirements. However, the bond will build up diversifying business opportunity considering the market condition as well as operational needs. The tenor of the Bond will be three years. The bonds will be permanently redeemed to zero with no contractual loss absorption to the bondholders upon the point of non-viability. The final maturity of the Bonds will be 6 months up to 3 years from the issue date. According to the Company's plans, the discount rate of the bond will be ranged within 9.00% to 10.00% p.a. (subject to approval of regulatory authorities).

CRAB | CRAB Ratings on Rating Request | 14 June 2023

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Managing Director
Credit Rating Agency
of Bangladesh Ltd.



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Shamim Al Mamun, FCA
Executive Vice President &
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LankaBangla Finance Limited

Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited

Khawaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited

Non-Convertible Zero Coupon Bond (Up to BDT 2,000 million) of LBFL

**CRAB Structured Finance Rating***Non-Convertible, Zero-coupon Bond of LBFL*

The Issuer has strength in strong business link as well as noteworthy brand image in the FI sector, broad customer base, good capitalization with sound tier I capital, and relatively lower large loan concentration. However, the primary concerns areas were the spike in fresh NPL generation, precipitous decline in bottom-line profitability and high cost to income ratio.

■ **KEY FEATURES OF THE INSTRUMENT**

Table 1

Key Features of the Bond

Issuer	LankaBangla Finance Limited
The Issue	LankaBangla Finance 4 th Privately Placed, Non-Convertible, Fully Redeemable, Unsecured, Zero Coupon Bond
Mandated Lead Arranger (MLA)	Green Delta Capital Limited
Purpose	To generate liquidity to meet ongoing financing requirements
Investors	Prospective Eligible Investors include the following • Banks & Financial Institutions: registered under the applicable laws in Bangladesh which are duly authorized to invest in bonds; • Insurance companies • Provident, Gratuity, Pension & Superannuation Funds • Mutual Funds • Companies, Corporate Bodies authorized to invest in bonds • High Net Worth Individuals
Currency	BDT
Transferability/Liquidity	Freely transferable subject to the terms and conditions of the Bond documents
Total Face Value	Up to BDT 2,000,000,000
Face Value per Unit	: BDT 833,333.33
Number of Issuing Unit	: 2,400 Units
Lot Size	: 6 units
Mode of Placement	: Privately Placed
Minimum Subscription	: BDT 5 (Five) Million
Maturity	: From 6 months up to 3 years from the issue date
Discount Rate	9.00% to 10.00% p.a. Based on present market condition the indicative discount rate is expected to be 9.00% p.a.
Governing Law	: The laws of People's Republic of Bangladesh
Transferability/Liquidity	: Freely transferable subject to the terms and conditions of the bond documents
Trustee	: Green Delta Capital Limited
Tax Features	: Taxable as per the law of the country
Prepayment, Call of Refunding	: The bonds shall not be subject to prepayment or call, except in the event of early redemption as permitted under the provisions of the Early Redemption clause contained within the Bond Documents.
Credit Rating of the Issuer	: Long Term: AA3 Short Term: ST-2 Outlook: Stable
Issue Rating Status	: Long Term: AA3, Outlook: Stable
Rating done by	: Credit Rating Agency of Bangladesh Limited (CRAB)
Redemption	: The issue will be redeemed in 6 equal instalments starting from the end of the 6th month from the issue date and each 6 months thereafter.




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CRAB Structured Finance Rating

Non-Convertible, Zero-coupon Bond of LBFL

End of Month	For the Entire Issue		For Each Lot	
	Draw Down	Repayment	Draw Down	Repayment
0	1,719,290,827	-	4,298,227	-
6	-	333,333,333	-	833,333
12	-	333,333,333	-	833,333
18	-	333,333,333	-	833,333
24	-	333,333,333	-	833,333
30	-	333,333,333	-	833,333
36	-	333,333,333	-	833,333
Total	1,719,290,827	2,000,000,000	4,298,227	5,000,000

Tentative Redemption Schedule

Early Redemption

Note: Drawdown amount will vary depending on the YTM / discount rate

Early redemption can only be exercised by the Issuer at Scheduled Redemption Date. If the Issuer wishes to exercise this option, the immediate past matured bond shall be redeemed as per the schedule and next series of Bonds can only be redeemed early by paying an amount equal to the sum of:

- the Issue Price; and
- the product of the 2% higher of YTM (compounded annually) being applied to the Issue Price from (and including) the Issue Date to (but excluding) the date of actual redemption

Late Redemption

In case of any delay of payment issuer shall pay delay payment charges as per bond documents

Listing

The issue will not be listed, unless otherwise required by the regulatory authorities.

Security

Unsecured

Enforcement of Charges over Securities

The bond issue is unsecured. Hence, there will not be any enforcement of charges over securities.

However, at any time after the bonds have become due and repayable, the Trustee may, without further notice to the Issuer, take any action, remedy or method of judicial proceedings for the enforcement of rights of Bondholders as may be available under the governing law from time to time against the issuer. No Bondholder will be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

Cost Related to the Issue

- Regulatory fees: the applicable regulatory fees payable to the BSEC in connection with the Issue
- Professional advisers' fee : the fees and expenses of the legal, financial, accountancy and other professional advisers instructed by the Issuer in connection with the creation and issue of the Bonds
- Legal documentation: the costs incurred in connection with the preparation and execution of the Bond Documents
- The fees and expenses of the Trustee of the Bond and the other parties to this Agreement and the Bond Documents
- The cost of obtaining and maintaining any credit rating for the Bonds and the Issuer
- The dematerialization, rematerialization, and other fees to be paid to CDBL
- Any other associated costs

■ SUBSCRIPTION AND REDEMPTION STATUS OF THE BOND

LBFL is planning to issue BDT 2,000.0 million Non-Convertible Zero Coupon Bond having denomination of BDT 0.8 million each. The issue will be redeemed in 6 equal instalments starting from the end of the 6th month from the issue date and each 6 months thereafter. According to the Company's plans, the discount rate of the bond will be





CRAB Structured Finance Rating

Non-Convertible, Zero-coupon Bond of LBFL

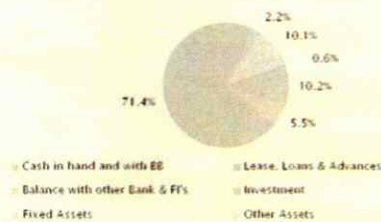
ranged within 9.00% to 10.00% p.a. (subject to approval of regulatory authorities) and based on present market condition the indicative discount rate is expected to be 9.00% p.a.

■ PROFILE AND FINANCIAL PERFORMANCE OF THE ISSUER

LankaBangla Finance Limited (LBFL) is a joint venture non-banking financial institution, which commenced its operation on November 5, 1996. It was formerly known as "Vanik Bangladesh Ltd". LBFL went for public issue of its shares in 2006 and its shares are listed with both DSE and CSE. LBFL offers financing and investment services for retail and corporate customers. The paid-up capital of the Company reached BDT 5,388.4 million at the end of 2022. Presently, the Company is operating through its 27 branches across the country having diversified product line. LBFL is also the pioneer financial institution to launch and operate credit card (MasterCard and VISA). Presently, LBFL has an active credit card base of 109,188 clientele. LBFL has three subsidiaries: LankaBangla Securities Ltd., LankaBangla Investment Ltd. and LankaBangla Asset Management Company Ltd.

Asset Evaluation

Asset Composition of LBFL at the end of 2022



The Company delivered satisfactory performance in growing its asset portfolio by 4% in 2022 and reached BDT 85,934.1 million mainly on the back of increased investment portfolio. The Company's asset composition remained almost around the same level. In 2022, total asset of LBFL was strongly dominated by loans & advances (71.4% of total) followed by balance with Bangladesh Bank & FIs (10.2% of total) and other assets (10.1% of total). Other assets of LBFL were BDT 8,640.8 million in 2022, major portion (BDT 7,237.0 million) of which includes its investment in its three subsidiaries. Fixed asset of LBFL was BDT 1,890.7 million at the end of 2022. Risk weighted asset to total asset was 82.5% in 2022 (2021: 84.4%).

Credit/Loan Quality

Table 2

NPL Movement of the Company (Mill. BDT)

Period	31/12/2022		31/12/2021		31/12/2020	
Particulars	Amount	% of Total Loans	Amount	% of Total Loans	Amount	% of Total Loans
Opening balance of NPL	3,859.0	6.3	2,571.4	4.4	3,388.2	6.2
Add: Fresh NPL Generation	1,402.8	2.3	1,731.7	2.9	(0.0)	(0.0)
Less: Cash recovery	495.1	0.8	327.0	0.6	216.2	0.4
Less: Rescheduling	248.8	0.4	21.9	0.0	331.7	0.6
Less: Write off	90.1	0.1	95.2	0.2	269.0	0.5
Closing Balance of NPL	4,427.8	7.2	3,859.0	6.6	2,571.4	4.7

LBFL's gross NPL (in absolute amount) soared to BDT 4,427.8 million in 2022 from BDT 3,859.0 million in 2021 mainly resulted from higher fresh NPL generation during 2022. Moreover, net NPL soared from BDT 2,374.5 million in 2021 to BDT 3,023.7 million in 2022. It is to be mentioned that Government declared loan moratorium up to




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CRAB Structured Finance Rating

Non-Convertible, Zero-coupon Bond of LBFL

December 2020 to support the lenders as well as borrowers due to the ongoing pandemic which was further extended in 2021. Therefore, fresh NPL was very high in 2021 compared to 2020 as no loans were reported as classified during 2020. Recovery from classified loans was BDT 495.1 million in 2022. LBFL also rescheduled classified loan amounting BDT 248.8 million and written-off loan amounting BDT 90.1 million in 2022. As an overall effect, gross NPL ratio increased by 0.6 percentage points to 7.2% at the end of 2022. SMA to total loans and advances of the Company was low at 4.8% at the end of 2022 (2021: 1.6%). Among total classified loans, 69.4% belonged to bad & loss category followed by doubtful (13.0% of total NPL) and substandard category (17.6% of total NPL) at the end of 2022. In 2022, NPL as % of shareholders' equity plus LLR was 31.8% (2021: 28.9%).

Table 3

Loan Loss Provision of the Company (Mill. BDT)

Period	31/12/2022		31/12/2021	
Particulars	Amount	% of Total Loans	Amount	% of Total Loans
General Provision Held	548.5	0.9	549.6	0.9
Specific Provision Held	2,205.0	3.6	1,752.2	3.0
Total Provision Held	2,753.4	4.5	2,301.7	3.9
Required Provision	2,753.4	4.5	2,301.70	3.9
Provision Surplus	-	-	-	-

In 2022, the Company's provision requirement was BDT 2,753.4 million. In addition, LBFL maintained BDT 548.5 million general provision against unclassified loans and advances. LBFL maintained BDT 2,205.0 million as specific provision against classified loans. Gross NPL coverage ratio of the Company was 62.2% in 2022 (2021: 59.6%).

Table 4

Financial Performance (Mill. BDT)

Period	31/12/2022	31/12/2021	31/12/2020	31/12/2019
Loans	63,331.2	58,775.0	54,709.4	60,662.5
Deposit	43,656.7	48,181.3	47,611.3	46,895.0
Gross NPL	4,427.8	3,859.0	2,571.4	3,388.2
Gross NPL Ratio (%)	7.2	6.6	4.7	5.6
CRAR (%)	15.8	16.9	18.8	16.4

Total loan portfolio of LBFL grew marginally (by 7.8%) during nine months of 2022 and reached BDT 63,331.2 million. LBFL's gross NPL (in absolute amount) soared to BDT 4,427.8 million at the end of 2022 mainly resulted from higher fresh NPL generation during the year. Therefore, gross NPL ratio of LBFL increased to 7.2% in Dec'22.

Capital Adequacy

Table 5

Risk Weighted Capital Structure of the Company (Mill. BDT)

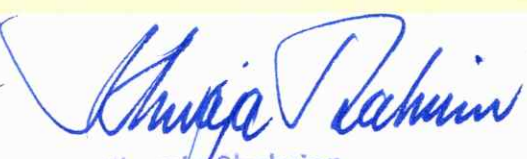
Period	31/12/2022		31/12/2021	
Particulars	Amount	% of RWA	Amount	% of RWA
Tier 1 Capital	9,031.7	12.7	9,278.1	13.3
Tier 2 Capital	2,153.0	3.0	2,490.2	3.6
Total Capital	11,184.7	15.8	11,768.4	16.9
Required Capital	7,087.9	10.0	6,968.8	10.0
Capital Surplus/ (shortfall)	4,096.8	5.8	4,799.6	6.9

The paid up capital of LBFL reached BDT 5,388.4 million at the end of 2022. Shareholders' equity grew by 0.9% in 2022 and reached BDT 11,168.5 million. Both shareholders' fund to total loans & advance and shareholders' fund to deposit & borrowing decreased marginally in 2022 resulted from lower growth of equity than that of loans and deposits.




 Shamim Al Mamun, FCA
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 Chief Financial Officer
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 Mostafa Kamal FCA
 Company Secretary
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 Khwaja Shahriar
 Managing Director & CEO
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Funding and Liquidity

In 2022, the Company's asset was mainly funded by deposit (by 50.8% of total) followed by interbank borrowing (24.4% of total) and equity (13.0% of total). Total deposit of the Company reduced (by 9.4%) in 2022 and reached BDT 43,656.7 million. Besides, LBFL have one subordinated bond and one zero coupon bond among which BDT 2,387.7 million remained outstanding. At the end of 2022, total loans was 140.5% of its deposit. Loans to fund ratio of LBFL stood 78.5% at the end of 2022 (2021: 77.9%).

Table 6

Deposits & Borrowings (Mill. BDT)

Period	31/12/2022			31/12/2021		
	Amount	Total (%)	Growth (%)	Amount	Total (%)	Growth (%)
Bond	2,387.7	3.6	(10.2)	2,658.8	4.1	11.6
Borrowings from Other Banks & FIs	20,954.1	31.3	54.9	13,529.2	21.0	34.2
Term Deposit	43,457.1	64.9	(9.5)	48,005.9	74.6	1.2
Other Deposits	199.6	0.3	13.8	175.4	0.3	(4.4)
Total Deposits & Borrowings	66,998.5	100.0	4.1	64,369.3	100.0	7.2

Liquidity Profile

Table 7

Liquidity Profile of the Company (Mill. BDT)

Period	--As of 31 December 2022--					Total
	Up to 1 month	1-3 months	3-12 months	1 to 5 years	More than 5 years	
Assets	9,374.4	13,538.4	31,986.1	19,283.6	11,751.6	85,934.1
Liabilities	7,381.1	12,000.8	30,625.9	21,180.3	3,577.5	74,765.6
Net Liquidity Gap	1,993.3	1,537.6	1,360.2	(1,896.6)	8,174.1	11,168.5
Cumulative Liquidity Gap	1,993.3	3,530.9	4,891.0	2,994.4	11,168.5	-
Gap as % of Liability (%)	27.0	12.8	4.4	(9.0)	228.5	14.9

The asset liability maturity of the Company shows that the Company possessed positive net liquidity gap in all maturity buckets except 1 to 5 years maturity bucket. The Company's liquid asset to total deposit & borrowings was 15.0% in 2022 (2021: 15.7%). About 76.5% of total deposit of LBFL has maturity within twelve months.

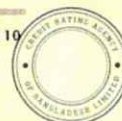
Interest Rate Risk

Table 9

Interest Rate Risk Exposure of the Company (Mill. BDT)

Period	--As of 31 December 2022--				
	Up to -1 Month	1-3 Months	3-6 Months	6-12 Months	Above 12 months
Interest Sensitive Assets	9,762	13,512	16,162	15,290	26,781
Interest Sensitive Liabilities	7,405	12,034	18,422	12,281	24,625
Gap	2,357.0	1,478.0	(2,260.0)	3,009.0	2,156.0
Cumulative Earning impact (1% point int. rate increase)	2.0	4.4	(1.2)	13.8	2.0
Cumulative Earning impact (1% point int. rate decrease)	(2.0)	(4.4)	1.2	(13.8)	(2.0)

The above exhibit shows the maturity wise interest sensitive asset and liabilities and thereby the exposures to interest rate risk of the Company as of 31st December 2022. At the end of 2022, LBFL had asset sensitive positions in all maturity buckets except 3 to 6 months maturity bucket. Gap indicates that the Company will be benefited



Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
LankaBangla Finance Limited

Mostafa Kamal FCA
Company Secretary
LankaBangla Finance Limited

Khawaja Shahriar
Managing Director & CEO
LankaBangla Finance Limited



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from increasing interest rate scenario and will suffer on decreasing interest rate scenario. For 1 percentage point interest rate increase, LBFL will gain BDT 2.0 million and will lose the same amount for 1 percentage point interest rate decrease.

Earnings and Profitability

Table 10

Revenue and Profitability of LBFL (Mill. BDT)

Period	31/12/2022		31/12/2021		31/12/2020	
	Amount	Growth (%)	Amount	Growth (%)	Amount	Growth (%)
Interest Income	6,711.6	3.0	6,514.3	(14.6)	7,628.2	(19.0)
Interest Expense	4,891.6	4.0	4,702.6	(17.7)	5,714.2	(16.5)
Net Interest Income	1,820.0	0.5	1,811.7	(5.3)	1,914.0	(25.8)
Investment Income	281.4	(46.3)	524.0	354.2	115.3	(66.1)
Other Operating Income	541.1	(0.0)	541.1	1.5	533.3	(6.7)
Total Operating Income	2,642.5	(8.1)	2,876.7	12.3	2,562.6	(26.6)
Total Operating Expenses	1,684.0	3.4	1,629.2	(1.0)	1,646.3	(13.2)
Pre Provision Profit	958.5	(23.2)	1,247.5	36.2	916.3	(42.6)
Total Provision	654.8	19.6	547.7	(36,362.2)	(1.5)	(100.2)
Profit (before tax)	303.7	(56.6)	699.9	(23.7)	917.8	7.2
Tax Provision	125.2	37.8	90.9	(1.3)	92.1	(23.4)
Net Profit (after tax)	178.5	(70.7)	609.0	(26.2)	825.7	12.2

LBFL's revenue composition changed due to reduced spread and lower loan portfolio growth, and the pandemic impacting overall growth and operations of every financial institutions including LBFL. In 2022, total operating income of LBFL was dominated by net interest income (68.9% of total) followed by other operating income (20.5% of total) and investment income (10.6% of total). In spite of marginal growth in loans & advances, interest income of LBFL marginally increased by 3.0% in 2022 on the back of increased CMSME loan and corporate loan portfolio where lending rates are relatively higher. As an overall effect, net interest income slightly inclined by 0.5% in 2022 and reached BDT 1,820.0 million.

Investment

Table 11

Investment Portfolio of Company (Mill. BDT)

Period	31/12/2022		31/12/2021	
	Amount	% of Total	Amount	% of Total
Government Securities	739.1	15.6	31.1	0.8
Quoted Shares	1,137.0	23.9	1,070.5	27.6
Unquoted Shares	113.4	2.4	113.4	2.9
Non-marketable Preference Shares	1,206.0	25.4	1,120.0	28.8
Bonds	1,300.0	27.4	1,300.0	33.5
Others	254.3	5.4	248.4	6.4
Total	4,749.8	100.0	3,883.4	100.0

Total investment portfolio of LBFL soared to BDT 4,749.8 million in 2022 from BDT 3,883.4 million in 2021 as the Company decided to remain focused on liquidity rather than any aggressive loan growth. In 2022, BDT 739.1 million (15.6% of total investment) was invested in Government Treasury bonds and bills. In 2022, total investment was dominated by corporate bonds (27.4% of total investment) followed by preference shares (25.4% of total investment) and quoted shares (23.9% of total investment). LBFL held subordinated and perpetual bond amounting BDT 1,300.0 million in 2022. LBFL earned BDT 106.0 million interest income from bonds in 2022. Investment in non-marketable preference shares was BDT 1,206.0 million in 2022.




Shamim Al Mamun, FCA
Executive Vice President &
Chief Financial Officer
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Mostafa Karim FCA
Company Secretary
LankaBangla Finance Limited


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At the end of 2022, LBFL held marketable quoted shares and mutual funds, which are invested as strategic investment and HFT investment. As of 31 December 2022, the marketable quoted shares which are valued at average cost price amounted at BDT 1,137.0 million and there was BDT 221.9 million unrealized net loss. LBFL made provision for these diminishing value of investment as per regulatory requirements. Among these shares, major portion was in NBFIs sector, followed by Banks, Fuel & Power, Food & Allied, Telecommunication and Pharmaceuticals & Chemicals sector. LBFL earned BDT 149.3 million in 2022 from holding and trading of these quoted shares. Under the unquoted category, the Company held shares of two different companies. The investment yield of the Company declined by 8.6 percentage in 2022 to 6.5% on the back of decreased capital gain and dividend.

■ BRANCH NETWORK

Presently, LankaBangla Finance has 27 branches through which it is providing financial service with its diversified product portfolio across the country. The Head office of the Company is located at Banani, Dhaka. The selection of location for expanding the distribution network depends on products, customer segments. The Company also has a substantial base of credit card. During 2022, LBFL issued 13,680 new credit cards. Number of active credit card users has increased to 109,188 (2021: 107,307).

■ MANAGEMENT

Senior Management

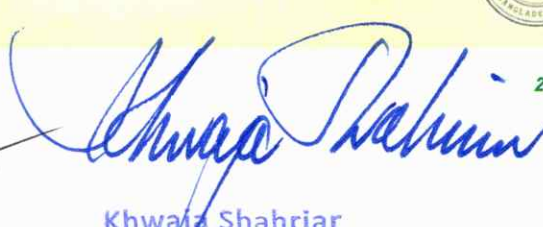
The management of the Company is headed by Mr. Khwaja Shahriar as Managing Director & CEO. Mr. Shahriar joined the Company on June 11, 2012 as Deputy Managing Director and took the responsibility of Managing Director in May 2017. The Managing Director is supported by a group of experienced professionals comprising of the divisional heads and senior level executives. For smooth functioning of the Company the following committees have been formed:

- Management Committee (MANCOM): comprising of 16 senior members of the management and is headed by Managing Director & CEO of the Company. The committee meets regularly to discuss relevant matter of the business of the Company. In 2022, the committee held 7 meetings against 8 meetings in 2021.
- Asset Liability Management Committee (ALCO): comprising of 12 members and is headed by the Managing Director & CEO. The committee meets regularly to monitor market risk and liquidity risks of the Company. It discusses latest position of deposits, cost of deposits, L/D ratio, interbank dependency, mobilization of wholesale funds, interest rate of peer companies, NPA position etc. In 2022, the committee held 12 meetings against 12 meetings in 2021.




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■ BOARD OF DIRECTORS

Board of Directors

Name	Designation
Mr. Mohammad A. Moyeen	Chairman
Mr. I. W. Senanayake, representing Sampath Bank PLC	Director
Mr. Nanda Fernando, representing Sampath Bank PLC	Director
Mr. B. W. Kundanmal (Alternate of Mrs. Aneesa Mahial Kundanmal)	Alternate Director
Mr. Mahbubul Anam	Director
Mr. Dr. M. Mahbubul Haque (Alternate of Mr. Tahsinul Huque)	Alternate Director
Mrs. Zaitun Sayef	Independent Director
Mr. M. Fakhru Alam	Independent Director

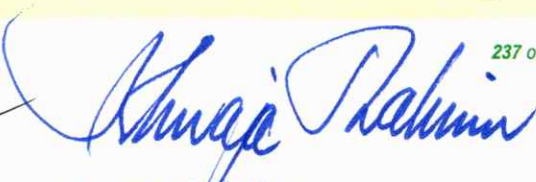
The Board of LBFL comprises 08 members including the managing director of the Company. Mr. Mohammad A. Moyeen is the Chairman of the Board. There are two independent directors in the Board. At the end of 2022, the Board of Directors jointly held 33.5% shares of the Company. The Board is involved in policy formulations, strategic direction setting, business plan approval and review of various activities and also providing necessary direction to the management for conducting businesses in a competitive and profitable manner. The Board held 6 meetings in 2022. The Board has two sub committees:

- **Executive Committee:** The Executive Committee of the Board consists of 04 members and is headed by Mr. Mohammad A. Moyeen as Chairman. The Executive Committee reviews all the proposals for loans and advances that do not fall within the discretion of the Managing Director. It is also responsible for administration, investment aspect, expansion of business, property purchase of the Company, rescheduling of the loans etc. The Board confirms the decision of all Executive Committee meetings and assesses the operational results. The committee held 06 meetings in 2022.
- **Audit Committee:** The Audit Committee of the Board was comprising of 05 members of the BOD's. The Committee is headed by Mrs. Zaitun Sayef. She is an independent director of the Company. During 2022, the committee held 4 meetings to review and monitor regulatory compliance, financial reporting, internal control & internal audit functions, and other operational activities.




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CREDIT RATING SCALES AND DEFINITIONS – LONG TERM: DEBT INSTRUMENTS

Rating	Definition
A Triple A (Extremely Strong Capacity)	Debt instruments rated AAA have extremely strong capacity to meet financial commitments. These are judged to be of the highest quality, with minimal credit risk.
AA ₁ , AA ₂ , AA ₃ * Double A (Very Strong Capacity)	Debt instruments rated AA have very strong capacity to meet financial commitments. These are judged to be of very high quality, subject to very low credit risk.
A ₁ , A ₂ , A ₃ Single A (Strong Capacity)	Debt instruments rated A have strong capacity to meet financial commitments, but susceptible to the adverse effects of changes in circumstances and economic conditions. These are judged to be of high quality, subject to low credit risk.
BBB ₁ , BBB ₂ , BBB ₃ Triple B (Adequate Capacity)	Debt instruments rated BBB have adequate capacity to meet financial commitments but more susceptible to adverse economic conditions or changing circumstances. They are subject to moderate credit risk. Such rated projects possess certain speculative characteristics.
BB ₁ , BB ₂ , BB ₃ Double B (Inadequate Capacity)	Debt instruments rated BB have inadequate capacity to meet financial commitments. They have major ongoing uncertainties and exposure to adverse business, financial, or economic conditions. Such projects have speculative elements, and are subject to substantial credit risk.
B ₁ , B ₂ , B ₃ Single B (Weak Capacity)	Debt instruments rated B have weak capacity to meet financial commitments. They have speculative elements and are subject to high credit risk.
CCC ₁ , CCC ₂ , CCC ₃ Triple C (Very Weak Capacity)	Debt instruments rated CCC have very weak capacity to meet financial obligations. They have very weak standing and are subject to very high credit risk.
CC Double C (Extremely Weak Capacity)	Debt instruments rated CC have extremely weak capacity to meet financial obligations. They are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
C Single C (Near to Default)	Debt instruments rated C are highly vulnerable to non-payment, have payment arrearages allowed by the terms of the documents, or subject of bankruptcy petition, but have not experienced a payment default. Payments may have been suspended in accordance with the instrument's terms. They are typically in default, with little prospect for recovery of principal or interest.
D (Default)	D rating will also be used upon the filing of a bankruptcy petition or similar action if payments on an obligation are jeopardized.

*Note: CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

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