www.lankabangla.com

ANNUAL REPORT **2014**



ACCELERATING SUSTAINABLE GROWTH

Growing Together...

LankaBangla™ FINANCE

Accelerating Sustainable Growth

As a company grows successfully ensuring accountability towards environment as well as all of its stakeholders, it appears to grow sustainably. Acquiring and remaining onto this optimum growth trajectory has been the foremost goal of LankaBangla and we have been on this track for a long time.

In the ever changing financial market of Bangladesh, LankaBangla Finance has effectively secured to reach some success benchmarks that is a distinction with respect to market performance. The Annual Report 2014 is based on these episodes to portray such a distinction, and go with the global trend with a view to "Accelerating Sustainable Growth". We believe this enthusiastic acceleration will put us in the front line of current financial market.



GROWING TOGETHER

LankaBangla Finance Limited is one of the largest private financial institutes in Bangladesh. LankaBangla Finance Limited offers the entire spectrum of financial services to customer segments covering Corporate Financial Services, SME Financial Services, Personal Financial Services and Deposit Schemes.

LankaBangla practices participatory management and adheres to industry best practices in all endeavors and serves with wide operational periphery covering major business hubs of the country. LankaBangla operates in a centralized administrative framework through cutting edge technological environment.

LankaBangla is the market leader in the capital market services and has been giving all out efforts to develop an efficient, vibrant and transparent capital market in Bangladesh. Through our subsidiary, LankaBangla Securities Limited we are providing top notch broking services and leading the industry with cutting edge trading, top rated research and customer service. Another subsidiary, LankaBangla Investments Limited is a premier investment bank in the country providing corporate advisory, issue management and portfolio management services. The other subsidiary, LankaBangla Asset Management Company Limited is providing professional wealth management services.

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GROWING WITH GREEN

LankaBangla™ FINANCE

Safura Tower (Level 11), 20 Kemal Ataturk Avenue, Banani, Dhaka-1213

NOTICE OF 18TH ANNUAL GENERAL MEETING

Notice is hereby given that 18th Annual General Meeting of the Shareholders of LankaBangla Finance Limited will be held on March 19, 2015 at 11:00 a.m. at Spectra Convention Centre, House # 19, Road # 7, Gulshan-1, Dhaka-1212 to transact the following businesses:

AGMA-01-18-15	To receive and adopt the Directors' Report, Auditors' Report and Audited Financial Statements for the year ended 31st December 2014
AGMA-02-18-15	To declare dividend for the year 2014
AGMA-03-18-15	To elect Directors in place of those who shall retire by rotation in accordance with regulatory requirements
AGMA-04-18-15	To appoint Auditors of the Company for the year 2015 until conclusion of 19th AGM and to fix their remuneration
AGMA-05-18-15	To transact any other business with the permission of the Chairman

Dated, Dhaka
March 4, 2015

By Order of the Board

Mostafa Kamal FCA
Company Secretary

NOTES:

- The record date is fixed on March 2, 2015. The Shareholders, whose names will appear in the Share Register of the Company at the closing of business on the record date, will be eligible to attend the meeting and get dividend.
- The Board of Directors has recommended 10% Cash Dividend i.e. Tk. 1.00 per share of Tk. 10.00 each and 10% Stock Dividend i.e. 10 (Ten) Bonus Shares for every 100 (Hundred) Ordinary Shares.
- A shareholder eligible to attend and vote in the AGM may appoint a Proxy to attend and vote in his/her behalf. The Proxy Form duly completed and stamped must be deposited at the registered office of the Company not later than 48:00 hours before the time fixed for the meeting.
- Admission into the meeting room will be allowed on production of the Attendance Slip attached with the Proxy Form.

AMARSTOCK



COMMUNICATION TO SHAREHOLDERS

LankaBangla Finance Limited is listed in both the bourses of the country. Investors can monitor the ticker in the name of LANKABAFIN in both DSE and CSE. Any price sensitive information is disseminated timely.

Annual Report of the company summarizes the company's financial performance and provides an overview of the company's major activities. The annual report is duly submitted to Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange & Chittagong Stock Exchange in timely manner. Each stockholder is sent copy of the report before AGM. Annual Report, Quarterly Reports and Supplements to the reports are available on the company's website, **www.lankabangla.com** or copies are available with the Board Secretariat at LankaBangla Finance Limited.

On top of the above information, the company makes available each material information or achievement to the shareholders through the company's web portal. For additional information about the subsidiary companies and the financials the investors can visit our web portals: **www.lankabangla.com.**

Redressal of Investors' Complaints:

Investor Relations Department of LankaBangla Finance Limited always gives extreme priority in mitigating investors' complaints (if any) regarding any inconvenience.

Investors can approach to Investor Relations Department with a complaint or can make an E-mail at company's designated E-mail ID for investor relations at **ir@lankabangla.com.** An Investor can make a written complaint to LankaBangla Finance Limited also. Upon receipt of the compliant, designated cell at LankaBangla takes immediate steps to resolve the complaint.



STRATEGIC FOCUS

VISION

To be the most preferred financial service provider in creating, nurturing and maximizing value to the stakeholders, thereby, GROWING TOGETHER.

MISSION

- Be a growth partner for our customers, ensuring financing and superior experience
- Maintain a culture of meritocracy in the DNA of the company
- Be sustainable and ensure quality returns to our valued shareholders
- Uphold efforts to develop our community

CORE VALUES

We have strong values that are well embedded in our culture. We believe that the following values will help us deliver our strategy.

- Cherish a sense of ownership
- Be customer centric
- Grow as a team
- Act with integrety & professionalism
- Deal with respect



OUR STRATEGY

We revisited our strategic direction based on broad-head priorities and to execute the strategies we plan to start big and build momentum in 2015:

Diversify portfolio prudently for value with increased focus on core product portfolio

- Build a strong core product portfolio with high focus on corporate financial services
- Drive consumer finance to excel through a differentiated strategy
- Build momentum in SME financial services
- Grow our leading position in capital markets
- Expand geographical reach in the major cities/township of the country
- Collaborate with large corporate houses for mutual beneficial relationship
- Manage enterprise risk effectively
- Maintain good asset quality and strive to keep incremental infection zero

Prudent Balance Sheet Management

- Strengthen our capital base and improve our funding positions
- Diversify our funding sources
- Optimize the deployment of fund and capital across core business and the subsidiaries

Simplify processes and reduce cost

- Continually improve key areas of customer service
- Simplify processes and ensure disciplined expense management
- Upgrade our technology that will make us more efficient and competitive

Create a sustainable brand

- Invest in brand and promote our services to chosen markets
- Ensure good governance and transparency
- Increase contribution to the national exchequer through increasing profitability
- Increase support to under privileged population in health and education through LB Foundation
- Assume environmental stewardship and responsibility in changing lives of the ordinary

Nurture our people through leadership and skill development

- Nurture high skilled talent pool
- Create congenial work environment to deliver the best
- Ensure attractive benefit packages
- Promote high ethical standards

FORWARD LOOKING STATEMENT

In quest of sustainable business, LankaBangla Finance Limited is positioning itself to provide enduring value to our people, customers, shareholders, and the community. Our strategic priorities remain to diversify portfolio with key focus on core product portfolio, manage balance sheet prudentry, simplify processess to reduce cost, create a sustainable brand, nurture our human resources to deliver the best and uphold the livelihood of our community. We believe that clustering strategic priorities in this manner will enable flawless execution of the medium term strategic plan.

Going forward, Retail and SME financial services would be our prime focus in the leading portfolio. Recognizing SME segment's value addition and employment generation capabilites, we are keen to finance various initiatives especially start-up enterprises as well as ones looking to scale up. We are planning to expand our business horizon in major cities/ township of the country. While we engage in doing business, we will be maintaining strict compliance and good governance in norms and regulations to ensure long term sustainability of the company. We will be engaging more on social ventures and community development. Putting priority in ecological balance of the environment, we plan to grow together with our stakeholders.

CODE OF CONDUCT GUIDING PRINCIPLES

LankaBangla is a value driven organization that means we do not depart from our principles even if it gives sometimes temporary benefit to the company. We believe and recognize that our company remains in our heart and its reputation and dignity are absolutely priceless. The company's affairs get the utmost priority of all the employees. Our reputation not only affects whether or not someone will be our customer; it also determines whether we are proud to be associated with this organization.

The Code of Conduct is designed to guide the employees of the company to observe, comply with the prudential norms of conduct, manner and behaviour. It is in alignment with the Company's Vision and Values to achieve the Mission, Objectives and aims at enhancing the ethical and transparent process in managing the affairs of the Company. It also applies to every employee of LankaBangla and may be furnished to others for discharging the responsibilities. In addition to the ethical guidelines included in the code, there are many laws and regulation that affect each of the business that we do. Complying to law is mandatory for everyone and is not subject to business priorities or individual decision.

Personal Responsibilities

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

Workplace Responsibilities

- Treat colleagues with respect and dignity
- Support the company's commitment to diversity and equal employment opportunity
- Provide a positive work environment free from intimidation and harassment
- Do not hold any outside positions with, or accept business opportunities from anyone who does business or competes with the company
- Ensure that financial records are accurate and complete
- Maintain an effective system of internal control and compliance over financial reporting and operational activities
- Protect company's assets and properties
- Ensure cost efficiency

Marketplace Responsibilities

- Act responsibly in all sorts of communications with customers, suppliers, vendors, partners and regulatory authorities
- Safeguard the privacy, confidentiality and security of customer data
- Make only factual and truthful statements about company's products & services
- Gather business intelligence properly and ethically
- Prevent the use of company's services against money laundering purposes

Corporate Citizenship

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

LANKABANGLA AT A GLANCE

LankaBangla Finance Limited started its journey long back in 1997 as a joint-venture financial institution with multinational collaboration having license from Bangladesh Bank under Financial Institution Act-1993. Now LankaBangla is the country's leading provider of integrated financial services including corporate financial services, personal financial services, SME financial services, stock broking, corporate advisory and wealth management services.

LankaBangla is a primary dealer of government securities since November 2009. The company got listed in both of the bourses of country i.e. DSE & CSE in 2006.

We recently have gone through a businesses process reengineering to build capacity to our clients' supirior experience than any time ever. The company now operates in centralized administrative framework through cutting edge technological environment. LankaBangla is surving a wide operational periphery covering major businesses hubs of the country.

Under the broadest umbrella of products and service offerings, we are the lone financial institution to operate credit card (MasterCard and VISA) and also provide third party card processing services to different banks in Bangladesh.

LankaBangla is the market leader in the capital market services and has been giving all out effort to develop an efficient, vibrant and transparent capital market in Bangladesh. Through our subsidiary, LankaBangla Securities Limited we are providing top notch broking services and leading the industry with cutting edge trading, top rated research and customer service. Another subsidiary, LankaBangla Investments Limited is a premier investment bank in the country providing corporate advisory, issue management and portfolio management services. The other subsidiary, LankaBangla Asset Management Company Limited is providing professional wealth management services.

In quest of sustainable business, LankaBangla is positioning itself to provide enduring value to the people, customers, shareholders and the communities. There are some other key divisions are involved for setting up the strategic priorities by managing balance sheet prudently, by helping to provide various decisions, by creating, operating and maintaining IT infrastructure, by nurturing human resources to deliver the best and uphold the livelihood of our community.

We are the recipient of National Award for Best Published Accounts and Reports for the past few years declared by the Institute of Chartered Accountants of Bangladesh (ICAB) and also received SAFA award for the couple of years last which represent the quality we maintain in disclosure of information.

LankaBangla practices participatory management and adheres to industry best practices in all endeavors. Increasing stakeholders' value is a natural driving force for the people at LankaBangla. Our long standing sustainability efforts are creating environmental and social value while we step ahead. By embracing high ethical standards, governance and transparency, we dream to grow big. Our ethos is simple. We envision our success being the growth partner of our enterprising clients. We are committed to change the lives of the ordinary.





AMAR STOCK

MILESTONES OF LANKABANGLA

05th NOVEMBER, 1996
Incorporation of the Company

05th NOVEMBER, 1996
Commencement of Business

03rd July, 1997
Registration of First Subsidiary (LankaBangla Securities Limited)

30th October, 1997
Licensed as Financial Institution by Bangladesh Bank

30th March, 1998
Signing of First Lease Agreement

16th August, 1998
Issuance of First Credit Card

05th September, 2005
Launching of MasterCard

17th October, 2006
Listing on Dhaka Stock Exchange

31st October, 2006
Listing on Chittagong Stock Exchange

01st November, 2006
Trading of shares in Stock Exchanges

10th February, 2007
Commencement of Operation of Chittagong Branch

16th July, 2007
Registration of Second Subsidiary (LankaBangla Asset Management Company Ltd.)

11th December, 2007
First disbursement of Domestic Factoring

18th February, 2008
First disbursement of Mortgage Loan

27th April, 2009
Commencement of Operation of Sylhet Branch

23rd November, 2009
Licensed as Primary Dealer

24th November, 2009
Issuance of First VISA Card

01st December, 2009
First Participation in the Auction of Govt. Securities as Primary Dealer

29th March, 2010
Registration of Third Subsidiary (LankaBangla Investments Ltd.)

31st January, 2012
Approval of Right Issue by BSEC

10th January, 2012
Signing of Agreement with Leads Corporation for Bank Ultimus (CBS)

28th January 2013
Commercial Launching of Narsingdi Branch

03rd February, 2013
Commercial Launching of Comilla Branch

13th February, 2013
Commercial Launching of Jessore Branch

12th November, 2013
Commercial Launching of Banani Principal Branch

11th December, 2013
Commercial Launching of Dhanmondi Branch

21st January, 2014
Contact Center Launching

03rd March, 2014
Commercial Launching of Uttara Branch

25th May, 2014
Commercial Launching of CDA Branch, Chittagong

15th December 2014
Zero Coupon Bond Issue

23rd December, 2014
Commercial Launching of Motijheel Branch

29th January, 2015
Commercial Launching of Mirpur Branch

GROWING WITH GREEN

CORPORATE INFORMATION

Registered Name of the Company	LankaBangla Finance Limited
Legal Form	Public Limited Company, listed with Dhaka Stock Exchange and Chittagong Stock Exchange, having incorporated in Bangladesh on November 5, 1996 under Companies Act, 1994
Company Registration Number	C-31702 (823)/96
Bangladesh Bank Licence No.	FID(L) - 1053/41-1088
Corporate Office	Safura Tower (Level 11) 20 Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh Phone: (8802) 9883701-10, Fax: (8802) 8810998
Company E mail	info@lankabangla.com
Company Website	www.lankabangla.com
Corporate, Personal & SME Financial Services Division	Safura Tower (Level 8) 20 Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh Phone: (8802) 9883701-10, Fax: (8802) 8810998 E-mail: info@lankabangla.com
Card Centre	Faruk Rupayan Tower (Level 6) 32 Kemal Ataturk Avenue, Banani, Dhaka 1213, Bangladesh Phone: (88 02) 9882268, 9862695, 9862696, 8836483, 8836387 Fax: (88 02) 9861547 E-mail: cards@lankabangla.com
Contact Centre	Safura Tower (Level 5) 20 Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh Contact Centre Number: Local-16325 Overseas-0961101632
Operations Division	Safura Tower (Level 15) 20 Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh Phone: (8802) 9883701-10 Fax: (8802) 8810998 E-mail: card@lankabangla.com
Tax Consultant	Adil & Associates 50, Purana Paltan Line (3rd floor), Dhaka-1000, Bangladesh
Legal Advisors	Sadat Sarwat & Associates House # 28, Road # 23 Gulshan-1, Dhaka-1212
Auditors	Syful Shamsul Alam & Co. Chartered Accountants Paramount Heights (level 6), 65/2/1, Box Culvert Road Purana Paltan, Dhaka-1000, Bangladesh
Principal Bankers	Prime Bank Limited Shahjalal Islami Bank Limited AB Bank Limited National Bank Limited Janata Bank Limited Bank Asia Limited Al-Arafah Islami Bank Limited Dhaka Bank Limited ONE Bank Limited United Commercial Bank Limited Standard Chartered Bank Commercial Bank of Ceylon Limited
Subsidiaries of LankaBangla Finance Limited	
LankaBangla Securities Limited	
LankaBangla Investments Limited	
LankaBangla Asset Management Company Limited	

Branches of LankaBangla Finance Limited	
Principal Branch, Banani	Safura Tower (Level 13), 20 Kemal Ataturk Avenue Banani, Dhaka 1213, Phone: (88 02) 9883701-10, 9821428
Dhanmondi Branch	MIDAS Centre (8th Floor, North Side) House No. 05, Road. No. 16 (New), 27 (Old) Dhanmondi-1209, Bangladesh Phone: (88 02) 9114460, 9114451, 9114648, 9114574, 9114658 Fax: (88 02) 9114671 E-mail: dhanmondi@lankabangla.com
Uttara Branch	Uttara Tower (4th Floor), Plot-1, Jasimuddin Avenue, Sector-03, Uttara C/A Uttara Model Town, Dhaka-1230 Phone: (88 02) 8958863, 8960256, 7914230, Fax: (88 02) 8960256
Mirpur Branch	Northern Khan Height Tower (Level 3) Plot No. 34, Road No. 03, Block-D Section-11, Mirpur, Dhaka-1216 Phone: 01766693229 E-mail: mirpur@lankabangla.com
Motijheel Branch	Peoples Insurance Bhaban (10th Floor) 36 Dilkusha C/A, Dhaka-1000 Phone: (88 02) 9514570-2, 9513714-16, 9514767-8 E-mail: motijheel@lankabangla.com
Agrabad Branch, Chittagong	Akhteruzzaman Center (Level 6) 21/22, Agrabad C/A, Chittagong-4100, Bangladesh Phone: (88 031) 2512601-03, 2514563-5 Fax: (88 031) 2512604 E-mail: ctgagrabad@lankabangla.com
CDA Avenue Branch, Chittagong	Yunusco City Centre (8th Floor) 807/1056, CDA Avenue, O.R. Nizam Road Khulshi, Chittagong-4000 Phone: (880 31) 2868901-3 Fax: (880 31) 2868904 E-mail: cdaavenue@lankabangla.com
Sylhet Branch	Khoirun Bhaban (Level 3) Holding No. 118 Azadi, Mirboxtula, Sylhet 3100, Bangladesh Phone: (88 0821) 728420, 01833326093 Fax: (88 0821) 728418 E-mail: sylhet@lankabangla.com
Comilla Branch	Omri Mansion (3rd Floor), 349/KA (new) Badurtola, Kandir Par, Comilla 3500, Bangladesh Phone: (88 081) 73371-2, 01715622884 E-mail: comilla@lankabangla.com
Narsingdi Branch	56/1 Jalpatty Road (2nd Floor) Madhabdi Bazar, Narsingdi 1604, Bangladesh Phone: (88 02) 9446730-31, 01847026836 E-mail: narsingdi@lankabangla.com
Jessore Branch	Mohashin Super Market (2nd Floor) 10 R. N. Road, Jessore-7400, Bangladesh Phone: (88 0421) 71146-47, 01833314787, Fax: (880 421) 71148 E-mail: jessore@lankabangla.com
Bangshal Booth	5, Bangshal Lane (Level 3), (57 New Shahid Sayed Nazrul Islam Avenue), Dhaka 1100, Bangladesh Phone: (88 02) 9550482, 9513822 Fax: (88 02) 7112904 E-mail: bangshal@lankabangla.com

Branches of LankaBangla Securities Limited	
LankaBangla Securities Limited (Subsidiary of LankaBangla Finance Limited)	A. A. Bhaban (Level 5) 23, Motijheel Commercial Area, Dhaka-1000, Bangladesh Tel: (88 02) 9563901-5, Fax: (88 02) 9563902 Web: www.lankabangla.com
Principal Branch, Motijheel	DSE Annex Building (1st Floor) 9/E, Motijheel C/A, Dhaka-1000 Phone: (88 02) 9561868, Fax: (88 02) 9555384 E-mail: nadim@lbsbd.com ANNEX: Eunoos Trade Center (Level 15) 52-53, Dilkusha, Dhaka-1000 Phone: (88 02) 9581629, 9581630 E-mail: riyadh@lbsbd.com
Banani Branch	Faruk Rupayan Tower (6th Floor) 32 Kemal Ataturk Avenue, Banani, Dhaka-1213 Phone: (88 02) 9820669, Fax: (88 02) 8836822 E-mail: aziz@lbsbd.com
Uttara Branch	Uttara Tower (4th Floor), Plot-1, Jasimuddin Avenue, Sector-03, Uttara C/A Uttara Model Town, Dhaka-1230 Phone: (88 02) 8958575, 8951658, Fax: (88 02) 8959286 E-mail: mosharef@lbsbd.com
Narayangonj Branch	Haji Plaza (2nd Floor), 53/1, S.M. Maleh Road Tan Bazar, Narayangonj Phone: (88 02) 7632352, 7630582, Fax: (88 02) 7630560 E-mail: mokhles@lbsbd.com
Chittagong Main Branch	Shafi Bhaban (2nd Floor) 1216/A, Sk Mujib Road, Agrabad, Chittagong Phone: (880 31) 724547, 724548, Fax: (880 31) 710203 E-mail: amir@lbsbd.com
Khatungonj Branch	Asma Chamber, 1016 (Old) Ram Joy Mohajan Lane, Khatungonj, Chittagong Phone: (880 31) 630011, 632276, 626709, Fax: (880 31) 627312 E-mail: nazim@lbsbd.com
Nasirabad Branch	Rahima Center (5th Floor) 1839, CDA Avenue, Nasirabad, Chittagong Phone: (880 31) 2554171-3, Fax: (880 31) 2554174 E-mail: munir@lbsbd.com
Sylhet Branch	R. N. Center (4th Floor) Chowhatta, Sylhet-3100 Phone: (88 0821) 711143, 711752, 711912 Fax: (88 0821) 711918 E-mail: shamsuddin@lbsbd.com
Comilla Branch	Nahar Plaza (1st Floor) 67/58, Nazrul Islam Avenue, Kandirpar, Comilla Phone: (88 081) 62117, 62109, 61768, Fax: (88 081) 62116 E-mail: nazir@lbsbd.com
LankaBangla Investments Limited	
LankaBangla Investments Limited (Subsidiary of LankaBangla Finance Limited)	Eunoos Trade Centre (Level 21) 52-53, Dilkusha Commercial Area, Dhaka-1000, Bangladesh Phone: (88 02) 9561238, Fax: (88 02) 9561107 E-mail: mail@lankabangla-investments.com Web: www.lankabangla.com
LankaBangla Asset Management Company Limited	
LankaBangla Asset Management Company Limited (Subsidiary of LankaBangla Finance Limited)	Rupsha Tower (Level 02) House: 07, Road: 17, Banani C/A, Dhaka-1213, Bangladesh Phone: (8802) 9820219-20, Fax: (8802) 9820221 E-mail: amcl@lankabangla.com Web: www.lankabangla.com

SHAREHOLDING POSITION OF LANKABANGLA FINANCE LIMITED

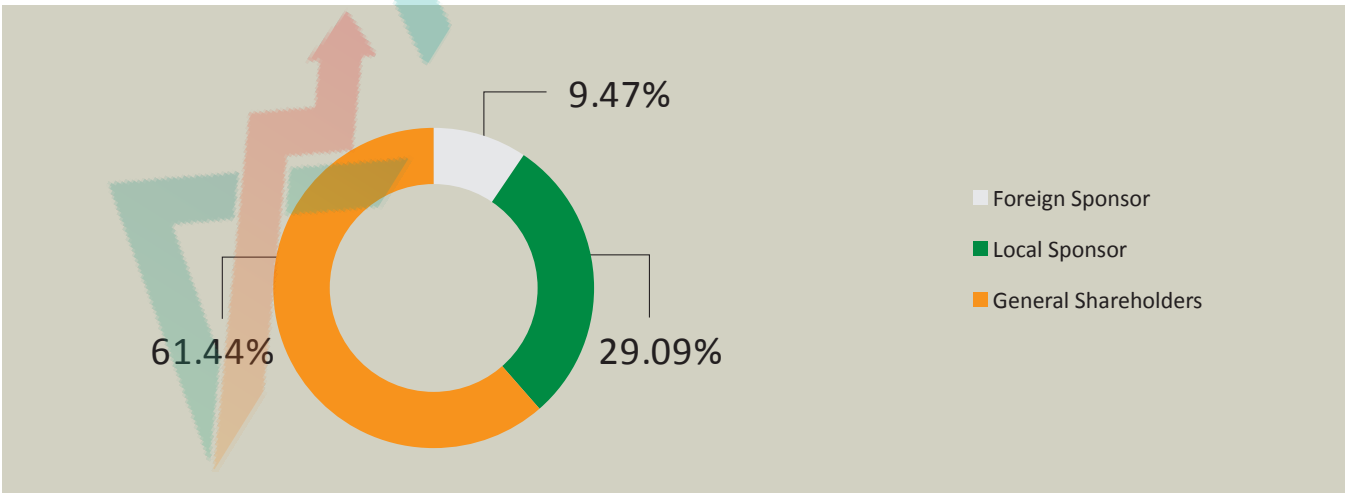
AS ON DECEMBER 31, 2014

Authorised Capital:	No. of Share	Taka
(Ordinary Shares of TK. 10.00 each)	300,000,000	3,000,000,000

Issued, Subscribed and Paid up Capital:	No. of Share	Taka
(Ordinary Shares of TK. 10.00 each)	218,766,759	2,187,667,590

Details of shareholding structure is as under:

Sponsor:		" Total Holding (No. of Share) "	"% of Shareholding"
a)	**Foreign Institution:**		
	Sampath Bank PLC (Sri Lanka)	20,720,700	9.47%
	Sub-Total	**20,720,700**	**9.47%**
b)	**Local Institution:**		
	ONE Bank Limited	10,626,000	4.86%
	SSC Holdings Limited	2,347,017	1.07%
	Shanta Apparels Limited	3,804,223	1.74%
	Sub-Total	**16,777,240**	**7.67%**
c)	Individuals:		
	Mr. Mohammad A Moyeen	9,274,006	4.24%
	Ms. Jasmine Sultana	2,470,545	1.13%
	Ms. Aneesha Mahial Kundanmal	16,850,430	7.70%
	Mr. Mahbubul Anam	9,743,415	4.45%
	Mr. Tahsinul Huque	8,523,380	3.90%
	Sub-Total	**46,861,776**	**21.42%**
	Sponsor Local:	**63,639,016**	**29.09%**
	Sponsor Total	**84,359,716**	**38.56%**
d)	**General Shareholders:**	134,407,043	61.44%
	Grand	**218,766,759**	**100.00%**



AMAR STOCK

PROFILE OF THE DIRECTORS OF THE BOARD



Mr. Mohammad A. Moyeen
Chairman

Mr. Moyeen is a leading industrialist and entrepreneur in Bangladesh. He is associated and involved with a number of businesses and industries which include, among others, Apollo Hospitals Dhaka, International School Dhaka, Tropica Garments 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. Mr. Moyeen is an Architect from BUET.



Mr. Mahbubul Anam
Director

Mr. Anam is a Mechanical Engineer from BUET. He has long experience of 28 years in different businesses including Freight Forwarding, Travel Related Services, International Courier etc. He has been running a number of reputable business houses in country in Management capacity. Mr. Anam is the Managing Director of Expo Freight Limited and Director of a number of businesses and industries. Mr. Anam enjoys enormous reputation in the field of sports, cultural and social work. Presently he is the President of Bangladesh Freight Forwarders Association (BAFFA) and Vice President of Bangladesh Cricket Board and member of the local organizing committee of the T20 World Cup 2014.



Mr. I.W. Senanayake
Director

Mr. Senanayake is one of the Founder Directors of Sampath Bank PLC since March 1987. He was appointed as the Deputy Chairman of the Bank in April 1998. He was also the Chairman of the Bank. 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 with diversified business interests in Telecommunications, Broadcasting, Information Technology, Aviation, Shipping, Automobiles, Warehousing and Logistics, Support Services, Consultancy and Project Management Services for Telecommunications, Packing and Food Processing Industries.

AMARSTOCK



Mr. Aravinda Perera
Director

Mr. Perera is the Managing Director of Sampath Bank PLC. He worked as Chief Operating Officer, Deputy General Manager, Corporate Banking and played other roles spanning a career of 26 years at Sampath Bank.Prior to joining the Bank he worked as a Senior Project Officer, DFCC and Departmental, Manager and Service Engineer at Ceylon Tobacco Company and engineer at National Milk Board. He is a Fellow Member of Institute of Bankers, Sri Lanka, Chartered Institute of Management Accountants, UK, Chartered Engineer and member of the Institute of Engineers, Sri Lanka. He completed his MBA from the University of Sri Jayawardenapura and Bachelor of Science degree in Engineering from the University of Moratuwa.



Mr. Mirza Ejaz Ahmed
Director

Mr. Ahmed is an MBA from the Institute of Business Administration (IBA), University of Dhaka. He started his career in American Express Bank and served there for 17 years and left American Express as Senior Director. Before joining HRC Group as the Group Managing Director in 2002, he served in ONE Bank Limited as its Managing Director for about 2 years. Mr. Ahmed is presently the Chairman of Shirt Makers Group, a 100% export oriented apparels manufacturing company.



Mr. M. Fakhrul Alam
Director

Mr. Alam, Managing Director of ONE Bank Limited, is an MBA from the Institute of Business Administration (IBA), University of Dhaka. He has diverse experiences in Banking spanning over 30 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 & abroad including IFIC Bank Limited and Bank of Credit & Commerce International (Overseas) Ltd. Before joining at ONE Bank Limited, he was the Deputy Managing Director and Head of Corporate Banking, Treasury & Investment Banking of Eastern Bank Limited. He is serving ONE Bank Limited as Managing Director since October 08, 2013.

AMAR STOCK



Mr. Tahsinul Huque
Director

Mr. Huque graduated from Williams College, Massachusetts, USA with major in Economics and Political Science. He started his career with Merrill Lynch in 1990 and served the company at different capacities until 2003. He then joined Deutsche Bank as Managing Director of Investment Banking Division and is stationed at London, UK. Mr. Huque has established himself as an accomplished investment banker in the international arena.



Mrs. Aneesha Mahial Kundanmal
Director

Mrs. Kundanmal has completed B. A. (Honors) 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 the 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.



Mr. Al-Mamoon Md. Sanaul Huq
Independent Director

Mr. Huq accomplished his post graduation diploma in Management Accounting from Highbury College of Technology, Ports-mouth, UK. He has also completed his Bachelor of Science and Master of Science in Applied Chemistry from University of Dhaka. He worked as Controller General of Accounts, Ministry of Finance, Government of People's Republic of Bangladesh. He has vast experience in working in Audit Department of Controller & Auditor General of Bangladesh. Mr. Huq has also working experience as consultant with some international organizations like World Bank. He attended a number of trainings, workshops and seminars at home and abroad.

AMARSTOCK



Mr. Mahmood Osman Imam

Independent Director

Mr. Imam is the Professor of Finance and served as Chairman, Department of Finance, University of Dhaka. He is also the Executive Director, Center for Corporate Governance and Finance Studies, University of Dhaka and the Editor, Journal of Institute of Bankers, Bangladesh. He also served as the Director, Bureau of Business Research, Faculty of Business Studies, University of Dhaka and as Provost, Bangabandhu Sheikh Mujibur Rahman Hall. He is on the Board of Directors as Independent Director of LankaBangla Finance Limited. He is an Independent Director and Chairman, Audit Committee, Mercantile Bank Ltd. He is also the Independent Director and Chairman, Audit Committee, ICB AMCL and founder director, Bangladesh Institute of Capital Market. Dr. Imam is a financial analyst and capital market specialist. He has over 28 years of working experiences in this field. He did MBA (major in Finance) and Ph.D in Applied Economics at K.U. Leuven, Belgium. He is a Fellow Cost & Management Accountant too. In his long tenure of career, he worked as national and international consultants with a number of both national and international organizations, viz., World Bank; ADB; UNDP; Bilance, Netherlands; Pohl Consulting Ltd, Germany; Dhaka Stock Exchange (DSE); Ontario Centre for Environmental Technology Advancement (OCETA); Dhaka Chamber of Commerce and Industry (DCCI) and CIPE, USA, ERRA PROJECT. He also worked as Professor of Finance, School of Business, Independent University Bangladesh. He is a prolific researcher and has been awarded twice as best paper author by the Faculty of Business Studies, University of Dhaka. To his credit, there are also two published research monographs.



Mr. Mohammed Nasir Uddin Chowdhury

Managing Director

Mr. Chowdhury Joined LankaBangla Finance Limited as the Managing Director on December 1, 2011. He was the Chief Executive Officer of LankaBangla Securities Limited from July 2002 to April 2011 and Director of MIDAS Financing Limited representing LBFL till October 2011. Mr. Chowdhury also served as the Senior Vice President and Director of Dhaka Stock Exchange Limited from May 2010 to March 2011 and May 2008 to May 2010 respectively. He is a member of the Board of Directors of LankaBangla Securities Limited and LankaBangla Investments Limited.

Mr. Chowdhury completed his graduation and post-graduation from the University of Chittagong. Currently, he is the President of Old Faujian Association, Dhaka Chapter. He attended a number of training, workshop and seminar at home and abroad including USA, Hong Kong, Singapore, Sri Lanka, India, Thailand and other countries. Mr. Chowdhury also participated in "On The Job Training Program of the Chief Executives" conducted by Singapore Institute of Management. Being a professional corporate personality, Mr. Chowdhury has a remarkable contribution to the development of capital market of Bangladesh. He is an active member of Dhaka Club and Chittagong Club also. Under his sound and proven leadership LankaBangla Finance Limited and its subsidiaries have been able to hold strong position in the respective industry of the Country.



BOARD COMMITTEES

Executive Committee		Audit Committee	
Name	**Designation**	**Name**	**Designation**
Mohammad A. Moyeen	Chairman	Al-Mamoon Md. Sanaul Huq	Chairman
Mahbubul Anam	Member	Mohammad A. Moyeen	Member
Al-Mamoon Md. Sanaul Huq	Member	Mahbubul Anam	Member
Aneesha Mahial Kundanmal	Member	Mirza Ejaz Ahmed	Member
M. Fakhrul Alam	Member	M. Fakhrul Alam	Member

MANAGEMENT COMMITTEE (MANCOM)

Executive Committee			
SL. No	**Designation**	**Name**	**Position in the Committee**
1	Managing Director	Mohammed Nasir Uddin Chowdhury	Chairman
2	Deputy Managing Director	Khwaja Shahriar	Member
3	EVP & Head of Operations	A.K.M. Kamruzzaman	Member
4	EVP & Head of Treasury & FIs	Quamrul Islam	Member
5	EVP & Head of Personal Financial Services	Khurshed Alam	Member
6	SVP & Chief Risk Officer	Mohammed Kamrul Hasan	Member
7	SVP & Group Company Secretary	Mostafa Kamal	Member Secretary
8	SVP & Chief Credit Officer	Kazi Masum Rashed	Member
9	VP & Head of Corporate Financial Services	Mohammad Shoaib	Member
10	VP & Chief Financial Officer	Shamim Al Mamun	Member
11	SAVP & Head of IT	Sheik Mohammad Fuad	Member
12	SAVP & Head of SME	Kamruzzaman Khan	Member
13	SAVP & Head of Liability Manangement	S. M. Abu Washib	Member
14	AVP & Head of GIS	Mohammad Anisur Rahman	Member
15	AVP & Head of Human Resources	Md. Shariful Islam Mridha	Member

MANAGEMENT TEAM



Mohammed Nasir Uddin Chowdhury
Managing Director

Mohammed Nasir Uddin Chowdhury Joined LankaBangla Finance Limited as the Managing Director on December 1, 2011. He was the Chief Executive Officer of LankaBangla Securities Limited from July 2002 to April 2011 and Director of MIDAS Financing Limited representing LBFL till October 2011. Mr. Chowdhury also served as the Senior Vice President and Director of Dhaka Stock Exchange Limited from May 2010 to March 2011 and May 2008 to May 2010 respectively. He is a member of the Board of Directors of LankaBangla Securities Limited and LankaBangla Investments Limited.

Mr. Chowdhury completed his graduation and post-graduation from the University of Chittagong. Currently, he is the President of Old Faujian Association, Dhaka Chapter. He attended a number of training, workshop and seminar at home and abroad including USA, Hong Kong, Singapore, Sri Lanka, India, Thailand and other countries. Mr. Chowdhury also participated in "On The Job Training Program of the Chief Executives" conducted by Singapore Institute of Management. Being a professional corporate personality, Mr. Chowdhury has a remarkable contribution to the development of capital market of Bangladesh. He is an active member of Dhaka Club and Chittagong Club also. Under his sound and proven leadership LankaBangla Finance Limited and its subsidiaries have been able to hold strong position in the respective industry of the Country.



Khwaja Shahriar
Deputy Managing Director

Khwaja Shahriar Joined LankaBangla Finance Limited as Deputy Managing Director on June 11, 2012. Prior to his current position he held different positions in the banking sector. He served BRAC Bank Limited for several years in different positions including the Head of Corporate Banking, Head of Cash Management, Custodial Services & Probashi Banking. He also served in various positions in both GSP Finance Company Limited and Bangladesh Finance & Investment Company Limited. Mr. Shahriar also worked for Uttara Bank Limited, AB Bank Limited and Green Delta Insurance Compnay Limited.

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



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

A. K. M. Kamruzzaman, FCMA, is working as the Executive Vice President & Head of Operations, with the responsibility of Asset Operations, Legal Affairs, Collection & Monitoring, Special Asset Management (SAM), Liability Operations and Treasury Operations. During his long twelve and half years tenure with LankaBangla, he has got the rare opportunity to work in almost all the functional areas of the company in different capacities as Head of Business, Head of Credit & Investment, Head of Credit Administration, Head of Accounts, Company Secretary and Head of Administration. He is a Director in the Board of LankaBangla Asset Management Company Limited.

Mr. Kamruzzaman is a post graduate in Accounting from the University of Dhaka; he is also an MBA from the Institute of Business Administration (IBA) of the University of Dhaka and a Fellow Member (FCMA) of the Institute of Cost & Management Accountants of Bangladesh (ICMAB). Currently he is a councillor of Dhaka Branch Council (DBC) of ICMAB.



Quamrul Islam
Head of Treasury & FI

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

Mr. Islam obtained his graduation with Honors and post graduation in Accounting from the Faculty of Business Studies of Dhaka University. He started his career with "PRAN Group" one of the largest conglomerates of the country as a Management Trainee Officer in early 1997.



Khurshed Alam
Head of Personal Financial Services

Khurshed Alam, Executive Vice President joined the then Vanik Bangladesh Limited in July 1998. He is currently looking after the Personal Financial Services Division. 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 under the University of Dhaka. He also got his Post Graduate Diploma in Personnel Management (DPM) from Bangladesh Institute of Management. He has attended a number of traning in home and abroad.



Mohammed Kamrul Hasan, FCA
Chief Risk Officer

Mohammed Kamrul Hasan, Senior Vice President 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 Bachelor Degree in Accounting from the National University of Bangladesh. He is a Fellow member of the Institute of Chartered Accountants of Bangladesh (ICAB).

ANNUAL REPORT STOCK



Mostafa Kamal, FCA
Group Company Secretary

Mostafa Kamal, Senior 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 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 the Institute of Chartered Accountants of Bangladesh (ICAB) for the year 2010-2011. Mr. Kamal played a very vital role in opening Dhaka Chapter of Information System Audit and Control Association (ISACA) of USA. He held the position of Director, Communication and Director, Academic Relations of ISACA Dhaka Chapter for the years 2009 to 2013. Mr. Kamal is an active member of various Committees of ICAB. Mr. Kamal is also a Founder Member and the General Secretary of Vision Care Foundation (a non-profit organization) and a member of Policy Advisory Committee of Bashundhara Eye Hospital and Research Institute, a project of Vision Care Foundation.



Mohammad Shoaib
Head of Corporate Financial Services

Mohammad Shoaib, 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 Portfolio.

Mr. Shoaib has over 11 years of financial services experience and held various senior management positions in credit & investment, corporate finance, retail finance, SME finance and credit administration. Prior to joining LankaBangla, he was Branch In-charge, Chittagong Branch of Prime Finance & Investment Limited. He is a Bachelor in Business Administration with Honors in Accounting and a Masters in Business Administration in Accounting & Information Systems from the University of Dhaka.



Kazi Masum Rashed
Chief Credit Officer

Kazi Masum Rashed, Chief Credit Officer, is responsible for Credit Risk Management Division of LankaBangla Finance Limited. He joined LankaBangla Finance Limited in June, 2011 with more than ten years experience in banking sector with exposure in Credit & Banking.

Mr. Masum obtained his M.Com from Finance and Banking Department and MBA from the Institute of Business Administration (IBA) of the University of Dhaka. He has attended a number of trainings, seminars and workshops both in home and abroad.



Shamim Al Mamun, ACA
Chief Financial Officer

Shamim Al Mamun, ACA is working as Chief Financial Officer since April 2013. Before getting this responsibility he acted as Head of Finance & Accounts from April 2012. Before joining this Company, he was the CFO of Fareast Stocks & Bonds Limited and Fareast Finance Limited. He is an associate member of Institute of Chartered Accountants of Bangladesh.

He obtained his Honors degree in Information Technology from American International University of Bangladesh. He is also an ex-cadet and completed his secondary education from Sylhet Cadet College. Shamim Al Mamun, ACA possesses extensive competencies and experiences in Financial Reporting, Financial Modeling, Internal Control, Corporate Governance 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.



Sheik Mohammad Fuad
Head of IT

Sheik Mohammad Fuad, Senior Assistant Vice President joined LankaBangla Finance Limited in 1999. He held various positions in the company and currently working as the Head of IT. Mr. Fuad is ITIL certified and a member of PMI. His core strength lies in managing IT infrastructure, IT compliance, Core Banking Software, and Payment Card Industry.

He was successfully involved in Core Banking Software implementation project, Credit Card software migration, tier 4 data center establishment, enhancement of security, installation of layer 3 network for branch connectivity, central anti-virus system, attendance system, and video surveillances.



Kamruzzaman Khan
Head of SME

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

Mr.Khan has over 11 years of Banking and Financial Services experience. Prior to joining LankaBangla Finance Limited, he served in BRAC Bank Limited under SME Division in different positions including Manager, Senior Manager. Mr. Kamruzzaman has obtained M.Com in Accounting and also attained MBA from State University of Bangladesh with Major in Finance & Banking. He attended a good number of trainings, seminars and workshops both in home and abroad.

AMARSTOCK



S. M. Abu Washib
Head of Liability Management

S. M. Abu Washib Joined LankaBangla Finance Limited as Senior Assistant Vice President & Head of Liability on December 26, 2013. Prior to his current position he held different positions in the banking sector & has more than 12 years of experience with exposure in Consumer Banking. He served ICB Islamic Bank Ltd. for quite some time as an Assistant Vice President & Branch Manager. He also served Eastern Bank Ltd as an Assistant Vice President and Sales & Service Manager for over six years. At the beginning of his long successful career he also served in Vanik Bangladesh Limited & Brac Bank Ltd.

Mr. Washib completed his Bachelor & Master degree in Economics from Dhaka International University.



Mohammad Anisur Rahman
Head of GIS

Mohammad Anisur Rahman, Assistant Vice President, is working as Head of GIS with the responsibility of General Administration, Procurement and Branch Management since 2012. During his fifteen and half years tenure with LankaBangla, he also held various positions in the company including Head of Information and Technology during the period 2006-2011. Mr. Anis joined in Vanik Bangladesh Limited (former name of LankaBangla Finance Limited) as Executive in the year 1998.

Mr. Anis obtained his Bachelor of Scinence (Honors) and Master of Scinence in Geography from University of Dhaka. He has participated in various professional and leadership trainings.



Md. Shariful Islam Mridha
Head of Human Resources

Md. Shariful Islam Mridha, Head of Human Resources, has been working in LankaBangla Finance since 2014. Prior to join LankaBangla Finance, he was the Head of Recruitment, Performance Management and HR Relationships of BRAC Bank Limited. He started his career in 2005 with a renowned law firm 'Sadat & Sarwat Associates' and later switched to Human Resource Division of Grameenphone Limited in 2006. He possessed almost 10 years of professional experience in the arena of Human Resources.

Mr. Mridha obtained his Bachelor of Laws (Honors) and Master of Laws from University of Dhaka. He also did his post-graduation diploma in Human Resources Management from Association of Business Practitioners (ABP), UK through Dhaka Campus. Currently, he is enrolled in Doctor of Business Administration (DBA) Program under Faculty of Business Studies, University of Dhaka. He has attended various job specific and leadership trainings in home and abroad.

AMAR STOCK

MANCOM MEMBERS

Mohammad Shoaib
VP & Head of Corporate Financial Services

Md. Shariful Islam Mridha
AVP & Head of Human Resources

Mostafa Kamal
SVP & Group Company Secretary

Mohammad Anisur Rahman
AVP & Head of GIS

"We, at LankaBangla, believe in teamwork. We have been striving to bring in diversity to our team through knowledge sharing, skills development and expertise. Believing in the power of qualified, dedicated and result oriented talent pool, we have embedded the essence of team spirit and thereby grown up as Team LankaBangla."



A.K.M. Kamruzzaman
EVP & Head of Operations

VANTAGE STOCK

Shamim Al Mamun
VP & Chief Financial Officer

Khurshed Alam
EVP & Head of
Personal Financial Services

S. M. Abu Washib
SAVP & Head of
Liability Manangement

Kazi Masum Rashed
SVP &
Chief Credit Officer

Mohammed Kamrul Hasan
SVP & Chief Risk Officer

Quamrul Islam
EVP & Head of Treasury & FI

Md. Kamruzzaman Khan
SAVP & Head of SME

Sheik Mohammad Fuad
SAVP & Head of IT



Mohammed Nasir Uddin Chowdhury
Managing Director

Khwaja Shahriar
Deputy Managing Director

GROWING WITH GREEN

MANAGEMENT COMMITTEES

Management Team (MANCOM Members)			
Sl. No.	**Designation**	**Name**	**Position in the Committee**
1	Managing Director	Mohammed Nasir Uddin Chowdhury	Chairman
2	Deputy Managing Director	Khwaja Shahriar	Member
3	Head of Operations	A. K. M. Kamruzzaman	Member
4	Head of Treasury & FIs	Quamrul Islam	Member
5	Head of Personal Financial Service	Khurshed Alam	Member
6	Chief Risk Officer	Mohammed Kamrul Hasan	Member
7	Group Company Secretary	Mostafa Kamal	Member Secretary
8	Chief Credit Officer	Kazi Masum Rashed	Member
9	Head of Corporate Financial Service	Mohammad Shoaib	Member
10	Chief Financial Officer	Shamim Al Mamun	Member
11	Head of IT	Sheikh Mohammad Fuad	Member
12	Head of SME Financial Service	Md. Kamruzzaman Khan	Member
13	Head of Liability	S. M. Abu Washib	Member
14	Head of GIS	Mohammad Anisur Rahman	Member
15	Head of Human Resources	Md. Shariful Islam Mridha	Member

Risk Management Forum			
Sl. No.	**Designation**	**Name**	**Position in the Committee**
1	Managing Director	Mohammed Nasir Uddin Chowdhury	Chairman
2	Deputy Managing Director	Khwaja Shahriar	Member
3	Head of Operations	A. K. M. Kamruzzaman	Member
4	Head of Treasury & FIs	Quamrul Islam	Member
5	Head of Personal Financial Service	Khurshed Alam	Member
6	Chief Risk Officer	Mohammed Kamrul Hasan	Member Secretary
7	Chief Credit Officer	Kazi Masum Rashed	Member
8	Head of Corporate Financial Service	Mohammad Shoaib	Member
9	Chief Financial Officer	Shamim Al Mamun	Member
10	Head of IT	Sheikh Mohammad Fuad	Member
11	Head of Liability	S. M. Abu Washib	Member
12	Head of SME Financial Services	Md. Kamruzzaman Khan	Member
13	Head of Human Resources	Md. Shariful Islam Mridha	Member
14	Head of ICC	Mohd. Shafiqul Islam	Member

Management Credit Committee			
Sl. No.	**Designation**	**Name**	**Position in the Committee**
1	Managing Director	Mohammed Nasir Uddin Chowdhury	Chairman
2	Deputy Managing Director	Khwaja Shahriar	Member
3	Head of Operations	A. K. M. Kamruzzaman	Member
4	Head of Personal Financial Service	Khurshed Alam	Member
5	Chief Credit Officer	Kazi Masum Rashed	Member Secretary
6	Head of Corporate Financial Service	Mohammad Shoaib	Member
7	Head of SME Financial Services	Md. Kamruzzaman Khan	Member

Asset Liability Management Committee			
Sl. No.	**Designation**	**Name**	**Position in the Committee**
1	Managing Director	Mohammed Nasir Uddin Chowdhury	Chairman
2	Deputy Managing Director	Khwaja Shahriar	Member
3	Head of Treasury & FIs	Quamrul Islam	Member Secretary
4	Head of Personal Financial Service	Khurshed Alam	Member
5	Chief Risk Officer	Mohammed Kamrul Hasan	Member
6	Chief Credit Officer	Kazi Masum Rashed	Member
7	Head of Corporate Financial Service	Mohammad Shoaib	Member
8	Chief Financial Officer	Shamim Al Mamun	Member
9	Head of Liability	S. M. Abu Washib	Member
10	Head of SME Financial Services	Md. Kamruzzaman Khan	Member
11	AVP - Treasury, FI & Central Bank Dealing	Nazimuddin Ahmed	Member

Central Complaince Unit (Anti Money Laundering Committee)			
Sl. No.	**Designation**	**Name**	**Position in the Committee**
1	Chief Risk Officer & CAMLCO	Mohammed Kamrul Hasan	Chairman
2	Deputy Managing Director	Khwaja Shahriar	Member
3	Head of Operations	A. K. M. Kamruzzaman	Member
4	Head of Treasury & FIs	Quamrul Islam	Member
5	Head of Personal Financial Service	Khurshed Alam	Member
6	Head of Corporate Financial Service	Mohammad Shoaib	Member
7	Chief Financial Officer	Shamim Al Mamun	Member Secretary
8	Head of Liability	S. M. Abu Washib	Member
9	Head of SME Financial Services	Md. Kamruzzaman Khan	Member

IT Development Committee			
Sl. No.	**Designation**	**Name**	**Position in the Committee**
1	Deputy Managing Director	Khwaja Shahriar	Chairman
2	Head of Operations	A. K. M. Kamruzzaman	Member
3	Head of Treasury & FIs	Quamrul Islam	Member
4	Head of Personal Financial Service	Khurshed Alam	Member
5	Chief Credit Officer	Kazi Masum Rashed	Member
6	Head of IT	Sheik Mohammad Fuad	Member Secretary
7	Head of Human Resources	Md. Shariful Islam Mridha	Member

Human Resources Committee			
Sl. No.	**Designation**	**Name**	**Position in the Committee**
1	Managing Director	Mohammed Nasir Uddin Chowdhury	Chairman
2	Deputy Managing Director	Khwaja Shahriar	Member
3	Head of Operations	A. K. M. Kamruzzaman	Member
4	Head of Treasury & FIs	Quamrul Islam	Member
5	Chief Credit Officer	Kazi Masum Rashed	Member
6	Chief Financial Officer	Shamim Al Mamun	Member
7	Head of Human Resources	Md. Shariful Islam Mridha	Member Secretary

BASEL II Implementation Committee			
Sl. No.	**Designation**	**Name**	**Position in the Committee**
1	Managing Director	Mohammed Nasir Uddin Chowdhury	Chairman
2	Deputy Managing Director	Khwaja Shahriar	Member
3	Head of Operations	A. K. M. Kamruzzaman	Member
4	Head of Treasury & FIs	Quamrul Islam	Member
5	Head of Personal Financial Service	Khurshed Alam	Member
6	Chief Risk Officer	Mohammed Kamrul Hasan	Member Secretary
7	Chief Credit Officer	Kazi Masum Rashed	Member
8	Head of Corporate Financial Service	Mohammad Shoaib	Member
9	Chief Financial Officer	Shamim Al Mamun	Member
10	Head of SME Financial Services	Md. Kamruzzaman Khan	Member

Purchase Committee			
Sl. No.	**Designation**	**Name**	**Position in the Committee**
1	Head of Operations	A. K. M. Kamruzzaman	Chairman
2	Head of Treasury & FIs	Quamrul Islam	Member
3	Group Company Secretary	Mostafa Kamal	Member
4	Head of IT	Sheikh Mohammad Fuad	Member
5	Head of GIS	Mohammad Anisur Rahman	Member Secretary

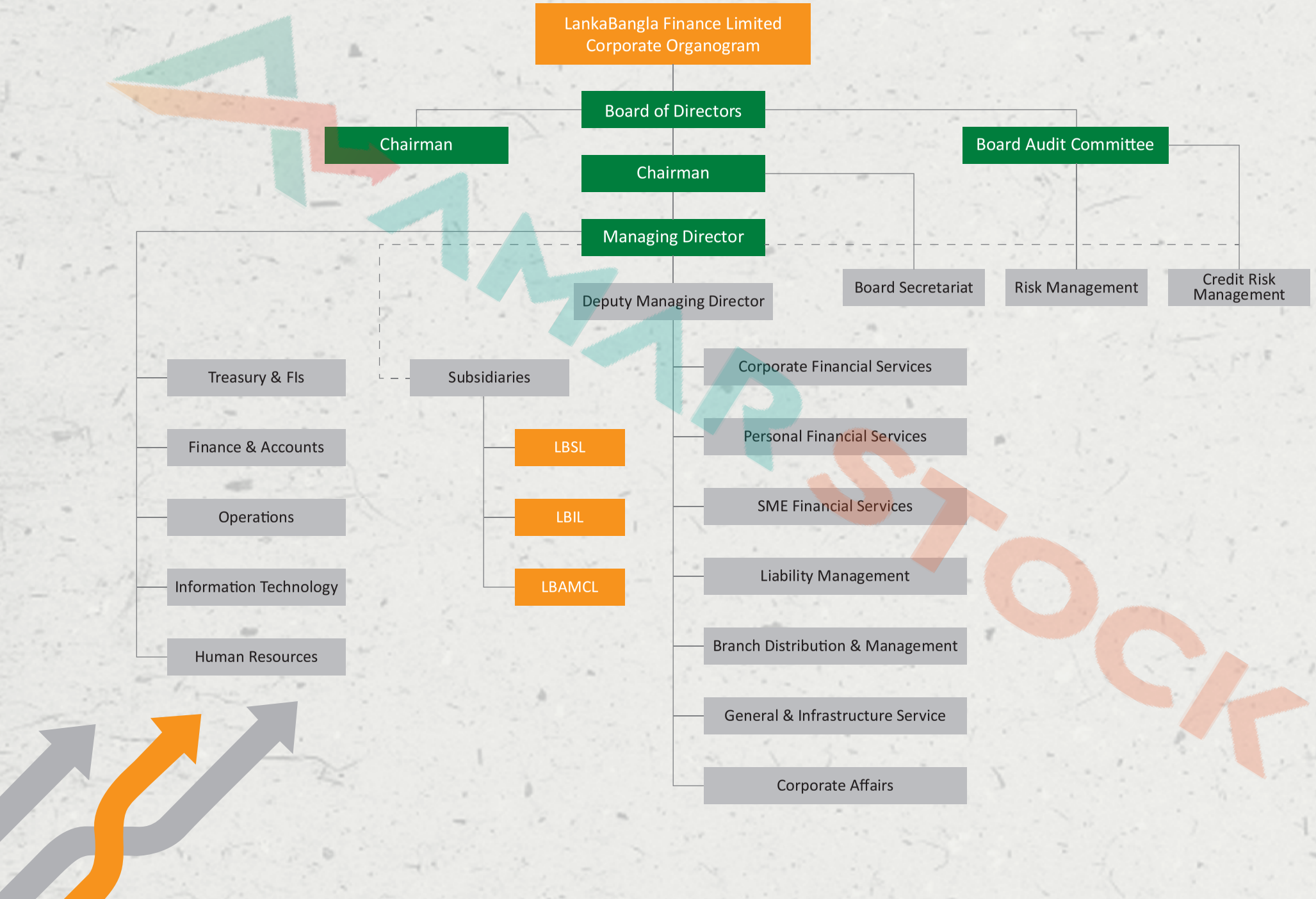
Internal Control and Compliance Committee			
Sl. No.	**Designation**	**Name**	**Position in the Committee**
1	Managing Director	Mohammed Nasir Uddin Chowdhury	Chairman
2	Deputy Managing Director	Khwaja Shahriar	Member
3	Head of Operations	A. K. M. Kamruzzaman	Member
4	Head of Treasury & FIs	Quamrul Islam	Member
5	Head of Personal Financial Service	Khurshed Alam	Member
6	Chief Risk Officer	Mohammed Kamrul Hasan	Member Secretary
7	Group Company Secretary	Mostafa Kamal	Member
8	Chief Credit Officer	Kazi Masum Rashed	Member
9	Head of Corporate Financial Service	Mohammad Shoaib	Member
10	Head of IT	Sheikh Mohammad Fuad	Member
11	Head of SME Financial Services	Md. Kamruzzaman Khan	Member
12	Head of Human Resources	Md. Shariful Islam Mridha	Member

Capital Market Operations Committee			
Sl. No.	**Designation**	**Name**	**Position in the Committee**
1	Managing Director	Mohammed Nasir Uddin Chowdhury	Chairman
2	Deputy Managing Director	Khwaja Shahriar	Member
3	Head of Treasury & FIs	Quamrul Islam	Member
4	Senior Manager, Capital Markets	M A Faisal Mahmud	Member Secretary

Green Banking Unit Members			
Sl. No.	**Designation**	**Name**	**Position in the Committee**
1	Chief Risk Officer	Mohammed Kamrul Hasan	Chairman
2	Head of Asset Operations	Mohammad Faruk Ahmed Bhuya	Member
3	Head of Corporate Credit	Mohammad Nazmul Hasan Tipu	Member
4	Head of GIS	Mohammad Anisur Rahman	Member
5	Head of Human Resources	Md. Shariful Islam Mridha	Member
6	FAVP, IT	Kazi Mohtasim Bellah Alom	Member
7	Manager, Corporate Affairs	Md. Raziuddin	Member
8	Assistant Manager, Enterprise Risk Management	Ujjal Kumar	Coordinator
9	RM, Corporate Financial Services	Md. Tareque Anower Bin Rashid	Member
10	ARM, SME Business	Sabih-Ul- Alam	Member
11	ARM, Emerging & Commercial Business	Md. Nazmul Arefeen	Member
12	SRO, Personal Financial Services	Md. Jakir Hossain Rasel	Member

Integrity Committee			
Sl. No.	**Designation**	**Name**	**Position in the Committee**
1	Mr. Khwaja Shahriar	Deputy Managing Director	Chairman
2	Mr. AKM Kamruzzaman	Head of Operations	Member
3	Mr. Khurshed Alam	Head of Personal Financial Service	Member
4	Mr. Mohammed Kamrul Hasan	Chief Risk Officer	Member
5	Mr. Mohammad Shoaib	Head of Corporate Financial Service	Member
6	Mr. Shamim Al Mamun	Chief Financial Officer	Member
7	Mr. Sheikh Muhammad Fuad	Head of IT	Member
8	Mr. Md. Kamuzzaman Khan	Head of SME Financial Service	Member
9	Mr. SM Abu Washib	Head of Liability	Member
10	Mr. Mohammad Anisur Rahman	Head of GIS	Member
11	Mr. Shariful Islam Mridha	Head of HR	Member
12	Mr. Mohd. Shafiqul Islam	FAVP-Audit & Inspection	Focal Point

ORGANOGRAM


LankaBangla Finance Limited
Corporate Organogram
Board of Directors
Chairman
Chairman
Managing Director
Board Audit Committee
Board Secretariat
Risk Management
Credit Risk Management
Deputy Managing Director
Treasury & FIs
Finance & Accounts
Operations
Information Technology
Human Resources
Subsidiaries
LBSL
LBIL
LBAMCL
Corporate Financial Services
Personal Financial Services
SME Financial Services
Liability Management
Branch Distribution & Management
General & Infrastructure Service
Corporate Affairs

BUSINESS DIVISIONS

CORPORATE FINANCIAL SERVICES

The Corporate Financial Services Division of LankaBangla takes ownership to focus exclusively on corporate and institutional clients domiciled or conducting business in its footprint by offering clients access to its extensive branch network.

The division delivers services through 3 (three) units, namely Corporate & Institutions Unit, Project & Structured Finance Unit and Emerging & Commercial Business Unit.

Corporate & Institutions Unit

When opportunity knocks, you need a partner with a range of lending solutions that can turn ambition into accomplishment. Our smart relationship managers, equipped with efficient management skill and sound knowledge of the industry and market, are at your service to provide a complete range of corporate financial solutions like Lease Finance, Term Finance, Short Term Finance, Revolving Finance, Bridge Finance, Club Finance, Working Capital Finance etc. suited to respective clients. From a straightforward Term Loan to complex club financing, we can help you with a range of options and solutions. We are committed to partner in your journey of prosperity and share the joy of success while "Growing Together".

Project & Structured Finance Unit

LankaBangla's Project & Structured Finance Unit is a specialized unit comprising of experienced professionals who are expert in conducting the technical, financial and economic feasibility of all types of projects and product structuring. Financial solutions like syndicated loan, preference share, bond etc. are some in its wide array of services. It determines the financial feasibility and viability of the project during the pre-booking stage and also monitors the progress of the project implementation during the post-booking stage. Always serving the client at its core, the highly skilled team, channeling its vast network of professionals, provides a consolidated service encompassing all crucial aspects of the project. In addition to performing agency functions, LankaBangla can also handle merger, acquisition etc.

Emerging & Commercial Business Unit

At LankaBangla, we understand that an adequate cash flow works as blood circulation for live running of a business. We are constantly striving to provide innovative financial solutions to meet working capital needs of businesses. With this motto, LankaBangla has designed the products of Factoring, Reverse Factoring, Distributor Finance, etc. to meet dynamic corporate financial needs. These are uniquely structured working capital solutions against receivables, lifting orders, confirmed payables, credit advisory, collections, etc.

PERSONAL FINANCIAL SERVICES

LankaBangla Finance Limited is one of the leading financial institutions in Bangladesh offering a wide variety of personal financial services to cater to the full scope need of innovative, customized solutions and services. The personal financial services division currently offers auto loan, home loan, personal loan, loan against deposit, loan against purpose (LAP) and credit cards. The division delivers services through 4 (Four) units namely Auto Loan Unit, Mortgage Loan Unit, Personal Loan Unit and Card Center.

Auto Loan Unit

The unit deals with all sales, marketing, business promotions, relationship management with customers and auto dealers, customer service activities including planning, budgeting, target setting & allocation, and also execution, monitoring & evaluation of sales deal, customer service quality, etc.

Home Loan Unit

The activities of Home Loan Unit includes sales, marketing, business promotions, relationship management with customers & developers, customer service management, etc. including planning, budgeting, target setting & allocation and also execution, monitoring and evaluation of sales deal, customer service quality, etc. The products are mainly Home Loans for purchasing, constructing or renovation of homes or takeovers of existing home loans with other financiers, home loan for comments and loan against purpose (LAP).

Personal Loan Unit

Any purpose loans for personal exigencies are offered under Personal Loan Unit which deals with all sales, marketing, business promotions, relationship management, customer service activities including planning, budgeting, target setting & allocation and also execution, monitoring & evaluation of sales deal, customer service quality, etc. Loan against lien of deposits, shares of listed companies, savings instruments etc. are also offered under the unit for any purpose.

Credit Card

Card Centre deals with issuing of MasterCard and VISA credit cards; There are mainly two categories of cards – Gold & Classic; individual and corporate. LankaBangla is the lone Financial Institute that offers cards and provides third party card processing services through its state-of-the-art card software. The unit deals with all sales, marketing, business promotions, relationship management, customer service activities including planning, budgeting, target setting and allocation, execution, monitoring and evaluation of sales deal, customer service quality, etc.

SME FINANCIAL SERVICES

SMEs, the heart of growth of economies worldwide, are emerging as the most powerful and sustainable pillars of Bangladesh economy. SMEs in Bangladesh are no longer concentrated to low-tech, traditional and agro-based economic activities only; these are spreading over non-traditional manufacturing and service sector as well.

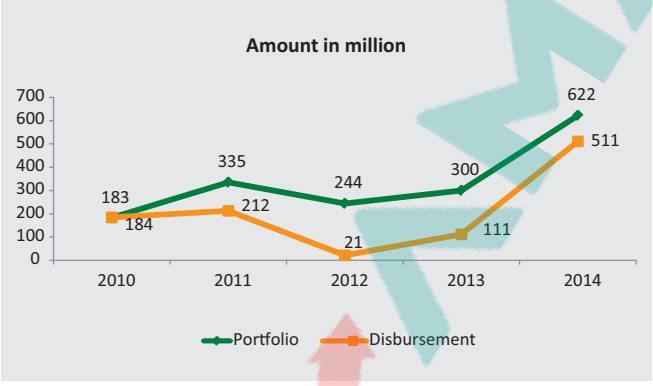
Our country is moving forward towards SME led industrial development. Bangladesh Bank is also relentlessly working towards the development of the sector to achieve higher GDP growth, financial inclusion and overall a resilient and dynamic financial system of the country. As the steward of the financial sector, Bangladesh Bank has been motivating the banks and financial institutions to concentrate more on SME banking operations.

According to experts in financial sector, financial inclusion, a much talked topic now days, will be achieved through SME. LankaBangla Finance Ltd., with the belief of 'growing together', has focused in SME business and performed well so far. The division deals with all the activities- sales, marketing,

business promotions, relationship management, customer service activities, budgeting, target setting & allocation, and also execution, monitoring & evaluation of sales deals in Small Medium Enterprise Segment. In 2014, SME division enjoyed higher growth in every parameter than that of previous year and is expecting to excel further. The division is working on new product introduction, cluster analysis & finding out prospective sectors. Quick Branch expansion of LBFL in district level proves that LBFL is going to develop SME sector in Bangladesh by financing in different kinds of business in widespread urban & rural areas. We are now strongly focusing on Agro processing Finance outside Dhaka & Chittagong metropolitan area & our team is dedicated for working there. Beside this the Division has been arranging campaign, SME Fair, Branding, Mobile lending Officers recruitment, Product diversification for the whole year; a dedicated team for each Branch is working to develop woman entrepreneurship in Bangladesh. LBFL is providing SME finance facilities to different types of sector with increased focus on women. By availing the refinancing facility through Bangladesh Bank, LBFL is able to offer attractive rates for prospective women entrepreneurs of Bangladesh. Moreover the Division is forming Women Entrepreneur Development Unit & Women Entrepreneur desk at Head Office & Branch level as per Bangladesh Bank instruction.

Recognizing human resource as the most valuable soft factor of the organization, LBFL continued to invest to enhance and upgrade skill sets of the people. A significant number of seminars, workshops and trainings, both in-house and external, were arranged during the year.

Management has a plan to give a special priority on SME Business in the year 2015 & set a huge budget accordingly to support this sector. However in the year 2014 Portfolio growth is beyond 100%, Disbursement growth is 360% & NPL reduced by 67% approximately comparatively last year which suggests



that the Division is growing in terms of every parameter & a good net profit is going to attain in the year 2015 if the budgeted target is achieved.

A dedicated business, CRM & Operation team of LBFL is beside the SME division to develop the process flow smoothly.The SME Division offers wide range of variety Products like Ahona, Ashtha, Anonnya, Durbar, Abash, Swarnali under the SME umbrella which is doing well in term of feature, rate, marketing etc. Here are some brief description of those SME Products:

Astha: A partial & fully secured loan facility for Small & medium enterprise which limit is from BDT 1.6 million to BDT 200.00 million

Ahona: An Unsecured loan facility to Small Enterprises which limit is from BDT 0.5 million to BDT 1.5 million

Anonnya: A SME Term loan facility for Women Entrepreneurs under Bangladesh Bank Women Entrepreneur Refinance Scheme limit up to BDT 5.0 million

Durbar: A SME term loan facility for to buying Vehicle for business purpose which limit is from BDT 1.0 million to BDT 20.00 million

Abash: A SME loan facility for construction of residential facility and/or commercial complex for rental purpose under Equated Monthly Installment (EMI) loan facility ranging from BDT 0.3 million to BDT 100.00 million

Swarnali: A loan facility for Agro Processing Industry finance under Bangladesh bank Refinance Scheme which limit is from BDT 0.5 million to BDT 50.00 million

Moreover the SME division is going to focus more in the following issues as per commitment in the year 2015:

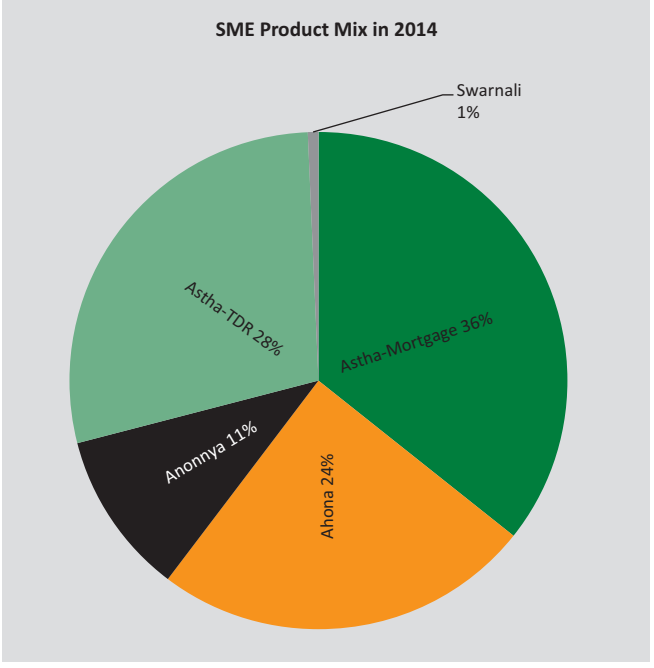
- Book quality portfolio
- Reach the budgeted disbursement target
- Strongly follow up the disbursed clients i.e. regular visit to clients' business outlet
- Increase efficiency for staffs of recovery & collection team
- Proactive legal action
- Initiate performance award to the recovery team for reducing NPL

LBFL SME Position at a Glance: (As on 31st Dec 2014)

Figure in million

Number of Loans Disbursed	200
Amount of Total Loan Disbursed	511.08
Amount of Loan Outstanding	620.14
Number of SME Products	6
Number of Dedicated SME Branches	11
Number of Dedicated SME Officers	45

SME Product Mix in the year 2014:



LIABILITY MANAGEMENT

Liability Management has adopted the strategy to reduce bank borrowing dependencies by increasing core deposits and to balance the heat of extreme volatility of money market. In this regard two separate units have been formed:

- Retail Liability Department,
- Corporate Liability Department.

Retail Liability

The core objective of Retail Liability Department is to focus on retail deposits. Different Liability products are being offered to customers to cater their requirements. Considering the nature of retail clients and to provide the best customer service through strengthening the relationships,a number of separate retail deposit teams consisting of 300 product marketing officers have been deployed throughout the branches all over Bangladesh. All members of the teams work under predefined monthly targets.

Corporate Liability

LankaBangla Finance welcomes the opportunity to establish relationships with corporate clients. Over the years we have received large deposits from various corporate houses which benefited us to enrich our portfolio. We understand that our corporate clients seek qualified and committed financial partners for investment of their funds. Our endeavor to reduce bank borrowing dependencies has been facilitated by collecting large corporate deposits. In this regard we have formed a separate corporate team with professional Relationship Officers who are concentrating solely on providing RM based services to corporate houses.

OTHER DIVISIONS

TREASURY & FI

Treasury is a financial hub which operates as a financial clearing house for all other parts of the organization. Treasury ensures the availability of funds at the right time, right place at the possible minimum cost. In LankaBangla the Treasury & FI division is mainly responsible for the Balance Sheet management. Treasury & FI division is internally structured in four major units, namely- Asset Liability Management Unit, Money Market Unit, FI & Central Bank Dealings Unit and Capital Market Unit.

Treasury performs its responsibility under two broad heads; treasury front office and treasury mid office. The core functions of Treasury & FIs are as under.

Treasury Front Office

- Significant interactions with various trading and delivery teams
- Money Market Operation, i.e. Dealings with Overnight/ Placement/Treasury Line etc.
- Dealings with Govt. fixed income securities
- Striking of deals (trading) and ensuring profits from trading
- Credit relationship with Banks & FIs
- Seeking the alternate source of fund, e.g. issuing of debt instrument, foreign loan etc.
- Maintenance of CRR & SLR
- Liquidity Management by prudent Cash Management
- Repo & Reverse Repo dealings i.e. ALS/LS, Repo & Special Repo with Central Bank, Interbank repo

Treasury Mid Office

- Set up Treasury policies and strategies
- Monitoring, measurement, analysis and reporting of risks namely
- Interest rate risks
- Liquidity risk
- Asset Liability Management (ALM)

Capital Market Unit

Capital Markets Unit at LankaBangla is responsible for formulating equity and fixed income investment strategies, trading at proprietary fund and effectively managing risks thereon. The portfolio is managed following a rigorous top down-bottom up investment process driven by economic, sector and company fundamental research and technical quantitative analysis.

OPERATIONS DIVISION

LankaBangla, towards its endeavor to the best practices of customer service excellence, effective utilization of time and resources, and high quality corporate governance, has centralized its operational activities under Operations Division with separate reporting line from its business and compliance divisions.

Operations Division takes the ownership of all activities commencing after establishment of a relationship with the customer either in the form of obtaining a loan or opening a deposit or liability account. The operating activities encompass all asset and liability products like corporate finance including factoring of accounts receivables, retail finance including home loan, auto loan, personal loan, credit card, SME finance, retail and corporate deposit, bank borrowing, call loan, capital market investment, etc.

The centralized Operations Division is divided under 7 (seven) Departments, namely Asset Operations Departments, Legal Affairs Departments, Asset Recovery & Monitoring Departments, Special Asset Management Departments, Liability Operations Departments, Asset Accounting Departments, Closing & Clearing Departments.

Asset Operations Department

The unit deals with CIF (Customer Information Folio) Completion & Validation, Account Set-up, Security & Charge Documents Preparation, Asset Acquisition, Pre-Appraisal

Documents Authentication Check, Post Appraisal Documents Authentication, Disbursement, Execution, Follow-up of pending documents, Post-dated Cheque Management and Insurance of Assets under Security or Lease, safeguarding of all documents.

Legal Affairs Departments

The unit looks after Security & Charge Documents Vetting, Property Documents Vetting, Genuineness check of Property Documents, providing legal affairs on the matters of the company, etc.

Collection & Monitoring Department

The unit looks after post disbursement activities like monitoring, collection, early alert raising, etc. until settlement through regular due date and overdue status reminders vide SMS, e-mails, letters, telecommunications, meetings, discussions, visits, etc.

SAM (Special Asset Management) Department

For managing NPL cases, a dedicated unit is in place to directly monitor, put into action and intensify recovery and collection drives through dedicated internal recovery officers and also third party collection service providers, where necessary. Legal Affairs supports SAM Unit with the assistance of leading law firms of the country to ensure all out legal actions for collection.

Liability Operations Department

It deals with Term Deposit (TDR) accounts opening, interest servicing to depositors, loan against TDR, customers' statements, tax certificates and other query servicing, pre-encashment/ maturity request processing, settlement management, etc.

Treasury Operations Department

It deals with treasury back office activities related to day-today treasury deals, call money market operations, facilities taken from other banks and financial institutions, capital market investments, and also primary dealership operations.

FINANCE AND ACCOUNTS DIVISION

For ensuring safe, secure, stable & effective financial activities, Finance & Accounts division (FAD) of LankaBangla Finance is operating with utmost efficiency and professionalism under the direct supervision and guidance of the Chief Financial Officer (CFO). This division provides various financial information to internal and external stakeholders necessary for important decision making. The team working in FAD consists of knowledgeable, proactive, intelligent and dedicated members who have proven track-records of rendering successful and smooth financial operation with due enthusiasm and commitment.

Finance and Accounts Division is comprised of 3 major departments which are:

1. **Financial Reporting and Budgeting**
2. **Business Finance**
3. **Credit Card Accounts**

Financial Reporting and Budgeting Department

The Financial Reporting and Budgeting Department is engaged with a vast schedule of financial operations & information which includes the following major responsibilities:

- General financial transaction recording, preparation of financial statements, budgeting and budgetary control, and development of financial and tax strategies.
- Preparation of financial statements on a monthly, quarterly, half-yearly and annual basis. Providing final analysis and subsequent reporting to the Management and the Board.
- Preparation, controlling, monitoring, and analyzing budget related issues.
- Focusing on controlling and monitoring of all types of financial payments and payment of related activities.
- Ensuring timely submission of various statements with appropriate status in prescribed format to the regulators.
- Assisting and maintaining correspondence with regulators by handling various queries on internal policy, operations and management, and complying with the respective statutory and regulatory requirements.
- Ensuring accuracy of all bank balances, including overdraft accounts, through proper reconciliations.
- Ensuring TAX and VAT compliance.

Business Finance Department

The Business Finance Department broadly deals with the management information of business activities and operations. It incorporates various performance measurement methods to delineate the efficiency with which the business divisions operated, thereby ensuring effective decision making and control for the overall organization. Some major responsibilities of the Business Finance team are as follows:

- Assist in monitoring the implementation of strategic business plans.
- Developing performance measures that support the company's strategic direction.
- Analyze the financial health of the organization by using the necessary performance management tools and generating reports for management on any deviations and discrepancies.
- Providing necessary MIS and analysis to top management and the Board for effective decision making.
- Maintaining liaison with business teams whereby required business data is received, necessary for report preparation.
- Providing MIS on a regular interval which highlights business performance with regards to asset and liability positions.
- Monitor the performance of sales staff and provide performance reports for management review.
- Prepare branch performance report for each operating branch.
- Prepare Divisional Accounts, focusing on the performance of each Business Divisions.
- Assist Management by providing various management reports on an ad-hoc basis.

Credit Card Accounts Department

Credit Card Accounts Department deals with vast number of credit cards data and ensures proper financial treatments with regards to credit card transactions. The team oversees financial activities of two types of cards: VISA and MasterCard.

Followings are the major responsibilities of the Credit Card Accounts department:

- Daily reconciliation of cardholders' payments with the help of the designated card software.
- Attending to rejected payments through MasterCard & VISA.
- Conducting the required activities of preparing Bank Reconciliation statements, necessary suspense accounts, collection journal accounts, etc.
- Ensuring smooth activity through timely placement of cardholders' post-dated cheques to the Bank, and checking commission for reserve collection.
- Tracking daily sales and collections to help in producingthe necessary income and expense report.
- Assess and maintain the stock of blank plastic card.

IT DIVISION

Information Technology (IT) Division is steered by the Head of Information Technology (IT) Division under the supervision of the Managing Director. The Deputy Head of Information Technology (IT) Division, who reports to the Head of IT, supervise all the departmental activities.

The main scope of function for this division is to provide all kind of technological support, which includes but not limited to hardware, software, banking applications, network infrastructure to the users to fulfill the organizational business needs and to cope with the future growth.

The division also ensures the confidentiality, integrity, and availability of information and services across the organizational network.

Daily Operation of IT division includes but not limited to workstation delivery (desktop/laptop), user level support for hardware, software, applications, taking back up of Core Banking Software, alert SMS to customers, etc.

Schedule Maintenance of IT division includes but not limited to server hardware maintenance, software/patch/kernel up-gradation, database maintenance and replacing equipment whenever necessary.

The division is internally organized in four key departments named DBA & Application Development Department, Infrastructure and Network Department, IT Security and Compliance Department, and Maintenance & Support Department. Core responsibilities of these departments are –

DBA and Application Development Department

Responsibilities of this department includes, but not limited to, developing and maintaining software and applications used in LBFL. They develop in-house software and application as required, supervise core banking software, credit card software; they also provide user support and training regarding these software and applications.

Infrastructure and Network Department

Responsibilities of this department includes, but not limited to, supervising data center, local area networks, Wi-Fi networks, lease lines, internet connectivity, and servers. The team safeguards uninterrupted services to all users by ensuring consistent network uptime round the clock. The department also supervises the active directory services, central file server, central anti-virus system, mail services, virtualization technology, local network, branch network, third party connectivity to ensure a smooth and secure flow of information.

IT Security and Compliance Department

Responsibilities of this department includes, but not limited to create and maintain information security framework, ensure IT compliance in respect to Bangladesh Bank ICT guideline, ISO and other international standards. This department conducts IT security and awareness training to educate all users who have access to LBFL IT resources and prepare the documentation for IT division such as IT Policy documentation.

Maintenance and Support Department

Duties of this department includes, but not limited to, look after the end user support, preparing desktop and laptops for new users, and maintaining fixed asset register for IT equipment. This department is the first line of contact for IT related support. They also perform periodic audit on IT asset to ensure integrity of IT equipment.

HUMAN RESOURCES DIVISION

Human Resources Division of LankaBangla Finance Limited is established to manage employment lifecycle of the employees starting from strategic human resources planning to separation from the Company.

HR Division stands to ensure right fit for the right position, to take human resources development initiatives according to the needs assessment and also to devise retention strategy and most importantly to create performance driven culture across the company. In 2014, HR Division was focused on employee engagement activities, restructuring of compensation and benefits, developing HR Policies, updating standard operating procedures (SOPs), developing employees through in home and abroad trainings, singing SLAs with other Divisions, and introducing Reward & Recognition program in Town Hall Meeting etc.

Currently, HR Division consists of 3 (three) separate departments namely Recruitment & Employer Branding, Learning & Development and HR Operations. Each department has several units to perform their job in an effective and efficient manner.

Recruitment & Employer Branding has 2 (two) units such as Recruitment which focuses on organizational structure, HR budgeting, Job profiling as well as recruitment and selection process. The other one is Employer Branding unit which focuses on job advertisement, promotional activities, attending career fairs, headhunters' management and managing career page of the organization.

Learning & Development has 2 (two) units such as Training which focuses on orientation, foundation training, job specific & soft skill training, managerial & leadership training, 360 degree & executive coaching and e-learning. Another unit is Organizational Development which emphases on employee code of conduct, managing cultural shift, performance

management, talent management & succession planning, functional competency mapping and HR automations.

HR Operations has 3 (three) units such as HR Services that covers HR archive management, data entry, providing service like employee separation and transaction activities, leave and attendance administration, HR reporting and insurance management. Compensation & Benefits unit focuses on payroll processing, commission/incentive processing, managing staff promotion, performance and festival bonus processing, industry survey, staff cost analysis, staff amenities etc. Employee Relations unit covers up-gradation of HR policies and HR SOPs, HR related survey, managing HR events, employee disciplinary actions and compliant management, reward & recognition program etc.

GENERAL & INFRASTRUCTURE SERVICES

LankaBangla has put in place the centralized General & Infrastructure Services (GIS) Division to ensure that all general, logistics, and infrastructure services are planned, organized, executed, and monitored on a continuous manner to ensure timely, cost-effective, and result oriented support to all segments and operations of the company. GIS Division's functions are divided under 3 (three) units, namely Logistics & Support Unit, Procurement Unit, and Infrastructure & Development Unit.

Logistics & Support Unit

It deals with day-to-day support activities for making available printing & stationery materials, office supplies, ensuring floor cleaning & environmental standard maintenance, transport management, storage, etc.

Procurement Unit

The unit processes all sorts of procurement planning, approval with the recommendation of Purchase Committee of the management and approval of the competent authority, and procurement. Infrastructure & Development Unit It undertakes all infrastructure and development activities like planning, acquisition and development of new office premises for expansion of head office, Branches, Booths; opening of new branches and booths; and their launching, etc.

CREDIT RISK MANAGEMENT

In compliance with Enterprise Risk Management strategy, LankaBangla has established an independent Credit Risk Management Division which is separate from business and operations divisions. All credit proposals are independently assessed – different risk factors and mitigation plans are identified in line with company's Board approved credit policy/PPG. Any findings, be it positive or negative, relevant to make note of, is also highlighted for perusal of the approving authority for consideration.

Credit Risk Management Division regularly monitors the quality of loan portfolio and actively works on Early Alert Reports generated by business/operations units. Analysis on delinquent asset portfolio not only helps to chart the right course of lending but also allows maintaining the NPL at its minimum level. It has become possible, by following Board's guidance and management's strict adherence to corporate lending policy and PPG's for SME and Retail lending products to keep the quality of lending at its best possible profile.

At LankaBangla, industry best practices are implemented to ensure the quality of lending portfolio and relentless effort is in place to retain the culture of applying due diligence at all levels of credit risk management.

RISK MANAGEMENT

Risk Management Division (RMD) at LankaBangla is committed to adopt sound risk management principles and to manage risk in accordance with recognized best practices. In order to deliver this objective a consistent and systematic approach to managing risk is adopted by all staff in all areas of the company's activities. The Risk Management Division is maintaining the highest possible integrity for services provided by LankaBangla & ensures Safeguard company's assets (people, property, reputation and financials). RMD has created an environment where LankaBangla employees assume responsibility for managing Risk and identifying possible risks in their respective areas of control. RMD ensures that LankaBangla management can appropriately maximize its opportunities and minimize its threats. Regular audit from RMD (Risk Management Division) are conducted in addition to central Bank's audit for meticulous compliance of policy issues.

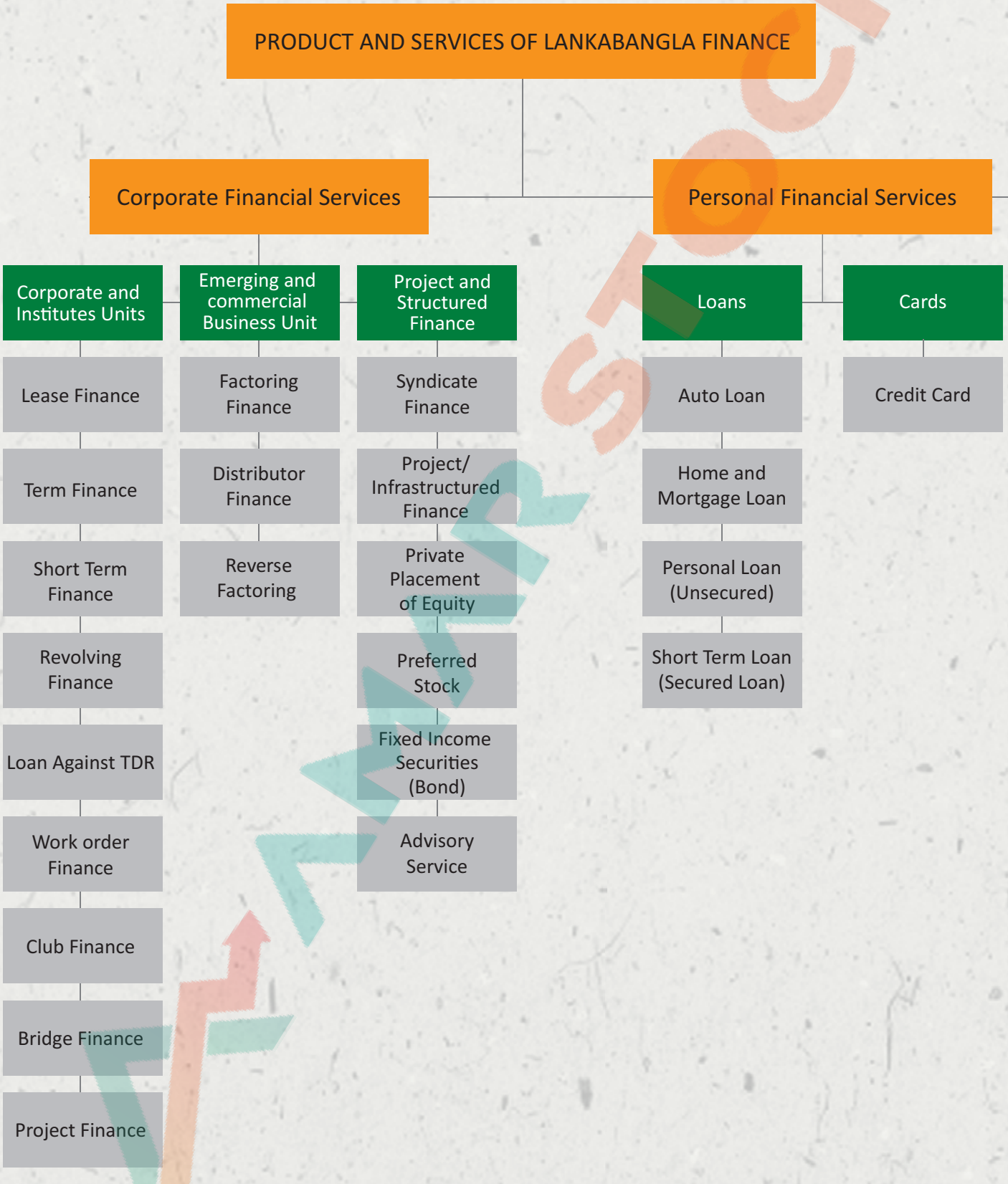
The Risk Management Division which directly reports to the Board Audit Committee (BAC) is divided in 3 (three) departments, namely Internal Audit & Inspection Unit, Enterprise Risk Management Unit and Internal Control & Compliance Unit.

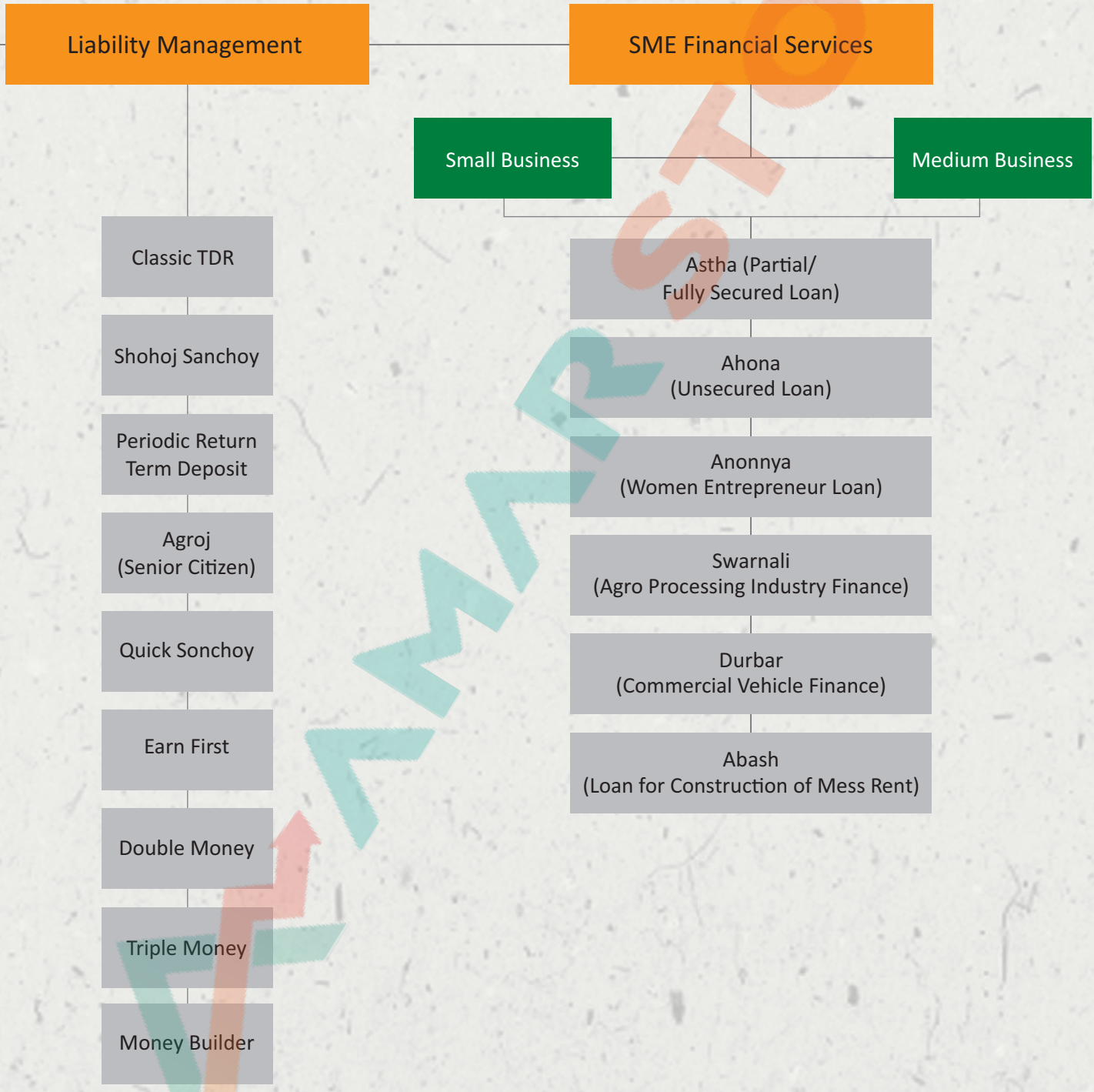
BOARD SECRETARIAT

The role of the Board Secretariat Division is to serve as a liaison between the Board of Directors, the management, the shareholders, the regulators and other stakeholders concerning the operations of the Company. The Board Secretariat employees' mission is to assist the Board members and facilitate the management in carrying out their respective roles and responsibilities effectively and to serve the stakeholders by providing required information regarding the activities of LankaBangla Finance Limited (including its subsidiaries) as well as the Board of the respective company.

The Board Secretariat is reportable to the Board and for administrative purpose to the Managing Director. The Board Secretariat is the authorized representative of the Board of Directors. The Board Secretariat is often the first contact point for the shareholders regarding the operation of the Company. The concerned employees of the Secretariat ensure relevant regulatory compliance and reporting prepare meeting notices, arrange Board and its Committee and shareholders' meetings, produce and distribute meeting materials and ensure all of the required arrangements regarding entitlements of the shareholders. The concerned employees prepare the official minutes of the meetings which to be kept in perpetuity.

PRODUCT AND SERVICES




Liability Management
SME Financial Services
Small Business
Medium Business
Classic TDR
Shohoj Sanchoy
Periodic Return Term Deposit
Agroj (Senior Citizen)
Quick Sonchoy
Earn First
Double Money
Triple Money
Money Builder
Astha (Partial/ Fully Secured Loan)
Ahona (Unsecured Loan)
Anonnya (Women Entrepreneur Loan)
Swarnali (Agro Processing Industry Finance)
Durbar (Commercial Vehicle Finance)
Abash (Loan for Construction of Mess Rent)

AMARSTOCK

PROJECTS FINANCED BY LANKABANGLA


01


02


03


04


05


06

SL	Caption
01	Power Generation Plant
02	Ship Building
03	Steel Manufacturing Plant
04	Cement Manufacturing
05	Cargo Vessels
06	Spinning Mill

PROJECTS FINANCED BY LANKABANGLA


07


08


09


10


11


12

SL	Caption
07	Textile Mill
08	Denim Factory
09	Circular Knitting Mill
10	Ready-Made Garment
11	Petroleum Plant
12	Paper Manufacturing Plant

PROJECTS FINANCED BY LANKABANGLA


13


14


15


16


17


18

SL	Caption
13	Shoe Manufacturing Plant
14	Salt Manufacturing Plant
15	Ice Cream Manufacturing
16	Road Construction
17	Glassware Manufacturing Plant
18	Beverage Plant

PROJECTS FINANCED BY LANKABANGLA


19


20



21


22


23


24

SL	Caption
19	Sanitary Product Manufacturing Plant
20	Jute Mill
21	Ready-mix Processing Plant
22	Medical Equipment
23	Furniture Manufacturing Plant
24	Hospitality

IT SECTOR FINANCING BY LANKABANGLA

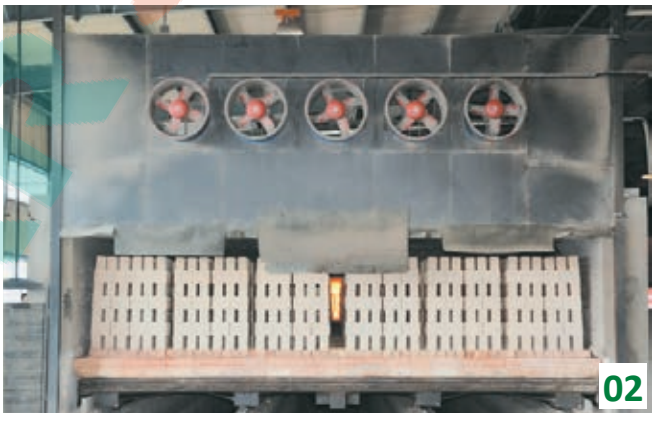


AGRICULTURE FINANCING BY LANKABANGLA



GREEN FINANCING BY LANKABANGLA







SL	Caption
01	Power Solar
02	Auto Brick
03	ETP


H_2O
O_2
eco

AN EVENTFUL YEAR FOR LANKABANGLA



01


02


03


04


05


06

SL	Caption
01	17th AGM of LankaBangla
02	The Directors of LankaBangla Finance on Board Meeting
03	Shareholders of LankaBangla Finance at 17th AGM
04	The Directors of LankaBangla Securities on Board Meeting
05	The Directors of LankaBangla Investments on Board Meeting
06	The Directors of LankaBangla Asset Management Company on Board Meeting

AN EVENTFUL YEAR FOR LANKABANGLA


07


08


09


10


11


12

SL	Caption
07	Badminton Tournament
08	Banani Branch Opening
09	Job Fair Participations
10	Mother's Day Celebration
11	Motijheel Branch Opening
12	SME Fair Participations

AN EVENTFUL YEAR FOR LANKABANGLA


13


14



15


16



17



18

SL	Caption
13	Town Hall 2014
14	Uttara Branch Opening
15	LankaBangla Football Fest 2014
16	MoU Signing Ceremony between Sanmar Properties Ltd and LankaBangla Finance Ltd.
17	MoU Signing Ceremony between Hoq's Bay and LankaBangla Finance Ltd.
18	MoU Signing Ceremony between Long Beach Hotel Ltd and LankaBangla Finance Ltd.

FINANCIAL HIGHLIGHTS LANKABANGLA GROUP

All figures in BDT million except (%)

Financial Position	2010	2011	2012	2013	2014	Growth of 2014 over 2013	5 Year CAGR (%)/ Average*
Total Assets	19,322	22,380	25,339	32,648	39,129	19.85%	19.29%
Total Liabilities	14,193	16,293	18,672	25,619	31,997	24.90%	22.53%
Business Disbursement	4,276	4,444	6,370	11,070	19,750	78.41%	46.60%
Property Plant and Equipment	195	189	238	291	311	6.72%	12.38%
Current Assets	8,986	9,345	19,887	19,281	13,316	-30.94%	10.33%
Current Liabilities	7,870	8,945	10,805	14,965	9,381	-37.31%	4.49%
Net current assets	1,116	400	9,082	4,317	3,935	-8.85%	37.03%
Non Current Assets	10,337	13,035	5,452	13,367	25,813	93.11%	25.71%
Long Term Liabilities	6,323	7,348	7,867	10,654	22,616	112.28%	37.52%
Term Deposits	4,560	5,310	7,616	10,827	16,683	54.08%	38.30%
Total Investment Portfolio	17,269	20,049	23,424	29,812	36,576	22.69%	20.64%
Operational Performance							
Operating Revenue	4,176	3,410	3,537	5,189	5,100	-1.71%	5.12%
Operating Expenses	498	627	794	892	1,285	44.03%	26.76%
Financial Expenses	1,016	1,397	2,148	2,731	3,033	11.06%	31.44%
Net Profit Before Tax	2,331	1,304	510	997	434	-56.51%	-34.33%
Net Profit After Tax	1,839	859	348	955	454	-52.44%	-29.52%
EBITDA	3,710	2,818	2,808	4,369	3,909	-10.54%	1.31%
Turnover of Share Trading by LBSL	560,366	229,162	135,335	135,795	181,674	33.79%	-24.54%
Financial Ratios							
Gross Profit Ratio	24.33%	40.95%	60.71%	52.63%	59.47%	12.99%	56.05%
Operating Profit Ratio	63.75%	40.67%	16.86%	30.18%	15.34%	-49.17%	22.76%
Return on Capital Employed	16.96%	7.12%	2.60%	5.35%	2.21%	-58.63%	3.78%
Cash reserve ratio/ liquidity asset ratio (Required 2.5%)	5.68%	3.59%	2.80%	2.58%	2.64%	2.31%	2.61%
Statutory Liquidity Reserve (Required 5%)	26.91%	8.92%	7.57%	6.52%	6.00%	-7.98%	6.26%
Capital Adequacy Ratio (2011: Test Run. Effct. From 2012)	-	10.3%	19.64%	20.75%	17.26%	-16.82%	19.01%
Gross Non performing assets to gross advances/Non performing loans (assets) to total loans (assets)	7.90%	6.51%	3.96%	4.84%	5.08%	4.96%	5.66%
Cost to Income Ratio	36.25%	59.33%	83.14%	69.82%	84.66%	21.25%	66.64%
Current Ratio	1.14	1.04	1.84	1.29	1.42	10.17%	1.35
Debt Equity Ratio	2.97	2.85	2.88	3.75	4.61	22.98%	3.41
Financial Expense Coverage Ratio	3.62	1.99	1.28	1.57	1.26	-20.05%	1.94
Return on Equity (%)	38.43%	16.36%	5.71%	14.34%	6.59%	-54.07%	16.29%
Return on Assets (%)	9.52%	4.12%	1.46%	3.29%	1.26%	-61.58%	3.93%
Equity Parameters							
Authorized Capital	1,000	3,000	3,000	3,000	3,000	0.00%	31.61%
Paid-up Capital	531	824	1,894	2,083	2,188	5.00%	42.45%
Shareholders' Equity	4,790	5,720	6,474	6,840	6,947	1.56%	9.74%
No. of Share Outstanding	53.13	82.35	189.41	208.35	218.77	5.00%	42.45%
Net Asset Value (NAV) Per Share	90.18	69.46	34.18	32.83	31.75	-3.27%	-22.97%
Earnings Per Share (EPS)	32	9.61	1.77	4.28	2.02	-52.80%	-49.88%
Market Price Per Share (Closing)	497.9	170.2	59.00	66.5	44.0	-33.83%	-45.48%
Price Earnings Ratio (Times)	15.56	17.71	33.39	15.54	21.78	40.19%	20.80
Dividend Payment (C-cash & B- bonus)	55% B	30% B	10% B	5% B	10% B		32%
	-	-	-	15% C	10% C		
Dividend Payout Ratio (%)	17.19%	31.22%	56.60%	43.67%	99.01%	126.73%	54.92%
Dividend Coverage (Times)	5.82	3.20	1.84	2.29	1.01	-55.91%	-35.45%
Dividend Yield (%)	1.10%	1.76%	1.69%	3.01%	4.55%	51.14%	2.42%
Profit Per Employee (mn)	5.57	2.46	0.77	1.79	0.59	-66.76%	2.24
Credit Ratings							
Long Term	A_2	A_2	A_2	A_2	A_2		
Short Term	ST-3	ST-3	ST-3	ST-3	ST-3		

GROWING WITH GREEN

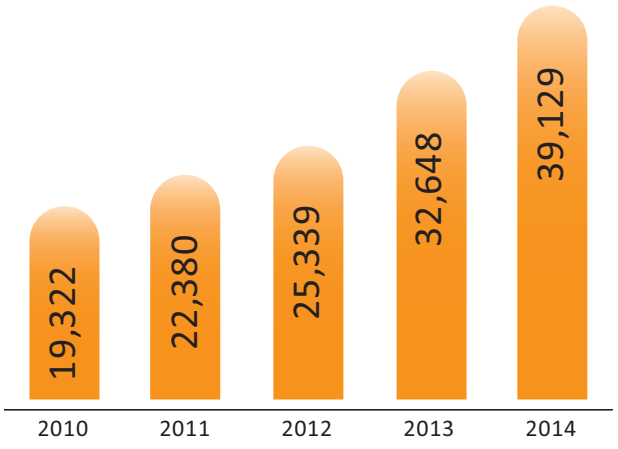
FINANCIAL HIGHLIGHTS
LANKABANGLA FINANCE LIMITED

All figures in BDT million except (%)

Financial Position	2010	2011	2012	2013	2014	Growth of 2014 over 2013	5 Year CAGR (%)/ Average*
Total Assets	13,721	15,904	19,499	26,630	32,353	21.49%	23.92%
Total Liabilities	12,498	14,079	15,628	22,315	27,705	24.16%	22.02%
Business Disbursement	4,276	4,444	6,370	11,070	19,750	78.41%	46.60%
Property Plant and Equipment	39	30	50	73	129	75.34%	34.84%
Term Deposits	4,815	5,570	7,677	10,876	16,717	53.71%	36.50%
Total Investment Portfolio	13,065	15,391	18,844	25,617	30,901	20.63%	24.01%
Operational Performance							
Operating Revenue	1,476	2,211	3,628	3,490	4,090	17.22%	29.02%
Operating Expenses	174	212	374	407	718	76.22%	42.47%
Financial Expenses	490	1,403	1,829	2,409	2,631	9.19%	52.22%
Net Profit Before Tax	611	541	1,233	344	465	35.10%	-6.61%
Net Profit After Tax	403	467	1,236	448	652	45.45%	12.76%
EBITDA	1,322	2,014	3,275	3,103	3,415	10.06%	26.78%
Financial Ratios							
Gross Profit Ratio	33.19%	63.48%	50.42%	69.04%	64.31%	-6.85%	66.68%
Operating Profit Ratio	55.01%	26.91%	39.28%	19.28%	18.14%	-5.95%	18.71%
Return on Capital Employed	6.88%	4.17%	7.88%	2.71%	2.45%	-9.66%	2.58%
Capital Adequacy Ratio (2011: Test Run. Effct. From 2012)	-	10.3%	19.64%	16.76%	15.07%	-10.08%	15.92%
Gross Non performing assets to gross advances/Non performing loans (assets) to total loans (assets)	7.90%	6.51%	3.96%	4.84%	5.08%	4.96%	5.66%
Cost to Income Ratio	44.99%	73.09%	60.72%	80.72%	81.86%	1.42%	68.28%
Debt Equity Ratio	10.22	7.72	4.04	5.17	5.96	15.27%	6.62
Financial Expense Coverage Ratio	2.66	1.42	1.78	1.28	1.28	0.21%	1.68
Return on Equity (%)	32.95%	30.62%	43.39%	10.95%	14.54%	32.85%	26.49%
Return on Assets (%)	2.94%	3.15%	6.98%	1.94%	2.21%	13.76%	3.44%
Equity Parameters							
Authorized Capital	1,000	3,000	3,000	3,000	3,000	0.00%	31.61%
Paid-up Capital	531	824	1,894	2,083	2,188	5.00%	42.45%
Shareholders' Equity	1,223	1,824	3,871	4,315	4,647	7.71%	39.61%
No. of Share Outstanding	53.13	82.35	189.41	208.35	218.77	5.00%	42.45%
Net Asset Value (NAV) Per Share	5.59	8.34	17.70	19.72	21.24	7.71%	39.61%
Earnings Per Share (EPS)	1.84	2.13	5.65	2.05	2.98	45.37%	12.77%
Market Price Per Share (Closing)	497.9	170.2	59.00	66.5	44.0	-33.83%	-45.48%
Price Earnings Ratio (Times)	270.22	79.79	10.45	32.44	14.77	-54.48%	81.53
Dividend Payment (C-cash & B- bonus)	55% B -	30% B -	10% B -	5% B 15% C	10% B 10% C		32%
Dividend Payout Ratio (%)	17.19%	31.22%	56.60%	43.67%	67.11%	53.69%	40.57%
Dividend Coverage (Times)	5.82	3.20	1.84	2.29	1.49	-34.96%	-28.86%
Dividend Yield (%)	1.10%	1.76%	1.69%	3.01%	4.55%	51.14%	2.42%
Profit Per Employee (mn)	5.57	2.46	0.77	1.79	0.85	-52.28%	2.29
"Credit Ratings"							
Long Term	A2	A2	A2	A2	A2		
Short Term	ST-3	ST-3	ST-3	ST-3	ST-3		

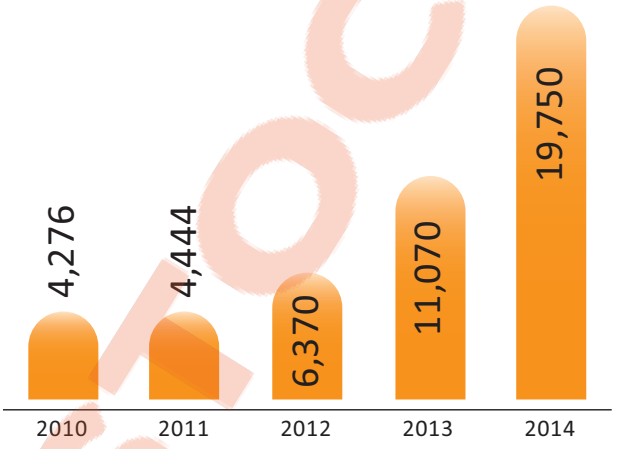
LANKABANGLA GROUP

Total Asset



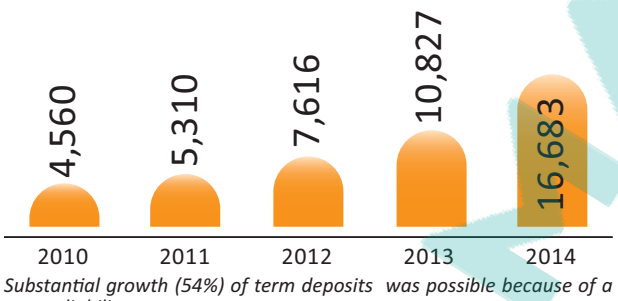
Total assets are growing at 19% (Avg.) due to Company's relentless effort to disburse quality loans.

Business Disbursement



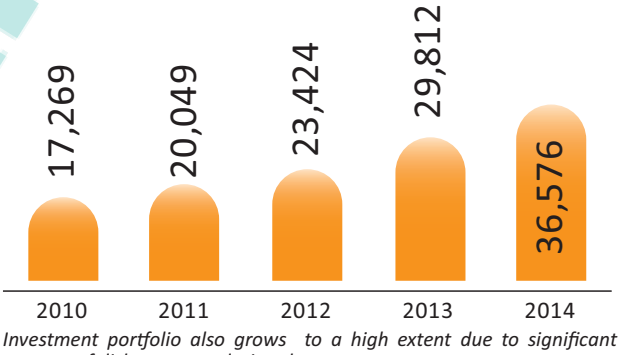
78% Growth is achieved in 2014 due to recorded amount (1,975 crore) of disbursement to corporate, consumers and SME clients.

Term Deposits



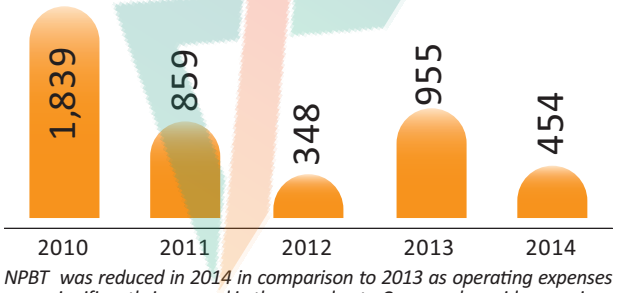
Substantial growth (54%) of term deposits was possible because of a strong liability team.

Total Investment Portfolio



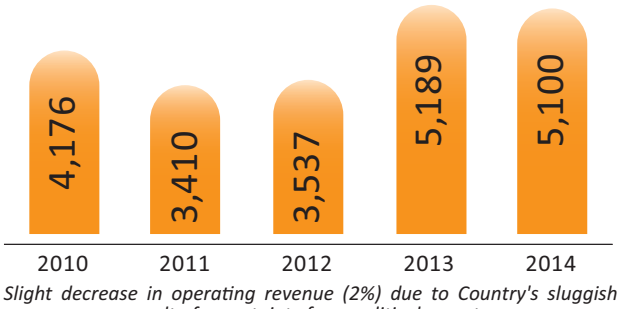
Investment portfolio also grows to a high extent due to significant amount of disbursement during the year.

Net Profit After Tax



NPBT was reduced in 2014 in comparison to 2013 as operating expenses were significantly increased in the year due to Company's rapid expansion .

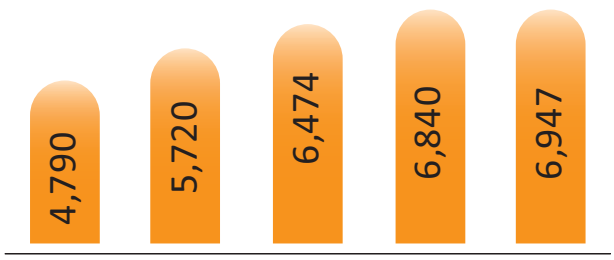
Operating Revenue



Slight decrease in operating revenue (2%) due to Country's sluggish economy as a result of uncertainty from political unrest.

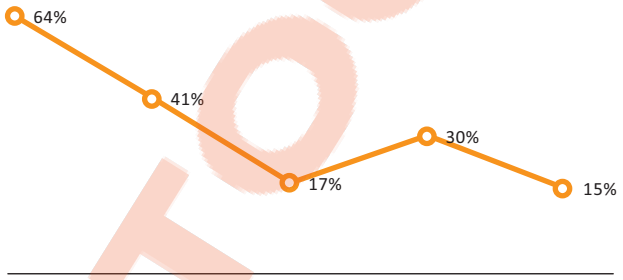
LANKABANGLA GROUP

Shareholders' Equity



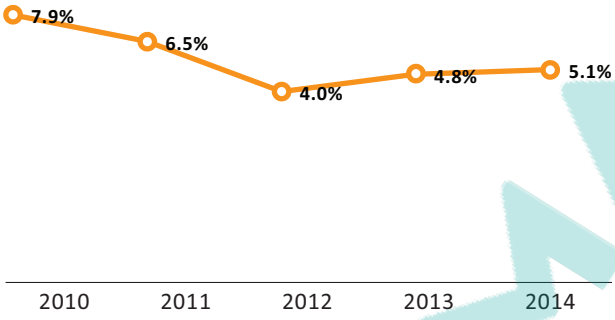
Equity slightly increased by 11 crore over 2013. Increase in equity is lower because of 15% cash dividend payment (310 million) in 2014.

Operating Profit Ratio



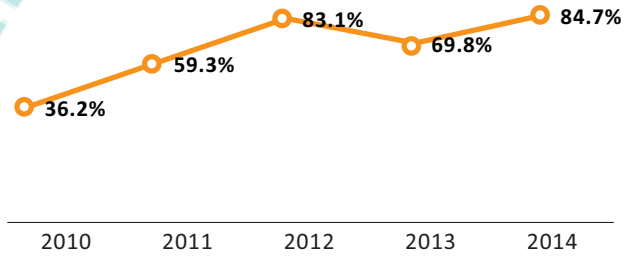
Operating margin was reduced in 2014 in comparison to 2013 as operating expenses were significantly increased in the year due to Company's rapid expansion .

NPL Ratio



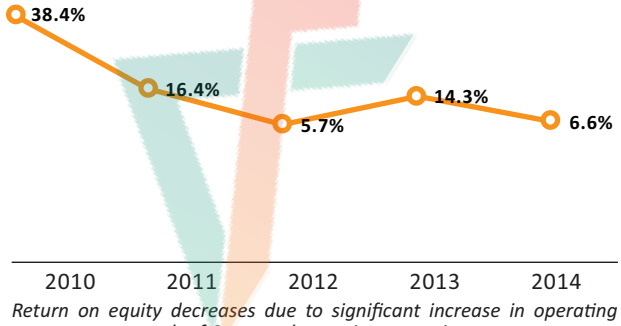
Increase of NPL is positively correlated with the political unrest of 2014; albeit it is not alarming.

Cost to Income Ratio



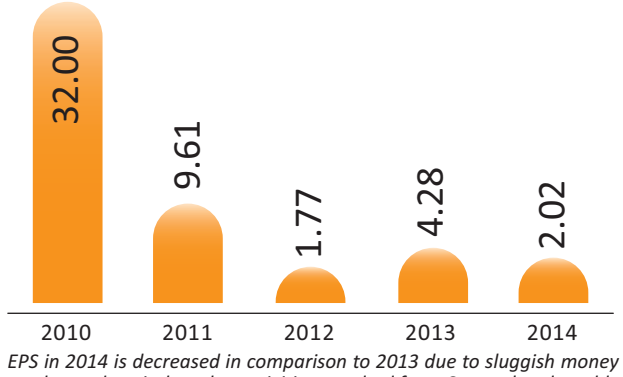
Costs to income ratio was increased in 2014 in comparison to 2013 as operating expenses were significantly increased in the year due to Company's rapid expansion and due to the fact that Company's revenue was not increased on that line due to political unrest.

Return on Equity (%)



Return on equity decreases due to significant increase in operating expenses as a result of Company's massive expansion.

Earnings Per Share (EPS)

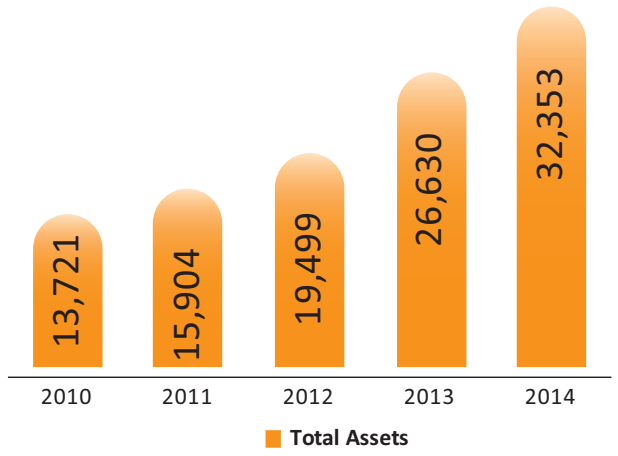


EPS in 2014 is decreased in comparison to 2013 due to sluggish money market and capital market activities resulted from Country's vulnerable economic condition.

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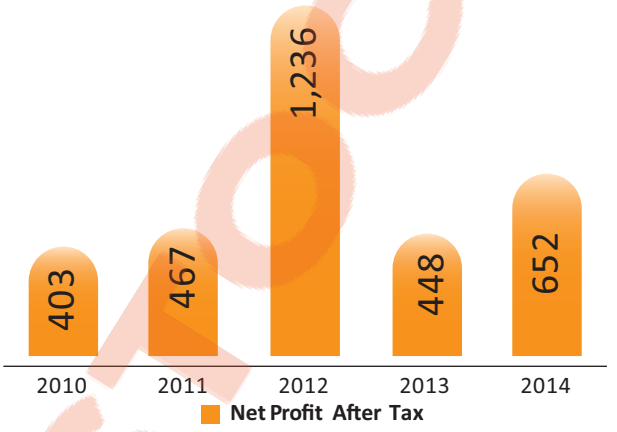
LANKABANGLA FINANCE LIMITED

Total Assets



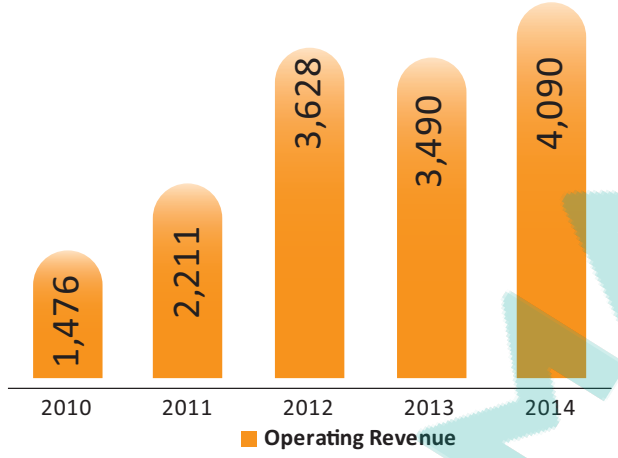
Total assets are growing at 24% (Avg.) due to Company's relentless effort to disburse quality loans.

Net Profit After Tax



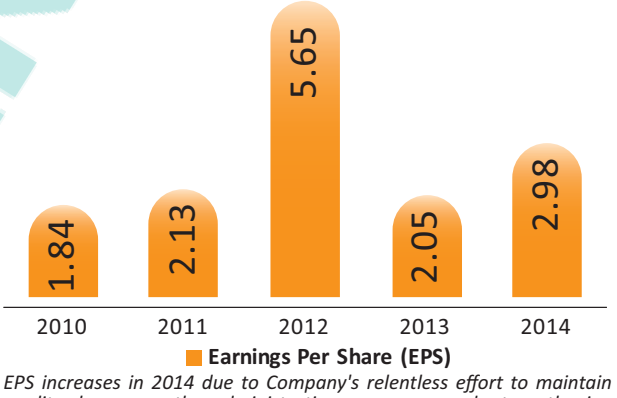
Net Profit was increased in 2014 in comparison to 2013 as Company was able to reduce its interest expenses significantly by capitalizing the market imperfection.

Operating Revenue



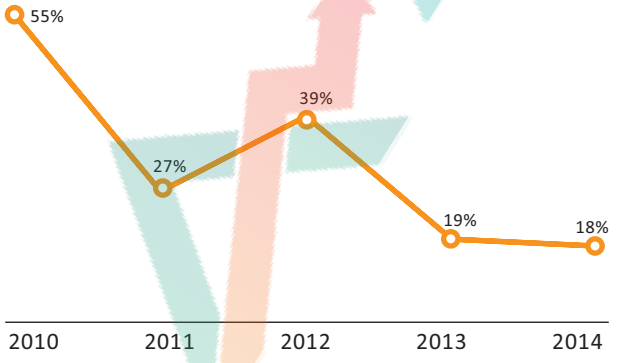
Operating revenue is being continually growing due to Company's rapid expansion in the money market by covering more geographical areas.

Earnings Per Share (EPS)



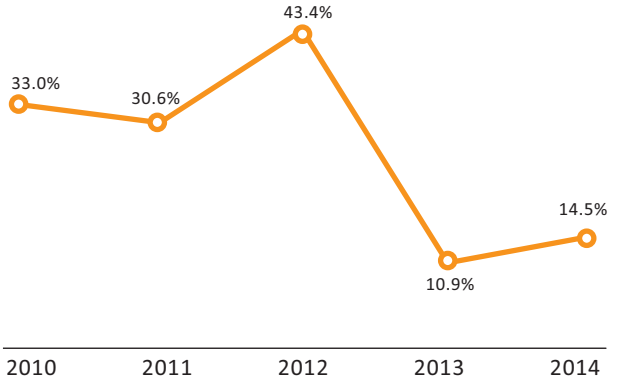
EPS increases in 2014 due to Company's relentless effort to maintain quality loan growth, administrating expenses and strengthening recovery and collections.

Operating Profit Ratio



Operating margin was slightly reduced in 2014 in comparison to 2013 as operating expenses were significantly increased in the year due to Company's rapid expansion .

Return on Equity (%)



Return on equity was increased in 2014 due to Company's relentless effort on the efficient uses of Shareholders' fund by maintaing quality loan growth, administrating expenses and strengthening recovery and collections.

GROWING WITH GREEN

HORIZONTAL ANALYSIS

FOR THE LAST 5 YEARS

Consolidated Statement of Comprehensive Income

	2014	2013	2012	2011	2010
Operating Income					
Net interest	159%	175%	115%	164%	100%
Interest income	248%	235%	176%	147%	100%
Less : Interest expenses on deposits & borrowings	298%	269%	211%	137%	100%
Income from investment	56%	212%	9%	43%	100%
Commission, exchange and brokerage income	36%	25%	25%	40%	100%
Other operational income	78%	63%	62%	41%	100%
Total operating income	**65%**	**78%**	**44%**	**64%**	**100%**
Operating Expenses					
Salary and allowances	298%	196%	161%	87%	100%
Rent, taxes, insurance, electricity etc.	411%	317%	246%	133%	100%
Legal and professional fees	427%	287%	205%	154%	100%
Postage, stamp, telecommunication etc.	450%	271%	221%	137%	100%
Stationery, printing, advertisement	337%	200%	153%	118%	100%
Managing director's salary and allowance	252%	217%	194%	41%	100%
Director fees and expenses	297%	295%	244%	122%	100%
Audit fees	464%	205%	155%	176%	100%
Changes on loan losses	0%	0%	0%	101%	100%
Repairs, maintenance and depreciation	295%	229%	204%	107%	100%
Other expenses	168%	124%	134%	178%	100%
Total operating expenses	**258%**	**179%**	**159%**	**126%**	**100%**
Net Operating Income	**29%**	**59%**	**22%**	**52%**	**100%**
Provisions for loans / investments	**104%**	**169%**	**26%**	**25%**	**100%**
Provisions for leases and loans	57%	95%	25%	28%	100%
Provision for margin loan					
Provision for diminution in value of investments	399%	108%	32%	0%	100%
General provision for other assets					
Profit before tax and reserve	**19%**	**43%**	**22%**	**56%**	**100%**
	-4%	**9%**	**33%**	**90%**	**100%**
Provision for tax made during the year	-3%	5%	33%	87%	100%
Deferred tax expense or (Income)	32%	-101%	31%	-10%	100%
Net profit after tax	**25%**	**52%**	**19%**	**47%**	**100%**
Earnings Per Share (Restated)	**26%**	**55%**	**19%**	**47%**	**100%**

AMARSTOCK

HORIZONTAL ANALYSIS

FOR THE LAST 5 YEARS

Consolidated Statement of Financial Position

	2014	2013	2012	2011	2010
PROPERTY AND ASSETS					
Cash	**364%**	**210%**	**176%**	**128%**	**100%**
Cash in hand	80%	91%	81%	82%	100%
Balance with Bangladesh Bank	365%	210%	176%	128%	100%
Balance with other banks and financial institutions	**108%**	**133%**	**86%**	**115%**	**100%**
Inside Bangladesh	108%	133%	86%	115%	100%
Outside Bangladesh					
Money at call and short notice					
Investment	**215%**	**153%**	**148%**	**155%**	**100%**
Government securities	75%	75%	82%	134%	100%
Other investments	412%	263%	240%	185%	100%
Leases, loans and advances	**321%**	**268%**	**197%**	**110%**	**100%**
Lease portfolio, term finance, short term loan, etc.					
Fixed assets including land, building, furniture and fixtures	**159%**	**149%**	**122%**	**97%**	**100%**
Other assets	**23%**	**16%**	**25%**	**110%**	**100%**
TOTAL PROPERTY AND ASSETS	**203%**	**169%**	**131%**	**116%**	**100%**
LIABILITY AND SHAREHOLDERS' EQUITY					
Liabilities	**260%**	**206%**	**151%**	**126%**	**100%**
Borrowings from Bangladesh Bank, other banks and financial institutions	184%	183%	139%	133%	100%
Term deposits	366%	237%	167%	116%	100%
Other liabilities	**110%**	**97%**	**68%**	**77%**	**100%**
TOTAL LIABILITIES	**225%**	**181%**	**132%**	**115%**	**100%**
Shareholders' Equity	**145%**	**143%**	**135%**	**119%**	**100%**
Paid up capital	412%	392%	357%	155%	100%
Share premium	100%	100%	100%	100%	100%
Statutory reserve	353%	294%	254%	142%	100%
General reserve	152%	132%	123%	113%	100%
Fair value measurement reserve	15%	15%	100%	100%	100%
Retained earnings	112%	118%	99%	122%	100%
Non controlling interest	54%	55%	56%	108%	100%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**203%**	**169%**	**131%**	**116%**	**100%**

AMARSTOCK

GROWING WITH GREEN

VERTICAL ANALYSIS

FOR THE LAST 5 YEARS

Consolidated Statement of Comprehensive Income

	2014	2013	2012	2011	2010
Operating Income					
Net interest	18.29%	19.76%	19.02%	28.21%	14.01%
Interest income	77.75%	72.39%	79.73%	69.16%	38.34%
Less : Interest expenses on deposits & borrowings	59.47%	52.63%	60.71%	40.95%	24.33%
Income from investment	3.90%	14.41%	0.92%	4.46%	8.45%
Commission, exchange and brokerage income	13.28%	9.21%	13.56%	22.40%	45.30%
Other operational income	5.07%	3.99%	5.79%	3.98%	7.91%
Total operating income	**40.53%**	**47.37%**	**39.29%**	**59.05%**	**75.67%**
Operating Expenses					
Salary and allowances	13.20%	8.50%	10.29%	5.72%	5.40%
Rent, taxes, insurance, electricity etc.	2.25%	1.71%	1.94%	1.09%	0.67%
Legal and professional fees	0.50%	0.33%	0.34%	0.27%	0.14%
Postage, stamp, telecommunication etc.	0.34%	0.20%	0.24%	0.16%	0.09%
Stationery, printing, advertisement	0.68%	0.39%	0.44%	0.35%	0.25%
Managing director's salary and allowance	0.28%	0.23%	0.31%	0.07%	0.13%
Director fees and expenses	0.03%	0.03%	0.04%	0.02%	0.01%
Audit fees	0.03%	0.01%	0.01%	0.02%	0.01%
Changes on loan losses	0.00%	0.00%	0.00%	0.06%	0.05%
Repairs, maintenance and depreciation	1.84%	1.40%	1.83%	1.00%	0.76%
Other expenses	6.05%	4.39%	6.99%	9.63%	4.41%
Total operating expenses	**25.19%**	**17.19%**	**22.44%**	**18.38%**	**11.92%**
Net Operating Income	**15.34%**	**30.18%**	**16.86%**	**40.67%**	**63.75%**
Provisions for loans / investments	**6.78%**	**10.78%**	**2.43%**	**2.43%**	**7.93%**
Provisions for leases and loans	3.27%	5.36%	2.08%	2.43%	7.02%
Provision for margin loan	0.52%	4.63%	0.00%	0.00%	0.00%
Provision for diminution in value of investments	3.00%	0.79%	0.35%	0.00%	0.92%
General provision for other assets	0.05%	0.18%	0.00%	0.00%	0.00%
Profit before tax and reserve	**8.50%**	**19.22%**	**14.43%**	**38.24%**	**55.82%**
	-0.40%	**0.82%**	**4.59%**	**13.05%**	**11.78%**
Provision for tax made during the year	-0.30%	0.51%	4.73%	13.00%	12.16%
Deferred tax expense or (Income)	-0.10%	0.31%	-0.14%	0.05%	-0.38%
Net profit after tax	**8.90%**	**18.40%**	**9.84%**	**25.19%**	**44.04%**

VERTICAL ANALYSIS

FOR THE LAST 5 YEARS

Consolidated Statement of Financial Position

	2014	2013	2012	2011	2010
PROPERTY AND ASSETS					
Cash	**0.86%**	**0.60%**	**0.64%**	**0.53%**	**0.48%**
Cash in hand	0.00%	0.00%	0.00%	0.00%	0.00%
Balance with Bangladesh Bank	0.86%	0.59%	0.64%	0.53%	0.48%
Balance with other banks and financial institutions	**4.87%**	**7.20%**	**5.98%**	**9.04%**	**9.14%**
Inside Bangladesh	4.87%	7.20%	5.98%	9.04%	9.14%
Outside Bangladesh	0.00%	0.00%	0.00%	0.00%	
Money at call and short notice					
Investment	**12.62%**	**10.77%**	**13.40%**	**15.95%**	**11.90%**
Government securities	2.58%	3.09%	4.38%	8.05%	6.96%
Other investments	10.04%	7.68%	9.02%	7.90%	4.94%
Leases, loans and advances	**77.68%**	**77.87%**	**73.54%**	**46.64%**	**49.02%**
Lease portfolio, term finance, short term loan, etc.					
Fixed assets including land, building, furniture and fixtures	**0.79%**	**0.89%**	**0.94%**	**0.84%**	**1.01%**
Other assets	**3.17%**	**2.67%**	**5.50%**	**27.00%**	**28.45%**
TOTAL PROPERTY AND ASSETS	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
LIABILITY AND SHAREHOLDERS' EQUITY					
Liabilities	**72.57%**	**68.69%**	**64.93%**	**61.51%**	**56.47%**
Borrowings from Bangladesh Bank, other banks and financial institutions	29.93%	35.52%	34.88%	37.78%	32.87%
Term deposits	42.64%	33.16%	30.06%	23.72%	23.60%
Other liabilities	**9.21%**	**9.78%**	**8.76%**	**11.29%**	**16.98%**
TOTAL LIABILITIES	**81.77%**	**78.47%**	**73.69%**	**72.80%**	**73.45%**
Shareholders' Equity	**17.75%**	**20.95%**	**25.55%**	**25.54%**	**24.77%**
Paid up capital	5.59%	6.38%	7.48%	3.68%	2.75%
Share premium	2.79%	3.34%	4.31%	4.87%	5.65%
Statutory reserve	1.99%	1.99%	2.22%	1.41%	1.14%
General reserve	0.13%	0.14%	0.17%	0.18%	0.18%
Fair value measurement reserve	0.18%	0.21%	1.77%	2.00%	2.32%
Retained earnings	7.07%	8.88%	9.61%	13.40%	12.73%
Non controlling interest	0.47%	0.58%	0.76%	1.66%	1.78%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**100%**	**100%**	**100%**	**100%**	**100%**

AMARSTOCK

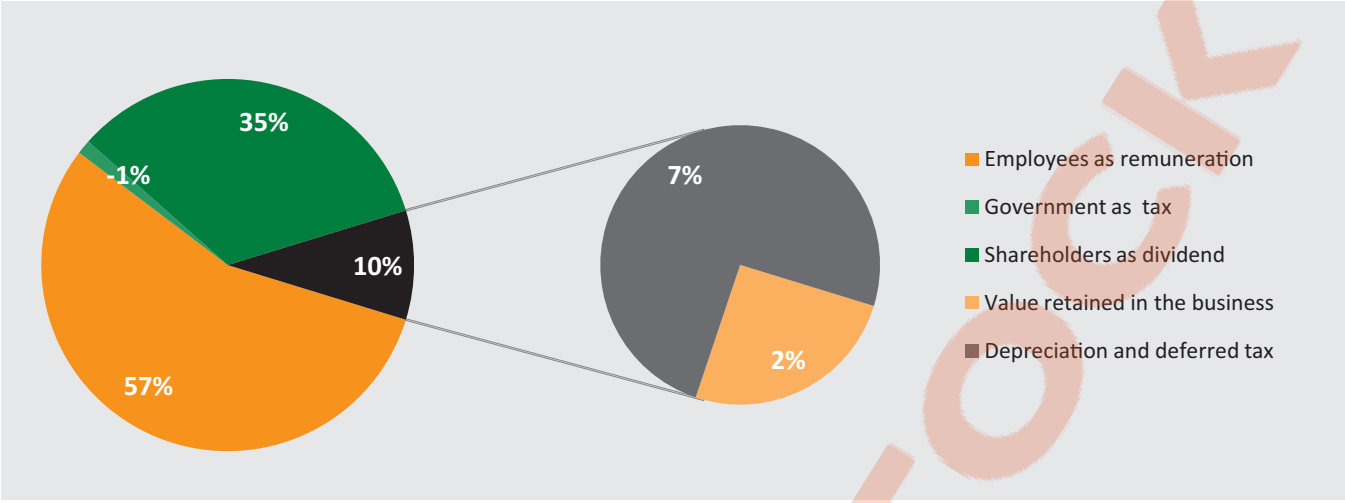
VALUE ADDED STATEMENT (CONSOLIDATED)

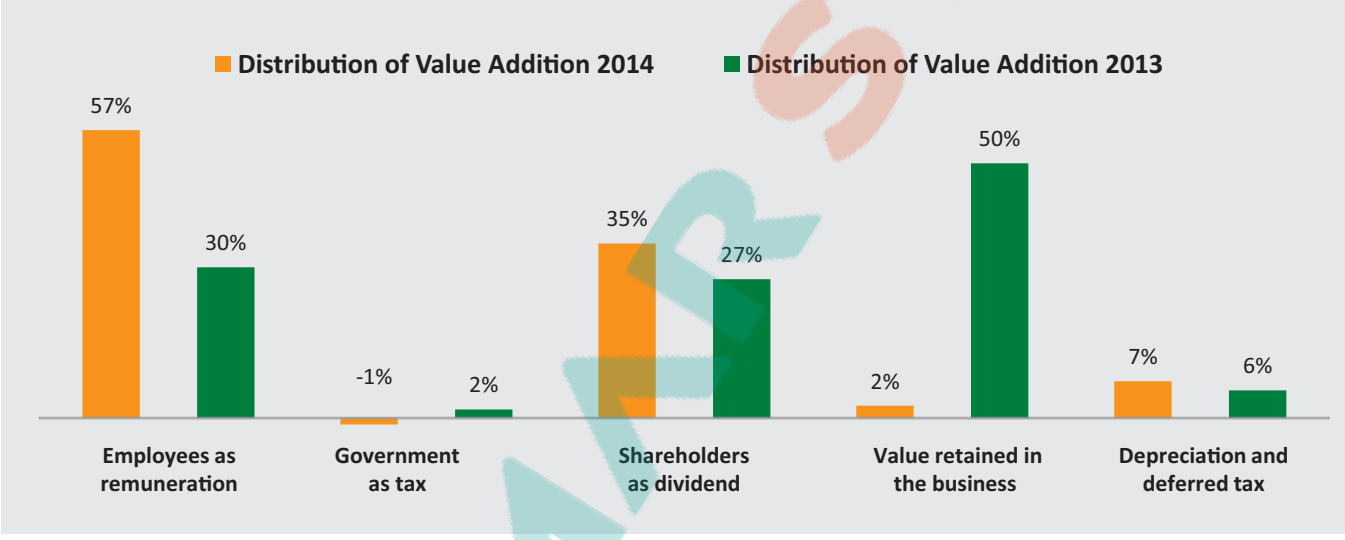
FOR THE YEAR ENDED 31 DECEMBER 2014

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

	2014 BDT Mn	%	2013 BDT Mn	%	2012 BDT Mn	%
Value added						
Operating revenue	5,100		4,949		3,537	
Cost of borrowing	(3,033)		(2,731)		(2,148)	
Provisions	(346)		(329)		(74)	
Operating expenses excluding staff cost and depreciation	(515)		(371)		(365)	
Available for distribution	**1,206**		**1,518**		**952**	
Distribution of value addition						
Employees as remuneration	687	57%	453	30%	375	39%
Government	(15)	-1%	26	2%	167	18%
Shareholders as dividend	417	35%	189	27%	247	20%
	1,088	90%	669	44%	789	83%
Retained for expansion and future growth						
Value retained in the business	30	2%	765	50%	113	12%
Deferred tax	5	0%	16	1%	(5)	-1%
Depreciation	82	7%	67	4%	54	6%
Amount distributed	**1,206**	**100%**	**1,518**	**100%**	**952**	**100%**
Number of employees at the end of the year	764		534		425	
Value created per employee (Mn BDT)	**1.58**		**2.84**		**2.24**	
Number of shares (Mn)	218.77		208.35		149.41	
Value created per share (BDT)	**5.51**		**7.28**		**6.37**	

AMARSTOCK


35%
-1%
10%
57%
7%
2%
Employees as remuneration
Government as tax
Shareholders as dividend
Value retained in the business
Depreciation and deferred tax


Distribution of Value Addition 2014
Distribution of Value Addition 2013
57%
30%
-1%
2%
35%
27%
2%
50%
7%
6%
Employees as remuneration
Government as tax
Shareholders as dividend
Value retained in the business
Depreciation and deferred tax

MARKET VALUE ADDED (MVA) STATEMENT (CONSOLIDATED)

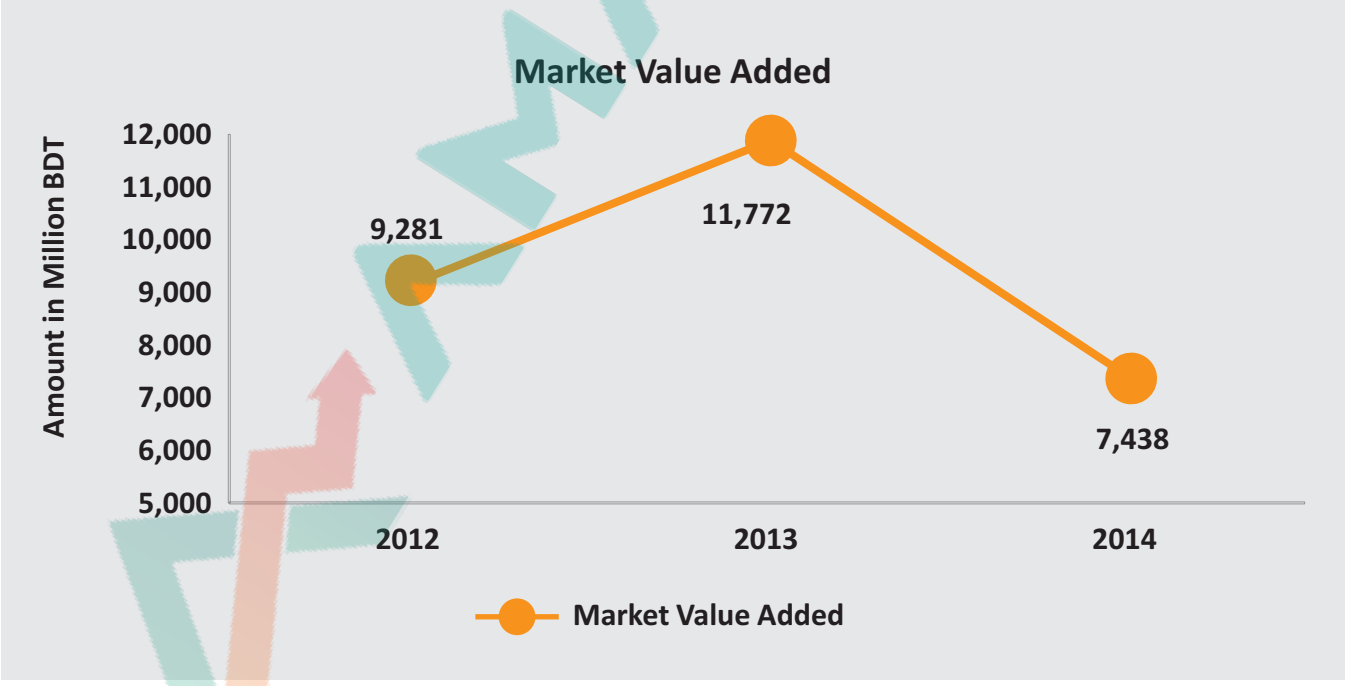
FOR THE YEAR ENDED 31 DECEMBER 2014

Market Value Added (MVA) statement reflects the Company's performance evaluated by the market through the shares. MVA is the difference between total market value and total book value of the share of the company. A high value of MVA indicates that company has created substantial wealth for the shareholder. The share market value of the Company stood at Tk 7,438 million whereas the book value of the shares stood at Tk 2,188 million, resulting a Market Value Addition of Tk 7,438 million as of December 31, 2014. The calculation of Market Value Added is given below:

Particulars	2014		
	No. of Share (Mn)	Price per share	Mn BDT
Market Value	219	44	9,626
Book Value	219	10	2,188
Market Value Added			7,438

Particulars	2013		
	No. of Share (Mn)	Price per share	Mn BDT
Market Value	208	66.5	13,855
Book Value	208	10	2,083
Market Value Added			11,772

Particulars	2012		
	No. of Share (Mn)	Price per share	Mn BDT
Market Value	189	59	11,175
Book Value	189	10	1,894
Market Value Added			9,281



ECONOMIC VALUE ADDED (EVA®) STATEMENT (CONSOLIDATED)

FOR THE YEAR ENDED 31 DECEMBER 2014

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

EVA is calculated by applying following formula:

NOPAT

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

	2014 BDT Mn	2013 BDT Mn	2012 BDT Mn
Operating income	5,100	5,189	3,537
Operating expenses	(4,318)	(3,623)	(2,941)
Operating profit	782	1,566	596
Income tax	20	(43)	(162)
NOPAT	**803**	**1,523**	**434**

Equity

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

	2014	2013	2012
Shareholders' equity at year end	6,947	6,840	6,474
Accumulated provision for doubtful losses	1,648	1,467	516
Equity	**8,595**	**8,307**	**6,990**

Average equity

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

	2014	2013	2012
Shareholders' equity	8,595	8,307	6,725
Average equity	**8,451**	**7,516**	**6,858**

Cost of equity

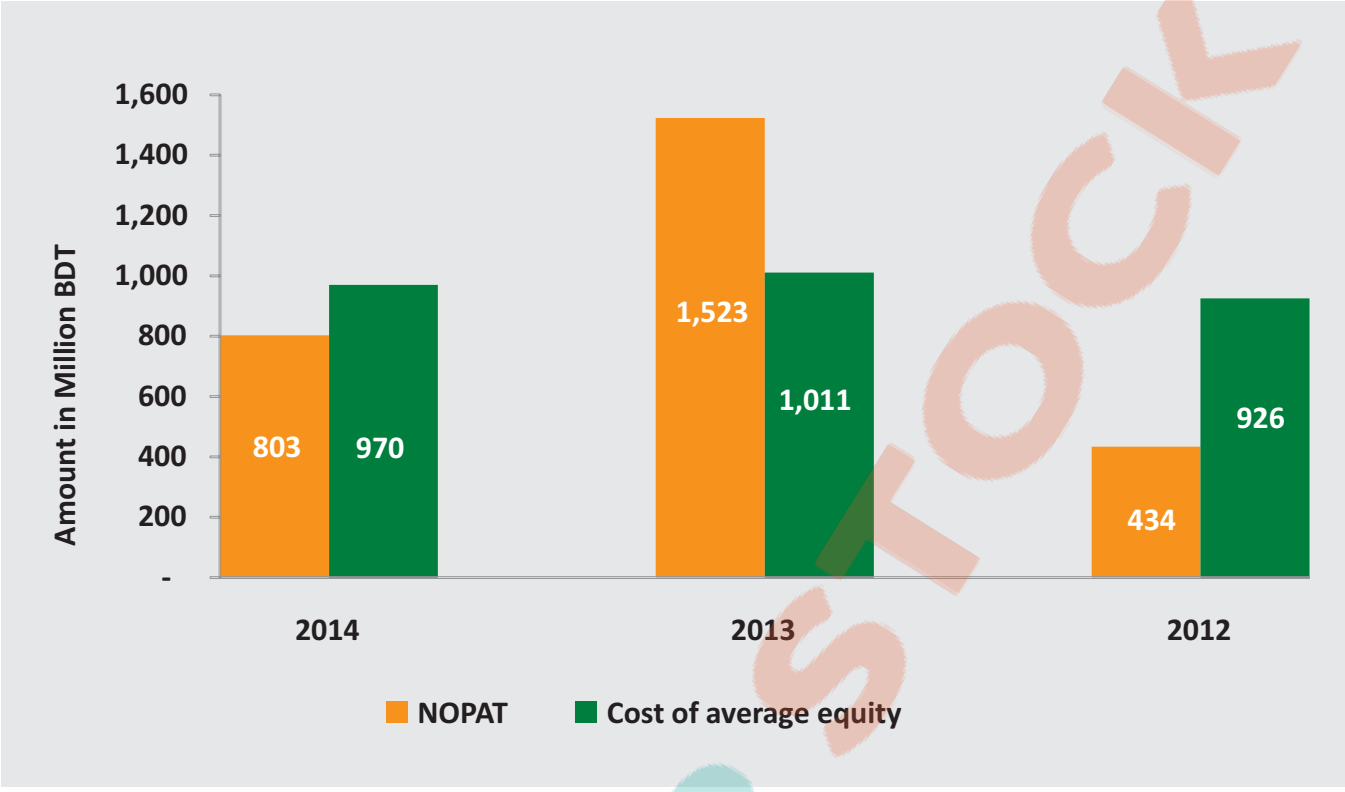
Cost of equity reflects shareholders' expected return. Eventually this is the opportunity cost for shareholders for investing their funds in the company. Interest on 5 years Government Treasury Bond plus a standard risk premium has been assumed to be the cost of equity.

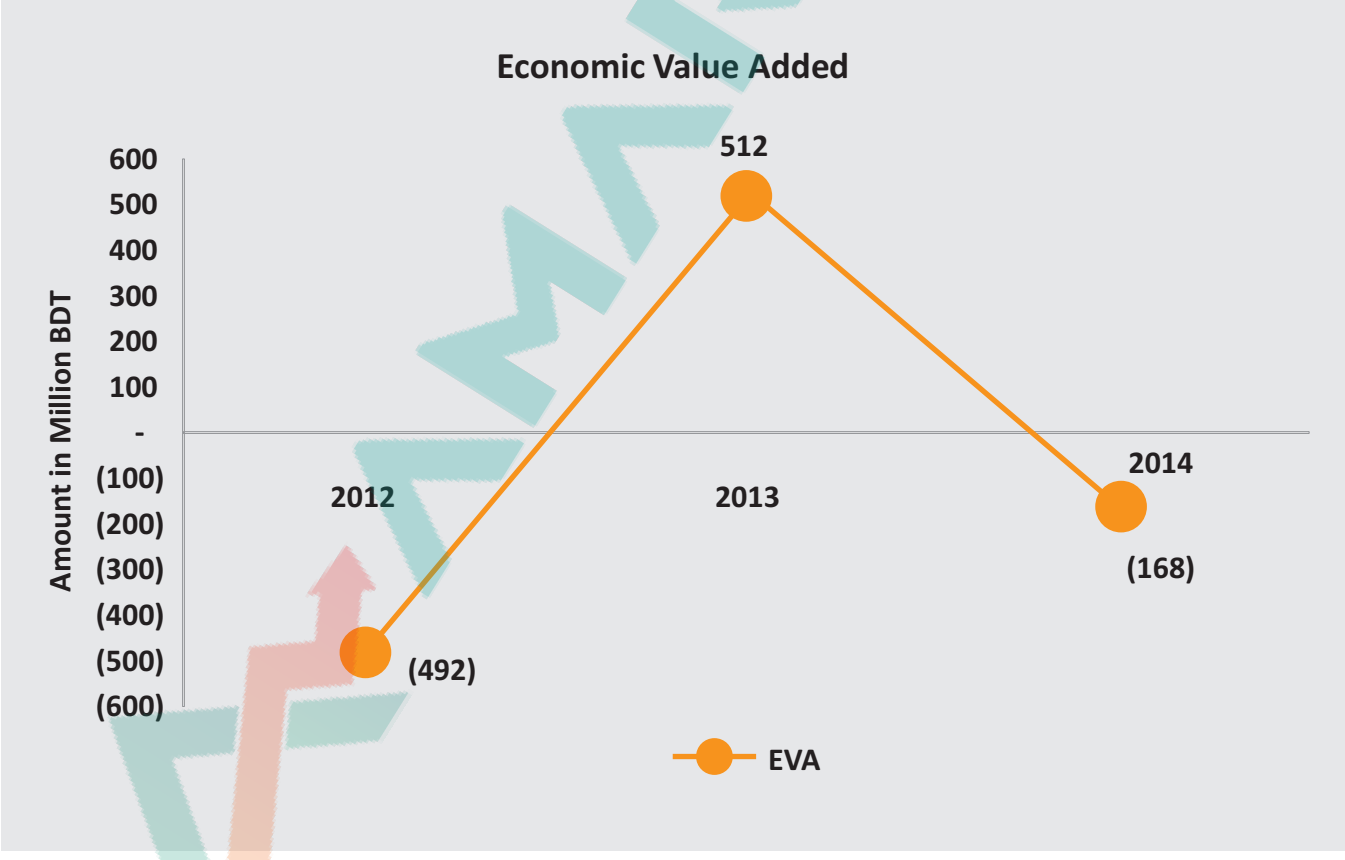
	2014	2013	2012
Interest rate on 5 Years Government Treasury Bond as on 31 December	9.48%	11.45%	11.50%
Standard Risk premium	2%	2%	2%
Cost of equity	**11.48%**	**13.5%**	**13.5%**

ECONOMIC VALUE ADDED

	2014	2013	2012
NOPAT	803	1,523	434
Cost of average equity	970	1,011	926
Average Shareholders' equity	8,451	7,516	6,858
Cost of capital	11.48%	13.5%	13.5%
Number of shares (Mn)	219	208	189
Economic Value Added Per Share	**(0.77)**	**2.46**	**(2.60)**

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1,600
1,400
1,200
1,000
800
600
400
200
-
Amount in Million BDT
803
970
1,523
1,011
434
926
2014
2013
2012
NOPAT
Cost of average equity


Economic Value Added
600
500
400
300
200
100
-
(100)
(200)
(300)
(400)
(500)
(600)
Amount in Million BDT
512
(492)
(168)
2012
2013
2014
EVA

AMAR STOCK

STATEMENT ON CONTRIBUTION TO GOVERNMENT EXCHEQUER

For the year ended 31 December 2014

Government is considered as one of the most important stakeholders which play a critical role in the economic development of the country. Being a legitimate and ethical company, LankaBangla contributes to the Government Exchequerwhen the necessary amounts fall due. For the year 2014, LankaBangla Finance and its subsidiaries made a handsome contribution to Government Exchequer of an amount equal to BDT 435.53 million, composed of income tax, withholding tax, VAT, withholding VAT and excise duty. This is in comparison to BDT 262.30 million in 2013, reflecting its fair and consistent commitment towards national contribution.

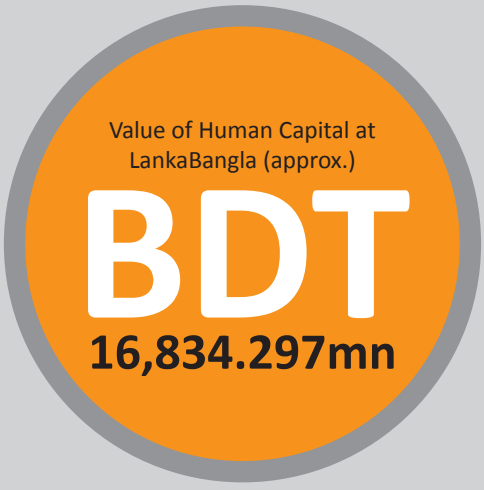
Forms of Contribution of LankaBangla Group	2014	2013
Income Tax	190,979,755	160,750,878
Salary	19,117,787	14,150,837
Interest on savings deposit	141,537,921	117,450,772
Payment of Supplier	4,108,778	4,709,705
House Rent	4,101,993	2,979,556
Payment of Commission	1,656,827	1,799,940
Advance Corporate Tax	6,299,109	13,596,234
Return Submission	30,000,000	6,019,874
Dividend Payment	35,928,186	-
Payment for Professional & Technical Services	88,352	40,960
Others	7,000	3,000
VAT	38,979,769	26,138,467
House Rent	6,779,528	5,236,938
Processing, Documentation Fee etc.	7,266,734	2,223,333
Procurement of goods and services	6,824,557	6,979,034
Legal, Professional & Technical Fees	2,434,105	1,205,532
Director Fees	51,000	274,500
Others	21,243,248	10,219,131
Excise Duty	2,855,395	2,054,154
Collection of excise duty from clients	2,733,925	1,979,334
Excise duty deducted by bank	121,470	74,820
Total Paid to Government Exchequer	**290,300,520**	**188,943,500**

AMAR STOCK

HUMAN RESOURCE ACCOUNTING

The value of our Human Capital is estimated at approximately **BDT 16,834.297** million at the end of 2014.

To estimate the value of our Human Capital we have used extensively Lev & Schwartz model of Human resource accounting. We keep it in good faith that human capital as like as one of several forms of holding wealth for our business, as money, securities and physical capital. Hence, the value we arrived herein is an important factor to explain or to predict the future economic growth of the company.



Assumptions used in Human Capital Valuations:

- All existing to continue serving the company up to retirement
- Employee payouts/remunerations include all direct and indirect benefits provided to them
- Annual increment is estimated to be granted at 5%-10.5% on average over the years.
- The future benefits of all employees in each year are discounted at 13.75% to calculate present value, which comes with the last on the run 10 years Treasury bond rate plus 2.75% premium for risks.
- The value herein is an internal assessment based on the above stated assumptions and subject to change for any deviation with the assumptions.

The sweetener of the plain vanilla industry we are serving is the relatively large number of young aged human resources. It's our professionals who make the products unique, execute deals with utmost care and reinforces our promise to grow hand in hand with our customers.



MESSAGE FROM THE CHAIRMAN



LankaBangla has been developing its strategies for years based on diversification in markets with high growth potential, a customer-centric business model and technology as key elements in order to face the transformation process being experienced in its business segments.

Dear Stakeholders,

In the name of Allah, the most beneficent and the most merciful.

Distinguished shareholders, guests of honor, ladies and gentlemen,

May peace, mercy and blessings of Almighty Allah be upon you.

It is indeed a great pleasure for me to be here with you in the 18th Annual General Meeting of LankaBangla Finance Limited. On behalf of the Board of Directors and myself, I would like to express my heartfelt thanks and profound gratitude to all of you for your continuous support and guidance in achieving excellence in the performance of the Company. It is my privilege to present this preface of your Company's Annual Report for the year ended December 31, 2014. As detailed in the report, your Company continued to tread the path of sustained growth and maintain its flagship position in the industry in Bangladesh. We are confident that with the support of all the stakeholders your Company will continue to prosper and achieve greater heights in the times to come.

In the year 2014 LankaBangla Finance Limited, on a consolidated basis, earned after tax net profit amounting to BDT 454.00 million which was BDT 954.55 million in 2013. Operating revenue of the Company in 2014 stood at BDT 5,100.02 million which was BDT 5,188.84 million in 2013 reporting 1.71% decrease. Operating expenses increased by 44.03% to a level of BDT 1,284.84 million against last year's amount of BDT of 892.08 million mainly on account of overhead expenses due to significant increase in the physical spread and up gradation of branch ambience; expected results from which will flow in the coming years.

The deposits of your Company have risen to BDT 16,717.17 million indicating 53.71% growth over that of last year's level of BDT 10,875.95 million. Furthermore, it has been able to increase the retail deposits and the deposit profile of your Company shows a significant move away from high cost bulk deposits. Your Company's strength lies in its wide reach covering all strata of society and the trust of the people. Due to this the customer acquisition growth is also encouraging. I am happy to convey that total loan and advances of your Company has reached to BDT 36,576 million at the end of 2014 which was BDT 29,812 million at the end of 2013. Your Company has strengthened its reach by adding its network;two nos. of branches have been opened during the year 2014 at potential areas to capture emerging high value customers and three more branches are in the process of opening.

LankaBangla is committed to building a brighter future for the underprivileged people in Bangladesh. We undertook a range of initiatives to support education, health-care, disaster management and

child care. In addition, we continue to invest in our people and create a vibrant working environment to make LankaBangla a great place to work. Corporate social responsibility has always been an integral part of LankaBangla culture and the cornerstone of our core values of good corporate citizenship. We are awarding scholarship to the poor but meritorious students who obtained GPA-5 in SSC and/or HSC Examination(s). In 2014 we have distributed a substantial number of blankets among the underprivileged people of Bogra & Barisal districts. LankaBangla Foundation donated BDT 1,000,000 to Vision Care Foundation for purchasing of eye equipment to be used for its non-profitable Eye Hospital and Research Institute. LankaBangla Foundation has organized Art Camp for the school children to boost up their thinking capacity which will help them to be more vigilant in education and lead to a brighter future. LankaBangla Foundation has also donated BDT 669,500 to an Eye Hospital for the treatment of the poor patients. Tree plantation programs were undertaken in different places of the country.

LankaBangla recognizes that its people are the most valuable asset. Prudent development, deployment and management of its human resources have been a key contributor to the company's success records. We have found that sensitivity to the needs and aspirations of individual employee is conducive to successful human resources management. We value the contributions an employee exerts in the organization and adopted policy to reward them accordingly. The Company believes in ensuring healthy working atmosphere for its employees. The Board of Directors of the Company has decided to purchase land at Tejgaon, Dhaka with a view to build its future corporate office which will further ensure good working environment and will help to increase the value and image of the Company.

The level of impaired assets of the Company has shown an upward trend. The deterioration has occurred in the sectors of the economy under stress namely paper and plastics, iron and steel, textiles, engineering goods and transport. NPL as on December 31, 2014 stood at 5.08% which was 4.84% at the end of 2013. Special efforts have been given for NPL management. Your Company has made adequate provision for NPLs during the year 2014 which amounted to BDT 274.10 million as against BDT 319.57 made for the year 2013.

Capital Adequacy Ratio of your Company stood at 17.26% (on consolidated basis) as against Bangladesh Bank's stipulation of 10.00%. LankaBangla has taken necessary measures to remain compliant, in line with Bangladesh Bank's guidelines, with regard to its forecasted future growth.

The Board of Directors of your Company believes in maintaining consistent dividend policy. Accordingly, considering the capital structure of the Company as well as future business plan the Board has recommended 10.00% cash dividend and 10.00% stock dividend for the year 2014.

The economy appears to be sluggish and we look forward with enthusiasm to exciting times ahead. Your Company has been demonstrated its resilience in the challenging environment and I am confident that we have the strength and resources which, along with the trust our customers have reposed on us, will enable us to withstand any adversity.

At LankaBangla we are working for a better future for our stakeholders, customers, employees and society at large. LankaBangla established corporate culture based on the principles of integrity, prudence and transparency and becoming very customer centric which have been key element in allowing us to build a strong business model enabling us to grow. We are delivering our strategic commitments to drive operational performance and create value for our shareholders and communities. I would like to thank the employees without whose efforts and commitment your Company would not be able to hold this strong position. I also like to extend my gratitude to Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Register of Joint Stock Companies and Firms, National Board of Revenue and all other regulatory authorities for their valuable guidance, support and cooperation. Finally, we stay committed to serve all of our stakeholders. On behalf of the Board of Directors, I pledge that we will continue to add value for the shareholders through execution of prudent business strategies whilst ensuring that we contribute towards the achievement of national priorities.

With warm regards,

Yours sincerely,



Mohammad A. Moyeen
Chairman

REVIEW FROM THE MANAGING DIRECTOR



We always work hard to make a sustainable financial institute that would contribute to the countrymen by delivering full range financial services with top notch customer satisfaction, employee engagement, shareholders return, community development & environmental stewardship. With higher capacity and service outlet, LankaBangla is now very well positioned for large scale financing. In 2015, we plan to grow at even higher pace leveraging our widened personal financial services and SME financial services platform.

Dear Stakeholders,

In the name of Allah, the most beneficent and the most merciful.

Distinguished shareholders, guests of honor, ladies and gentlemen,

May peace, mercy and blessings of Almighty Allah be upon you.

Barring major geopolitical upheaval, global economic growth continued to recovery in 2014. The US, Britain and Eurozone did continue to grow. However, there had been slowdown in the emerging world, which was already apparent a year ago, has continued in China, Brazil and Russia - most of the famous BRICS grouping. While we believe Bangladesh's GDP growth have been handsome marking 6.0+% annual average real GDP growth for well over a decade, however, our growth history could have been even higher with a stable political outlook.

Recent long declining oil prices have sent shockwaves through the global economy with mixed geopolitical impressions. Bangladesh, however, remains the net beneficiary. Government had been able to raise the non bank financing and received subsidy cost savings from declining oil prices. This, in effect, kept the government borrowing from banking system well below the budgeted level. There was enough money left in the banking system for private sector financing needs. However, due to sluggish investment confidence economy has not seen major expansion in the real business. Domestic consumption has not grown to the expected level. Following to this, private sector credit growth was below the projected level.

On external front, imports have rebounded from sluggishness for long and thus current account balance has turned to deposit. In the last half of the year imports of capital machinery and production inputs had been on a rise. This could be seen as a recovery sign for a weakly performing investment climate. However, unfortunately, political unrest has resurfaced lately, which leaves us at high risk of economy wide sluggishness. With this backdrop 2015 remains as equally weak for financing business.

Being a financier in the economy, LankaBangla Finance Limited is also exposed to the market risk. However, with relentless efforts and well laid-out retail platform and a large number of corporate relationships, we could grow far ahead than our industry peers. Our disbursement growth in 2014 is 78.41% higher than 2013. We have disbursed BDT 19,750 million in 2014, which was BDT 11,070 million in 2013. Investment portfolio reached BDT 36,576 million in 2014 compared to BDT 29,812 million in 2013. Thus, the interest revenue growth has also been impressive. With appropriate borrowing mix and strategies, we could reduce our cost of fund by 18.9% in 2014. Our deposit base increased to BDT 16,717.17 million, 53.71% higher than 2013.

In 2014, LankaBangla earned consolidated pre tax profit of BDT 433.6 million against BDT 997.1 million in the previous year. The consolidated net profit after tax stood at BDT 454.0 million registering a negative growth of 52.44% than 2013. The consolidated earnings per share during the year under review was BDT 2.02 compared to previous year's BDT4.28. Risk Management unit of LankaBangla has been further strengthened this year and our capital adequacy ratio (CAR) reached to 17.26% well above the regulatory threshold.

In 2014, we focused heavily on personal financial services and SME financial services. With outstanding execution of the plan our personal financial services portfolio grew at an impressive 56.73% rate. SME financial services grew 107.46% in 2014 while corporate financial services grew 14.34% amid weak business case country wide. We also have a deep and abiding commitment to the environment and the underprivileged. We have adopted green office guide for the best utilization of natural resources. Our CSR initiative has broadened its landscape.

In pursuit to a knowledge based working environment and sustainable stewardship in human resources, LankaBangla has taken various leadership fostering programs in 2014. The financial services industry we serve requires professionally skilled and equally ethical personnel. We are increasing knowledge sharing and training programs to enhance professional capabilities of the employees. We are striving to uphold professional ethics of our people while ensuring transparency in the operational policies, guidelines and procedures.

In 2015, we would try to eliminate all non-value added costs to restrain our cost to income ratio at desired level. We would introduce new products in the personal financial services and SME financial services spectrum. Branch network would be further widening to reach even the distant customers. Our investments in technology would be growing in coming days to give customers financial services in a finger touch.

My heartfelt gratitude to our shareholders for their continued confidence and trust they put in the company. Our customers have always been our inspiration and we are also committed to provide top notch service to our customers in coming days. Special thanks to all of my fellow colleagues for their teamwork with sincerity, diligence and utmost professionalism. I do also express my gratitude to our lenders, depositors, regulators and other stakeholders for their continued support and cooperation. I believe all of our stakeholders would be growing together hand in hand with a sense of ownership in LankaBangla family.

Thank you.



Mohammed Nasir Uddin Chowdhury
Managing Director & CEO

AMAR STOCK

GROWING WITH GREEN

SUSTAINABILITY REPORT

After the recent downturn in the banking system in terms of classified loans and low growth, we rethinked our approach to sustainability. We are determined to create enduring value to our customers, shareholders, people, environment and community. Thus, our sustainability focus deeply correlated to our strategic priorities and the related five areas of focus are – superior customer experience, technology and operational excellence, trust and team spirit, community development & sustainable bottom line.

At the core of our activities lies our customers. With a motto of 'Growing Together' we create and nurture relationship in a way that takes care mutual interest. On time financing at convenient rates along with top class service experience make our clients speak for us. For shareholders, we strive for sustainable profits and payouts. We value our highly dedicated human resources. We believe human resource is the agent which make the difference in the financial services industry. We have arranged different training programs for the employees throughout year. We respect environmental limits and reluctant to finance projects with possible environmental negative impacts. And we kept investing in the livelihood of our community for sustainable economic impact in long run.

We always strive to develop and maintain sustainable business practice. Disciplined and rigorous financial management and governance is a prerequisite to bring value to the customers, shareholders and community. Ethics, transparency and professionalism are building block to grow as a long term sustainable business. We are always trying to develop as such.

Financial crime can take many forms in today's complex financial transactions. We have comprehensive policies to prevent such crimes and ensure punishment if such crime happens in time. We have zero tolerance to corruption and bribery.

Like previous years, during 2014, we have continued to build a sustainable business in which our clients have confidence, our employees can take pride and our neighboring community get better livelihood. We remain committed to provide our customers superior and unparalleled experience in the financial services industry in Bangladesh. LankaBangla is developing and offering financial products and services that directly or indirectly lead to long-term environmental benefit and social development. We are committed to provide financial services to a wider section of population. Within a short span of time our fully operational branch reached 10 and we are moving ahead with further expansion plan.

We always keep our shareholders in mind while we redistribute our profit. Past dividend payout track of LankaBangla Finance Limited are testaments of our approach in payout.

We are always keen to build deposits to reduce Bank Dependencies. Our progress in this are in the outgoing year is commendable. In 2014, we have reduced bank dependencies by 12% than targeted level. Our deposit base grew 53.7% in 2014 and most of the deposits are core in nature. Sustainable banking depends on some key parameters. Deposits are first and predominant one. In 2014 our TDR clients increased by 1476 clients (52%) from 2,866 clients in 2013 to 4,342. This improvement made change in borrowing mix, which from one side helping in reducing cost of fund and from another side is a sign of people's confidence in LankaBangla brand in a relatively weak market scenario.

We have established full fledged contact center at LankaBangla to connect our customers real time for financial service, 24/7. With modern IVR (Interactive Voice Response)technology our contact center is the first one in Non Bank Financial Institutions industry. The contact center is handling customer complaints, raising product awareness by providing product specific information, generating sales references and contributing effectively in preventing fraud of credit card transactions.

Engaged employees are an imperative part of any successful financial institution, and we recognize that our people are central to re-shaping our financial activities and delivering on our strategic plan. We have continued to work towards creating a culture of trust and team spirit. We effectively targeted right execution of our HR policy & maintained geographical, cultural and gender diversity in the workplace. Our people maintained high spirit, collaborative workplace culture. We also continued to provide training and development opportunities for our people and actively worked to support the health and well being of all staff. In 2014, LankaBangla provided 13,978 hours of training in both in house and external prestigious training institutes. The man hour training is three times higher than 2013.

To strengthen the brand value of the company, LankaBangla has increased its investment in brand visibility, revisited process flow to ensure superior customer experience.

As per our long term commitment to our community we continued to invest both in nurturing underprivileged people of our society and in the environment we breathe. We provide loans to customers carrying out environmental and social due diligence. In all credit delivery points, we have instructed to go for financing in eco-friendly and environmentally sustainable business activities and energy efficient industries. Environmental infrastructures projects i.e. renewable energy clean water supply, waste water treatment plants, solid and hazardous waste disposal plants, Effluent Treatment Plants, Bio-gas plants, Bio-fertilizer plants and energy efficient/low carbon emission projects like Auto Bricks using Hybrid Hoffman Kiln, Vertical Kiln, Zig-Zag Kiln etc. are encouraged in our credit policy and we will finance in these projects with top priority.

DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors of LankaBangla Finance Limited, I am very happy to welcome you in 18thAnnual General Meeting of the Company. The Board of Directors takes pleasure in presenting the Annual Report for the year ended December 31, 2014 which includes reports on business strategy and review, risk management, corporate governance, separate and consolidated audited financial statements, investor relations and a sustainability supplement. This Annual Report has been prepared in compliance with Companies Act 1994, Financial Institutions Act 1993 and the Guidelines issued by Bangladesh Securities and Exchange Commission, Bangladesh Bank and other regulatory authorities.

In the year 2014, LankaBangla Finance Limited recorded remarkable growth in its core business. With good penetration in loan products, LankaBangla made good profit growth in 2014.

I am pleased to report that during the year 2014, LankaBangla Finance Limited earned consolidated after tax net profit of BDT 652 million, meeting or exceeding all financial and operational objectives. In each quarter of 2014, we have achieved consistent result and had good performance ensuring strong organic growth and increasing contributions. This has consistently proven to be very beneficial throughout the continuing volatile and uncertain global economic conditions. These results continue to demonstrate that we have the right strategy and we are executing it well.

WORLD ECONOMY:

Global economic growth in the year 2014 was lower than the preliminary expectation although increased slightly to 2.6% from 2.5% of the preceding year. Major economies are facing divergent trend. The recovery in United States and United Kingdom appears robust as supported by highly accommodative monetary policy, improved labor market with modest wage growth, significant growth in housing market and credit expansion; whereas Euro Area and Japan are still suffering from structural bottlenecks, imbalanced monetary policy, fragile recovery, high unemployment and unresolved fiscal challenges. On the other hand, China is still growing with a positive trend but continues on a path of gradual deceleration. Growth in middle and low-income countries slipped to 4.4% in 2014. Cyclical factors, weak external demand, supply side constraints, domestic policy tightening caused slowdown in these countries.

GDP growth

	2012	2013	2014E	2015E	2016E
World	2.4	2.5	2.6	3.0	3.3
USA	2.3	2.2	2.4	3.2	3.0
Euro Area	-0.7	-0.4	0.8	1.1	1.6
Developing Countries	4.8	4.9	4.4	4.8	5.3

Source: World Bank

Global growth is expected to increase in 2015 to 3.0%, and will stay at 3.2%-3.3%up to 2016-17. Recovery continuation and activity enhancement will boost up growth in the major economies whereas structural reforms, trade growth, job creation, countercyclical fiscal management will help to enhance the growth in developing countries. Moreover, sharp fall in the oil price at the end of 2014 is expected to continue, which will boost up the global growth with a significant increase in real income, especially in the oil importing countries. In contrast, oil exporting countries will be adversely affected by weaker fiscal management and fragile external position.

REGIONAL ECONOMY:

GDP growth of South Asian Countries is expected to be 5.2% in the year 2014 which was 4.9% in previous year. Internal risks like political tensions, slow reform activities, energy shortage and fragile banking sector are the major bottlenecks for the growth in this region. Besides, external risks like slow growth in Euro area may affect this area abruptly. However, decline in global energy prices may contribute to increase actual income and relieve fiscal pressures in the countries of this region.

GDP growth (%) in South Asian Region

	2012	2013	2014E	2015E	2016E
South Asia	5.0	4.9	5.5	6.1	6.6
Bangladesh	6.5	6.0	6.1	6.2	6.5
India	4.7	5.0	5.6	6.4	7.0
Pakistan	3.5	4.4	5.4	4.69	4.8

Source: World Bank

Growth in this region is largely dependent on the growth in India, the largest economy in this region. World Bank expects 5.6% growth in this country which will be supported by momentum in fiscal reform, sharp decline in inflation, rise in foreign investment and export growth.

Bangladesh economy has been projected to grow at 6.1% in the year 2014 and 6.2% in the year 2015 supported by the growth in agricultural and service sector and private consumption growth. Besides, robust remittance inflows help the country offset the large trade deficit. For further growth, Bangladesh will have to offset some major challenges like supply side constrains, political uncertainty, power shortage, weak banking sector, slow growth in diversification of industries and dis-satisfactory safety standards.

WORLD COMMODITY PRICE:

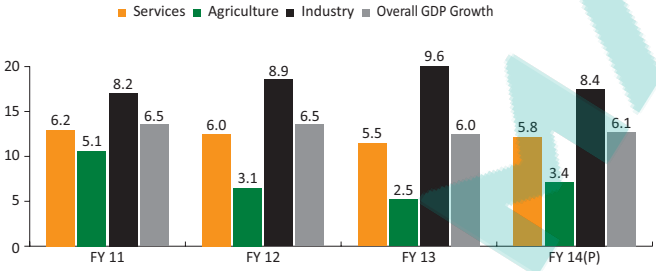
Gradual falling of commodity price will help the commodity importers to yield real income gains and to reshape trade deficit to some extent. This falling trend in the commodity price especially oil price is expected to prolong and contribute to lessen the inflation pressure as well as pursue more accommodative monetary policy. In contrast, oil exporting countries will see a dampening fiscal balance. Prices of energy, metal and agricultural products have been projected to fall far below in the coming years.

Commodity	Unit	2013	2014	2015E	2016E	2017E
Energy						
Crude Oil, avg	$/bbl	104.1	96.2	53.2	56.9	60.8
Metal						
Gold	$/to z	1411	1266	1240	1225	1211
Copper	$/to z	7332	6863	6500	6529	1211
Silver	$/to z	23.8	19.1	18	18.3	18.6
Agriculture						
Corn	$/mt	259.4	192.9	180	183	187.4
Cotton	$/kg	1.99	1.83	1.6	1.65	1.71
Soybeans	$/mt	538	492	450	457	463
Wheat	$/mt	312.2	284.9	280	279.5	279
Sugar	$/kg	0.39	0.37	0.35	0.35	0.36

Source: World Bank

BANGLADESH ECONOMY:

Expected GDP growth 7.3% in the FY 2015 will be fell short to 6.2% due to stagnant private investment, shortfall in revenue collection, low implementation of ADP and political obstacles. Although industry growth has been expected to lead the GDP growth, it will grow by 8.4% compared to 9.6% of its previous year. Agricultural growth has been estimated to be 3.4% compared to 2.5% of previous year. In contrast, service sector growth will increase to 5.8%. This growth was 2.5% in the last year.



Source: Bangladesh Bureau of Statistics

Fiscal Management:

Budget for FY 2015 is marked as an ambitious budget with the size of 2,505.1 billion, 15.9% higher than the FY 2014 revised budget. This budget has gross revenue target of BDT 1,829.5 billion resting BDT 675.5 billion as budget deficit.

Gross Domestic Product (GDP) has been estimated to grow at a rate of 7.3%. Inflation target of the fiscal year is targeted to reach 6.0%.

Revenue target of the budget is 13.7% of GDP which is 16.8% higher than the previous fiscal year's revised budget. Budget deficit is projected to be BDT 675.5 billion. Of this deficit, BDT 432.8 billion will be collected from domestic sources and BDT 242.8 billion will be backed by the external sources.

Government has targeted to borrow BDT 312.2 billion from the banking sector and BDT 120.6 billion from non banking sources to fulfill the domestic borrowing target of BDT 432.8 billion.

(Amount in billion BDT)

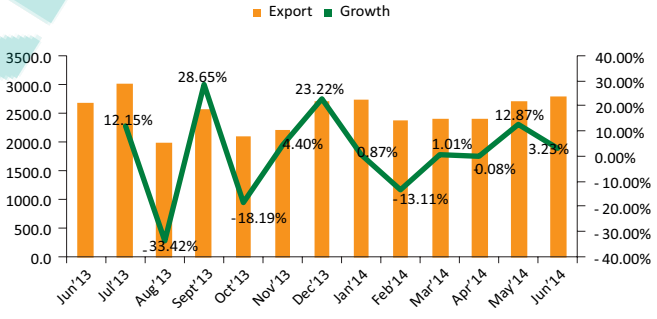
Budget Particulars	FY 14	FY 15
Budget Size	2162.2	2505.1
Target Revenue	1566.7	1829.5
Budget Deficit	595.5	675.5
Bank Borrowing	299.8	312.2
Non Bank Borrowing	110.0	120.6
External Source	185.7	242.8
GDP Growth Target	6.2%	7.3%
Inflation Target	7.0%	6.0%

Source: Ministry of Finance

Current Account Balance:

The export earnings observed 15.56% growth over the fiscal year 2012-13. Accelerated growth of RMG products in the early months sustained in the EU market. According to the analysis of Centre for Policy Dialogue (CPD), overall growth in major non-traditional markets 19.6% continued to be higher compared to traditional ones 13.9%. Considering the relative situation of developed and regional economies, export from Bangladesh was very healthy and the positive trend is expected to continue in 2015.

Monthly Export 2013 - 14 (USD Million)

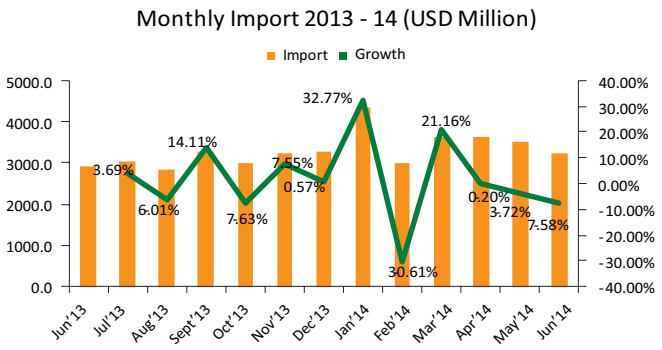


Source: Bangladesh Bank

Import:

Total import of the country witnessed 19.5% growth over the previous fiscal year. The growing movement in import of capital machinery has given a positive signal about investment related activities that are critical to accelerating the pace of the country's economic growth performance. According to Bangladesh Bank's import data, import of capital machinery and industrial raw materials increased moderately in 2013-14 compared to that in the previous year due to moderate growth of investments. Import payments for capital machinery in last fiscal posted a growth of 27.01% compared to previous fiscal year 2012-13. Import bill payment for industrial raw materials also registered a positive growth.

According to CPD in March 2014, import shipment figures recorded a historically high 54.5% growth in a single month. Capital machinery import was USD 731.00 million in March 2014, which was more than five times the amount of import in March 2013.



Source: Bangladesh Bank

Remittance Inflow:

Remittance growth was slightly down in 2013-14. Remittance inflow dropped by 1.29% in 2013-14 whereas it grew by 12.6% in 2012-13. According to CPD analysis during the first ten months of 2013-14, remittance outflow of migrant workers from the country declined by 10.5% and remittance inflow from six major Middle East destinations declined by 16.2%.However, inward remittances to Bangladesh may see "some rebound" in the coming years, bucking the slowing trend, as The World Bank forecasts inflow into South Asia to grow by 22.5% to $136 billion in 2016 from last year.

Foreign Exchange Reserve:

Foreign exchange reserve has hit historical pick of USD 22.31 billion in December 2014, which is roughly 23.3% higher than last year's reserve of USD 18.09 billion. Moderate export growth and relatively low import has helped the foreign currency reserve to build up. Taka has gained strength in 2013-14 against USD, resulting largely from improved export. We expect steady BDT against USD in 2015.

Inflation:

Average inflation has been up compare to 6.8% in 2012-13 to 7.4% in 2013-14. Point to point basis inflation rate was 7.0% in June 2014 which was 8.1% in June 2013. Food inflation was on the rise due to supply chain disruption. On the contrary, non-food inflation has declined to 5.5% in June 2014 (from 7.8% in June 2013) in the face of lower domestic demand.

Money Market:

Bangladesh Bank (BB) in its latest monetary policy stance H2 FY2015 focuses on achieving its new inflation target of 6.5%. Monetary policy stance of first half of FY2015 will remain unchanged in second half of FY2015 without any new loosening or tightening. Bangladesh Bank has decided to continue its effort to reduce interest spread. Interest spread in November 2014 was 5.17% which was 5.31% in June 2014. Private sector credit growth will be 15.5%. The central bank aims to contain reserve money growth to 15.9% and broad money growth (M2) to 16.5% by June 2015. Repo rate and Reverse Repo rate are 7.25% and 5.25% respectively.

Outlook for Bangladesh Economy in 2015:

In Bangladesh the GDP growth is targeted to be 7.3% which is assumed to be supported by increased public investment in infrastructure, stimulation in private investment activities, and domestic consumption growth with the help of remittance recovery and implementation of wage increases in the garment industry. However, Bangladesh Bank has estimated the GDP growth range from 6.2% to 6.5% in the current fiscal year. CPD articulated this 6.5% growth to be a daunting challenge because of sluggish private investment growth.

Export growth at the beginning five months of FY2015 dipped to 0.9% with garment export growth plunging to 0.4%. However, Non-RMG exports recovered somewhat compared to last year. Remittances have been10.5%up in the first five months compared to the same period of the last year. Crop production outlook is very positive unless any environmental catastrophe takes place. ADP implementation in the first five months has been only 21% of the total FY2015 ADP. Achieving the FY2015 inflation target will depend on international price trends as well as domestic demand. Sharp falling in oil price will help boost up the external balance and craft downward pressure to inflation.

Principal Activities:

The principal activities of LankaBangla Finance Limited and its subsidiaries during the year 2014 were lease finance, term finance, mortgage financing, credit card operation, SME, auto loan, factoring, brokerage services, merchant banking, asset management services etc. There were no significant changes in the nature of principal activities of the Company and its subsidiaries during the year under review.

Corporate Governance:

In the management of the Company, the Directors have placed emphasis on confirming to the best corporate governance practices and procedures. Accordingly, systems and structures have been introduced or improved from time to time to enhance risk management measures and to improve accountability and transparency. A separate report on Corporate Governance is given on page 93.

Risk and Internal Control:

The Board considers that strong internal controls are integral part of sound management of the Company. It is committed to maintain strict financial, operational and risk management control of all of its activities.

The directors are ultimately responsible for the Company's system of internal control and for review its effectiveness. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable not absolute assurance against material misstatement or loss. There is an ongoing process for identifying, recording, evaluating and managing the risk that are faced by the Company and the directors have reviewed the process through the Audit Committee.

The board of directors is satisfied with the effectiveness of the system of the internal control for the year under review and up to the date of approval of the financial statements.

Financial Risk Management:

The Company's management has overall responsibility for the establishment and oversight of its risk management framework. The Company's management policies are established to identify and analyze the risk faced by the Company to set appropriate risk limit and controls and to monitor risk. Risk management policies, procedures and systems are reviewed regularly to

reflect changes in market conditions and the Company's activities. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Company has provided in a separate note to the financial statements the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks and management of its capital.

FINANCIAL REVIEW OF 2014

Despite the challenges posed by economical and political environment, LankaBangla maintained a significant progress in many lines of businesses during 2014. Total assets have grown by 20% from BDT 32 billion in 2013 to BDT 39 billion in 2014. Disbursement of record amount of corporate loan, significant growth in retail and SME business, cautious investment in capital market and right decision on time accompanied by lowering the cost of borrowing significantly by increasing deposit from public & paying off the high cost bank borrowing and decreasing operating cost by increasing efficiency results such a significant performance for the Company.

We strengthened our loan proposal scrutiny framework, increased concentration through due diligence in credit approval and disbursed BDT 19,750 million in 2014 compared to BDT 11,070 million in 2013. In line with our long term strategy, we penetrated in the liabilities market strongly with the focus of increasing our retail customer base by offering attractive rates and ensuring quality customer services. Deposit grew significantly during this period outperforming most of other players in the market. Total asset of the company increased to BDT 39,129 million in 2014 from BDT 32,648 million in 2013. Even in the backdrop of the economy in 2014, LankaBangla's investment portfolio reach BDT 36,576 million in 2014 compared to BDT 29,812 million in 2013. Consolidated operating revenue stands at BDT 5,100 million while operating expenses were incurred BDT 1,285 million. Consolidated net profit after tax is reported at BDT 454 million. Return on average equity remained 6.59% during 2014 and Consolidated Earnings per Share (EPS) stood BDT 2.02.NPL ratio stood at 5.08% in 2014.

Performance Reporting by Business Segment:

Amidst a challenging environment not considered as conductive much for business growth in the economy, all of our business segments continued to operate with firm commitment to be a supportive growth partner of our clients' business initiatives. We were forced to go slow in the second half of the year due to political unrest but with due course of time we accelerated our initiative and achieved a disbursement growth over the last year. Business segment-wise performance report is given below:

Segment Report for the year 2014:

The outgoing year was very challenging and successful so-far for LankaBangla Finance Limited due to significant initiative in business expansion and accelerated growth in business disbursement. Amidst the sluggish economy and political unrest during the whole year of 2014, a stunning performance was achieved overall across all of the segments of the Company. Business segment-wise performance report is given below:

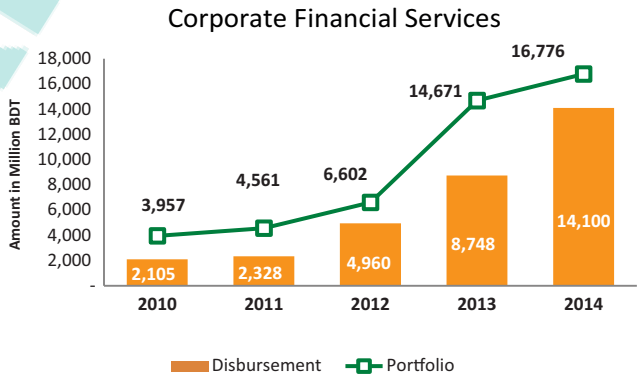
CORE BUSINESS REVIEW

Corporate Financial Services

LankaBangla is continuously focusing on lease and term loans in its Corporate Business portfolio. During the year 2014, it has also extended its endeavor in the emerging business sector like: factoring which counts 15%of total disbursement of its business for the year 2014. In 2014, an amount of total BDT 14,100 million has been disbursed from corporate financial services compared to BDT 8,748 in 2013. Thus annual growth of disbursement of corporate stands at 61%. Moreover, it has exceeded its budgeted disbursement target by 13% (Budgeted target was BDT 12,505million).

Remarkable performance was achieved in factoring business which indicates future potentiality in this segment. During the year 2014, total BDT 2,120 million was disbursed in the form of factoring compared to BDT 1,568 million in 2013 resulting 35% growth. It is noteworthy to mention here that LankaBangla has pioneered reverse factoring (loan against payable) in Bangladesh.

Amidst the sluggish economy during the whole year of 2014, corporate portfolio has increased from BDT 14,671 million in 2013 to BDT 16,775 million registering a stable growth of 14% due to management's antagonistic and wary strategy.



Retail Financial Services:

During the year 2014, the Company has started to concentrate more on this segment by expanding several branches and increasing manpower in retail financial activities. Total BDT 6,868 million was disbursed during 2014 under retail financial services in the form of auto loan, home loan, personal loan, credit card and staff loan. This amount of disbursement helped the Company to achieve 57%yearly growth in this segment and exceeded the budgeted disbursement by 2%.

Mortgage Loan:

Mortgage loan portfolio grew by 47% in 2014 compared to 22% growth in 2013. In the end of 2014 Mortgage Loan portfolio stood BDT 2,927 million from BDT 2,762 million in 2013.

Auto Loan:

In 2014, BDT 1,077 million has been disbursed as auto loan

Business Segment Reporting
For the year ended in 2014

Amount in Million BDT

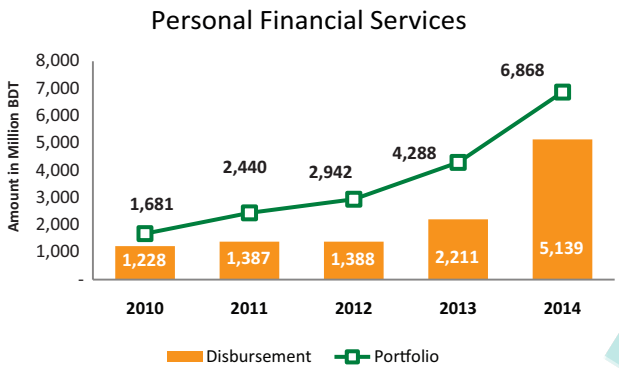
Particulars	For the year 2014				
	Core Financing Business	Brokerage Business	Investment Business	Asset Management Business	Consolidated
Total revenue from external customers	3,320	1,456	317	8	5,101
Total revenues from transactions with other operating segments of the same entry	771	-	-	11	602
Total segment revenue	**4,090**	**1,456**	**317**	**19**	**4,499**
Segment interest expenses	(2,625)	(403)	(6)	(0)	(3,034)
Revenues from transactions with other operating segments of the same entry	(6)	(55)	(541)	0	(602)
Total segment expenses	**(2,631)**	**(457)**	**(547)**	**(0)**	**(2,432)**
Operating expenses	(686)	(444)	(65)	(8)	(1,202)
Depreciation and amortization	(32)	(44)	(5)	(1)	(82)
Net operating income	**742**	**510**	**300**	**10**	**782**
Provision for leases, loans and advances / investments	**277**	**36**	**36**	**0**	**349**
Profit before tax and reserve	**465**	**475**	**(336)**	**10**	**434**
Provision for tax made during the year	(187)	167	3	1	(15)
Deferred tax (expense)/ Income	-	(4)	(1)	(0)	(5)
	(187)	**163**	**2**	**1**	**(20)**
Net profit after tax	**652**	**311**	**(338)**	**9**	**454**
	-	-	-	-	-
Total segment assets	32,353	9,193	4,994	830	47,370
Inter segmental assets	(7,452)	(5)	-	(784)	(8,241)
Net segment assets	**24,901**	**9,188**	**4,994**	**46**	**39,129**
Segment capital employed	4,683	4,838	1,390	823	11,734
Segment liability	27,714	4,355	3,604	7	35,680
Inter segmental liabilities	(34)	(314)	(3,319)	-	(3,667)
Total segmental liability	**32,363**	**8,879**	**1,675**	**830**	**43,748**

AMARSTOCK

compared to BDT 540 million in 2013 resulting a 99% growth in disbursement. As a result, Auto loan portfolio grew by 100% in 2014 from BDT 840 million to BDT 1,676 million.

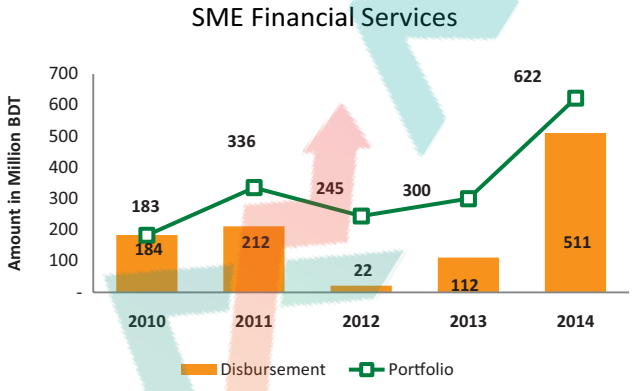
Credit Card:

Credit card portfolio grew by 39% over 2013 from 933 million to 1,295 million. Number of active credit card users has increased from 21,967 in 2013 to 27,363 in 2014 resulting in a growth of 25%. Monthly average spending by all credit card users has been significantly increased in 2014 in comparison to previous year due to Company's prudent strategies to motivate customers to use LBFL's card by giving various promotional offers including attractive discounts in prominent outlets, gift etc. Average monthly credit card usage has increased in 2014 to BDT 182 million from BDT 98 million in 2013 resulting in a growth of 84%.



SME:

In 2014, BDT 511 million has been disbursed as SME loan compared to BDT 112 million of 2013 resulting 358% growth in disbursement. At the end of 2014 SME portfolio stands at BDT 622 million compared to BDT 300 million resulting 107% portfolio growth. However, management of the Company has taken a series of strategy to foster the disbursement in this sector and boost the portfolio size to a sizeable amount as this sector is less rate sensitive and more profitable.



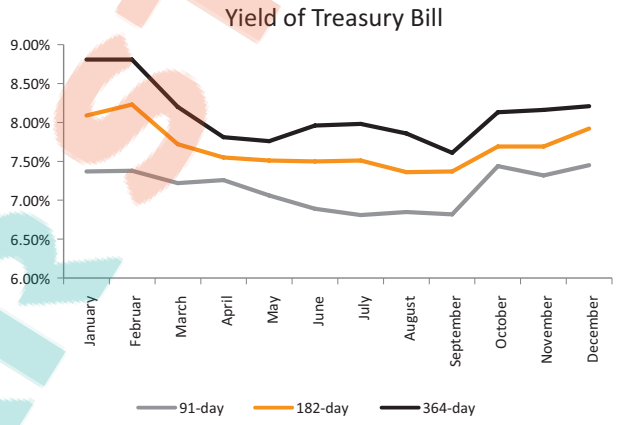
Treasury Operations:

In LankaBangla Finance Limited, Treasury division is not only engaging in Traditional Treasury Activities of ensuring day to day funding and transaction processing but also focusing more to become a strategic partner of all business divisions and evolving as a profit center. We are continuously exploring new windows of financing that decrease the cost of the organization and increase the profitability.

We have seen the continuation of ample liquidity in the Banking sector in 2014 which started back in 2013. Demand for inter-bank liquidity was low due to the slow credit growth in the economy. Advance to deposit ratio is below average and in November 2014 it was only 70.45%. Call money rate was moving around 6% to 8%. In the middle of the year several Banks went for Reverse Repo with Bangladesh Bank. The rate of which is very low at 5.25%.

Yield of Treasury Bill and Bond showed a downward trend which slightly reversed in the last quarter of the year 2014.

Bangladesh Bank declared two Monetary policy in 2014 and in both of the cases their main target was to curve inflation.



Bangladesh Bank encourage single digit deposit rate whereas policy rate especially Repo rate remained unchanged.

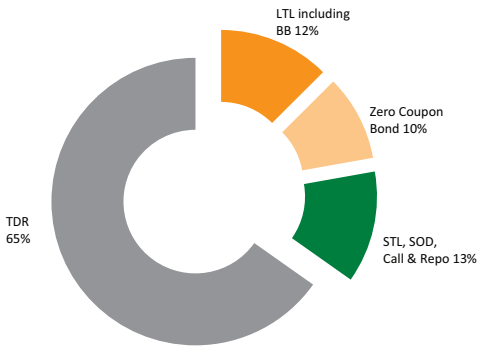
We did excellent to support our Business operation in 2014. Throughout the year we ensured timely funding to our three business divisions in both large and small tickets. Due to our strong controlling over cost of fund business was able to lend in a very competitive rate. To ensure a prudent liquidity management Treasury monitors the maturity of its different settlement obligation through ALCO constantly. Matching to asset growth demand, Treasury plan accordingly throughout the year to meet its liquidity need from the least cost sources mainly from public deposit.

As per our plan to become self-reliant and reduce the pie of bank intermediary financing, Liability division has been encouraged to increase the Term deposit portfolio. With their excellent effort the deposit collection has been accelerated and as of December 2014 total Term Deposit of LankaBangla Finance is BDT 16,717.17 million. During the year deposit portfolio has been increased by BDT 5,841.43 million and posted a 53.71% year-on-year growth, 95.89% of which is Public deposit (Corporate and Retail).

As a part of the strategy to reduce dependency on costlier conventional term financing from commercial Banks, Treasury settled BDT 3,360 million premature term loan in 2014. Besides we continued our negotiation with all of our existing lending banks to reduce their rate of interest at a desirable

limit which had a significant impact for reduction of our cost of borrowing as well.

Funding mix in 2014



We focus mostly on short term revolving Loan due to its low cost and our outlook to decrease interest rate further. We increased our exposure in call money market to grip the opportunity of low cost regime. Treasury has increased its counterparties in money market and established several new relationships especially with new Banks. It helped us to increase our capacity as well.

One of the biggest achievements for Treasury in LankaBangla Finance Limited in 2014 was successful raising of BDT 3,000 million through the issuance of Zero Coupon Bond. It enabled us to widespread our funding sources and create a very strong corporate image in the industry.

Taking the advantages of ample liquidity we have been able to decrease our cost of fund significantly in 2014. We did the best job to fix an optimum borrowing mix through which our target for reduction of borrowing cost was achieved. Interest expense to income ratio in 2014 has come down to 71.93% which was 78.65% in 2013. Interest expense has grown only 9.19% against the 21.49% total asset growth (20.63% portfolio growth). We can mention few initiatives we have taken through ALCO to manage our cost of fund in 2014.

Firstly, we emphasized on public deposit and adjust the deposit rate time to time to take the advantage of the market.

Secondly, we settled Term loan with several commercial Bank the rate of which were very high.

Third and for mostly, we increased our presence in money market so that we can literally go through the down ward sloping interest rate curve.

Asset Liability Management committee (ALCO) was made more active than any time before in this year. Periodic ALCO was conducted with several special ALCO to discuss and decide our strategy under changed circumstances. Management had reviewed its ALM and Balance Sheet ratios periodically and took necessary measures as needed time to time.

Primary Dealership and Investments in the Treasury &other Equity Securities

Bangladesh Bank in its letter vide DMD-136/2014-1399 as on July 27, 2014 has withdrawn the Primary Dealership (PD) license of LankaBangla Finance Limited along with other two PDs of Non-Bank Financial Institutions sector. As on December 31, 2014 our holding in government securities is BDT 1,009.10mn. This is noteworthy that PD Operations of LankaBangla Finance Limited became marginally profitable in 2014. Our average yield on government securities is now higher than the weighted average cost of the fund involved. Like the previous year, we are participating in the regular interbank REPO market against the funding demand of the government securities. Going forward, we would be keen to invest in the high yielding government securities and participate in creating liquidity of the bond market by secondary trading of the government securities.

Capital Markets unit of LankaBangla Finance Limited is consolidation its positions amid major upheaval of the capital market in 2014. We have made some major rebalancing in the portfolio and have taken a few strategic investments. We are quite optimistic in reaping impressive returns from our positions in coming years.

Our Human Capital:

Human capital policy at LankaBangla Finance Limited is based on the recognition that its people are its most valuable asset. Prudent development, deployment and management of its human resources have been a key contributor to the company's Success records. We have found that sensitivity to the needs and aspirations of individual employees is as conducive to successful human resources management as an accurate assessment of employee capabilities, potentials and attitudes. We thus value the contributions an employee exerts in the organization and adopted policy to reward efforts accordingly.

Recruitment and Selection:

Our recruitment system has been designed to ensure that the employees recruited for the service in the company match with the job requirements relevant to the position being hired for. All recruitment policies within the company are in line with the statutory employment laws of Bangladesh and in accordance with the approval of the company's Board of Directors.

Compensation Policy:

LankaBangla Finance Limited decides the scales of the employees belonging to different grades from time to time. The salary structure of the company is reviewed in every three years to allow adjustments to update with the change in the cost of living indices.

Occupational Health and safety:

Dealing responsibly with the issues of work-life balance of our employees requires a serious, holistic approach. The physical and mental well-being of our staff is important to us, especially considering the stressful effects of the performance driven culture. Effective counseling for needy employees plays pivotal role in this respect. For us, at LankaBangla Finance Limited, promoting the well-being of our employees is considered as a long-term investment.

Towards achieving the objective of a healthy workforce, adequate provisions have been made. The company has in place a comprehensive Life Insurance and Hospitalization Insurance scheme for all permanent employees.

Diversity and Equal Opportunity:

The company's recruitment and career development policies provide equal opportunities for all citizens in the country. It is

our policy that the best qualified applicants be hired without regard to race, color, age, religion, gender, national origin, physical or mental disability, veteran status, sexual preference, marital status and any other characteristic protected by law. The Company is committed to developing and maintaining a diverse workforce and to treating all individuals with dignity and respect.

Learning and Development:

All newly recruited employees are inducted through a comprehensive orientation program prior to their placements. Further, employees are provided with on the job training based on standard training modules in addition to customized training programs as needed.

Goals and Performance:

Through the compassionate management of its human capital, LankaBangla Finance Limited creates a dedicated team that is passionate about what they do. Thus our 'optimal team' initiates, directs and synergizes its common creativity towards achieving continuous excellence and greater levels of customer satisfaction.

Key performance indicators of HR practices and decent work responsibility

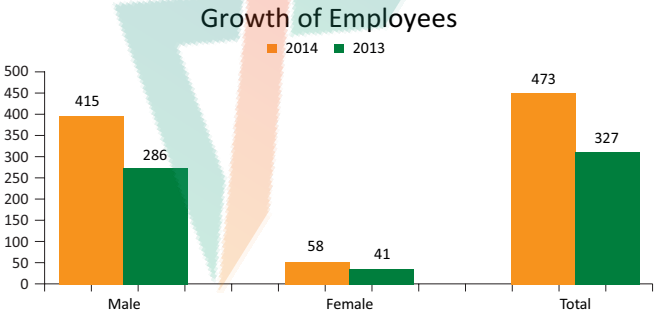
Employment: Total by Employee type, Region and Gender

The tables and graphs given below provide information on total workforce by region, employment type, age analysis, service analysis, gender.

LankaBangla has opened three new branches in 2013 and one more in 2014 in Dhaka city's three major business hubs to serve the countrymen.

District-Wise Breakdown of Human Capital as at December 31:

District	2014				2013			
	No. of Branches	No. of Employees			No. of Branches	No. of Employees		
		Male	Female	Total		Male	Female	Total
Dhaka	6	325	50	375	5	224	37	261
Chittagong	2	43	5	48	2	34	1	35
Sylhet	1	11	2	13	1	9	2	11
Narsingdi	1	10	1	11	1	6	1	7
Comilla	1	10	0	10	1	5	0	5
Jessore	1	16	0	16	1	8	0	8
TOTAL	**12**	**415**	**58**	**473**	**11**	**286**	**41**	**327**

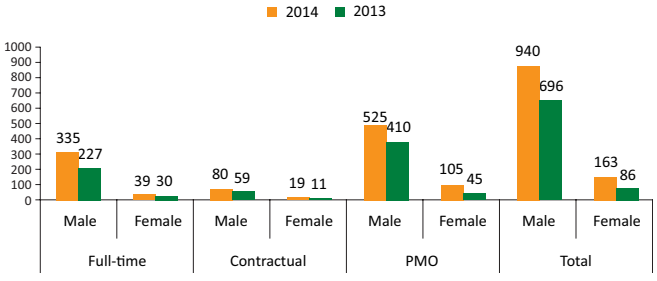


Employment Type: Full-Time, Contractual and PMO:

To boost-up the liability sales and sales of personal products and to explore the lending opportunity in the market, LBFL employed PMO's in different business units in 2014 as well. The percentage of full-time, contractual and PMO has significantly increased in 2014 comparing to 2013. LBFL provides equal employment opportunity to both male and female. Although the percentage of female employee decrease in 2014 comparing to 2013, but overall the percentage of female employee has increased significantly.

Employment Type	No. of Employees		Composition in%	
Full-Time	2014	2013	2014	2013
Male	335	227	90%	88%
Female	39	30	10%	12%
TOTAL	**374**	**257**	**100%**	**100%**
Contractual	2014	2013	2014	2013
Male	80	59	81%	84%
Female	19	11	19%	16%
TOTAL	**99**	**70**	**100%**	**100%**
PMO	2014	2013	2014	2013
Male	525	410	83%	90%
Female	105	45	17%	10%
TOTAL	**630**	**455**	**100%**	**100%**

No. of Employee by Type and Gender 2013– 2014

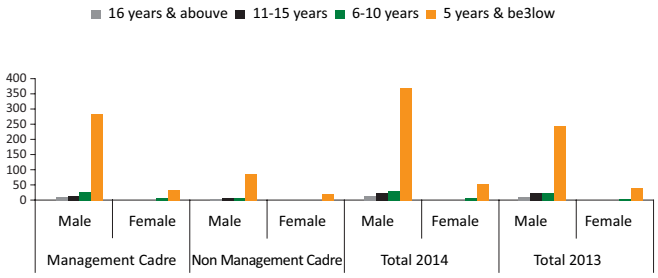


Age Analysis of Employees as at December 31:

Category	Management Cadre		Non-Management Cadre		Total 2014		Total 2013	
	Male	Female	Male	Female	Male	Female	Male	Female
51-60 years	2	0	1	0	3	0	3	0
41-50 years	29	2	6	0	35	2	23	1
31-40 years	205	16	23	2	228	18	140	11
21-30 years	86	21	62	17	148	38	117	29
20 years & below	0	0	1	0	1	0	3	0
TOTAL	**322**	**39**	**93**	**19**	**415**	**58**	**286**	**41**

Service Analysis of Employees as at December 31:

Category	Management Cadre		Non-Management Cadre		Total 2014		Total 2013	
	Male	Female	Male	Female	Male	Female	Male	Female
16 years & above	10	0	2	0	12	0	9	0
11-15 years	15	2	6	0	21	2	21	1
6-10 years	25	6	4	0	29	6	22	3
5 years & below	272	31	81	19	353	50	234	37
TOTAL	322	39	93	19	415	58	286	41
TOTAL	**322**	**39**	**93**	**19**	**415**	**58**	**286**	**41**



Employment Status

Employees under probation confirmed in service in 2014 increased in number attributable to the growth of the Branch network during the period under review.

Status of Employment as at December 31	No. of Employees		Percentage of Employees by Type (%)	
	2014	2013	2014	2013
Confirmed in Service	322	203	68%	62%
Undergoing Training or on Probation	52	54	11%	17%
Contractual	99	70	21%	1%
TOTAL	**473**	**327**	**100%**	**100%**

Employees by Grade:

LBFL has changed its' Employee Grade in 2014. Now Management Cadre includes Assistant Officer to Managing Director and it comprised 361 persons in 2014, accounting around76% of the total staff strength. Non-Management Cadre includesBusiness Support Officer, Menial Cadre and Skilled Cadre accounting for 24%. The number of employees of all grades increased over the previous year with the expansion of branch operations.

Category	2014		2013	
	No. of Employees	Percentage	No. of Employees	Percentage
Management Cadre	361	76%	97	30%
Non-Management Cadre	112	24%	147	45%
Business Support Officer		0%	41	13%
Menial Cadre		0%	34	10%
Skilled Cadre		0%	8	2%
TOTAL	**473**	**100%**	**327**	**100%**

New Employees Hired

During the period 2014, LankaBangla Finance Limited hired 176 new employees which is 25.71% higher than 2103,details of which by employee grade are given below:

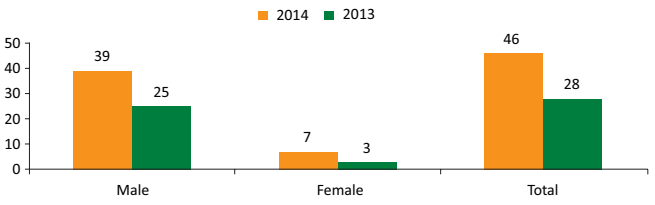
Category	No. of Employees Hired	
	2014	2013
Management Cadre	134	18
Non-Management Cadre	42	83
Business Support Officer	-	31
Menial Cadre	-	8
Skilled Cadre	-	0
TOTAL	**176**	**140**

Employees Attrition

There were 46nos. of resignations from service during the year under review which include both full time employee and contractual employee comparing to 28 nos. of resignations in 2013.Employee attrition in LankaBangla Finance Limited increased marginally in comparison with the past year due to improved employment opportunities present in the country. Of the total employees resigned, 85% were male and only 15% were female which is 4% higher than 2013.

Category	Gender-Wise Turnover		Percentage of Employees		Gender-Wise Percentage of Attrition	
	2014	2013	2014	2013	2014	2013
Male	39	25	85%	89%	9%	9%
Female	7	3	15%	11%	12%	7%
TOTAL	**46**	**28**	**100%**	**100%**	**21%**	**16%**

Gender-wise Employee Turnover



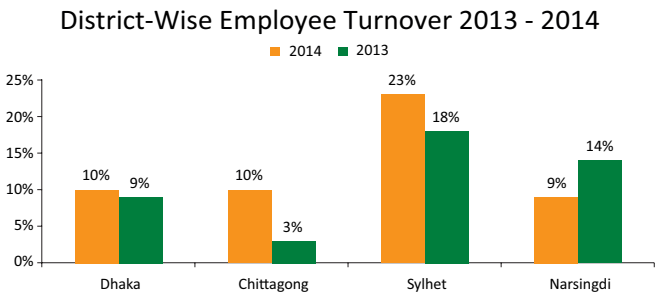
Employee Attrition Rate by Age Group:

Category	No. of Employees Left	
	2014	2013
51-60 years	0	0
41-50 years	0	2
31-40 years	17	12
21-30 years	29	14
20 years and below	0	0
TOTAL	**46**	**28**

Geography-wise Employee Turnover:

Category	Turnover (No.)		Turnover %	
	2014	2013	2014	2013
Dhaka	37	24	10%	9%
Chittagong	5	1	10%	3%
Sylhet	3	2	23%	18%
Narsingdi	1	1	9%	14%
TOTAL	**46**	**28**	**52%**	**45%**

District-Wise Employee Turnover 2013 - 2014



Benefits Policy and Regime:

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

- Festival Bonus.
- Provident Fund
- Gratuity
- Staff loan facility at concessionary interest rate
- Medical benefits enjoyed by all employees include life insurance and hospitalization insurance and staff loan schemes (all concessionary interest rates) to tide over any personal exigency.
- Annual increment.
- Performance related bonus.
- Leave encashment
- Mobile allowance for all permanent employees.
- Motorcycle for employees who need to visit outside office in regular basis.
- Travel allowance &daily allowance.
- Cost sharing for Professional qualification.
- Fuel allowance and transport allowance.
- Reward and Recognition is created to set up a systematic process of expressing appreciation for employee's hard work, dedication and contribution to the company.
- LankaBangla plan, design and arrange various job specific soft skills and technical training based on individual need assessment and business requirement.

Occupational health and safety- employee representation on health and safety committees:

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

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

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

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

Learning & Development: Learning and Professional Development

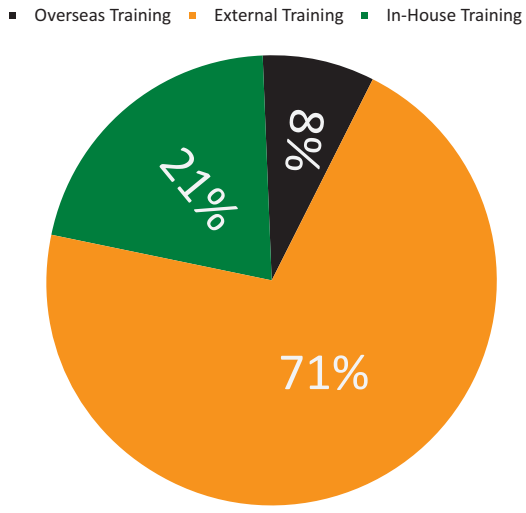
LankaBangla Finance Limited is dedicated to improving the professional competencies and performance of all its employees. In the year under review, the company spent a total of BDT 5.77 million on training and education programs for employees. All employees are subject to an annual performance review, at which they receive feedback on their performance and their development needs and potential as identified by the reviewers.

Since 2011, the company has followed a systematic approach to the identification of high performers among its employees. Through training; leadership competencies are identified and a pool of talent is created to serve the long term needs of the Company.

A total of 102 training programs involving 13,978man-hours of training were executed during the year. These programs were categorized as in-house, external and overseas training. Given the company's strong commitment towards developing a learning culture, it is pertinent to note that employees underwent a total of 13,978 man-hours of training during the year on various knowledge-building programs whereas it was only 4,697 man-hours in 2013. This works out to an average of 29.55 man-hours of training per employee comparing to 14.36 man-hours in 2013.

Training Type	2014			2013		
	No. of Programs	No. of Participants	Person Hours	No. of Programs	No. of Participants	Person Hours
Overseas Training	8	9	53	2	2	48
External Training	72	323	6,380	62	139	3,354
In-House Training	22	773	7,545	6	117	1,295
TOTAL	**102**	**1105**	**13,978**	**70**	**258**	**4,697**

Composition of Training Program:



Training Hours by Employee Grade:

Category	2014		2013	
	Male	Female	Male	Female
Management Cadre	11937	903	3106	16
Non-Management Cadre	95	67	1341	224
Business Support Officer	0	0	0	10
Product Marketing Officer	876	100	0	0
TOTAL	**12908**	**1070**	**4447**	**250**

Our Investment on Training:

To further strengthen the staff development process, the company increased its investment on training from BDT 3.393 million in 2013 to BDT 5.769 million in 2014. This approximately 58.82% increase will also support our intensive efforts to improve customer experience across all business units, with long term benefits accruing to the Bank.

Career Development Review:

All employees of the company irrespective of their gender received formal performance and career development reviews during 2014. Annual performance reviews and the reviews conducted upon completion of probationary periods help the company in identifying and enhancing the salient skills and developing them as needed.

Human Resource Outlook:

In the coming year, steps will be taken to further enhance productivity, including a closer alignment of the workforce plan with the business plan.

Feedback received during the employee engagement survey identified specific areas where action is needed. This includes devising viable career paths for all staff categories; improving process efficiency by effecting transfers with a minimum of disruption to the business; and improving the support services available to employees.

We are working on creating an internal talent pool that is competent to fill the vacancies that we currently have in some managerial position, by enhancing managerial competencies through specific development interventions and by fast-tracking employees with high potential as well as by maintaining transparency with respect to the career progression and mobility for all staff. We will also strive to improve engagement amongst less productive staff.

LankaBangla Finance Limited will continue to benchmark and provide a fair and attractive compensation package for all levels of staff, while improving the quality of the staff appraisal process.

Information Technology:

Information Technology (IT) division is responsible for creating establishing and maintaining IT infrastructure for the whole organization. There are approximately 200 nos. of desktops, 400 nos. of laptops and 35 nos. of servers providing access to business applications to all users. A Local Area Network (LAN) with 400 node capacity is in place at LBFL Head Office. 11 branch locations are connected to LBFL Head Office with redundant layer 3 connectivity. Local Area Network (LAN), branch network, internet connectivity, and lease lines all are maintained by the Infrastructure, Network and Security Department. Customized software and applications are developed and maintained under the supervision of the Application and Development Department. In 2014 IT division has successfully:

- Implemented Active Directory Services with a backup server which has enabled us to provide a more secure way of accessing IT resources;
- Shifted File Server to new hardware with added storage to offer more space to store official data which is accessible from anywhere within LBFL network;
- Migrated all branch connectivity to layer 3 with redundant links which ensures a consistent network uptime and a more secure communication;
- Implemented a Document Management System to archive scanned copies of all required documents to a central server which is accessible across LBFL network;
- Developed a Ticketing System to log all IT related issues raised by users; this system enabled us to priorities issues, delegate jobs to respective IT personnel, and accelerate service desk response time;
- Developed a Network Monitoring System to monitor the live status of all the connectivity of LBFL; this system allows us to respond instantly if there is any alert;
- Implemented Virtualization Technology which has empowered us to reduce cost by cutting down the number of physical servers as well as creating a power saving and environment friendly Data Center;
- Conducted an IT Gap Analysis by KPMG to point out what we need to do to uplift our IT division to more standardize level;
- Developed an IT Policy document to provide a guideline on how to use LBFL IT resources, to let them know the do's and don'ts regarding technology;
- Developed a Customer Management System to facilitate users with easier access to required information;

- Implemented SMS alert system with LankaBangla masking to send statement alert, payment alert, promotional SMS, etc.;
- Launched Contact Center with 24 hours service to our customers

Our management has a vision to see our IT division as one of the finest in the industry. To achieve this goal we have undertaken some major projects, which include:

- Re-infrastructure the whole LBFL network to comply with industry standards
- Backup file server implementation
- Implementation of backup Virtualization server with auto failover
- Implement Video Conferencing Facility among LBFL, LBSL and LBIL
- TSYS customization
- PRIME up-gradation to version 4.0
- Internet banking
- 3D security for credit card
- Mobile application
- Green PIN

Subsidiaries Operation:

LankaBangla Securities Limited (LBSL) is a subsidiary of LankaBangla Finance Limited, a leading equity brokerage house in the country with a diverse clientele of institutions, high net worth individuals, foreign funds and retail investors. The company has the distinction of being the largest broking house in terms of transaction value in Dhaka Stock Exchange Limited for last six years and Chittagong Stock Exchange Limited for last eight years. LBSL has achieved much recognition for its professionalism in its trade execution capability and settlement procedures & cutting edge sell side research base. LankaBangla Securities Limited posted after tax net profit of BDT 311.22million which was BDT 484.75 million in the year 2013.

Another subsidiary of LankaBangla Finance Limited namely LankaBangla Investments Limited has already been successful in establishing itself as one of the country's premier merchant banks. LBIL offers a wide range of investment management services i.e. corporate advisory and consulting for business development, mergers & acquisition,financial restructuring, issue management,portfolio management and so forth. During the year 2014 LankaBangla Investments Limited has incurred net loss of BDT 337.90 million as against net profit after tax amounting to BDT 15.45 million.

LankaBangla Assets Management Company Limited, a fully owned subsidiary of LankaBangla Finance Limited has posted after tax net profit of BDT 8.89 million which was 6.30 million in the year 2013.

Branch Operation:

During the year 2014 we have focused in covering wide range of geographic territory. Chittagong and Sylhet branch had good business performance in 2014. In 2014,another outlet has been opened at Mirpur and Motijheel to facilitate the growing financial need in that area. We have got approval from Bangladesh Bank for another outlet in Bogra and Borisal, a commercial hub in of the country.

Financial Result and Proposed Dividend and Appropriation of Profit:

The Company posted pre tax profit for the year end 2014 amounting to Taka 465.04 million, indicating increase in growth of 35.10% from Taka 344.21 million in 2013 while net profit after tax increased by 45.45% from Taka 448.06 million of 2013 to Taka 651.72 million in 2014.2014 was a challenging year towards the growth & prosperity. Considering the overall environment of financial market, current financial strength of the Company, and future investment prospect the Board is recommending stock dividend at the rate of 10% accompanied by 10% cash dividend for the year 2014. The Directors are pleased to report the financial results for the year2014 and recommend the following appropriations:

Net Profit After Tax for the Year 2014	**651,715,871**
Retained Earnings brought forward	1,580,027,440
Profit available for appropriation	**2,231,743,311**
Less: Statutory Reserve	130,343,174
Less: Transferred to LB Foundation	6,517,159
Less: Dividend for the year 2013 (5% Stock & 15% Cash)	416,698,583
Amount available for declaration of dividend	**1,678,184,396**
Less: Proposed Dividend	
Stock Dividend (10%)	218,766,759
Cash Dividend (10%)	218,766,759
Retained Earnings carried forward	**1,240,650,878**

Key Operating and Financial Data:

Key operating and financial data for last five years as per Notification No. SEC /CMRRCD /2006-158/129/Admin/44 dated 07 August 2012 is shown in page number 51.

Plan for Utilization of Undistributed Profits:

The Company requires substantial funds every year to carry out its regular business operation. The undistributed profits will be utilized to disburse fund for its new investments and will be used to meet contingencies in future as authorized under Article 100 of the Schedule I of the Companies Act 1994. Additionally with this retention a reasonable debt equity ratio would be maintained & the borrowing power of the Company would enhance.

Related Party Disclosure:

The directors have also disclosed the transactions, if any, that could be classifies as related party transactions in terms of Bangladesh Accounting Standard – 24: "Related party disclosures" which is adopted in the preparation of financial statements. Those transactions disclosed by the directors are given in the note - 36 to the financial statements.

Directors' remuneration:

Details of directors' emoluments paid during the year are given in notes - 28 to the financial statements.

Contribution to National Exchequer:

With a view to assist the Government in building up revenues and thus contribute to the economic development of the Country, LankaBangla Finance deposits taxes regularly to the National Exchequer by way of collection of income taxes and VAT at sources from various payments and also deposits of income taxes of the Company on its income.

FUTURE OUTLOOK 2015:

Bangladesh economy to maintain six plus percent annual average real GDP growth for well over a decade now amid prolonged global growth slowdown. Growth has averaged 6.2 percent over the last five years. Declining lending interest rates coupled with rising foreign exchange reserves and Taka exchange rate stability is enhancing the investor friendliness of the domestic economic scene. Rise in government's nonbank financing and subsidy cost savings from declining petroleum prices have kept government's bank borrowing substantially below compared to the last couple of years.

Credit growth to private sector though still somewhat below levels projected earlier, has however picked up substantially by the second quarter of year 2015 and remains upward edging. Imports have recovered from growth sluggishness of the past couple of years; current account balance of BOP has turned around from surplus to deficit, from pick up in imports mainly of capital machinery and production inputs. Unfortunately, disruptions from political unrest have reemerged, casting shadow on such expectations.

The latest monetary policy forecasts that the economy is poised to achieve a respectable GDP growth rate between 6.5% and 6.8% in the fiscal year 2015 if political stability prevails. Despite some upside risks, inflation will be kept under control to reach the target of 6.5% by June 2015. We, however, presume that given the political outlook already staged, realization of the forecasts would be challenging. Several sectors have already been affected, commodity prices in local market is not getting adjusted due to supply chain disruption throughout the country. Bangladesh Bank aims at supplying reserve money at the growth rate of 15.9% and broad money at 16.5% at the end of FY2015. Private sector credit growth has been targeted to grow at 15.5% at the end of FY2015.

While we believe, 2015 is another challenging year for lending business as business confidence is yet to rise. On the other hand, government borrowing from banking system would not crowd out private sector lending. We forecast that the country's aggregate credit demand would be going downward along with short term higher saving propensity that would lead interest rate stickily downward.

Considering this outlook, your company has already chalked out short and medium term strategy to put all out efforts to chive the business volumes targeted by all the departments as well as realize the corporate objects. Innovative & relentless marketing drive would put in place to attract quality asset in our portfolio & to improve the quality of existing portfolio.

Material changes after Balance Sheet date (December 31, 2014):

There have been no material changes and commitments between the end of 2014 and the date of this report,affecting the financial position of the Company.

Code of Conduct:

The Board has laid down a code of conduct for the Board members. All the Board members have certified that they have received, read, understood and affirmed compliance with the code for the year ended 31 December 2014.

Directors to retire, re-appointment and biographies of the Directors:

As per Article 98 of the Articles of Association of the Company, one-third of the Directors of the Company are required to retire by rotation at each Annual General Meeting (AGM). The retiring Directors are eligible to stand for re-election. In this connection the following Directors will retire in the Eighteenth Annual General Meeting and being eligible offered themselves for re-election as per Article 100 of the Articles of Association of the Company:

Mr. I. W. Senanayake - Representing Sampath Bank PLC

Mr. M. Fakhrul Alam - Representing ONE Bank Limited

Mrs. Aneesha Mahial Kundanmal

Biographies of the Directors seeking re-election/re-appointment and the names of the Companies where they have interest are presented on page number 18 of this Annual Report.

Re-appointment of the Managing Director

The Board of Directors of the Company in its 89th meeting held on October 27, 2014 has re-appointed Mr. Mohammed Nasir Uddin Chowdhury as Managing Director of the Company for a further period of three years w.e.f. December 1, 2014 which was subsequently approved by Bangladesh Bank.

Re-appointment of Independent Director

As per clause number (vi) of Notification No. SEC/CMRRCD/2006-158/134/Admin/44 of Bangladesh Securities and Exchange Commission dated August 07, 2012 the tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only. The shareholders of the Company in its 15th Annual General meeting have appointed Mr. Al-Mamoon Md. Sanaul Huq as Independent Director of the Company. The tenure of office of Mr. Al-Mamoon Md. Sanaul Huq will expire on March 28, 2015.

The Board of Directors of the Company in its 92nd meeting held on February 18, 2015 has recommended re-appointment of Mr. Al-Mamoon Md. Sanaul Huq as Independent Director of the company for a further period of 3 (three) years in compliance with the Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission.

Purchase of Land to set up the future Corporate Office of the Company

The Board of Directors of LankaBangla Finance Limited in its 90th Board meeting held on December 1, 2014 has approved to purchase of land (measuring more or less 1.0175 bighas), located at 23-24 Tejgaon, Dhaka, to set up the future Corporate Office of the Company.

Business Ethics:

Our customer welfare comes first. We ensure understanding our client's need, extending facilities to the right clients at fair terms. We care our clients to enjoy consistent continuous

service wherever we operate. We also opened a complain box for taking care of customer Complaints with highest priority. All our Board,Management and employees strictly follows regulatory guidelines, instructions and all applicable laws, rules and regulations of the country.

Audit Information:

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

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

Recognition:

As a reward of our relentless efforts to the best practices of corporate and financial reporting, we were awarded by the Institute of Chartered Accountants of Bangladesh (ICAB) Prize in Non-Banking Financial Sector for the best published Annual Reports and Annual Audited Accounts for the year 2013.

Our subsidiary Company LankaBangla Securities Limited achieved certificate for outstanding performance for being ranked 1st in terms of turnover for consecutive Seven years from 2006 to 2014 by both the Dhaka Stock Exchange (DSE) & for consecutive Eight years from 2005 to 2014 by the Chittagong Stock Exchange (CSE).

Board Meeting & Attendance:

During the year 2014, 6 nos. of Meetings of the Board of Directors were held. Attendance of the Directors is shown in the Annexure-iii, page no. 107.

Shareholding Pattern:

The shareholding pattern as per Clause 2(k)of SEC Notification No. SEC/CMRRCD /2006-158/Admin/02-08 dated February 20, 2006 is shown in Annexure-iii, page no. 108.

Auditors:

The Financial Institutions Act, 1993 and BSEC's order dated July 27, 2011 stipulate that an Auditor of the Financial Institutions cannot be appointed for more than three years. M/s. Syful Shamsul Alam & Co., Chartered Accountants, have completed their third year as statutory auditor of the company and hence not eligible for re-appointment.

M/s. ACNABIN Chartered Accountants, have expressed their willingness to become the statutory auditor of the company for the year 2015. In this regard the Audit Committee scrutinized and reviewed the proposals and recommended the Board to appoint M/s. ACNABIN, Chartered Accountants, as external auditor of the Company for the year 2015 with an audit fee of BDT 225,000 plus VAT.

The Board in its 92nd meeting held on February 18, 2015 recommended the Shareholders to appoint M/s. ACNABIN, Chartered Accountants, at a remuneration of BDT 225,000 plus VAT. We have sought approval of Bangladesh Bank to appoint M/s. ACNABIN, Chartered Accountants, until completion of the 19th AGM.

Reporting on Corporate Governance Compliance:

Pursuant to Clause 5.00 of SEC Notification No.SEC/ CMRRCD /200658 /129/ Admin/44 dated 07 August 2012 the Company's compliance status is shown in Annexure-i page no. 99.

Additional Disclosures:

The Directors, in accordance with SEC Notification No.SEC/ CMRRCD /200658 /129/ Admin/44 dated 07 August 2012; confirm compliance with the financial reporting framework for the following;

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

Events after the Reporting Period:

Dividend Information:

The Board of Director in its 92nd Meeting held on February 16, 2014 has recommended 10% Cash Dividend and 10% Stock for the year ended on December 31, 2014 for placement before shareholder at 18thAnnual General Meeting of the company scheduled to be held on March 19, 2015.

Acknowledgement:

The Board of Directors takes this opportunity of expressing its heart-felt appreciation and gratitude to the valued clients, depositors, lenders, bankers, patrons and business partners for their continued support and cooperation. The Board also expresses its deep gratitude to Bangladesh Bank, Bangladesh Securities & Exchange Commission (SEC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), Registrar of Joint Stock Companies and Firms, National Board of Revenue (NBR) and other regulatory bodies for their help, assistance, valuable guidance and advice being extended to the Company from

time to time. The Board also thanks M/s Syful Shamsul Alam & Co., the Auditors of the Company, for their efforts for timely completion of audits.

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

I would like to take this opportunity to thank my colleagues on Board, who have extended their all sorts of cooperation, in the face of adverse internal and external conditions, and made the year 2014 another year of success for the Company. Finally, the Board of Directors thank the respected shareholders and assure them that they will continue to add to maximize the shareholders' wealth through further strengthening and development of the Company in which they have placed their trust and confidence. Let us work together inspirit of open and honest partnership. The Board's pledge to you is that we will listen your criticisms carefully, will at all times take those very seriously and will make clear cut decisions for the greater interest of the Company.

For and on behalf of the Board of Directors



Mohammad A Moyeen
Chairman

AMARSTOCK

SUBSIDIARY COMPANIES

LANKABANGLA SECURITIES LIMITED

LBSL began as Vanik Bangladesh Securities Limited in 1997 with our activities confined only within the Chittagong Stock Exchange (CSE) Limited. A year later, VBSL made a step ahead and introduced ourselves to the Dhaka Stock Exchange (DSE). VBSL re-branded itself as LankaBangla Securities Limited in 2005 following a restructuring of the company. Currently, LBSL are the top stock brokerage house in Bangladesh holding the 1st position for 8 consecutive years in DSE and 9 consecutive years in CSE.

At LankaBangla Securities Limited, LBSL specialize in developing the country's most efficient stock brokerage workforce with unmatched skills and consummate perfectionism. Also, whichever corner of Bangladesh you are in, LBSL have got you covered as you can find our eleven branches spread in the leading cities and towns countrywide.

Quality, convenience, and reliability are certain things that LBSL provide you at the highest level you can expect from your broker and that is the key to such a strong network of key clients all over the world. Apart from efficient stock brokerage services, LBSL provide state of the art research services to cater to the need of inquisitive investors. Also, a dedicated team of professionals are always working on developing upgraded of stock investment plans and products for you to choose among. The LankaBangla Financial Portal (lankabd.com) is a unique platform that acts as a hive of all sorts of financial and economic data one may look for. Also, our Publication Department is successfully publishing a monthly magazine named "Market Pulse" since February 2007 which is widely appreciated by the stakeholders for its efforts to promote a knowledge based capital market environment in Bangladesh.

LankaBangla Securities Limited is a house with IT excellence that owns a Tier II Data Center, provides Cloud Services and Market Data Service with Financial Information Exchange (FIX), deploys Oracle Database Appliance (ODA), and secures backup management with EMC Avamar to ensure 24 hour data availability. The implementation of the OMS (Order Management System) for direct market access (DMA) is about to get started. In terms of international stock-trade facilitations, our ability to meet the demands considering every client's time horizon, goals, and risk tolerance have made us settle relations with thousands of retail and institutional clients all over the globe.

Our scrupulous investment in time and labor to create a better investment pathway for you in the Bangladesh Stock Market has made us become the leading equity brokerage house in the country. LBSL are a 90.91% owned subsidiary of LankaBangla Finance Limited (LBFL) which is one of the leading listed non-banking financial institutions in Bangladesh engaged in Leasing, Credit Card Services, Merchant Banking, Corporate Financing, and Financial Consultancy. With all these on the back, LankaBangla Securities Limited is undoubtedly a company which knows your preferences, acts on your choice, and guarantees you the most comfortable investment environment while you choose to invest in the Bangladesh Stock Market.

New Products of LBSL

LBSL IPO

Investment in IPO was never as easy as it is now with LBSL. You don't need to stand in the line for hours with your application. Rather, with the online interface provided by LBSL, you can invest in IPO online irrespective of your position. For investing in IPO online, just select the IPO, and your IPO will be processed automatically. In other words, once you submit your IPO application form, we will take care of the rest. Also you can come physically in our office and fill the IPO application form; we will do the rest for you.

LBSL Easy Investment Plan (EIP)

Regardless of age, income and experience, like a deposit pension scheme Easy Investment Plan (EIP) facilitates a simple and more convenient way of investing in the stock market.

LBSL Premium

As a Premium client, you will enjoy a suite of exclusive equity investment privileges and services not available elsewhere. With LBSL premium account an investor will always remain on top of his investments.

LBSL Beginner

Equity is an important asset class to participate in the underlying growth story of the country, industry and company. But investment in equity requires in depth knowledge and analysis about different variables which an investor finds difficult to process. Despite being a beginner with a small amount to invest, one will still be able to benefit from clear and simple information tools for the understanding, demonstrations to help when get started and research re-written in easier language.

LBSL Halal

LBSL Halal has been designed to accommodate the value of your special circumstances. Many investors want to make the stock market investment Shariah compliant and we will facilitate you a list of Sharia Compliant Companies where you can only invest.

Find us on Bloomberg: LANB <GO>

Find us on Web: lankabd.com

24/7 helpline: 16325 (local) or +880-96110-16325 (international)

Business Overview of LankaBangla Securities Limited in 2013

The overall capital market was apparently stable throughout the year; with an annual market return was 14.03% at the end of the year whereas it was 5.19% in 2013. Foreign participation in the market was increased gradually throughout the year. LBSL was able to maintain a stable turnover growth by keeping pace with the impetus of the market. LBSL's market share of both the Bourses was 6.94% in DSE and 8.52% in CSE.

At the end of the year 2014 net profit after tax was Tk. 311.22 mn. Revenue from brokerage was increased about 42% from

All amounts are in BDT except (%)

	2014	2013	2012	2011	2010
LBSL's Turnover in DSE	492,422.93	199,964.07	119,601.54	117,730.48	165,070.93
LBSL's Turnover in CSE	67,943.10	29,197.55	15,733.71	18,064.03	16,602.67
Total Turnover of LBSL	560,366.03	229,161.62	135,335.25	135,794.51	183,687.60
Market Share in DSE	6.14%	6.41%	6.00%	6.18%	6.94%
Market Share in CSE	9.96%	7.84%	6.77%	9.12%	8.52%

the year 2013 mainly because of the LBSL achievement to grab 43% of total FT market share which was only 21.59% in 2013. LBSL's overall turnover growth was 40.21% against the DSE's turnover growth of 24.75%. Moreover, introduction of sales and marketing department also contributed to the turnover increase in the bourses.

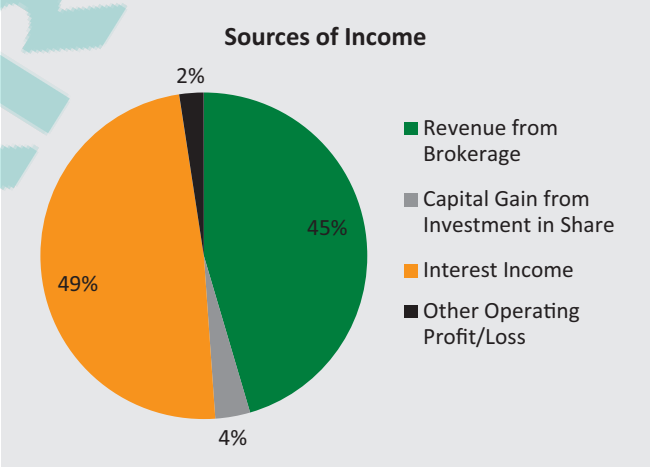
Particulars	2014	2013
Overall Turnover growth in DSE	-4.83%	24.75%
Overall Turnover growth of LBSL in DSE	-1.98%	40.21%
Overall Turnover growth in CSE	-15.34%	-1.57%
Overall Turnover growth of LBSL in CSE	14.13%	-8.09%
Market Share in DSE	6.18%	6.94%
Market Share in CSE	9.12%	8.52%
Overall Market Share in DSE & CSE	6.46%	7.06%
Market Share in Foreign Trade	21.59%	43.00%
BO Account Holders	32,981	46,696

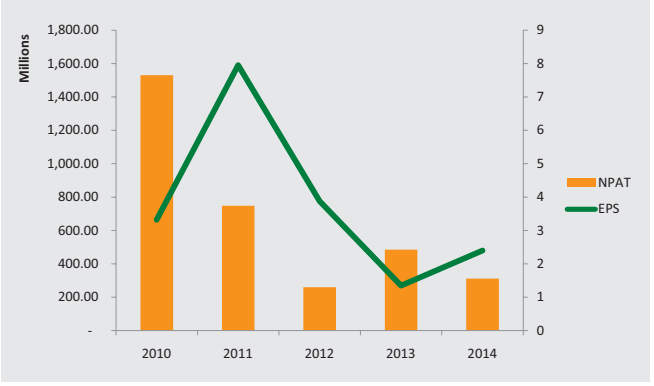
	2010	2011	2012	2013	2014
Shareholders' Equity	4,403.05	4,716.76	4,540.72	4,625.65	4,837.51
Total Assets	6,535.66	7,698.24	7,824.08	8,163.72	9,192.75
Total Liabilities	2,132.61	2,981.48	3,283.36	3,538.06	4,355.24
Revenue from Brokerage	1,886.93	758.51	475.12	477.10	675.78
Net Profit After Tax	1,530.59	747.62	259.68	484.75	311.22
Return on Assets	23.42%	9.71%	3.32%	6.06%	3.59%
Return on Equity	34.77%	15.85%	5.72%	10.48%	6.43%
Earnings per Share	7.95	3.88	1.35	2.40	1.54

In 2014 total income of the company was BDT 1487.30 million which was almost 4% higher than the previous year. Total Expenditure and net Profit was BDT 542.01 million and BDT 311.22 million.

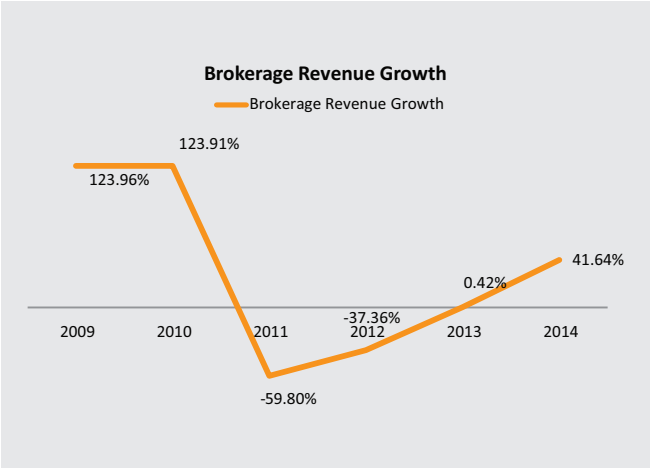
In the year 2013 the main source of income of the company was interest income from the margin loan of the clients which occupied 49% of the total income of the company. The other two main sources of income of the company was Revenue from brokerage and Capital Gain from Investment on the stock market which occupied 45% and 4% of the total income of the company respectively.







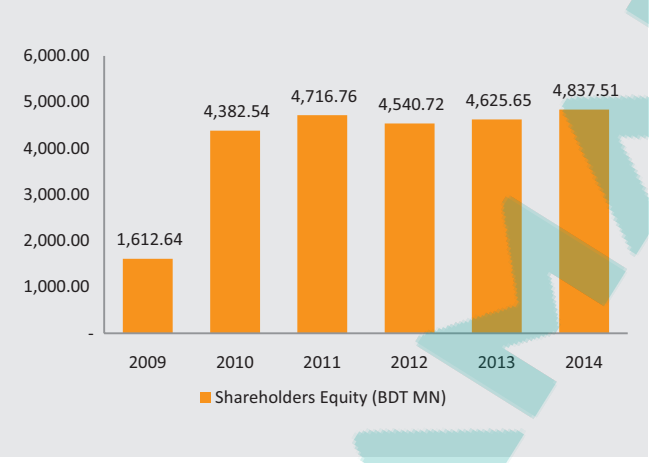
In 2014 Earnings per Share (EPS) and Net Profit after Tax (NPAT) were decreased. EPS was BDT 1.54 on 2014 which was BDT 2.40 on 2013.



In the year 2014, LBSL brokerage growth was significantly increased to 41.64% from the previous year. Overall market share of LBSL was 7.06% which was 6.46% in 2013 that contributed to such growth of brokerage revenue.

LBSL shareholder's equity has been growing continuously year on year. It has grown 4.58% from the previous year.

LBSL's goal for the year 2015



- To achieve 8.50% Market Share in DSE and to achieve 15% market share in CSE.
- To achieve 50% Market Share in Foreign Trade
- To open 100,000 more BO accounts and to hold 4% market share in total BO market
- To bring negative equity size to zero
- To generate interest income of BDT 844.53 mn and to reduce cost of borrowing to 14%
- To generate investment income of BDT 300mn
- OMS implementation by 2015
- Portal -to achieve 100000 visitors per day and selling 50 i-frame

LANKABANGLA INVESTMENTS LIMITED

LankaBangla Investments Limited (LBIL) was incorporated in Bangladesh with the Registrar of Joint Stock Companies and Firms (RJSCF), vide registration number C 83568/10 dated 29 March 2010 as a Private Limited Company under the Companies Act, 1994. This Company is a subsidiary of LankaBangla Finance Limited. 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 since 1997. In 2010, to respond to the regulatory instruction to spin off its merchant banking operation under a separate company to bring more transparency and regulatory control, LankaBangla Investments Limited was formed as a fully owned subsidiary. It obtained full-fledged merchant banking license (Reg. Certificate No. MB-57/2010) form BSEC on 02, January, 2011 and officially started its operation on 16th January 2011 taking ownership of the entire merchant banking operation of LankaBangla Finance Limited.

The company was converted into a public limited company with effect from 12 June 2013. The registered address of the company is 20, Kemal Ataturk Avenue, Banani, Dhaka-1213 and the corporate address of the company is Eunoos Trade Center, Level # 21, 52-53 Dilkusha C/A, Dhaka-1000.

LBIL has competent human resources with a combination of experience and diversified knowledge. LBIL values on long term sustainable business operation and relationship with clients. LBIL provides tailored financial solutions for the clients with in-depth analysis.

As a stakeholder of the capital market of Bangladesh, LBIL values the importance of development of capital market of Bangladesh. LBIL is committed to create value addition in the market by introducing new products maintaining global standard in services and operations.

SERVICES:

Investment Banking Services:

Bond Issuance:

Services include: Bond rate determination, bond structuring, negotiating with investors, managing other stakeholders and effective project management to successful closing.

LankaBangla Investments Limited combines expertise on debt origination and structuring with exceptional distribution capabilities to a large base of investors. The origination team works directly with issuers, including corporations, banks and other entities that seek funding. LBIL advises these clients on debt financing strategies, from a wide range of bond structures.

So far the corporate bond market of Bangladesh has not been developed much but as the economy is growing at a steady rate LBIL expects a potential demand of bond market in the economy. Corporate bonds will also facilitate in reducing the overall interest rate of the market which will consequently boost the investment activities in the economy. As an important stakeholder of Bangladesh Capital Market LBIL always steps forward in introducing new products and services for further development of capital market.

LBIL provides tailored bond structuring based on the clients requirements with competitive features to ensure a win-win state for both the Issuer and Investors.

Corporate Advisory:

The pursuit to a long term financial goal begins with a Corporate Advisor who can help the clients reach it. Armed with a deep understanding of distinctive needs, a LBIL Corporate Advisor can plan and execute strategies, drawing from the products and services of Investment Banking Services. LBIL can help its clients meet their objectives today, tomorrow and for generations to come.

In today's environment of complex transactions and competitive markets, increasing the value of business requires skills and experience. Thus LBIL helps clients to undertake the right decision in the right way to make their business more competitive and profitable by providing integrated and objective advisory services. LBIL provides assistance in due diligence, support the creation of financial models, act as financial advisors, aid in overall project management and provide solutions on financial and corporate matters.

LBIL also provides restructuring advisory services to under performing companies and companies experiencing liquidity problems, in all sectors and in all markets. It offers a prompt and strategic review of the situation and then develop and implement a tailored strategy to help turn around business performance.

Mergers and Acquisitions:

LankaBangla Investments Limited acts as the financial advisor for the total Merger or Acquisition transaction whether the client is the bidder or the target.

Merger and acquisition advisors at LBIL help companies steer through profitable opportunities starting from origination to closure of an acquisition transaction. In depth knowledge of company law, business acumen, relationships and resources facilitate achieving successful transactions. Major activities include identification of the business to be acquired, strategic planning for the acquisition, valuations, transaction structuring, negotiation with parties, advice on financing, supervising due diligence, legal and other issues to work towards successful completion.

LBIL Investment Baking team has expertise in acquisitions, amalgamation, divestitures, joint ventures, recapitalizations, shareholder activism, spin-offs/split-offs and tax-advantaged structures.

Joint Advisory Services:

With the growth in GDP size of the economy of Bangladesh the importance of Bangladesh as destination of investment is growing among the foreign investors. Low labor cost and availability of human capital further enhances the image of Bangladesh as a favorable place for investment. Considering this, LBIL provides advisory services for the joint venture projects. Regular services under this segment includes aligning both local and foreign investors, assisting in legal and regulatory compliances, research support for both the investors, designing the financial structure of the joint venture, end to end solution for such projects etc.

Primary Market Services:

Issue Management Services:

LBIL manages issues of Private Placement, Initial Public Offering (IPO), Repeat Public Offering (RPO)and Rights Offering.

LBIL assists companies with good growth potential and excellent business ideas to raise fund through initial public offering. With the finest issue management services LBIL not only aids clients to increase the value of their companies but also assists in increasing the supply of quality shares in the capital market. LBIL acts as issue manager for Private Placement, Initial Public Offering (IPO), Repeat Public Offering (RPO) and Rights Offering. The Primary Market Operations Team has vast experiences in managing different types of issues across various industries, leading to obtaining of in-depth knowledge of the regulatory framework and processes. Major services under issue management include consultancy services, regulatory compliance fulfillment, valuation of securities, price discovery under book building method, underwriting cooperation, public offer and subscription management and Rights Issue/offer management into successful completion.

LBIL is the first Merchant Bank which managed the IPO issue of United Power Generation & Distribution Company Limited (UPGDCL) under revised book building and successfully got the approval for public subscription on December 9, 2014.The experience associated with managing the issue of UPGDCL was incomparable as the revised book-building method included various new steps and procedures which were completely different from the earlier process. Besides, LBIL has successfully managed the IPO issuance of The Peninsula Chittagong Limited under fixed price method and Rights issuance of MIDAS Financing Limited in the year 2014.

Aman Feed Limited, LEADS Corporation Limited and Regent Textile Mills Limited are waiting for final approval from BSEC. These issues are expected to be listed in the stock exchanges by 2015.

Underwriting:

LBIL provides underwriting services for public issues to create efficiencies in the capital markets and reduce risk for new, repeat and right issues. LBIL has underwritten a large number of issues in various industries.

Capital Raising & Private Placement:

Services include: transaction feasibility analysis, capital raising, pricing & valuation, negotiating with investors, and effective project management to successful closing.

Raising capital through a private placement of a company's securities is an effective and timely alternative to debt financing. A company can consider such financing at an early stage in its development or as interim financing until a public offering can be completed. LBIL provides end-to-end advisory solutions to companies on their capitalization strategies, which help them to achieve their growth targets

LBIL structures complex transactions across the capital spectrum to minimize dilution and optimize the capital structure. Often these solutions involve a hybrid of debt and equity.

LBIL facilitates the placement process. Using experienced distribution capabilities, it targets a specific group of investors and organizes meetings that can effectively maximize management's time. LBIL believes that an orchestrated process increases the momentum of the transaction and thereby, its competitiveness.

Secondary Market Services:

Non-Discretionary Investment Portfolio:

LankaBangla Investments Limited provides comprehensive non-discretionary services including trade execution and margin loan

under its Investor's Portfolio Account called **'IPA Scheme'.** LBIL is capable of executing proper and efficient trades through its designated sister concern **LankaBangla Securities Limited,** the largest stock broker of the country. Using multiple information sources and a group of expert analysts and researchers, LBIL delivers up-to-the-minute market information to help clients take more informed decisions.

Major Features of IPA Scheme:

- Clients have absolute discretionary power to make their buy and sell decisions from the securities approved by the portfolio manager.
- All the securities purchased by the clients shall remain in line in favor of portfolio manager.
- Portfolio manager will administer the investment of the clients and also provide the total custodian services.
- Clients will enjoy trading facility in both Dhaka and Chittagong Stock Exchange.
- To facilitate the clients to enhance their return on investments through leveraging, the portfolio manager will extend margin loan to the clients.
- No restriction on capital withdrawal by the clients.
- Fund management fee is one of the lowest in the industry.
- No trigger selling without discussing with the client.

Discretionary Investment Portfolio:

In the ever changing capital market, managing investment has become an increasingly complex and time consuming process for a company or an individual to handle in isolation. For effective investment, one has to go through the hassle of following huge financial data and market information continuously.

To relieve one from this never ending process, LBIL is here with, its very own discretionary portfolio management service exclusively designed for the clients' investment needs where:

- Dedicated investment managers will look after the investments with their best judgment and market outlook;
- Investment policy will be specially designed to attain individual goals and objectives;
- All the market related data and information is closely monitored on behalf of the clients;
- Appropriate securities will be identified according to one's investment needs;
- Forecasting and judging possible market movements will take place with proper scrutiny
- Investment process will be highly professional with strict risk analysis; and
- Rebalancing of portfolio is done according to market scenario and future predication

AlphaPlus (Investments Best Managed):

Discretionary Portfolio Management Service offers a number of benefits to the clients. It frees them from the burden of making day-to-day investment decisions, which may be better made by a qualified portfolio manager who is attuned to the vagaries of the market. Delegating the investing process to a competent manager leaves the client free to focus on his/her priorities.

Discretionary Portfolio Management Service also aligns the investment manager's interest with that of the client, since managers typically charge a percentage of the assets under administration as their management fee.

Discretionary investment management may also ensure that the client has access to better investment opportunities through the portfolio manager. The client may also receive better prices for executed trades, as the portfolio manager can put through a single buy or sell order for multiple clients.

Client's confidence in the portfolio manager's competence, integrity and trustworthiness is very much important for this service and LBIL values the confidence that the clients put on us.

AlphaPlus INITIAL

Some potential investors having small savings left for investment, faces problem in making investments. As their investment amount in most cases is too small for investment in secondary market and little opportunity is available to invest that small amount in fixed income securities. Moreover the potential return from investment in fixed income securities is very lower. On a condition like this, AlphaPlus INITIAL will pave the way of investment in primary market with least hassle for those investors.

LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED

LankaBangla Asset Management Company Limited (LBAMCL) is an emerging asset management company. It is a 99.99% subsidiary of LankaBangla Finance Limited, one of the leading NBFI in Bangladesh. It received its license from Bangladesh Securities and Exchange Commission (BSEC) on June 24, 2012 to operate as a full-fledged asset management company.

The principal activities of the company include the following:

- To manage the assets of any trusts or funds of any type and/or character and to hold, acquire, sell or deal with such assets of any trust or funds as per relevant rules.
- To float, administer and manage any mutual fund, growth fund, provident fund, pension fund or any other allotted scheme for the purpose of investment approved by the BSEC for the time being as per relevant rules.

LBAMCL is deeply committed in providing client driven solution and superior risk adjusted performance to its valued clients. LBAMCL values original thinking, due diligence, first-hand research and investment discipline. Its mission is to provide a diverse array of investment choices and the best possible investment management service to investors and institutions.

LBAMCL has already applied for "LankaBangla 1st Balanced Unit Fund" with an initial fund size target of BDT 250mn and is awaiting approval from the BSEC. It is also in the process of launching provident fund, gratuity fund and corporate fund management service very soon. LBAMCL firmly believes in achieving solid long-term investment performance in line with the clients' needs and providing superior client relationship management. By keeping the target investors in focus it opts to become one of the leading asset management companies in Bangladesh very soon.

STATEMENT ON CORPORATE GOVERNANCE

Corporate Governance is the system by which a Company is directed, controlled and managed. In LankaBangla Finance Limited (LBFL), the Corporate Governance Framework guides our drives towards progress by way of developing and implementing appropriate corporate strategies. The approach to governance is predicated on the belief that there is a link between high-quality governance and the creation of long-term stakeholder value. In pursuing the Corporate Objectives, we have committed to the highest level of governance and strive to foster a culture that values and rewards exemplary ethical standards, personal and corporate integrity and mutual respect.

The Board of Director, led by the Chairman, is responsible for the governance of the Bank, and developing effective Governance Framework to meet challenges, both in the short and long term. The Board is committed to reviewing and improving our systems to provide transparency and accountability, and initiate transformational changes whenever necessary to ensure best practices are maintained and enhanced according to the principles of Corporate Governance.

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

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

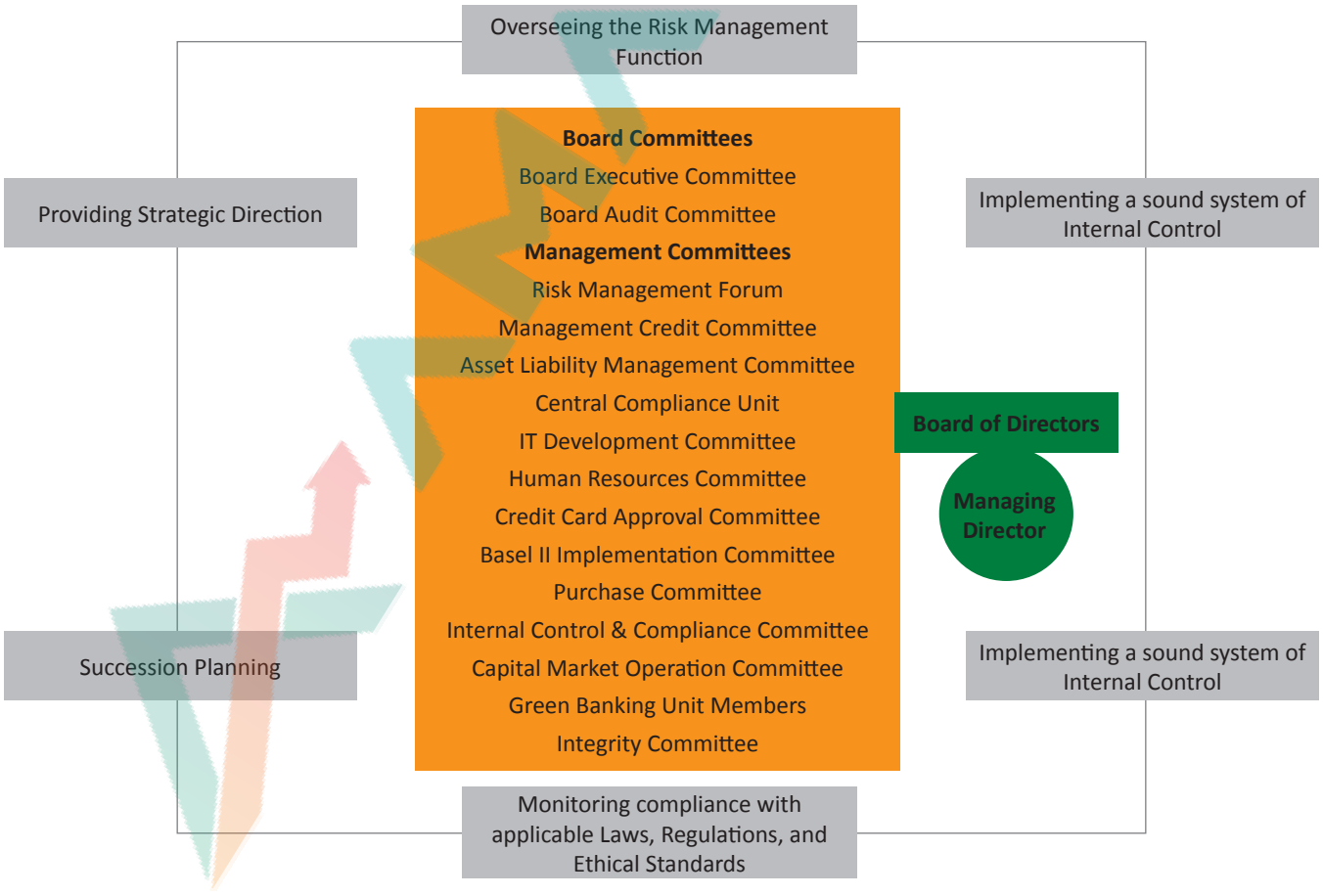
The extent of compliance by LankaBangla for the year ended 31st December 2014 with the above rule and directive principles and best practices are given in the Annexure:-

Annexure - I

The Code of the best Practice on Corporate Governance issued jointly by the **Bangladesh Securities and Exchange Commission (SEC).**

Annexure-II

LankaBangla's level of compliance with the requirement of the Bangladesh Bank circular DFIM Circular No. 07, dated; 25 September, 2007.



CORPORATE GOVERNANCE FRAMEWORK

Good Corporate Governance practices are not just a matter for the Board but are at the heart of everything that we do within the Company. The Bank operates within a comprehensive Governance framework, which is outlined in the diagram below and set out in the report that follows;

LANKABANGLA INITIATIVES ON CORPORATE GOVERNANCE DURING THE YEAR 2013 AT A GLANCE;-

a) Further strengthening the composition of the Board with the appointment of Two Non-Executive Independent Director in compliance with the SEC Notification No. SEC/CMRRCD/2006-158/129/Admin/44 dated 07 August 2012.

b) Re-Constitutions of the Board Audit Committee and Board Executive Committee.

c) Formation of Risk Management Forum and Risk Analysis Unit in LankaBangla.

d) Strengthening the process of business operation through rearrangement of Corporate Organogram.

e) Revision of the Finance and Accounting Manual of the Company and review by the Board Audit Committee and Approved by the Board of Directors.

f) Revision of the Human Resource Manual &Policy by the Board Audit Committee and Board of Directors.

g) Revision of the Credit Policy and incorporation of Environment Risk Management Procedure (following guidelines of Bangladesh Bank) by the Board Audit Committee and Board of Directors.

h) Approval of ICT Policy of the Company by the Board of Directors.

i) Approval of Anti-Money Laundering Policy & Guidelines and Business Continuity Plan for LankaBangla by the Board of Directors.

j) Approval of Green Banking Policy for LankaBangla by the Board of Directors.

k) Review of the Product Program Guidelines (PPG) on Home Loan, Auto Loan, Credit Cards, SME Loan, Personal Loan.

l) Strengthening the process of identification, recording and disclosure of Related Party Transactions.

m) Expansion of geographical presence to cover more customer base by opening 03 new Branches countrywide.

BOARD GOVERNANCE

Board Composition and Frequency

The present Board comprises of 10 non-executive directors of whom 04 are nominee directors and two are independent director. This number is appropriate for the current scope of the company's operations. The Board meets not less than four times in any given calendar year, with at least one meeting per quarter. In the last meeting of the year the Annual Budget for the Company for the coming year is placed to discuss and approve.

The Board sets its agenda for Board meetings well in advance with items proposed by the CEO and Managing Director and senior management, so that each member has time to be conversant with the issues by timely dissemination of meeting papers, presentations and reports. The Company Secretary and Chief Financial Officer attend all Board meetings and ensures that all relevant regulations and established procedures regarding the conduct of the Board are complied with.

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

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

Selection and Term of Appointment of New Director

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

- Regularly review the size and composition of the Board and the mix of expertise, skills, experience and perspectives that may be desirable to permit the Board to execute its functions;
- Identify any competencies not adequately represented and agree the process necessary to be assured that a candidate nominated by the shareholders with those competencies is selected;

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

Retirement and Re-election of Directors

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

Independence of Directors

Pursuant to the Notification No. SEC/CMRRCD/2006-158/129/Admin/44, dated;- 07 August 2012, In LankaBangla, the Board comprises eleven non-executive members, of which two are totally independent, being 1/5th total number of Director.

The purpose of appointing non-executive and independent directors is first to provide the Board with knowledge, objectivity, judgment and balance which may not be available if the Board consists only of full time executives; and secondly to ensure that the performance of the executive directors and the management of the Company are up to the standards required. Independent director of LankaBangla bring their special expertise and knowledge to bear on the strategy and enterprise of the company. They each bring an independent judgment on issues of conformance and performance.

Board Role and Responsibilities

Surrounded in the principles of corporate governance is that the Board has a fiduciary role responsible for setting the strategic direction and long-term goals of the company.

As elected representatives of the shareholders, the Board is expected to use its integrity and capability to vet corporate strategies, policies, plans and major decisions, and to oversee and monitor management in the interests of the shareholders of LankaBangla. Key to good governance in LankaBangla is an informed and well functioning Board of Directors.

Broadly, the responsibilities of the Board include the following:

- reviewing and approving overall business strategy, as well as organisation structure, developed and recommended by management;
- ensuring that decisions and investments are consistent with long-term strategic goals;
- ensuring that the Bank is operated to preserve its financial integrity and in accordance with policies approved by the Board;
- overseeing, through the Audit Committee, the quality and integrity of the accounting and financial reporting systems, disclosure controls and procedures and internal controls; and through the Risk Management Committee, the quality of the risk management processes and systems
- providing oversight in ensuring that the Bank's risk appetite and activities are consistent with the strategic intent, operating environment, effective internal controls, capital sufficiency and regulatory standards;
- overseeing, through the Risk Management Committee, the establishment and operation of an independent risk management system for managing risks on an enterprise-wide basis, the adequacy of the risk management function (including ensuring that it is sufficiently resourced to monitor risk by the various risk categories and that it has appropriate independent reporting lines), and the quality of the risk management processes and systems;
- reviewing any transaction for the acquisition or disposal of assets that is material to the Bank;
- ensuring that the necessary human resources are in place for the Bank to meet its objectives, as well as appointing and removing executive officers, as deemed necessary;
- reviewing management performance and ensuring that management formulates policies and processes to promote fair practices and high standards of business conduct by staff;
- establishing corporate values and standards, emphasizing integrity, honesty and proper conduct at all times with respect to internal dealings and external transactions, including situations where there are potential conflicts of interest;
- overseeing, through the Remuneration Committee, the design and operation of an appropriate remuneration framework, and ensuring that the remuneration practices are aligned and in accord with the remuneration framework;
- providing a balanced and understandable assessment of the Bank's performance, position and prospects, and this extends to interim and other price-sensitive public reports, and reports to regulators;
- ensuring that obligations to shareholders and others are understood and met; and
- maintaining records of all meetings of the Board and Board Committees, in particular records of discussion on key deliberations and decisions taken.

Chairman of the Board of Director

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

Role of the Chairman

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

Separation of the role of Chairman and the Chief Executive Officer

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

Role of the CEO & Managing Director

The MD/CEO heads the Company Management Committee, the highest committee of management body of the company. He oversees execution of the Company's corporate and business strategy and is responsible for managing its day-to-day operation.

The CEO & managing Director performs the following key responsibilities:

- Establishes and directs the vision and mission of the team. In this capacity, the CEO is the source of visionary strength of the Company and keeps it on a consistent track to achieving the vision;
- Responsible for directing the operational activities of the Company by scheduling the utilization of the Company's resources, including people and capital equipment. In this way, the CEO gets things done through the efforts of the people in the Company. The CEO is responsible for establishing and executing the Company's operating plan that is necessary to achieve the Company's objectives;
- Selects the people for the management team and improves the performance of people through ongoing counseling. As a coach, the CEO works with people to help them become greater contributors by helping them improve their efficiency and effectiveness.

BOARD COMMITTEES

Membership

LankaBangla' governance practices require that specialised skills are best exercised through board level committees. In LankaBangla, these are:

- Board Credit Committee (BCC), reviews and approves credit exposures (exceeding certain limits) of all tenors.

- Audit Committee (AC), supervises the Company's internal control procedures and interacts with the Internal Auditor and external auditor to ensure full compliance with the law and regulations governing accounting standards and financial reporting.

Terms of reference for each of the above Board committees are clearly defined. The terms of reference set forth the responsibilities of that committee, quorum and voting requirements as well as qualifications for committee membership, in line with the regulations and notification issued by Bangladesh Bank and Bangladesh Securities and Exchange Commission. Each committee has direct access to management staff and has the power to hire any independent advisors as it deem necessary.

Board Executive Committee (BEC)

The Committee comprises Mr. Mohammad A. Moyeen (Chairman), Mr. Mahbubul Anam, Mr. M. Fakhrul Alam, Mrs. Annesha Mahial Kundanmal and Mr. Al Mamoon Md. Sanaul Huq. All credit exposures exceeding the limit delegated by the Board to management are approved by this Committee.

The BEC of LankaBangla works with the policies and guidelines issues by Bangladesh Bank, Board and regulatory bodies regarding credit and other operational matters. The Committee ensures properly and timely implementation of Polices and guidelines through the management. The Committee approves Lease/Loan and other business proposals following the approved policy of the board. Management ensures due diligence of the investment policies and risk management before submitting the credit proposals.

Board Audit Committee

The Audit Committee comprises of Mr. Al-Mamoon Md. Sanaul Huq (Independent Director & Chairman of the Committee), Mr. Mahbubul Anam, Mr. Mohammed A Moyeen, Mr. Mirza Ejaz Ahmed, Mr. M. Fakhrul Alam, all non-executive Directors. In addition to the review of the LBFL Financial Statements, the Audit Committee reviews and evaluates with the internal auditors and external auditors, the adequacy and effectiveness of the Company's system of internal controls including financial, operational and compliance controls; and risk management policies and systems. It reviews the internal and external auditors' audit plans, the effectiveness of audit, and the independence and objectivity of the external auditors.

The Committee meets not less than four times a year with the internal auditors. During the year under review 05 nos. Audit Committee meeting held. All Committee meetings are also attended by Company's Legal, Compliance and Secretariat and the Committee has the discretion to invite any Director and executive officer to attend its meetings. Separate sessions with internal and external audit are also held without the presence of management, to consider any matters which might be raised privately. In addition, the Chairman of the Audit Committee meets the internal auditors on a regular basis to discuss the work undertaken, key findings and any other significant matters arising from the Company's operations.

Features of Audit Committee Charter

The Audit Committee reviews the audited financial statements with management and the external auditors to ensure that the Company's financial statements are fairly presented in conformity with the relevant Bangladesh Financial Reporting Standards and Bangladesh Accounting Standards in all material aspects, based on its review and discussions with management and the external auditors.

External Auditors' are invited to present in the Audit Committee meeting where Financial Statements of the Company in reviewed for circulation to the Public. The Committee also performs an annual assessment of the effectiveness of the Company's Internal Audit function and ensures that Internal Audit has adequate resources to fulfill its mandate.

The Committee is also responsible for oversight of risk governance, risk framework and limits of LankaBangla. It approves the overall risk governance framework as well as the framework for credit, market and operational risks, including the applicable limits. It is also responsible for approving certain policies in accordance with regulatory requirements. The Committee also monitors the Company's risk profile, including risk trends and concentrations.

A separate Report on Audit Committee has been given in page no. 134.

BOARD MEETINGS AND ATTENDANCE

In the year under review, there were a total of 06 scheduled Board meetings. At these meetings, the Board reviews the Company's financial performance, corporate strategy, business plans, potential strategic acquisitions or alliances, strategic or significant operational issues and significant matters attended to by Board committees. The Board also reviews the Company's long term corporate strategy and business plans and budget, including principal issues and challenges. In addition to the scheduled meetings, ad hoc meetings were also held when necessary.

Board approval for less critical matters may be obtained through resolutions by circulation. Board of Directors attend the annual general meeting, Board meetings and meetings of the committees on which they serve, and they spend the time needed to properly discharge their responsibilities. Materials and information important for understanding of the matters to be reviewed during the meetings are distributed to the directors in advance of the said meetings to provide sufficient time for the directors to prepare ahead for such meetings.

The table shown in page no. 108 sets out the number of meetings held and the attendance of the Company's Directors, including meetings of the Audit Committee during the year ended 31 December 2014.

INTERNAL AUDIT AND INTERNAL CONTROLS

Internal Audit Function

LankaBangla Internal Audit is an independent function that reports functionally to the Audit Committee and administratively to the Managing Director. The functional reporting includes matters relating to Audit Charter, risk assessment and related audit plans, results of internal audit activities and other matters that the Head of Internal Audit deems necessary. The head of Internal Audit has direct access to the Audit Committee. The Audit Committee approves the hiring of Head of Internal Audit including appointment, removal, evaluation, promotion, annual compensation and salary adjustment. Administratively, Company's Managing Director facilitates the day-to-day operations of the internal audit function, including budgeting, management accounting and human resource administration.

Internal Audit has unfettered access to any and all of the company's documents, records, properties and personnel including the Chairman and Audit Committee of the Board of Directors.

Internal Audit has developed and maintained a quality assurance and improvement program that covers all aspects of the internal audit activity. Internal audit activity of LankaBangla conforms to the Institute of Chartered Accountants of Bangladesh's (ICAB) Bangladesh Standards on Auditing and International Standards for the Professional Practice of Internal Auditing.

The professional competence of the LBFL's internal auditors is maintained or upgraded through training programs, conferences and seminars that provide updates on auditing techniques, regulations and banking products and services. An annual audit plan is developed under a structured risk assessment approach that examines the Company's activities, their level of inherent risk and control effectiveness against the various risk types. Audit areas are identified and scoped based on this approach and audit resources are focused on the activities deemed to carry higher risks.

The scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of LankaBangla's system of internal controls, risk management procedures, governance processes and the quality of performance in carrying out assigned responsibilities.

The progress of corrective actions on outstanding audit issues is monitored monthly. Information on outstanding issues is categorised according to severity and monthly reports are sent to the Audit Committee Chairman, the Chairman of the Board, senior management and all Division/Department heads. All audit reports which are rated as requiring attention are copied to the Audit Committee and senior management.

Internal Audit team work closely with the external auditors and meets them regularly to discus matters of mutual interest, to strengthen working relationships and to co-ordinate audit efforts. The external auditors review the effectiveness of the Company's internal controls and risk management during an annual statutory audit. Material non-compliance with established practices and procedures and regulations, as well as internal control weaknesses noted during the audit, together with recommendations, are reported to the Audit Committee, which ensures that high-risk outstanding issues are dealt with in a timely manner.

Internal Controls

A sound system of internal controls requires a defined organisational and policy framework. LankaBangla has a management framework that clearly defines the roles, responsibilities and reporting lines of business and support units. The delegation of authority, control processes and operational procedures are documented and disseminated to staff. The Internal Audit, Risk Management and Legal & Compliance functions provide independent oversight over controls and risks within the Group.

The Audit Committee and the Risk Management Committee have reviewed the adequacy of LBFL control environment. The Board believes that the system of internal controls in place up to the date of this report is adequate for the current business scope and operations of the Company.

RELATED PARTY TRANSACTIONS

LankaBangla has refined and embedded enhanced procedures to comply with existing regulations governing related party transactions for banks and listed companies. These regulations include the Financial Institutions Act, Bangladesh Accounting Standards (BAS-24). The relevant provisions in the FI Act and the BAS directives impose prudential limits on credit exposures by the Company to certain Subsidiary and associates entities and persons, also the related party transactions in the BAS cover all types of related party transactions generally.

All new directors are briefed on the relevant provisions that they need to comply with. If necessary, existing credit facilities to related parties are adjusted prior to a director's appointment, and all credit facilities to related parties are monitored on an on-going basis. Checks are conducted prior to the Company entering into credit and non-credit-related transactions to determine whether the counter party is a related party under applicable regulations and to take the appropriate action to comply with the regulations.

The Company has granted credit facilities to the mentioned related parties in the ordinary course of business on normal terms and conditions. The outstanding amounts of these credit facilities and the estimated values of collaterals as at 31 December 2014 are given in the Notes to the Financial Statements Note no. 36.

IT GOVERNANCE

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

ETHICAL STANDARD - DEALINGS IN SECURITIES

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

DISSEMINATION OF INFORMATION

LankaBangla maintains an active dialogue with shareholders. It holds in-person briefing sessions or telephone conference calls with the media and analysts when quarterly results are released. All press statements and quarterly financial statements are published on the national Daily Newspapers and DSE & CSE websites. A dedicated investor relations team supports the Company's CEO and Chief Financial Officer (CFO) and Company Secretary in maintaining a close dialogue with institutional investors.

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

GROWING WITH GREEN

MMH

07 February 2015

Our Ref: 01/02/2015

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

Subject: Opinion on Status of Compliance of Corporate Governance Guidelines for the year ended 31 December 2014

Dear Sir,

We have checked the relevant documents regarding the compliance of the provisions of Corporate Governance Guidelines issued by the Bangladesh Securities & Exchange Commission (BSEC) through notification Number: SEC/CMRRCD/2006-158/134/Admin/44, dated 07 August 2012 for the year ended 31 December 2014.

In our opinion, LankaBangla Finance Limited has complied with the conditions of Corporate Governance Guidelines of BSEC for the year ended 31 December 2014. Actual status of Compliance against each requirement of the Corporate Governance Guidelines is shown in ***Annexure-1.***

Thanking You.

Yours Faithfully,

MMH & Co
Chartered Accountants

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AMARSTOCK

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Annexure-i

Status of Compliance with the conditions imposed by the Bangladesh Securities & Exchange Commission (BSEC) through notification Number: SEC/CMRRCD/2006-158/134/Admin/44, dated 07 August 2012 under section 2CC of the Securities & Exchange Ordinance 1969

(Report under Condition Number 7.00)

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1.	**Board of Directors**			
1.1	Board Size (number of Directors - minimum 5 and maximum 20)	✓		
1.2	**Independent Directors**			
1.2 (i)	Independent Director(s) (at least one fifth of total number of Directors shall be Independent Director)	✓		
1.2 (ii)	Independent Director means-			
1.2 (ii) (a)	Who either does not hold any share in the company or hold less than one percent (1%) shares of the total paid-up shares of the company	✓		
1.2 (ii) (b)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds 1% or more shares of the total paid up shares of the company	✓		
1.2 (ii) (c)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associate companies	✓		
1.2 (ii) (d)	Who is not a member, director or officer of any stock exchange	✓		
1.2 (ii) (e)	Who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	✓		
1.2 (ii) (f)	Who is / was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm	✓		
1.2 (ii) (g)	Who shall not be an Independent Director in more than 3 (three) listed companies	✓		
1.2 (ii) (h)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI)	✓		
1.2 (ii) (i)	Who has not been convicted for a criminal offence involving moral turpitude	✓		
1.2 (iii)	The Independent Director(s) shall be appointed by the Board of Directors and approved by the shareholders in the Annual General Meeting (AGM)	✓		
1.2 (iv)	The post of Independent Director(s) cannot remain vacant for more than 90 (ninety) days	✓		
1.2 (v)	The Board of Directors shall lay down a code of conduct for all the members of the Board of Directors and annual compliance of the code to be recorded	✓		
1.2 (vi)	The tenure of office of an Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only	✓		
1.3	**Qualification of Independent Director**			
1.3 (i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business	✓		

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Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1.3 (ii)	The person should be a Business Leader/Corporate Leader/Bureaucrat/ University Teacher with Economics or Business Studies or Law background/ Professional like Chartered Accountant, Cost & Management Accountant, Chartered Secretary. The Independent Director must have at least 12 (twelve) years of corporate management/professional experiences	✓		
1.3 (iii)	In special cases, the above qualifications may be relaxed subject to prior approval of the Commission			N/A
1.4	Chairman of the Board of Directors & Chief Executive Officer should be different person.	✓		
1.5	**The Directors' Report to Shareholders shall include**			
1.5 (i)	Industry outlook and possible future developments in the industry	✓		
1.5 (ii)	Segment-wise or product-wise performance	✓		
1.5 (iii)	Risks and concerns	✓		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	✓		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss			N/A
1.5 (vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report	✓		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments			N/A
1.5 (viii)	An explanation, if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.			N/A
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements, the management shall explain the variance on their Annual Report			N/A
1.5 (x)	Remuneration to directors including independent directors	✓		
1.5 (xi)	The Financial Statements prepared by the management of the company presence fairly its financial position, the result of its operations, cash flows and changes in equity	✓		
1.5 (xii)	Proper books of account of the company have been maintained	✓		
1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment	✓		
1.5 (xiv)	International Accounting Standards (IAS) /Bangladesh Accounting Standards (BAS) /International Financial Reporting Standards (IFRS) / Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh ,have been followed in preparation of the financial statements and any departure from those standards has been adequately disclosed	✓		
1.5 (xv)	The system of Internal Control is sound in design and has been effectively implemented and monitored	✓		
1.5 (xvi)	There is no significant doubt upon the company's ability to continue as a going concern. If company is not considered to be a going concern, the fact along with reasons thereof should be disclosed	✓		
1.5 (xvii)	Significant deviation from the last year's operating results of the company shall be highlighted and the reasons thereof should be explained			N/A

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Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1.5 (xviii)	Key operating and financial data of at least 05 (five) preceding years shall be summarized	✓		
1.5 (xix)	If the company has not declared dividend (cash or stock) for the year, the reason shall be given	✓		
1.5 (xx)	Number of board meetings held during the year and attendance by each director shall be disclosed	✓		
1.5 (xxi)	The pattern of shareholding shall be reported to disclose the aggregate number of shares.	✓		
1.5 (xxi) (a)	Parents/Subsidiary/Associate Companies and other related parties (name wise details)	✓		
1.5 (xxi) (b)	Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and their spouse and minor children (name wise details)	✓		
1.5 (xxi) (c)	Executives (top 5 (five)) salaried employees of the Company, other than the Directors, CEO, CFO, Company Secretary and Head of Internal Audit	✓		
1.5 (xxi) (d)	Shareholders holding 10% (ten percent) or more voting interest (name wise details)			N/A
1.5 (xxii)	Appointment/Reappointment of Directors-			
1.5 (xxii) (a)	A brief resume of the director	✓		
1.5 (xxii) (b)	Nature of his/her expertise in specific functional areas	✓		
1.5 (xxii) (c)	Names of companies in which the person also holds the directorship and the membership of committees of the board	✓		
2	**Chief Financial Officer (CFO), Head of Internal Audit (Internal Control & Compliance) and Company Secretary (CS)**			
2.1	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control & Compliance) and a Company Secretary (CS). The Board of Directors should clearly define the respective roles, responsibilities, and the duties of the CFO, Head of Internal Audit and CS			
2.2	CFO and the Company Secretary shall attend the meeting of the Board of Directors	✓		
3	**Audit Committee**			
3 (i)	The company shall have an Audit Committee as sub-committee of the Board of Directors	✓		
3 (ii)	The Audit Committee shall assist the Board of Directors to ensure that the financial statements reflect true and fair view of the financial position of the company and a good monitoring system within the business are in place	✓		
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing	✓		
3.1	**Constitution of the Audit Committee**			
3.1 (i)	The Audit Committee should be composed of at least 3 (three) members	✓		
3.1 (ii)	The Board of Directors shall appoint the members of the Audit Committee who shall be Directors of the company and shall include at least 1 (One) Independent Director	✓		
3.1 (iii)	All members of the Audit Committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience	✓		

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Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
3.1 (iv)	When the term of service of the committee members expires or there is any circumstances causing a committee member to be unable to hold office until expiration of the term of services, thus making the number of the committee members lower of the prescribed number of 3 (three) member, the Board of Directors shall appoint the new committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (One) month from the date of the vacancy(ies) in the committee to ensure continuity of the performance of work of the Audit Committee	✓		
3.1 (v)	The Company Secretary shall act as the Secretary of the Committee	✓		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) Independent Director	✓		
3.2	**Chairman of the Audit Committee**			
3.2 (i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Committee, who shall be an Independent Director	✓		
3.2 (ii)	Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM)	✓		
3.3	**Role of the Audit Committee**			
3.3 (i)	Oversee the financial reporting process	✓		
3.3 (ii)	Monitor choice of accounting policies and principles	✓		
3.3 (iii)	Monitor Internal Control Risk management process	✓		
3.3 (iv)	Oversee hiring and performance of external auditors	✓		
3.3 (v)	Review, along with the management, the annual financial statements before submission to the Board of Directors for approval	✓		
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board Directors for approval	✓		
3.3 (vii)	Review the adequacy of internal audit function	✓		
3.3 (viii)	Review statement of significant related party transactions submitted by the management	✓		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors	✓		
3.3 (x)	When money is raised through Initial Public Offering (IPO)/ Repeat Public Offering (RPO) / Rights issue, the company disclosed to the Audit Committee about the uses/ applications of funds by major categories (Capital Expenditure, Sales & Marketing Expenses, Working Capital etc.), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company prepares a Statement of Fund utilized for the purposes other than those stated in the office documents/ prospectus	✓		
3.4	**Reporting of the Audit Committee**			
3.4.1	**Reporting to the Board of Directors**			
	The Audit Committee shall report on its activities to the Board of Directors	✓		
	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-			
3.4.1 (a)	Conflict of interest			N/A
3.4.1 (b)	Suspected or presumed fraud or irregularity or materials defect in the internal control system			N/A

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Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
3.4.1 (c)	Suspected infringement of laws, including securities related laws, rules and regulations			N/A
3.4.1 (d)	Reporting of any other matter which shall be disclosed to the Board of Directors immediately			N/A
3.4.2	**Reporting to Authorities** If any report which has material impact on the financial position & results of operation which has been discussed with the Board of Directors and the management that any rectification is necessary and which is unreasonably ignored, the Audit Committee shall report such findings to the Commission upon reporting of such matters to the Board of Directors three times or completion of a period of 6 (six) month from the date of first reporting to the Board of Directors whichever is earlier			N/A
3.5	**Reporting to Shareholders and General Investors** Report on activities carried out by the Audit Committee including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annul report of the Company			N/A
4	**External/Statutory Auditors shall not be engaged to perform the following services of the company:**			
4 (i)	Appraisal or valuation services or fairness opinion	✓		
4 (ii)	Financial Information System Design and implementation	✓		
4 (iii)	Book Keeping or other services related to the accounting records or financial statements	✓		
4 (iv)	Broker-Dealer services	✓		
4 (v)	Actuarial services	✓		
4 (vi)	Internal Audit services	✓		
4 (vii)	Any other services that the Audit Committee determines	✓		
4 (viii)	No partner or employees of the external audit firms shall possess any share of the Company they audit at least during the tenure of their audit assignment of that Company	✓		
5	**Subsidiary Company**			
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company	✓		
5 (ii)	At least 1 (one) Independent Director on the Board of Directors of the holding company shall be Director on the Board of Directors of the subsidiary company	✓		
5 (iii)	The minutes of the Board of Directors meeting of the subsidiary company shall be placed for review at the following Board of Directors meeting of the holding company.	✓		
5 (iv)	The minutes of the respective Board of Directors meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company too	✓		

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Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company	✓		
6	**Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO)**			
	The CEO and CFO shall certify to the Board of Directors that:			
	They have reviewed financial statements for the year and that to the best of their knowledge and belief:			
6 (i) (a)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	✓		
6 (i) (b)	these statements together present a true and fair view of the companys' financial position and are in compliance with existing accounting/reporting standards and applicable laws	✓		
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct	✓		
7	**Reporting and Compliance of Corporate Governance:**			
7 (i)	The Company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost & Management Accountants/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis	✓		
7 (ii)	The Board of Directors of the company shall state, in accordance with the Annexure of notification Number: SEC/CMRRCD/2006-158/134/Admin/44, dated 07 August 2012 in the Directors' Report whether the company has complied with these conditions	✓		

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Annexure-ii

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

SL No.	Particulars	Compliance Status
1.	**Responsibilities and authorities of the Board of Directors:**	
	(ka) Work-planning and strategic management:	
	(1) The Board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goal and in the issues relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor at quarterly rests the development of implementation of the work-plans.	Complied
	(2) The Board shall have its analytical review incorporated in the Annual report as regard the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders of its opinions/recommendations on future plans and strategies.	Complied
	(3) The Board will set the Key Performance Indicator (KPI)s for the CEO and other senior executives and will evaluate half yearly / yearly basis.	Complied
	(kha) Formation of sub-committee:	
	Executive Committee may be formed in combination with directors (excluding any alternate Director) and management of the Company only for rapid settlement of the emergency matters (approval of loan/lease application, write-off , rescheduling etc.) arisen from the regular business activities.	Complied
	(Ga) Financial management:	
	(1) Annual budget and statutory financial statements shall be adopted finally with the approval of the Board.	Complied
	(2) Board shall review and examine in quarterly basis various statutory financial statements such as statement of income-expenses, statement of loan/lease, statement of liquidity, adequacy of capital, maintenance of provision, legal affairs including actions taken to recovery of overdue loan/lease.	Complied
	(3) Board shall approve the Company's policy on procurement and collection and shall also approve the expenditures according to policy. The Board shall delegate the authority on the Managing Director and among other top executives for approval of expenditure within budget to the maximum extend.	Complied
	(4) The Board shall adopt the operation of bank accounts. Groups may be formed among the management to operate bank accounts under joint signatures.	Complied
	(Gha) Management of loan/lease/investments:	
	(1) Policy on evaluation of loan/lease/investment proposal, sanction and disbursement and its regular collection and monitoring shall be adopted and reviewed by the Board regularly based on prevailing laws and regulations. Board shall delegate the authority of loan/lease/investment specifically to management preferably on Managing Director and other top executives.	Complied
	(2) No director shall interfere on the approval of loan proposal associated with him. The director concerned shall not give any opinion on that loan proposal.	Complied
	(3) Any syndicated loan/lease/investment proposal must be approved by the Board.	Complied
	(Uma) Risk management:	

	Risk Management Guideline framed in the light of Core Risk Management Guideline shall be approved by the Board and reviewed by the Board regularly.	Complied
	(Ca) Internal control and compliance management:	
	A regular Audit Committee as approved by the Board shall be formed. Board shall evaluate the reports presented by the Audit Committee on compliance with the recommendation of internal auditor, external auditors and Bangladesh Bank Inspection team.	Complied
	(Cha) Human resource management:	
	Board shall approve the policy on Human Resources Management and Service Rule. Chairman and director of the Board shall not interfere on the administrative job in line with the approved Service Rule.	Complied
	Only the authority for the appointment and promotion of the Managing Director/Deputy Managing Director/ General Manager and other equivalent position shall lie with the Board incompliance with the policy and Service Rule. No director shall be included in any Executive Committee formed for the purpose of appointment and promotion of others.	Complied
	(Ja) Appointment of CEO:	
	The Board shall appoint a competent CEO for the Company with the approval of the Bangladesh Bank and shall approve any increment of his salary and allowances.	Complied
	(Jha) Benefits offer to the Chairman:	
	Chairman may be offered an office room, a personal secretary, a telephone at the office, a vehicle in the business-interest of the Company subject to the approval of the Board.	Complied
02.	**Responsibilities of the Chairman of the Board of Directors:**	
	(Ka)Chairman shall not participate in or interfere into the administrative or operational and routine affairs of the Company as he has no jurisdiction to apply executive power;	Complied
	(Kha) The minutes of the Board meetings shall be signed by the Chairman;	Complied
	(Ga) Chairman shall sign-off the proposal for appointment of Managing Director and increment of his salaries & allowances;	Complied
03.	**Responsibilities of Managing Director:**	
	(Ka) Managing Director shall discharge his responsibilities on matters relating to financial, business and administration vested by the Board upon him. He is also accountable for achievement of financial and other business targets by means of business plan, efficient implementation of administration and financial management;	Complied
	(Kha) Managing Director shall ensure compliance of Financial Institutions Act 1993 and other relevant circulars of Bangladesh Bank and other regulatory authorities;	Complied
	(Ga) All recruitment/promotion/training, except recruitment /promotion/training of DMD, shall be vested upon the Managing Director. He shall act such in accordance the approved HR Policy of the Company;	Complied
	(Gha) Managing Director may re-schedule job responsibilities of employees;	Complied
	(Uma) Managing Director may take disciplinary actions against the employees except DMD;	Complied
	(Cha) Managing Director shall sign all the letters/statements relating to compliance of polices and guidelines. However, Departmental/Unit heads may sign daily letters/statements as set out in DFIM circular no. 2 dated 06 January 2009 if so authorized by MD.	Complied

Compliance Report on BSEC's Notification

Annexure-iii

Compliance of Section 1.5 (xx)

Board of Directors meeting held during the year 2014 and attendance by each Director:

	Composition of the Board	Meeting held	Attended
1	Mr. Mohammad A. Moyeen	6	6
2	Mr. I. W. Senanayake	6	5
3	Mr. M. Y. Aravinda Perera	6	4
4	Mr. B. W. Kundanmal (Alternate Director of Mrs. Aneesha Mahial Kundanmal)	6	2
5	Mr. M. Fakhrul Alam	6	4
6	Mr. Mirza Ejaz Ahmed	6	3
7	Mr. Mahbubul Anam	6	6
8	Dr. M. Mahbubul Huque (Alternate Director of Mr. Tahsinul Huque)	6	5
9	Mr. Al-Mamoon Md. Sanaul Huq-Independent Director	6	6
10	Dr. Mahmood Osman Imam-Independent Director	6	4
11	Mr. Mohammed Nasir Uddin Chowdhury	6	6

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

Board of Executive Committee meeting held during the year 2014 and attendance by each Director:

	Composition of the Board	Meeting held	Attended
1	Mr. Mohammad A. Moyeen	16	12
2	Mr. Mahbubul Anam	16	13
3	Mr. M. Fakhrul Alam	16	13
4	Aneesha Mahial Kundanmal	16	0
5	Mr. Al-Mamoon Md. Sanaul Huq	16	16

Note: Directors who could not attend the meetings were granted leave of absence.

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Board of Audit Committee meeting held during the year 2014 and attendance by each Director:

	Composition of the Board	Meeting held	Attended
1	Mr. Al-Mamoon Md. Sanaul Huq--Independent Director	4	4
2	Mr. Mohammad A. Moyeen	4	3
3	Mr. M. Fakhrul Alam	4	3
4	Mr. Mahbubul Anam	4	3
5	Mr. Mirza Ejaz Ahmed	4	2

Note: Directors who could not attend the meetings were granted leave of absence.

Compliance of Section 1.5 (xxi)

The pattern of Shareholding:

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

Name	Relation	Shares held
Sampath Bank PLC	Shareholder	20,720,700

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

Name	Relation	Shares held
Mr. Mohammad A. Moyeen	Chairman	9,274,006
Mr. I.W. Senanayake	Representative of Sampath Bank PLC	-
Mr. M.Y. Aravinda Perera		
Mr. M. Fakhrul Alam	Representative of ONE Bank Limited	-
Mr. Mirza Ejaz Ahmed	Representative of SSC Holdings Limited	-
Mrs. Aneesha Mahial Kundanmal	Director	16,850,430
Mr. Tahsinul Huque	Director	8,523,380
Mr. Mahbubul Anam	Director	9,743,415
Mr. Al-Mamoon Md. SanaulHuq	Independent Director	None
Dr. Mahmood Osman Imam	Independent Director	12,657
Mr. Mohammed Nasir Uddin Chowdhury	Managing Director	None
Mr. Mostafa Kamal FCA	Company Secretary	3,150
Mr. Shamim Al Mamun ACA	Chief Financial Officer	None
Mr. Mohammed Kamrul Hasan	Head of Internal Audit	134

c) Executives (Top five salaried employees of the company, other than Directors, Managing Director, Company Secretary, Chief Financial Officer and Head of Internal Audit)

Designation	Name	Shares held
Deputy Managing Director	Mr. Khwaja Shahriar	None
Executive Vice President	Mr. AKM Kamruzzaman FCMA	None
Executive Vice President	Mr. Quamrul Islam	None
Executive Vice President	Mr. Khurshed Alam	None
Vice President	Mr. Mohammed Shoaib	None

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

AMAR STOCK

STATEMENT ON ETHICS AND COMPLIANCE

Our approach

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

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

Code of Ethics & Principles of Conduct

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

Effectiveness of Code, Efforts of the Company

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

Additionally

- Establishing the relevant facts and indentifying the ethical issue
- Taking stock of all stakeholders or parties involved
- Having an objective assessment of each stakeholder's position
- Indentifying viable alternatives and their efforts on stakeholders
- Comparing and evaluating the likely consequences of each alternatives with reference to the standards expected
- Selecting the most appropriate course of action

In a nutshell, our business ethics means, "Choosing the good over the bad, the right over the wrong, the fair over the unfair and the truth over the untruth". Strict compliance, confidentiality, avoidance of conflicts of interest, encouraging the reporting by the Officers of the Company on illegal and unethical behavior are also amongst the guiding principles of the Company's Code of Ethics.

Monitoring compliance

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

To help our employees in applying the principles of our Code of Conduct and Ethics and the Conduct and Ethics Policy Framework, we have developed a training course regualrly for the newly appointed employees, Case studies are provided to assist staff in translating the Code and related policies into real-life situations. All employees are required to complete this training course each year. Declarations within the course require each employee to confirm whether they understand the Code's principles, have complied with them over the previous 12 months and agree to comply with them in the future. Compliance is a Key Result Area examined as part of our Performance Management Process and failure to complete required compliance training can be a factor in determining the employee's entitlement to performance-based remuneration and could lead to termination of employment in serious cases.

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

Our 'HR Manual' covers our Code of Conduct and Ethics, standards and behaviors, and important policies and procedures such as our Anti-Bribery Policy and Fraud and Corruption Policy. All Management Cadres must complete an annual attestation that they have read and understood these ground rules and

failure to complete this may result in a 'flag' being raised in an individual's performance review.

Reporting compliance

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

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

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STATEMENT ON RISK MANAGEMENT

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

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

RISK MANAGEMENT IN LANKABANGLA

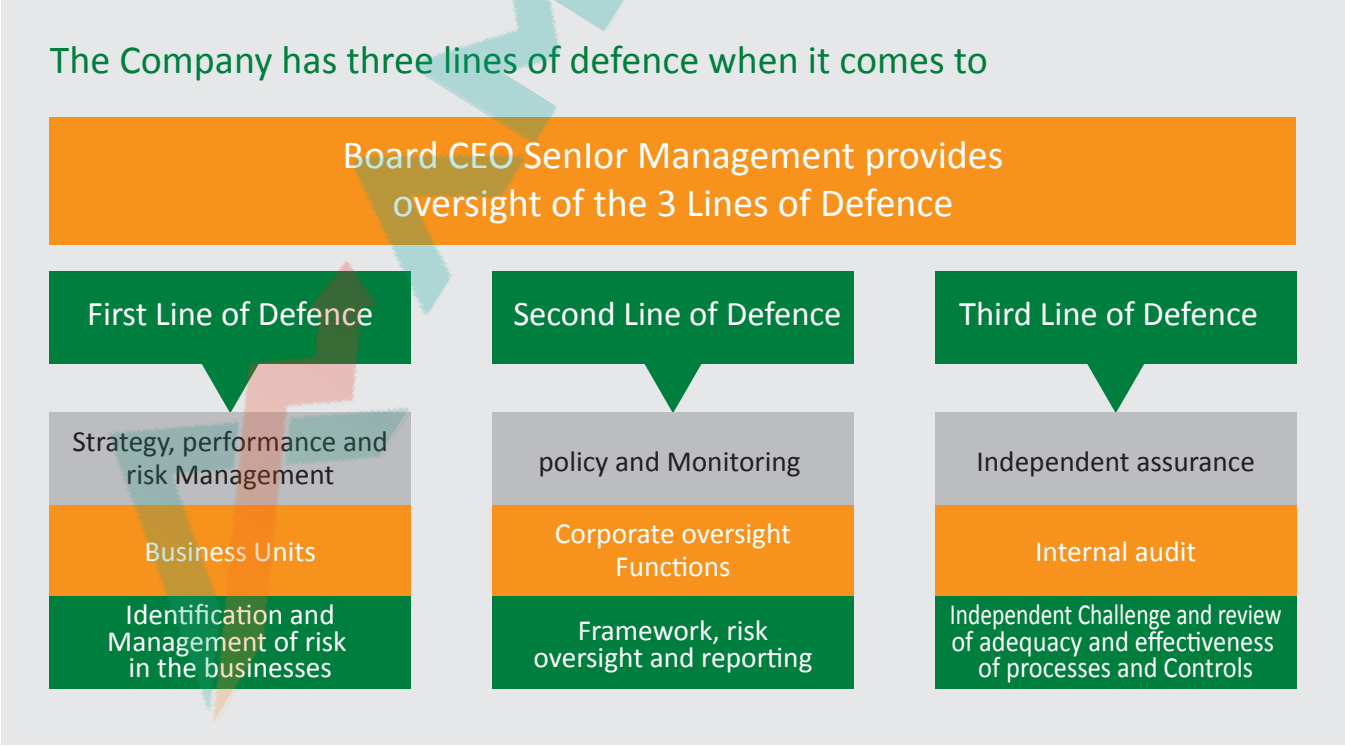
We believe that sound risk management is essential to ensuring success in our risk-taking activities. Our philosophy is to ensure risks and returns remain consistent with our established risk appetite. To achieve this, we regularly refine our risk management approaches to ensure we thoroughly understand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

- Risk appetite – The Board of Directors approves the Company's risk appetite, and risks are managed in alignment with the risk appetite. Risk-taking decisions must be consistent with strategic business goals and returns should compensate for the risk taken.
- Risk frameworks – The Company's risk management frameworks for all risk types are documented, comprehensive, and consistent.
- Holistic risk management – Risks are managed holistically, with a view to understand the potential interactions among risk types.
- Qualitative and quantitative evaluations – Risks are evaluated both qualitatively and with appropriate quantitative analyses and robust stress testing. Risk models are regularly reviewed to ensure they are appropriate and effective.

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

RISK GOVERNANCE AND ORGANISATION

The Board of Directors establishes the Company's risk appetite and risk principles. The Board Audit Committee is the



principal Board committee that oversees the Company's risk management. It reviews and approves the Company's overall risk management philosophy, risk management frameworks, major risk policies, and risk models. The Board Audit Committee also oversees the establishment and operation of the risk management systems, and receives regular reviews as to their effectiveness. The Company's various risk exposures, risk profiles, risk concentrations, and trends are regularly reported to the Board of Directors and senior management for discussion and appropriate action. The Board Audit Committee is supported by Risk Management Division, which has functional responsibility n a day-to-day basis for providing independent risk control and managing credit, market, operational, liquidity, and other key risks. Within the division, risk officers are dedicated to establishing Company-wide policies, risk measurement and methodology, as well as monitoring the Company's risk profiles and portfolio concentrations. The Company's risk management and reporting systems are designed to ensure that risks are comprehensively captured in order to support well-considered decision making, and that the relevant risk information is effectively conveyed to the appropriate senior management executives for those risks to be addressed and risk response strategies to be formulated. To ensure the objectivity of the risk management functions, compensation of risk officers is determined independently of other business areas and is reviewed regularly to ensure compensation remains competitive with market levels.

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

Risk Management Forum at LankaBangla

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

a) Designing overall risk management strategy of the FI;

b) Communicating views of the board and senior management regarding the Risk Management Culture and Risk Appetite all over the FI;

c) Preparing risk management policies and procedures;

d) Monitoring the prescribed/threshold limits of Risk Appetite set by the regulator and/or by the FI itself;

e) Developing, testing, and observing the use of models to measure and monitor the risks;

f) Developing and overseeing implementation of stress testing;

g) Overseeing the Capital Management functions in accordance with the Risk Based Capital Adequacy measurement accord i.e. BASEL-II /III;

h) Determining the most cost-effective way to minimize the risks;

i) Highlighting the risky portfolios and deficiencies of the FIs on timely manner and reporting these analyses to the Managing Director as well as the Board of Directors with specific recommendations and suggestions;

j) Reviewing the market conditions, identifying the external threats and providing with recommendations for precautionary measures accordingly; and

k) Developing overall information system/MIS to support risk management functions of the FI.

Risk Analysis Unit (RAU) at LankaBangla

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

This unit will be responsible only for the followings:

a) Collecting all relevant data related to the risk indicators from different models and information system at the earliest;

b) Assessing the quality, completeness and correctness of those data;

c) Identifying and quantifying the risks and their exposures to material loss;

d) Preparing Risk Management Paper (RMP) in monthly basis; and

e) Conducting periodic Stress Testing.

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

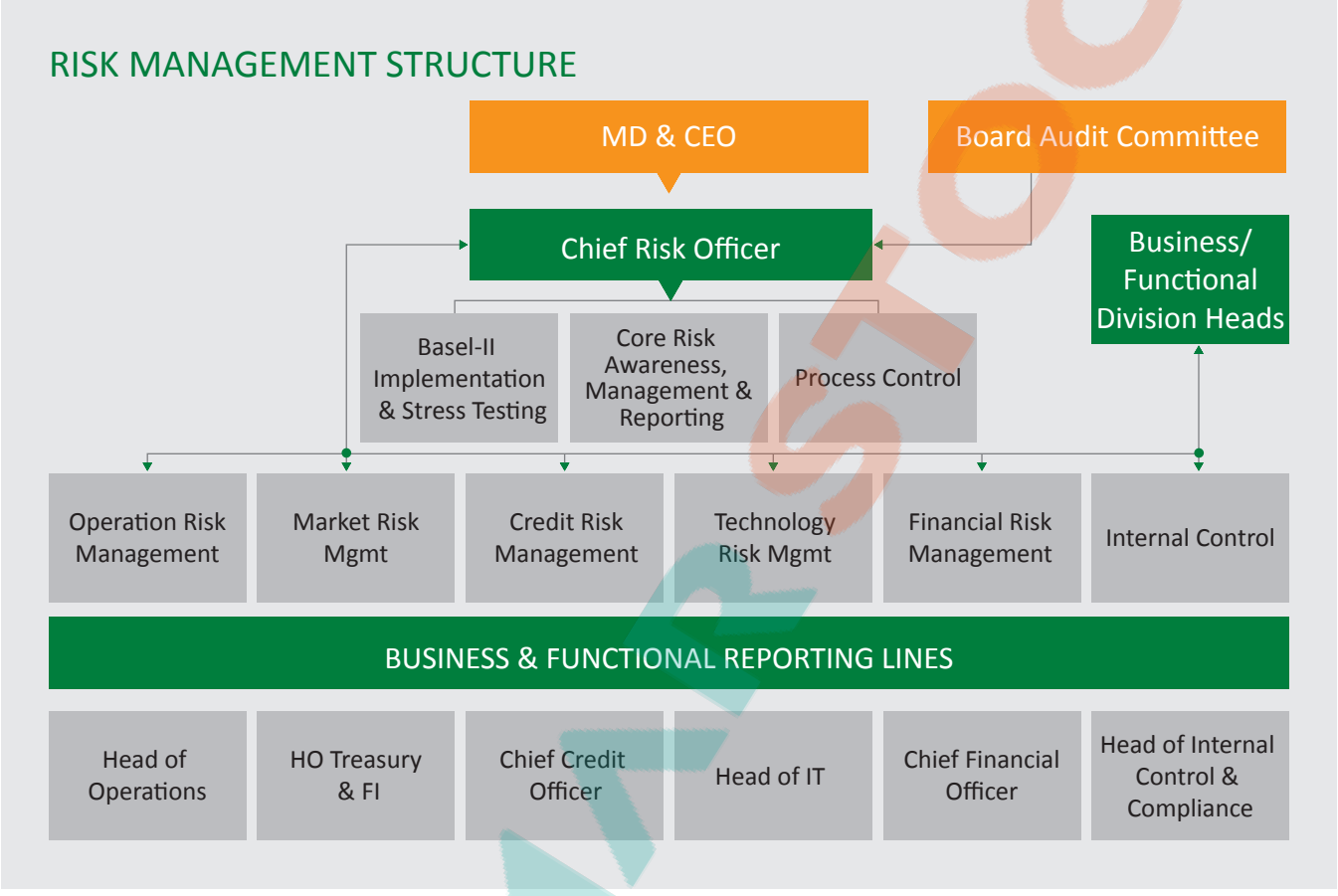
BASEL II

LankaBangla has implemented Bangladesh Bank's Guidelines (Basel Accord for Financial Institutions) on Risk Based Capital Adequacy Requirements for FIs incorporated in Bangladesh with effect from 1 January 2011. Bangladesh Bank adopts the Basel Committee on Banking Supervision's proposal on "International Convergence of Capital Measurement and Capital Standards," commonly referred to as BASEL II. This framework provides a stronger linkage between capital requirements and the level of

risks undertaken by banks to enhance their risk management practices and establishes minimum capital requirements to support credit, market, and operational risks. As part of enhanced public disclosures on risk profile and capital adequacy required under the mentioned guidelines.

STRESS TESTING

Stress testing is a simulation technique, which are used to determine the reactions of different financial institutions under a set of exceptional, but plausible assumptions through a series of battery tests. At institutional level, stress testing



techniques provide a way to quantify the impact of changes in a number of risk factors on the assets and liabilities portfolio of the institution. Therefore as a part of risk management unit we prepare stress testing report at each quarter to check out four major shocks (interest rate risk, credit risk, equity price risk, liquidity risk) under different magnitude level to ensure optimum allocation of capital across its risk profile.

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

CREDIT RISK MANAGEMENT

Credit risk arises from the risk of loss of principal or income on the failure of an obligor or counter party to meet their contractual obligations. As our primary business is lending, the Company is exposed to credit risks from loans to retail, corporate, and institutional customers. Trading and investment banking activities, such as trading of derivatives, debt securities, securities underwriting, and settlement of transactions, also expose the Company to counter party and issuer credit risks.

The Company seeks to take only credit risks that meet our underwriting standards. We seek to ensure that risks are commensurate with potential returns that enhance shareholder value.

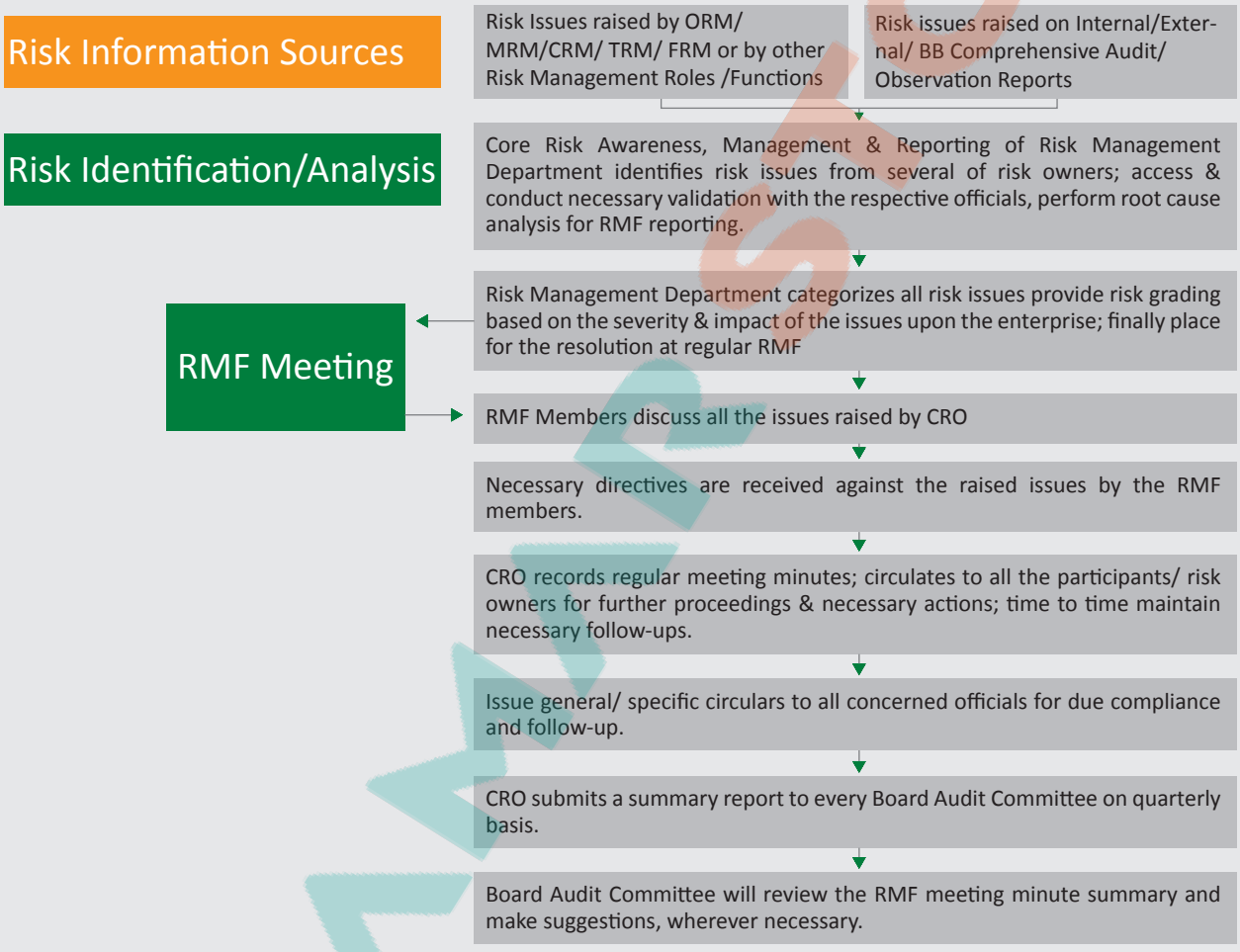
CREDIT RISK MANAGEMENT OVERSIGHT AND ORGANIZATION

The Management Credit Committee is the senior management

committee that supports the CEO and the Board Audit Committee in managing the Company's overall credit risk exposures, taking a proactive view of risks and to position the credit portfolio. The Management Credit Committee also reviews the Company's credit risk philosophy, framework, and policies, and aligns credit risk management with business strategy and planning. The Management Credit Committee recommends credit approval authority limits, reviews the credit profile of material portfolios, and recommends actions where necessary to ensure that credit risks remain within established risk tolerances.

The Credit Risk Management ("CRM") departments have functional responsibility for credit risk management, including formulating and ensuring compliance with Group-wide risk policies, guidelines, and procedures. Other Group Risk departments are responsible for risk portfolio monitoring,

RISK MANAGEMENT PROCESS FLOW



risk measurement methodology, risk reporting, risk control systems, and remedial loan management. Company Risk units also conduct regular credit stress tests to assess the credit portfolio's vulnerability to adverse credit risk events.

Regular risk reporting is made to the Board of Directors, Board Audit Committee, and the Management Credit Committee in a timely, objective, and transparent manner. These reports include various credit risk aspects such as portfolio quality, credit migration, expected losses, and concentration risk exposures by business portfolio and geography. Such reporting allows senior management to identify adverse credit trends, formulate and implement timely corrective action, and ensure appropriate risk-adjusted decision making.

CREDIT RISK MANAGEMENT APPROACH

Our credit risk management framework includes comprehensive credit risk policies for approval and management of credit risk, as well as methodologies and models to quantify these risks in a consistent manner. While Group policies set our minimum credit risk management standards, the key to our success lies also in the experience and sound judgment of our credit officers and embedded regular credit review process. The internal audit review also provides an independent assessment of the effectiveness and adequacy of our credit risk management practices.

Credit underwriting criteria are regularly updated to reflect

prevailing economic conditions in our key markets. In addition, we remain selective in purchasing debt securities. Portfolio reviews and stress tests are conducted regularly to identify any portfolio vulnerabilities. Fair dealing is an integral part of LBFL's core corporate values: credit extensions are only offered after a comprehensive assessment of the borrower's creditworthiness, as well as the suitability and appropriateness of the product offering.

LENDING TO CONSUMERS AND SME BUSINESSES

Credit risks for the consumer and SME business sectors are managed on a portfolio basis. Such products include mortgage loans, credit cards, auto loans, commercial property loans, Factoring and business term loans. Loans are underwritten under product programs that clearly define the target market, underwriting criteria, terms of lending, maximum exposure, credit origination guidelines, and verification processes to prevent fraud. The portfolios are closely monitored using MIS analytics. Scoring models are used in the credit decision process for some products to enable objective risk evaluations and consistent decisions, cost efficient processing, and behavioral score monitoring of expected portfolio performance.

LENDING TO CORPORATE AND INSTITUTIONAL CUSTOMERS

Loans to corporate and institutional customers are individually underwritten and risk-rated. Credit officers identify and assess the credit risks of large corporate or institutional customers, or customer groups, taking into consideration their financial and business profiles, industry and economic factors, collateral, or other credit support. Credit extensions have to meet pre-defined target market and risk acceptance criteria. To ensure objectivity in credit extensions, co-grantor approvals – or joint approvals – are required from both the business unit as well as credit controllers from the credit risk function.

CREDIT RISK GRADING (CRG):

Credit risk grading is an important tool for credit risk management as it helps the Financial Institutions to understand various dimensions of risk involved in different credit transactions. The process allows to compare different borrowers under a standardized scale and the aggregation of such grading across the borrowers, activities and the lines of business can provide better assessment of the quality of credit portfolio.

Frequency of Preparing CRG:

The credit risk grading system is vital to take decisions both at the pre-sanction stage as well as post-sanction stage. At the pre-sanction stage, risk grading helps the sanctioning authority to decide whether to lend or not to lend, the lending price, the extent of exposure etc.

At the post-sanction stage, credit grading helps decide about the depth of the review or renewal, frequency of review, periodicity of the grading, and other precautions to be taken.

Functions of Credit Risk Grading

Well-managed credit risk grading systems promote financial institution safety and soundness by facilitating informed decision-making. In line with Bangladesh Bank core risk manual and following the industry best practices, for each and every loan cases CRG score is calculated using the pre-determined CRG format suitable for respective loan products. This allows FI management and examiners to monitor changes and trends in risk levels. The process also allows FI management to manage risk to optimize returns.

Use of Credit Risk Grading:

- The Credit Risk Grading matrix allows application of uniform standards to credits to ensure a common standardized approach to assess the quality of an individual obligor and the credit portfolio as a whole.
- As evident, the CRG outputs would be relevant for credit selection, wherein either a borrower or a particular exposure/facility is rated. The other decisions would be related to pricing (credit spread) and specific features of the credit facility.
- Risk grading would also be relevant for surveillance and monitoring, internal MIS and assessing the aggregate risk profile. It is also relevant for portfolio level analysis.

Credit Risk Grading Process:

The following step-wise activities outline the detail process for arriving at credit risk grading.

Step I: Identify all the Principal Risk Components (Quantitative & Qualitative)

Step II: Allocate weightings to Principal Risk Components

Step II: Input data to arrive at the score on the key parameters.

Step II: Arrive at the Credit Risk Grading based on total score obtained.

CREDIT RISK CONTROL

Credit Risk mitigation

Transactions are entered into primarily on the strength of a borrower's creditworthiness, ability to repay, and repayment sources. To mitigate credit risk, the Company accepts collateral as security, subject to credit policies on collateral eligibility. Types of collateral include cash and marketable securities; residential and commercial real estate; commercial & private vehicles; and other tangible business assets, such as inventory and equipment.

The value of collateral is prudently assessed on a regular basis, and valuations are performed by independent appraisers. Discounts are applied to the market value of collateral, reflecting the quality, liquidity, volatility, and collateral type. The loan-to-value ratio is a key factor in the credit granting decision. LBFL also accepts guarantees from individuals, corporates, and institutions as a form of support.

Some netting and collateral agreements may contain rating triggers, although the thresholds in the majority of our agreements are identical in the event of a one-notch rating downgrade. Given the Company's investment grade rating, there is minimal increase in collateral required to be provided to our counterparties if there is a one-notch downgrade of our credit rating.

MANAGING CREDIT RISK CONCENTRATIONS

Credit risk concentrations exist in lending to single customer groups, borrowers engaged in similar activities, or diverse groups of borrowers that could be affected by similar economic or other factors. To manage these concentrations, exposure

limits are established for single borrowing groups, counter parties, industry segments, countries, and cross-border transfer risks. Limits are aligned with the Company's business strategy and resources, and take into account the credit quality of the borrower, available collateral, regulatory requirements, and country risk ratings. Limits are typically set taking into consideration factors such as impact on earnings and capital as well as regulatory constraints.

The Company is in compliance with Section 14 of the Financial Institutions Act, 1993 which limits its exposure to any single client in Bangladesh to not more than 30% of our Equity.

REMEDIAL MANAGEMENT

The Company has been able to anticipate areas of potential weakness at an early stage through the regular monitoring of the credit quality of our exposures, with an emphasis on a proactive and forward-looking approach to early problem recognition. We value long-term relationships with our customers by working closely with them at the onset of their difficulties. Applying specialist remedial management techniques even before the loan becomes non-performing allows us to maintain sound asset quality and promote customer loyalty and retention. Loans are categorised as "Special Mention", while non-performing loans ("NPLs") are categorised as "Substandard", "Doubtful", or "Bad & Loss" in accordance with FID Circular No. 08 & 11 of Bangladesh Bank. These indicators allow us to have a consistent approach to early problem recognition and effective remedial management.

LankaBangla has established specialist and centralised units to manage problem exposures to ensure timely NPL reduction and maximise loan recoveries. Time, risk-based, and discounted cash flow approaches are deployed to optimise collection and asset recovery returns, including monitoring set indicators like delinquency buckets, adverse status, and behavioural score trigger points for consumer NPLs. The Company uses a suite of collection information systems to constantly fine-tune and optimise its objectives of recovery, effectiveness, and customer retention.

PROVISION FOR LEASE/LOANS

The Company maintains allowances for loans that are sufficient to absorb credit losses inherent in its loan portfolio. Total loan loss reserves comprise specific allowances against each NPL and a portfolio allowance for all loans on books to cover any losses that are not yet evident. The Company's policy for loan provisions is guided by Bangladesh Bank's FID Circular No. 08 & 11. Assessment for impairment is conducted on a loan-by-loan basis. The exceptions are homogenous loans (such as housing loans, consumer loans, and credit card receivables) below a certain materiality threshold, where such loans may be pooled together according to their risk characteristics and collectively assessed according to the degree of impairment, taking into account the historical loss experience on such loans. Portfolio allowances are set aside based on management's credit experiences and judgment for estimated inherent losses that may exist but have not been identified to any specific financial asset. Credit experiences are based on historical loss rates that take into account geographic and industry factors. A minimum 2%/5% for House Loan and 1% Provision for Other Lease/Loan portfolio is being made as the mentioned FID Circulars.

WRITE-OFFS

Loans are written off against Provisions when recovery action has been instituted and the loss can be reasonably determined.

Ceasing of Interest Accrual on Loans

When a loan is classified "Substandard", "Doubtful", or "Bad & Loss", interest income ceases to be recognized in the income statement on an accrual basis. However, this non-accrual of interest does not preclude the Company's entitlement to the interest income as it merely reflects the uncertainty in the collectability of such interest income.

Collateral Held Against NPLs

Land, Real estate, Shares, FDRs in Bangladesh forms the main type of collateral for the Company's NPLs. The realisable value of the collateral is used to determine the adequacy of the collateral coverage. Proceeds from the sale of collateral pledged for a particular loan cannot be applied to other classified loans unless the accounts are related and legal cross collateralization of the facilities have been provided for.

MARKET RISK MANAGEMENT

Market risk is the risk of loss of income or market value due to fluctuations in market factors such as interest rates, foreign exchange rates, equity and commodity prices, or changes in volatility or correlations of such factors. LBFL is exposed to market risks from its trading and client servicing activities. Company's market risk management strategy and market risk limits are established within the Company's risk appetite and business strategies, taking into account macroeconomic and market conditions. Market risk limits are subject to regular review.

MARKET RISK MANAGEMENT OVERSIGHT AND ORGANISATION

The Risk Management Forum (RMF) is the senior management committee that supports the Board Audit Committee and the CEO in market risk oversight. The Enterprise Risk Management Committee establishes market risk management objectives, framework, and policies governing prudent market risk taking, which are backed by risk methodologies, measurement systems, and internal controls.

The Enterprise Risk Management Committee is supported at the working level by the Risk Management Division (RMD). RMD is the independent risk control unit responsible for operationalising the market risk management framework to support business growth while ensuring adequate risk control and oversight.

MARKET RISK MANAGEMENT APPROACH

Market risk management is a shared responsibility. Business units are responsible for undertaking proactive risk management along with their pursued trading strategies, while the Risk Management Division acts as the independent monitoring unit that ensures sound governance practices. Key risk management activities of identification, measurement, monitoring, control, and reporting are regularly reviewed to ensure they are commensurate with the Company's market risk taking activities.

MARKET RISK IDENTIFICATION

Risk identification is addressed via the Company's new product approval process at product inception. Market risks are also identified by our risk managers who proactively interact with the business units on an ongoing basis.

STRESS TESTING AND SCENARIO ANALYSIS

The Company also performs stress testing and scenario analysis to better quantify and assess potential losses arising from low probability but plausible extreme market conditions. The stress scenarios are regularly reviewed and fine-tuned to ensure that they remain relevant to the Company's trading activities, risk profile, and prevailing and forecast economic conditions. These analysis determine if potential losses from such extreme market conditions are within the Company's risk tolerance and capital level.

ASSET LIABILITY MANAGEMENT

Asset liability management is the strategic management of the balance sheet structure and liquidity needs, covering funding liquidity risk management, structural interest rate management and structural foreign exchange management.

Asset Liability management Oversight and Organization

The Asset Liability Management Committee ("ALCO") is responsible for the oversight of our Group liquidity and balance sheet risks. The ALCO is chaired by the CEO and includes senior management from the business, risk and support units. The ALCO is supported by the Treasury department with a Line reporting to Risk Management Division.

Asset Liability management Approach

The Asset Liability Management framework comprises liquidity risk management, structural interest rate risk management and structural foreign exchange risk management.

Liquidity Risk

The objective of liquidity risk management is to ensure that there are sufficient funds to meet contractual and regulatory financial obligations as well as to undertake new transactions. Our liquidity management process involves establishing liquidity management policies and limits, regular monitoring against liquidity risk limits, regular stress testing, and establishing contingency funding plans. These processes are subject to regular reviews to ensure that they remain relevant in the context of prevailing market conditions.

Liquidity monitoring is performed daily within a framework for projecting cash flows on a contractual and behavioral basis. Simulations of liquidity exposures under stressed market scenarios are performed and the results are taken into account in the risk management processes. Structural liquidity indicators such as liquidity and deposit concentration ratios are employed to maintain an optimal funding mix and asset composition. Funding strategies are in place to provide effective diversification and stability in funding sources across tenors, product and geography. In addition, we maintain a level of liquid assets exceeding the regulatory requirement for use in the event of a liquidity crisis. These assets comprise statutory reserve eligible securities as well as marketable shares and debt securities.

OPERATIONAL RISK MANAGEMENT

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and management, or from external events. Operational risk includes legal risk and reputation risk. The Company's operational risk management aims to minimise unexpected and catastrophic losses and to manage expected losses. This enables new business opportunities to be pursued in a risk-conscious and controlled manner.

Operational Risk management Oversight and Organisation

The Risk Management Forum (RMF) is the senior management committee that oversees the execution of the Company's Operational Risk Management, Information Security and Technology Risk practices, and ensures that the respective risk management programs are appropriate, effective, and support the Company's business strategy. RMF also has oversight over the management of the Company's fiduciary, reputational and legal risks. The Risk Management Division establishes the framework, including policies and methodologies for Operational Risk Management. The RM division also provides independent oversight of operational risk monitoring and control. These programs are actively implemented through the respective operational risk co-ordinators or managers in the business units.

Operational Risk management Approach

The Company manages operational risks 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 without fear of intimidation or reprisal. The Company recognises the importance of establishing a risk-awareness culture in the managing of operational risk through embedding risk management in the Company's core processes.

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 metrics are also used to detect early warning signals and drive appropriate management actions before risks materialise into material losses. Senior management also attests annually to the CEO and Board Audit Committee on the effectiveness of the internal control system, as well as report key control deficiencies and appropriate remedial plans. Operational risk losses and incidents are used as information for reporting and for providing risk profiling information to senior management and the Board Audit Committee.

For information security, the Company protects and ensures the confidentiality, integrity, and availability of its information assets through implementing appropriate security controls to protect against the misuse or compromise of information assets. New and appropriate security technologies are regularly identified and implemented as part of the Company's technology risk management strategy to mitigate any possible threats to the Company's information technology environment. To mitigate the impact of unforeseen operational risk events, Company management has implemented business continuity management and crisis management programmes to ensure the uninterrupted availability of all business resources to support essential business activities.

The Company's Fraud Risk Management and whistle-blowing programmes help prevent and detect fraud or misconduct, as well as enable rapid and co-ordinated incident responses, including establishing the cause, remedial actions, and damage

control procedures. The Company is on the way to strengthening its Fraud Risk Management infrastructure to manage emerging threats through new programmes and initiatives.

Reputation Risk management

Reputation risk is the current or prospective risk to earnings and capital arising from adverse perception of the image of the Company on the part of customers, counter parties, shareholders, investors and regulators. The Company has a reputation risk management programme to manage any such potential current, or future adverse impact on earnings and continued access to sources of funding. The programme focuses on understanding and managing our responsibilities toward our different stakeholders, and protecting our reputation. A key emphasis of the programme is effective information sharing and engagement with stakeholders.

Regulatory, Compliance and Legal Risks

Each business unit is responsible for the adequacy and effectiveness of controls in managing the Regulatory, Compliance and Legal risks. An annual Regulatory Compliance Certification is provided by senior management to the CEO and Board Audit Management Committee on the state of regulatory & legal compliance.

AMAR STOCK

GROWING WITH GREEN

CAPITAL ADEQUACY AND MARKET DISCIPLINE

SIGNIFICANCE OF CAPITAL ADEQUACY

Capital is the foundation of any business. In a Financial Institution, capital is a prime factor to consider when assessing the safety and soundness. It acts as a cushion in case the value of the bank's assets decline and liability rises. Maintaining a minimum capital level is of paramount importance for a Financial Institution so that adequate protection against risk can be ensured. A strong Capital Management Policy protects an organization by identifying and mitigating risks, as well as establishes a base of confidence by depositors, creditors, and other stakeholders.

Capital Adequacy gives a view on a Financial Institution's financial strength and stability. Adequate capital provides assurance to the stakeholders on the company's ability to provide consistent services.

Capital Adequacy is a basis for measurement of the amount of capital that the FI needs to hold to ensure that no excess leverage is taken that would lead to insolvency. Capital Adequacy is best expressed as the Capital Adequacy Ratio (CAR), also known as Capital to Risk Weighted Assets Ratio. CAR is a measure of a FI's core capital expressed as a percentage of its risk weighted asset. The objective of CAR is built around the Market Discipline, whereby depositors' get a standardized measurement on the extent to which their wealth is exposed to risk, and thereby establish confidence on the Financial Institution's operations. The CAR measurement is also directed towards making a FI's capital more risk sensitive and shock absorbent.

Basel II guidelines are formed on three features as follows:

(1) Minimum capital requirements to be maintained by a bank against credit, market, and operational risks.

(2) Process for assessing the overall capital adequacy aligned with risk profile of a bank as well as capital growth plan.

(3) Framework of public disclosure on the position of a bank's risk profiles, capital adequacy, and risk management system. This forms the basis of Market Discipline.

The three tiers of regulatory capital are as follows: Tier 1 Capital, Tier 2 Capital, and Tier 3 Capital.

- Tier 1 Capital,also called the **'Core Capital'**, is the core measure of a bank's financial strength from a regulator's point of view. Banks have to maintain at least 50% of required capital as Tier 1 capital.
- Tier 2 Capital is called the **'Supplementary Capital'** and represents other elements which fall short of some of the characteristics of the core capital but contribute to the overall strength of a bank.
- Tier 3 Capital is called the **'Additional Supplementary Capital'** and consists of short-term subordinated debt. This capital base is solely for the purpose of meeting a proportion of capital requirements for market risk.

The computation of the three capital grades are subject to the following conditions:

(1) Tier 2 Capital amount will be limited to 100% of the amount of Tier 1 Capital.

(2) 50% of revaluation reserves for fixed assets and securities, and 10% of revaluation reserves for equity instruments are eligible for Tier 2 Capital.

(3) Subordinated debt shall be limited to a maximum of 30% of the amount of Tier 1 capital.

(4) A minimum of around 28.5% of market risk needs to be supported by the Tier 1 capital. Market risk must be supported by Tier 3 capital up to a maximum of 250% of Tier 1 capital, available after meeting the necessary credit risk capital requirement.

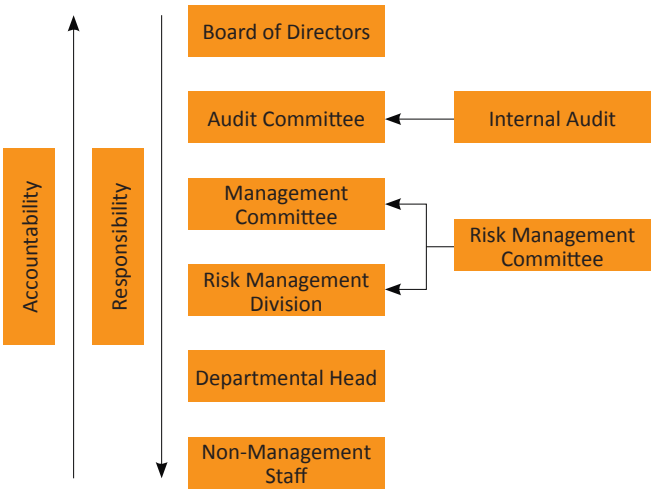
Common capital ratios as per the regulatory requirements are as follows:

Capital Ratios		Statutory Limits
Core Capital ratio	= Core Capital / Risk-adjusted assets	>= 5%
Total capital (Core and Supplementary Capital) ratio	=Total Capital (Core+Supplementary) / Risk-adjusted assets	>= 10%

Effective risk management is considered as a central part of the financial and operational management of any company, whereby company sustainability and consistent profit generation are ensured. Only by adopting and strengthening risk management measures can the company deal with the complex and dynamic business environment.

Group Risks are managed on an integrated basis. Risk management is incorporated in the Group decision making with regards to strategic planning. The diagram below illustrates this concept.

The risks which form the basis for effective risk management



are: credit, market, operational, and liquidity risks.

- Credit Risk is a risk that the FI will not be able to recover the money it has owed. It occurs due to failure of the counter party to meet its obligations to pay the company in accordance with the agreed terms. The risk depends on the financial strength of the party owing to the bank as well as market factors that affect the value of assets used as lien against the loan.

  Credit risk calculation recognizes and adjusts for two factors:

  - On Balance Sheet credit exposures refer to the credit risks that the various assets in the balance sheet are exposed to. These assets are weighted according to the degree of the risks exposed.
  - Off Balance Sheet credit exposures refer to the credit risks on the credit equivalent amounts of the various off balance sheet items.
- Market Risk is the potential for loss in earnings or in economic value of the FI's asset portfolio due to adverse changes in financial market rates or prices. The preferred approach to calculating this risk is VaR (Value at Risk).
- Operational Risk is the risk of a change in value caused by the fact that actual losses, incurred for inadequate or failed internal processes, people and systems, or from external events (including legal risk), differ from the expected losses. The risk can be deliberate, accidental or natural. The FI's objective is to minimize the operational risk exposure within a framework of policies and procedures.
- Liquidity Risk is the potential risk of failure to meet all the financial obligations of the FI as they fall due, resulting from insufficient liquid financial resources.

Risk Weighted Assets (RWA) is a Financial Institution's assets or off-balance-sheet exposures, weighted according to risk. By adjusting the amount of each asset for an estimate of how risky it is, a rough measurement of the company's financial stability can be determined.

CAPITAL ADEQUACY DETAILS OF LANKABANGLA FINANCE LTD.

Capital Adequacy

At LankaBangla Finance Ltd, Capital Management Policy sets out the principles and guidelines for effective and prudent capital planning, usage, and management. The policy delineates the minimum criteria for ensuring that adequate capital is met and effective management is performed. Capital Adequacy is explicitly followed in adherence to the statutory compliance and regulatory requirements of Basel II guidelines, affected by Bangladesh Bank from 1st January 2010. The guidelines are prudently followed to safeguard the LBFL's ability to continue as a going concern, by establishing a strong capital base, and to maintain high credit rating as well as the confidence of the investors and creditors.

At LBFL, capital planning is done in alignment with the company's risk appetite and profile. Capital goals are set to incorporate both normal and stressful business conditions. As such, the goals take into considerations current and future regulatory requirements and economic conditions, and the expectations of stakeholders.

Capital targets accommodate forward looking viewpoints on economic outlook, company's current financial condition, and future uncertainties inherent in capital planning.

In line with this objective,capital base is set at a level (0.5% to 1%) higher than the regulatory requirement, while capital target will be 1% to 2% higher than the minimum CAR. This ensures full compliance as well as a buffer against capital loss during stressful situations.

The company emphasizes on strong capital management through the followings:

- Oblige to regulatory requirements of capital base maintenance.
- Supply and demand forecast of capital to support business strategy and continuity.
- Incorporate rolling capital plan covering a time horizon of two to three years.
- Internal Controls and Governance to manage company's risk, performance and capital.

Capital strategies are periodically reviewed to ensure that strong governance and process framework are in place for effective risk management. Material capital risk is assessed periodically which supports the company's internal capital adequacy requirements.

The scope of application of such guidelines applies to 'Solo' as well as to the 'Consolidated' basis.

- 'Solo Basis' refers to all position of the FI and its local and overseas branches/offices.
- 'Consolidated Basis' refers to all position of the FI (including its local and overseas branches/offices) and its subsidiary companies engaged in financial (excluding insurance) activities like merchant banks, brokerage firms, discount houses, etc.

Since LBFL has subsidiary companies, the guidelines apply to both 'Solo' and 'Consolidated' basis.

Breakdown of each category of eligible capital is given below.

- **Core Capital** of LankaBangla Finance Ltd. is as follows:

Particulars	Solo		Consolidated	
	2014	2013	2014	2013
Fully paid-up capital/capital lien with BB	2,188	2,084	2,188	2,084
Statutory reserve	782	652	782	652
Non-repayable share premium account	-	-	1,091	1,091
General reserve	-	-	53	46
Retained Earnings	1,678	1,587	2,765	2,899
Minority interest in subsidiaries	-	-	185	190
Non-cumulative irredeemable preference shares	-	-	-	-

Dividend equalization account	-	-	-	-
Other (if any item approved by Bangladesh Bank	-	-	-	-
Less Shortfall in provisions required against investment in shares	-	-	-	-
Total	**4,648**	**4,323**	**7,064**	**6,962**

- **Supplementary Capital** of LankaBangla Finance Ltd. is as follows:

Particulars	Solo		Consolidated	
	2014	2013	2014	2013
General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet exposure	270	211	270	211
50% of Asset Revaluation Reserve	-	-	-	-
45% of Securities Revaluation Reserve	-	-	31	31
All other Preference Shares	-	-	-	-
Other (if any item approved by Bangladesh Bank	-	-	-	-
Total	**270**	**211**	**301**	**242**

- LBFL does not have any **Additional Supplementary Capital.**

Risk Management

At LankaBangla Finance Ltd, disciplined risk management is considered as the key to organizational success. With that objective in mind, strong management structure and risk management system, along with robust policies,are developed to allow the company to manage the internal and external, and regulatory environments. A robust risk management framework is built to effectively cover the necessary requirements of managing risk. Establishment and oversight of the Group's risk management framework lies with the Company's Board of Directors. The risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk control standards, and to monitor the risks and adhere to defined policies. Protocols and responsibilities are clearly delineated such that decision making with regards to risk management are taken positively. LBFL contemplate on having the industry practices of identifying, measuring and controlling risks. The Risk management policies and systems are reviewed regularly to reflect changes in market conditions and operations. 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.

By implementing rigorous risk management policy, risk adjusted returns are maximized, while ensuring that the company remains within its desired risk appetite. Emphasis is given on establishing a risk management culture which takes into account the underlying assertions:

- Risk considered must be in line with the company's goals, and also must support the company's risk appetite.
- Responsibility of identifying and taking risks within the organization lies with every employee. The company carries the overall responsibility of ensuring that the risk-taking within the organization is disciplined and focused.
- Accountability is ensured by taking risk agreed by the respective company authorities and also assuring that the risks taken are transparent, controlled, reported and falls within the appropriate infrastructure and resource.
- Future risk emergence is identified and necessary steps taken to anticipate its impacts.
- Effective Risk Management Policy and Controls are founded to use the risk as a competitive advantage.
- Continuous improvement of the risk management approaches and methodologies to enhance current risk policies.
- Analyze and establish any new or improved policy to strengthen the company's risk management position.
- Ensuring consistent statutory compliance with regards to capital adequacy and risk management.

In accordance with the Basel II guidelines, LBFL takes precautionary methods against credit, market, operational, and liquidity risks.

- Credit Risk is effectively measured and managed through a framework of policies and procedures. All credit exposures undergo proper approving authority as a mean of effective management of counter party credit risk. A defined structure is established for delegation of credit approval authority and for monitoring compliance with appetite.

  Proper due diligence is applied to review the credit applications. Defined processes and procedures are used to support credit underwriting activities at levels of the business. As a part of proper underwriting standards, appropriate valuations of collaterals are done for secured credits.

  A counter party is also required to have an approved limit in place, prior to draw down of funds. Every credit party is subject to credit rating, and the rating is actively monitored as a part of effective credit risk management. Account level activity along with limit utilization monitoring is set as a part of risk trigger mechanisms. This helps to identify early alert situations based on which the company can take proper actions. Potential problem accounts are identified, investigated, controlled and monitored.

  Past dues and impaired exposures are defined in accordance with the relevant Bangladesh Bank regulations. Specific and general provisions are computed periodically in accordance with the Bangladesh Bank regulations. 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 non-collectable. This determination is made after considering information such as the occurrence of significant changes in the borrower's / issuer's financial

The table below gives details of Credit Risk for 2013 and 2014:

Figures in BDT Million

Distribution of risk exposure by claims	Solo		Consolidated	
	2014	2013	2014	2013
Cash and Cash Equivalents	-	-	-	-
Claims on Bangladesh Govt. and Bangladesh Bank	-	-	-	-
Claims on NBFIs and Banks	214	209	398	534
Claims on Corporate	12,808	7,965	12,808	7,965
Claims categorized as retail portfolio & Small Enterprise	565	426	565	426
Consumer finance	1,436	1,533	1,436	1,533
Claims fully secured by residential property	1,241	838	1,241	838
Claims fully secured by commercial real estate	305	268	305	268
Past Due Claims	979	433	979	433
All other assets	10,922	11,202	14,373	15,119
Total	**28,470**	**22,874**	**32,105**	**27,116**

Figures (except percentage) in BDT Million

Distribution of risk exposure by claims	Solo		Consolidated	
	2014	2013	2014	2013
Gross Non Performing Loans (NPLs)	1,232	931	1,232	931
Non Performing Loans (NPLs) to outstanding loan and advance	5.08%	4.84%	5.08%	3.66%
Movement of Non Performing Loans (NPLs)				
Opening balance	931	523	931	523
Add/Less Net movement during the year	301	408	301	408
Closing Balance of Non Performing Loans (NPLs)	1,232	931	1,232	931
Movement of specific provision for (NPLs)				
Opening balance of Specific Provision	411	186	411	186
Less Written off during the year	(33)	(3)	(33)	(3)
Recovers during the period	(15)	(97)	(15)	(97)
Add Provision made during the period	117	325	117	325
Closing Balance of specific provision for (NPAs)	**480**	**411**	**480**	**411**

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.

- Market Risk management is set as per the parameters defined in the policy. The objective of the Group's market risk management is to manage and control market risk exposures set within the acceptable parameters, thereby ensuring solvency while optimizing the Group's risk return strategy.

Sufficient oversight and reporting are conducted for management of market risk profile. Overall authority for market risk rests with the ALCO. Setting market liquidity as the primary factor for determining the level of limits for portfolio trading, ALCO provides limits for each type of risk in aggregate and for individual portfolios.

The table below gives details of Market Risk for 2013 and 2014:

Figures in BDT Million

Capital Requirements	Solo		Consolidated	
	2014	2013	2014	2013
Interest rate risk	39	36	39	36
Equity position risk	200	213	706	465
Foreign exchange risk	0.01	0.01	0.01	0.01
Commodity risk	-	-	-	-
Total	**240**	**250**	**745**	**501**

- Operational Risk framework is designed to ensure operational risk identification, assessment, control and monitoring at business and group level. Management of operational risks is an integral part of the roles played by business and the functional teams.

  The Risk Management Division oversees whether the operational risk exposures fall within the policy. Defined standards of measurement are also outlined which plays one of the critical roles of ensuring that the risks are managed within the acceptable tolerance limits. The policies and standards are also reviewed periodically to keep the framework updated.

  The types of events that could result in material operational risk loss or business disruptions are as follows:

  - Internal and external fraud
  - Damage to physical assets
  - Business process disruptions and system failures
  - Failure in service executions and deliveries, as well as process management

- Liquid Risk is managed by the ALCO team within the pre-defined liquidity limits set by and in compliance with the policies and regulatory requirements. The Treasury division oversees the implementation of policies and other controls relating to liquidity risks while managing the liquidity position of the company on a day to day basis.

RWA figure is calculated on the basis of credit, market, and operational risks. Total RWA is determined by first multiplying the amount of capital charge for market risk and operational risk with the reciprocal of the minimum CAR. The resulting figure is added to the sum of the risk weighted assets for credit risk.

Figures in BDT Million

Particulars	Solo		Consolidated	
	2014	2013	2014	2013
Credit Risk				
1. On Balance Sheet	28,471	22,875	32,106	27,116
2. Off Balance Sheet	-	-	-	-
Market Risk	2,395	2,496	7,450	5,011
Operational Risk	1,770	1,675	3,120	3,270
Total RWA	**32,636**	**27,046**	**42,676**	**35,397**

Based on the data derived, the Capital Adequacy Ratio (CAR) is calculated. LankaBangla Finance Ltd. follows the standard CAR measurement method.

$$\text{Capital Adequacy Ratio (CAR)} = \frac{\text{Core Capital + Supplementary Capital}}{\text{Risk Weighted Assets}}$$

Figures (except percentage) in BDT Million

Particulars	Solo		Consolidated	
	2014	2013	2014	2013
Core Capital	4,648	4,322	7,062	6,962
Supplementary Capital	270	211	301	242
Total Eligible Capital	4,918	4,533	7,363	7,204
Risk Weighted Asset (RWA)	32,636	27,046	42,676	35,397
Capital Adequacy Ratio (CAR)	15.07%	16.76%	17.25%	20.35%
Core Capital to RWA	14.24%	15.98%	16.55%	19.67%
Supplementary Capital to RWA	0.83%	0.78%	0.70%	0.68%
Minimum Capital Requirement (10% of RWA)	3,264	2,704	4,268	3,534
Excess Capital over Regulatory Requirement	1,654	1,829	3,095	3,670

The CAR figure of LankaBangla Finance Ltd. can be seen to be comfortably above the Bangladesh Bank's CAR requirement of 10%. This is in line with the institution's approach to being compliant, establish investors' confidence, and demonstrate company stability.

STATEMENT ON NON-PERFORMING LOAN (NPL) MANAGEMENT

Non Performing Loan (NPL) is a debt obligation where the borrower has not paid previously agreed upon interest and principal repayments to the designated lender for an extended period of time. The non performing assets are therefore not yielding any income to the lender in the form of principal and interest payments. Therefore, managing Non-performing Loan (NPL) to keep it at the lowest possible level is at the core of our business priorities. We have embedded the essence of asset quality in our business values, therefore, instituted the best local as well as international industry practices throughout our business processes.

Business Processes and Structures to Facilitate NPL Management:

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

- We have developed credit policies and Products Program Guidelines (PPG) in line with the best practices which are the guiding principles for our sales and relationship teams which drive their business efforts towards quality business through systematic management of any potential risk of NPL.
- Our Credit Risk Management (CRM) division independently reviews the credit proposals, approves (as per approved delegated authority) or recommends for onward approval those cases which are screened off of potential risks ensuring adequate protection against any potential NPL. The reporting authority of CRM division is also independent of reporting line of business division.
- The credit proposals recommended by CRM are reviewed by Management Credit Committee (MCC) consisting of the Managing Director, Deputy Managing Director and Heads of business divisions, operations division and CRM division, who put into a wide variety of inputs from different aspects ensuring the least possibility of NPL.
- Thereafter, credit proposals recommended by MCC are reviewed and if found acceptable, approved by the concerned authority which may be the Managing Director, the Board Executive Committee (BEC) or the Board of Directors (BOD) independently.
- Even after approval of credit facilities, the post approval activities like credit facility documentations and executions are carried out by separate department namely Asset Operations Department and vetting of credit facility and collateral documentations are taken care of by separate department namely Legal Affairs Department under centralized Operations Division which are independent of reporting line of business departments and divisions to avoid conflict of interests.
- For post disbursement activities like monitoring, collection, early alerts, etc. until settlement, separate department namely Asset Collection & Monitoring Department continuously thrives for protection against NPLs. Regular due date and overdue status reminders through SMS, e-mails, letters, telecommunications, meetings, discussions, visits, etc with the clients are consistently carried out by the department which facilitates managing NPL at the lowest possible level.
- For managing NPL cases arising out even after all the efforts as mentioned above, a dedicated department namely SAM (Special Asset Management) Department is in place to directly monitor, put into action and intensify recovery and collection drives through dedicated internal recovery officers and also third party collection service providers, where necessary. Litigation Unit of Legal Affairs Department is well organized with the assistance of leading law firms of the country to ensure all out legal actions for collection.
- Risk Management Division and its Internal Control & Compliance (ICC) Unit, Enterprise Risk Management (ERM) Unit and Audit & Inspection (AI) Unit are consistently reviewing and monitoring the implementation and execution of the policies, procedures, and systems; blowing whistles where necessary; updating with approval of competent authority the policies, procedures, and systems with the assistance of the Information Technology (IT) Division and other stake-holding divisions;
- The senior management is vigilant to monitor and review all the relevant aspects; provides necessary directions and guidance time to time; all to ensure asset quality maintaining the NPL ratio towards its desired goals outperforming the industry ratio.
- On top of all, the Board of Directors periodically monitors and reviews the NPL movements and performance of the management in arresting NPL; provides necessary directions and guidance, thereby ensures highest quality of assets of the company to ensure a quality asset portfolio thereby maximize business and profitability growth.

Strategies for NPL Management:

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

i) Classification of loan portfolio

ii) Trend analysis of the overdue installments

iii) Processes of recovery

i) Classification of Loan Portfolio

Loans are classified into the following categories:

a) Regular payees

b) One monthly installment overdue

c) Two monthly installment overdue

d) Three monthly installment overdue

e) Four monthly installment overdue

f) Five monthly installment overdue

g) Suspended account (Special Asset)

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

ii) Trend Analysis of the Overdue Loans

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

• Sector-wise Age Analysis

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

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

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

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

Industry Change Analysis: This analysis is carried out to find out changes in the industry in terms of technology, investment, development of substitute product, etc.

The objectives of the sector-wise age analysis are following:

i) Take immediate action to realise the default outstanding by way of rescheduling, suspending or terminating the agreement.

ii) Provide investment advices to the client to help them recovering from turmoil.

iii) Adopt alternate strategies with respect to loan finance to the sector.

iv) Adopt new criteria for future reference in appraisal procedure.

• Client-wise Age Analysis

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

iii) Recovery Processes

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

1. Phone Call/SMS
2. Letter/E-mail
3. Visit
4. Reminder
5. 2nd Reminder
6. Visit conducted by higher level employee/s
7. Letter to guarantor/s
8. Final letter for legal notice
9. Legal Notice
10. Report to Central Bank and to other agencies
11. Terminate the loan
12. Ask the guarantor of payment/encashment of security
13. Litigation

The application of the above mentioned options are contingent upon the age of the overdue installments, causes of the overdue, etc. Few of the application are as follows:

a) Immediately after overdue of one installment, telephonic communication/SMS is initiated by monitoring officer. Upon failing to obtain positive result default letter is issued to the client within closure of the due month. If the letter does not bring in result an official visit is made by a collection officer to resolve the matter.

b) If two installments are overdue, the case is analysed and necessary corrective action is taken by sending an overdue status and a claim letter; simultaneously telephone calls and/or visits are made to give the continuous reminder.

c) If the above actions fail a second reminder is given to the client through letter along with telephonic conversation.

d) If consecutively three installments are overdue the client is taken as problem case. In this case a higher level management meeting is conducted, to take corrective action with respect to rescheduling, early realisation, etc.

e) If the above measures fail a letter showing the details of overdue and a list of already taken corrective actions is sent to the client with C.C. to the guarantor and security provider.

f) After six monthly installments overdue, or the account is overdue for six months, the case is taken as suspended case and legal notice, reporting to central bank, termination of loan, security encashment, final provisioning, litigation etc. are carried out chronologically.

NPL Status as on December 31, 2014:

During the year 2014, the NPL ratio of the Company slightly increased to 5.08% from previous year's 4.84%. The absolute figures show also the increase in classified portfolio from BDT 931.21 million in 2013 to BDT 1,231.91 million in 2014.

The deterioration has occurred under stress in the economy. Special efforts were made during the course of the year, which were further intensified during last quarter of the year and it helped reduce the impact of stressful economy on NPL to a moderate extent comparing to the industry.

The movement in NPL accounts during the year 2014 has been depicted in following table:

BDT million

Opening Balance as on January 1, 2014	931.21
Add: Addition During the Year	631.34
Less: Collection During the Year	**297.30**
Less: Write-offs	33.33
Closing Balance as on December 31, 2014	**1,231.91**

Write offs:

During the year 2014, the movement in write-offs accounts is as under:

Particulars	No of Accounts	BDT million
Opening Balance as on January 1, 2014	9	483.98
Add: Addition During the Year	1	33.33
Less: Collection During the Year	-	0.25
Closing Balance as on December 31, 2014	10	517.05

Sector-wise NPL Status:

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

Particulars	Sector-wise Total Credit Portfolio (in BDT mn)	Sector-wise Credit Portfolio (in %)	Sector-wise NPL Portfolio (in BDT mn)	Sector-wise NPL % of Total Portfolio
Trade and Commerce	***1,277.69***	***5.27%***	***176.49***	***0.73%***
Industry				
A) Garments and Knitwear	1,286.59	5.30%	99.80	0.41%
B) Textile	742.62	3.06%	-	0.00%
C) Jute and Jute-Products	450.32	1.86%	-	0.00%
D) Food Production and Processing Ind.	1,264.14	5.21%	23.00	0.09%
E) Plastic Industry	276.01	1.14%	-	0.00%
F) Leather and Leather-Goods	51.49	0.21%	-	0.00%
G) Iron, Steel and Engineering	1,708.68	7.04%	87.19	0.36%
H) Pharmaceuticals and Chemicals	90.58	0.37%	16.53	0.07%
I) Cement and Allied Industry	740.05	3.05%	7.22	0.03%
J) Telecommunication and IT	493.48	2.03%	-	0.00%
k) Paper, Printing and Packaging	631.09	2.60%	11.31	0.05%
L) Glass, Glassware and Ceramic Ind	577.15	2.38%	-	0.00%

AMARSTOCK

Particulars	Sector-wise Total Credit Portfolio (in BDT mn)	Sector-wise Credit Portfolio (in %)	Sector-wise NPL Portfolio (in BDT mn)	Sector-wise NPL % of Total Portfolio
M) Ship Manufacturing Industry	-	0.00%	-	0.00%
N) Electronics and Electrical Products	877.10	3.61%	-	0.00%
O) Power, Gas, Water & Sanitary Service	475.68	1.96%	14.80	0.06%
P) Transport and Aviation	489.69	2.02%	158.70	0.65%
Industry Total	***10,154.68***	***41.85%***	***418.55***	***1.72%***
Agriculture	***338.00***	***1.39%***	***36.80***	***0.15%***
Housing	***3,553.12***	***14.64%***	***49.86***	***0.21%***
Others				
A) Merchant Banking (Loan to LankaBangla Investments Limited)	3,320.26	13.68%	-	0.00%
B) Margin Loan (Loan to Different Brokerage Houses for Margin Loan Operation)	832.88	3.43%	-	0.00%
C) Others	4,789.37	19.74%	550.21	2.27%
Others Total	***8,942.51***	***36.85%***	***550.21***	***2.27%***
Grand Total	**24,265.99**	**100.00%**	**1,231.91**	**5.08%**

In order to arrest NPL our focus is not only reducing existing NPL portfolio, but also avoiding further NPL. In line with that we have strengthened our recovery & monitoring team, deployed external sources where found suitable, strengthened our legal team, thereby intensified recovery drive which brought in defaulting clients under negotiation and thereby sizable recovery was possible in year 2014 like-wise 2013. We hope further improvement in year 2015 in recovery of NPL accounts.

On the other hand, in order to check any further significant NPL, we have extensively reorganized our Organogram, separated business division, CRM division, Operations division, strengthened pool of qualified human resources in the departments, enhanced lawyers' panel incorporating leading law firms, strengthened Risk management division, re-engineered business and operational processes putting into a strong risk management framework in place which is expected to result in significant improvement in year 2015.

GREEN BANKING

AMAR STOCK



GROWING WITH GREEN

GREEN BANKING

Statement on Green Banking Initiatives

In response to increasing awareness over climate change, environmental degradation, urgent measures for sustainable development have been addressed by some of the stakeholders all over the world. Financial system hold a unique position in an economy that can affect production, business and other economic activities through their procedure for financing activities which would in turn contribute to protect environment/climate from pollution. Moreover, efficiency in energy use, water consumption and waste reduction may significantly contribute for controlling operating cost of many of the banks/NBFIs of the country.

Policy Formulation and Governance

In line with the global development and response to the environmental degradation and as per instructions of Bangladesh Bank, LankaBangla Finance has already established its "Green Banking Policy". A Green Banking Unit (GBU) has been formed with the task of developing policies, planning and administering the green banking initiatives of the LankaBangla Finance Ltd.

Incorporation of Environmental Risk in CRM (Core Risk Management)

The Company conform the instructions stipulated in the detailed guidelines on Environment Risk Management (ERM) of Bangladesh Bank in consideration of a part of the Green Banking policy.

Environmental risk means the risk of causing pollution or destruction of the natural environment (land, water, air, natural habitats, animals and plant species), either through accidental or deliberate actions.

We recognize that our primary impact on the natural environment is through our relationship with our customers and the lending decisions we take. Therefore:

- All our lending proposals will include consideration of environmental and social issues where appropriate
- All lending proposals will take account of Environmental rules acceptable environmental and social standards or DOE laws and regulations where these are more stringent
- The risks associated with both environmental and social issues will be properly recognized, evaluated and where appropriate mitigated
- The Businesses (both Corporate and SME) will ensure that appropriate procedures are designed to meet these policy requirements
- As per the above principles, we have implemented Environmental Due Diligence from January 2013 and have applied the same as part of our risk assessment. Since January 2013, we have applied the Environment Risk Ratings to 100% of our projects where applicable that are applicable for such due diligence.

Initiating In-house Environment Management

Various steps have been taken to minimize the LankaBangla Finance direct operational impact to the environment:

- Green Office Guide is being circulated and display among all staffs through internal communication on regular basis
- Majority of internal memos, process notes and records are in electronic form
- All customer documents have been introduced for electronic access and retrieval reducing consumption of paper
- Internal communications are done through electronic mails. Most of the staffs have dedicated E-mail IDs for office use.

Introducing Green Finance

Financing in eco-friendly and environmentally sustainable business activities and energy efficient industries shall be extended through preference by all the credit delivery points. Environmental infrastructures such as renewable energy project(s), clean water supply project(s), waste water treatment plant(s), solid and hazardous waste disposal plant(s), Effluent Treatment Plant (ETP), Bio-gas plant(s), Bio-fertilizer plant(s) and energy efficient/low carbon emission project like, Auto Bricks using Hybrid Hoffman Kiln, Vertical Kiln, Zig-Zag Kiln etc. are encouraged and those will be financed by the company with priority. Viability of environmental infrastructures for financing shall be assessed in line with the environmental issues i.e. how the purpose of the project(s)/business(es) & to what extent this/these is/are rewarding to the environment. Most viable project(s)/business(es)/sector(s) shall be prioritized for financing to position the financial institution gradually as a "Carbon Neutral Financial Institution" first & then as a "Climate Positive Financial Institution".

Creation of Climate Risk Fund

The financial institution addresses environmental issues & assesses environmental risks (high/moderate/low) of projects/businesses of different sectors in different areas those are financed by the company and create climate risk fund. A comprehensive risk exposure matrix shall be developed for assessing environmental risks and reported to management credit committee of the company by the branches in the risk exposure matrix. The fund to be allocated/created for "Green Banking" may be used as a part of CSR activities at the time of emergency.

In 2013 and 2014, we have observed various events related to environment issues such as the World Environment Day & Tree Plantation.

Introducing Green Marketing

Green Marketing incorporates a broad range of activities, including products/services design, engineering, modification, new product innovation, changes to the production process & packaging encouraging the potential clients for designing Green

Project as well as modifying advertising. Besides, company effectively uses green marketing channels more for widening target markets of usual products. Financial Institution takes steps that will help building awareness among common people for promoting products/services which cause least harm to the environment. Corporate Affairs Division shall plan for developing & marketing Green Banking products for offer.

- Our Contact Centre (Call Centre) has been upgraded to provide improved and enhanced phone banking services to customers over phone. The new Contact Centre system has sophisticated capabilities. More customers will use Phone Banking services through the Contact Centre and need not travel to the branches or use paper-based systems.
- Fund Transfer to our customer Accounts which is another bank has been made available through Online Banking. As a result, customers can available fund with in shortest possible time and this is also paperless and fully automated.
- There have been vigorous programs initiated by LankaBangla Finance awareness among customers to use the alternate banking channels such as Online Banking, e-Statement, SMS Banking, etc.

Supporting employee training, Consumer Awareness and Green Event

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

Environment Related Initiatives & Tree Plantation

LankaBangla takes environmental stewardship ahead of each year realizing the present generation's responsibility to the future. By adopting Environmental Risk Management (ERM) Guidelines for Banks and Financial Institutions in Bangladesh, LankaBangla closely monitors the environmental impact of every steps and effectively mitigates any risks arise thereon with more emphasis on environmental risk management programs, at LankaBangla, a noticeable increase has occurred in the amount of screening and due diligence efforts to gather information on potential environmental risks. We take every effort to delight our clients being the growth partner in financing environment friendly products or initiatives. LankaBangla takes pride for being one of the financiers of a project having one of the largest biological Effluent Treatment Plant (ETP) of the world, the first auto brick manufacturing project to implement flexible fuel technology trapping harmful CO2 emissions and also to trade Certified Emissions Reductions (CERs) to the World Bank, country's first lub-recycling plant and so forth. Green financing has been growing steadily in our portfolio. We have established our office environment and only allow rational use of energy and promote the spirit of environment friendly action plans. Our policy allows only energy savings bulbs at all of our service points and Head Office. While furnishing our office premises we use ISO certified paints. On top of that, LankaBangla introduced automated e-alert system to ensure secured financial information flow to its clients in Bangladesh. The launch of e-mail based Customer Statement Delivery System, added an important service to support the clients' needs, providing superior customer service to ensure delivery of account statements and transaction advices to the designated e-mail addresses of clients on time. This new system also helps to protect the environment by eliminating paper-based activities at office, protecting and preserving our environment for the next generation. In future we dream to enhance our effort on preserving ecosystems, land air and water, in line with our broad corporate mission we defined. LankaBangla Finance Limited was arranged a Green Event part of Tree Plantation Program started since 2014. Tree Plantation program complete in Dhaka division Vobanipur High School under Gazipur district and Bandura Holy Cross School & College, Bandura, Nababganj and Chittagong division remote area International Islamic University Chittagong, Kumira Campus, Sitakunda. Last year LankaBangla Finance Tree Plantation & World Environmental day celebration and distributes about 3500 trees for plantation.







CORPORATE SOCIAL RESPONSIBILITY

It is the core corporate responsibility of LankaBangla to the society to pursue its corporate value enhancement through innovation and sound business practice. LankaBangla recognizes that its business activities have direct and indirect impact on the societies in which it operates, and therefore sound business practice requires that business decisions give due consideration to the interests of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other organizations. LankaBangla group will endeavor to conduct its business accordingly.

In line with this basic view, LankaBangla conducts CSR activities with a focus on sustainability in two areas. First, LankaBangla endeavors to ensure the sustainability of its business operations. To this end, LankaBangla has established effective systems for corporate governance and compliance to ensure sound business practices. At the same time, it promotes efforts to ensure the quality and environmental soundness of its products and services over the entire supply chain and value chain including its operations. We also believe in the importance of fostering diverse and lively workplaces and employees with a high level of social awareness. Recognizing fully that its business activities affect both society and the environment in direct and indirect ways, we takes steps to minimize that impact to the best of its ability.

Second, LankaBangla strives to contribute to the realization of a sustainable society. To this end, LankaBangla spreads in hands towards the underprivileged peoples of the community. We support the community to develop their health, education and living standards.

Working with the Communities:

"LankaBangla" is committed to building a brighter future for underprivileged peoples in Bangladesh. We undertook a range of initiatives to support education, health-care, disaster management and child care. In addition, we continue to invest in our people and create a vibrant working environment to make LankaBangla a great place to work.

Corporate social responsibility has always been an integral part of LankaBangla culture and the cornerstone of our core values of good corporate citizenship. We believe our business financing is to not only tie with the business progress but also with the development of the overall economic growth that drives the development of the national at large. We believe our success lies in the stewardship in 'Triple Bottom Line' for sustainability. These believe is reflected on our Mission and our day to day business operation. In this document on corporate social responsibility report – we are proud to share how actions support our mission to encompass economic, social and ecological value to our stakeholders.

CSR Event at LankaBangla Foundation:

Supporting Education of Underprivileged Brilliant Students:

Education enlightens people and society; it is the backbone of a nation. LankaBangla Foundation puts immense priority on education in light with the vision of the LBFL for an enlightened Bangladesh. The LBFL extends its support to education initiatives to realize potentials of students with exceptional merit and intellect.

We are inspired to a knowledge based society. In Bangladesh, we continued to support underprivileged brilliant students who are fighting against darkness to enlighten the society. We are awarding scholarship to such kind of poor but meritorious students, who obtained GPA-5 in SSC & HSC Examination, every year since 2009 and by 2014 our contributions and commitments is total BDT 2,550,000 to 69 (Sixty Nine) students. We are committed to support them till completion of their post-graduation and the number of students will be added in every year. LB Foundation donated BDT 435,600 for CCP foundation for more under privileged children will be brought under CCP Educate, contact seminar on social awareness, give emphasis on vocational training and organize teacher and cadets to form a force for social welfare and also financial support BDT 2,115,956 to Faujian Fund for renovation of library of Faujdarhat cadet college students.

Helping Victims of Natural Calamities:

Bangladesh remains the most vulnerable to the impacts of climate change and gets affected in natural calamities, like flood, cold wave etc. almost every year. When our countrymen get affected in calamities we support the affected communities by extending relief to the victims and their loved ones. This year we distributed 3100 pcs blankets total BDT. 10,90,000 to the underprivileged peoples of Bogra & Barisal district.

Health Caring for Underprivileged Rural People:

Health related issues come thrice in eight of Millennium Development Goals (MDGs) earmarked by the United Nations. Healthcare crisis is acute in countries like Bangladesh. So, LankaBangla Finance sets top priority on health initiatives. We invest in areas where it is needed most. Together we envision a healthy Bangladesh, to support those suffered peoples. LankaBangla Foundation donated Vision Care foundation BDT 10,00,000 for digital slit lamp which will be used in Bashundhara Eye hospital and Research Institute a project of Vision Care Foundation. This institute is providing high quality eye care service to the poor people.

Support to Boost Up Children for Better Future:

LB Foundation have organized Art Camp for the School Children under the slogan of "Oithisja Uthshaba Bangladesh" in Chittagong 2014 to boost up their thinking capacity which will help them to be more vigilant in education and lead to a



brighter future. LB foundation provided BDT 259,000 to organize the program. LB Foundation has a plan to initiate such programs in future on regular basis.

Kishoreganj Eye Hospital (KEH)

LankaBangla encourages the empowerment and development for women. For this reason LankaBangla donated BDT 669,500 to Kishoreganj Eye Hospital (KEH) established in 2006 on the mission to 'Provide high quality eye care services to the community rural people for prevention and eradication of avoidable blindness'. The total population of that area reaches to 1.63 million till 2014 and KEH performed about 16,200 eye surgeries. KEH has an excellent team of skilled Ophthalmologist, Surgeons and Ophthalmic personnel to serve the rural people eye care in this region. In 2014 we have donated for medical equipment to the value of BDT 957,000 to support the treatments. We assure our continuous support to KEH for the betterment of the KEH and people of the area.

World Environmental Day Celebration and Tree Plantation:

As a part of corporate social responsibility, LB Foundation (a concern of LankaBangla Finance Limited) was arranged a green event part of tree plantation program started since 2014. Tree plantation program organized in Dhaka division at Vobanipur High School under Gazipur district and Bandura Holy Cross School & College, Bandura, Nababganj and in Chittagong division at International Islamic University Chittagong, Kumira Campus, Sitakunda. Last year LankaBangla Foundation spent BDT 2,03,000 and distributes about 3500 trees for plantation.

Supporting the Liberation War Museum:

Muktijudhdha Jadughar (Liberation War Museum) is a national pride. It preserves history and heritage of our liberation war in 1971 that led to the bright of independent Bangladesh. Established in 1996, the Museum is by an independent Board of Trustees and now recognize nationally and internationally as an institution, protecting the heroics and history of the emergence in Bangladesh in World map. LankaBangla Foundation contribution BDT 1,000,000 for Liberation War Museum (Mukti Juddho Jadughor).

Other Support and Aid

At LankaBangla, we also raised our hands to support other people. We have supported BDT 35,00,000 to Mr. M. Shakil Islam Bhuiyan, CEO of LankaBangla Investments Limited for his brain tumor treatment purpose. We also support BDT 1,00,000 Dr. A.S.M Zakaria (Professor of BSMMU) for his Nano surgery treatment.





BOARD AUDIT COMMITTEE REPORT

In accordance with currently accepted Best Practice and Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission, the Board of Directors of the Company constituted the Audit Committee comprising of the following Non-Executive and Independent Directors of the Company:

Sl. No.	Name	Position in the Board	Position in the Audit Committee
1.	Mr. Al-Mamoon Md. Sanaul Huq	Independent Director	Chairman
2.	Mr. Mohammad A Moyeen	Director	Member
3.	Mr. Mahbubul Anam	Director	Member
4.	Mr. Mirza Ejaz Ahmed	Director	Member
5.	Mr. M. Fakhrul Alam	Director	Member

The Chairman of the Committee is a non-executive director. He was a consultant of World Bank, Dhaka Office, Controller General of Accounts and Director General of different audit directorate under the Comptroller & Auditor General of Bangladesh. He possesses considerable experience in the field of Audit, Finance & Management. The portfolios of the members are given in pages 18.

The Managing Director and the Chief Financial Officer attend committee meetings by invitation. The Company Secretary functions as the Secretary of the Committee.

Terms of Reference

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

Role of the Audit Committee

The main objective of the Audit Committee is to assist the Board of Directors to effectively carry on its responsibilities relating to financial and other connected affairs of LankaBangla Finance Limited and its subsidiaries. The Committee is empowered to monitor, review and examine:

a) the integrity of the financial statements of LBFL and its subsidiaries;

b) the Company's external auditors' qualifications and independence;

c) the performance and effectiveness of the Company's internal and external audits;

d) internal controls and the measurement of operational risk;

e) the compliance by the Company with legal and regulatory requirements;

f) examine any matter relating to the financial and other connected to the company;

g) monitor all Internal and External Audit and Bangladesh Bank's inspection program;

h) review the efficiency of Internal Control systems and procedures, in place;

i) review the quality of Accounting Policies and their adherence to statutory and regulatory compliance;

j) review the Company's Annual Report and Accounts and Interim Financial Statements prepared for disclosure, before submission to the Board;

k) ensure that a well managed sound financial reporting system is in place to provide timely reliable information to the Board of Directors, Regulatory Authorities, management and all other stakeholders;

l) ensure Company's policies are firmly committed to the highest standards of good corporate governance practices and operations conform to the highest ethical standards and in the best interests of all stakeholders.

Meetings:

The Committee held on four (4) meetings during the year under review. The attendance of Committee members in the meetings is stated on page number 108. The Managing Director/CEO attended the meetings by invitation. Members of the senior management of the company were invited to participate at meetings as and when required. The proceedings of the Audit Committee meetings are regularly reported to the Board of Directors. On invitation of the Committee, the Engagement Partner of Company's external auditors, M/s UHY Syful Shamsul Alam & Co. attended a Committee meeting during the year. The Committee continued guiding the management with selection of Accounting Policies and implementing the same.

Activities:

The Committee carried out the following activities:

Financial Reporting:

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

- Reviewing the systems and procedures to ensure that all transactions are completely and accurately recorded in the books of account.
- Reviewing the effectiveness of the financial reporting system in place to ensure reliability of the information provided to the stakeholders;
- Reviewing the Accounting Policies and to determine the most appropriate accounting policies after consideration of all choices available;
- Strict adherence and compliance with the Bangladesh Accounting Standards and recommended best accounting practices; and

- Reviewing the Annual Report and Accounts and the Interim Financial Statements prepared for publication, prior to submission to the Board.

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

Regulatory Compliance:

The Committee ensures that Company's procedures are in place to ensure compliance with Bangladesh Bank's guidelines and statutory requirements are under close scrutiny. The Committee monitors due compliance with all requirements through quarterly statements submitted to it by the Internal Audit Department.

Risk Management:

The Committee has reviewed the processes for identification, recording, evaluation and management of all significant risks throughout the Company and other entities of the group. The Chief Risk Officer was invited to make presentations on risk management measures adopted in their areas of responsibility. Risk rating guidelines with an appropriate Risk Grading Matrix has been formulated for identifying and assessing the operational risks. LankaBangla's adherence to risk management measures approved by the Board is reviewed annually.

Corporate Governance Report:

As required by the provisions of Corporate Governance Guidelines issued by the Bangladesh Securities & Exchange Commission (BSEC) through Notification Number: SEC/ CMRRCD/2006-158/134/ Admin/44 dated 7 August 2012 Corporate Governance report of LankaBangla Finance Limited for the year 2014 is provided on pages 93 to 97. The external auditors have performed procedures set out by the Bangladesh Securities and Exchange Commission, to meet the compliance requirement of the Corporate Governance directive. Their findings presented in their report dated February 7, 2015 addressed to the Board are consistent with the matters disclosed thereon and did not identify any inconsistencies to those reported by the Board on page numbers 98 to 104.

Internal Audit Function:

The Audit Committee approves the terms of reference of internal audit and reviews the effectiveness of the internal audit function. In line with leading practice, it provides independent and reasonable, but not absolute, assurance that the system of risk management, control and governance processes, as designed and implemented by senior management are adequate and effective. Internal Audit reports on the adequacy of the system of internal controls to the Audit Committee and management, but does not form any part of the system of internal controls. Internal Audit has implemented risk-based audit processes. Audit work is prioritized and scoped according to an assessment of risk exposures, including not only financial risks, but operational, compliance and strategic risks as well.

The work undertaken by Internal Audit includes the audit of the Company's system of internal controls over its key operations, review of security and access controls for the Company's computer systems, review of control processes within and around new products and system enhancements, and review of controls over the monitoring of market, liquidity, and credit risks. Internal Audit also participates in major new system developments and special projects, to help evaluate risk exposures and to help ensure that proposed compensating internal controls are adequately evaluated on a timely basis. It also ascertains that the internal controls are adequate to ensure prompt and accurate recording of transactions and proper safeguarding of assets, and that the Company complies with laws and regulations, adheres to established policies and takes appropriate steps to address control deficiencies.

The Audit Committee is responsible for the adequacy of the internal audit function, its resources and its standing, and ensures that processes are in place for recommendations raised in internal audit reports to be dealt with in a timely manner and outstanding exceptions or recommendations are closely monitored. Internal Audit reports functionally to the Audit Committee and administratively to the CEO, and has unfettered access to the Audit Committee, Board and senior management, as well as the right to seek information and explanations. The Audit Committee approves the appointment and removal of the Head of Internal Audit.

External Audit:

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

Internal Controls:

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

Good Governance:

Highest standards in Corporate Good Governance and strict adherence to the requirements of LBFL's Code of Ethics are ensured through close monitoring. Through the Code of Ethics all levels of staff have been educated and encouraged to resort

to whistle blowing, when they suspect wrong doings or other improprieties. The Committee also ensures that appropriate procedures are in place to conduct independent investigations into all such incidents.

The Charter of the Audit Committee:

The Terms of Reference of Audit Committee was revised in the year 2013 with the concurrence of the Board.

Evaluation of the Committee:

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

Appointment of the external auditor:

The Audit Committee has recommended to the Board of Directors that M/s. ACNABIN & Co. Chartered Accountants, may be appointed for the year 2015 subject to the consent of Bangladesh Bank and approval of shareholders at the next Annual General Meeting.

Al-Mamoon Md. Sanaul Huq
Chairman – Audit Committee

Dhaka
10 February, 2014

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DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING AND INTERNAL CONTROL

Responsibility for Financial Reporting

Board of Directors is always committed towards self-controlled environment which is reflected by ensuring proper entries in books of accounts for each financial year that gives a true and fair view of the state of affairs of the company and by accepting responsibility for the integrity and objectivity of the financial statements.

In preparing both of the separate and consolidated financial statement, the Board of Directors ensures the followings:

- Select relevant accounting policies and apply them consistently
- Make judgments and estimates that are reasonable and prudent
- Comply with applicable Financial Reporting Standards
- Prepare the financial statements on going concern basis

The considerations set out above are also required to be addressed by the Directors in preparing the financial statements. The Board of Directors confirms that the International Financial Reporting Standard (IFRS) which are adopted by the Institute of Chartered Accountants of Bangladesh have been followed meticulously subject to any material departure due to compliance with Bangladesh Bank being disclosed and explained in the notes to the financial statements. It ensures that the financial statements comply with the sufficient requirement of Companies Act 1994, Securities Exchange Rules 1987, Financial Institution Act 1993 and Listing Regulations of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

Responsibility for Corporate Governance and Internal Control

The Board ensures key decision making and execution within a clear governance framework. A primary task is the governance and oversight of business models which sets out consistent delivery of stakeholder value in an uncertain and challenging environment.

The Board of Directors is also responsible for proper establishment and maintenance of an effective internal control system that safeguards shareholders' investments and assets of the company through prevention and detection of fraud and irregularities. The Board ensures that statutory and regulatory requirements are met, and responds to changes in the Company's internal and external environment and conditions. The Board is responsible for ensuring that an adequate and effective internal control system exists in the organization and that all members of the top management of the Company are maintaining and monitoring the performance of that system. Moreover, Audit Committee of Board quarterly reviews the internal control systems and the significant findings. They must ensure that the system operates as intended and is modified appropriately when situations dictate. The Board and management must make sure that the Company's information systems produce pertinent and timely information in a form that enables employees, auditors, regulators, shareholders etc. to get the required data and information.

The Board of Directors, who oversees the control system in general, approves and reviews the business strategies and policies that govern the system. They are also responsible for understanding risk limits and setting acceptable ones for the Company's major business activities, establishing organizational control structure, and making sure senior management identities, measures, monitors, and controls risks and monitors internal control activeness. The Board: (1) discusses periodically the internal control system's effectiveness on management and operations (2) reviews internal control evaluations conducted by management, internal and external auditors, and inspectors in timely manner (3) monitors actions of management on auditors' and inspectors' recommendations on internal control and their concerns (4) periodically reviews the Company's strategy and risk limits. Board and management consider whether a control system's methods, records, and procedures are proper in relation to the Company's:

- Asset size
- Organization and ownership characteristics
- Business activities
- Operational complexity
- Risk profile
- Methods of processing data
- Legal and regulatory requirements

The Board of Directors ensures that management properly considers the risks and control issues of emerging technologies, enhanced information systems, and accounting. These issues include: more users with access to information systems; less segregated duties; a shift from paper to electronic audit trails; a lack of standards and controls for end-user systems; and, more complex contingency planning and recovery planning for information systems.

From the above it can be said that: the Board undertakes the overall responsibility of setting acceptable level of risk, ensuring that the senior management committee takes necessary steps to identify, measure, monitor and control these risks, establishing broad business strategy, significant policies and understanding significant risks of the Company.

Through establishment of an 'Audit Committee' of the Board and Internal Control Department, the Board of Directors monitors the effectiveness of internal control system. The internal as well as external audit reports are sent to the Board Audit Committee without any intervention of the management and the Board ensures that the management takes immediate and necessary actions as per the recommendations.

The Board holds periodic review meetings with the senior management to discuss the effectiveness of the internal control system of the Company and ensures that the management has taken appropriate actions as per the recommendations of the auditors and/ or inspectors.

It is the core corporate responsibility of LankaBangla to the society to pursue its corporate value enhancement through innovation and sound business practice. LankaBangla recognizes that its business activities have direct and indirect impact on the societies in which it operates, and therefore sound business practice requires that business decisions give due consideration to the interests of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other organizations. LankaBangla group will endeavor to conduct its business accordingly.

In line with this basic view, LankaBangla conducts CSR activities with a focus on sustainability in two areas. First, LankaBangla endeavors to ensure the sustainability of its business operations. To this end, LankaBangla has established effective systems for corporate governance and compliance to ensure sound business practices. At the same time, it promotes efforts to ensure the quality and environmental soundness of its products and services over the entire supply chain and value chain including its operations. We also believe in the importance of fostering diverse and lively workplaces and employees with a high level of social awareness. Recognizing fully that its business activities affect both society and the environment in direct and indirect ways, we takes steps to minimize that Impact to the best of its ability.

Second, LankaBangla strives to contribute to the realization of a sustainable society. To this end, LankaBangla spreads in hands towards the underprivileged peoples of the community. We support the community to develop their health, education and living standards.

Working with the Communities:

"LankaBangla" is committed to building a brighter future for underprivileged peoples in Bangladesh. We undertook a range of initiatives to support education, health-care, disaster management and child care. In addition, we continue to invest in our people and create a vibrant working environment to make LankaBangla a great place to work."

Corporate Social Responsibility has always been an integral part of LankaBangla culture and the cornerstone of our core values of good corporate citizenship. We believe our business financing is to not only tie with the business progress but also with the development of the overall economic growth that drives the development of the national at large. We believe our success lies in the stewardship in 'Triple Bottom Line' for sustainability. These believe is reflected on our Mission and our day to day business operation. In this document on Corporate Social Responsibility Report – we are proud to share how actions support our mission to encompass economic, social and ecological value to our stakeholders.

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RESPONSIBILITY STATEMENT OF CEO AND CFO

Chief Executive Officer (CFO) and Chief Financial Officer (CFO) have a strategic viewpoint of the company, and both work towards achieving the Company's mission (the fundamental objective). CEO and CFO broadly represent the Management of the Company and have common perspectives on the overall objective, functions, and reporting.

Responsibilities of the CEO

CEO is the leader of an organization who by his knowledge and wisdom, innovative ideas and charismatic leadership can able to take a Company from the scratch to the market leader. CEO is a visionary leader who can see what is going to happen in near future and can formulate and implement strategies accordingly to reap out the maximum from opportunities. CEO plays the stewardship responsibility by managing the shareholders' funds and is accountable to the board of directors and to the shareholders for effective and efficient uses of their funds.

More specifically, the responsibilities of the CEO are as follows:

1. To lead, in conjunction with the Board, the development, implementation, and monitoring of the Company's vision, plans and strategies.
2. Be responsible for the robust implementation of the Internal Control system by which smooth operations, reliable financial reporting, and compliance with regulations and policies are ensured.
3. Periodically review the Internal Control system to ensure minimum risk exposures and maximum resource security (both tangible and intangible).
4. Ensuring that the financial statements present a true and fair view, the form and substance of the transactions of which represents the Company's state of affairs
5. Ensure implementation of proper Corporate Governance practices to balance the interests of the stakeholders.
6. Justify on the Company's participation in Corporate Social Responsibilities (CSR).

Responsibilities of the CFO

With the ever changing accounting policies and standards to cope up with the versatile business environment, a CFO plays a key role in facilitating the delivery of sustainable value creation and preservation. At Lanka Bangla Finance, the CFO is an effective organizational leader and a key member of Senior Management who provides shared leadership and vision to the organization, its employees, and other key stakeholders. A primary responsibility of the CFO is to work as a strategist rather than a tactician to ensure sustainable financial conditions for the company. This is enhanced by facilitation of financial reports.

More specifically, the responsibilities of the CFO are as follows:

1. Preparation of financial statements (separate and consolidate), taking into considerations compliance with Bangladesh Financial Reporting Standards (BFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), requirements of Companies Act 1994, and compliance with the rules and regulations of Securities and Exchange Commission (SEC), Bangladesh Bank, and other regulatory authorities.
2. Ensuring that the financial statements present a true and fair view, the form and substance of the transactions of which represents the Company's state of affairs.
3. Execute discussions with the External Auditors with matters related to audit and other financial reporting issues.
4. Assess the effectiveness of Internal Control over financial reporting and systems at business process level to ensure effective and efficient utilization of appropriated resources.

The CEO and CFO of the Company have discharged their responsibilities with due care by taking into account the EEE (Economy, Effectiveness and Efficiency).



Mohammed Nasir Uddin Chowdhury
Managing Director



Shamim Al Mamun, ACA
Chief Financial Officer

LANKABANGLA FINANCE LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014



LankaBangla™
FINANCE

UHY Syful Shamsul Alam & Co
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS' OF

LANKABANGLA FINANCE LIMITED AND ITS SUBSIDIARIES

We have audited the accompanying financial statements of LankaBangla Finance Limited ("the Company") and its subsidiaries (the "Group"), which comprises the Statement of Financial Position as at 31 December 2014, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements of the Group and also the separate financial statements of the Company in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in note 2, the Financial Institution Act 1993, the rules and regulations issued by the Bangladesh Bank, the Securities and Exchange Rules 1987, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the separate financial statements of the Company give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Company as at 31 December 2014, and of its consolidated and separate financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) and comply with the Financial Institution Act 1993, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Report on Other Legal and Regulatory Requirements

We also report that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

ii) In our opinion, proper books of account as required by law have been kept by the Company and its subsidiaries so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been maintained;

iii) The Company's consolidated statement of financial position and statement of comprehensive income together with the annexed notes 1 to 39 dealt with by the report are in agreement with the books of account and returns;

iv) The expenditure incurred and payment made were for the purpose of the Group and the Company's business;

v) The consolidated financial statements of the Group and those of the Company have been drawn up in conformity with the Financial Institution Act 1993 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank to the extent applicable to the Company;

vi) The records submitted by the parent company and the subsidiary companies have been properly maintained and consolidated in the financial statements;

vii) Adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;

viii) The information and explanations required by us have been received and found satisfactory;

ix) The consolidated financial statements of the company conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting body of Bangladesh;

x) We have reviewed over 80% of the risk weighted assets of the Group and the Company during the course of our audit and we have spent over 1,708 person-hours for the audit of books and accounts of the Group and the Company

Syful Shamsul Alam & Co.
Chartered Accountants

Place : Dhaka
Dated: 18 February, 2015

VANGUARD STOCK

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LANKABANGLA FINANCE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

PROPERTY AND ASSETS	Notes	Amount in Taka 2014	2013
Cash		**337,547,216**	**194,402,709**
Cash in hand	3	160,970	183,868
Balance with Bangladesh Bank	4	337,386,246	194,218,842
Balance with other banks and financial institutions	5	**1,903,881,535**	**2,350,845,060**
Inside Bangladesh		1,903,881,535	2,350,845,060
Outside Bangladesh		-	-
Money at call and short notice		-	-
Investment	6	**4,938,710,271**	**3,515,894,297**
Government securities		1,009,100,000	1,009,100,000
Other investments		3,929,610,271	2,506,794,297
Leases, loans and advances	7	**30,396,386,719**	**25,424,477,507**
Lease portfolio, term finance, short term loan, etc.			
Fixed assets including land, building, furniture and fixtures	8	**310,992,988**	**291,414,287**
Other assets	9	**1,241,267,775**	**871,192,887**
TOTAL PROPERTY AND ASSETS		**39,128,786,504**	**32,648,226,748**
LIABILITY AND SHAREHOLDERS' EQUITY			
Liabilities		**28,394,444,851**	**22,424,643,018**
Borrowings from Bangladesh Bank, other banks and financial institutions	10	11,711,474,316	11,597,381,469
Term deposits	11	16,682,970,535	10,827,261,549
Other liabilities	12	**3,602,882,245**	**3,194,089,261**
TOTAL LIABILITIES		**31,997,327,095**	**25,618,732,279**
Shareholders' Equity		**6,946,730,196**	**6,839,911,824**
Paid up capital	13	2,187,667,590	2,083,492,950
Share premium		1,090,888,800	1,090,888,800
Statutory reserve	14	781,630,380	651,287,206
General reserve		52,741,881	45,823,827
Fair value measurement reserve		69,285,191	69,285,191
Retained earnings	15	2,764,516,354	2,899,133,850
Non controlling interest	16	**184,729,213**	**189,582,646**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**39,128,786,504**	**32,648,226,748**

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LANKABANGLA FINANCE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	Amount in Taka	
		2014	2013
OFF-BALANCE SHEET ITEMS			
CONTINGENT LIBILITIES			
Acceptances and endorsements		-	-
Letter of guarantee		-	-
Irrevocable letters of credit		-	-
Bill for collection		-	-
Other contingent liabilities		-	-
TOTAL CONTINGENT LIBILITIES		**-**	**-**
OTHER COMMITMENTS			
Documentary credits and short term trade-related transactions		153,054,190	4,509,500
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		6,951,826,772	4,205,131,466
TOTAL OTHER COMMITMENTS		**7,104,880,962**	**4,209,640,966**
TOTAL OFF BALANCE SHEET ITEMS		**7,104,880,962**	**4,209,640,966**

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

Director **Director** **Managing Director** **Company Secretary**

This is the statement of financial position referred to in our report of even date annexed.

Syful Shamsul Alam & Co.
Chartered Accountants

Dhaka, 18 February 2015

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GROWING WITH GREEN

LANKABANGLA FINANCE LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	Amount in Taka	
		2014	2013
Operating Income			
Net interest		932,598,725	1,025,109,671
Interest income	17	3,965,489,195	3,756,033,094
Less : Interest expenses on deposits & borrowings	18	3,032,890,469	2,730,923,423
Income from investment	19	198,763,111	747,945,881
Commission, exchange and brokerage income	20	677,064,510	477,642,305
Other operational income	21	258,701,186	207,214,972
Total operating income		**2,067,127,532**	**2,457,912,830**
Operating Expenses			
Salary and allowances	22	672,951,415	440,959,884
Rent, taxes, insurance, electricity etc.	23	114,990,494	88,609,383
Legal and professional fees	24	25,407,350	17,111,890
Postage, stamp, telecommunication etc.	25	17,445,187	10,512,590
Stationery, printing, advertisement	26	34,575,477	20,494,336
Managing director's salary and allowance	27	14,114,434	12,167,401
Director fees and expenses	28	1,555,710	1,544,652
Audit fees	29	1,364,000	603,750
Changes on loan losses		-	-
Repairs, maintenance and depreciation	30	93,637,627	72,489,849
Other expenses	31	308,802,926	227,586,113
Total operating expenses		**1,284,844,619**	**892,079,847**
Net Operating Income		**782,282,912**	**1,565,832,983**
Provisions for loans / investments		**345,950,536**	**559,569,034**
Provisions for leases and loans	32	166,529,589	278,319,351
Provision for margin loan		26,511,282	240,000,000
Provision for diminution in value of investments		152,909,664	41,249,683
General provision for other assets		2,723,000	9,128,000
Profit before tax and reserve		**433,609,377**	**997,135,949**
		(20,377,493)	**42,583,388**
Provision for tax made during the year	33	(15,281,752)	26,363,032
Deferred tax expense or (Income)		(5,095,741)	16,220,356
Net profit after tax		**453,986,869**	**954,552,560**
Attributed to			
Shareholders of the Company		442,102,416	935,248,186
Non controlling interest		11,884,453	19,304,374
		453,986,869	**954,552,560**
Appropriations		**137,261,228**	**92,785,424**
Statutory reserve		130,343,174	89,611,833
General reserve		6,918,054	3,173,591
Retained surplus		**304,841,188**	**842,462,762**
Earnings per share (2013 restated)	34	**2.02**	**4.28**

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

Director **Director** **Managing Director** **Company Secretary**

This is the statement of comprehensive income referred to in our report of even date annexed.

Syful Shamsul Alam & Co.
Chartered Accountants

Dhaka, 18 February 2015

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LANKABANGLA FINANCE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

		Amount in Taka	
		2014	2013
A)	***Cash flows from operating activities***		
	Interest received	3,904,517,059	3,757,707,596
	Interest paid	(2,895,424,173)	(2,699,359,991)
	Dividend received	44,503,960	13,891,167
	Fees and commission received	878,329,810	533,982,826
	Income from investment	154,126,974	642,345,974
	Cash paid to employees (including directors)	(691,888,714)	(472,301,034)
	Cash paid to suppliers	(36,467,829)	(28,218,341)
	Income taxes paid	(154,271,024)	(319,098,759)
	Received from other operating activities	44,609,966	5,845,509
	Paid for other operating activities	(476,217,398)	(318,760,718)
	Cash generated from operating activities before changes in operating assets and liabilities	**771,818,632**	**1,116,034,228**
	Increase/ (decrease) in operating assets & liabilities		
	Loans and advances to customers	(5,183,090,034)	(6,418,406,623)
	Other assets	(390,514,057)	513,090,325
	Deposits from customers	5,855,708,986	3,211,342,244
	Other liabilities	356,544,632	(76,866,123)
	Total increase/ (decrease) in operating assets & liabilities	**638,649,527**	**(2,770,840,176)**
	Net cash used in operating activities (Total of "A"):	**1,410,468,159**	**(1,654,805,948)**
B)	***Cash flows from investing activities***		
	Changes in investment in securities	(1,422,815,973)	(220,678,111)
	Net proceeds/(payments) for sale/ purchase of Treasury bills	-	100,000,000
	Purchase of property, plant and equipment	(103,713,491)	(123,138,896)
	Sales proceeds of fixed assets	648,109	7,086,352
	Net cash used by investing activities (Total of "B"):	**(1,525,881,356)**	**(236,730,656)**
C)	***Cash flows from financing activities***		
	Drawdown of term loan, overdraft and REPO	114,092,846	2,760,059,032
	Dividend paid	(302,498,668)	-
	Net cash generated by financing activities (Total of "C"):	**(188,405,822)**	**2,760,059,032**
D)	***Net increase/ (decrease) in cash & cash equivalents (A+B+C)***	**(303,819,019)**	**868,522,428**
E)	***Opening cash and cash equivalents***	**2,545,247,770**	**1,676,725,342**
F)	***Closing cash and cash equivalents (D+E)****	**2,241,428,751**	**2,545,247,770**
	*** Closing cash and cash-equivalents**		
	Cash in hand (including foreign currencies)	160,970	183,868
	Balance with Bangladesh Bank and its agent bank (s)	337,386,246	194,218,842
	Balance with other banks and financial institutions	1,903,881,535	2,350,845,060
	Total:	**2,241,428,751**	**2,545,247,770**

Director **Director** **Managing Director** **Company Secretary**

Dhaka, 18 February 2015

LANKABANGLA FINANCE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2014

Amount in Taka

Particulars	Share Capital	Share Premium	Statutory Reserve	General Reserve	Fair Value Measurement Reserve	Retained Earnings	Total	Non Controlling Interest	Total
Balance as at 01 January 2013	**1,894,084,500**	**1,090,888,800**	**561,675,373**	**42,650,236**	**448,531,657**	**2,436,129,665**	**6,473,960,231**	**192,649,129**	**6,666,609,360**
Items Involved in Changes in Equity	-	-	-	-	-	-	-	-	-
Prior year adjustments	-	-	-	-	-	(738,561)	(738,561)	-	(738,561)
Adjustments of non controlling interest	-	-	-	-	-	(56,585,840)	(56,585,840)	56,585,840	-
Changes of non controlling interest	-	-	-	-	-	(123,105,610)	(123,105,610)	(63,227,523)	(186,333,133)
Net profit for the year	-	-	-	-	-	935,248,186	935,248,186	19,304,374	954,552,560
Appropriation to statutory reserve	-	-	89,611,833	-	-	(89,611,833)	-	-	-
Appropriation to general reserve	-	-	-	3,173,591	-	(3,173,591)	-	-	-
Adjustment of fair value measurement reserve	-	-	-	-	(379,246,466)	-	(379,246,466)	(15,729,174)	(394,975,640)
Appropriation to LB foundation	-	-	-	-	-	(9,328,117)	(9,328,117)	-	(9,328,117)
Right issue cost	-	-	-	-	-	(292,000)	(292,000)	-	(292,000)
Dividend	-	-	-	-	-	-	-	-	-
Stock dividend (10%)	189,408,450	-	-	-	-	(189,408,450)	-	-	-
Balance as at 31 December 2013	**2,083,492,950**	**1,090,888,800**	**651,287,206**	**45,823,827**	**69,285,191**	**2,899,133,850**	**6,839,911,824**	**189,582,646**	**7,029,494,469**
Balance as at 01 January 2014	**2,083,492,950**	**1,090,888,800**	**651,287,206**	**45,823,827**	**69,285,191**	**2,899,133,850**	**6,839,911,824**	**189,582,646**	**7,029,494,470**
Items Involved in Changes in Equity	-	-	-	-	-	-	-	-	-
Prior year adjustments	-	-	-	-	-	(7,574,381)	(7,574,381)	-	(7,574,381)
Restated Balance	**2,083,492,950**	**1,090,888,800**	**651,287,206**	**45,823,827**	**69,285,191**	**2,891,559,469**	**6,832,337,443**	**189,582,646**	**7,021,920,089**
Adjustments of non controlling interest	-	-	-	-	-	-	-	-	-
Changes of non controlling interest	-	-	-	-	-	(5,556,364)	(5,556,364)	(12,941,636)	(18,498,000)
Net profit for the year	-	-	-	-	-	442,102,416	442,102,416	11,884,453	453,986,869
Appropriation to statutory reserve	-	-	130,343,174	-	-	(130,343,174)	-	-	-
Appropriation to general reserve	-	-	-	6,918,054	-	(6,918,054)	-	-	-
Appropriation to LB foundation	-	-	-	-	-	(9,629,357)	(9,629,357)	-	(9,629,357)
Dividend	-	-	-	-	-	-	-	-	-
Stock dividend (5%)	104,174,640	-	-	-	-	(104,174,640)	-	-	-
Cash dividend (15%)	-	-	-	-	-	(312,523,943)	(312,523,943)	(3,796,250)	(316,320,193)
Balance as at 31 December 2014	**2,187,667,590**	**1,090,888,800**	**781,630,380**	**52,741,881**	**69,285,191**	**2,764,516,353**	**6,946,730,196**	**184,729,213**	**7,131,459,409**

The accounting policies and explanatory notes from an integral part of these financial statements.

Director **Director** **Managing Director** **Company Secretary**

This is the statement of changes in equity reffered to in our report to the shareholders

Dhaka, 18 February 2015

LANKABANGLA FINANCE LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

PROPERTY AND ASSETS	Notes	Amount in Taka 2014	2013
Cash		**337,419,663**	**194,303,498**
Cash in hand	**3**	33,417	84,656
Balance with Bangladesh Bank	**4**	337,386,246	194,218,842
Balance with other banks and financial institutions	**5**	**985,266,791**	**745,364,081**
Inside Bangladesh		985,266,791	745,364,081
Outside Bangladesh		-	-
Money at call and short notice		-	-
Investment	**6**	**2,181,169,863**	**2,138,843,810**
Government securities		1,009,100,000	1,009,100,000
Other investments		1,172,069,863	1,129,743,810
Leases, loans and advances	**7**	**24,265,994,073**	**19,258,875,786**
Lease portfolio, term finance, short term loan, etc.			
Fixed assets including land, building, furniture and fixtures	**8**	**128,731,842**	**73,420,503**
Other assets	**9**	**4,454,140,000**	**4,218,773,226**
TOTAL PROPERTY AND ASSETS		**32,352,722,232**	**26,629,580,904**
LIABILITY AND SHAREHOLDERS' EQUITY			
Liabilities		**25,603,504,936**	**20,474,019,562**
Borrowings from Bangladesh Bank, other banks and financial institutions	**10**	8,886,334,401	9,598,070,012
Term deposits	**11**	16,717,170,535	10,875,949,549
Other liabilities	**12**	**2,101,734,930**	**1,840,753,745**
TOTAL LIABILITIES		**27,705,239,866**	**22,314,773,307**
Shareholders' Equity		**4,647,482,366**	**4,314,807,597**
Paid up capital	**13**	2,187,667,590	2,083,492,950
Statutory reserve	**14**	781,630,380	651,287,206
Retained earnings	**15**	1,678,184,396	1,580,027,441
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**32,352,722,232**	**26,629,580,904**

AMARSTOCK

LANKABANGLA FINANCE LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	Amount in Taka	
		2014	2013
OFF-BALANCE SHEET ITEMS			
CONTINGENT LIBILITIES			
Acceptances and endorsements		-	-
Letter of guarantee		-	-
Irrevocable letters of credit		-	-
Bill for collection		-	-
Other contingent liabilities		-	-
TOTAL CONTINGENT LIBILITIES		-	-
OTHER COMMITMENTS			
Documentary credits and short term trade-related transactions		153,054,190	4,509,500
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		6,951,826,772	4,205,131,466
TOTAL OTHER COMMITMENTS		**7,104,880,962**	**4,209,640,966**
TOTAL OFF BALANCE SHEET ITEMS		**7,104,880,962**	**4,209,640,966**

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

Director **Director** **Managing Director** **Company Secretary**

This is the statement of financial position referred to in our report of even date annexed.

Syful Shamsul Alam & Co.
Chartered Accountants

Dhaka, 18 February 2015

AMARSTOCK

LANKABANGLA FINANCE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	Amount in Taka	
		2014	2013
Operating Income			
Net interest		1,026,545,188	653,932,436
Interest income	17	3,657,310,900	3,063,280,697
Less : Interest expenses on deposits & borrowings	18	2,630,765,712	2,409,348,261
Income from investment	19	262,860,663	311,810,752
Commission, exchange and brokerage income	20	-	202,386
Other operational income	21	170,287,244	114,314,170
Total operating income		**1,459,693,095**	**1,080,259,743**
Operating Expenses			
Salary and allowances	22	408,598,973	218,387,462
Rent, taxes, insurance, electricity etc.	23	58,295,968	40,959,544
Legal and professional fees	24	18,547,161	6,212,932
Postage, stamp, telecommunication etc.	25	12,919,223	6,420,950
Stationery, printing, advertisement	26	23,001,790	12,384,894
Managing director's salary and allowance	27	14,114,434	12,167,401
Director fees and expenses	28	485,000	565,500
Audit fees	29	925,250	253,000
Changes on loan losses		-	-
Repairs, maintenance and depreciation	30	42,468,384	20,587,453
Other expenses	31	138,483,461	89,408,933
Total operating expenses		**717,839,644**	**407,348,069**
Net Operating Income		**741,853,451**	**672,911,674**
Provisions for loans / investments		**274,093,681**	**319,569,034**
Provisions for leases and loans	32	166,529,589	278,319,351
Provision for diminution in value of investments		107,564,091	41,249,683
General provision for other assets		2,723,000	9,128,000
Profit before tax and reserve		**465,036,770**	**344,214,640**
		(186,679,101)	**(103,844,525)**
Provision for tax made during the year	33	(186,679,101)	(103,844,525)
Deferred tax expense or (Income)		-	-
Net profit after tax		**651,715,871**	**448,059,165**
Appropriations		**130,343,174**	**89,611,833**
Statutory reserve		130,343,174	89,611,833
General reserve		-	-
Retained surplus		**521,372,697**	**358,447,332**
Earnings per share (2013 restated)	34	**2.98**	**2.05**

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

Director **Director** **Managing Director** **Company Secretary**

This is the statement of comprehensive income referred to in our report of even date annexed.

Syful Shamsul Alam & Co.
Chartered Accountants

Dhaka, 18 February 2015

AMARSTOCK

LANKABANGLA FINANCE LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

		Amount in Taka	
		2014	2013
A)	***Cash flows from operating activities***		
	Interest received	3,197,952,124	3,046,920,568
	Interest paid	(2,540,881,538)	(2,364,309,788)
	Dividend received	82,196,153	10,099,023
	Fees and commission received	131,538,085	63,669,838
	Income from investment	94,015,542	210,002,987
	Cash paid to employees (including directors)	(408,999,208)	(208,611,783)
	Cash paid to suppliers	(38,858,200)	(20,245,848)
	Income taxes paid	(12,481,697)	(11,307,422)
	Received from other operating activities	38,749,159	50,846,717
	Paid for other operating activities	(165,226,023)	(136,892,897)
	Cash generated from operating activities before changes in operating assets and liabilities	**378,004,396**	**640,171,398**
	Increase/ (decrease) in operating assets & liabilities		
	Loans and advances to customers	(5,007,118,286)	(5,485,098,511)
	Other assets	16,685,070	71,752,584
	Deposits from customers	5,841,220,986	3,198,990,903
	Other liabilities	214,082,151	204,582,597
	Total increase/ (decrease) in operating assets & liabilities	**1,064,869,919**	**(2,009,772,427)**
	Net cash used in operating activities (Total of "A"):	**1,442,874,316**	**(1,369,601,028)**
B)	***Cash flows from investing activities***		
	Changes in investment in securities	(23,842,012)	(326,745,303)
	Net proceeds/(payments) for sale/ purchase of Treasury bills	-	100,000,000
	Purchase of property, plant and equipment	88,974,187	(42,854,255)
	Sales proceeds of fixed assets	312,850	2,371,253
	Investment in subsidiaries	(115,000,000)	(1,084,585,788)
	Net cash used by investing activities (Total of "B"):	**(49,554,974)**	**(1,351,814,094)**
C)	***Cash flows from financing activities***		
	Drawdown of term loan, overdraft and REPO	(711,735,611)	3,055,291,085
	Dividend paid	(298,564,856)	-
	Net cash generated by financing activities (Total of "C"):	**(1,010,300,467)**	**3,055,291,085**
D)	***Net increase/ (decrease) in cash & cash equivalents (A+B+C)***	**383,018,875**	**333,875,963**
E)	***Opening cash and cash equivalents***	**939,667,579**	**605,791,616**
F)	***Closing cash and cash equivalents (D+E)****	**1,322,686,454**	**939,667,579**
	*** Closing cash and cash-equivalents**		
	Cash in hand (including foreign currencies)	33,417	84,656
	Balance with Bangladesh Bank and its agent bank (s)	337,386,246	194,218,842
	Balance with other banks and financial institutions	985,266,791	745,364,081
	Total:	**1,322,686,454**	**939,667,579**

Director **Director** **Managing Director** **Company Secretary**

Dhaka, 18 February 2015

LANKABANGLA FINANCE LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2014

Amount in Taka

Particulars	Share Capital	Statutory Reserve	General Reserve	Retained Earnings	Total
Balance as at 01 January 2013	**1,894,084,500**	**561,675,373**	**-**	**1,415,469,150**	**3,871,229,023**
Items involved in changes in equity	-	-	-	-	-
Net profit for the period	-	-	-	448,059,165	448,059,165
Appropriation to statutory reserve	-	89,611,833	-	(89,611,833)	-
Appropriation to LB foundation	-	-	-	(4,480,592)	(4,480,592)
Stock dividend (10%)	189,408,450	-	-	(189,408,450)	-
Balance as at 31 December 2013	**2,083,492,950**	**651,287,206**	**-**	**1,580,027,440**	**4,314,807,597**
Balance as at 01 January 2014	**2,083,492,950**	**651,287,206**	**-**	**1,580,027,440**	**4,314,807,597**
Items involved in changes in equity					
Net profit for the period	-	-	-	651,715,871	651,715,871
Appropriation to statutory reserve	-	130,343,174	-	(130,343,174)	-
Appropriation to LB foundation	-	-	-	(6,517,159)	(6,517,159)
Stock dividend (5%)	104,174,640	-	-	(104,174,640)	-
Cash dividend (15%)	-	-	-	(312,523,943)	(312,523,943)
Balance as at 31 December 2014	**2,187,667,590**	**781,630,380**	**-**	**1,678,184,396**	**4,647,482,366**

The accounting policies and explanatory notes from an integral part of these financial statements.

Director **Director** **Managing Director** **Company Secretary**

This is the statement of changes in equity reffered to in our report to the shareholders

Dhaka, 18 February 2015

AMARSTOCK

LANKABANGLA FINANCE LIMITED

CONSOLIDATED STATEMENT OF LIQUIDITY

As at 31 December 2014

Amount in Taka

Particulars	"Not more than 1 month term"	1-3 months term	3-12 months term	1-5 years term	above 5-years term	Total
Assets						
Cash in hand (including balance with Bangladesh Bank)	337,547,216	-	-	-	-	337,547,216
Balance with banks and financial institutions	21,707,383	958,620,128	923,554,024	-	-	1,903,881,535
Money at call and short notice	-	-	-	-	-	-
Investments	113,661,990	308,201,396	752,416,954	1,220,092,200	2,544,337,732	4,938,710,271
Lease, loans and advances	1,726,099,728	1,727,162,710	6,160,483,977	11,451,260,872	9,331,379,432	30,396,386,719
Fixed assets including land, building, furniture and fixtures	364,940	-	120,328,301	146,950,806	43,348,942	310,992,988
Other assets	273,021	17,873,140	147,453,666	23,070,481	1,052,597,466	1,241,267,775
Non-banking assets	-	-	-	-	-	-
Total Assets	**2,199,654,279**	**3,011,857,374**	**8,104,236,923**	**12,841,374,358**	**12,971,663,571**	**39,128,786,504**
Liabilities						
Borrowing from other banks, financial institutions and agents	1,400,000,000	592,619,316	2,467,430,999	6,168,727,621	1,082,696,380	11,711,474,316
Deposits and other accounts	460,991,466	1,466,684,399	2,599,168,798	5,116,471,340	7,039,654,531	16,682,970,535
Provision and other liabilities	36,861,471	78,918,072	278,230,046	508,034,576	2,700,838,079	3,602,882,245
Total Liabilities	**1,897,852,937**	**2,138,221,787**	**5,344,829,843**	**11,793,233,538**	**10,823,188,990**	**31,997,327,095**
Net Liquidity Surplus or (Gap)	**301,801,341**	**873,635,587**	**2,759,407,080**	**1,048,140,820**	**2,148,474,581**	**7,131,459,408**

AMARSTOCK

LANKABANGLA FINANCE LIMITED

STATEMENT OF LIQUIDITY

As at 31 December 2014

Amount in Taka

Particulars	"Not more than 1 month term"	1-3 months term	3-12 months term	1-5 years term	above 5-years term	Total
Assets						
Cash in hand (including balance with Bangladesh Bank)	337,419,663	-	-	-	-	337,419,663
Balance with banks and financial institutions	21,582,124	74,225,805	889,458,862	-	-	985,266,791
Money at call and short notice	-	-	-	-	-	-
Investments	2,084,018	18,320,748	188,132,874	734,022,404	1,238,609,819	2,181,169,863
Lease, loans and advances	1,693,595,787	1,727,162,710	2,583,818,708	11,001,260,872	7,260,155,996	24,265,994,073
Fixed assets including land, building, furniture and fixtures	364,940	-	3,284,460	76,279,814	48,802,628	128,731,842
Other assets	3,826,143	6,601,596	189,549,157	253,792,601	4,000,370,504	4,454,140,000
Non-banking assets	-	-	-	-	-	-
Total Assets	**2,058,872,675**	**1,826,310,859**	**3,854,244,062**	**12,065,355,691**	**12,547,938,946**	**32,352,722,232**
Liabilities						
Borrowing from other banks, financial institutions and agents	1,400,000,000	592,619,316	1,500,000,000	4,658,335,043	735,380,043	8,886,334,401
Deposits and other accounts	460,991,466	1,466,684,399	2,599,168,798	5,116,471,340	7,073,854,531	16,717,170,535
Provision and other liabilities	66,912,744	76,681,652	239,158,425	337,667,272	1,381,314,836	2,101,734,930
Total Liabilities	**1,927,904,211**	**2,135,985,367**	**4,338,327,223**	**10,112,473,656**	**9,190,549,410**	**27,705,239,866**
Net Liquidity Surplus or (Gap)	**130,968,464**	**(309,674,508)**	**(484,083,161)**	**1,952,882,035**	**3,357,389,536**	**4,647,482,366**

AMARSTOCK

LANKABANGLA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

1.00 Legal status and nature of the Company

1.01 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 (RJSCF) 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". 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. Subsequently, it was renamed as LankaBangla Finance Limited on 27 April 2005. The Company went for public issue in 2006 and its shares are listed in both Dhaka Stock Exchange and Chittagong Stock Exchange on 17 October 2006 and 31 October 2006 respectively.

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	0923826	24.09.2008	2014-2015
2.	Bangladesh Bank License	DFIM(L)/15	30.10.1997	N/A
3.	Tax Identification Number (TIN)	210-200-6736	N/A	N/A
4.	VAT Identification Number	5101018797	N/A	N/A
5.	Import Registration Certificate	BA159696	01.01.2006	2014-2015
6.	DCCI Membership Certificate	2857	23.12.2008	2014
7.	Board of Investment	9803054-H	30.03.1998	N/A
8.	Registration Number	C-31702(823)/96	05.11.1996	N/A

1.02 Subsidiary companies

LankaBangla Securities Limited

The Company is holding a subsidiary company named "LankaBangla Securities Limited" (formerly Vanik Bangladesh Securities Limited) with an equity interest of 90.91% (183,751,459 shares of Tk.10 each totaling Tk. 1,837,514,590) in the subsidiary company. The subsidiary is a private 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, debentures 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.

LankaBangla Asset Management Company Limited

The Company is also holding another subsidiary company named "LankaBangla Asset Management Company Limited" with an equity interest of 99.998% (4,999,900 shares of Tk. 10 each totaling Tk. 499,990,000) in the subsidiary company. 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.

LankaBangla Investments Limited

The Company is also holding another subsidiary company named "LankaBangla Investments Limited" with an equity interest of 99.999% (166,999,994 shares of Tk. 10 each totaling Tk. 1,669,999,940) in the subsidiary company. LankaBangla Investments Limited was incorporated as private limited company with the Registrar of Joint Stock Companies and Firms (RJSC) 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.

1.03 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, and Corporate Financial Services etc.
- Fund based services include Lease Finance, Term Finance, Real Estate Finance, Hire Purchase, Credit Card Operation, SME, Auto loan, Personal Loan, Factoring, Syndication Finance, Revolving Credit, Loan against Deposit, and Staff Loan etc.
- LankaBangla Finance also provides brokerage services, Merchant Bank services and Asset Management Services through its majority owned subsidiary company.

2.00 Basis for preparation and Significant accounting policies

2.01 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 (DFIM) of Bangladesh Bank with reference to the provisions of First Schedule of Bank Company Act 1991 and Bangladesh Bank's other circulars and guidelines or directives and in accordance with Bangladesh Financial Reporting Standards (BFRS[1]), the Companies Act 1994, the Financial Institutions Act 1993, the Securities and Exchange Rules 1987, the Listing Rules of Dhaka and Chittagong Stock Exchanges.

In several cases, the laws, circulars, guidelines or directives of Bangladesh Bank differ from those of financial reporting standards as promulgated by International Accounting Standards Body (IASB) and as adopted by national standard setter, i.e., Institute of Chartered Accountants of Bangladesh (ICAB), the requirements of Bangladesh Bank prevails and these financial statements have been prepared by departing from those requirements of BFRS with a view to comply with the regulatory requirements .

The requirements of accounting standards as per BFRS that have been departed to comply with Bangladesh Bank requirements have been disclosed in detail in **note - 2.04**.

However, this departure with BFRS has been made by following all of the relevant provisions of BAS 1 and detail disclosures are given in **note – 2.04** by following the provision of Para 20 of BAS-1.

2.02 Presentation of financial statements

The presentation of the financial statements has been made as per the requirements of DFIM Circular No: 11, dated December 23, 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.

2.03 Basis of measurement and consolidation

These financial statements have been prepared 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.

All inter-company balances between the Company and its subsidiaries are eliminated on consolidation.

2.04 Disclosure of departure from few requirements of BFRS due to mandatory compliance of Bangladesh Bank'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 BFRS. As such the company has departed from those contradictory requirements of BFRS in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below along with financial impact where applicable:

1 The term "BFRS" 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, BFRS includes all BAS and BFRS along with all of the relevant interpretations adopted by ICAB.

Sl.	Nature of Departure	Title of BFRS	Treatment of BFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
1	Measurement of provision for lease, loans and advances (financial assets measured at amortized cost)	BAS 39 "Financial Instruments: Recognition and Measurement"	An entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists, the entity shall measure the amount of the loss as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset shall be reduced either directly or through use of an allowance account.	As per FID circular No. 08 dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No. 03, dated 29 April 2013 , a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) 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.	In separate Financial Statements, provision has been kept for 2014 equivalent to BDT 169.25 million as per Bangladesh Bank guidelines among which BDT 65.96 million is general provision on good loan. Also, as at 31 December 2014, accumulated provision for lease, loan and advances stand at BDT 750.18 million. In consolidated accounts, provision has been kept for 2014 equivalent to BDT 195.76 million as at 31 December 2014, accumulated provision for lease, loan and advances stand at BDT 1,139.75 million.
2	Valuation of Investments in quoted and unquoted shares	BAS 39 "Financial Instruments: Recognition and Measurement"	Investment in shares falls either under "at fair value through statement of comprehensive income" or under "available for sale" where any change in the fair value (as measured as per BFRS 13 "Fair Value") at the year-end is taken to statement of comprehensive income or revaluation reserve respectively.	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.	During this year there is no impact in the financial statements due to this departure as total market value of all shares of the group are less than the cost price.
3	Recognition of interest income for SMA and classified lease, loans and advances	BAS 39 "Financial Instruments: Recognition and Measurement"	Income from financial assets measured at amortized cost is recognized through effective interest rate method over the term of the investment. Once an financial asset is impaired, investment income is recognized in profit and loss account on the same basis based on revised carrying amount.	As per FID circular No. 03, dated 03 May 2006 , once an investment on lease, loan and advances is termed as "Special Mention Account (SMA)", 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.	At year end, interest suspense account has increased to BDT 288.28 million from 199.2 million resulting an increase of BDT 89.08 million of interest suspense. This amount has not been shown in interest income; rather shown as liability. Thus profit has been understated by this amount.
4	Presentation of cash and cash equivalent	BAS 7 "Statement of Cash Flows"	Cash equivalent are short term, highly liquid investments that are readily convertible to known amounts of cash and only include those investments which are for a short tenure like: 3 months or less period. In the light of above, balance with Bangladesh Bank should be treated as investment asset rather than cash equivalent as it is illiquid asset and not available for use in day to day operations.	Bangladesh Bank has issued templates for financial statements vide DFIM Circular# 11 dated December 23, 2009 which will strictly be followed by all banks and NBFIs. The templates of financial statements 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 Comprehensive Income Statement.	Presentation of financial statements is not fully aligned with the requirements of BAS. Thus item which should be presented as "investment activities" as per BAS is shown as cash & cash equivalent.
5	Measurement of deferred tax asset	BAS 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 DIFM 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.
6	Presentation and disclosure of Financial Statements and Financial Instruments	BAS 1 "Presentation of Financial Statements" BAS 32 " Financial Instruments : Presentation" BFRS 7 " Financial Instruments Disclosure"	Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement. BAS 1 requires separate line item for intangible assets on the face of statement of financial position. BAS 32 and BFRS 7 require specific presentation and disclosure relating to all financial instruments.	Bangladesh Bank has issued templates for financial statements vide DFIM Circular# 11 dated December 23, 2009 which will strictly be followed by all banks and NBFIs. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income allowed to include in a Single Comprehensive Income Statement. Intangibles assets are not separately presented on the face of statement of financial position; rather it is presented along with the line item of fixed assets. As per Bangladesh Bank guidelines, financial instruments are categorized, recognized and measured differently from those prescribed in BAS 39. As such some disclosure and presentation requirements of BFRS 7 and BAS 32 have not been made in the accounts.	Presentation of financial statements is not fully aligned with all requirements of BAS.

2.05 Components of the financial statements

The financial statements comprise of:

a) Statement of Financial Position as at 31 December 2014;

b) Statement of Comprehensive Income for the year ended 31 December 2014;

c) Statement of Changes in Equity for the year ended 31 December 2014;

d) Statement of Cash Flows for the year ended 31 December 2014; and

e) Notes to the Financial Statements.

2.06 Presentation and functional currency and level of precision

The financial statements are presented in Bangladesh Taka (BDT) currency, which is the Company's functional currency. All financial information presented in BDT has been rounded off to the nearest BDT.

2.07 Use of estimates and judgments

The preparation of financial statements in conformity with Bangladesh Financial Reporting Standards (BFRS) 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 Bangladesh Accounting Standard (BAS) 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 of the amount of the obligation.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognized in the period in which the estimates are revised.

2.08 Going concern

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

2.09 Materiality and aggregation

Each material item as considered 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.

2.10 Directors' responsibility statement

The Board of Directors takes the responsibility for the preparation and presentation of these consolidated and separate financial statements.

2.11 Statement of cash flows

Statement of cash flows has been prepared in accordance with the Bangladesh Accounting Standard-7 "Statement of Cash Flows" under direct method.

2.12 Branch Accounting

The Company has 11 branches, with no overseas branch as on December 31, 2014. 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.

2.13 Accounting for lease

The Company, through implementation of BAS 17, has been following the finance lease method for accounting of lease incomes. The aggregate lease receivables including un-guaranteed residual value are recorded as gross lease receivables while the excess of gross lease receivables over the total acquisition cost and interest during the acquisition period of lease assets, constitutes the unearned lease income. Initial direct costs (if any) in respect of lease are charged in the period in which such costs are incurred.

The unearned lease income is usually amortized to revenue on a monthly basis over the lease term yielding a constant rate of return over the period. Unrealized income is suspended, in compliance with the requirements of circular issued by the DFIM of Bangladesh Bank.

2.14 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 as operational revenue periodically.

2.15 Investments

Investments comprise of equity and Government Securities. 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:

Held to maturity (HTM)

Investments in Government Treasury Bills and Government Treasury Bonds classified as "Held to Maturity" are non-derivatives financial assets with fixed or determinable payments and fixed maturities that the management has the intention and ability to held to maturity (HTM).

Held for trading (HFT)

Investments classified in this category are acquired principally for the purpose of selling or repurchasing - in short trading or if designated as such by the management. After initial recognition, investments are measured at fair value and any impairment in the fair value is recognized in the statement of comprehensive income for the period in which it arises. However, as referred in note – 2.04, no gain is recognized in statement of comprehensive income as per Bangladesh Bank guidelines.

I**nvestment in shares are classified broadly in two categories and accounted for as under:**

Investments in marketable shares

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. Unrealized gains are not recognized in the profit and loss account.

Investments in non-marketable shares

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

Investments in subsidiaries

Investments in subsidiaries are accounted for under the cost method of accounting in the Company's financial statements in accordance with BAS-28. Accordingly, investments in subsidiaries are stated in the Company's statement of financial position at cost, less impairment losses (if any).

2.16 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 period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument.

2.17 Recognition of fixed assets

2.17.1 Assets acquired under own finance

These are recognized initially at cost and subsequently at cost less accumulated depreciation in compliance with the BAS 16, "Property Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any direct cost attributable to bringing the assets to its working condition for its intended use. Expenditure incurred after the assets have been put into use, such as repairs and maintenance is normally charged off as revenue expenditure in the period 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.

2.17.2 Assets acquired under finance lease

Assets acquired under finance lease are accounted for by recording the assets at the lower of present value of minimum lease payments under the lease agreement and the fair value of the asset. The related obligation under the lease is accounted for as liability. Financial changes are allocated to accounting period in a manner so as to provide a constant rate of charge on the outstanding liability. Depreciation on fixed assets acquired under lease has been charged in the accounts following the principal recovery method.

2.17.3 Depreciation on fixed assets

Depreciation on fixed assets is charged using straight-line method at the following rates starting from the period of acquisition of assets and no depreciation in the year of disposal:

Furniture and fixture	15%
Office equipment	20%
Vehicle	25%

2.17.4 Depreciation of leased 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 instalment paid or due are charged as depreciation in the period to which it relates.

2.17.5 Intangible assets

Intangible assets are initially recognized at cost including any directly attributable cost. Amortization is provided on a straight-line basis at 20% to write-off the cost of intangible assets.

Intangible assets include accounting software, credit card software, other software and integrated systems along with related hardware.

2.18 Other assets

Other assets include all balance sheet accounts not covered specifically in other areas of the supervisory activity and such accounts may be quite insignificant in the overall financial condition of the Company.

2.19 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 of outflow of resources is not likely or obligation cannot be measured reliably.

2.20 Consistency

In accordance with the BFRS framework for the presentation of financial statements together with BAS 1 and BAS 8, LankaBangla Finance applies the accounting disclosure principles consistently from one period to the next. In case of selecting and applying new accounting policies, changes in accounting policies applied and correction of errors, the amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of BAS-8.

2.21 Liquidity statement

The Liquidity Statement has been prepared in accordance with remaining maturity grouping of Assets and Liabilities as of the close of the period 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 period 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.

2.22 Books of account

The Company maintains its books of account for main business in Electronic Form through soft automation.

2.23 Foreign currency transaction

Foreign currency transactions are translated into Bangladeshi Taka at exchange rates prevailing at the respective dates of transactions, while foreign currency monetary assets at the end of the period or year are reported at the rates prevailing on the Statement of Financial Position (balance sheet) date. Exchange gains or losses arising out of the said conversions are recognized as income or expense for the period or year are charged in the statement of comprehensive income profit and loss account after netting off.

2.24 Revenue recognition

As per BAS 18, "Revenue" is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

2.24.1 Income from lease financing

The Company follows the finance lease method for accounting of lease incomes in compliance with BAS 17. Interests are recognized as and when interest or incomes are accrued. Lease interests outstanding over 3 months are not recognized as revenue, and used to keep under interest suspense account. Fee based income and delinquent charges from lease operations are accounted for on cash basis.

2.24.2 Interest income

Interest income is recognized when interest is accrued. No interest on loan (except mortgage loan) 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 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. 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.

2.24.3 Fees and commission based income

Fees and commission based income arising on services provided by the company are recognized on a cash basis. Commission charged to customers on is credited to income at the time of effecting the transactions.

2.24.4 Investment income

Interest income on investments is recognized on accrual basis. Capital gain on investments in shares is also included in investment income. Capital gain is recognized when it is realized.

2.24.5 Dividend income on shares

Dividend income on shares is recognized during the year in which it is declared and ascertained.

2.24.6 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

2.24.7 Other income

Fee based incomes other than above are recognized as income at the stage of completion of transaction when the amount of revenue can be measured reliably and economic benefits associated with the transaction flows to the company.

- Profit or loss arising from the sale of shares are accounted for on cash basis
- FDRs, if not en-cashed on due date, are considered automatically renewed with interest earned upto maturity date and with the equivalent current rate of interest.

2.24.8 Interest suspense account

Interests on lease finance, term finance and car loan overdue beyond three months period (in case of loan duration is within 5 years) and overdue beyond six months period (in case of loan duration is more than 5 years) are 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.

2.25 Cash and cash equivalent

Cash and cash equivalents comprise cash in hand and 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.

2.26 Provision for loans and advances

Generally, provision against classified loans and advances is made on the basis of quarter end review by the management and instruction contained in FID Circular No. 08, dated 03 August 2002, FID Circular No. 11, dated 31 October 2005, and FID Circular No. 06, dated 20 August 2006. However, at the discretion of management, provision against classified loans and advances may be made on monthly basis

2.27 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.

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.

2.28 Corporate tax

a. Current tax

Provision for current income tax has been made @ 42.50% as prescribed in Finance Act 2014 on the profit made by the Company considering major taxable allowances and disallowances and the same is understated or overstated to that extent. Any shortfall or excess provision will be duly adjusted after final assessment.

b. Deferred tax

Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods 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 BAS-12 "Income Taxes".

However, as mentioned in **note – 2.04**, no deferred tax consequences are calculated on provisions for lease, loans and advances in compliance with Bangladesh Bank guidelines. Moreover, as per Para 24 of BAS 12, deferred tax asset is only recognized when it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Consequently, the Company does not recognize deferred tax asset until and unless the Company forecasts taxable profit in next two or three years.

2.29 Employees benefit plans

LankaBangla Finance Limited offers a number of benefit plans which includes contributory provident fund, gratuity plan, profit participation scheme and group life Insurance scheme and health insurance. The retirement benefits accrued for the employees of the Company as on reporting date have been accounted for in accordance with the provisions of Bangladesh Accounting Standard-19, "Employee Benefit". Bases of enumerating the retirement benefit schemes operated are outlined below:

2.29.1 Provident fund

The Company maintains a contributory employees provident fund recognized by National Board of Revenue (NBR) 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.

2.29.2 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.

2.29.3 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.

2.29.4 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.

2.30 Deposits and other accounts

Deposits by customers and banks 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.

2.31 Borrowings from other banks, financial institutions and agents

Borrowed funds include call money deposits, borrowings, re-finance borrowings and other term borrowings from banks and financial institutions. These are stated in the statement of financial position at amounts payable. Interest paid or payable on these borrowings is charged to the statement of comprehensive income.

2.32 Provision for liabilities

A provision is recognized in the statement of comprehensive income 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 BAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

2.33 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.

2.34 Earnings Per Share (EPS)

The company calculates EPS in accordance with the requirement of BAS – 33: "Earnings Per Share", which has been shown on the face of the Statement of Comprehensive Income and the computation is shown in **"Note # 34".**

i. Basic earnings

This represents earnings for the period ended on 31 December 2014 attributable to the ordinary shareholders.

ii. 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.

iii. 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.

iv. Diluted earnings per share

Diluted EPS is calculated if there is any commitment for issuance of equity shares in foreseeable future, i.e., potential shares, without inflow of resources to the Company against such issue. This is in compliance with the requirement of BAS – 33: Earnings Per Share.

2.35 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 in compliance with the requirement of BAS – 36 "Impairment of Assets".

2.36 Statutory reserve

The Financial Institutions Act 1993 requires the Company to transfer 20% of its current year's profit after tax to reserve until such reserve equals to its paid up capital.

2.37 Events after the reporting period

Where necessary, all the material events after the reporting period have been considered and appropriate adjustments / disclosures have been made in the financial statements.

The proposed dividend for the year 2014 has not been recognized as a liability in the balance sheet in accordance with the BAS -10: Events After the Reporting Period. Dividend payable to the Company's shareholders is recognized as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive payment is established.

2.38 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.

2.39 BASEL II and its implementation

To cope with the international best practices and to make the capital more risks 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 period, Basel Accord regime will be started and the guidelines on BAFI will have 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.

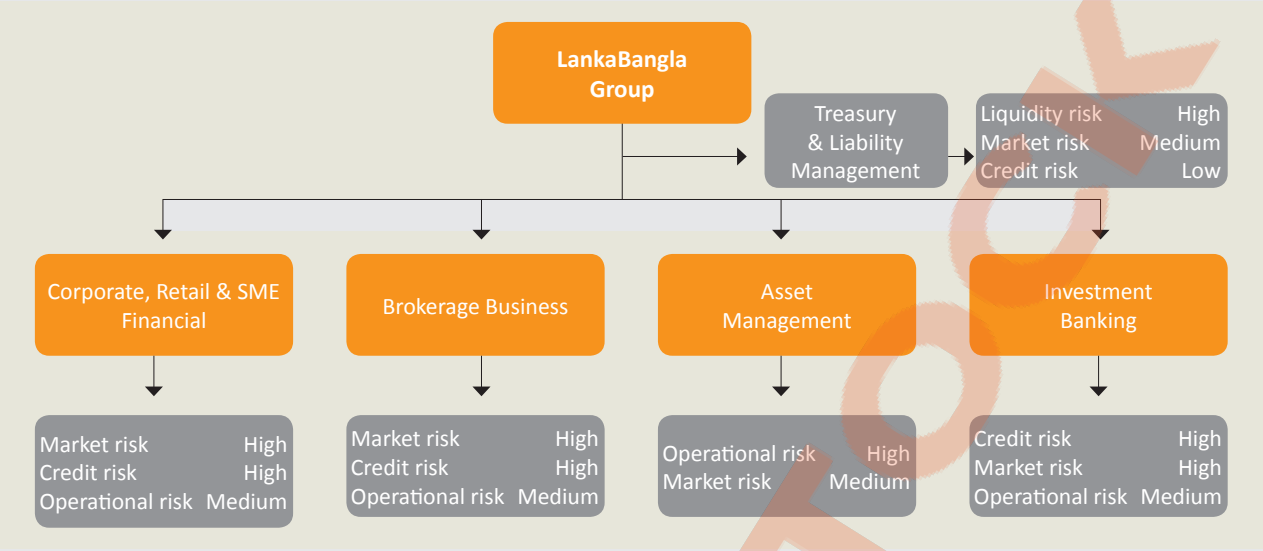
In line with Bangladesh Bank requirement, the Company has already formed BASEL Implementation Unit (BIU) to ensure timely implementation of BASEL II accord.

2.40 Financial risk management

The Group has exposure to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risks
- Operational risks

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 counter party 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 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 (CRM) 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 counter parties, geographies and industries (for loans and advances, financial guarantees and similar exposures), and by issuer, credit rating band, market liquidity and country (for investment securities).

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

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

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

The Group writes off a loan or an investment debt security balance, and any related allowances for impairment losses, when Group Credit determines that the loan or security is non-collectable. 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 standardised loans, write-off decisions generally are based on a product-specific past due status.

B. Liquidity risk:

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

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

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

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

C. Market risk

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

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

D. Operational risks

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

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

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

- requirements for appropriate segregation of duties, including the independent authorization of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;

- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

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

2.41 Segments

A segment is a component of the Group that engages in providing products and services that are different from others in terms of risk and/or return. The Group has four reportable segments on the date of the reporting namely, Core Financing Business, Brokerage services, Merchant Banking Operations and Asset Managements. Detailed segment report is given in **Note-35.**

2.42 Comparative figures

Comparative information has been disclosed in respect of the period ended 31 December, 2014 for all numerical data in the financial statements and also the narrative and descriptive information when it is relevant for better understanding of the current year's financial statements. Figures of the year 2013 have been restated and rearranged whenever considered necessary to ensure comparability with the current period.

2.43 Date of authorization

The Board of Directors has authorized these financial statements for public issue on 18 February 2015.

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2.44 Compliance of Bangladesh Financial Reporting Standards (BFRS)

Sl #	Name of BAS/BFRS	Status
01	BAS 1: Presentation of Financial Statements	Partially Departed
02	BAS 2: Inventories	Not Applicable
03	BAS 7: Statements of Cash Flows	Partially Departed
04	BAS 8: Accounting Policies, Changes in Accounting Estimates and Errors	Complied
05	BAS 10: Events after the Reporting Period	Complied
06	BAS 11: Construction Contracts	Not Applicable
07	BAS 12: Income Taxes	Partially Departed
08	BAS 16: Property, Plant and Equipments	Complied
09	BAS 17: Leases	Complied
10	BAS 18: Revenue	Complied
11	BAS 19: Employee Benefits	Complied
12	BAS 20: Accounting for Govt. Grants and disclosures of Govt. Assistances	Not Applicable
13	BAS 21: The Effects of Changes in Foreign Exchange Rates	Complied
14	BAS 23: Borrowing Costs	Complied
15	BAS 24: Related Party Disclosures	Complied
16	BAS 26: Accounting and Reporting by Retirement Benefit Plan	Not Applicable
17	BAS 27: Separate Financial Statements	Complied
18	BAS 28: Investments in Associates	Not Applicable
19	BAS 32: Financial Instruments: Presentation	Partially Departed
20	BAS 33: Earnings Per Share	Complied
21	BAS 34: Interim Financial Reporting	Complied
22	BAS 36: Impairment of Assets	Complied
23	BAS 37: Provisions, Contingent Liabilities and Contingent Assets	Complied
24	BAS 38: Intangible Assets	Complied
25	BAS 39: Financial Instrument: Recognition and Measurement	Partially Departed
26	BAS 40: Investment Property	Not Applicable
27	BAS 41: Agriculture	Not Applicable
28	BFRS 1: First-time adoption of International financial Reporting Standards	Not Applicable
29	BFRS 2: Share-based Payment	Not Applicable
30	BFRS 3: Business Combinations	Not Applicable
31	BFRS 4: Insurance Contracts	Not Applicable
32	BFRS 5: Non-current Assets Held for Sale and Discontinued Operations	Not Applicable
33	BFRS 6: Exploration for and Evaluation of Mineral Resources	Not Applicable
34	BFRS 7: Financial Instruments: Disclosures	Partially Departed
35	BFRS 8: Operating Segments	Complied
36	BFRS 10: Consolidated Financial Statements	Complied
37	BFRS 11: Joint Arrangements	Not Applicable
38	BFRS 12: Disclosure of Interests in Other Entities	Complied
39	BFRS 13: Fair Value Measurement	Complied

Partially Departed standards are those requirements of which are different from those of Bangladesh Bank. **Note – 2.04** contains details about such departure from BFRS requirements to comply with Bangladesh Bank.

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		LankaBangla Group		LankaBangla Finance Limited	
		2014	2013	2014	2013
		Taka	Taka	Taka	Taka
3.00	**Cash in hand**				
	Local currency	160,970	183,868	33,417	84,656
	Foreign currency	-	-	-	-
		160,970	**183,868**	**33,417**	**84,656**
4.00	**Balance with Bangladesh Bank**	**337,386,246**	**194,218,842**	**337,386,246**	**194,218,842**

The above balance was laid with Bangladesh Bank (local currency)

4.01 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 and Financial Institution Regulations 1994 and FID Circular No. 06 dated November 06, 2003 and FID Circular No. 02 dated November 10, 2004.

Cash Reserve Requirement (CRR) has been calculated at the rate of 2.5% 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).

Statutory Liquidity Reserve (SLR) has been calculated at the rate of 5.0% on total liabilities, including CRR of 2.5% on Total Term Deposit. SLR is maintained in liquid assets in the form of cash in hand (notes and coin in BDT), balance with Bangladesh Bank and other banks and financial institutions, investment at call, unencumbered treasury bill, prize bond, savings certificate and any other assets approved by Bangladesh Bank.

Cash reserve requirement (CRR) 2.50%:

The Company requires to maintain cash with Bangladesh Bank current account equivalent to 2.50% of Term Deposits other than deposit taken from banks and financial institutions.

Required reserve	318,358,263	177,288,955	318,358,263	177,288,955
Actual reserve held	337,386,246	194,663,287	337,386,246	194,663,287
Surplus/ (deficit)	**19,027,983**	**17,374,331**	**19,027,983**	**17,374,331**

Statutory liquidity requirements (SLR) 5.00%:

The Company requires to maintain SLR equivalent to 5% of total liability including 2.50% of CRR and excluding loans and deposits taken from banks and financial institutions.

Total required reserve	674,943,601	392,105,266	674,943,601	392,105,266
Actual reserve held	683,033,812	594,255,706	683,033,812	594,255,706
Total surplus/ (deficit)	**8,090,211**	**202,150,440**	**8,090,211**	**202,150,440**

5.00	**Balance with other banks and financial institutions**			
	Inside of Bangladesh			
	Local Currency			
	Non interest bearing current account (Note - 5.01)	21,582,124	25,638,629	21,582,124	25,612,500
	Interest bearing short term deposit account (Note - 5.02)	958,620,128	1,629,690,456	74,225,805	55,189,956
	Fixed deposit account (Note - 5.03)	923,554,024	695,371,122	889,333,603	664,416,772
		1,903,756,276	**2,350,700,206**	**985,141,532**	**745,219,227**

		LankaBangla Group		LankaBangla Finance Limited	
		2014	2013	2014	2013
		Taka	Taka	Taka	Taka
	Foreign Currency				
	Dhaka Bank Limited-USD account (Exchange Rate:Tk. 77.9500)	85,893	102,583	85,893	102,583
	Dhaka Bank Limited-POUND account (Exchange Rate Tk. 121.4305)	32,275	34,230	32,275	34,230
	Dhaka Bank Limited-EURO account (Exchange RateTk.94.3195)	7,091	8,041	7,091	8,041
		125,259	**144,854**	**125,259**	**144,854**
		1,903,881,535	**2,350,845,060**	**985,266,791**	**745,364,081**
	Outside of Bangladesh	-	-	-	-
		1,903,881,535	**2,350,845,060**	**985,266,791**	**745,364,081**
5.01	**Non interest bearing current account**				
	Bank Al-falah Limited	14,857	15,905	14,857	15,905
	BRAC Bank Limited	607,953	1,340,832	607,954	1,314,703
	Dhaka Bank Limited	90,098	3,482	90,098	3,482
	Eastern Bank Limited	76,342	76,310	76,342	76,310
	Exim Bank Limited	-	588,272	-	588,272
	First Security Islami Bank Limited	4,654	5,804	4,654	5,804
	Hongkong and Shanghai Banking Corporation	297,960	298,310	297,960	298,310
	Jamuna Bank Limited	33,745	-	33,745	-
	Mercantile Bank Limited	6,589,401	7,265,462	6,589,401	7,265,462
	National Bank Limited	598,823	1,266,047	598,823	1,266,047
	National Credit and Commerce Bank Limited	1,755	5,000	1,755	5,000
	ONE Bank Limited	962,834	928,166	962,834	928,166
	Prime Bank Limited	158,080	689,104	158,080	689,104
	Shahjalal Islami Bank Limited	27,087	38,759	27,087	38,759
	Southeast Bank Limited	8,846	110,518	8,846	110,518
	Standard Bank Limited	13,053	6,843	13,053	6,843
	Standard Chartered Bank	1,905,123	3,683,065	1,905,123	3,683,065
	The Premier Bank Limited	17,136	18,401	17,136	18,401
	The Trust Bank Limited	10,174,378	9,298,350	10,174,378	9,298,350
		21,582,124	**25,638,629**	**21,582,124**	**25,612,500**
5.02	**Interest bearing short term deposit account**				
	Al-Arafah Islami Bank Limited	562	3,675	562	3,675
	Arab Bangladesh Bank Limited	660,501	255,722	660,501	255,722
	Bangladesh Development Bank Limited	3,525	3,985	3,525	3,985
	Bangladesh Krishi Bank Limited	1,475	5,000	1,475	5,000
	Bank Asia Limited	9,203,586	16,267,934	9,203,586	16,267,934
	BRAC Bank Limited	25,802	-	-	-
	Commercial Bank of Ceylon PLC	222,127	4,264,801	-	-

		LankaBangla Group		LankaBangla Finance Limited	
		2014	2013	2014	2013
		Taka	Taka	Taka	Taka
	Dhaka Bank Limited	29,102,099	11,285,837	2,640,709	5,201,603
	Dutch Bangla Bank Limited	36,309,121	4,947,415	36,290,279	2,778,920
	Exim Bank Limited	198,588	575	198,588	575
	Hongkong and Shanghai Banking Corporation	1,415,184	13,131,739	-	-
	ICB Islami Bank Limited	83,708	83,708	83,708	83,708
	IFIC Bank Limited	7,749	8,942	7,749	8,942
	Jamuna Bank Limited	63	-	63	
	Mercantile Bank Limited	12,939,676	1,869,748	12,939,676	1,869,748
	Midland Bank Limited	-	2,427	-	2,427
	Mutual Trust Bank Limited	216,336	(11,245)	216,336	(11,245)
	National Credit and Commerce Bank Limited	8,370	8,052	8,370	8,052
	NRB Commercial Bank Limited	3,930	14,050	3,930	14,050
	National Bank Limited	2,125	-	-	-
	ONE Bank Limited	826,109,216	1,464,933,904	1,516,356	3,630,601
	Prime Bank Limited	252,536	1,909,586	252,519	752,181
	Pubali Bank Limited	46,075	46,104	46,075	46,104
	Shahajalal Islami Bank Limited	151,612	157,014	-	-
	Social Islami Bank Limited	5,091	5,091	5,091	5,091
	Southeast Bank Limited	3,246	4,259	3,246	4,259
	South Bangla Agriculture and Commercial Bank Limited	48,775	-	8,627	-
	Standard Bank Limited	5,999	7,149	5,999	7,149
	Standard Chartered Bank	36,997,561	58,343,447	5,615,460	22,193,862
	The City Bank Limited	338,328	231,433	256,213	148,508
	The Premier Bank Limited	4,186,047	1,832,309	4,186,047	1,832,309
	United Commercial Bank Limited	60,643	66,326	60,643	66,326
	Uttara Bank Limited	10,470	10,470	10,470	10,470
	Union Bank Limited	-	50,001,000	-	-
		958,620,128	**1,629,690,456**	**74,225,805**	**55,189,956**
5.03	**Fixed deposit account**				
	Commercial Bank of Ceylon PLC	141,069,830	126,885,331	141,069,830	126,885,331
	Mercantile Bank Limited	50,263,773	66,979,046	50,263,773	66,979,046
	Prime Bank Limited	100,000,000	170,552,395	100,000,000	170,552,395
	The Premier Bank Limited	28,000,000	-	28,000,000	-
	Union Bank Limited	100,000,000	-	100,000,000	-
	Midland Bank Limited	250,000,000	-	250,000,000	-
	NRB Bank Limited	50,000,000	-	50,000,000	-
	Exim Bank Limited	20,000,000	-	20,000,000	-
	Standard Chartered Bank	34,220,421	30,954,350	-	-
	Reliance Finance Limited	-	100,000,000	-	100,000,000
	Peoples Leasing and Financial Services Limited	150,000,000	200,000,000	150,000,000	200,000,000
		923,554,024	**695,371,122**	**889,333,603**	**664,416,772**

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		LankaBangla Group		LankaBangla Finance Limited	
		2014	2013	2014	2013
		Taka	Taka	Taka	Taka

Disclosers in compliance to the FID Circular # 6, dated 06 November 2003 of the Bangladesh Bank consist of the following:

5.04 Maturity grouping of balance with other banks and financial institutions

Up to 1 month	21,707,383	25,783,483	21,707,383	25,757,354
Over 1 month but not more than 3 months	958,620,128	1,629,690,456	74,225,805	55,189,956
Over 3 months but not more than 6 months	923,554,024	695,371,122	889,333,603	664,416,772
Over 6 months but not more than 1 year	-	-	-	-
Over 1 year but not more than 5 years	-	-	-	-
Over 5 years	-	-	-	-
	1,903,881,535	**2,350,845,060**	**985,266,791**	**745,364,081**

6.00 Investment

Government securities	**1,009,100,000**	**1,009,100,000**	**1,009,100,000**	**1,009,100,000**
Treasury bills	-	-	-	-
Treasury Bonds (Note-6.01)	1,009,100,000	1,009,100,000	1,009,100,000	1,009,100,000
Other investments	**3,929,610,271**	**2,506,794,297**	**1,172,069,863**	**1,129,743,810**
Non marketable ordinary shares (Note-6.02)	559,482,295	483,378,295	46,569,450	46,569,450
Marketable ordinary shares (Note-6.03)	3,370,127,976	2,023,416,003	1,125,500,413	1,083,174,360
	4,938,710,271	**3,515,894,297**	**2,181,169,863**	**2,138,843,810**

6.01 Treasury Bonds

05-Year Treasury Bond	-	-	-	-
10-Year Treasury Bond	479,700,000	479,700,000	479,700,000	479,700,000
15-Year Treasury Bond	294,800,000	294,800,000	294,800,000	294,800,000
20-Year Treasury Bond	234,600,000	234,600,000	234,600,000	234,600,000
	1,009,100,000	**1,009,100,000**	**1,009,100,000**	**1,009,100,000**

6.02 Non marketable ordinary shares

Dhaka Stock Exchange Limited	72,151,060	72,151,060	-	-
Chittagong Stock Exchange Limited	42,873,300	42,873,300	-	-
BD Venture Limited	20,000,000	20,000,000	20,000,000	20,000,000
BizBangla Media Limited	318,000,000	252,900,000	-	-
Central Depositary (Bangladesh) Limited	1,569,450	1,569,450	1,569,450	1,569,450
Financial Excellence Limited	3,000,000	1,500,000	-	-
CAPM Unit Fund	20,000,000	20,000,000	20,000,000	20,000,000
Information Technology Consultants Limited	67,384,485	72,384,485	5,000,000	5,000,000
Information Technology Company Limited (ITCL)	5,000,000	-	-	-
United Power Generation and Distribution Limited	9,504,000	-	-	-
	559,482,295	**483,378,295**	**46,569,450**	**46,569,450**

		LankaBangla Group		LankaBangla Finance Limited	
		2014	2013	2014	2013
		Taka	Taka	Taka	Taka
6.03	**Marketable ordinary shares**				
	Bank	782,594,802	658,388,553	520,136,666	503,000,311
	Cement	312,962,760	78,764,133	-	-
	Engineering	118,865,127	142,374,081	23,012,515	38,243,758
	Non-Banking Financial Institutions	504,680,830	416,954,241	165,290,369	131,135,369
	Fuel and Power	107,927,990	54,746,628	-	54,544,790
	Insurance	330,689,630	-	-	-
	IT Sector	19,061,567	-	18,320,748	-
	Food and Allied	15,966,191	-	15,934,631	-
	Miscellaneous	131,460,526	67,511	-	-
	Mutual Funds	215,026,569	241,641,238	50,150,000	62,463,330
	Pharmaceuticals and Chemicals	296,688,905	313,110,841	189,162,858	181,650,726
	Tannery Industries	81,909,662	23,243,983	11,092,438	23,243,983
	Telecommunication	-	803,600	-	-
	Textile	452,273,027	92,087,227	132,400,188	88,892,094
	Manufacturing	20,391	1,233,966	-	-
		3,370,127,976	**2,023,416,003**	**1,125,500,413**	**1,083,174,360**

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

Investments in nonmarketable ordinary shares are valued at cost due to fair value cannot be measured reliably.

*As at December 31, 2014 there was Tk.22,283,826 gross unrealized gain on investment in marketable ordinary shares which has been net off against Tk. 192,736,359 gross unrealized losses at fair value through profit and loss account in compliance with the DFIM circular No. 11 dated; 19 September, 2011 and DFIM Circular No.02 , dated; January 31, 2012 issued by Bangladesh Bank.

6.04	**Strategic classification of investment in shares**				
	Strategic investment in shares	1,820,842,960	1,670,817,833	748,244,203	696,952,848
	Non-strategic investment in shares	2,108,767,311	835,976,464	423,825,660	432,790,962
		3,929,610,271	**2,506,794,297**	**1,172,069,863**	**1,129,743,810**
6.05	**Maturity grouping of investments**				
	Maturity wise group				
	Up to 01 Month	113,661,990	80,916,580	2,084,018	76,540,829
	More than 01 Month to 03 Months	308,201,396	219,410,224	18,320,748	124,449,407
	More than 03 Month to 01 Years	752,416,954	535,649,660	188,132,875	231,800,726
	More than 01 Year to 05 Years	1,220,092,200	868,590,173	734,022,404	544,248,029
	More than 05 Years	2,544,337,732	1,811,327,661	1,238,609,819	1,161,804,819
		4,938,710,271	**3,515,894,297**	**2,181,169,863**	**2,138,843,810**

AMARSTOCK

		LankaBangla Group		LankaBangla Finance Limited	
		2014	2013	2014	2013
		Taka	Taka	Taka	Taka
7.00	**Leases, loans and advances**				
	Corporate finance				
	Factoring debtors	350,286,986	338,002,456	350,286,986	338,002,456
	Lease finance	1,771,380,973	1,604,419,794	1,773,460,480	1,604,419,794
	Revolving credit -secured	41,659,455	42,501,808	41,659,455	42,501,808
	Short term finance	2,867,029,990	1,918,444,675	2,867,029,990	1,918,444,675
	Short term loan to subsidiaries (Note-7.01)	-	-	3,632,574,703	3,667,926,610
	Term loan	7,269,301,975	6,516,768,909	7,269,301,975	6,516,768,909
	Term loan syndication finance	762,045,459	503,079,444	762,045,459	503,079,444
	Work order finance	79,334,255	79,437,980	79,334,255	79,437,980
		13,141,039,093	**11,002,655,066**	**16,775,693,303**	**14,670,581,677**
	Retail finance				
	Credit card receivables (Note-7.02)	1,294,555,556	932,965,577	1,294,555,556	932,965,577
	Mortgage loan (Note-7.03)	2,926,769,390	2,035,380,362	2,926,769,390	1,990,380,362
	Auto loan (Note-7.04)	1,681,934,277	851,330,646	1,675,906,406	839,634,446
	Personal loan (Note- 7.05)	987,665,020	531,401,395	970,652,140	525,300,890
		6,890,924,243	**4,351,077,981**	**6,867,883,492**	**4,288,281,275**
	SME finance				
	SME finance	622,417,278	300,012,835	622,417,278	300,012,835
		622,417,278	**300,012,835**	**622,417,278**	**300,012,835**
	Others				
	Margin loan to share trading clients	4,262,866,614	4,646,257,925	-	-
	Receivable from clients against share trading	5,479,139,490	5,124,473,700	-	-
		9,742,006,104	**9,770,731,625**	**-**	**-**
		30,396,386,719	**25,424,477,507**	**24,265,994,073**	**19,258,875,786**
	Place of disbursement				
	In Bangladesh	30,396,386,719	25,424,477,507	24,265,994,073	19,258,875,786
	Outside of Bangladesh	-	-	-	-
		30,396,386,719	**25,424,477,507**	**24,265,994,073**	**19,258,875,786**
7.01	**Short term finance-subsidiaries**				
	Short term loan to subsidiaries				
	LankaBangla Investments Limited	-	-	3,320,257,883	3,330,441,572
	LankaBangla Securities Limited	-	-	312,316,820	337,485,038
		-	**-**	**3,632,574,703**	**3,667,926,610**
7.02	**Credit card receivables**				
	Master card	879,415,121	687,233,377	879,415,121	687,233,377
	VISA card	382,636,494	240,958,565	382,636,494	240,958,565
	Master card ezypay settlement account	22,314,998	3,434,323	22,314,998	3,434,323
	VISA card ezypay settlement account	10,188,943	1,339,312	10,188,943	1,339,312
		1,294,555,556	**932,965,577**	**1,294,555,556**	**932,965,577**

		LankaBangla Group		LankaBangla Finance Limited	
		2014	2013	2014	2013
		Taka	Taka	Taka	Taka
7.03	**Mortgage loan**				
	Bangladesh Bank refinance loan	676,050,847	723,602,267	676,050,847	723,602,267
	Commercial loan	2,181,983,698	1,240,436,235	2,181,983,698	1,240,436,235
	Staff loan	68,734,845	71,341,860	68,734,845	26,341,860
		2,926,769,390	**2,035,380,362**	**2,926,769,390**	**1,990,380,362**
7.04	**Auto Loan**				
	Commercial loan	1,628,045,605	811,476,752	1,628,045,605	811,476,752
	Staff loan	53,888,672	39,853,893	47,860,801	28,157,693
		1,681,934,277	**851,330,646**	**1,675,906,406**	**839,634,446**
7.05	**Personal Loan**				
	Loan against deposit	95,577,655	131,599,890	95,577,655	131,599,890
	Term loan	822,043,595	370,890,065	822,043,595	370,890,065
	Staff loan	70,043,771	28,911,440	53,030,891	22,810,934
		987,665,020	**531,401,395**	**970,652,140**	**525,300,890**
	Maturity wise group				
	On demand	1,726,099,728	1,525,609,760	1,693,595,787	1,525,609,760
	Not more than 3 months	1,727,162,710	2,638,018,378	1,727,162,710	2,638,018,378
	More than 03 month to 01 years	6,160,483,977	12,164,664,914	2,133,818,708	6,061,859,900
	More than 01 year to 05 years	11,451,260,872	7,766,029,268	11,451,260,872	7,703,232,562
	More than 05 years	9,331,379,432	1,330,155,187	7,260,155,996	1,330,155,187
		30,396,386,719	**25,424,477,507**	**24,265,994,073**	**19,258,875,786**
7.06	**Classification wise leases, loans and advances/ investments**				
	Unclassified				
	Standard (UC)	28,098,689,219	23,861,995,467	21,968,296,573	17,696,393,746
	Special Mention Accounts (SMA)	1,065,783,841	631,267,802	1,065,783,841	631,267,802
		29,164,473,060	**24,493,263,269**	**23,034,080,414**	**18,327,661,548**
	Classified				
	Sub-standard (SS)	145,078,111	268,489,734	145,078,111	268,489,734
	Doubtful (DF)	408,479,002	50,615,835	408,479,002	50,615,835
	Bad/loss (BL)	678,356,546	612,108,670	678,356,546	612,108,670
		1,231,913,659	**931,214,238**	**1,231,913,659**	**931,214,238**
		30,396,386,719	**25,424,477,507**	**24,265,994,073**	**19,258,875,786**

Detailed classification wise leases, loans and advances is given in **Annexure-C**

	LankaBangla Group		LankaBangla Finance Limited	
	2014	2013	2014	2013
	Taka	Taka	Taka	Taka
7.06 Loans, advances and lease on the basis of significant concentration				
a) Loans, advances and lease to the institutions in which Directors have interest	4,241,513	5,260,610	3,636,816,216	3,680,618,747
b) Loans, advances and lease to Chief Executive and other senior executives	44,415,456	24,441,365	44,415,456	24,441,365
c) Loans, advances and lease to customer groups:				
i) Real estate finance	2,181,983,698	1,240,436,235	2,181,983,698	1,240,436,235
ii) Car loan	1,681,934,277	851,330,646	1,675,906,406	839,634,446
iii) Personal loan	822,043,595	370,890,065	822,043,595	370,890,065
iv) Loan against deposits (LAD)	95,577,655	131,599,890	95,577,655	131,599,890
v) Small and medium enterprises	622,417,278	300,012,835	622,417,278	300,012,835
vi) Special program loan (Bangladesh Bank refinancing scheme)	676,050,847	723,602,267	676,050,847	723,602,267
vii) Staff loan	138,778,616	100,253,300	121,765,736	49,152,794
viii) Industrial loans, advances and leases	13,141,039,093	11,002,655,066	16,775,693,303	14,670,581,677
ix) Other loans and advances	11,036,561,660	10,703,697,202	1,294,555,556	932,965,577
	30,396,386,719	**25,424,477,507**	**24,265,994,073**	**19,258,875,786**
d) Details of industrial loans, advances and leases				
1) Trade and commerce	1,277,690,253	702,065,350	1,277,690,253	702,065,350
2) Industries				
i) Garments and knitwear	1,286,588,828	1,129,876,027	1,286,588,828	1,129,876,027
ii) Textile	742,624,151	1,294,373,371	742,624,151	1,294,373,371
iii) Jute and jute -products	450,316,183	-	450,316,183	-
iv) Food production and processing industry	1,264,142,434	507,744,368	1,264,142,434	507,744,368
v) Plastic industry	276,008,725	-	276,008,725	-
vi) Leather and leather goods	51,489,480	69,554,762	51,489,480	69,554,762
vii) Iron, steel and engineering	1,708,676,161	2,051,912,474	1,708,676,161	2,051,912,474
viii) Pharmaceuticals and chemicals	90,583,204	774,426,457	90,583,204	774,426,457
ix) Cement and allied industry	740,052,921	125,562,973	740,052,921	125,562,973
x) Telecommunication and IT	493,481,271	409,077,767	493,481,271	409,077,767
xi) Paper, printing and packaging	631,086,100	32,548,732	631,086,100	32,548,732
xii) Glass, glassware and ceramic industry	577,153,476	379,548,456	577,153,476	379,548,456
xiii) Ship manufacturing industry	-	574,524,646	-	574,524,646
xiv) Electronics and electrical products	877,100,805	-	877,100,805	-
xv) Power, gas, water and sanitary service	475,680,613	569,811,810	475,680,613	569,811,810
xvi) Transport and aviation	489,690,712	366,594,171	489,690,712	366,594,171
	10,154,675,064	**8,285,556,015**	**10,154,675,064**	**8,285,556,015**
3) Agriculture	337,998,340	755,373,440	337,998,340	755,373,440
4) Housing	2,926,769,390	2,035,380,362	2,926,769,390	1,990,380,362

		LankaBangla Group		LankaBangla Finance Limited	
		2014	2013	2014	2013
		Taka	Taka	Taka	Taka
	5) Others				
	i) Loan to subsidiaries companies	-	-	3,632,574,703	3,667,926,610
	ii) Others	15,699,253,671	13,646,102,339	5,936,286,323	3,857,574,009
		30,396,386,719	**25,424,477,507**	**24,265,994,073**	**19,258,875,786**
7.07	**Particulars of loans, advances and leases**				
	i) Loan considered good in respect of which the Bank/ FI is fully secured	11,372,289,195	14,698,580,419	5,241,896,549	8,532,978,699
	ii) Loan considered good for which the Bank/FI holds no other security than the debtor's personal security.	1,294,555,556	932,965,577	1,294,555,556	932,965,577
	iii) Loan considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	17,729,541,968	9,792,931,510	17,729,541,968	9,792,931,510
	iv) Loan adversely classified; for which no provision is created.	-	-	-	-
		30,396,386,719	**25,424,477,507**	**24,265,994,073**	**19,258,875,786**
	v) Loan due by directors or officers of the Bank/ FI or any of them either jointly or separately with any other persons.	192,667,288	140,107,193	169,626,537	77,310,487
	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.	-	-	3,632,574,703	3,667,926,610
	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.	53,030,891	140,107,193	169,626,537	77,310,487
	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	14,389,458	18,530,299	14,389,458	18,530,299

VINAR STOCK

	LankaBangla Group		LankaBangla Finance Limited	
	2014	2013	2014	2013
	Taka	Taka	Taka	Taka
x) Information in respect of classified loans and advances:				
a) Classified loans for which interest/ profit not credited to income	1,231,913,659	931,214,238	1,231,913,659	931,214,238
b) Amount of provision kept against loans classified as bad/ loss as at the Balance Sheet date	391,619,110	371,711,342	391,619,110	371,711,342
	1,623,532,769	**1,302,925,580**	**1,623,532,769**	**1,302,925,580**
c) Amount of interest credited to the interest suspense account	129,396,652	122,490,248	129,396,652	122,490,248
xi) Cumulative amount of written off loans:				
Opening Balance	483,975,637	478,117,484	483,975,637	478,117,484
Amount written off during the year	33,326,335	3,108,087	33,326,335	3,108,087
Amount received from written off during the year	250,000	2,750,066	250,000	2,750,066
Balance of written off loans and advances yet to be recovered	**517,551,973**	**483,975,637**	**517,551,972**	**483,975,637**
The amount of written off loans for which law suits have been filed				
Leases, Loans, and advances -geographical location-wise				
Inside Bangladesh:				
Urban				
Dhaka	24,471,291,701	19,551,873,682	18,340,899,055	13,386,271,962
Chittagong	5,345,127,578	5,706,224,773	5,345,127,578	5,706,224,773
Sylhet	262,052,738	58,617,000	262,052,738	58,617,000
Jessore	143,545,950	67,007,769	143,545,950	67,007,769
Narshindi	94,682,637	20,902,500	94,682,637	20,902,500
Comilla	79,686,116	19,851,782	79,686,116	19,851,782
	30,396,386,719	**25,424,477,507**	**24,265,994,073**	**19,258,875,786**
Outside Bangladesh:	-	-	-	-
	30,396,386,719	**25,424,477,507**	**24,265,994,073**	**19,258,875,786**

8.00 Fixed Assets including Land, Building, Furniture and Fixtures

Freehold assets (Note 8.01)	253,053,792	217,441,348	111,145,595	64,436,866
Intangible assets (Note 8.02)	41,096,525	48,049,209	16,361,245	6,533,637
Lease hold assets (Note 8.03)	16,842,671	25,923,730	1,225,001	2,450,000
	310,992,988	**291,414,287**	**128,731,842**	**73,420,503**

Details at **Annexure - A** and **Annexure - B**

8.01 Freehold assets

A. Cost

Opening Balance	415,395,926	333,686,945	160,254,194	123,937,749
Add : Addition during the year	87,387,644	89,343,221	76,001,707	40,142,125
	502,783,571	423,030,166	236,255,901	164,079,874
Less: Sales/ disposal during the year	7,875,486	7,114,237	3,657,479	3,825,680
	494,908,085	415,915,929	232,598,422	160,254,194

AMARSTOCK

		LankaBangla Group		LankaBangla Finance Limited	
		2014	2013	2014	2013
		Taka	Taka	Taka	Taka
B. Accumulated depreciation					
Opening Balance		197,954,579	162,714,568	95,817,328	82,490,854
Add : Charged during the year		50,039,493	40,486,305	27,891,175	16,874,693
		247,994,071	203,200,873	123,708,503	99,365,548
Less: Adjustment during the year		6,139,779	4,726,292	2,255,677	3,548,220
		241,854,293	198,474,581	121,452,826	95,817,328
C. Written down value	**Total (A-B)**	**253,053,792**	**217,441,348**	**111,145,595**	**64,436,866**
8.02 Intangible assets					
A. Cost					
Cost					
Opening Balance		73,280,805	47,655,464	6,533,637	4,601,833
Add: Acquisition during the year		16,325,847	18,718,675	12,972,481	2,712,130
		89,606,652	66,374,139	19,506,118	7,313,963
Less : Amortized during the year		48,510,126	18,324,930	3,144,873	780,326
		41,096,525	**48,049,209**	**16,361,245**	**6,533,637**
8.03 Lease hold assets					
A. Cost					
Opening Balance		49,297,810	41,133,867	4,900,000	4,900,000
Add: Acquisition during the year		-	15,077,000	-	-
		49,297,810	56,210,867	4,900,000	4,900,000
Less: Adjustment during the year		-	6,913,057	-	-
		49,297,810	49,297,810	4,900,000	4,900,000
B. Accumulated depreciation					
Opening Balance		23,374,080	21,629,701	2,450,000	1,225,000
Add : Charged during the year		9,081,059	8,657,436	1,224,999	1,225,000
		32,455,139	30,287,137	3,674,999	2,450,000
Less: Adjustment during the year		-	6,913,057	-	-
		32,455,139	23,374,080	3,674,999	2,450,000
C. Written down value	**Total (A-B)**	**16,842,671**	**25,923,730**	**1,225,001**	**2,450,000**
9.00 Other assets					
Non income generating assets					
Advances and prepayments (Note-9.01)		**1,154,939,030**	**752,663,646**	**587,194,474**	**526,333,594**
Income generating assets		**86,328,745**	**118,529,242**	**3,866,945,526**	**3,692,439,632**
Interest and other receivables (Note-09.02)		86,328,745	118,529,242	49,510,022	77,504,832
Investment in:		-	-	3,817,435,504	3,614,934,800
LankaBangla Securities Limited		-	-	1,362,485,564	1,274,984,870
LankaBangla Asset Management Company Limited		-	-	784,950,000	769,950,000
LankaBangla Investment Limited		-	-	1,669,999,940	1,569,999,930
		1,241,267,775	**871,192,887**	**4,454,140,000**	**4,218,773,226**

		LankaBangla Group		LankaBangla Finance Limited	
		2014	2013	2014	2013
		Taka	Taka	Taka	Taka
9.01	**Advances and Prepayments**				
	Advance office rent	45,068,932	40,027,550	25,395,797	10,467,463
	Advance for expenses	238,563,269	172,693,248	2,601,596	27,592,908
	Advance to employee	262,716	859,867	-	-
	Advance to suppliers	25,556,927	-	25,556,927	-
	Advance income tax	206,585,749	194,824,422	191,252,163	178,770,465
	Advance interest payment	18,231,445	2,258,618	18,231,445	2,258,618
	Security and other deposit receivable	244,191,328	2,627,840	16,474,208	561,340
	Advance for bank guarantee margin	2,048,437	7,292,367	-	-
	Prepayments and others (Note-9.01.01)	374,430,226	332,079,734	307,682,338	306,682,800
		1,154,939,030	**752,663,646**	**587,194,474**	**526,333,594**

**Advance income tax represents corporate income tax paid as per Section- 64 of the Income Tax Ordinance 1984 and the amount of income tax deducted at source (TDS) by different financial institutions on the interest on bank balances of LankaBangla Finance Limited.

9.01.01	**Prepayments and others**				
	Prepayments	186,022,634	202,825,205	182,935,000	198,137,072
	Receivables/(payables)-Sampth Bank Limited	-	(184,470)	-	(184,470)
	Receivables against share trading	10,305	3,222,445	3	(403)
	Receivables DSE and CSE	51,182,904	14,834,692	-	-
	Deferred tax asset- (Note 09.01.01.01)	23,070,481	21,592,736	20,670,433	20,670,433
	Dividend receivables	96,270,763	78,750,624	96,250,763	78,750,624
	Receivable from Employees Provident Fund	4,000,000	-	4,000,000	-
	Other receivables	13,873,140	11,038,503	3,826,140	9,309,545
		374,430,226	**332,079,734**	**307,682,338**	**306,682,800**

9.01.01.01 Deferred tax asset

Deferred tax has been calculated based on deductible taxable temporary difference arising due to difference in the carrying amount of the assets and its tax base in accordance with the provision of Bangladesh Accounting Standard (BAS) 12 "Income Taxes".

Particulars	Accounting base carrying amounts	Tax base amounts	Tax base carrying amounts
Deferred tax asset is arrived at as follows			
Assets			
Fixed assets net of depreciation as on 31 December 2014	111,145,596	168,112,805	56,967,210
Liabilities			
Employee gratuity as on 31 December 2014	14,156,758	-	14,156,758
Total	**125,302,354**	**168,112,805**	**71,123,968**
Applicable tax rate for fixed assets and employee gratuity @42.5%			30,227,686
Deferred tax asset as on 31 December 2014			30,227,686
Deferred tax asset as on 31 December 2013			20,670,433
Deferred tax income accounted for during the year			**9,557,253**

	LankaBangla Group		LankaBangla Finance Limited	
	2014	2013	2014	2013
	Taka	Taka	Taka	Taka

However, as per BAS 12 deferred tax asset shall be recognized to the extent that it is probable that taxable profit will be available against which the deductible difference can be utilized. However, due to having huge amount of accumulated business loss (around 102 core) as per tax laws, it is not probable that there will be future taxable profit against which these deductible temporary difference can be utilized. Hence, no additional deferred tax asset has been recognized during the current year.

In addition to that subsidiary companies recognized its respective deferred tax assets to the extent of its available taxable profit.

9.02 Interest and other receivables

Interest receivables-fixed deposit account	29,377,745	57,486,984	26,326,439	54,453,426
PD- receivable -Treasury Bonds/Bills	23,183,583	23,051,406	23,183,583	23,051,406
Issue management fees receivable	5,793,558	3,682,550	-	-
Underwriting commission receivable	451,008	-	-	-
Account receivable from PO department	23,502,852	29,388,302	-	-
Corporate advisory fees receivable	4,020,000	4,920,000	-	-
	86,328,745	**118,529,242**	**49,510,022**	**77,504,832**

10.00 Borrowings from Bangladesh Bank, other banks and financial institutions

Inside Bangladesh (Note 10.01)	11,711,474,316	11,597,381,469	8,886,334,401	9,598,070,012
Outside Bangladesh	-	-	-	-
	11,711,474,316	**11,597,381,469**	**8,886,334,401**	**9,598,070,012**

10.01 Inside Bangladesh

Secured:

Bank overdraft (Note - 10.01.01)	592,619,316	440,772,373	592,619,316	440,772,373
Long term loan-(Note-10.01.02)	4,491,767,186	7,390,174,188	3,204,863,348	6,424,237,851
REPO against Govt. treasury bills and bonds (Note-10.01.03)	735,380,043	863,059,789	735,380,043	863,059,789
	5,819,766,544	**8,694,006,350**	**4,532,862,707**	**7,728,070,012**

Unsecured:

Call loans- (Note - 10.01.04)	1,400,000,000	970,000,000	1,400,000,000	970,000,000
Short term borrowings (Note - 10.01.05)	2,038,236,077	1,933,375,119	500,000,000	900,000,000
Zero Coupon Bond (Note - 10.01.06)	2,453,471,695	-	2,453,471,695	-
	5,891,707,772	**2,903,375,119**	**4,353,471,695**	**1,870,000,000**
	11,711,474,316	**11,597,381,469**	**8,886,334,401**	**9,598,070,012**

10.01.01 Bank overdraft

Secured by FDR

Mercantile Bank Limited	21,730,421	10,439,356	21,730,421	10,439,356
Prime Bank Limited	85,343,482	134,344,022	85,343,482	134,344,022
Commercial Bank of Ceylon PLC	135,363,641	127,064,606	135,363,641	127,064,606
	242,437,544	**271,847,984**	**242,437,544**	**271,847,984**

		LankaBangla Group		LankaBangla Finance Limited	
		2014	2013	2014	2013
		Taka	Taka	Taka	Taka
	Secured by Pari Passu sharing agreement				
	Bangladesh Development Bank Limited	897,813	(121,110)	897,813	(121,110)
	Midland Bank Limited	980,109	136,052,140	980,109	136,052,140
	Bank Asia Limited	19,399,014	3,112,676	19,399,014	3,112,676
	Dhaka Bank Limited	13,367,903	28,701,798	13,367,903	28,701,798
	Meghna Bank Limited	702,235	1,178,884	702,235	1,178,884
	Mutual Trust Bank Limited	158,854,773	-	158,854,773	-
	Standard Chartered Bank	46,256,478	-	46,256,478	-
	United Commercial Bank Limited	109,723,448	-	109,723,448	-
		350,181,772	**168,924,388**	**350,181,772**	**168,924,388**
		592,619,316	**440,772,373**	**592,619,316**	**440,772,373**
10.01.02	**Long term loan**				
	Opening Balance	7,390,174,188	5,219,895,076	6,424,237,851	4,025,351,565
	Add: Drawdown during the year	2,165,032,553	4,593,677,000	1,056,050,000	4,078,600,000
		9,555,206,741	9,813,572,076	7,480,287,851	8,103,951,565
	Less: Repayment during the year	5,063,439,555	2,423,397,887	4,275,424,503	1,679,713,715
		4,491,767,186	**7,390,174,188**	**3,204,863,348**	**6,424,237,851**
	Detail of the above balance is presented bellow:				
	From Bangladesh Bank and its agents Bank				
	Bangladesh Bank (under Re-Finance)- Women Entrepreneur	68,079,732	61,239,321	68,079,732	61,239,321
	Bangladesh Bank (under Re-Finance)- Mortgage Loan	659,833,599	720,188,440	659,833,599	720,188,440
	Bangladesh Bank (under Re-Finance)- IPFF Fund	85,050,000	-	85,050,000	-
		812,963,331	**781,427,761**	**812,963,331**	**781,427,761**
	From other than Bangladesh Bank and its agents Bank				
	AL Arafa Islami Bank Limited	-	322,682,672	-	322,682,672
	Bank Asia Limited	115,476,687	183,688,533	115,476,687	183,688,533
	Dhaka Bank Limited	85,072,951	100,375,000	85,072,951	100,375,000
	Dutch Bangla Bank Limited	118,760,458	291,624,019	118,760,458	291,624,019
	Exim Bank Limited	-	278,376,170	-	278,376,170
	Fearest Finance Limited	47,284,730	67,268,213	-	-
	Hajj Finance Company Limited	177,520,837	-	-	-
	International Leasing and Financial Services Limited	99,574,917	139,484,152	-	-
	Investment Corporation of Bangladesh (ICB)	90,682,497	-	-	-
	Jamuna Bank Limited	-	93,654,434	-	93,654,434
	Mutual Trust Bank Limited	398,770,179	622,630,521	398,770,179	622,630,522
	Meghna Bank Limited	88,715,210	187,036,836	-	187,036,836
	Mercantile Bank Limited	-	188,838,742	-	188,838,742

	LankaBangla Group		LankaBangla Finance Limited	
	2014	2013	2014	2013
	Taka	Taka	Taka	Taka
Midland Bank Limited	-	95,970,496	-	95,970,496
National Bank Limited	-	246,139,336	-	246,139,336
NRB Commercial Bank Limited	-	354,728,333	-	354,728,333
One Bank Limited	-	500,000,000		-
Prime Bank Limited	-	389,183,627	-	389,183,627
Prime Finance and Investment Limited	254,974,762	126,082,189	-	-
Shahjalal Islami Bank Limited	827,661,906	958,320,707	618,438,015	846,078,405
Southeast Bank Limited	182,479,206	242,777,315	182,479,206	242,777,315
Standard Bank Limited	165,891,389	198,063,378	165,891,389	198,063,378
South Bangla Agriculture and Commerce Bank Limited	307,975,000	-	-	-
The Premier Bank Limited	687,539,856	735,993,035	687,539,856	735,993,035
The UAE-Bangladesh Investment Company Limited	-	12,430,783	-	12,430,783
United Commercial Bank Limited	-	215,442,601	-	215,442,601
Uttara Bank Limited	16,620,177	33,369,223	16,620,177	33,369,223
Lease obligation	13,803,095	24,586,111	2,851,101	3,726,629
	3,678,803,854	**6,608,746,427**	**2,391,900,017**	**5,642,810,090**
	4,491,767,186	**7,390,174,188**	**3,204,863,348**	**6,424,237,851**

Bank borrowings are secured by:

a. First ranking pari passu charge on present and future fixed and floating assets of LankaBangla Finance Limited with the future and existing lenders.

b. Usual charge documents (Letter of Hypothecation, Promissory Notes, Letter of Continuation, Letter of Arrangements, etc.)

c. 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.

10.01.03 REPO against Govt. treasury bills and bonds

REPO against Govt. treasury bills	-	-	-	-
REPO against Govt. bonds	735,380,043	863,059,789	735,380,043	863,059,789
	735,380,043	**863,059,789**	**735,380,043**	**863,059,789**

10.01.04 Call loan

Southeast Bank Limited	50,000,000	-	50,000,000	-
Standard Bank Limited	-	50,000,000	-	50,000,000
Mutual Trust Bank Limited	-	100,000,000	-	100,000,000
United Commercial Bank Limited	230,000,000	100,000,000	230,000,000	100,000,000
The City Bank Limited	180,000,000	100,000,000	180,000,000	100,000,000
Bangladesh Development Bank Limited	100,000,000	50,000,000	100,000,000	50,000,000
Arab Bangladesh Bank Limited	-	50,000,000	-	50,000,000
Pubali Bank Limited	50,000,000	50,000,000	50,000,000	50,000,000
Agrani Bank Limited	200,000,000	100,000,000	200,000,000	100,000,000

		LankaBangla Group		LankaBangla Finance Limited	
		2014	2013	2014	2013
		Taka	Taka	Taka	Taka
	Dutch Bangla Bank Limited	-	100,000,000	-	100,000,000
	One Bank Limited	50,000,000	170,000,000	50,000,000	170,000,000
	Basic Bank Limited	50,000,000	100,000,000	50,000,000	100,000,000
	Dhaka Bank Limited	80,000,000	-	80,000,000	-
	Eastern Bank Limited	100,000,000	-	100,000,000	-
	The Farmers Bank Limited	20,000,000	-	20,000,000	-
	Janata Bank Limited	100,000,000	-	100,000,000	-
	NRB Bank Limited	40,000,000	-	40,000,000	-
	South Bangla Agriculture and Commerce Bank Limited	150,000,000	-	150,000,000	-
		1,400,000,000	**970,000,000**	**1,400,000,000**	**970,000,000**
10.01.05	**Short term borrowings**				
	One Bank Limited	750,000,000	3,375,119	-	-
	Phoenix Finance and Investment Limited	-	200,000,000	-	-
	Standard Chartered Bank	277,236,077	830,000,000	-	-
	Shahjalal Islami Bank Limited	400,000,000	-	-	-
	Brac Bank Limited	300,000,000	400,000,000	300,000,000	400,000,000
	Mutual Trust Bank Limited	-	100,000,000	-	100,000,000
	The City Bank Limited	-	100,000,000	-	100,000,000
	Al Arafah Islami Bank Limited	-	300,000,000	-	300,000,000
	Bank Asia Limited	200,000,000	-	200,000,000	-
	South Bangla Agriculture and Commerce Bank Limited	100,000,000	-	-	-
	National Bank Limited	11,000,000	-	-	-
		2,038,236,077	**1,933,375,119**	**500,000,000**	**900,000,000**
10.01.06	**Zero Coupon Bond**				
	Sk. Akijuddin Limited	1,063,172,703	-	1,063,172,703	-
	Central Depository Bangladesh Limited	81,784,025	-	81,784,025	-
	Delsey Cotton Spinning Mills Lmited	122,673,585	-	122,673,585	-
	Janata Jute Mills Limited	490,694,339	-	490,694,339	-
	Prime Bank Limited	81,779,119	-	81,779,119	-
	Square Pharmaceuticals Limited	122,673,585	-	122,673,585	-
	Universal Jeans Limited	245,347,169	-	245,347,169	-
	Uttara Motor Corporation Limited	245,347,169	-	245,347,169	-
		2,453,471,695	**-**	**2,453,471,695**	**-**

On 15 December 2014, the Company issued Zero Coupon Bond face value equivalent to BDT 3,000 million. After discounting the Bond @ 11.5%, the Company received BDT 2,478,093,342. The mode of payment of the Bond is 6 equal installments (2 installments in a year, BDT 500 million in each installment). Total transaction costs incurred for issuance of the Bond is BDT 39,031,137.

Initially the Zero Coupon Bond is measured at fair value (2,478,093,342) less the transaction costs (39,031,137) ,i.e., 2,439,062,205 as per para 43 of BAS 39.

Subsequently, the Zero Coupon Bond is measured at amortized cost using the effective interest method. The effective interest rate for this bond stands at 12.51% as per Para 9 of BAS 39.

		LankaBangla Group		LankaBangla Finance Limited	
		2014	2013	2014	2013
		Taka	Taka	Taka	Taka
	Maturity grouping of borrowings from other banks and financial institutions				
	Payable on demand	-	-	-	-
	Up to 1 month	1,400,000,000	970,000,000	1,400,000,000	970,000,000
	Over 1 month but within 3 months	592,619,316	954,562,976	592,619,316	904,562,976
	Over 3 months but within 1 year	2,467,430,999	2,748,649,661	1,500,000,000	1,743,788,909
	Over 1 year but within 5 years	6,168,727,621	5,759,255,822	4,658,335,043	4,814,805,118
	Over 5 years	1,082,696,380	1,164,913,011	735,380,043	1,164,913,010
		11,711,474,316	**11,597,381,469**	**8,886,334,401**	**9,598,070,012**
11.00	**Term deposits**				
	Periodic return term deposits	1,013,807,442	841,740,023	1,013,807,442	841,740,023
	Cumulative term deposits	662,403,913	346,657,319	662,403,913	346,657,319
	Double money term deposits	858,021,957	148,425,492	858,021,957	148,425,492
	Money builders scheme	54,836,752	26,312,345	54,836,752	26,312,345
	Fixed term deposit	12,270,101,847	9,260,099,208	12,304,301,847	9,308,787,208
	Term deposit earn first	315,493,199	19,330,875	315,493,199	19,330,875
	Term deposit shohoj sanchoy	181,899,870	67,131,084	181,899,870	67,131,084
	Term deposit triple money	1,418,183	308,649	1,418,183	308,649
	Term deposit (fixed term)-3 months	1,324,987,370	117,256,555	1,324,987,370	117,256,555
		16,682,970,535	**10,827,261,549**	**16,717,170,535**	**10,875,949,549**
11.01	**Group-wise break-up of term deposits**				
	Banks	3,300,000,000	2,700,000,000	3,300,000,000	2,700,000,000
	Corporate houses	5,157,549,138	2,216,062,469	5,191,749,138	2,264,750,469
	Employees provident fund	1,831,263,305	926,942,377	1,831,263,305	926,942,377
	Individual	5,100,339,459	4,070,222,345	5,100,339,459	4,070,222,345
	Insurance companies	715,216,180	429,664,807	715,216,180	429,664,807
	Non Bank Financial Institute (NBFI)	2,050,000	455,662,750	2,050,000	455,662,750
	Non-Government Organization (NGO)	576,552,453	28,706,801	576,552,453	28,706,801
		16,682,970,535	**10,827,261,549**	**16,717,170,535**	**10,875,949,549**
11.02	**Remaining maturity grouping of term deposits:**				
	Payable on demand	-	-	-	-
	In not more than 01 month	460,991,466	455,561,466	460,991,466	455,561,466
	In more than 01 month but not more than 06 months	1,466,684,399	6,820,237,789	1,466,684,399	6,868,925,789
	In more than 06 months but not more than 01 year	2,599,168,798	1,621,502,402	2,599,168,798	1,621,502,402
	In more than 01 year but not more than 05 years	5,116,471,340	726,096,347	5,116,471,340	726,096,347
	In more than 05 years but not more than 10 years	7,039,654,531	1,203,863,546	7,073,854,531	1,203,863,546
	In more than 10 years	-	-	-	-
		16,682,970,535	**10,827,261,549**	**16,717,170,535**	**10,875,949,549**

		LankaBangla Group		LankaBangla Finance Limited	
		2014	2013	2014	2013
		Taka	Taka	Taka	Taka
12.00	**Other liabilities**				
	Accrued expenses	19,260,969	34,532,742	13,773,716	7,148,644
	Salaries and related expenses payable	5,781,741	638,342	643,952	627,645
	Advance receipt against leases-adjustment A/C	38,454,833	53,483,917	38,454,833	53,483,917
	CDBL expenses payable	162,482	4,967,841	-	-
	Client positive balance	72,502,814	69,419,556	-	-
	Deferred liability-employee gratuity (Note-12.01)	94,662,146	62,691,555	14,156,758	174,366
	Deferred tax liability	1,998,191	5,616,187	-	-
	Employees provident fund payable	553,763	187,109	71,965	2,500
	Interest payable- (Note - 12.02)	505,640,689	368,174,392	453,808,618	351,442,747
	Interest suspense account (Note-12.03)	288,283,568	199,202,194	288,283,568	199,202,194
	IPO subscription payable	51,794	68,646	51,794	68,646
	ITCL settlement A/C	613,126	437,211	613,126	437,211
	Lease rental advances	77,582,108	115,550,422	77,582,108	126,000,422
	Payable against MCBS charges	240	633	240	633
	Payable against merchants claims and others	1,164,428	8,217,398	1,164,428	8,217,398
	Payable against receipt from other card holders	2,268,228	2,103,181	2,268,228	2,103,181
	Payable to LB Foundation	8,038,357	9,328,117	4,926,159	4,480,592
	Payable DSE and CSE	126,394,914	40,416,507	-	-
	Payable to share trading clients	491,336,804	367,626,191	-	-
	Provisions for loans / investments (Note-12.04)	1,360,105,926	1,267,760,462	920,636,374	679,869,029
	Provision for other assets	11,851,000	9,128,000	11,851,000	9,128,000
	Provision for insurance fund	-	1,156,515	-	1,156,515
	Provision for taxation (Note-12.05)	273,616,467	431,407,915	163,591,047	350,270,148
	Receivables/(payables)-other mastercard operator (Note 12.06)	8,199,484	5,942,054	8,199,484	5,942,054
	Payable to right share holder	-	214,123	214,123	214,123
	Payable against legal and professional fees	146,984	-	146,984	-
	Payable to Green Delta for trustee fee	700,000	-	700,000	-
	Provision for audit fee	722,850	531,850	350,250	212,750
	Security deposit from supplier and others	-	37,125	-	-
	Sundry creditors suppliers	13,905,642	6,255,273	13,383,142	5,634,173
	Safety net deposit-factoring and others	-	-	1,516,267	-
	Unpaid dividend	27,316,163	13,494,639	23,540,631	9,581,544
	Privileged creditors (Note 12.07)	157,206,904	103,618,194	60,865,731	24,811,082
	VISA settlement A/C	940,403	544,232	940,403	544,232
	Brokerage sharing	8,909,219	5,683,715	-	-
	Other liabilities	4,510,009	5,653,024	-	-
		3,602,882,245	**3,194,089,261**	**2,101,734,930**	**1,840,753,745**

		LankaBangla Group		LankaBangla Finance Limited	
		2014	2013	2014	2013
		Taka	Taka	Taka	Taka
12.01	**Deferred liability - employee gratuity**				
	Balance as at 01 January	62,691,555	74,794,638	174,366	30,078,511
	Provision during the year	40,381,145	29,317,052	14,182,892	10,550,712
		103,072,700	**104,111,690**	**14,357,258**	**40,629,223**
	Payment to gratuity fund	-	40,000,000	-	40,000,000
	Payment during the year	8,410,554	1,420,135	200,500	454,857
	Balance as at 31 December	**94,662,146**	**62,691,555**	**14,156,758**	**174,366**
12.02	**Interest payable**				
	Term deposit receipts	442,302,910	330,627,390	442,641,869	331,235,328
	Long term loan-commercial bank	551,737	-	-	-
	Long term loan-Bangladesh Bank	8,242,138	7,380,196	8,242,138	7,380,196
	Long term loan-Bangladesh Bank-IPFF	1,687,612	-	1,687,612	-
	Short term borrowings	52,081,791	29,635,694	462,500	12,296,111
	Call loan borrowings	774,500	531,111	774,500	531,111
		505,640,689	**368,174,392**	**453,808,618**	**351,442,747**
12.03	**Interest suspense**				
	Lease finance	137,199,288	114,849,496	137,199,288	114,849,496
	Term finance	123,392,223	56,216,773	123,392,223	56,216,773
	Credit card	15,086,134	11,133,481	15,086,134	11,133,481
	Mortgage loan	12,605,924	17,002,445	12,605,924	17,002,445
		288,283,568	**199,202,194**	**288,283,568**	**199,202,194**
12.03.01	**Movement of interest suspense account**				
	Balance at 01 January	199,202,194	148,336,823	199,202,194	148,336,823
	Add: Transferred to interest suspense during the year	103,448,113	122,490,248	103,448,113	122,490,248
	Less: Interest suspense realized during the year	12,791,660	70,527,913	12,791,660	70,527,913
		289,858,647	**200,299,157**	**289,858,647**	**200,299,157**
	Less: Write off during the year	1,575,079	1,096,963	1,575,079	1,096,963
	Balance at 31 December	**288,283,568**	**199,202,194**	**288,283,568**	**199,202,194**
12.04	**Provisions for loans / investments**				
	Provision for leases and loans	**750,183,842**	**616,980,588**	**750,183,842**	**616,980,588**
	Lease finance	247,850,518	231,887,373	247,850,518	231,887,373
	Term finance and short term loan	337,831,027	254,670,296	337,831,027	254,670,296
	Credit card	129,573,290	108,111,980	129,573,290	108,111,980
	Mortgage loan	34,929,007	22,310,938	34,929,007	22,310,938
	Margin loan	389,567,203	583,334,657	-	-
	Provision for diminution in value of investment in equity shares	220,354,881	67,445,217	170,452,533	62,888,442
		1,360,105,926	**1,267,760,462**	**920,636,374**	**679,869,029**

		LankaBangla Group		LankaBangla Finance Limited	
		2014	2013	2014	2013
		Taka	Taka	Taka	Taka
12.04.01	**Movement of provision for loans / investments**				
	Balance at 01 January	1,267,760,462	732,990,692	679,869,029	363,408,082
	Provision required for the year	361,150,909	665,625,272	289,294,054	425,625,272
	Provision released during the year	(15,200,374)	(96,928,238)	(15,200,374)	(96,928,238)
	Provision charged for the year	348,673,536	568,697,034	276,816,681	328,697,034
	Write off during the year	(253,605,071)	(33,927,264)	(33,326,335)	(3,108,087)
	Balance at 31 December	**1,360,105,926**	**1,267,760,462**	**920,636,374**	**679,869,029**

During the year 2014, the Company had written off it's receivables of contracts as per write off policy of the Bangladesh Bank (FID circular No. 03 dated 15 March 2009)

12.04.02 **Grouping of Provision for leases, loans and advances**

General Provision				
Standard (UC)	217,052,567	175,624,427	217,052,567	175,624,476
Special Mention Account (SMA)	53,219,146	29,066,177	53,219,146	29,066,177
	270,271,713	**204,690,605**	**270,271,713**	**204,690,654**
Specific Provision				
Sub-standard (SS)	43,965,665	23,443,511	43,965,665	23,443,511
Doubtful (DF)	44,327,353	17,135,130	44,327,353	17,135,130
Bad Loss (BL)	391,619,110	371,711,342	391,619,110	371,711,342
	479,912,128	**412,289,983**	**479,912,128**	**412,289,983**
Provision for margin loan	**389,567,203**	**583,334,657**	-	-
Provision for investment in shares	**220,354,881**	**67,445,217**	**170,452,533**	**62,888,442**
	1,360,105,926	**1,267,760,462**	**920,636,374**	**679,869,079**

Detailed classification wise provision of leases, loans and advances is given in **Annexure-C**

12.05 **Provision for taxation**

Balance as at 01 January	431,407,916	630,910,040	350,270,148	454,114,673
Provision during the year	171,397,349	130,207,558	-	-
	602,805,265	761,117,598	350,270,148	454,114,673
Adjusted during the year	329,188,799	329,709,682	186,679,101	103,844,525
Balance at 31 December	**273,616,467**	**431,407,915**	**163,591,047**	**350,270,148**

12.06 **Receivables/(payables)-other Master Card 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.

Bank Asia Limited	(1,351,237)	(2,341,844)	(1,351,237)	(2,341,844)
BRAC Bank Limited	-	2,514,531	-	2,514,531
City Bank Limited	1,730	1,381,716	1,730	1,381,716
Commercial Bank of Ceylon PLC	-	(1,894,859)	-	(1,894,859)

	LankaBangla Group		LankaBangla Finance Limited	
	2014	2013	2014	2013
	Taka	Taka	Taka	Taka
Dutch Bangla Bank Limited	-	5,211,239	-	5,211,239
National Bank Limited	15,570	664,870	15,570	664,870
ONE Bank Limited	-	(1,679,540)	-	(1,679,540)
Prime Bank Limited	7,757	697,667	-	697,667
Premier Bank Limited	-	615,795	7,757	615,795
Balance for MC operation	5,584,533	-	5,584,533	-
Standard Chartered Bank	3,941,131	772,479	3,941,131	772,479
	8,199,484	**5,942,054**	**8,199,484**	**5,942,054**

12.07 Privileged creditors

Three major categories of Government dues are reported. Tax deduction at source, VAT, Excise duty payable to govt. exchequer.

VAT at source	9,388,186	2,117,167	9,313,196	2,116,267
Tax deducted at source (TDS)	134,307,966	95,532,123	38,041,783	16,725,911
Excise duty deducted form customer accounts	13,510,752	5,968,904	13,510,752	5,968,904
	157,206,904	**103,618,194**	**60,865,731**	**24,811,082**

13.00 Share capital

Authorized	**3,000,000,000**	**3,000,000,000**	**3,000,000,000**	**3,000,000,000**
Issued, subscribed and paid up	**2,187,667,590**	**2,083,492,950**	**2,187,667,590**	**2,083,492,950**

Details of shares holding position are as under:

Sponsor shareholders:	Percentage 2014	2014		2013	
		Number of shares	Taka	Number of shares	Taka
a. Foreign sponsors					
Sampath Bank Limited, Sri Lanka	9.47	20,720,700	207,207,000	19,734,000	197,340,000
b. Local sponsors	**29.09**	**63,639,016**	**636,390,160**	**60,608,591**	**606,085,910**
ONE Bank Limited, Bangladesh	4.86	10,626,000	106,260,000	10,120,000	101,200,000
SSC Holdings Limited, Bangladesh	1.07	2,347,017	23,470,170	2,235,255	22,352,550
Shanta Apparel Limited	1.74	3,804,223	38,042,230	3,623,070	36,230,700
Individuals	21.42	46,861,776	468,617,760	44,630,266	446,302,660
General shareholders	61.44	134,407,043	1,344,070,430	128,006,704	1,280,067,040
	100.00	**218,766,759**	**2,187,667,590**	**208,349,295**	**2,083,492,950**

Classification of shareholders by holding as required by Regulation- 37 of the Listing Regulations of Dhaka Stock Exchange Limited

Shares groups		Number of share	Percentage	Number of share	Percentage
Less than 500		1,044,662	0.48	823,123	0.40
501	to 5,000	13,532,764	6.19	11,907,648	5.72
5,001	to 10,000	8,273,494	3.78	7,070,830	3.39
10,001	to 20,000	9,337,421	4.27	8,349,134	4.01
20,001	to 30,000	5,288,155	2.42	4,999,259	2.40
30,001	to 40,000	3,959,904	1.81	4,282,095	2.06
40,001	to 50,000	2,994,327	1.37	3,018,526	1.45
50,001	to 100,000	11,759,326	5.38	11,923,713	5.72
100,001	to 1,000,000	49,919,240	22.82	51,861,909	24.89
Above 1,000,000		112,657,466	51.50	104,113,058	49.96
		218,766,759	**100.00**	**208,349,295**	**100.00**

The shares were listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited on October 17, 2006 and October 31, 2006 respectively, also trading in the both houses form November 01, 2006. Share trade Tk. 44.00 and Tk. 44.00 At Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited respectively at the end of the year 2014.

	LankaBangla Group		LankaBangla Finance Limited	
	2014	2013	2014	2013
	Taka	Taka	Taka	Taka

13.01 Capital Adequacy Ratio (CAR):

As per section 4(GHA) of the Financial Institution Rule 1994, the minimum paid up capital of the Financial Institution (FI) shall be Tk. 100 crore; Provided that the sum of paid up capital and reserves shall not be less than the minimum capital determined by the Bangladesh Bank under the Risk-Based Assets of the Company. The surplus eligible capital of the Company as well as the Group at the close of business on 31 December 2014 were Tk. 1,654.66 crore and Tk. 3,095.14 crore, respectively.

Core Capital (Tier-1)				
Paid-up capital (Note-13)	2,187,667,590	2,083,492,950	2,187,667,590	2,083,492,950
Share premium	1,090,888,800	1,090,888,800	-	-
Statutory reserves (note 14)	781,630,380	651,287,206	781,630,380	651,287,206
General reserves	52,741,881	45,823,827	-	-
Dividend equalization reserves	-	-	-	-
Retained earnings (note 15)	2,764,516,354	2,899,133,850	1,678,184,396	1,580,027,441
Non-controlling interest -	184,729,213.42	189,582,646	-	-
Sub-Total	**7,062,174,218**	**6,960,209,278**	**4,647,482,366**	**4,314,807,597**
Supplementary capital (Tier -II)				
General provision (unclassified loans up to specified limit + SMA + off balance sheet exposure)	269,400,000	210,517,568	269,400,000	210,517,568
Assets revaluation reserves up to 50%	-	-	-	-
Revaluation reserve for securities up to 45%	31,178,336	-	-	-
All others preference shares	-	-	-	-
Others (if any other item approved by Bangladesh Bank)	-	-	-	-
Sub-Total	**300,578,336**	**210,517,568**	**269,400,000**	**210,517,568**

	LankaBangla Group		LankaBangla Finance Limited	
	2014	2013	2014	2013
	Taka	Taka	Taka	Taka
A) Total capital	**7,362,752,554**	**7,170,726,846**	**4,916,882,366**	**4,525,325,165**
Total assets including off -balance sheet exposures	**46,233,667,467**	**32,648,226,748**	**39,457,603,194**	**26,624,115,340**
B) Total risk weighted assets	**42,676,120,516**	**35,397,128,078**	**32,635,760,504**	**27,046,152,608**
C) Required capital based on risk weighted assets (10% on B)	**4,267,612,052**	**3,539,712,808**	**3,267,166,027**	**2,704,615,261**
D) Surplus (A-C)	**3,095,140,503**	**3,631,014,038**	**1,654,662,968**	**1,820,709,904**
E) Capital Adequacy Ratio	**17.25%**	**20.76%**	**15.07%**	**16.73%**
F) Core Capital to RWA	**16.55%**	**19.66%**	**14.24%**	**15.95%**
G) Supplementary Capital to RWA	**0.70%**	**0.59%**	**0.83%**	**0.78%**

14.00 Statutory reserve

Balance as at 01 January	651,287,206	561,675,373	651,287,206	561,675,373
Add: Transferred from profit during the year @ 20%	130,343,174	89,611,833	130,343,174	89,611,833
Balance at 31 December	**781,630,380**	**651,287,206**	**781,630,380**	**651,287,206**

15.00 Retained earnings

	3,341,236,266	**3,371,377,851**	**2,231,743,312**	**1,863,528,315**
Balance as at 01 January	2,899,133,850	2,436,129,665	1,580,027,441	1,415,469,150
Add: Profit/(loss) for the year	442,102,416	935,248,186	651,715,871	448,059,165
Less: Adjustment during the year:	**576,719,912**	**472,244,001**	**553,558,916**	**283,500,875**
Transfer to statutory reserve during the year	130,343,174	89,611,833	130,343,174	89,611,833
Transfer to general reserve during the year	6,918,054	3,173,591	-	-
Prior year adjustments	7,574,381	738,561	-	-
Adjustments of non controlling interest	-	56,585,840	-	-
Changing effect of non controlling interest	5,556,364	123,105,610	-	-
Payment of stock dividend	104,174,640	189,408,450	104,174,640	189,408,450
Cash dividend	312,523,943	-	312,523,943	-
Right issue cost	-	292,000	-	-
Transfer LB Foundation	9,629,357	9,328,117	6,517,159	4,480,592
Balance at 31 December	**2,764,516,354**	**2,899,133,850**	**1,678,184,396**	**1,580,027,441**

16.00 Non-controlling interest

Name of Subsidiaries	Percentage of Non-controlling interest	Equity as on 31 December 2014	2014 Taka	2013 Taka
LankaBangla Securities Limited	0.03818679	4,837,508,248	184,728,910	189,582,322
LankaBangla Investments Limited	0.0000001	1,390,308,030	139	164
LankaBangla Asset Management Company Limited	0.0000002	823,232,552	164	160
Total			**184,729,213**	**189,582,646**

		LankaBangla Group		LankaBangla Finance Limited	
		2014	2013	2014	2013
		Taka	Taka	Taka	Taka
17.00	**Interest income**				
	Corporate finance				
	Factoring finance	55,386,204	49,914,796	55,386,204	49,914,796
	Lease finance	208,108,086	229,566,606	208,938,902	229,566,606
	Lending to subsidiaries	-	-	595,641,781	755,124,129
	Term loan secured overdraft	6,542,826	3,494,893	6,542,826	3,494,893
	Short term lending	503,896,805	234,798,858	503,896,805	234,798,858
	Term finance	1,048,975,203	993,537,761	1,048,975,203	993,537,761
	Term loan syndication finance	88,450,962	3,069,444	88,450,962	3,069,444
		1,911,360,087	**1,514,382,358**	**2,507,832,684**	**2,269,506,487**
	Retail finance				
	Auto loan	206,028,968	121,889,751	206,028,968	121,098,027
	Credit card (Note- 17.01)	325,007,111	185,167,358	325,007,111	185,167,358
	Mortgage loan (Note- 17.02)	364,372,568	243,815,050	364,372,568	243,815,050
	Personal loan (Note- 17.03)	122,707,201	94,405,007	121,518,022	94,298,562
		1,018,115,849	**645,277,167**	**1,016,926,670**	**644,378,998**
	SME finance				
	SME finance	61,398,792	36,603,592	61,398,792	36,603,592
		61,398,792	**36,603,592**	**61,398,792**	**36,603,592**
	Treasury finance				
	Fixed deposit accounts	71,478,956	113,294,734	68,434,740	109,782,662
	Short term deposit accounts	71,495,473	38,928,688	2,718,014	3,008,958
		142,974,429	**152,223,422**	**71,152,754**	**112,791,620**
	Others				
	Margin loan to share trading clients	165,048,286	571,358,273	-	-
	Receivable from clients against share trading	666,591,752	836,188,281	-	-
		831,640,038	**1,407,546,554**	**-**	**-**
		3,965,489,195	**3,756,033,094**	**3,657,310,900**	**3,063,280,697**
17.01	**Credit Card**				
	Master Card	228,319,135	143,819,646	228,319,135	143,819,646
	Visa Card	96,687,976	41,347,712	96,687,976	41,347,712
		325,007,111	**185,167,358**	**325,007,111**	**185,167,358**
17.02	**Mortgage loan**				
	Bangladesh Bank refinance loan	62,331,204	66,635,158	62,331,204	66,635,158
	Commercial loan	299,760,936	174,709,293	299,760,936	174,709,293
	Staff loan	2,280,428	2,470,599	2,280,428	2,470,599
		364,372,568	**243,815,050**	**364,372,568**	**243,815,050**

		LankaBangla Group		LankaBangla Finance Limited	
		2014	2013	2014	2013
		Taka	Taka	Taka	Taka
17.03	**Personal loan**				
	Term loan	95,024,687	56,548,778	95,024,687	56,437,698
	Loan against deposit	21,271,270	35,143,164	21,271,270	35,143,164
	Staff loan	6,411,245	2,713,065	5,222,066	2,713,065
		122,707,201	**94,405,007**	**121,518,022**	**94,293,927**
18.00	**Interest expenses on deposits and borrowings**				
	Other than Bangladesh Bank				
	Term loan- commercial bank	883,905,646	980,451,940	475,783,151	651,226,016
	Zero Coupon Bond	14,409,490	-	14,409,490	-
	Term deposits	1,720,596,609	1,391,712,269	1,726,594,347	1,399,363,032
	Short term loan	85,566,397	86,253,382	85,566,397	86,253,382
	Bank overdraft	45,119,651	43,011,769	45,119,651	43,011,769
	Call loan	167,848,819	100,262,958	167,848,819	100,262,958
		2,917,446,612	**2,601,692,318**	**2,515,321,855**	**2,280,117,156**
	Bangladesh Bank				
	Term loan- Bangladesh Bank	40,123,610	40,623,201	40,123,610	40,623,201
	Bangladesh Bank REPO	75,320,247	88,607,903	75,320,247	88,607,903
		115,443,857	**129,231,105**	**115,443,857**	**129,231,105**
		3,032,890,469	**2,730,923,423**	**2,630,765,712**	**2,409,348,261**
19.00	**Income from investment**				
	Income from investment in share (Capital)	60,111,433	642,345,974	(18,484,041)	210,002,987
	Dividend income	44,503,960	13,891,167	187,196,986	10,099,023
	PD operation	94,147,719	91,708,741	94,147,719	91,708,741
		198,763,111	**747,945,881**	**262,860,663**	**311,810,752**
20.00	**Commission, exchange and brokerage income**				
	Underwriting commission	1,288,121	344,000	-	-
	Merchant commission of credit card	-	202,386	-	202,386
	Brokerage commission	675,776,389	477,095,920	-	-
		677,064,510	**477,642,305**	**-**	**202,386**
21.00	**Other operational income**				
	Corporate finance				
	Fees and documentations (Note-21.01)	29,497,233	14,101,579	29,497,233	14,095,579
	Write off recovery	250,000	2,750,066	250,000	2,750,066
	Portfolio and issue management fee	78,084,581	83,878,178	-	-
	Capital restructuring, PMD	300,000	1,700,000	-	-
		108,131,814	**102,429,823**	**29,747,233**	**16,845,645**

		LankaBangla Group		LankaBangla Finance Limited	
		2014	2013	2014	2013
		Taka	Taka	Taka	Taka
	Retail finance				
	Membership fees of credit card	12,330,800	9,669,900	12,330,800	9,669,900
	Other income from credit card	37,311,570	26,913,843	37,311,570	26,913,843
	Fees and documentations (Note-21.01)	84,129,675	49,008,313	84,129,675	49,008,313
		133,772,046	**85,592,056**	**133,772,046**	**85,592,056**
	SME finance				
	Fees and documentations (Note-21.01)	5,330,377	565,946	5,330,377	565,946
		5,330,377	**565,946**	**5,330,377**	**565,946**
	Others				
	Profit on sale of fixed asset	51,154	7,000,897	-	2,300,000
	Foreign exchange gain/(loss)	(2,743)	1,064,743	(2,743)	1,064,743
	Corporate finance fees	4,667,400	1,560,000	-	-
	Miscellaneous	6,456,938	8,670,807	1,440,331	7,945,780
	Income from CDBL	294,200	330,700	-	-
		11,466,949	**18,627,147**	**1,437,588**	**11,310,523**
		258,701,186	**207,214,972**	**170,287,244**	**114,314,170**
21.01	**Fees and documentations**				
	Corporate finance				
	Lease finance	2,271,597	782,000	2,271,597	782,000
	Term loan	14,725,823	5,627,636	14,725,823	5,621,636
	Real estate developers Fin-Build	100,000	-	100,000	-
	Term loan syndication finance	2,559,457	1,000,000	2,559,457	1,000,000
	Bridge finance	173,913	-	173,913	-
	Short term loan	2,151,749	1,694,865	2,151,749	1,694,865
	Revolving credit -secured	1,052	6,000	1,052	6,000
	Factoring finance	7,076,058	4,991,078	7,076,058	4,991,078
	Work order finance	431,705	-	431,705	-
	Late payment charge-factoring	5,879	-	5,879	-
		29,497,233	**14,101,579**	**29,497,233**	**14,095,579**
	Retail finance				
	Auto loan	7,184,538	4,658,268	7,184,538	4,658,268
	Home loan	8,142,487	3,229,103	8,142,487	3,229,103
	Personal loan	5,929,279	568,021	5,929,279	568,021
	Credit card	62,873,372	40,552,921	62,873,372	40,552,921
		84,129,675	**49,008,313**	**84,129,675**	**49,008,313**
	SME finance				
	SME finance	5,330,377	565,946	5,330,377	565,946
		5,330,377	**565,946**	**5,330,377**	**565,946**
		118,957,285	**63,675,838**	**118,957,285**	**63,669,838**

		LankaBangla Group		LankaBangla Finance Limited	
		2014	2013	2014	2013
		Taka	Taka	Taka	Taka
22.00	**Salary and allowances**				
	Salary and allowances	585,295,166	380,554,474	361,813,695	194,996,820
	Provident fund contribution	15,894,843	14,660,898	5,830,325	6,003,814
	Gratuity fund	40,012,686	28,996,877	13,814,433	10,230,536
	Festival bonus	31,748,719	16,747,636	27,140,521	7,156,292
		672,951,415	**440,959,884**	**408,598,973**	**218,387,462**
23.00	**Rent, taxes, insurance, electricity etc.**				
	Office rent	91,444,021	67,447,299	47,932,010	31,145,696
	Insurance premium	7,776,183	9,662,821	2,864,534	4,464,278
	Electricity	15,770,290	11,499,262	7,499,424	5,349,571
		114,990,494	**88,609,383**	**58,295,968**	**40,959,544**
24.00	**Legal and professional fees**	**25,407,350**	**17,111,890**	**18,547,161**	**6,212,932**
25.00	**Postage, stamp, telecommunication etc.**				
	Postage and courier	3,119,641	2,267,845	2,790,966	1,978,638
	Stamp charges	1,738,423	434,670	1,642,623	417,408
	Telephone bill	12,587,122	7,810,075	8,485,634	4,024,904
		17,445,187	**10,512,590**	**12,919,223**	**6,420,950**
26.00	**Stationery, printing, advertisement**				
	Printing and stationery	22,779,150	15,061,042	15,183,608	7,738,007
	Advertisement	11,796,327	5,433,294	7,818,182	4,646,887
		34,575,477	**20,494,336**	**23,001,790**	**12,384,894**
27.00	**Managing director's salary and allowance**				
	Salary and allowances	11,897,250	10,640,250	11,897,250	10,640,250
	Provident fund contribution	699,225	632,225	699,225	632,225
	Gratuity fund	368,459	320,176	368,459	320,176
	Festival bonus	1,149,500	574,750	1,149,500	574,750
		14,114,434	**12,167,401**	**14,114,434**	**12,167,401**
28.00	**Director fees and expenses**	1,555,710	1,544,652	485,000	565,500
		1,555,710	**1,544,652**	**485,000**	**565,500**
29.00	**Audit fees**				
	Annual audit fees	668,750	563,500	230,000	212,750
	Provident fund audit fees	23,000	23,000	23,000	23,000
	Gratuity fund audit fees	17,250	17,250	17,250	17,250
	IT security control compliance review fees	575,000	-	575,000	-
	LB foundation audit fees	80,000	-	80,000	-
		1,364,000	**603,750**	**925,250**	**253,000**

		LankaBangla Group		LankaBangla Finance Limited	
		2014	2013	2014	2013
		Taka	Taka	Taka	Taka
30.00	**Repairs, maintenance and depreciation**				
	Repairs and maintenance	10,094,681	5,021,179	9,063,474	1,707,434
	Software maintenance	1,143,864	-	1,143,864	-
	Depreciation	82,399,082	67,468,670	32,261,046	18,880,019
		93,637,627	**72,489,849**	**42,468,384**	**20,587,453**
31.00	**Other expenses**				
	Training	9,924,840	5,518,786	5,876,593	2,984,605
	Staff welfare	655,115	537,006	655,115	537,006
	Membership and renewal fees	4,687,179	9,702,192	1,846,694	3,004,790
	Conveyance	2,898,277	1,577,704	2,891,922	1,528,817
	Travelling	6,316,980	5,079,513	3,622,116	1,792,183
	Internet and e-mail	13,890,136	12,573,599	3,384,889	2,586,764
	Newspaper and periodicals	228,734	261,888	2,526	-
	Computer accessories	2,244,634	1,645,562	2,238,750	1,645,562
	Fuel expense	1,723,016	1,380,448	492,477	378,324
	Vehicle maintenance/registration	26,512,449	18,219,689	12,678,087	8,171,627
	Water and sewerage bill	1,511,898	1,427,561	858,501	708,388
	Office maintenance	22,164,207	19,671,389	11,023,004	9,154,845
	Donation and miscellaneous expenses	973,360	1,619,900	938,779	1,619,900
	Entertainment	8,230,971	6,230,369	1,636,085	2,055,801
	Business promotion	50,392,875	32,022,578	6,626,913	3,250,945
	Bank charges	1,537,911	2,106,141	977,456	1,466,622
	CIB Charge	2,618,750	-	2,618,750	-
	Marketing expenses	47,235,960	24,210,789	47,235,960	24,210,789
	Recovery commission	628,867	608,710	628,867	608,710
	CDBL fee	13,707,590	15,721,443	47,567	326,542
	MCBS charges	12,579,517	11,192,694	12,579,517	11,192,694
	Loss on sales of fixed asset	1,138,752	2,302,491	1,088,952	206,208
	AGM and related expenses	498,225	5,900,522	458,871	5,866,128
	Recruitment expense	299,711	-	299,711	-
	Educational expense reimbursements	220,811	-	154,316	-
	Meeting expense	2,386,872	-	2,386,872	-
	Loan processing fee	512,328	-	-	-
	Subscription	179,448	92,909	-	-
	Hawla charges	5,112,816	5,118,924	-	-
	laga charges	35,720,715	26,133,404	-	-
	Other operational expense credit card	8,807,048	4,421,721	8,807,048	4,421,721
	Documentation fee	308,836	685,899	23,170	500,699
	Networking charge	396,376	-	-	-
	Software maintenance fee	1,681,082	798,749	-	-
	Commission on bank guarantee	12,935,215	8,000,000	-	-
	Credit card accessories	205,500	1,057,264	205,500	1,057,264
	Picnic expenses	36,950	75,000	36,950	75,000
	Other expenses	1,517,472	1,634,271	-	-

		LankaBangla Group		LankaBangla Finance Limited	
		2014	2013	2014	2013
		Taka	Taka	Taka	Taka
	Excise duty	398,709	57,000	378,709	57,000
	SMS service charge	1,008,089	-	1,008,089	-
	Bkash commission	1,581	-	1,581	-
	MC-SBLC issuance charge	1,023,094	-	1,023,094	-
	Contact point verification fee	3,750,032	-	3,750,032	-
		308,802,926	**227,586,113**	**138,483,461**	**89,408,933**
32.00	**Provisions for loans / investments**				
	Provisions for leases and loans	**166,529,589**	**278,319,351**	**166,529,589**	**278,319,351**
	General provision	65,963,347	51,579,114	65,963,347	51,579,114
	Specific provision	100,566,242	226,740,238	100,566,242	226,740,238
	Provision for margin loan	26,511,282	240,000,000	-	-
	Provision for diminution in value of investments	152,909,664	41,249,683	107,564,091	41,249,683
		345,950,536	**559,569,034**	**274,093,681**	**319,569,034**
33.00	**Provision for tax made during the period**				
	Current tax expense	(15,281,752)	26,363,032	(186,679,101)	(103,844,525)
	Deferred tax expense/ (income)	(5,095,741)	16,220,356	-	-
		(20,377,493)	**42,583,388**	**(186,679,101)**	**(103,844,525)**

In calculating deferred tax, temporary difference arising from freehold assets and liability for gratuity were considered.

34.00 Earnings Per Share (EPS)

Earning attributable to ordinary shareholders	442,102,416	935,248,186	651,715,871	448,059,165
Weighted average number of ordinary shares outstanding	218,766,759	218,766,759	218,766,759	218,766,759
Basic earnings per share	**2.02**	**4.28**	**2.98**	**2.05**

35.00 Segment report

Amount in Taka

Particulars	For the year 2014				
	Core Financing Business	Brokerage Business	Investment Business	Asset Management Business	Consolidated
Revenue from external customers					
Interest revenue	3,061,669,119	724,145,212	180,168,745	336,935	3,966,320,011
Revenue from investment	87,859,275	51,350,542	51,958,405	7,594,888	198,763,111
Commission, exchange and brokerage income	-	675,776,389	1,288,121	-	677,064,510
Other operational income	170,287,244	4,386,442	84,027,500	-	258,701,186
Total revenue from external customers	**3,319,815,638**	**1,455,658,586**	**317,442,771**	**7,931,823**	**5,100,848,817**
Revenues from transactions with other operating segments of the same entry :					
Interest revenue	595,641,781	-	-	5,997,738	601,639,519
Revenue from investment	175,001,388	-	-	4,953,750	-
Total revenues from transactions with other operating segments of the same entry	**770,643,169**	**-**	**-**	**10,951,488**	**601,639,519**
Total segment revenue	**4,090,458,807**	**1,455,658,586**	**317,442,771**	**18,883,311**	**4,499,209,298**
Interest expenses					
Segment interest expenses	2,624,767,974	402,596,699	6,306,614	49,998	3,033,721,286
Revenues from transactions with other operating segments of the same entry	5,997,738	54,749,610	540,892,171	-	601,639,519
Total segment expenses	**2,630,765,712**	**457,346,309**	**547,198,785**	**49,998**	**2,432,081,766**
Operating expenses	**685,578,614**	**444,360,395**	**64,538,345**	**7,968,183**	**1,202,445,537**
Depreciation and amortization	**32,261,046**	**43,842,690**	**5,291,023**	**1,004,323**	**82,399,082**
Net operating income	**741,853,434**	**510,109,191**	**(299,585,383)**	**9,860,807**	**782,282,912**
Material non-cash items other than depreciation and amortisation					
Provision for leases, loans and advances / investments	276,816,681	35,589,378	36,245,790	21,687	348,673,536
Profit before tax and reserve	**465,036,754**	**474,519,813**	**(335,831,172)**	**9,839,120**	**433,609,377**
Provision for tax made during the year	(186,679,101)	166,918,000	3,254,706	1,224,643	(15,281,752)
Deferred tax (expense)/ Income	-	(3,617,996)	(1,200,785)	(276,960)	(5,095,741)
	(186,679,101)	**163,300,004**	**2,053,922**	**947,683**	**(20,377,493)**
Net profit after tax	**651,715,855**	**311,219,809**	**(337,885,094)**	**8,891,437**	**453,986,869**
Total segment assets	32,352,722,232	9,192,745,862	4,994,034,630	830,073,441	47,369,576,165
Inter segmental assets	(7,452,089,716)	(4,503,842)	-	(784,196,103)	(8,240,789,661)
Net segment assets	**24,900,632,515**	**9,188,242,021**	**4,994,034,630**	**45,877,338**	**39,128,786,504**
Amount of addition to non-current fixed assets	88,974,187	10,468,193	1,171,227	3,099,884	103,713,491
Segment capital employed	4,683,199,962	4,837,505,943	1,390,308,030	823,232,552	11,734,246,488
Segment liability	27,714,314,206	4,355,237,615	3,603,726,599	6,840,889	35,680,119,309
Inter segmental liabilities	(34,200,000)	(313,856,546)	(3,318,718,157)	-	(3,666,774,703)
Total segmental liability	**32,363,314,168**	**8,878,887,013**	**1,675,316,472**	**830,073,441**	**43,747,591,094**

Amount in Taka

Particulars	For the year 2013				
	Core Financing Business	Brokerage Business	Investment Business	Asset Management Business	Consolidated
Revenue from external customers					
Interest revenue	2,399,865,310	633,684,235	573,943,160	249,130	3,607,741,835
Revenue from investment	220,102,011	409,849,705	21,075,841	5,209,584	656,237,140
Commission, exchange and brokerage income	202,386	477,095,920	344,000	-	477,642,305
Other operational income	114,314,170	5,349,350	87,551,452	-	207,214,972
Total revenue from external customers	**2,734,483,876**	**1,525,979,209**	**682,914,453**	**5,458,714**	**4,948,836,252**
Revenues from transactions with other operating segments of the same entry :					
Interest revenue	755,124,129	-	-	7,650,763	762,774,892
Revenue from investment	-	-	-	-	-
Total revenues from transactions with other operating segments of the same entry	**755,124,129**	**-**	**-**	**7,650,763**	**762,774,892**
Total segment revenue	**3,489,608,004**	**1,525,979,209**	**682,914,453**	**13,109,477**	**4,186,061,360**
Interest expenses					
Segment interest expenses	2,401,697,498	325,392,290	3,408,095	425,540	2,730,923,423
Revenues from transactions with other operating segments of the same entry	7,650,763	160,469,894	594,654,235	-	762,774,892
Total segment expenses	**2,409,348,261**	**485,862,183**	**598,062,330**	**425,540**	**1,968,148,531**
Operating expenses	**388,468,050**	**372,354,812**	**59,323,099**	**4,465,217**	**824,611,178**
Depreciation and amortization	**18,880,019**	**42,897,604**	**5,246,360**	**444,687**	**67,468,670**
Net operating income	**672,911,674**	**624,864,611**	**20,282,664**	**77,740,333**	**1,325,832,982**
Material non-cash items other than depreciation and amortisation					
Provision for leases, loans and advances / investments	328,697,034	-	-	-	328,697,034
Profit before tax and reserve	**344,214,640**	**624,864,611**	**20,282,664**	**7,774,033**	**997,135,948**
Provision for tax made during the year	(103,844,525)	121,990,755	6,732,895	1,483,907	26,363,032
Deferred tax (expense)/ Income	-	18,121,343	(1,900,987)	-	16,220,356
	(103,844,525)	**140,112,098**	**4,831,908**	**1,483,907**	**42,583,388**
Net profit after tax	**448,059,165**	**484,752,512**	**154,507,567**	**6,290,125,681**	**954,552,560**
Total segment assets	26,629,580,904	7,621,980,181	5,093,391,737	804,615,440	40,149,568,262
Inter segmental assets	(7,293,322,166)	(9,700,590)	(1,175,040)	(780,478,373)	(8,084,676,169)
Net segment assets	**19,336,258,737**	**7,612,279,591**	**5,092,216,697**	**24,137,067**	**32,064,892,093**
Amount of addition to non-current assets	40,142,125	44,950,115	502,457	3,748,524	89,343,221
Segment capital employed	3,665,824,158	3,414,463,238	1,635,968,307	79,397,953	8,795,653,656
Segment liability	22,958,291,182	4,403,900,870	3,482,618,575	725,217,488	31,570,028,115
Inter segmental liabilities	(780,478,373)	(3,330,441,572)	(337,485,038)	-	(4,448,404,983)
Total segmental liability	**25,843,636,967**	**4,487,922,536**	**4,781,101,844**	**804,615,441**	**35917276788**

36.00 Related party disclosure

i) Names of the Directors together with a list of entities in which they have Interest

Directors' interests in different entities are stated below:

Sl. No.	Name of Directors	Status in the Institution	Name of the firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	
1	Mr. Mohammad A. Moyeen	Chairman	1	Tropica Garments Limited
			2	Airline Cargo Resources Limited
			3	Air & Sea International Logistics Limited
			4	BizBangla Media Limited
			5	Colloid Enterprises Limited
			6	Cross Freight Lines Limited
			7	Expo Express Services Limited
			8	Freight Care Aviation Services Limited
			9	Global Aviation Services Limited
			10	LankaBangla Securities Limited
			11	LankaBangla Investment Limited
			12	LankaBangla Information System Limited
			13	Orchid Air Limited
			14	Pulsar Shipping Agencies Ltd
			15	S.G Logistics (Pvt.) Limited
			16	Standard Paper Products Limited
			17	STS Educational Group Limited
			18	STS Holdings Limited
			19	Swift Logistics Services Limited
			20	The M & M Limited
			21	UCL Logistics Limited
			22	Uniworld Logistics Limited
			23	Voytech Limited
			24	WAC Logistics Limited
			25	Wings Aviation Limited
			26	Wings Spence Aviation Limited
			27	Wings Express Limited
			28	Wings Logistics Limited
			29	Wings Ocean Freight Limited
			30	Wings Classic Tours & Travels Limited
			31	Wings Tours & Travels Limited
			32	Global Ground Services Limited
			33	Information Technology Consultants Limited (ITCL)
2	Mr. I.W. Senanayake Mr. M. Y. Aravinda Perera (Representing Sampath Bank PLC)	Director	N/A	

Sl. No.	Name of Directors	Status in the Institution	Name of the firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	
3	Mr. Mahbubul Anam	Director	1	Expo Freight Limited
			2	Airline Cargo Resources Limited
			3	Air & Sea International Logistics Limited
			4	LankaBangla Securities Limited
			5	BizBangla Media Limited
			6	LankaBangla Information System Limited
			7	Colloid Enterprises Limited
			8	Airlines Services Limited
			9	Allied Aviation Bangladesh Limited
			10	Aeroness International
			11	Aramex Dhaka Limited
			12	Cargo Center Limited
			13	Cross Freight Lines Limited
			14	Expo Express Services Limited
			15	Freight Care Aviation Services Limited
			16	Global Aviation Services Limited
			17	Orchid Air Limited
			18	Pulsar Shipping Agencies Ltd
			19	S.G Logistics (Pvt.) Limited
			20	Standard Paper Products Limited
			21	STS Educational Group Limited
			22	STS Holdings Limited
			23	SDV Bangladesh Private Limited
			24	The M & M Limited
			25	Tropica Garments Limited
			26	UCL Logistics Limited
			27	Voyager Airlines Limited
			28	Voytech Limited
			29	WAC Logistics Limited
			30	Wings Aviation Limited
			31	Wings Spence Aviation Limited
			32	Wings Express Limited
			33	Wings Ocean Freight Limited
			34	Wings Classic Tours & Travels Limited
			35	Eastern Cables Limited
4	Mrs. Aneesha Mahial Kundanmal	Director	1	Royal Park Residence
			2	GDS Chemical Bangladesh Limited
5	Mr. Tahsinul Huque	Director	N/A	
6	Mr. M. Fakhrul Alam (Representing ONE Bank Limited)	Director	N/A	

Sl. No.	Name of Directors	Status in the Institution	Name of the firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	
7	Mr. Mirza Ejaz Ahmed (Representing SSC Holdings Limited)	Director	1	Shirt Makers Limited
			2	International Shirt Line Limited
			3	Section Seven Limited
			4	Section Seven Apparels Limited
			5	Section Seven Agro Limited
			6	Section Seven International Limited
			7	Share Knitwear Limited
			8	Excel Apparels Limited
			9	Lumbini Limited
			10	Star Feeds Limited
8	Mr. Al- Mamoon Md. Sanaul Huq	Independent Director	1	LankaBangla Securities Limited
			2	LankaBangla Investments Limited
			3	LankaBangla Asset Management Company Limited
9	Dr. Mahmood Osman Imam	Independent Director	1	Mercantile Bank Limited
			2	ICB Asset Management Company Limited
			3	Bangladesh institute of Capital Management

ii)	Significant contracts where Company is a party and wherein Directors have interest during the year 2014	NIL

iii)	Shares issued to Directors and Executives without consideration or exercisable at a discount	NIL

iv)	**Related party transactions**	

The company in normal course of business has entered into transactions with other individuals/ entities that fall within definition of related party contained in Bangladesh Accounting Standards-24 (BAS-24) as noted below:

SL. No.	Name of Related Party	Relationship	Share Holding (%)	Outstanding 2014	Nature of Transactions
1	LankaBangla Securities Limited	Subsidiary company	90.91%	312,316,820.00	Short term loan
2	LankaBangla Investments Limited.	Subsidiary company	99.99%	3,320,257,883.00	Short term loan
3	LankaBangla Securities Limited	Subsidiary company	90.91%	2,079,506.94 .00	Lease financing
4	LankaBangla Securities Limited	Subsidiary company	90.91	2.57	Receivable against shares trading
5	LankaBangla Asset Management Company Limited	Subsidiary company	99.99%	34,200,000.00	TDR
6	LankaBangla Finance Limited Employees provident fund	Post-employment benefit plan		54,817,224.00	TDR
7	Expolanka Bangladesh Limited	Concern related to Director's		2,162,006.19	Lease financing
8.	Expolanka Bangladesh Limited	Concern related to Director's		16,000,000.00	TDR
9	STS Educational Group Ltd.	Concern related to Director's		65,146,500.00	TDR
10	STS Holdings Limited	Concern related to Director's		192,933,800.78	TDR

v)	Disclosure of transaction regarding Directors and their related concerns	Disclosed above (iv)

vi)	Lease agreement made with the Ex-Sponsor Director and Existing Depositor Director	NIL

vii)	Investment in the Securities of Directors and their related concern	NIL

37.00 Audit committee disclosures

In Compliance with the requirement of Bangladesh Bank Notification No. DFIM-13, dated 26 October, 2011-an audit committee of LankaBangla Finance Limited (LBFL) was re-constituted by the Board of Director of LBFL in its Board Circular No. 04/2013 dated July 25, 2013.

Sl. No.	Name of Member	Status in the Organization	Status in the Committee	Educational Qualification
01	Mr. Al- Mamoon Md. Sanaul Huq	Independent Director	Chairman	B. Sc. (Hons) and M.Sc in Applied Chemistry with post graduate Diploma in Management Accounting from Highbury College of Technology, Ports-mouth, UK.
02	Mr. Mahabubul Anam	Director	Member	B. Sc. Engineer from BUET
03	Mr. Mohammed A. Moyeen	Director	Member	B.Arch. from BUET
04	Mr. Mirza Ejaz Ahmed	Director	Member	MBA from IBA
05	Mr. M. Fakhrul Alam	Director	Member	MBA

The Company Secretary is to act as Secretary of the Audit committee of the Board.

During the year 2014, the Audit Committee of the Board conducted 04 (Four) meetings in which among other things, the following issues were reviewed/discussed.

a) The integrity of the financial statements of LBFL and all subsidiaries;

b) The Company's external auditor's qualifications and independence,

c) The performance and effectiveness of the Company's internal and external audits,

d) Internal controls and the measurement of operational risk, and

e) The compliance by the Company with legal and regulatory requirements.

f) Examine any matter relating to the financial and other connected to the Company.

g) Monitor all Internal and External Audit and Bangladesh bank's Inspection Program.

h) Review the efficiency of Internal Control systems and procedures, in place.

i) Review the Quality of Accounting Policies and their adherence to Statutory and Regulatory Compliance.

j) Review the Company's Annual Report and Accounts and Interim Financial Statements prepared for disclosure, before submission to the Board

k) Ensure that a well-managed sound financial reporting system is in place to provide timely reliable information to the Board of Directors, Regulatory Authorities, Management and all other stakeholders.

l) Ensure Company's policies are firmly committed to the highest standards of good corporate governance practices and operations conform to the highest ethical standards and in the best interests of all stakeholders.

38. 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 BAS/BFRS specifically suggests to measure some assets/liabilities at fair value. Such as, BAS 39 suggests to measure investment in tradable securities at its fair value by crediting shareholders' equity.

39.00 Others

a) **Board meeting and directors' remuneration**

Each Director is drawing Taka 5,000 for attending each Board Meeting. No remuneration or special payment was paid to the directors for attending board meetings or otherwise during the year 2014. Nothing is due from any Director of the Company as on the date of closing the accounts. During the year under audit five Board of Director's meetings were held. Details are as under:

Sl. No.	Meeting No.	Date of Meeting	Number of presences
01	86th Board Meeting	February 16, 2014	7
02	87th Board Meeting	May 11, 2014	7
03	88th Board Meeting	July 21, 2014	8
04	89th Board Meeting	October 27, 2014	7
05	90th Board Meeting	December 1, 2014	9
06	91st Board Meeting	December 28, 2014	7

b) **Executive Committee (EC) meeting and directors' remuneration**

Each Director is drawing Taka 5,000 for attending each Executive Committee (EC) Meeting. No remuneration or special payment was paid to the directors for attending board meetings or otherwise during the year 2014. During the year under audit ten of Executive Committee director's meetings were held. Details are as under:

Sl. No.	Meeting No.	Date of Meeting	Number of presences
01	23rd EC Meeting	January 23, 2014	3
02	24th EC Meeting	February 19, 2014	3
03	25th EC Meeting	March 12, 2014	3
04	26th EC Meeting	April 10, 2014	3
05	27th EC Meeting	April 24, 2014	3
06	28th EC Meeting	May 29, 2014	4
07	29th EC Meeting	June 24, 2014	3
08	30th EC Meeting	July 17, 2014	4
09	31st EC Meeting	July 23, 2014	3
10	32nd EC Meeting	September 1, 2014	3
11	33rd EC Meeting	September 14, 2014	4
12	34th EC Meeting	October 1, 2014	4
13	35th EC Meeting	October 24, 2014	3
14	36th EC Meeting	November 24, 2014	4
15	37th EC Meeting	December 11, 2014	3
16	38th EC Meeting	December 28, 2014	4

c) **Employees' details**

	Year-2014	Year-2013
No. of employee received TK.3,000 per month	0	0
No. of employee received more than Tk.3,000 per month	470	322
	470	**322**

d) **Event after the Reporting Period**

Dividend Information

The Board of Director in its 90th Meeting held on 18 February 2015 has recommended 10% of Stock Dividend and 10 %of Cash Dividend for the year ended 31 December 2014 for placement before shareholders at 18th Annual General Meeting of the company scheduled to be held on 19 March 2015.

e) **Capital expenditure commitment**

The Board of Directors of the Company has approved purchase of land (subject to approval of the regulatory authorities, where applicable), located at 23-24 Tejgaon Industrial Area, Dhaka measuring more or less 1.0175 bighas at a total consideration of Tk. 580 million without registration cost to set up future Corporate Office of the Company. Out of Tk.580 million, Tk.5 million already been paid within this year as booking money.

f) **Foreign remittances**

During the year 2014, the company remitted **USD 110,198.22** (in BDT 8,607,161.92) against Technical Service Fees to the Foreign Shareholders and training provider.

Sl #	Purpose	Pay to	USD	BDT
01	Training Fee -2014	Various Training provider abroad	11,155.00	876,838.60
02	Annual Maintenance Fee	TSYS Card Tech	43,440.81	3,390,555.22
03	Customization & Up-gradation	TSYS Card Tech	55,602.41	4,339,768.10

g) **Financial highlights**

Key financial highlights of the Company are annexed as **Annexure-D**.

h) **Interim financial statements**

LankaBangla Finance Limited publishes its interim financial statements quarterly as required by the Bangladesh Securities and Exchange Commission as per BAS 34 "Interim Financial Reporting".

i) **Change in and disagreement with Auditors**

There were no changes and disagreement with the Auditors on accounting and financial disclosures.

j) **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.

k) **General:**

i) All shares have been fully called up and paid up.

ii) Company Balances shown in the accounts are duly reconciled.

Director **Director** **Managing Director** **Company Secretary**

Dhaka, 18 February 2015

LANKABANGLA FINANCE LIMITED AND ITS SUBSIDIARIES

ANNEXTURE -A

CONSOLIDATED FIXED ASSETS SCHEDULE

As at 31 December 2014

Amount in Taka

Particulars	COST				DEPRECIATION					Written down value as at 31 December 2014
	Balance as at 01 January 2014	Addition during the year	Sales/ Adjustment	Balance as at 31 December 2014	Rate %	Balance as at 01 January 2014	Charged during the year	Adjustment	Balance as at 31 December 2014	
I. Freeholds assets										
Building	115,246,150	-	-	115,246,150	2.5	7,798,389	2,881,154	-	10,679,543	104,566,607
Furniture and Fittings	88,257,164	49,840,409	1,477,009	136,620,564	15	45,211,986	17,809,963	550,639	62,471,311	74,149,254
Office Equipment	139,330,701	31,719,643	3,549,357	167,500,987	20	92,858,232	22,636,292	5,589,140	109,905,385	57,595,602
Office Renovation	45,759,295	-	-	45,759,295	20	34,980,550	5,016,098	-	39,996,648	5,762,647
Motor Vehicles	27,322,619	5,829,972	2,851,500	30,301,091	25	17,625,424	1,695,985	-	19,321,409	10,979,682
	415,915,929	**87,390,024**	**7,877,866**	**495,428,087**	**-**	**198,474,581**	**50,039,493**	**6,139,779**	**242,374,295**	**253,053,792**
II. Intangible assets										
Systems and Software	**96,993,319**	**16,325,847**	**-**	**113,319,166**	20	**48,944,110**	**23,278,530**	**-**	**72,222,640**	**41,096,525**
III. Lease Hold Assets										
Motor Vehicle	**49,297,810**	**-**	**-**	**49,297,810**	20	**23,374,080**	**9,081,059**	**-**	**32,455,139**	**16,842,671**
Total (2014)	**562,207,058**	**103,715,871**	**7,877,866**	**658,045,063**		**270,792,771**	**82,399,082**	**6,139,779**	**347,052,075**	**310,992,988**

As at 31 December 2013

Amount in Taka

Particulars	COST				DEPRECIATION					Written down value as at 31 December 2013
	Balance as at 01 January 2013	Addition during the year	Sales/ Adjustment	Balance as at 31 December 2013	Rate %	Balance as at 01 January 2013	Charged during the year	Adjustment	Balance as at 31 December 2013	
I. Freeholds assets										
Building	80,476,150	34,770,000	-	115,246,150	2.5	5,351,860	2,446,529	-	7,798,389	107,447,761
Furniture and Fittings	66,262,035	22,145,129	150,000	88,257,164	15	34,523,409	10,733,577	45,000	45,211,986	43,045,178
Office Equipment	114,576,020	26,135,380	1,380,699	139,330,701	20	75,051,856	18,950,960	1,144,584	92,858,232	46,472,469
Office Renovation	42,550,121	6,292,712	3,083,538	45,759,295	20	29,903,147	6,114,111	1,036,708	34,980,550	10,778,745
Motor Vehicles	29,822,619	-	2,500,000	27,322,619	25	17,884,296	2,241,128	2,500,000	17,625,424	9,697,195
	333,686,945	**89,343,221**	**7,114,237**	**415,915,929**		**162,714,568**	**40,486,305**	**4,726,292**	**198,474,581**	**217,441,348**
II. Intangible assets										
Systems and Software	**78,274,644**	**18,718,675**	**-**	**96,993,319**	20	**30,619,180**	**18,324,930**	**-**	**48,944,110**	**48,049,209**
III. Lease Hold Assets										
Motor Vehicle	**41,133,867**	**15,077,000**	**6,913,057**	**49,297,810**	20	**21,629,701**	**8,657,436**	**6,913,057**	**23,374,080**	**25,923,730**
Total (2013)	**453,095,456**	**123,138,896**	**14,027,294**	**562,207,058**		**214,963,449**	**67,468,671**	**11,639,349**	**270,792,771**	**291,414,287**

GROWING WITH GREEN

LANKABANGLA FINANCE LIMITED

SCHEDULE OF FIXED ASSETS

As at 31 December 2014

ANNEXTURE -B

GROWING WITH GREEN

Amount in Taka

Particulars	COST				DEPRECIATION					Written down value as at 31 December 2014
	Balance as at 01 January 2014	Addition during the year	Sales/ Adjustment	Balance as at 31 December 2014	Rate %	Balance as at 01 January 2014	Charged during the year	Adjustment	Balance as at 31 December 2014	
I. Freeholds assets										
Furniture & Fittings	68,879,101	48,802,628	1,477,009	116,204,720	15	38,049,199	14,475,519	443,103	52,081,615	64,123,105
Office Equipment	74,038,149	27,199,079	2,180,470	99,056,758	20	47,836,703	13,282,156	1,812,574	59,306,285	39,750,473
Motor Vehicles	17,336,945	-	-	17,336,945	25	9,931,427	133,500	-	10,064,927	7,272,018
	160,254,194	**76,001,707**	**3,657,479**	**232,598,422**		**95,817,328**	**27,891,175**	**2,255,677**	**121,452,826**	**111,145,596**
II. Intangible assets										
Systems and Software	**30,246,151**	**12,972,481**	**-**	**43,218,632**	20	**23,712,514**	**3,144,873**	**-**	**26,857,387**	**16,361,245**
III. Leaseholds assets										
Motor Vehicles	**4,900,000**	**-**	**-**	**4,900,000**	25	**2,450,000**	**1,224,999**	**-**	**3,674,999**	**1,225,001**
Total (2014)	**195,400,345**	**88,974,187**	**3,657,479**	**280,717,053**		**121,979,842**	**32,261,046**	**2,255,677**	**151,985,212**	**128,731,842**

As at 31 December 2013

Amount in Taka

Particulars	COST				DEPRECIATION					Written down value as at 31 December 2013
	Balance as at 01 January 2013	Addition during the year	Sales/ Adjustment	Balance as at 31 December 2013	Rate %	Balance as at 01 January 2013	Charged during the year	Adjustment	Balance as at 31 December 2013	
I. Freeholds assets										
Furniture & Fittings	50,200,178	18,828,923	150,000	68,879,101	15	30,427,245	7,666,953	45,000	38,049,199	30,829,902
Office Equipment	53,900,627	21,313,202	1,175,680	74,038,149	20	40,070,682	8,769,240	1,003,220	47,836,703	26,201,446
Motor Vehicles	19,836,945	-	2,500,000	17,336,945	25	11,992,927	438,500	2,500,000	9,931,427	7,405,518
	123,937,749	**40,142,125**	**3,825,680**	**160,254,194**		**82,490,854**	**16,874,693**	**3,548,220**	**95,817,328**	**64,436,866**
II. Intangible assets										
Systems and Software	**27,534,021**	**2,712,130**	**-**	**30,246,151**	20	**22,932,188**	**780,326**	**-**	**23,712,514**	**6,533,637**
III. Leaseholds assets										
Motor Vehicles	**4,900,000**	**-**	**-**	**4,900,000**	25	**1,225,000**	**1,225,000**	**-**	**2,450,000**	**2,450,000**
Total (2013)	**156,371,770**	**42,854,255**	**3,825,680**	**195,400,345**		**106,648,042**	**18,880,019**	**3,548,220**	**121,979,842**	**73,420,503**

AMARSTOCK

LANKABANGLA FINANCE LIMITED

CLASSIFICATION OF LEASES, LOANS AND ADVANCES WITH PROVISIONS AND INTEREST SUSPENSES

As on 31 December 2014

ANNEXTURE -C

Products	Total	Balance Outstanding						Base for Provision				Amount of Provision Required	Interest in Suspense		
		Unclassified (UC)			Classified			SMA	Sub Standard (SS)	Doubtful (DF)	Bad/ Loss (BL)		SMA	Classified	Total
		Standard	Standard-SME	SMA	Sub Standard (SS)	Doubtful (DF)	Bad/ Loss (BL)								
Corporate															
Factoring	350,286,986	324,686,215		13,472,960	2,758,574	6,887,243	2,481,994	13,472,960	2,516,707	6,196,754	2,481,994	10,004,223	-	932,356	932,356
Lease Finance	1,773,460,480	1,143,136,370	-	14,142,831	21,708,802	283,725,550	306,160,734	30,974,324	7,227,014	73,929,879	148,885,529	200,322,614	3,060,507	129,628,116	132,688,623
Secured Overdraft	41,659,455	41,659,455		-	-	-	-	-	-	-	-	416,595	-	-	-
Short Term Loan	2,867,029,990	2,867,028,973	-	-	-	-	1,017	-	-	-	-	28,670,290	-	-	-
Short Term loan to Subsidiaries	3,632,574,703	3,632,574,703	-	-	-	-	-	-	-	-	-	36,325,747	-	-	-
Term Loan	7,269,301,975	6,423,411,277	-	625,588,323	60,181,514	81,052,603	79,068,258	610,414,713	8,664,041	1,257,718	50,936,657	148,055,353	38,916,611	28,834,127	67,750,737
Syndication Finance	762,045,459	762,045,459	-	-	-	-	-	-	-	-	-	7,620,455	-	-	-
Work Order Finance	79,334,255	-	-	-	-	-	79,334,255	-	-	-	40,550,950	40,550,950	-	16,133,305	16,133,305
	16,775,693,303	**15,194,542,452**	**-**	**653,204,115**	**84,648,890**	**371,665,396**	**467,046,258**	**654,861,997**	**18,407,762**	**81,384,351**	**242,855,130**	**471,966,225**	**41,977,118**	**175,527,903**	**217,505,021**
Retail Finance															
Auto Loan	1,675,906,406	1,609,633,477	-	53,728,556	7,487,327	2,550,936	2,506,110	52,282,308	5,523,273	2,024,865	1,931,822	22,759,359	1,446,248	3,064,414	4,510,662
Home Loan	2,926,769,390	2,825,174,809	-	51,731,093	16,478,421	13,752,673	19,632,394	47,398,887	2,356,973	1,428,771	3,121,532	34,929,005	7,044,206	5,561,272	12,605,478
Credit Cards	1,294,555,556	1,091,878,179	-	68,909,965	14,828,082	10,721,881	108,217,449	67,576,897	14,538,443	10,570,373	107,082,788	129,573,290	1,342,357	1,618,604	15,086,134
Personal Loan	970,652,140	751,664,157	-	217,504,388	-	-	1,483,595	202,131,372	-	-	1,474,930	19,098,140	15,373,016	8,665	15,381,680
	6,867,883,491	**6,278,350,622**	**-**	**391,874,002**	**38,793,831**	**27,025,489**	**131,839,548**	**369,389,464**	**22,418,689**	**14,024,009**	**113,611,072**	**206,359,794**	**25,205,827**	**10,252,954**	**47,583,954**
SME															
SME	**622,417,278**	**4,586,193**	**490,817,305**	**20,705,724**	**21,635,391**	**9,788,117**	**79,470,741**	**19,420,464**	**13,772,080**	**7,070,346**	**63,370,168**	**71,857,823**	**1,285,260**	**21,908,847**	**23,194,107**
Total	**24,265,994,073**	**21,477,479,268**	**490,817,305**	**1,065,783,841**	**145,078,111**	**408,479,002**	**678,356,546**	**1,043,671,925**	**54,598,531**	**102,478,707**	**419,836,370**	**750,183,842**	**68,468,205**	**207,689,705**	**288,283,083**

* Segregation of outstanding (Unclassified and Classified), base for provision, provision and interest suspense have been calculated based on Bangladesh Bank guidelines
* Base for provision for SMA has been calculated according to total outstanding minus interest suspense
* Base for provision for SS, DF and BL have been calculated according to total outstanding minus interest suspense minus eligible securities
* Provision has been calculated according to below rates of Bangladesh Bank guidelines

Particulars	Percentage
Standard except SME Standard (UC)	1.00%
Standard-SME (UC)	0.25%
Special Mention Account (SMA)	5.00%
Sub Standard (SS)	20.00%
Doubtful (DF)	50.00%
Bad/ Loss (BL)	100.00%

IN STOCK

GROWING WITH GREEN

HIGHLIGHTS

ANNEXURE-D

(AS PER BANGLADESH BANK GUIDLINES)

Amount in taka (mn)

Sl no.	Key indicators	LankaBangla Group		LankaBangla Finance Limited	
		2014	2013	2014	2013
1	Paid-up capital	2,187.67	2,083.49	2,187.67	2,083.49
2	Total capital	6,946.73	6,839.91	4,916.88	4,525.33
3	Capital surplus	3,095.14	3,631.01	1,654.66	1,820.71
4	Total assets	39,128.79	32,648.23	32,352.72	26,629.58
5	Total deposits	16,682.97	10,827.26	16,717.17	10,875.95
6	Total loans, advances and leases	30,396.39	25,424.48	24,265.99	19,258.88
7	Total contingent liabilities and commitments	7,104.88	4,209.64	7,104.88	4,209.64
8	Credit deposit ratio	1.82	2.35	1.45	1.77
9	Percentage of classified loans against total loans, advances and leases	4.05%	3.66%	5.08%	4.84%
10	Profit after tax and provision	453.99	954.55	651.72	448.06
11	Amount of classified loans during current year	1,231.91	931.21	1,231.91	931.21
12	Provisions kept against classified loans	479.91	412.29	479.91	412.29
13	Provision surplus against classified loan	-	-	-	-
14	Cost of fund	10.64%	13.09%	10.64%	13.09%
15	Interest earnings assets	33,287.66	28,758.64	26,238.65	20,987.58
16	Non-interest earnings assets	5,841.13	3,889.59	6,114.07	5,642.00
17	Return on investment (ROI)	1.22%	3.05%	2.38%	2.03%
18	Return on assets (ROA)	1.16%	2.92%	2.01%	1.68%
19	Income from investment	198.76	747.95	262.86	311.81
20	Earnings Per Share (EPS) (restated :2013)	2.02	4.28	2.98	2.05
21	Net income per share (restated:2013)	2.02	4.28	2.98	2.05
22	Market price per share	44.00	66.50	44.00	66.50
23	Price earnings ratio	21.77	15.56	14.77	32.47

AMARSTOCK

LANKABANGLA SECURITIES LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014



STOCK

LankaBangla™
SECURITIES

Ahmed Zaker & Co.
CHARTERED ACCOUNTANTS
A MEMBER FIRM OF KINGSTON SOREL INTERNATIONAL, DEVONSHIRE HOUSE, 60, GOSWELL ROAD, LONDON EC1M 7AD

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
LANKABANGLA SECURITIES LIMITED

We have audited the accompanying Financial Statements of LankaBangla Securities Limited, which comprise the Statement of Financial Position as at December 31, 2014 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Bangladesh Financial Reporting Standards along with Rules & Regulation Issued by the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, the Companies Act 1994 and other applicable laws and regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing, those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Financial Statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) give a true and fair view of the state of the affairs of the Company as of December 31, 2014 and of the results of its operations and its cash flows for the year ended and comply with the Companies Act 1994, Bangladesh Securities and Exchange Commission Rule 1987 Chittagong Stock Exchange Rule 1995 and other applicable laws and regulations.

Report on Other Legal and Regulatory Requirements

We also report that;

a. 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

b. In our opinion proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books

c. The company's Consolidated Statement of Financial Position, Consolidated Statement of Comprehensive Income and Consolidated Statement of Cash Flow dealt with by the report are in agreement with the books of accounts

d. The expenditure incurred and payment made were for the purposes of the company's business for the year

Place : Dhaka
Dated: 16 February, 2015

Ahmed Zaker & Co.
Chartered Accountants

LANKABANGLA SECURITIES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2014

Particulars	Notes	Consolidated		Separate	
		31.12.2014	31.12.2013	31.12.2014	31.12.2013
ASSETS					
Non-current assets					
Property, plant and equipment	4	170,188,662	203,811,460	170,188,662	203,811,460
Long term loan to employees'	5	14,025,679	9,496,000	14,025,679	9,496,000
Long Term Investment in Shares	6	1,511,025,167	885,625,850	1,512,023,167	885,625,850
Total non-current assets		**1,695,239,508**	**1,098,933,310**	**1,696,237,508**	**1,098,933,310**
Current assets					
Advances, deposits and prepayments	7	268,876,022	186,898,087	268,876,022	186,898,087
Investments	8	879,589,354	179,416,590	879,589,354	179,416,590
Current portion of loans and advances	9	9,015,072	53,300,706	9,015,072	53,300,706
Accounts receivable	10	5,534,971,578	5,149,008,983	5,534,771,578	5,149,008,983
Accrued interest		3,051,305	3,033,558	3,051,305	3,033,558
Cash and cash equivalents	11	802,003,022	1,493,127,089	801,004,772	1,493,127,089
Total current assets		**7,497,506,355**	**7,064,785,013**	**7,496,308,105**	**7,064,785,013**
TOTAL ASSETS		**9,192,745,862**	**8,163,718,323**	**9,192,545,612**	**8,163,718,323**
SHAREHOLDER'S EQUITY AND LIABILITIES					
Shareholder's Equity					
Share capital	12	2,021,264,700	1,925,014,000	2,021,264,700	1,925,014,000
Share premium	13	1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000
General reserve	14	54,835,887	47,724,361	54,835,887	47,724,361
Fair value measurement reserve	15	98,418,360	98,418,360	98,418,360	98,418,360
Retained earnings		1,462,986,996	1,354,492,615	1,462,835,051	1,354,492,615
Non controlling interest		2,305	-	-	-
Total equity		**4,837,508,248**	**4,625,649,336**	**4,837,353,998**	**4,625,649,336**
Liabilities					
Non-current liabilities					
Term loan	16	840,884,017	223,496,712	840,884,017	223,496,712
Defined benefit obligations	17	77,753,296	58,666,967	77,753,296	58,666,967
Deferred tax liabilities	18	1,998,191	5,616,187	1,998,191	5,616,187
Finance lease obligation	19	8,102,122	12,815,213	8,102,122	12,815,213
Total non-current liabilities		**928,737,625**	**300,595,079**	**928,737,625**	**300,595,079**
Current liabilities					
Accounts payable	20	626,686,893	438,849,125	626,640,893	438,849,125
Short term loans	21	1,850,552,897	1,370,860,158	1,850,552,897	1,370,860,158
Provision for current tax	22	80,098,140	42,416,048	80,098,140	42,416,048
Current portion of lease obligation	23	4,929,379	8,044,269	4,929,379	8,044,269
Current portion of term loan	24	336,364,343	705,312,533	336,364,343	705,312,533
Provision for negative equity & others	25	361,605,558	546,294,916	361,605,558	546,294,916
Other liabilities	26	166,262,779	125,696,859	166,262,779	125,696,859
Total current liabilities		**3,426,499,989**	**3,237,473,908**	**3,426,453,989**	**3,237,473,908**
Total liabilities		**4,355,237,615**	**3,538,068,987**	**4,355,191,615**	**3,538,068,987**
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		**9,192,745,862**	**8,163,718,323**	**9,192,545,612**	**8,163,718,323**

The annexed notes 1-44 form an integral part of these financial statements.

Director | **Chief Executive Officer** | **Company Secretary**

Place: Dhaka
Dated: February 16, 2015

Ahmed Zaker & Co.
Chartered Accountants

GROWING WITH GREEN

LANKABANGLA SECURITIES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2014

Particulars	Notes	Consolidated		Separate	
		31.12.2014	31.12.2013	31.12.2014	31.12.2013
Revenue					
Interest Income	27	724,145,212	873,684,235	724,145,212	873,684,235
Income from investment	28	51,350,542	409,849,705	51,350,542	409,849,705
Brokerage income	29	675,776,389	477,095,920	675,776,389	477,095,920
Other operational income	30	36,024,664	27,892,945	35,824,664	27,892,945
Total Revenue		**1,487,296,807**	**1,788,522,804**	**1,487,096,807**	**1,788,522,804**
Cost of services		**(542,009,823)**	**(553,904,464)**	**(542,009,823)**	**(553,904,464)**
Interest expenses	31	457,346,309	485,862,183	457,346,309	485,862,183
Other costs directly attributable to services	32	84,663,513	68,042,281	84,663,513	68,042,281
Gross profit		**945,286,985**	**1,234,618,340**	**945,086,985**	**1,234,618,340**
Other non-operational income	33	3,639,904	4,667,900	3,639,904	4,667,900
Operating expenses		**(438,817,697)**	**(374,421,629)**	**(438,769,947)**	**(374,421,629)**
Salary and allowances	34	223,950,037	186,471,520	223,950,037	186,471,520
Rent, taxes, insurance, electricity etc.	35	40,492,899	33,336,479	40,492,899	33,336,479
Legal & professional fees	36	2,486,892	2,214,763	2,486,892	2,214,763
Postage, stamp, telecommunication etc.	37	3,785,207	3,562,037	3,785,207	3,562,037
Stationery, printing, advertisement	38	10,870,859	7,244,040	10,870,859	7,244,040
Director fees and expenses	39	564,710	507,652	564,710	507,652
Audit fees	40	161,000	115,000	115,000	115,000
Repairs, maintenance and depreciation	41	44,865,897	43,642,806	44,865,897	43,642,806
Other expenses	42	111,640,195	97,327,333	111,638,445	97,327,333
Operating profit before provisions		**510,109,191**	**864,864,611**	**509,956,941**	**864,864,611**
Other Provisions		**(35,589,378)**	**(240,000,000)**	**(35,589,378)**	**(240,000,000)**
For doubtful loans and advances		-	240,000,000	-	240,000,000
For diminution in value of investment		35,589,378	-	35,589,378	-
Profit before tax (PBT)		**474,519,813**	**624,864,611**	**474,367,563**	**624,864,611**
Income tax income/(expense)		**(163,300,004)**	**(140,112,098)**	**(163,300,004)**	**(140,112,098)**
Current tax expense		(166,918,000)	(121,990,755)	(166,918,000)	(121,990,755)
Deferred tax income		3,617,996	(18,121,343)	3,617,996	(18,121,343)
Profit after tax (PAT)		**311,219,809**	**484,752,512**	**311,067,559**	**484,752,512**
Attributable to					
Shareholders of the company		311,219,505	484,752,512	311,067,559	484,752,512
Non controlling interest		305	-	-	-
		311,219,809	**484,752,512**	**311,067,559**	**484,752,512**
Earnings Per Share (2013 restated)	43	**1.54**	**2.40**	**1.54**	**2.40**

The annexed notes 1-44 form an integral part of these financial statements.

Director | **Chief Executive Officer** | **Company Secretary**

Place: Dhaka
Dated: February 16, 2015

Ahmed Zaker & Co.
Chartered Accountants

LANKABANGLA SECURITIES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2014

Particulars	Share Capital	Share Premium	General eserve	Fair Value eserve	Retained Earnings	Total	Non Controlling Interest	Total
Balance at January 01, 2013	1,925,014,000	1,200,000,000	48,387,883	493,394,000	873,924,106	4,540,719,989	-	4,540,719,989
Changes in equity for 2013				-			-	
Total comprehensive income for the year	-	-	-	-	484,752,512	484,752,512	-	484,752,512
Transfer to general reserve	-	-	(663,522)	-	663,522	-	-	-
Fair Value Measurement Reserve	-	-	-	(394,975,640)	-	(394,975,640)	-	(394,975,640)
Donate to LB Foundation	-	-	-	-	(4,847,525)	(4,847,525)	-	(4,847,525)
Balance at December 31, 2013	**1,925,014,000**	**1,200,000,000**	**47,724,361**	**98,418,360**	**1,354,492,615**	**4,625,649,336**	**-**	**4,625,649,336**
Changes in equity for 2014				-			-	
Total comprehensive income for the year	-	-	-	-	311,219,505	311,219,505	305	311,219,809
Stock dividend	96,250,700	-	-	-	(96,250,700)	-	-	-
Cash dividend	-	-	-	-	(96,250,700)	(96,250,700)	-	(96,250,700)
Non controlling interest	-	-	-	-	-	-	2,000	2,000
Transfer to general reserve	-	-	7,111,526	-	(7,111,526)	-	-	-
Donate to LB Foundation	-	-	-	-	(3,112,198)	(3,112,198)	-	(3,112,198)
Balance at December 31, 2014	**2,021,264,700**	**1,200,000,000**	**54,835,887**	**98,418,360**	**1,462,986,996**	**4,837,505,943**	**2,305**	**4,837,508,248**

The annexed notes 1-44 form an integral part of these financial statements.

Director | **Chief Executive Officer** | **Company Secretary**

Place: Dhaka
Dated: February 16, 2015

Ahmed Zaker & Co.
Chartered Accountants

AMAR STOCK

GROWING WITH GREEN

LANKABANGLA SECURITIES LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2014

Particulars	Share Capital	Share Premium	General Reserve	Fair Value Reserve	Retained Earnings	Total Equity
Balance at January 01, 2013	1,925,014,000	1,200,000,000	48,387,883	493,394,000	873,924,106	4,540,719,989
Changes in equity for 2013						
Total comprehensive income for the year	-	-	-	-	484,752,512	484,752,512
Transfer to general reserve	-	-	(663,522)	-	663,522	-
Fair Value Measurement Reserve	-	-	-	(394,975,640)	-	(394,975,640)
Donate to LB Foundation	-	-	-	-	(4,847,525)	(4,847,525)
Balance at December 31, 2013	**1,925,014,000**	**1,200,000,000**	**47,724,361**	**98,418,360**	**1,354,492,615**	**4,625,649,336**
Changes in equity for 2014						
Total comprehensive income for the year	-	-	-	-	311,067,559	311,067,559
Stock dividend	96,250,700	-	-	-	(96,250,700)	-
Cash dividend	-	-	-	-	(96,250,700)	(96,250,700)
Transfer to general reserve	-	-	7,111,526	-	(7,111,526)	-
Donate to LB Foundation	-	-	-	-	(3,112,198)	(3,112,198)
Balance at December 31, 2014	**2,021,264,700**	**1,200,000,000**	**54,835,887**	**98,418,360**	**1,462,835,051**	**4,837,353,998**

The annexed notes 1-44 form an integral part of these financial statements.

Director | **Chief Executive Officer** | **Company Secretary**

Place: Dhaka
Dated: February 16, 2015

Ahmed Zaker & Co.
Chartered Accountants

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LANKABANGLA SECURITIES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2014

Particulars	Consolidated		Separate	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Cash Flows from Operating Activities				
Receipts from clients	31,837,064,103	13,192,908,540	31,837,064,103	13,192,908,540
Payment to clients	(17,475,518,948)	(9,705,654,659)	(17,475,518,948)	(9,705,654,659)
Receipts from DSE & CSE	7,565,989,850	7,231,949,183	7,565,989,850	7,231,949,183
Payment to DSE & CSE	(21,041,033,662)	(9,557,611,916)	(21,041,033,662)	(9,557,611,916)
Brokerage sharing with clients	(33,866,839)	(763,327)	(33,866,839)	(763,327)
Payment to CDBL	(44,858,802)	(35,289,913)	(44,858,802)	(35,289,913)
Gratuity Payment	(5,455,559)	(844,387)	(5,455,559)	(844,387)
Non-operating Income	4,135,289	681,450	4,135,289	681,450
Operating expenses	(390,905,055)	(346,513,130)	(390,903,305)	(346,513,130)
	415,550,377	**778,861,842**	**415,552,127**	**778,861,842**
Other Operating Activities				
Interest payment	(423,066,601)	(495,456,179)	(423,066,601)	(495,456,179)
Interest Income	57,535,713	38,690,475	57,535,713	38,690,475
Advance, deposits & prepayments	7,488,020	(67,252,712)	7,488,020	(67,252,712)
Income Tax paid	(38,399,107)	(112,484,024)	(38,399,107)	(112,484,024)
	(396,441,975)	**(636,502,440)**	**(396,441,975)**	**(636,502,440)**
Net cash used in operating activities	**19,108,401**	**142,359,402**	**19,110,151**	**142,359,402**
Cash Flows from Investing Activities				
Investment in Shares	(1,325,572,081)	504,661,979	(1,326,570,081)	504,661,979
Capital gain from investment in shares	38,616,604	406,178,861	38,616,604	406,178,861
Cash dividend income	12,733,939	3,670,843	12,733,939	3,670,843
Advance Against property, Plant & Equipment	(49,710,000)	(139,258,000)	(49,710,000)	(139,258,000)
Leased assets	(7,827,981)	6,728,837	(7,827,981)	6,728,837
Sale of fixed assets	249,654	3,782,100	249,654	3,782,100
Acquisition of fixed assets	(10,468,193)	(76,033,660)	(10,468,193)	(76,033,660)
Net Cash used in Investing Activities	**(1,341,978,059)**	**709,730,961**	**(1,342,976,059)**	**709,730,961**
Cash Flows from Financing Activities				
Long Term Loan from Bank & Other Institutions	1,000,000,000	500,000,000	1,000,000,000	500,000,000
Repayment of Loan	(751,560,886)	(728,371,861)	(751,560,886)	(728,371,861)
Cash dividend	(96,388,262)	(36,878,649)	(96,388,262)	(36,878,649)
Non controlling interest	2,000	-	-	-
Short term Loan	479,692,739	(96,074,881)	479,692,739	(96,074,881)
Net Cash flow from Financing Activities	**631,745,591**	**(361,325,391)**	**631,743,591**	**(361,325,391)**
Net increase in Cash and Cash Equivalents	(691,124,067)	490,764,972	(692,122,317)	490,764,972
Cash & Cash Equivalent as on January 01,2014	1,493,127,089	1,002,362,116	1,493,127,089	1,002,362,116
Cash & Cash Equivalent as on December 31,2014	**802,003,022**	**1,493,127,088**	**801,004,772**	**1,493,127,089**

The annexed notes 1-44 form an integral part of these financial statements.

Director | **Chief Executive Officer** | **Company Secretary**

Place: Dhaka
Dated: February 16, 2015

Ahmed Zaker & Co.
Chartered Accountants

LANKABANGLA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014

1.00 Company and its activities

1.01 Legal status of the company

LankaBangla Securities Limited (here in after referred to as "LBSL" or "the Company") was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-33276(22)/97 dated July 03, 1997 as a Private Company Limited by Shares namely: Vanik (BD) Securities Limited. Subsequently the company renamed as LankaBangla Securities Limited on April 27, 2005. On March 02, 2010 the Company was emerged as a Public Limited Company with its registered office at Safura Tower, 11th Floor, 20 Kemal Ataturk Avenue, Banani, Dhaka. The Company was entitled to commence its business from July 03, 1997 and the Company is a subsidiary of LankaBangla Finance Limited, a Non Banking Financial Institution incorporated in Bangladesh under the Bangladesh Bank.

1.02 Principal activities of the company

The principal activities of the company are to act as a member of Dhaka Stock Exchanges Ltd. and Chittagong Stock Exchange Ltd. to carry on the business of brokers or dealers in stocks, shares and securities, commercial papers, bonds, debentures, debentures stocks, foreign currencies, treasury bills and/or any financial instruments. The company has ten branches in Bangladesh namely Dhaka-Principal, Banani, Islampur, Uttara, Chittagong-Khatungonj, Nasirabad, Agrabad, Sylhet-Sylhet, Comilla-Comilla and Narayangonj- Narayangonj Branch.

2.00 Basis of preparation and Significant Accounting Policies

2.01 Components of the financial statements

The financial statements referred to here comprise:

a) Statement of Financial Position;

b) Statement of Comprehensive Income;

c) Statement of Changes in Equity;

d) Statement of Cash Flows; and

e) Notes to the Financial Statements.

2.02 Statement of compliance

The financial statements have been prepared on a going concern basis following accrual basis of accounting except for statement of cash flows in accordance with the Companies Act 1994, Bangladesh Securities and Exchange Rules 1987, the Listing Rules of Dhaka and Chittagong Stock Exchanges and International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh as Bangladesh Financial Reporting Standards (BFRS's) including Bangladesh Accounting Standards (BASs) and other applicable laws and regulations.

2.03 Basis of measurement

The financial statements have been prepared based on historical cost convention basis, except Investment for Membership in Dhaka Stock Exchange and Chittagong Stock Exchange which have been re-measured at fair value. No adjustment has been made for inflationary factors affecting the financial statements. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with those of the previous year.

2.04 Date of authorization

The Board of Directors accorded its approval and authorized these financial statements on February 16, 2015.

2.05 Presentation and functional currency and level of precision

The financial statements have been presented in Bangladesh Taka (BDT) currency, which is the Company's functional currency. All financial information presented in BDT has been rounded off to the nearest integer.

2.06 Use of estimates and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements.

Provisions and accrued expenses are recognized in the financial statements in line with the Bangladesh Accounting Standard

(BAS) 37 “Provisions, Contingent Liabilities and Contingent Assets” when

- The Company has a legal or constructive obligation as a result of past event.
- It is probable that an outflow of economic benefit will be required to settle the obligation.
- A reliable estimate can be made for the amount of the obligation.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognized in the period in which the estimates are revised.

2.07 Going concern

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

2.08 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.

2.09 Property, Plant and equipment

i) Recognition and measurement

Freehold assets

The cost of an item of property and equipment is recognized as an asset if, it is probable that the future economic benefits associated with the item will flow to the company and the cost of item can be measured reliably.

Property and Equipment are stated at cost less accumulated depreciation. Cost represents the cost of acquisition includes purchase price and other directly attributable cost of bringing the assets to working conditions for its intended use as per Bangladesh Accounting Standard (BAS) 16 “Property, Plant and Equipment”.

Leasehold assets

Leasehold assets of which the Company assumes substantially all the risks and rewards of ownership are accounted for as finance leases and capitalized at the inception of the lease at fair value of the leased property or at the present value of the minimum lease payment, which ever is lower as per Bangladesh Accounting Standard (BAS) 17 “Leases”. The corresponding obligation under the lease is accounted for as liability.

ii) Subsequent expenditure on property and equipment

Subsequent expenditure is capitalized only when it increases the future economic benefit from the assets and that cost can be measured reliably. All other expenditures are recognized as an expense as and when they are incurred.

iii) Depreciation

Depreciation is calculated on the cost of fixed assets in order to write off such amounts over the estimated useful lives of such assets. The rates of depreciation used on a straight-line method are as follows:

Building	2.5%
Office equipment	20%
Furniture and fixtures	10%
Office renovation	20%
Motor Vehicle	20%
Data Center & Dr.	30%
Lease Assets	20%

Half year’s depreciation is charged in the year in which the related assets are put into use and disposed off irrespective of the date.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the Comprehensive Income statement.

2.10 Intangible assets and amortization of intangible assets

Intangible assets acquired separately are measured on initial recognition at cost and are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is calculated using the straight line method to write down the cost of intangible assets to their residual values over their estimated useful lives based on the management best estimates. Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits in the specifications to which it relates. All other expenditure is treated as expense as incurred.

2.11 Investment in stock exchanges for membership

In accordance with section 8(Gha) of the Exchanges Demutualization Act. 2013, both stock exchange membership has been converted into shares through the issuance of "Trading Right Entitlement Certificate (TREC)" by the DSE & CSE. Currently Trading Right Entitlement Certificate has no value due to the stock exchanges did not issue any TREC other than existing members.

2.12 Investment in securities

Investment in quoted shares and unquoted shares are initially recognized at cost plus transaction costs that are directly attributable to the acquisition of the shares. After initial recognition, investment in quoted shares has been revalued at cost at reporting date. Net of unrealized gain and loss has not been recognized in profit and loss account.

2.13 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits held with banks and financial institutions and short term liquid investments that are readily convertible to known amount of cash and that are subject to an insignificant risk of change in value.

Cash flow statement has been prepared in accordance with the Bangladesh Accounting Standards (BAS) 7, "Cash flow statement" under direct method.

2.14 Provision for tax

Current tax

Provision for current tax is made in accordance with the provision of Income Tax Ordinance, 1984 and subsequent amendments made thereto from time to time.

Deferred Tax

Deferred Tax is calculated as per Bangladesh Accounting Standard (BAS) 12 "Income Taxes". Deferred Tax is recognized on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred Tax liabilities are recognized for all taxable temporary differences. Deferred Tax assets are generally recognized for all deductible temporary differences.

Deferred Tax is measured at the tax rate that is expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date

2.15 Revenue Recognition

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the enterprise the revenue during the year and in accordance with the Bangladesh Accounting Standard (BAS) 18 "Revenue Recognition":

a. Brokerage commission

Brokerage commission is recognized as income when selling or buying order executed.

b. Interest Income from margin loan

Interest Income from margin loan is recognized on accrual basis. Such income is calculated on daily margin loan balance of the respective parties. Income is recognized on monthly basis.

c. Dividend income and profit/(loss) on sale of marketable securities

Dividend income is recognized when right to receive payment is established whereas profit or loss arising from the sale of securities is accounted for only when shares are sold in the market and profit is realized or loss is incurred.

2.16 Earning per share

The Company calculates earning per share in accordance with Bangladesh Accounting Standard (BAS) 33 "Earning per Share" which has been shown in the face of the Profit and Loss Account.

2.17 General reserve

The Board of LankaBangla Securities has decided to create a general reserve by 1% on outstanding margin loan provided to the client against marketable securities. Add or adjustment with general reserve will depend on size of outstanding margin loan for the respective year.

2.18 LB Foundation

The Board of LankaBangla Securities Limited has decided at 69th Board Meeting to contribute 1% of net profit after tax to LB Foundation for CSR.

2.19 Employee benefit Obligation

a. Defined contribution plan

The Company operates a contributory provident fund for its permanent employees. The fund is approved by the National Board of Revenue (NBR), administered separately by a Board of Trustees and is funded by the equal contribution both by the Company and employees at a predetermined rate. This fund is invested separately from the Company's assets and is audited by an external auditor.

b. Defined benefit plan (Gratuity scheme)

The Company has an unfunded gratuity scheme for all eligible employees who have completed minimum 02 (two) years of confirmed service with the Company. Required amount of gratuity is calculated on the basis of last basic pay depending on the length of service for every completed year as well as proportionate to the fraction period of service as of the respective financial year.

Following benefits are payable on retirement, death or leaving service:

Year of confirmed service	% of entitlement
2 years and above but less than 4 years	50% of last basic salary
4 years and above but less than 5 years	100% of last basic salary
5 years and above	150% of last basic salary

2.20 Related party disclosure

As per Bangladesh Accounting Standards (BAS)-24 "Related Party Disclosures", parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with related parties.

Related party disclosures have been given in Note- 44.

2.21 Event after the Balance Sheet Date

The Board of Directors in its meeting held on 16 February 2015 recommended 10% stock dividend for the year 2014.

Proposed dividend has not been recognized as a liability in the Statement of Financial Position in accordance with Bangladesh Accounting Standard (BAS)-10 "Event after the Balance Sheet Date".

2.22 Reclassifications

To facilitate comparison, certain relevant balances pertaining to the previous year has been rearranged/restated/reclassified whenever considered necessary to conform to current year's presentation.

2.23 Branch accounting

The Company has a total ten number of Branch offices (excluding Head Office), with no overseas branch as on December 31, 2014. Accounts of the branches are maintained at the head offices which are included in the accompanying financial statements.

2.24 Investment in LankaBangla Information Technology Limited

Investment in Shares of LankaBangla Information Technology Limited has been made and acquired 99.8% of Shares at a cost of Tk. 998,000 of which face value per share is Tk. 10 only.

2.25 Comparative:

Comparative information have been disclosed in respect of the previous year for all numerical information in the financial statements including narrative and descriptive information when it is relevant for understanding of the current year's financial statements.

Previous year's figure has been re-arranged whenever considered necessary to ensure comparability with the current year's presentation as per BAS-8 "Accounting Policies, Changes in Accounting Estimates and Errors". During the year prior year adjustment has been made in the interest income, Provision for negative equity shares & others and provision for doubtful loan & advances.

2.26 Application of Bangladesh Accounting Standards (BASs):

The Financial Statements have been prepared in compliance with requirement of BAS as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh. The following BASs are applicable for the financial statements for the period under review:

BAS- 1 Presentation of Financial Statements

BAS- 7 Statement of Cash Flows

BAS- 8 Accounting Policies, Changes in Accounting Estimates and Errors

BAS- 10 Events after the Reporting Period

BAS- 12 Income Taxes

BAS- 16 Property, Plant and Equipment

BAS- 17 Leases

BAS- 18 Revenue

BAS- 18 Employees Benefit

BAS- 23 Borrowing Cost

BAS- 24 Related Party Disclosure

BAS- 32 Financial Instruments Presentation

BAS- 37 Provisions, Contingent Liabilities and Contingent Assets

BAS- 39 Financial Instruments : Recognition and Measurement

BFRS- 7 Financial Instruments : Disclosures

BFRS- 13 Fair Value Measurement

3.00 Directors' responsibility statement

The Board of Directors takes the responsibility for the preparation and presentation of these financial statements as per section 183 of companies Act 1994.

AMAR STOCK

Amount in Taka

	Consolidated		Separate	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
4.00 Property, Plant & Equipment				
Cost:				
Opening balance	336,981,668	271,082,669	336,981,668	271,082,669
Add: Addition during the year	10,468,193	76,033,660	10,468,193	76,033,660
	347,449,860	**347,116,329**	**347,449,860**	**347,116,329**
Less: Disposal during the year	1,173,367	10,134,661	1,173,367	10,134,661
Closing balance	346,276,493	336,981,668	346,276,493	336,981,668
Depreciation:				
Opening balance	133,170,208	98,296,783	133,170,208	98,296,783
Add: Charged during the year	43,842,690	42,897,604	43,842,690	42,897,604
	177,012,898	**141,194,387**	**177,012,898**	**141,194,387**
Less: Adjustment made during the year	925,067	8,024,179	925,067	8,024,179
Accumulated depreciation	**176,087,831**	**133,170,208**	**176,087,831**	**133,170,208**
Carrying amount	**170,188,662**	**203,811,460**	**170,188,662**	**203,811,460**

A schedule of property, Plant & Equipment is given in Annexure-A

5.00 Long term loan to employees'				
Staff transport loan	12,612,480	9,496,000	12,612,480	9,496,000
Loan against salary	1,413,199	-	1,413,199	-
	14,025,679	**9,496,000**	**14,025,679**	**9,496,000**
6.00 Long term Investment in Shares				
Investment in unlisted company	472,628,360	396,524,360	473,626,360	396,524,360
Investment in strategic company	1,038,396,807	489,101,490	1,038,396,807	489,101,490
	1,511,025,167	**885,625,850**	**1,512,023,167**	**885,625,850**
7.00 Advances, Deposits and Prepayments				
Advances				
Office rent	18,098,135	24,262,087	18,098,135	24,262,087
Advance for Bank guarantee margin	2,048,437	7,292,367	2,048,437	7,292,367
Advance against expenses	235,873,301	150,331,001	235,873,301	150,331,001
	256,019,873	**181,885,454**	**256,019,873**	**181,885,454**
Deposits				
Clearing house	25,000	25,000	25,000	25,000
Lease Deposit	374,702	374,702	374,702	374,702
Loan Deposit	7,043,963	-	7,043,963	-
PCS Bangladesh (Pvt.) Ltd.	64,000	64,000	64,000	64,000
Security deposit with CDBL	102,500	102,500	102,500	102,500
Security deposit for office space	2,158,350	1,764,000	2,158,350	1,764,000
	9,768,515	**2,330,202**	**9,768,515**	**2,330,202**
Prepayments				
Group and health insurance	2,722,503	2,285,263	2,722,503	2,285,263
Insurance for office equipment	127,201	112,510	127,201	112,510
Insurance for motor vehicle	237,931	284,658	237,931	284,658
	3,087,634	**2,682,431**	**3,087,634**	**2,682,431**
	268,876,022	**186,898,087**	**268,876,022**	**186,898,087**
8.00 Investments				
Investment in listed securities	845,368,933	148,462,240	845,368,933	148,462,240

Amount in Taka

	Consolidated		Separate	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Fixed deposits receipt (FDR)	34,220,421	30,954,350	34,220,421	30,954,350
	879,589,354	**179,416,590**	**879,589,354**	**179,416,590**

9.00 Current portion of loans and advances

Loan Against Salary	4,614,672	6,100,506	4,614,672	6,100,506
Staff Transport Loan	4,400,400	2,200,200	4,400,400	2,200,200
Employees House Loan	-	45,000,000	-	45,000,000
	9,015,072	**53,300,706**	**9,015,072**	**53,300,706**

10.00 Accounts receivable

Receivable from clients (Note - 10.01)	5,483,788,675	5,134,174,291	5,483,588,675	5,134,174,291
Receivable from DSE & CSE (Note - 10.02)	51,182,904	14,834,692	51,182,904	14,834,692
	5,534,971,578	**5,149,008,983**	**5,534,771,578**	**5,149,008,983**

10.01 Receivable from clients

IDLC of Bangladesh Ltd.	-	1,351,729	-	1,351,729
LankaBangla Investments Ltd.	4,449,184	9,700,590	4,449,184	9,700,590
Swisspro	200,000	-	-	-
Other clients	5,479,139,490	5,123,121,971	5,479,139,490	5,123,121,971
	5,483,788,675	**5,134,174,291**	**5,483,588,675**	**5,134,174,291**

Other clients

Other clients includes receivable from share trading.

10.02 Receivable from DSE & CSE

ABG&N	-	-	-	-
ABG&N (Spot)	127,194	-	127,194	-
Z	37,114,985	6,644,200	37,114,985	6,644,200
Z	1,240,780	83,585	1,240,780	83,585
Z	3,106,248	390,280	3,106,248	390,280
Z	915,539	344,800	915,539	344,800
Z	61,849	37,050	61,849	37,050
Z	549,306	298,600	549,306	298,600
Z	618,803	247,815	618,803	247,815
Z	710,417	1,000,650	710,417	1,000,650
Z	434,742	4,935,550	434,742	4,935,550
Total DSE	**44,879,864**	**13,982,530**	**44,879,864**	**13,982,530**
ABG&N	2,062,729	-	2,062,729	-
ABG&N (Spot)	2,502	471,627	2,502	471,627
Z	1,064,426	14,795	1,064,426	14,795
Z	574,750	169,278	574,750	169,278
Z	1,493,442	6,644	1,493,442	6,644
Z	290,837	189,819	290,837	189,819
Z	145,582	-	145,582	-
Z	165,752	-	165,752	-
Z	157,491	-	157,491	-
Z	156,515	-	156,515	-
Z	189,014	-	189,014	-
Total CSE	**6,303,040**	**852,162**	**6,303,040**	**852,162**
Grand Total DSE & CSE	**51,182,904**	**14,834,692**	**51,182,904**	**14,834,692**

Amount in Taka

		Consolidated		Separate	
		31.12.2014	31.12.2013	31.12.2014	31.12.2013
11.00	**Cash and Cash Equivalents**				
	Cash in hand	121,340	74,707	121,340	74,707
	Cash at bank (Notes 11.01)	801,881,682	1,493,052,382	800,883,432	1,493,052,382
		802,003,022	**1,493,127,089**	**801,004,772**	**1,493,127,089**
11.01	**Cash at Bank/NBFI**				
	Standard Chartered Bank	30,991,732	36,061,661	30,991,732	36,061,661
	BRAC Bank Limited	25,802	26,129	25,802	26,129
	ONE Bank Limited	769,164,037	1,386,241,152	768,165,787	1,386,241,152
	Dutch-Bangla Bank Limited	18,842	2,168,495	18,842	2,168,495
	Hongkong and Shanghai Corporation Ltd.	1,415,184	13,131,739	1,415,184	13,131,739
	Prime Bank Limited	17	1,157,405	17	1,157,405
	Commercial Bank of Ceylon	222,127	4,264,801	222,127	4,264,801
	National Bank Limited	2,125	-	2,125	-
	Shahajalal Islami Bank limited	1,668	-	1,668	-
	South Bangla Agriculture & Commerce Bank	40,148	-	40,148	-
	Union Bank Limited	-	50,001,000	-	50,001,000
		801,881,682	**1,493,052,382**	**800,883,432**	**1,493,052,382**
12.00	**Share Capital**				
	Authorized Capital				
	500,000,000 ordinary shares of Taka 10 each	**5,000,000,000**	**5,000,000,000**	**5,000,000,000**	**5,000,000,000**
	Issued, Subscribed and Paid-up Capital	**2,021,264,700**	**1,925,014,000**	**2,021,264,700**	**1,925,014,000**
	202,126,470 ordinary shares of Taka 10 each fully paid	**2,021,264,700**	**1,925,014,000**	**2,021,264,700**	**1,925,014,000**
	Detail of Shareholding Position of the Company				
	Name of the Sponsor & Directors Shareholders		**No. of Shares**		
	LankaBangla Finance Ltd.		183,751,459	1,837,514,590	1,750,013,880
	Mr. Mohammad A. Moyeen		91,879	918,790	875,040
	Mr. Mahbubul Anam		90,039	900,390	857,520
	Mr. B W Kundanmal		2	20	20
	Mr. Mohammed Nasiruddin Chowdhury		2,102	21,020	20,020
	Mr. Mohammad Khairul Anam Chowdhury		2,100	21,000	20,000
			183,937,581	1,839,375,810	1,751,786,480
	General Shareholders		18,188,889	181,888,890	173,227,520
			202,126,470	**2,021,264,700**	**1,925,014,000**
13.00	**Share Premium**				
	Premium amount received against issue of 5,000,000 shares @ 240 per share in 2010	1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000
		1,200,000,000	**1,200,000,000**	**1,200,000,000**	**1,200,000,000**
14.00	**General Reserve**				
	Opening balance	47,724,361	48,387,883	47,724,361	48,387,883
	Add: Addition during the year	7,111,526	-	7,111,526	-
		54,835,887	**48,387,883**	**54,835,887**	**48,387,883**
	Less: Adjustment during the year	**-**	**663,522.00**	**-**	**663,522.00**
	Closing balance	**54,835,887**	**47,724,361**	**54,835,887**	**47,724,361**

Amount in Taka

	Consolidated		Separate	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013

The Board of Directors of LankaBangla Securities has decided to create a general reserve by 1% on outstanding margin loan provided to the client against marketable securities. Add or adjustment with general reserve will depend on size of outstanding margin loan for the respective year.

15.00 Fair Value Measurement Reserve

Investment in DSE & CSE	Fair Value Measurement Reserve (Tk.)	Fair Value Measurement Reserve (Tk.)	Fair Value Measurement Reserve (Tk.)	Fair Value Measurement Reserve (Tk.)
(i) Dhaka Stock Exchange Ltd.				
Investment in Dhaka Stock Exchange Limited	60,545,060	60,545,060	60,545,060	60,545,060
Sub-total	**60,545,060**	**60,545,060**	**60,545,060**	**60,545,060**

	Fair Value Measurement Reserve (Tk.)	Fair Value Measurement Reserve (Tk.)	Fair Value Measurement Reserve (Tk.)	Fair Value Measurement Reserve (Tk.)
(ii) Chittagong Stock Exchange Ltd.				
Investment in Chittagong Stock Exchange Limited	37,873,300	37,873,300	37,873,300	37,873,300
Sub-total	**37,873,300**	**37,873,300**	**37,873,300**	**37,873,300**
Total (i+ii)	**98,418,360**	**98,418,360**	**98,418,360**	**98,418,360**

Investments for membership are initially recognized at cost (which includes transaction costs) and are subsequently re-measured at fair value based on current quoted bid price in year 2009. But now in accordance with section 8(Gha) of the Exchanges Demutualization Act. 2013, both stock exchanges has issued shares against membership with Tk. 10 each. Surplus arising from changes in the fair value of investment for membership are transferred to Fair Value Measurement Reserve (FVMR).

16.00 Long Term Loan

Opening balance	223,496,712	428,787,291	223,496,712	428,787,291
Add: Drawdown during the year	1,000,000,000	500,000,000	1,000,000,000	500,000,000
	1,223,496,712	928,787,291	1,223,496,712	928,787,291
Less: Conversion to Short Term	382,612,695	705,290,579	382,612,695	705,290,579
Closing balance	**840,884,017**	**223,496,712**	**840,884,017**	**223,496,712**

Detail of long term portion of the above balance is presented below:

International Leasing Financial Services Ltd. 3	-	9,601,371	-	9,601,371
International Leasing Financial Services Ltd. 4	64,028,249	90,777,289	64,028,249	90,777,289
Prime Finance & Investment Limited	-	54,974,762	-	54,974,762
Fareast Finance Limited	23,418,337	47,284,730	23,418,337	47,284,730
Shahjalal Islami Bank Limited	-	20,858,560	-	20,858,560
Shahjalal Islami Bank Limited 2	143,682,471	-	143,682,471	-
Hajj Finance Limited	53,437,542	-	53,437,542	-
Hajj Finance Limited 2	63,679,328	-	63,679,328	-
Phonix Finance & Investment Ltd.	170,961,484		170,961,484	
South Bangla Agriculture & Commerce Bank Ltd.	263,191,240		263,191,240	
Meghna Bank Limited	58,485,366	-	58,485,366	-
Sub total	**840,884,017**	**223,496,712**	**840,884,017**	**223,496,712**

Amount in Taka

	Consolidated		Separate	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
17.00 Defined benefit obligations				
Opening balance	58,666,967	42,378,015	58,666,967	42,378,015
Add: Addition during the year	24,541,888	17,133,339	24,541,888	17,133,339
	83,208,855	**59,511,354**	**83,208,855**	**59,511,354**
Less: Paid during the year	5,455,559	844,387	5,455,559	844,387
Closing balance	**77,753,296**	**58,666,967**	**77,753,296**	**58,666,967**

18.00 Deferred Tax Liabilities

Deferred Tax has been calculated based on deductible/taxable temporary difference arising due to difference in the carrying amount of the assets/liabilities and its tax base in accordance with the provision of Bangladesh Accounting Standard (BAS) 12 ''Income Taxes''.

Amount In Taka

Particulars		Carrying Amount at Balance Sheet	Tax Base	Taxable/Deductable Temporary Difference
Assets:				
Fixed assets net of depreciation		170,179,482	164,470,366	5,709,116
Total		**170,179,482**	**164,470,366**	**5,709,116**
Applicable Tax Rate			35%	
Deferred Tax Liabilities as on 31st December 2014			**1,998,191**	

19.00 Finance lease obligation				
Opening balance	12,815,213	7,255,698	12,815,213	7,255,698
Add: Addition during the year	-	15,077,000	-	15,077,000
	12,815,213	**22,332,698**	**12,815,213**	**22,332,698**
Less: Conversion to Short Term	4,713,091	9,517,485	4,713,091	9,517,485
Closing balance	**8,102,122**	**12,815,213**	**8,102,122**	**12,815,213**
20.00 Accounts payable				
Payable to clients (Note-20.01)	491,122,684	367,626,191	491,122,684	367,626,191
Payable to DSE and CSE (Note - 20.02)	126,394,914	40,416,507	126,394,914	40,416,507
Accrued expenses (Note - 20.03)	9,169,296	30,806,426	9,123,296	30,806,426
	626,686,893	**438,849,125**	**626,640,893**	**438,849,125**
20.01 Payable to Clients				
IDLC of Bangladesh Ltd.	6,259,899	-	6,259,899	-
Other clients	484,862,785	367,626,191	484,862,785	367,626,191
	491,122,684	**367,626,191**	**491,122,684**	**367,626,191**

Other Clients

Other clients includes payable from share trading.

20.02 Payable to DSE & CSE				
ABG&N	114,643,781	14,323,971	114,643,781	14,323,971
Z	7,237,112	9,455,483	7,237,112	9,455,483
Total DSE	**121,880,893**	**23,779,454**	**121,880,893**	**23,779,454**
ABG&N	4,431,636	16,491,550	4,431,636	16,491,550
Z	82,385	145,503	82,385	145,503
Total CSE	**4,514,021**	**16,637,053**	**4,514,021**	**16,637,053**
Grand Total DSE & CSE	**126,394,914**	**40,416,507**	**126,394,914**	**40,416,507**

Amount in Taka

		Consolidated		Separate	
		31.12.2014	31.12.2013	31.12.2014	31.12.2013
20.03	**Accrued Expenses**				
	Telephone bill	70,979	49,553	70,979	49,553
	Electricity bill	829,876	528,979	829,876	528,979
	Printing & stationeries	207,065	584,909	207,065	584,909
	Office maintenance	280,606	853,041	280,606	853,041
	Water and sewerage bill	81,283	114,270	81,283	114,270
	Audit fees	161,000	115,000	115,000	115,000
	Incentive	5,137,789	25,143,800	5,137,789	25,143,800
	Salaries & Allowances	23,340	10,697	23,340	10,697
	CDBL charges	2,377,358	3,406,178	2,377,358	3,406,178
		9,169,296	**30,806,426**	**9,123,296**	**30,806,426**
21.00	**Short Term Loan**				
	Opening Balance	1,370,860,158	1,451,634,286	1,370,860,158	1,451,634,286
	Loan taken during the year	784,860,958	860,000,000	784,860,958	860,000,000
		2,155,721,116	**2,311,634,286**	**2,155,721,116**	**2,311,634,286**
	Re-scheduled/repayment during the year	305,168,219	940,774,128	305,168,219	940,774,128
	Closing Balance	**1,850,552,897**	**1,370,860,158**	**1,850,552,897**	**1,370,860,158**
	Detail of the above balance is presented below:				
	Loan taken as a short term				
	Lanka Bangla Finance Limited	312,316,820	337,485,039	312,316,820	337,485,039
	One Bank Limited	750,000,000	830,000,000	750,000,000	830,000,000
	Standard Chartered Bank	277,236,077	3,375,119	277,236,077	3,375,119
	Shahjalal Islami Bank Limited	400,000,000	-	400,000,000	-
	South Bangla Agriculture & Commerce Bank Ltd.	100,000,000	-	100,000,000	-
	National Bank Ltd.	11,000,000	-	11,000,000	-
	Phoenix Finance & Investment Limited	-	200,000,000	-	200,000,000
	Sub total	**1,850,552,897**	**1,370,860,158**	**1,850,552,897**	**1,370,860,158**
22.00	**Provision for Current Tax**				
	Opening Balance	42,416,048	100,805,071	42,416,048	100,805,071
	Add: Provision during the year	166,918,000	121,990,755	166,918,000	121,990,755
		209,334,048	**222,795,827**	**209,334,048**	**222,795,827**
	Less: Paid during the year	30,000,000	106,271,034	30,000,000	106,271,034
	Advance tax deducted at source	8,399,107	6,212,990	8,399,107	6,212,990
	Tax deducted at source on turnover	90,836,800	67,895,755	90,836,800	67,895,755
		129,235,908	180,379,779	129,235,908	180,379,779
		80,098,140	**42,416,048**	**80,098,140**	**42,416,048**
23.00	**Current portion of lease obligation**				
	Opening balance	8,044,269	6,874,947	8,044,269	6,874,947
	Add: Conversion from Long Term	4,713,091	9,517,485	4,713,091	9,517,485
		12,757,360	**16,392,432**	**12,757,360**	**16,392,432**
	Less: Paid during the year	7,827,981	8,348,163	7,827,981	8,348,163
	Closing balance	**4,929,379**	**8,044,269**	**4,929,379**	**8,044,269**
24.00	**Current portion of term loan**				
	Opening balance	705,312,533	728,393,816	705,312,533	728,393,816
	Add: Conversion from Long Term	382,612,695	705,290,579	382,612,695	705,290,579
		1,087,925,229	1,433,684,395	1,087,925,229	1,433,684,395
	Less: Paid during the year	751,560,886	728,371,861	751,560,886	728,371,861
	Closing balance	**336,364,343**	**705,312,533**	**336,364,343**	**705,312,533**

Amount in Taka

	Consolidated		Separate	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
25.00 Provision for negative equity & others				
Provision for negative equity (Note-25.01)	321,459,405	541,738,141	321,459,405	541,738,141
Diminution value of investment (Note-25.02)	40,146,153	4,556,775	40,146,153	4,556,775
	361,605,558	**546,294,916**	**361,605,558**	**546,294,916**
25.01 Provision for negative equity				
Opening balance	541,738,141	332,557,318	541,738,141	332,557,318
Add: Addition during the year*	-	240,000,000	-	240,000,000
	541,738,141	**572,557,318**	**541,738,141**	**572,557,318**
Less: Write off during the year	220,278,736	30,819,177	220,278,736	30,819,177
Closing balance	**321,459,405**	**541,738,141**	**321,459,405**	**541,738,141**

* As per Directives of Bangladesh Securities and Exchange Commission dated 09 December 2013 (circular # SEC/CMRRCD/2009-193/155) and dated 12 January 2015 (circular # SEC/CMRRCD/2009-193/166), the required provisions for the year 2014 on unrealized loss of margin loan can be kept 20% on each quarter for the next five quarters starting from December 2014.

25.02 Diminution value of investment				
Opening balance	4,556,775	4,556,775	4,556,775	4,556,775
Add: Addition during the year	35,589,378	-	35,589,378	-
	40,146,153	**4,556,775**	**40,146,153**	**4,556,775**
Less: Adjustment during the year	-	-	-	-
Closing balance	**40,146,153**	**4,556,775**	**40,146,153**	**4,556,775**

* As per Directives of Bangladesh Securities and Exchange Commission dated 09 December 2013 (circular # SEC/CMRRCD/2009-193/155) and dated 12 January 2015 (circular # SEC/CMRRCD/2009-193/166), the required provisions for the year 2014 on unrealized loss of dealer account can be kept 20% on each quarter for the next five quarters starting from December 2014.

26.00 Other Liabilities				
Interest on short term loan	51,619,291	17,339,583	51,619,291	17,339,583
Liabilities for other expenses	2,428,750	15,162,317	2,428,750	15,162,317
Brokerage sharing	8,909,219	5,683,715	8,909,219	5,683,715
Third party borkerage sharing	167,027	-	167,027	-
LB Foundation	3,112,198	4,847,525	3,112,198	4,847,525
Un-claimed cash dividend	3,775,532	3,913,095	3,775,532	3,913,095
Tax and VAT deducted at source	96,250,762	78,750,623	96,250,762	78,750,623
	166,262,779	**125,696,859**	**166,262,779**	**125,696,859**
27.00 Interest Income				
Interest on debit balance of clients	666,591,752	836,188,281	666,591,752	836,188,281
Interest on bank deposit (Note-27.01)	56,492,047	36,704,230	56,492,047	36,704,230
Interest on loans and advances to employees	1,061,414	791,724	1,061,414	791,724
	724,145,212	**873,684,235**	**724,145,212**	**873,684,235**

Amount in Taka

		Consolidated		Separate	
		31.12.2014	31.12.2013	31.12.2014	31.12.2013
27.01	**Interest Income**				
	Interest on Bank Deposit				
	One Bank Limited	53,257,611	33,119,361	53,257,611	33,119,361
	Dutch-Bangla Bank Limited	21,861	59,291	21,861	59,291
	Hong Kong & Shanghi Banking Corporation	5,423	4,173	5,423	4,173
	Commercial Bank of Ceylon	161,698	39,091	161,698	39,091
	Prime Bank Limited	-	49,250	-	49,250
	South Bangla Agriculture & Commerce Bank Ltd.	468	-	468	-
	BRAC Bank Limited	770	1,637	770	1,637
	FRD with Standard Chartered Bank	3,044,216	3,431,427	3,044,216	3,431,427
		56,492,047	**36,704,230**	**56,492,047**	**36,704,230**
28.00	**Income from investment**				
	Capital gain from shares investment (Note-28.01)	38,616,604	406,178,861	38,616,604	406,178,861
	Dividend	12,733,939	3,670,843	12,733,939	3,670,843
		51,350,542	**409,849,705**	**51,350,542**	**409,849,705**
28.01	**Capital gain from shares investment**				
	Sales price of shares	528,965,674	1,443,571,508	528,965,674	1,443,571,508
	Less: Cost price of shares	490,310,063	1,036,257,767	490,310,063	1,036,257,767
		38,655,611	407,313,741	38,655,611	407,313,741
	Less: CDBL & Other charges	39,008	1,134,880	39,008	1,134,880
		38,616,604	**406,178,861**	**38,616,604**	**406,178,861**
29.00	**Brokerage income**				
	DSE	614,488,476	413,581,229	614,488,476	413,581,229
	CSE	61,287,913	63,514,690	61,287,913	63,514,690
		675,776,389	**477,095,920**	**675,776,389**	**477,095,920**
30.00	**Other operational income**				
	Service charge from clients for CDBL	35,278,125	27,211,495	35,278,125	27,211,495
	Sale of beneficiary owner accounts (BO) form	324,200	639,400	324,200	639,400
	Cloud services	200,000	-	-	-
	IPO application commission	105,389	-	105,389	-
	Scrap sales	62,300	4,700	62,300	4,700
	Monthly review	54,650	37,350	54,650	37,350
		36,024,664	**27,892,945**	**35,824,664**	**27,892,945**
31.00	**Interest expenses**				
	Interest on term loan	454,468,454	481,576,893	454,468,454	481,576,893
	Interest on lease finance	2,877,856	4,285,290	2,877,856	4,285,290
		457,346,309	**485,862,183**	**457,346,309**	**485,862,183**
32.00	**Other costs directly attributable to services**				
	Service charge paid to CDBL	43,829,982	36,789,954	43,829,982	36,789,954
	Hawla charges	5,112,816	5,118,924	5,112,816	5,118,924
	Laga charges	35,720,715	26,133,404	35,720,715	26,133,404
		84,663,513	**68,042,281**	**84,663,513**	**68,042,281**

Amount in Taka

		Consolidated		Separate	
		31.12.2014	31.12.2013	31.12.2014	31.12.2013
33.00	**Other non-operational income**				
	Income from office space rent	3,588,750	-	3,588,750	-
	Gain on disposal of fixed assets	51,154	4,667,900	51,154	4,667,900
		3,639,904	**4,667,900**	**3,639,904**	**4,667,900**
34.00	**Salary and allowances**				
	Salary and allowances	190,554,930	161,607,813	190,554,930	161,607,813
	Provident fund contribution	8,853,218	7,730,367	8,853,218	7,730,367
	Gratuity fund	24,541,888	17,133,340	24,541,888	17,133,340
		223,950,037	**186,471,520**	**223,950,037**	**186,471,520**
35.00	**Rent, taxes, insurance, electricity etc.**				
	Office rent	29,805,307	24,006,410	29,805,307	24,006,410
	Insurance premium	4,530,701	4,736,049	4,530,701	4,736,049
	Electricity	6,156,891	4,594,019	6,156,891	4,594,019
		40,492,899	**33,336,479**	**40,492,899**	**33,336,479**
36.00	**Legal and professional fees**				
	Legal and professional fees	2,486,892	2,214,763	2,486,892	2,214,763
		2,486,892	**2,214,763**	**2,486,892**	**2,214,763**
37.00	**Postage, stamp, telecommunication etc.**				
	Postage and courier	224,713	204,600	224,713	204,600
	Telephone and mobile bill	3,560,494	3,357,437	3,560,494	3,357,437
		3,785,207	**3,562,037**	**3,785,207**	**3,562,037**
38.00	**Stationery, printing, advertisement**				
	Printing and stationery	7,049,971	6,628,072	7,049,971	6,628,072
	Advertisement	3,820,888	615,968	3,820,888	615,968
		10,870,859	**7,244,040**	**10,870,859**	**7,244,040**
39.00	**Director fees and expenses**				
	Director fees and expenses	564,710	507,652	564,710	507,652
		564,710	**507,652**	**564,710**	**507,652**
40.00	**Audit fees**				
	Audit fees	161,000	115,000	115,000	115,000
		161,000	**115,000**	**115,000**	**115,000**
41.00	**Repairs, maintenance and depreciation**				
	Repairs and maintenance	1,023,207	745,202	1,023,207	745,202
	Depreciation	43,842,690	42,897,604	43,842,690	42,897,604
		44,865,897	**43,642,806**	**44,865,897**	**43,642,806**
42.00	**Other expenses**				
	Training	2,835,943	1,699,565	2,835,943	1,699,565
	Incentive	4,595,498	9,399,344	4,595,498	9,399,344
	Membership and renewal fees	2,770,485	6,665,252	2,770,485	6,665,252
	Traveling and conveyance	2,114,395	3,063,646	2,114,395	3,063,646
	Internet and e-mail	10,304,862	9,653,450	10,304,862	9,653,450
	News paper and periodicals	192,325	140,556	192,325	140,556
	Fuel expenses	707,550	1,002,124	707,550	1,002,124
	Vehicle maintenance/Registration	13,079,241	10,048,062	13,079,241	10,048,062
	Water and sewerage bill	653,397	719,173	653,397	719,173

Amount in Taka

	Consolidated		Separate	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Office maintenance	8,628,877	10,313,921	8,628,877	10,313,921
Entertainment	6,535,465	4,154,677	6,535,465	4,154,677
Business promotion	43,266,072	28,771,632	43,266,072	28,771,632
Bank charges	501,474	527,696	499,724	527,696
Loss on sales of fixed asset	49,800	2,096,283	49,800	2,096,283
AGM and Related Expenses	39,354	34,394	39,354	34,394
Documentation fee	285,666	185,200	285,666	185,200
Miscellaneous (Note-42.01)	15,079,791	8,852,358	15,079,791	8,852,358
	111,640,195	**97,327,333**	**111,638,445**	**97,327,333**

42.01 Miscellaneous

Software maintenance fee	1,377,771	759,449	1,377,771	759,449
Commission of bank guarantee	12,935,215	8,000,000	12,935,215	8,000,000
Third party commission	587,357	-	587,357	-
Subscriptions	179,448	92,909	179,448	92,909
	15,079,791	**8,852,358**	**15,079,791**	**8,852,358**

43.00 Earnings per Share (EPS)

Net profit after Tax	311,219,505	484,752,512	311,067,559	484,752,512
Number of Ordinary Shares Outstanding (Note: 43.01)	202,126,470	202,126,470	202,126,470	202,126,470
Earnings Per Share (EPS)	**1.54**	**2.40**	**1.54**	**2.40**

Earnings per Share has been calculated in accordance with BAS-33: "Earnings Per Share (EPS)".

*** Previous year's EPS has been restated by the current year's outstanding shares.

43.01 Number of Ordinary Shares Outstanding

Balance on 1 January	192,501,400	96,250,700	192,501,400	96,250,700
Bonus Issued	9,625,070	96,250,700	9,625,070	96,250,700
Total shares before restating	**202,126,470**	**192,501,400**	**202,126,470**	**192,501,400**
Retrospective effect of bonus issue		9,625,070		9,625,070
Number of shares outstanding (2013 restated)	**202,126,470**	**202,126,470**	**202,126,470**	**202,126,470**

44.00 Related Party Disclosure

During the year the Company carried out a number of transactions with related parties in the normal course of business on arm's length bases. Name of those related parties, nature of those transaction and their total value have been shown below in accordance with the provisions of BAS-24- "Related Party Disclosure."

Name of the Party	Relationship	Nature of Transaction	Transaction			
			Opening balance	Addition	Adjustment	Closing balance
LankaBangla Finance Ltd.	Sponsor Shareholder	Short Term Loan	(337,485,038.94)	-	25,168,219.12	(312,316,819.82)
LankaBangla Investment Ltd.	Sponsor Shareholder	IP Accounts	9,700,590.15	-	(5,251,405.92)	4,449,184.23
LankaBangla Finance Ltd.	Sponsor Shareholder	Lease	(7,500,280.00)	-	5,420,773.06	(2,079,506.94)
LankaBangla Investment Ltd.	Sponsor Shareholder	Fixed Assets Acquisition	(4,189,812.00)	-	4,189,812.00	-
LankaBangla Investment Ltd.	Sponsor Shareholder	Portfolio	(6,685,798.62)	-	6,664,885.04	(20,913.58)

LANKABANGLA SECURITIES LIMITED

SCHEDULE OF PROPERTY, PLANT & EQUIPMENT

For the year ended December 31, 2014

ANNEXTURE -A

Amount in Taka

Particulars	COST					DEPRECIATION				Written down value as at 31 December 2014
	Balance as at 01 January 2014	Addition during the year	Sales/ Adjustment	Balance as at 31 December 2014	Rate %	Balance as at 01 January 2014	Charged during the year	Adjustment	Balance as at 31 December 2014	
Building	115,246,150	-	-	115,246,150	2.5%	7,798,389	2,881,154	-	10,679,543	104,566,607
Furniture & Fixtures	7,839,059	1,031,126	-	8,870,185	10%	2,645,777	835,462	-	3,481,240	5,388,945
Office Equipment	55,545,239	2,610,637	1,173,367	56,982,509	20%	39,708,094	7,315,992	925,067	46,099,019	10,883,490
Data Center & Dr	65,961,514	996,458	-	66,957,972	30%	24,880,718	19,937,923	-	44,818,641	22,139,331
Office Renovation	45,759,295	5,829,972	-	51,589,268	20%	34,980,550	5,016,098	-	39,996,649	11,592,619
Motor Vehicle	2,232,600	-	-	2,232,600	20%	2,232,600	-	-	2,232,600	-
Leased Asset	44,397,810	-	-	44,397,810	20%	20,924,080	7,856,061	-	28,780,140	15,617,670
Total December 31, 2014	**336,981,668**	**10,468,193**	**1,173,367**	**346,276,493**		**133,170,208**	**43,842,690**	**925,067**	**176,087,831**	**170,188,662**
Total December 31,2013	**271,082,669**	**76,033,660**	**10,134,661**	**336,981,668**		**98,296,783**	**42,897,604**	**8,024,179**	**133,170,208**	**203,811,460**

AMARSTOCK

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LANKABANGLA INVESTMENTS LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014



LankaBangla™
INVESTMENTS

GROWING WITH GREEN

UHY Syful Shamsul Alam & Co
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS' OF
LANKABANGLA INVESTMENTS LIMITED

We have audited the accompanying financial statements of LankaBangla Investments Limited ("the company"), which comprise the Statement of Financial Position as at 31 December 2014, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards ("BFRS").

Report on Other Legal and Regulatory Requirements

We also report that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;

iii) The Statement of Financial Position and the Statement of Comprehensive Income dealt with by the report are in agreement with the books of account; and

iv) The expenditure incurred was for the purposes of the Company's business.

Place : Dhaka
Dated: 16 February, 2015

Syful Shamsul Alam & Co.
Chartered Accountants

LANKABANGLA INVESTMENTS LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	Amount in Taka	
		2014	2013
ASSETS			
Non-current assets			
Property, plant and equipment	4	6,266,711	10,317,361
Intangibles	5	277,645	434,776
Investments	6	74,486,435	79,491,485
Deferred tax asset	20	2,123,088	922,303
Other non-current assets	7	326,480	1,927,057
Total non-current assets		**83,480,359**	**93,092,982**
Current assets			
Margin loan	8	4,262,866,614	4,646,257,926
Advances, deposits and prepayments	9.02	232,088,971	24,607,872
Investments	10	325,461,115	254,563,103
Accounts receivable	11	33,900,560	40,894,892
Cash and cash equivalents	12	56,237,011	75,571,479
Total current assets		**4,910,554,271**	**5,041,895,272**
Total Assets		**4,994,034,630**	**5,134,988,254**
EQUITY AND LIABILITIES			
Equity			
Share capital	13	1,670,000,000	1,570,000,000
Retained earnings		(279,691,968)	65,767,505
Total equity		**1,390,308,032**	**1,635,767,505**
Liabilities			
Non current liabilities			
Term loans	14.01	52,121,256	8,020,987
Defined benefit obligation	15	2,752,092	3,850,222
Total non-current liabilities		**54,873,348**	**11,871,209**
Current liabilities			
Accounts payable	16	79,363,205	72,100,412
Short term loan	17	3,320,257,883	3,330,441,612
Current portion of term loans	18	46,582,227	8,246,623
Provision for current tax	19	24,319,254	34,338,386
Provision for margin loan & others	21	77,842,307	41,596,517
Other liabilities	22	488,374	625,990
Total current liabilities		**3,548,853,250**	**3,487,349,540**
Total liabilities		**3,603,726,598**	**3,499,220,749**
TOTAL EQUITY AND LIABILITIES		**4,994,034,630**	**5,134,988,254**

The annexed notes 1-44 form an integral part of these financial statements.

Director **Director** **Chief Executive Officer** **Company Secretary**

Signed as per our separate report of same date.

Place: Dhaka
Dated: February 16, 2015

Syful Shamsul Alam & Co.
Chartered Accountants

LANKABANGLA INVESTMENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	Amount in Taka	
		2014	2013
Revenue		**316,923,988**	**682,869,245**
Interest income	23	165,048,286	571,358,273
Income from investments	24	51,958,405	21,075,841
Fee based income	25	84,322,702	87,482,178
Other operational income	26	15,594,595	2,952,953
Cost of services		**547,198,785**	**598,062,330**
Interest expenses	27	547,198,785	598,062,330
Gross profit/(loss)		**(230,274,797)**	**84,806,915**
Other non-operational income	28	518,783	45,208
Operating expenses		**69,829,367**	**64,569,459**
Salary and allowances	29	31,139,601	24,172,858
Rent, insurance, utilities etc.	30	14,957,679	13,326,182
Legal & professional fees	31	4,361,797	8,684,194
Postage, stamp, telecommunication etc.	32	823,088	825,547
Stationery, printing, advertisement	33	955,383	474,431
Director fees and expenses	34	391,000	356,500
Audit fees	35	174,250	201,250
Repairs, maintenance and depreciation	36	9,108,308	7,946,375
Other expenses	37	7,918,261	8,582,121
Net Operating Income/(loss)		**(299,585,381)**	**20,282,665**
Provisions for loans / investments		**36,245,790**	**-**
Provision for margin loan	21.01	26,511,282	-
Provision for diminution in value of investments	21.02	9,734,508	-
Profit/(loss) before tax		**(335,831,171)**	**20,282,665**
Income tax expense / (income)		**2,053,921**	**4,831,908**
Current tax expense / (income)	19.01	3,254,706	6,732,895
Deferred tax expense / (income)	19.01	(1,200,785)	(1,900,987)
Profit/(loss) after tax		**(337,885,092)**	**15,450,757**
Other comprehensive income/(expense), net of tax		**-**	**-**
Total comprehensive income/(loss)		**(337,885,092)**	**15,450,757**

The annexed notes 1-44 form an integral part of these financial statements.

Director **Director** **Chief Executive Officer** **Company Secretary**

Signed as per our separate report of same date.

Place: Dhaka
Dated: February 16, 2015

Syful Shamsul Alam & Co.
Chartered Accountants

LANKABANGLA INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

Amount in Taka

	Share Capital	Retained Earnings	Total Equity
Balance at 01 January 2013	**660,000,000**	**50,608,748**	**710,608,748**
Changes in equity for 2013			
Issue of share capital (right issue)	910,000,000	-	910,000,000
Total comprehensive income for the year	-	15,450,757	15,450,757
Charge directly attributable to equity (right issue cost)	-	(292,000)	(292,000)
Balance at 31 December 2013	**1,570,000,000**	**65,767,505**	**1,635,767,505**
Balance at 01 January 2014	**1,570,000,000**	**65,767,505**	**1,635,767,505**
Prior year adjustment (Note-44)	-	(7,574,381)	(7,574,381)
Restated balance as at 01 January 2014	**1,570,000,000**	**58,193,124**	**1,628,193,124**
Issue of share capital (right issue)	100,000,000	-	100,000,000
Total comprehensive income for the year	-	(337,885,092)	(337,885,092)
Balance at 31 December 2014	**1,670,000,000**	**(279,691,968)**	**1,390,308,032**

The annexed notes 1-44 form an integral part of these financial statements.

Director	Director	Chief Executive Officer	Company Secretary

Signed as per our separate report of same date.

Place: Dhaka
Dated: February 16, 2015

LANKABANGLA INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

		Notes	Amount in Taka 2014	2013
A)	**Cash flows from operating activities**			
	Cash received from:			
	- Fees and other income		27,288,164	6,195,221
	- Repayment of staff loan		383,765	50,000
	Cash paid for:			
	- Service charges to LankaBangla Finance Limited		-	(5,830,792)
	- Rental expenses		(9,911,454)	(8,614,788)
	- IT related expenses		(652,997)	(623,721)
	- Provident fund		(2,067,935)	(1,712,918)
	- Employees' salaries and allowances		(29,519,843)	(20,283,854)
	- Staff loan		(150,000)	(1,000,000)
	- Other operating expenses		(15,667,636)	(24,977,149)
	Cash generated from operating activities before changes in operating assets and liabilities		**(30,297,936)**	**(56,798,000)**
	Settlement with LankaBangla Securities Limited		705,659,687	556,638,779
	Client deposits		263,841,636	597,184,291
	Own portfolio investment		(215,150,000)	(269,220,000)
	Client withdrawals		(335,903,453)	(961,013,899)
			418,447,870	**(76,410,829)**
	Cash generated from operating activities		**388,149,934**	**(133,208,830)**
	Income taxes paid-Corporate		(4,800,000)	(12,500,000)
	Income taxes paid-Others		(1,529,269)	(239,780)
	Net cash from operating activities		**381,820,665**	**(145,948,609)**
B)	**Cash flows from investing activities**			
	Proceeds from sale of own portfolio securities		181,325,000	-
	Proceeds from sale of disposed assets		4,277,796	33,000
	Dividend on own portfolio investment		6,854,559	86,400
	FDR encashment		-	30,000,000
	Received for sell of non-listed securities		-	259,573,286
	Payments for capital work-in-progress		-	(50,000)
	Investment in non-listed securities		-	(286,489,800)
	Advance for unsubcribed securities		(218,001,120)	-
	Net disburse to LankaBangla Finance Limited		-	(122,817,627)
	Procurement of property, plant and equipment		(1,160,353)	(447,411)
	Net cash used in investing activities		**(26,704,118)**	**(120,112,152)**
C)	**Cash flows from financing activities**			
	Received on paid up capital		100,000,000	910,000,000
	Loan received from Investment Corporation of Bangladesh (ICB)		108,982,553	-
	Repayment of loan from Shahjalal Islami Bank Limited		(8,246,623)	(6,964,148)
	Interest payment on Loan from Shahjalal Islami Bank Limited		(2,145,377)	(3,427,852)
	Repayment of loan from Investment Corporation of Bangladesh		(18,300,055)	-
	Interest payment on Loan from Investment Corporation of Bangladesh		(3,655,653)	-
	Interest payment on loan from LankaBangla Finance Limited		(551,085,860)	(596,353,436)
	Net cash used in financing activities		**(374,451,015)**	**303,254,564**
D)	**Net increase/(decrease) in cash and cash equivalents (A+B+C)**		**(19,334,468)**	**37,193,803**
E)	**Cash and cash equivalents at 01 January**		**75,571,479**	**38,377,677**
F)	**Cash and cash equivalents at 31 December (D+E)**	12	**56,237,011**	**75,571,479**

The annexed notes 1-44 form an integral part of these financial statements.

Director	Director	Chief Executive Officer	Company Secretary

Signed as per our separate report of same date.

Place: Dhaka
Dated: February 16, 2015

LANKABANGLA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

1 Reporting entity

1.1 Company profile

LankaBangla Investments Limited (hereinafter referred to as "LBIL" or "the Company") was incorporated in Bangladesh with the Registrar of Joint Stock Companies and Firms (RJSC) vide registration no. C 83568/10 dated 29 March 2010 as a private limited company under the Companies Act, 1994. Later on the company converted itself into a public limited company with effect from 12 June 2013. The Company has obtained Merchant Banking license (registration certificate no. MB-57/2010) from the Bangladesh Securities and Exchange Commission on 2 January 2011. Registered office of the company is 20, Kemal Ataturk Avenue, Banani, Dhaka-1213; Besides the registered office, corporate address of the company is Eunoos Trade Center, Level # 21, 52-53 Dilkusha C/A, Dhaka-1000. This Company is a subsidiary of LankaBangla Finance Limited.

Currently the company has following licenses, memberships and legal approvals :

Sl No.	License/ Membership	Registration/ Membership No.	Date of issue	Issuing Authority	Renewed up to
1	Registration Number	C 83568/10	29 March 2010	Registrar of Joint Stock Companies and Firms (RJSC)	N/A
2	Trade License	0532513	07 July 2010	Dhaka South City Corporation (DSCC)	FY 2014-2015
3	Merchant Banking License	MB-57/2010	02 January 2011	Bangladesh Securities and Exchange Commission (BSEC)	N/A
4	Tax Identification Number (e-TIN)	383900505101	30 July 2013 (e-TIN)	National Board of Revenue (NBR)	N/A
5	VAT Registration Number (11 Digit)	19011073446	19 November 2014 (11 digit)	National Board of Revenue (NBR)	N/A
6	Membership of Dhaka Chamber of Commerce & Industries	01302	27 April 2013	Dhaka Chamber of Commerce & Industries (DCCI)	N/A
7	Membership of 'Bangladesh Merchant Bankers' Association' (BMBA)	N/A	N/A	Bangladesh Merchant Bankers' Association (BMBA)	December 2015

1.02 Nature of business

The activities of the Company include services broadly classified as interest income and fee based services, such as interest accured on margin loan, underwriting of securities, issue management, portfolio management, corporate advisory services etc.

2.00 Basis of preparation

2.01 Components of the financial statements

The financial statements comprise of :

a) Statement of Financial Position as at 31 December 2014;

b) Statement of Comprehensive Income for the year ended 31 December 2014;

c) Statement of Changes in Equity for the year ended 31 December 2014;

d) Statement of Cash Flows for the year ended 31 December 2014; and

e) Notes to the Financial Statements.

2.02 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), rules and regulations issued by Bangladesh Securities and Exchange Commission (BSEC) and Companies Act 1994. In case of any rules and regulations issued by Bangladesh Securities and Exchange Commission differs from those of other regulatory authorities, the rules and regulations issued by Bangladesh Securities and Exchange Commission shall prevail.

2.03 Disclosure of departure

Bangladesh Securities and Exchange Commission (BSEC) is the prime regulatory body for Merchant Banks in Bangladesh. Some requirements of BSEC's rules and regulations contradict with those of BFRS and BAS. As such the company has departed from those contradictory requirements of BFRS in order to comply with the rules and regulations of BSEC, those are disclosed below along with financial impact as applicable.

The departures from BAS and BFRS in the financial statements for 2014 are stated below:

Sl No.	Nature of Departure	Title of the BAS/BFRS	Treatment of the BAS/BFRS	Treatment adopted as per regulator	Financial or presentation effect of departure
1	Valuation & impairment of Investments in quoted and unquoted shares	BAS-39 : *'Financial Instruments: Recognition and measurement'*	Investment in quoted share falls under either ' at fair value through statement of comprehensive income' or under 'available for sale' where any change in the fair value (as measured as per BFRS 13 "Fair Value") at the year end is taken to statement of comprehensive income or revaluation reserve respectively.	As per DFIM circular No. 11 dated 23 December 2009, investment in quoted share is revalued at the year end at market price and provision should be made for any loss arising from diminution in value of investment; however in case of the unrealized gain no such gain can be recognized and investments are recognized at cost only. As per Bangladesh Securities and Exchange Commission (BSEC) circular # SEC/ CMRRCD/2009-193/155 dated 12 January 2015 provisions for the year 2014 on impairment of investment in quoted shares may be kept at 20% in the five installments starting from December 2014.	If the BAS would be followed value of investments presented would be lower by BDT 48,672,539 and the same figure would be for 'Unrealized Loss'. Investment is presented as per the stated DFIM circular. Total unrealized loss as at 31 December 2014 stands at BDT 48,672,539. 20% of that is kept as provision as per the stated BSEC circular.
2	Impairment of Margin Loan (Loans and receivables)	BAS-39 : *'Financial Instruments: Recognition and measurement'*	Measurement after initial recognition at amortized cost and recording of changes through profit and loss	As per Bangladesh Securities and Exchange Commission (BSEC) circular # SEC/ CMRRCD/2009-193/155 dated 12 January 2015 that required, provisions for the year 2014 on impairment of principal portion of margin loan may be kept at 20% in the five installments starting from December 2014.	Erosion of principal portion of Margin Loan as on 31 December 2014 is BDT 340,538,993. As per the requirement of the BSEC circular 20% provision is kept for changes amounting BDT 68,107,798.

2.04 Basis of measurement

The financial statements have been prepared on historical cost basis.

2.05 Basis of accounting

The financial statements except for cash flow information have been prepared on accrual basis of accounting.

2.06 Functional and presentation currency and level of precision

The financial statements are presented in Bangladesh Taka (Taka/Tk) currency, which is the Company's functional currency. All financial information presented in Taka has been rounded to the nearest Taka.

2.07 Use of estimates and judgments

The preparation of the financial statements in conformity with BFRS requires management to use judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

2.08 Going concern

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

2.09 Materiality and aggregation

Each material item as considered significant by management has been presented separately in financial statements. No amount has been set off unless the Company has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards.

2.10 Consistency

In accordance with the BFRS framework for the presentation of financial statements together with BAS 1 and BAS 8, LankaBangla Investments Limited applies the accounting disclosure principles consistently from one period to the next. In case of selecting and applying new accounting policies, changes in accounting policies applied and correction of errors, the amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of BAS-8.

2.11 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 of outflow of resources is not likely or obligation cannot be measured reliably.

2.12 Books of account

The Company maintains its books of account for main business in Electronic Form through soft automation.

2.13 Reporting period

The financial period of the Company has been determined to be from 1 January to 31 December each period. These financial statements cover the period from 1 January 2014 to 31 December 2014.

2.14 Events after the Reporting Period

Where necessary, all the material events after the reporting period is considered and appropriate adjustments / disclosures is made in the financial statements.

2.15 Comparative figures

Comparative information has been disclosed in respect of the period ended 31 December, 2014 for all numerical data in the financial statements and also the narrative and descriptive information when it is relevant for better understanding of the current year's financial statements. Figures of the year 2013 have been restated and rearranged whenever considered necessary to ensure comparability with the current period.

2.16 Directors' responsibility statement

The Board of Directors takes the responsibility for the preparation and presentation of these financial statements.

2.17 Date of authorization

The Board of Directors has authorized these financial statements for public issue on 16 February 2015.

3.00 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.01 Recognition and measurement (PPE)

Items of property, plant and equipment are measured initially at cost and subsequently at cost less accumulated depreciation in compliance with Bangladesh Accounting Standard (BAS) 16: *Property, Plant and Equipment*. The cost of acquisition of an asset comprises its purchase price and any direct cost for bringing the asset to its working condition for its intended use. Expenditures incurred after the assets have been put into use, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. Software and all upgradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3.02 Subsequent costs of PPE

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

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3.03 Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. For addition to property, plant and equipment, depreciation is charged from the month of capitalisation and no depreciation is charged in the month of disposal.

The rates at which property, plant and equipment are depreciated for current and comparative years are as follows:

Category of assets	Rate of Depreciation
Office equipment	33.33%
Furniture and fixture	15%
Motor vehicle	25%
Interior works movable	15%
Interior works immovable	21.43%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.04 Disposal of PPE

Gains and losses on disposal of an item of property, plant and equipment are to be determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment disposed off and are recognised net with “other non-operational income” in profit or loss.

3.05 Impairment of PPE

The carrying amounts of PPE are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised in profit or loss if the carrying amount of an asset exceeds its estimated recoverable amount. However, no such condition that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

3.06 Intangible assets

Intangible assets are to be initially recognised at cost including any directly attributable cost. Intangible assets that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Intangible assets include software, integrated systems along with related hardware. Amortisation is to be provided on a straight-line basis at 20% to write off the cost of intangible assets. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.07 Financial instruments

Non-derivative financial instruments comprise investments in shares and FDR, trade receivables, cash and cash equivalents, margin loans, share capital and interest - bearing borrowings.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have occurred indicating a negative effect on the estimated future cash flows from that asset. All impairment losses are recognised in profit or loss.

3.08 Investment in FDR (Fixed Deposit Receipt)

If the Company has the positive intent and ability to hold FDR to maturity, then such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to- maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

3.09 Advances, deposits and prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment or expenses.
Deposits are measured at payment value.
Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to statement of comprehensive income.

3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and all call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand form an integral part of the Company’s cash management are included as

a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.11 Other assets

Other assets include all balance sheet accounts not covered specifically in other areas of the supervisory activity and such accounts may be quite insignificant in the overall financial condition of the Company.

3.12 Share capital

Only ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary share are recognised as a deduction from equity, net of any tax effects.

3.13 Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

3.14 Employee benefits

The Company operates an unrecognized gratuity scheme, provision in respect of which is made periodically covering all its permanent eligible employees. This scheme is qualified as defined benefit plan. There is also a recognised provident fund for all permanent employees of the Company. This qualifies as defined contribution plan.

3.14.01 Defined contribution plan (provident fund)

Defined contribution plan is a post employment benefit plan under which the Company provides benefits to one or more employees. The recognised Employees Provident Fund is being considered as defined contribution plan as it meets the recognition criteria specified for this purpose. All permanent employees contribute 10% of their basic salary to the provident fund and the Company also makes equal contribution.

The Company recognises contribution to defined contribution plan as an expense when an employee has rendered services in exchange for those contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

3.14.02 Defined benefit plan (gratuity)

Defined benefit plan is a retirement benefit plan under which amounts to be paid as retirement benefits are determined by reference to employees' earnings and/or year of services. The Company's obligation is to provide the agreed benefits to current employees as per condition of the fund.

The Company operates an unfunded gratuity scheme. Employees are entitled to gratuity benefit at the following rates:

Year of Confirmed Services	% of entitlement
3 years and above but less than 4 years	50% of Last one month basic salary for each completed year
4 years and above but less than 5 years	100% of Last one month basic salary for each completed year
5 years and above	150% of Last one month basic salary for each completed year

The actuarial valuation has not yet been made to assess the adequacy of the liabilities provided for the scheme.

3.14.03 Group life insurance scheme and health insurance

The Company has a group life insurance scheme for all of its permanent employees. It has also a health insurance scheme for all of its permanent employees including their spouse and children.

3.15 Corporate Tax

3.15.01 Current tax

Income tax expense is recognised in profit or loss. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The Company qualifies as a "Merchant Bank"; hence the applicable corporate tax rate is 37.50% as per the Finance Act 2014.

3.15.02 Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they are reversed, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.15.03 Tax exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.16 Provisions

A provision is recognised if as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.17 Contingencies

Contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

3.18 Revenue recognition

As per Bangladesh Accounting Standard (BAS) 18: *Revenue*, revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

3.18.01 Interest on Margin Loan

Interest is charged on client's balance (due to LBIL) on daily basis at the applicable rate. Interest charged to margin loan that results to negative equity is not probable that the economic benefit associated with that portion will flow to the company. So, as per paragraph 29 of "BAS-18 : *Revenue*" this is not recognized in income. Whenever the probability arises that the benefit will flow to the company this is recognized in income.

3.18.02 Management fee

Management fee is charged on client's portfolio value (at market price) on daily basis at the applicable rate. Management fee charged to a client that results to negative equity is not probable that the economic benefit associated with that portion will flow to the company. So, as per paragraph 20 of "BAS-18 : *Revenue*" this is not recognized in income. Whenever the probability arises that the benefit will flow to the company this is recognized to income.

3.18.03 Fee based income

Fee based income is recognised when a service is rendered in line with the related agreement.

3.18.04 Investment income

Interest income on investments is recognized on accrual basis. Capital gain on investments in shares is also included in investment income. Capital gain is recognized when it is realized.

3.18.05 Dividend income on shares

Dividend income on shares is recognized during the year in which it is declared and ascertained.

3.19 Statement of cash flows

The net cash flow from operating activities is determined for the year under direct method as per Bangladesh Accounting Standard (BAS)- 7: *Statement of Cash Flows.*

3.20 Financial risk management

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's management policies are established to identify and analyse the risk faced by the Company to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has provided in separate notes the information about the company's exposure to each of the following risks, the Company's objectives, policies and processes for measuring and managing risks and the Company's management of capital. The Company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

	Amount in Taka	
	2014	2013
4.00 Property,plant & equipment		
Cost		
Opening balance	24,265,465	23,829,961
Add: Addition during the year	1,171,227	502,457
	25,436,692	**24,332,418**
Less: Disposal during the year	3,047,020	66,953
Closing balance	**22,389,672**	**24,265,465**
Less: Accumulated depreciation		
Opening balance	13,948,104	8,925,825
Add: Charged during the year	5,133,892	5,089,229
	19,081,996	**14,015,054**
Less: Adjustment on disposal	2,959,035	66,950
Closing balance	**16,122,961**	**13,948,104**
Carrying amount	**6,266,711**	**10,317,361**
A schedule of property, plant & equipment is given in Annexure-A		
5.00 Intangible assets		
Cost		
Opening balance	785,654	785,654
Add: Addition during the year	-	-
	785,654	**785,654**
Less: Disposal during the year	-	-
Closing balance	**785,654**	**785,654**
Less: Accumulated depreciation		
Opening balance	350,878	193,747
Add: Charged during the year	157,131	157,131
	508,009	**350,878**
Less: Adjustment on disposal	-	-
Closing balance	**508,009**	**350,878**
Carrying amount	**277,645**	**434,776**
A schedule of intangible assets is given in Annexure-B		
6.00 Investments		
Non current portion:		
Investment in equity of non-listed company (Note-6.01)	40,284,485	40,284,485
Investments in equity of strategic companies (Note-6.02)	34,201,950	39,207,000
	74,486,435	**79,491,485**

6.01 Investment in equity of non-listed company

Particulars	No. of Shares	Cost Price	Total cost
Information Technology Consultants Limited (ITCL)	2,064,000	19.52	40,284,485
	2,064,000	**19.52**	**40,284,485**

6.02 Investments in equity of strategic companies

Particulars	No. of Shares	Cost Price	Market Price as at 31 Dec 2014	Unrealized Gain/(Loss)
Bank Asia Limited	1,815,000	33,033,000	30,310,500	(2,722,500)
Eastern Cables Limited	15,000	1,168,950	1,776,000	607,050
		34,201,950	**32,086,500**	**(2,115,450)**

	Amount in Taka	
	2014	2013
7.00 Other non-current assets		
Non current portion:		
Advances (Note- 9.01)	126,480	602,057
Deposits (Note- 9.01)	200,000	200,000
Prepayments (Note-9.01)	-	1,125,000
	326,480	**1,927,057**
8.00 Margin loan		
Revolving margin loan to clients	4,262,866,614	4,646,257,926
	4,262,866,614	**4,646,257,926**
9.00 Advances, deposits and prepayments		
Advances (Note-9.01 and 9.02)	231,017,079	20,806,424
Deposits (Note- 9.01)	200,000	200,000
Prepayments (Note- 9.01 and 9.02)	1,198,372	5,528,505
	232,415,451	**26,534,929**
9.01 Advances, deposits and prepayments		
Non current portion:		
Advances		
Advance to Employees	126,480	602,057
	126,480	**602,057**
Deposits		
Security deposit	200,000	200,000
	200,000	**200,000**
Prepayments		
Office rent	-	1,125,000
	-	**1,125,000**
	326,480	**1,927,057**
9.02 Advances, deposits and prepayments		
Current portion:		
Advances		
Advance to Employees	136,236	257,810
Advance against expenses	15,000	4,988,834
Advance income tax	12,738,243	14,957,723
Advance for unsubscribed shares	218,001,120	-
	230,890,599	**20,204,367**
Prepayments		
Prepayment against expenses	73,372	230,505
Office rent	1,125,000	4,173,000
	1,198,372	**4,403,505**
	232,088,971	**24,607,872**
10.00 Investments		
Current portion:		
Investments in listed securities (Note-10.01)	325,461,115	254,563,103
	325,461,115	**254,563,103**

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10.01 Investments in listed securities

Particulars	No. of Shares	Cost Price	Market Price as at 31 Dec 2014	Unrealized Gain/(Loss)
Apex Tannery Limited	100,100	14,790,728.19	13,733,720.00	(1,057,008)
Berger Paint Bangladesh Limited	70	77,840.00	99,757.00	21,917
Confidene Cement Limited	15,000	1,951,424.50	1,600,500.00	(350,925)
Heidelberg Cement Bangladesh Limited	299,000	152,827,870.00	149,320,600.00	(3,507,270)
International Leasing & Fin. Services Limited	362,050	3,446,716.00	4,887,675.00	1,440,959
LR Global BD Mutual Fund One	21,248,000	148,948,480.00	106,240,000.00	(42,708,480)
Meghna Petrolium Limited	800	129,976.00	185,680.00	55,704
Olympic Industries Limited	337	31,560.00	76,600.10	45,040
One Bank Limited	174,515	3,252,959.60	2,757,337.00	(495,623)
Prime Bank Limited	110	3,560.70	2,156.00	(1,405)
		325,461,115	**278,904,025**	**(46,557,090)**

	Amount in Taka	
	2014	**2013**
11.00 Accounts receivable		
Receivable from group entities (Note - 11.01)	-	1,175,040
Other receivables (Note - 11.02)	33,900,560	39,719,852
	33,900,560	**40,894,892**
11.01 Receivable from group entities		
LankaBangla Securities Limited	-	1,175,040
LankaBangla Finance Limited	-	-
	-	**1,175,040**
11.02 Other receivables		
Issue management fees receivable	5,793,558	3,682,550
Corporate advisory fees receivable	4,020,000	4,920,000
Other receivables - primary market department	29,000	29,000
Accounts receivables - PO department	23,502,852	29,388,302
Receivables for Reinbursable Expenses	104,142	-
Underwriting commission receivable	451,008	-
Capital restructuring receivable PMD	-	1,700,000
	33,900,560	**39,719,852**
12.00 Cash and cash equivalents		
Cash in hand	5,018	5,743
Cash at bank (Note- 12.01)	56,231,993	75,565,736
	56,237,011	**75,571,479**
Cash and cash equivalents in the statements of cash flows	**56,237,011**	**75,571,479**
12.01 Cash at bank		
One Bank Limited	55,426,493	75,053,550
Dhaka Bank Limited	190,780	184,323
Shahjalal Islami Bank Limited	149,944	157,014
The City Bank Limited	82,115	82,925
Standard Chartered Bank	382,661	87,924
	56,231,993	**75,565,736**

	Amount in Taka	
	2014	2013

13.00 Share capital

Authorized:

300,000,000 Ordinary shares of Tk 10 each	3,000,000,000	3,000,000,000

Issued, subscribed and paid-up:

167,000,000 (2013: 157,000,000) Ordinary shares of Tk 10 each	1,670,000,000	1,570,000,000

13.01 Particulars of shareholdings

The shareholding position at the date of statement of financial position is as follows:

Name of shareholders	2014			2013		
	Number of shares	Value of shares (Taka)	% of share holding	Number of shares	Value of shares (Taka)	% of share holding
LankaBangla Finance Limited	166,999,994	1,669,999,940	99.99999618%	156,999,994	1,569,999,940	99.9999962%
Mr. Mohammad A. Moyeen	1	10	0.00000064%	1	10	0.0000006%
Mr. Md. Abdullah Al Karim	1	10	0.00000064%	1	10	0.0000006%
Mr. Al-Mamoon Md. Sanaul Huq	1	10	0.00000064%	1	10	0.0000006%
Mr. Mahbubul Anam	1	10	0.00000064%	1	10	0.0000006%
Mr. Khwaja Shahriar	1	10	0.00000064%	1	10	0.0000006%
Mr. Mohammad Amir Hossain	1	10	0.00000064%	1	10	0.0000006%
	167,000,000	**1,670,000,000**	**100%**	**157,000,000**	**1,570,000,000**	**100%**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and entitled to vote per share at meetings of the Company.

	Amount in Taka	
	2014	2013

14.00 Term loan

Opening balance	16,267,610	23,231,759
Add: Drawdown during the year	108,982,553	-
	125,250,163	**23,231,759**
Less: Repayment during the year	26,546,680	6,964,149
Closing balance	**98,703,483**	**16,267,610**

A loan (principal amount of Tk 30,000,000) was taken from Shahjalal Islami Bank Limited in November 2011 for a tenure of 4 years for the purpose of meeting the renovation costs of the new office, office equipment, networking equipment and different types of active devices. Another loan (principal amount Tk.108,982,553) has been taken under Pronodona Package from Investment Corporation of Bangladesh (ICB) in June 2014. Opening balance represents balance of Shahjalal Islami Bank Ltd only. Drawdown during the year is fully from ICB. Amount due within next 12 months has been shown as a current liability.

14.01 Non-current portion

Shahjalal Islami Bank Limited	-	8,020,987
Investment Corporation of Bangladesh (ICB)	52,121,256	-
	52,121,256	**8,020,987**

14.02 Current portion

Shahjalal Islami Bank Limited	8,020,986	8,246,623
Investment Corporation of Bangladesh (ICB)	38,561,241	-
	46,582,227	**8,246,623**

	Amount in Taka	
	2014	2013
15.00 Defined benefit obligation (gratuity)		
Opening balance	3,850,222	2,338,112
Add: Addition during the year	1,656,365	1,633,001
	5,506,587	**3,971,113**
Less: Paid during the year	2,754,495	120,891
Closing balance	**2,752,092**	**3,850,222**
16.00 Accounts payable		
Payable to clients (Note-16.01)	72,544,592	69,430,272
Payable to group entities (Note - 16.02)	4,428,268	-
Accrued expenses (Note - 16.03)	2,390,345	2,670,140
	79,363,205	**72,100,412**
16.01 Payable to clients		
Client positive balance (IPA)	71,382,269	67,085,897
Customer deposit (BDA)	1,162,323	2,344,375
	72,544,592	**69,430,272**

*Client positive balance as at 31 December 2014 includes Tk. 3,805 for LankaBangla Securities Limited.

16.02 Payable to group entities		
LankaBangla Securities Limited	4,428,268	-
	4,428,268	**-**
16.03 Accrued expenses		
Audit fee	126,500	165,000
CDBL charges	162,482	1,561,663
Rent Payable	1,037,335	613,686
Security service payable	37,125	37,125
Office maintenance	35,000	32,898
Electricity bill	111,706	102,789
Water charges	17,658	17,750
Telephone and mobile payable	35,500	27,000
Accrued interest payable	551,737	46,152
Payable for other expenses	89,342	66,077
Fuel costs	48,379	-
Internet expenses payable	14,000	-
Insurance expenses payable	123,581	-
	2,390,345	**2,670,140**
17.00 Short term loan		
LankaBangla Finance Limited	3,320,257,883	3,330,441,612
	3,320,257,883	**3,330,441,612**
18.00 Current portion of term loan		
Shahjalal Islami Bank Limited (Note-14.02)	8,020,986	8,246,623
Investment Corporation of Bangladesh (ICB) (Note-14.02)	38,561,241	-
	46,582,227	**8,246,623**

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	Amount in Taka	
	2014	2013
19.00 Provision for current tax		
Opening balance	34,338,386	60,708,459
Add: Provision made during the year	3,254,706	6,732,895
	37,593,092	**67,441,354**
Less: Adjustment for prior year:		
Assesment year 2012-2013	-	33,102,968
Assesment year 2013-2014	13,273,838	-
Closing balance	**24,319,254**	**34,338,386**
19.01 Tax expense		
Current tax	3,254,706	6,732,895
Deferred tax expense/(income)	(1,200,785)	(1,900,987)
	2,053,921	**4,831,908**

20.00 Deferred tax asset/liability

Deferred tax assets are arrived at as follows:

	Carrying amount on the date of statement of financial position (Taka)	Tax base (Taka)	(Taxable)/ deductible temporary difference (Taka)
Year: 2014			
Property, plant and equipment (Note: 4)	6,120,856	11,782,423	5,661,567
Temporary difference			5,661,567
Income tax rate			37.50%
Deferred tax asset (B)			**2,123,088**
Year: 2013			
Property, plant and equipment (Note: 4)	9,869,092	14,177,981	4,308,889
Investment in own portfolio	293,770,103	286,834,801	(6,935,302)
Temporary difference			(2,626,413)
Income tax rate			37.5% & 10%
Deferred tax asset (A)			**922,303**
Deferred tax income in 2014 (A-B)			**(1,200,785)**

In 2014 LBIL has a reported accounting loss of BDT 337,885,092 resulting to tax purpose business loss of BDT 351,870,932 LBIL has not recognized the deferred tax asset on the business loss and also same for the provision for gratuity.

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20.01 Reconciliation of effective tax rate

	2014		2013	
	Percentage	Taka	Percentage	Taka
Profit before tax		(335,831,171)		20,282,664
Tax using the Company's applicable tax rate	37.50%	(125,936,689)	37.50%	7,605,999
Non-deductible expense	-1.01%	3,393,609	17.22%	3,492,374
Deductible expense	6.38%	(21,424,014)	-22.47%	(4,557,579)
Adjustment for dividend income	-1.16%	3,882,268	0.53%	108,500
Adjustment for realized gain on own portfolio	-0.97%	3,254,706	10.12%	2,053,501
Change in recognised deductible temporary differences	0.36%	(1,200,785)	-9.37%	(1,900,987)
	41.10%	**(138,030,904)**	**33.54%**	**6,801,809**

	Amount in Taka	
	2014	2013
21.00 Provision for margin loan & others		
Provision for margin loan (Note-21.01)	68,107,799	41,596,517
Provision for diminution in value of investment (Note-21.02)	9,734,508	-
	77,842,307	**41,596,517**
21.01 Provision for margin loan		
Opening balance	41,596,517	41,596,517
Add: Provision during the year *	26,511,282	-
Closing balance	**68,107,799**	**41,596,517**

* As per circular of Bangladesh Securities and Exchange Commission circular # SEC/CMRRCD/2009-193/155) and dated 12 January 2015, the required provisions for the year 2014 on principal portion of margin loan is to be kept at 20% in the five instalments starting from December 2014. Closing balance of this provision for 2013 was presented net off with margin loan in 2013.

Total provisions has been kept at the end of 2013 is BDT 41,596,517. Negative equity balance of margin loan stands at the end of 2014 BDT 2,243,068,718 within this erosion for principal portion is BDT 340,538,993. As per the above-mentioned directive, 20% of the required provision for 2014 is BDT 68,107,799 that has been kept in Financial Statements.

21.02 Provision for diminution in value of investment		
Opening balance	-	-
Add: Provision during the year*	9,734,508	-
	9,734,508	**-**
Less: Adjustment during the year	**-**	**-**
Closing balance	**9,734,508**	**-**

*As per circular of Bangladesh Securities and Exchange Commission circular # SEC/CMRRCD/2009-193/155 dated 12 January 2015, the required provisions for the year 2014 on unrealized loss of own portfolio investment may be kept at 20% on each quarter for the five quarters starting from December 2014.

Total unrealized loss as at 31 December 2014 stands at BDT 48,672,539. 20% of that is kept as provision as per the stated circular.

22.00 Other liabilities		
Deposit suspense account	397,963	572,213
Withholding tax payable (Note-21.01)	90,411	53,777
	488,374	**625,990**

		Amount in Taka	
		2014	2013
22.01	**Withholding tax payable**		
	TDS from suppliers	7,065	2,085
	VAT payable on suppliers	56,457	20,942
	VAT payable on professional fees	12,533	24,750
	VAT payable on director fees	6,000	6,000
	TDS on professional fees	8,356	-
		90,411	**53,777**
23.00	**Interest income**		
	Interest on margin loan	165,048,286	571,358,273
		165,048,286	**571,358,273**
24.00	**Income from investments**		
	Dividend income	19,411,342	108,500
	Realized gain on listed securities (Note-24.01)	32,547,063	2,053,501
	Return from investments in non listed securities	-	11,978,538
	Unrealized gain/loss	-	6,935,302
		51,958,405	**21,075,841**
24.01	**Realized gain on listed securities**		
	Sales price of securities	243,869,092	66,364,755
	Less: Cost price of securities	211,322,029	64,311,254
		32,547,063	**2,053,501**
25.00	**Fee based income**		
	Management fees	34,021,467	41,752,064
	Settlement fees	37,272,106	38,266,114
	Capital restructuring	300,000	1,700,000
	Underwriting commission	1,288,121	344,000
	Issue management fees	6,791,008	3,860,000
	Corporate advisory fees	4,650,000	1,560,000
		84,322,702	**87,482,178**
26.00	**Other operational income**		
	Documentation charges	101,500	6,000
	Gain on CDBL annual fees payment	294,200	330,700
	Gain on IP client dividend collection	78,436	31,366
	Interest income on STD balances	14,992,694	2,397,797
	Interest income on staff loan	127,765	106,445
	Interest income on FDR	-	80,645
		15,594,595	**2,952,953**
27.00	**Interest expenses**		
	Interest on term loan	6,306,614	3,408,095
	Interest on short term loan (Note-27.01)	540,892,171	594,654,235
		547,198,785	**598,062,330**
27.01	**Interest on short term loan**		
	Interest on short term loan (group entities)	540,892,171	594,654,235
		540,892,171	**594,654,235**

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		Amount in Taka	
		2014	2013
28.00	**Other non-operational income**		
	Gain on disposal of fixed assets	-	32,997
	Interest on client cheque dishonor	-	1,375
	Miscellaneous earnings	518,783	10,836
		518,783	**45,208**
29.00	**Salary and allowances**		
	Salary and allowances	28,420,081	21,689,578
	Provident fund contribution	1,063,155	850,279
	Gratuity fund	1,656,365	1,633,001
		31,139,601	**24,172,858**
30.00	**Rent, insurance, utilities etc.**		
	Office rent	12,602,204	11,395,314
	Insurance premium	376,778	422,624
	Utilities	1,978,697	1,508,244
		14,957,679	**13,326,182**
31.00	**Legal and professional fees**	4,361,797	8,684,194
		4,361,797	**8,684,194**
32.00	**Postage, stamp, telecommunication etc.**		
	Postage and courier	103,862	84,607
	Stamp charges	95,800	17,262
	Telephone and mobile bill	423,041	390,293
	Internet expense	200,385	333,385
		823,088	**825,547**
33.00	**Stationery, printing, advertisement**		
	Printing	284,767	204,716
	Stationery	226,792	99,276
	Advertisement	143,933	170,439
	Promotional expense	299,891	-
		955,383	**474,431**
34.00	**Director fees and expenses**	391,000	356,500
		391,000	**356,500**
35.00	**Audit fees**	174,250	201,250
		174,250	**201,250**
36.00	**Repairs, maintenance and depreciation**		
	Repairs and maintenance (Note-36.01)	3,817,285	2,700,015
	Depreciation (Note-4 & Annexure-A)	5,133,892	5,089,229
	Amortization (Note-5 & Annexure-B)	157,131	157,131
		9,108,308	**7,946,375**

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		Amount in Taka	
		2014	2013
36.01	**Repairs and maintenance**		
	Office maintenance	1,419,240	921,513
	Office maintenance-supplier	678,498	489,897
	Software maintenance fees	303,311	196,511
	Vehicle maintenance	675,862	324,699
	Repairs	8,000	74,504
	Cleaning	258,780	288,885
	Fuel costs	473,594	404,007
		3,817,285	**2,700,016**
37.00	**Other expenses**		
	Securities settlement (CDBL) (Note-37.01)	5,114,166	5,816,442
	Travel and accomodation (Note- 37.02)	573,969	223,685
	Training and business development (Note- 37.03)	982,676	826,616
	Bank Charges	53,091	71,843
	Security expenses	512,328	512,328
	Newspapers and journals	33,883	121,332
	Other IT and telecommunication	390,376	216,260
	Client portfolio maintenance	96,188	62,967
	Other expenses - own portfolio	7,288	5,074
	Other fees and charges	70,750	10,000
	Miscellaneous expenses	83,546	124,878
	Brokerage commmission - own portfolio	-	590,696
		7,918,261	**8,582,121**
37.01	**Securities settlement (CDBL)**		
	CDBL settlement transfer fee	4,971,310	5,681,759
	Corporate action	136,856	130,183
	CDBL CDS connection fee	6,000	4,500
		5,114,166	**5,816,442**
37.02	**Travel and accomodation**		
	Conveyance	174,898	102,744
	Traveling	57,396	27,848
	Airfare	147,600	46,650
	Accommodation	194,075	46,443
		573,969	**223,685**
37.03	**Training and business development**		
	Meeting	181,009	5,130
	Corporate conference	140,768	411,261
	Training and development	316,684	360,225
	Welfare	344,215	50,000
		982,676	**826,616**

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38.00 Events after reporting period

No material event has occurred after the date of statement of financial position to the date of issue of these financial statements, which could affect the values stated in the financial statements or required disclosure in the notes.

39.00 Related parties

39.01 Parent company

LankaBangla Finance Limited has 99.9999618% shareholdings of the company. As a result, the controlling party of the company is LankaBangla Finance Limited.

39.02 Related party disclosures

During the period, the Company carried out a number of transactions with related parties in the normal course of business. The names of the related parties and nature of these transactions have been set out in accordance with the provisions of BAS 24: *Related Party Disclosures.*

Name of the party	Relationship with the entity	Nature of transaction	2014	2013
LankaBangla Finance Limited	Parent	Funding	-	1,705,997,227
		Interest expense	540,801,467	594,654,235
LankaBangla Securities Limited	Subsidiary of parent	Share trading settlement	1,941,995,802	559,426,575
		LBIL Portfolio	923,252,678	442,369,955
		LBSL Portfolio	990,500	42,928,503
		Brokerage commission	-	147,410
LankaBangla Asset Management Company Limited	Subsidiary of parent	LBAML Portfolio	47,969,373	1,087,932,196

40.00 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The company has exposure to the following risks from its use of financial instruments:

* Credit risk
* Liquidity risk
* Market risk

40.01 Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

40.01.01 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	Amount in Taka	
	2014	2013
Margin loan	4,262,866,614	4,646,257,926
Investments	399,947,550	334,054,588
Receivable from group entities(LBSL)	-	1,175,040
Other receivables	33,900,560	39,719,852
Cash and cash equivalents	56,231,993	75,571,479
	4,752,946,717	**5,096,778,885**

40.02 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable

losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/ fund to make the expected payment within due date.

40.03 Market risk

Market risk is the risk that any change in market prices, such as interest rates and capital market condition will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

41.00 Contingencies and commitments

There are no contingent assets or liabilities and unrecognized contractual commitments at the date of statement of financial position.

42.00 Number of employees

The number of employees engaged for the whole year or part thereof who received total remuneration of Taka 36,000 or above per employee was 37 (2013:33).

43.00 Capital expenditure commitment

There was no capital expenditure commitment as at 31 December 2014.

44.00 Confirmity with DFIM Circular No.-11

Upto 2013 LBIL has reported it's investment in quoted shares as per the requirement of ''BAS 39 : *Financial Instrument: Recognition and Measurement*" at market price through statement of comprehensive income. From 2014 LBIL is following the Bangladesh Bank DFIM circular No. 11 dated 23 December 2009 for reporting investments in quoted shares. The Cumulative effect of this conformity requires an adjustment of BDT 7,574,381 with the opening balance of retained earnings for 2014. As this is not possible to effect the Financial Statement retrospectively at now as period specific effect of the presentation method change is not determinable, LBIL is giving the cumulative effect to the statement of changes in equity with the opening balance of retained earnings for 2014 and following the stated DFIM circular to present the investments in quoted shares in financial statements.

LANKABANGLA INVESTMENTS LIMITED

SCHEDULE OF PROPERTY, PLANT & EQUIPMENT

As at 31 December 2014

Amount in Tk

	Office equipment	Furniture and fittings	Motor vehicles	Interior work (movable)	Interior work (immovable)	CWIP	Total
Cost							
Balance at 01 January 2013	5,987,566	1,077,430	7,753,074	2,220,801	6,771,090	20,000	23,829,961
Acquisition/addition during the period	449,033	-	-	-	73,424	-	522,457
Transferred from CWIP		-	-	-	-	(20,000)	(20,000)
Disposal/adjustment	66,953	-	-	-	-	-	66,953
Balance at 31 December 2013	**6,369,646**	**1,077,430**	**7,753,074**	**2,220,801**	**6,844,514**	**-**	**24,265,465**
Balance at 01 January 2014	6,369,646	1,077,430	7,753,074	2,220,801	6,844,514	-	24,265,465
Acquisition/addition during the period	1,171,227	-	-	-	-	-	1,171,227
Transferred from CWIP		-	-	-	-	-	-
Disposal/adjustment	195,520	-	2,851,500	-	-	-	3,047,020
Balance at 31 December 2014	**7,345,353**	**1,077,430**	**4,901,574**	**2,220,801**	**6,844,514**	**-**	**22,389,672**
Accumulated depreciation							
Balance at 01 January 2013	3,427,604	200,145	3,665,629	305,360	1,327,087	-	8,925,825
Depreciation for the year/period	1,274,639	220,137	1,795,768	333,153	1,465,531	-	5,089,229
Disposal/adjustment	66,950	-				-	66,950
Balance at 31 December 2013	**4,635,293**	**420,282**	**5,461,397**	**638,514**	**2,792,618**	**-**	**13,948,104**
Balance at 01 January 2014	4,635,293	420,282	5,461,397	638,514	2,792,618	-	13,948,104
Depreciation for the year/period	1,544,432	220,042	1,562,485	333,154	1,473,779	-	5,133,892
Disposal/adjustment	107,536	-	2,851,499	-	-	-	2,959,035
Balance at 31 December 2014	**6,072,189**	**640,324**	**4,172,383**	**971,667**	**4,266,397**	**-**	**16,122,961**
Carrying amount							
At 01 January 2013	2,559,962	877,285	4,087,445	1,915,441	5,444,003	20,000	14,904,136
At 01 January 2014	1,734,353	657,148	2,291,677	1,582,287	4,051,896	-	10,317,361
At 31 December 2014	**1,273,164**	**437,106**	**729,191**	**1,249,134**	**2,578,117**	**-**	**6,266,711**

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ANNEXURE-B

LANKABANGLA INVESTMENTS LIMITED

SCHEDULE OF INTANGIBLES

As at 31 December 2014

Amount in Taka

	Software	Total
Cost		
Balance at 01 January 2013	785,654	785,654
Acquisition/addition during the period	-	-
Disposal/adjustment	-	-
Balance at 31 December 2013	**785,654**	**785,654**
Balance at 01 January 2014	785,654	785,654
Acquisition/addition during the period	-	-
Disposal/adjustment	-	-
Balance at 31 December 2014	**785,654**	**785,654**
Accumulated amortisation		
Balance at 01 January 2013	193,747	193,747
Amortisation for the period	157,131	157,131
Disposal/adjustment	-	-
Balance at 31 December 2013	**350,878**	**350,878**
Balance at 01 January 2014	350,878	350,878
Amortisation for the period	157,131	157,131
Disposal/adjustment	-	-
Balance at 31 December 2014	**508,009**	**508,009**
Carrying amount		
At 01 January 2013	591,907	591,907
At 01 January 2014	434,776	434,776
At 31 December 2014	**277,645**	**277,645**

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LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014



LankaBangla™
ASSET MANAGEMENT

UHY Syful Shamsul Alam & Co
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS' OF

LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED

We have audited the accompanying Statement of Financial Position of LankaBangla Asset Management Company Limited ("the company") as at 31 December 2014 and the related Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2014 and of its financial performance and its cash flows for the period then ended in accordance with Bangladesh Financial Reporting Standards ("BFRS").

Report on Other Legal and Regulatory Requirements

We also report that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;

iii) The Statement of Financial Position and the Statement of Comprehensive Income dealt with by the report are in agreement with the books of account; and

iv) The expenditure incurred was for the purposes of the Company's business.

Syful Shamsul Alam & Co.
Chartered Accountants

Place: Dhaka
Dated: 16 February, 2015

GROWING WITH GREEN

LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	Amount in Taka	
		2014	2013
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,209,824	3,430,187
Intangible assets	5	181,304	-
Capital Work in Progress (CWIP)	6	2,137,000	-
Investments (Long Term)	7	749,636,283	739,883,934
Deferred tax assets	8	276,960	-
Total non-current assets		**755,441,372**	**743,314,121**
Current assets			
Advances, deposits and prepayments	9	12,561,343	2,638,234
Investments (Current Term)	10	35,409,063	49,875,337
Accounts receivable	11	379,820	2,860,476
Cash and cash equivalents	12	26,281,843	5,927,273
Total current assets		**74,632,070**	**61,301,320**
TOTAL ASSETS		**830,073,441**	**804,615,441**
EQUITY AND LIABILITIES			
Equity			
Share capital	13	50,000,000	50,000,000
Share money deposit		734,951,000	719,951,000
Retained earnings		38,281,552	29,390,115
Total equity		**823,232,552**	**799,341,115**
Liabilities			
Current liabilities			
Accounts payable	14	729,377	703,670
Provision for current tax	15	5,608,026	4,383,335
Other liabilities	16	503,486	187,321
Total current liabilities		**6,840,889**	**5,274,326**
Total liabilities		**6,840,889**	**5,274,326**
TOTAL EQUITY AND LIABILITIES		**830,073,441**	**804,615,441**

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

Director **Director** **Chief Executive Officer** **Company Secretary**

Signed as per our separate report of same date.

Place: Dhaka
Dated: February 16, 2015

Syful Shamsul Alam & Co.
Chartered Accountants

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LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	Amount in Taka	
		2014	2013
Revenue			
Interest Income	17	6,334,673	7,899,893
Income from investment	18	12,548,638	5,209,584
Total Revenue		**18,883,311**	**13,109,477**
Operating expenses			
Salary and allowances	19	4,654,605	2,585,187
Rent, taxes, insurance, electricity etc.	20	1,243,948	1,036,178
Legal and professional fees	21	11,500	-
Postage, stamp, telecommunication etc.	22	118,053	37,441
Stationery, printing, advertisement	23	47,336	71,124
Director fees & expenses	24	115,000	115,000
Audit fees	25	103,500	34,500
Repairs, maintenance and depreciation	26	1,004,323	576,574
Other expenses	27	1,724,239	879,440
Total operating expenses		**9,022,504**	**5,335,442**
Net Operating Income		**9,860,807**	**7,774,034**
Provision for investment			
Provision for diminution in value of investments		21,687	-
Profit before tax (PBT)		**9,839,120**	**7,774,034**
Income tax expense/(income)		**947,683**	**1,483,907**
Current tax expense/(income)		1,224,643	1,483,907
Deferred tax expense/(income)		(276,960)	-
Profit after tax (PAT)		**8,891,437**	**6,290,127**
Other comprehensive income, net of tax		-	-
Total comprehensive income		**8,891,437**	**6,290,127**
Earnings Per Share (EPS)	28		
Basic		**1.78**	**1.26**
Diluted		**1.78**	**1.26**

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

Director **Director** **Chief Executive Officer** **Company Secretary**

Signed as per our separate report of same date.

Place: Dhaka
Dated: February 16, 2015

Syful Shamsul Alam & Co.
Chartered Accountants

LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

Particulars	Share Capital	Share Money Deposit	Retained Earnings	Total Equity
	Taka	Taka	Taka	Taka
Balance as at 01 January 2013	**50,000,000**	**545,365,212**	**23,838,589**	**619,203,801**
Changes in equity for 2013				
Share money deposit	-	174,585,788	-	174,585,788
Total comprehensive income	-	-	6,290,127	6,290,127
Adjustment in Retained Earnings	-	-	(738,601)	(738,601)
Balance as at 31 December 2013	**50,000,000**	**719,951,000**	**29,390,115**	**799,341,115**
Changes in equity for 2014				
Share money deposit	-	15,000,000	-	15,000,000
Total comprehensive income	-	-	8,891,437	8,891,437
Adjustment in Retained Earnings	-	-	-	-
Balance as at 31 December 2014	**50,000,000**	**734,951,000**	**38,281,552**	**823,232,552**

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

Director **Director** **Chief Executive Officer** **Company Secretary**

Place: Dhaka
Dated: February 16, 2015

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LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Amount in Taka	
	2014	2013
Cash Flows from Operating Activities		
Interest received	5,964,825	9,838,072
Dividend received	114,466	13,067,840
Paid to employees	(4,243,515)	(2,387,912)
Bank charges paid	(4,330)	(35,815)
Withholding Tax and VAT payment	(359,112)	(384,048)
Income taxes paid	(310,091)	(6,019,875)
Paid for other operating expenses	(3,074,444)	(4,445,075)
Cash generated from operating activities before changes in operating assets and liabilities	**(1,912,200)**	**9,633,187**
Increase/(decrease) in operating assets & liabilities		
Settlement with LankaBangla Securities Ltd.	18,320,000	5,196,784
Settlement with LankaBangla Investments Ltd.	4,421,000	-
Advance & Prepayment	(9,504,000)	(1,500,000)
Total Increase/(Decrease) in operating assets & liabilities	**13,237,000**	**3,696,784**
Net Cash used in Operating Activities	**11,324,800**	**13,329,971**
Cash Flows from Investing Activities		
Investments in securities	(18,500,000)	(191,533,105)
Changes in investment in FDR	14,488,000	12,351,341
Acquisition of fixed assets	(1,293,900)	(3,000,654)
Acquisition of Intangible assets	(214,330)	-
Acquisition of assets-CWIP	(450,000)	-
Net Cash from Investing Activities	**(5,970,230)**	**(182,182,418)**
Cash Flows from Financing Activities		
Proceed from share money deposit	15,000,000	174,585,788
Net Cash from Financing Activities	**15,000,000**	**174,585,788**
Net increase in Cash and Cash Equivalents	20,354,570	5,733,341
Opening Cash & Cash Equivalents	5,927,273	193,932
Closing Cash & Cash Equivalents	**26,281,843**	**5,927,273**
Closing Cash & Cash Equivalents include:		
Cash in hand	1,195	18,762
Cash at Dhaka Bank Limited (A/C No: 206.150.1590)	26,270,610	5,899,911
Cash at Standard Chartered Bank (A/C No: 01-1184160-01)	2,330	-
Cash at One Bank Limited (A/C No: 018 1020001469)	7,708	8,600
	26,281,843	**5,927,273**

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

Director **Director** **Chief Executive Officer** **Company Secretary**

Place: Dhaka
Dated: February 16, 2015

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LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

1 Company and its activities

1.1 Legal status of the company

LankaBangla Asset Management Company Limited (herein after referred to as "LBAMCL" or "the company") was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration # C-67738(289)/2007 dated July 16, 2007 under the Companies Act 1994 with an authorized capital of Taka 50,000,000 and subsequently by the EGM dated January 24, 2012 the authorized capital increased to Taka 1,000,000,000. It got license from Bangladesh Securities and Exchange Commission (BSEC) on June 24, 2012 vide registration code: SEC/Asset Manager/2012/17 to operate as a full-fledged asset management company. The address of the company's registered office at Safura Tower (11th Floor), 20, Kemal Ataturk Avenue, Banani, Dhaka - 1213. The company is a subsidiary of LankaBangla Finance Limited.

1.2 Principal activities of the company

The principal activities of the company include the following:

a. To manage the assets of any trusts or fund of any type and/or character and hold, acquire, sell or deal with such assets of any trust as relevant rules.

b. To float, administer and manage any mutual fund, growth fund or any other allotted scheme approved by the Government for the time being as relevant rules.

c. To manage and administer mutual fund, provident fund, pension fund for purpose of investment and carry on the business or undertaking and execute trusts and also to act as executor, trustee, custodian and/or otherwise relevant rules and regulation permit.

2 Basis of preparation of financial statements

2.1 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, and therefore, do not take into consideration the effect of inflation. The accounting policies, unless otherwise stated, have been consistently applied by the company and are consistent with those of the previous year.

2.3 Functional currency

The financial statements are presented in Bangladesh Taka (BDT/Taka/Tk.) currency, which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest Taka.

2.4 Use of estimates and judgments

The preparation of these financial statements in conformity with Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected thereby.

2.5 Reporting period

The financial period of the companies covers one year from 01 January to 31 December and is followed consistently. However, quarterly reporting is required as prescribed by Bangladesh Securities & Exchange Commission (BSEC).

2.6 Cash flow statement

Statement of cash flows is prepared principally in accordance with "BAS 7: Cash Flow Statement" and the cash flow from operating activities have been presented under Direct Method as required by the Securities and Exchange Rules 1987 and considering the provisions that "Enterprises are Encouraged to Report Cash Flow from Operating Activities using the Direct Method".

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2.7 Corporate Accounting Standards Practiced

The following BAS's are applicable to the financial statement under review:

BAS	1	Presentation of Financial Statements
BAS	7	Cash Flow Statements
BAS	8	Accounting policies, Changes in Accounting Estimates and Errors
BAS	10	Events after the Balance Sheet date
BAS	12	Income Taxes
BAS	16	Property, Plant and Equipment
BAS	17	Leases
BAS	18	Revenue
BAS	19	Employee Benefit
BAS	23	Borrowing Costs
BAS	24	Related Party Disclosures
BAS	32	Financial Instrument: Presentation
BAS	33	Earnings per Share
BAS	37	Provisions, Contingent Liabilities and Contingent Assets
BAS	38	Intangible Assets
BAS	39	Financial Instrument: Recognition and Measurement

3 Significant accounting policies

3.1 Property, plant & equipment

3.1.1 Recognition and measurement

Tangible fixed assets are accounted for according to "BAS 16: Property, plant and equipment". Items of property, plant and equipment are measured at cost or revaluation less accumulated depreciation. The cost of acquisition of an asset comprises its purchase price and any direct attributable cost of bringing the assets to its working condition for its intended use. Expenditure incurred after the assets have been put into use, such as repairs and maintenance is normally charged off as revenue expenditure in the year in which it incurs. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the assets, the expenditure is capitalized as an additional cost of the assets.

3.1.2 Depreciation

Depreciation is calculated using 'Straight Line Method' at the following rate so as to write off the assets over their expected useful life. Depreciation is charged in month in the year of acquisition while no depreciation is charged in the month of disposal.

Rates of depreciation of assets considering their useful lives are as follows:

Category of assets	Rate of Depreciation
Furniture & Fixtures	15%
Office equipment	20%
Computer Equipments	33%
Electric Equipments	20%
IT Equipments	33%

3.2 Intangible Assets

Intangible assets that are measured at cost less accumulated amortization and accumulated impairment loss, if any. Intangible assets are recognized when all the conditions for recognition as per BAS 38: Intangible Assets are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

3.2.1 Capital Work in Progress (CWIP)

These expenditures will be capitalized and recognized as operating assets upon completion of the development process.

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3.2.2 Amortization

Amortization is calculated using straight line basis over the estimated useful lives of intangible assets, from the month that they are available for use. The estimated amortization rate is as follows:

Category of assets	Rate of Amortization
Computer Programs (Software)	33%

3.3 Investment

Investment in securities is measured at cost.

3.4 Revenue recognition

a. Interest income is calculated on a time proportion basis.

b. Dividend income is recognized on the declaration of dividend and subsequently approved in the Annual General Meeting.

c. Gain/losses arising on sale of investment are included in the statement of comprehensive income on the day at which transaction takes place.

3.5 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and with banks on current and deposit accounts and short term investments which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same.

3.6 Taxation

3.6.1 Current Tax

The Company has made income tax provision for quarter concerned as per Finance Act 2014 and also in compliance with Bangladesh Accounting Standards -12 (BAS-12: Income Taxes).

3.6.2 Deferred Tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they are reversed, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.7 Provisions

As per "BAS 37: Provisions, Contingent Liabilities and Contingent Assets" a provision is recognized on the date of statement of financial position if, as a result of past events, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.8 Contingencies

Contingencies arising from claim, litigation assessment, fines, penalties etc are recorded when it is probable that a liability has been incurred and the amount can be measured reliably in accordance with "BAS 37: Provisions, Contingent Liabilities and Contingent Assets".

3.9 Earnings Per Share

This has been calculated in compliance with the requirements of "BAS 33: Earnings Per Share" by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

3.10 Basic earnings

This represents earnings for the period attributable to the ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit for the period has been considered as fully attributable to ordinary shareholders. Basic earnings per share have been calculated by dividing the net profit or loss by the number of ordinary shares outstanding during the period.

3.11 Comparative figures

Comparative figures and account titles in the financial statements have been rearranged/reclassified where necessary to conform with changes in presentation in the current year.

		Amount in Taka	
		2014	2013
4.00	**Property, plant and equipment**		
	Cost		
	Opening balance	4,253,924	1,025,400
	Addition during the year	745,356	3,748,524
		4,999,280	**4,773,924**
	Adjustment / (Disposal) during the year	-	(520,000)
	Closing balance	**4,999,280**	**4,253,924**
	Less: Accumulated depreciation		
	Opening balance	823,737	899,050
	Charged during the year	965,719	444,687
		1,789,456	**1,343,737**
	Adjustment / (Disposal) during the year	-	(520,000)
	Closing balance	**1,789,456**	**823,737**
	Carrying amount	**3,209,824**	**3,430,187**
	A schedule of property, plant and equipments are given in **Annexure-A**		
5.00	**Intangible assets**		
	Cost		
	Opening balance	-	-
	Addition during the year	219,908	-
		219,908	**-**
	Adjustment / (Disposal) during the year	-	-
	Closing balance	**219,908**	**-**
	Less: Accumulated amortization		
	Opening balance	-	-
	Charged during the year	38,604	-
		38,604	**-**
	Adjustment / (Disposal) during the year	-	-
	Closing balance	**38,604**	**-**
	Carrying amount	**181,304**	**-**
	A schedule of intangible assets are given in **Annexure-B**		
6.00	**Capital Work in Progress (CWIP)**		
	Sage Accpac Software	52,250	-
	X-Asset Management Software	2,084,750	-
		2,137,000	**-**
7.00	**Investments (Long Term)**		
	Strategic equity investment in non-listed company (Note: 7.01)	749,636,283	731,136,283
	Strategic equity investment in listed company	-	8,747,651
		749,636,283	**739,883,934**

7.01 Strategic equity investment in non-listed company

Particulars	No. of Shares	Cost Price	Market Price
LankaBangla Securities Limited	10,656,450	749,636,283	N/A
	10,656,450	**749,636,283**	**-**

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8.00 Deferred tax assets

Deferred tax has been calculated based on deductible / taxable temporary difference arising due to difference in the carrying amount of the assets / liabilities and its tax base in accordance with the provision of Bangladesh Accounting Standards (BAS)-12 : Income Taxes.

Particulars	Carrying Amount at Balance Sheet	Tax Base	(Taxable)/ Deductible temporary difference
Property, plant and equipment	3,209,824	4,001,139	791,315
Total			791,315
Applicable Tax Rate			35%
Deferred tax asset as on December 31, 2014			**276,960**

		Amount in Taka	
		2014	2013
9.00 Advances, Deposits and Prepayments			
Advances	9.01	12,111,343	1,096,234
Prepayments	9.02	450,000	1,542,000
		12,561,343	**2,638,234**
9.01 Advances			
Advance income tax		2,595,343	1,096,234
Advance for Investment in Securities	9.01.1	9,516,000	-
		12,111,343	**1,096,234**

9.01.1 Advance for Investment in Securities

Particulars	Nature	No. of Shares	Advance	Cost Price
United Power Generation & Distribution Co. Ltd.	Placement	444,443	9,504,000	31,999,896
Zaheen Spinning Ltd	IPO	500	5,000	5,000
Shasha Denims Ltd	IPO	200	7,000	7,000
			9,516,000	**32,011,896**

9.02 Prepayments

Prepayment for Office Rent	450,000	450,000
Prepayment for Computer Programs (Software)	-	1,092,000
	450,000	**1,542,000**

10.00 Investments (Current Term)

Fixed Deposits Receipts in LankaBangla Finance	34,200,000	48,688,000
Investments held for trading (Note : 10.01)	1,209,063	1,187,337
	35,409,063	**49,875,337**

10.01 Investments held for trading

Particulars	No. of Shares	Cost Price	Market Price
Aamra Technologies Limited	20,000	740,820	724,000
Bay Leasing & Investment Ltd.	1,000	31,541	29,900
Mercantile Bank Ltd.	3,000	42,189	41,100
RENATA	250	248,207	246,000
Shahjalal Islami Bank Ltd.	24	453	276
SOUTHEAST BANK LTD.	3,000	58,161	58,200
UCBL	3,000	87,693	87,900
		1,209,063	**1,187,376**

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		Amount in Taka	
		2014	2013
11.00	**Accounts receivable**		
	Interest receivable	338,958	654,090
	Dividend receivable	20,000	-
	Receivable from LankaBangla Investments Ltd.	-	10,716
	Receivable from LankaBangla Securities Ltd.	20,862	2,195,670
		379,820	**2,860,476**
12.00	**Cash and cash equivalent**		
	Cash in hand	1,195	18,762
	Cash at Bank (Note: 12.01)	26,280,648	5,908,511
		26,281,843	**5,927,273**
12.01	**Cash at Bank**		
	Dhaka Bank Limited (A/C No: 206.150.1590)	26,270,610	5,899,911
	Standard Chartered Bank (A/C No: 01-1184160-01)	2,330	-
	One Bank Limited (A/C No: 018 1020001469)	7,708	8,600
		26,280,648	**5,908,511**
13.00	**Share Capital**		
	Authorized Capital		
	100,000,000 Ordinary Shares of Taka 10 each	**1,000,000,000**	**1,000,000,000**
	Issued, subscribed and paid up capital		
	5,000,000 Ordinary Shares of Taka 10 each fully paid up	**50,000,000**	**50,000,000**

Detail of Shareholding Position of the Company

Name of the Sponsor & Directors Shareholders	No. of Shares	% of share holding		
LankaBangla Finance Limited	4,999,900	99.99800	49,999,000	49,999,000
Mr. Mahbubul Anam	90	0.00180	900	900
Mr. A. Malek Shamsher	10	0.00020	100	100
	5,000,000	**100.00**	**50,000,000**	**50,000,000**

13.01 Authorized share capital has been increased to Taka 1,000,000,000 from Taka 50,000,000 and along with face value per share has been changed to Taka 10 from Taka 100. Approval has been taken from RJSC as at June 04, 2014.

14.00	**Accounts payable**		
	Provision for audit fees	85,100	39,100
	Outstanding expenses	55,620	43,470
	Payable to LankaBangla Investments Ltd.	54,657	-
	Payable to supplier	522,500	621,100
	Payable to consultant	11,500	-
		729,377	**703,670**

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	Amount in Taka	
	2014	2013
15.00 Provision for Current Tax		
Opening balance	4,383,335	14,303,154
Provision made during the year	1,224,643	1,483,907
	5,607,978	**15,787,061**
Adjustment during the year	48	(11,403,726)
Closing balance	**5,608,026**	**4,383,335**
16.00 Other Liabilities		
Withholding Tax Payable	-	1,812
Withholding VAT payable	-	900
Payable to employees' provident fund	481,798	184,609
Provision for diminution in value of investments	21,687	-
	503,486	**187,321**
17.00 Interest income		
Interest on term deposit receipt	5,997,738	7,650,763
Interest on short term deposit (STD) account	336,935	249,130
	6,334,673	**7,899,893**
18.00 Income from investment		
Net income on sale of securities	7,431,806	5,196,784
Dividend Income (Note: 18.01)	5,116,832	12,800
	12,548,638	**5,209,584**

18.01 Dividend Income

Out of total dividend income in the year 2014, Taka 4,953,750 represents cash dividend @ 5% of LankaBangla Securities Limited.

19.00 Salary and allowances		
Salary and allowances	4,506,460	2,508,750
Provident fund contribution	148,145	76,438
Gratuity fund	-	-
	4,654,605	**2,585,187**
20.00 Rent, taxes, insurance, electricity etc.		
Office rent	1,104,500	948,880
Insurance premium	4,170	39,870
Utility expenses	135,278	47,428
	1,243,948	**1,036,178**
21.00 Legal and professional fees	**11,500**	**-**
22.00 Postage, stamp, telecommunication etc.		
Postage and courier	100	-
Stamp charges	-	-
Telephone and mobile bill	117,953	37,441
	118,053	**37,441**
23.00 Stationery, printing, advertisement		
Printing and stationery	34,012	71,124
Advertisement	13,324	-
	47,336	**71,124**

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	Amount in Taka	
	2014	2013
24.00 Director fees & expenses	115,000	115,000
	115,000	**115,000**
25.00 Audit fees	**103,500**	**34,500**
26.00 Repairs, maintenance and depreciation		
Repairs and maintenance	-	131,887
Depreciation	965,719	444,687
Amortization	38,604	-
	1,004,323	**576,574**
27.00 Other expenses		
Training, Seminar and Meeting	229,628	8,000
Regulatory fees and charges	70,000	32,150
Registration Fee	469,605	-
Conveyance	6,355	48,887
Travelling expenses	6,500	-
Data connectivity charge	41,400	39,300
Computer accessories	5,884	-
Fuel expenses	49,395	-
Vehicle maintenance / registration	79,259	-
Office Cleaning and maintenance	127,008	93,939
Business promotion expenses	200,000	-
Entertainment expense	59,421	19,891
Bank charges and others	5,873	39,980
Interest expenses	49,998	425,540
Share Bidding Fee	5,000	-
Office Plantation maintenance	28,800	-
Educational expenses reimbursement	66,495	-
Office relocation expenses	-	59,685
Security Services	156,337	87,317
Overtime allowance	12,700	-
Excise duty	20,000	-
Miscellaneous	34,581	24,751
	1,724,239	**879,440**
28.00 Earnings per Share (EPS)		
Net profit after Tax	8,891,437	6,290,127
Number of Ordinary Shares Outstanding (Note: 28.01)	5,000,000	5,000,000
Earnings Per Share (EPS)	**1.78**	**1.26**

Earnings per Share has been calculated in accordance with BAS-33: "Earnings Per Share (EPS)".

28.01 Number of Ordinary Shares Outstanding

Balance on 1 January	5,000,000	5,000,000
Right share issued	-	-
Number of shares outstanding	**5,000,000**	**5,000,000**

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29.00 Related party disclosure

During the year, the company carried out a number of transactions with related parties in the normal course of business. The names of the related parties and nature of these transactions have been set out in accordance with the provisions of **BAS 24 : Related Party Disclosures.**

Name of the Party	Relationship	Nature of transaction	Taka	Taka
LankaBangla Finance Limited	Parent	TDR	34,200,000	48,688,000
LankaBangla Investments Ltd.	Subsidiary of Parent	Strategic Investment & Others	(54,657)	10,716
LankaBangla Securities Ltd.	Subsidiary of Parent	Investment in Securities	20,862	2,195,670

30.00 Events after reporting period

There are no events after reporting period.

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LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED

SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2014

Amount in Taka

Particulars	COST				DEPRECIATION					Written down value as at 31.12.2014
	Balance as at 01.01.2014	Addition during the year	Adjustment / (Disposal) the year	Balance as at 31.12.2014	Rate (%)	Balance as at 01.01.2014	Charged during the year	Adjustment / (Disposal) the year	Balance as at 31.12.2014	
Furniture & Fittings	3,315,180	-	-	3,315,180	15	665,594	472,007	-	1,137,601	2,177,579
Office Equipment	88,840	6,656	-	95,496	20	7,580	18,655	-	26,235	69,261
Computer Equipments	184,908	243,660	-	428,568	33	49,213	134,661	-	183,874	244,694
Electric Equipments	221,556	-	-	221,556	20	26,798	44,311	-	71,109	150,447
IT Equipments	443,440	495,040	-	938,480	33	74,551	296,085	-	370,636	567,844
Total:	**4,253,924**	**745,356**	**-**	**4,999,280**		**823,737**	**965,719**	**-**	**1,789,456**	**3,209,824**

As at 31 December 2013

Amount in Taka

Particulars	COST				DEPRECIATION					Written down value as at 31.12.2013
	Balance as at 01.01.2013	Addition during the year	Adjustment / (Disposal) the year	Balance as at 31.12.2013	Rate (%)	Balance as at 01.01.2013	Charged during the year	Adjustment / (Disposal) the year	Balance as at 31.12.2013	
Furniture & Fittings	505,400	2,809,780	-	3,315,180	15	379,050	286,544	-	665,594	2,649,586
Office Equipment	520,000	88,840	(520,000)	88,840	20	520,000	7,580	(520,000)	7,580	81,260
Computer Equipments	-	184,908	-	184,908	33	-	49,213	-	49,213	135,695
Electric Equipments	-	221,556	-	221,556	20	-	26,798	-	26,798	194,758
IT Equipments	-	443,440	-	443,440	33	-	74,551	-	74,551	368,889
Total:	**1,025,400**	**3,748,524**	**(520,000)**	**4,253,924**		**899,050**	**444,687**	**(520,000)**	**823,737**	**3,430,187**

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GROWING WITH GREEN

LANKABANGLA ASSET MANAGEMENT COMPANY LIMITED

SCHEDULE OF INTANGIBLE ASSETS

As at 31 December 2014

Amount in Taka

Particulars	COST				AMORTIZATION					Written down value as at 31.12.2014
	Balance as at 01.01.2014	Addition during the year	Adjustment / (Disposal) the year	Balance as at 31.12.2014	Rate (%)	Balance as at 01.01.2014	Charged during the year	Adjustment / (Disposal) the year	Balance as at 31.12.2014	
Computer Programs (Software)	-	219,908	-	219,908	33	-	38,604	-	38,604	181,304
Total:	**-**	**219,908**	**-**	**219,908**	**-**	**-**	**38,604**	**-**	**38,604**	**181,304**
Year-2013	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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Fax: +881 0998, E-mail: info@lankabangla.com

Proxy Form

I/ We .....

of .....

being a shareholders of LankaBangla Finance Limited do hereby appointment Mr./Mrs.....

of .....

(or failing) Mr./ Mrs. .....

of .....

and vote on my/our behalf at the 18th Annual General Meeting of the Shareholders of LankaBangla Finance limited to be held on March 19, 2015, Thursday at 11:00 a.m. at Spectra Convention Centre, House No. 19, Road No. 07, Gulshan-1, Dhaka-1212 or at any adjournment thereof or any ballot to be taken in consequence thereof.

Signed this ..... day of March, 2015

Revenue Stamp Tk. 20/-

(Signature of the proxy)

Signature of shareholder (s)

BO ID No. .....

No. of shares being held .....

Note

- This form of proxy, duly completed, must be deposited at least 48:00 hours before the meeting at the company's registered office. Proxy is invalid if not signed and stumped as indicated above.
- Signature of the Shareholders should agree with the Specimen signature registered with the Company.

Safura Tower (Level-11), 20, Kemal Ataturk Avenue
Banani, Dhaka-1213. Phone: +88 02 988 3701-10
Fax: +881 0998, E-mail: info@lankabangla.com

Attendance Slip

I/We hereby record my/our attendance at the 18th Annual General Meeting of the Shareholders of LankaBangla Finance limited to be held on March 19, 2015, Thursday at 11:00 a.m. at Spectra Convention Centre, House No. 19, Road No. 07, Gulshan-1, Dhaka-1212.

Name of the Shareholder(s)/Proxy (in Block Letters)

(Signature of the Proxy)

Signature of the shareholder(s)/Proxy

BO ID No. .....

No. of shares being held .....

N. B.: Shareholders attending the Meeting in person or by Proxy are requested to complete Attendance Slip and deposit the same at the entrance of the Meeting Hall.

AMARSTOCK

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